

District Court of Munich I, Judgement of 19/05/2004 – file reference: 21 0 6123/04 (Open Source – effectiveness of GPL)

Facts of the case (Excerpt):

The plaintiff asked for a preliminary injunction against the defendant relating to the distribution of so-called Open Source Software.

The plaintiff is a member of the Open Source Project “net-filter/iptables”. As the so-called “maintainer” he is/was primarily responsible for the development of the programme. It was the aim of the project, which was established in the middle of the year 1999 by the Australian Paul “Rusty” Russel, to replace the old Linux-Firewall (ipchains) with a modern, forward-looking and flexible architecture.

Since 2001 the applicant has been the maintainer of the four-person central team (Coreteam) which operates the Internet site www.netfilter.org, making all central decisions regarding the software architecture, integrating the results of the other developers and publishing the software packages.

The software “netfilter/iptables” consists of two components. These are the actual “Engine”, which processes the network packages in the kernel of the Linux operating system, and the configuration programme, which enables the administrator to set the security policies (so-called “package filter rules”). By that, the software “netfilter/iptables” is an integral element of the widespread and economically significant operating system GNU/Linux (known as “!Linux”). The software netfilter/iptables has already reached a considerable scale because of the complexity of its tasks, currently a code of 22,775 lines in the Linux kernel and a code of 32,244 lines in the configuration programme. On the Internet site www.netfilter.org the software netfilter/iptables is offered for downloading in source code and made accessible to team members and third parties for further development. The software netfilter/iptables is a Free Software (as is pointed out

on the Internet site). This can be used by anyone under the conditions of the GNU General Public License (GPL).

The defendant is the German subsidiary of a company located in the Netherlands. The company group advertises and sells, among other things, network products like FireWire adapters and cables, Bluetooth, USB adapters and WLAN routers through the web site www.xxxx.com. The web site [!www.xxxx.com](http://www.xxxx.com) is shown in the German language when accessed from the Federal Republic of Germany. In the retrievable description of themselves, only the defendant is named at the end of the menu item “!MHHBB”.

Among others, the Wireless Network Broadband Router IOOg+ (WL-122) is also advertised on the Internet pages, and the company's products contained therein are offered for downloading. On the web site, which includes the download of the software, a German handbook is also shown. The software offered for free downloading includes !netfilter/iptables inside the object code. In addition there is the software module, “!PPTP helper for connection tracking and NAT”, as well as “!IRC helper for connection tracking and NAT”, which were completely programmed by the plaintiff on its own. On the web site of the company ... there was (at least until 18/05/2004) neither any advice that the company's products include such software as part of the GNU General Public License nor any reference to the license text of the GPL, respectively the source code of the software netfilter/iptables. The plaintiff sent a warning notice to the defendant on 18 March 2004 following the violation of the GPL. Following further correspondence between the plaintiff and the defendant (respectively the parent company) the defendant refused to make the declaration of forbearance as demanded, and the plaintiff applied for the issue of a temporary injunction.

The Court granted a temporary injunction on 02/04/2004 accordingly. The defendant (Sitecom) appealed against the temporary injunction with written pleading of 20/04/2004.

The plaintiff argued: The temporary injunction is to be confirmed. The claim to the court order results from § 97 Abs.1 i. V. m § 69c No 1-4 of the German Copyright Act (UrhG). The defendant has violated the copyright of the plaintiff by offering the software netfilter/iptables for downloading and advertising its availability without observing the license terms of the GPL. The acts mentioned would be allowed only if the defendant had the rights of license. As the plaintiff licenses the software netfilter/iptables only on the terms of the GPL, any use is prohibited which does not conform to the GPL because clause No 4 of the GPL clearly prescribes that a violation of the license is automatically accompanied by a loss of the license. Hence the GPL, according to § 158 Abs. 2 UrhG, provides for use rights linked with a condition subsequent. Because the defendant used the software netfilter/iptables contrary to the conditions of license of the GPL, and in particular did not refer to the GPL and did not make the source code accessible, the defendant violated the copyright of the plaintiff. This is independent of whether or not the license conditions of the GPL were agreed between the plaintiff and the defendant to be effective. If the GPL had not been agreed upon by the parties, the necessary use rights would not be available for the defendant to duplicate, spread and make the software netfilter/iptables publicly accessible.

The distribution without reference to the GPL and without making the source code accessible violates the copyright of the plaintiff of court order. § 13 UrhG i.V.m. § 69a Abs. 4 UrhG.

The defendant also is liable to be sued, as his homepage demonstrates. Independently of the question of the form in which the defendant is factually active, the defendant has also violated the copyright of the applicant. By making the software of the plaintiff publicly accessible on the web site www.JHBBBt-com, the defendant is responsible for the existing copyright infringement. The defendant is named on the web site as such. It is necessary to grant a preliminary protection for the sake of the plaintiff. For the realisation of their claims, the plaintiff cannot wait for the main proceedings of the substance of the case. The plaintiff fears that further infringements of his rights might irretrievably

damage his interests, particularly in view of the recognition of authorship. Therefore, the copyright interests of the plaintiff are directly threatened. To wait for the main decision would be too late.

The defendant argued: The temporary injunction should be lifted because the defendant is not liable to be sued. The plaintiff has no right to sue him.. The defendant is not concerned with the distribution and/or duplication and/or making public the software !netfilter/iptables. He, the defendant, is a pure support company, and is not concerned with selling, reproducing, or making available the software. He has never undertaken these activities and will not do so. It has previously been pointed out to the plaintiff that selling, reproducing and making available software are not undertaken by the defendant but by the company SHH Europe BV. Furthermore, there was a notification that the web site had already been amended. It is obvious that the company s£HflRP Europe BV was to clarify the matter and the matter would be clarified by it. There is therefore no reason to grant preliminary remedies.

Legal findings (excerpt):

The temporary injunction was to be confirmed because both the claim to the court order and the corresponding reason for it are given.

I. The claim to the court order results from § 97, 69a, 8 Abs. 2; 15 UrhG, because the plaintiff is at least co-author of the software in question and the defendant used the software without a right to do so..

A. The defendant is infringing copyright according to § 97 UrhG if he has not been granted a right to use the software.

The Court at first shares the opinion that one cannot regard the GPL (General Public Licence) as containing a waiver of copyright and similar rights. To the contrary, the developers make use of copyright law to secure and bring to fruition

their ideas for the development and distribution of the software (cf. only Dreier/Schulze, Commentary on Copyright Law, UrhG § 69a Rn II).

With regard to an infringement, a distinction can be made between two possible cases. On the one hand, the defendant might have never acquired a use right; on the other hand, the use rights might have reverted to the plaintiff according to sect. 4 of the GPL.

With regard to the first case, it is furthermore conceivable that no settlement *in rem* has been achieved because the terms of the GPL are void (§ 306 Abs. 2 BGB). The distinction between the two cases cannot in practice be made on the basis of the form of distribution of the software, so that in the first case in particular it has to be examined whether these conditions of license could have respectively become part of the settlement *in rem*. Furthermore, it is the Court's opinion that the question whether the defendant has become the owner of use rights in rem is dependent on German law (cf. Federal Supreme Court/BGH, GRUR 1999, 152 – Casino affair).

Whether this is the case in a purely contractual legal relationship does not have to be established by the Court because, following the prevailing opinion, the Court assumes that a simple use right is a property right (cf. Schricker, copyright, 2nd edition, before §§ 2 8 ff. Rdn.4 9; Dreier/Schulze UrhG § 31 Rn. 52).

A. The Court regards the license conditions as general terms and conditions of business which are subject to control according to §§ 305 et seqq. of the Civil Act (BGB).

1. The Court at first has no doubt at all that the general conditions have effectively been included in a possible contractual relationship between the defendant and the plaintiff under § 305 Abs. 2 BGB. There is a reference to the conditions on the Internet page. The conditions are still available to the public. Even if the German translation may not be official, as the official conditions are in the English language, there are no problems at all with the text being in English,

since English is the common technical language in the computer industry. This applies at least when it concerns the contractual relationship between the authors of the software and a commercial software company.

2. The Court is of the opinion that Sect. 4 GPL, which provides for an automatic loss of rights in the case of a violation of the code of conduct, does not inadequately discriminate against the contractual partner.

a) However, Sect. 4 is not a valid restriction of the use rights under § 31 Abs. 1 S. 2 UrhG.

According to § 31 Abs. 1 UrhG, use rights can be restricted geographically, temporally or in terms of content.

According to the Federal Supreme Court, the distribution right can be effectively split *in rem* - because of the possible restrictions on the marketability of the relevant work - only if it concerns customary, technically and economically independent (and thus clearly differentiable) forms of use (BGH, GRUR 2001, 153 – 155 – OEM version).

The regulations under Sect. 2 GPL do not satisfy these conditions (Metzger/Jäger, Open Source and German copyright GRUR Int. 99, 839 ff.; Omsels Open Source and German contract law and copyright in Festschrift Hertin; Plass, Open Contents in German copyright , GRUR 2002, 670 ff.).

b) The literature is looking for legal ways to let the automatic loss of rights provided for in the clause come into legal effect in the territory of the Federal Republic of Germany.

It is suggested in the literature that only a resolutive condition *in rem* should be accepted, which provides for an automatic loss of rights in the event that the licensee does not comply with the obligations of the contract (so far in particular Metzger/Jäger a.a.O.). This approach has been justified on the grounds that transactions *in rem* are not incompatible with conditions.

The Court takes the view that this construction is compatible with § 31 Abs. 1 S. 2 UrhG. It should first be noted that the legal consequences of a valid restriction, respectively an automatic loss of rights, can have similar legal consequences as in the case of an infringement of certain obligations of conduct because in both cases there is no one holds any use rights and any transfer of the right to third parties would be invalid because of the lack of authorisation.

There is in principle the danger that the contractual cancellation just serves the purpose of circumventing the regulation of § 31 UrhG. However, in the view of the Court it cannot be derived from § 31 UrhG (new version) which prescribes that transfers of rights on the basis of a condition subsequent are in principle invalid.

The question whether such a condition is legally admissible, i.e. is an evasion of § 31 UrhG, is to be judged on the basis of the entire comprehensive contract. The question has to be asked about the effects a condition subsequent has on the marketability of the rights and of the devices in use with the software (and further processed).

An essential point of view regarding the validity of *in rem* restrictions is to maintain the marketability of the rights, in particular in a multi-stage trade chain, so that not every infringement of an obligation of conduct leads to the software being copied and/or transferred by unauthorised persons.

In the present contractual situation, this danger exists only to a small degree. The conditions provide explicitly that the licenses of third parties are not terminated as long as they fully acknowledge and observe the GPL.

The regulation of conditions can, however, restrict the marketability of pieces of work with Open Source Software. If the distributor is no longer authorised at the time he produces copies, e.g. because of the condition subsequent, the principle of exhaustion cannot take effect and the user acquires copies from an unauthorised person. The regulation of § 69 Abs. 1 UrhG does not help the user

because § 69 d UrhG provides that the user is owner of use rights (cf. Schricker/Loewenheim, copyright, 2nd edition, § 69 d Rdn. 4; Plass, a.a.O.).

As the third party can at any time directly acquire the necessary use rights from the author on accepting the GPL (respectively only acquire anyway), this point of view can be disregarded.

To sum up, the consequences of the loss of rights mainly concern the contractual partner of the creator in a similar way as they do regarding a contractual restriction; and marketability rights are hardly affected.

Furthermore, it has to be taken into account that the offer *in rem* does not expire in the event of infringements, but the violator of the rights can at any time re-obtain the rights by accepting and observing the conditions. Automatic loss is not particularly serious for the violator (so Omsels a.a.O.). Because a third party can at any time acquire the use rights for the software, the marketability of the rights and software copies is affected by these conditions only in a minor way, even though the third party has received them from an unauthorised person. Furthermore, the consequences of the loss of rights primarily affect the contractual violator. Therefore, according to the Court's opinion, Sect. 4 GPL is not a circumvention of § 31 Abs. 1 S. 2 UrhG.

c) Even if doubts about the validity of the Sects. 4 S. 2 and 3 GPL became effective, this would not result in Sect. 4 S.1 GPL being invalid. In the Court's view it is to be assumed that this would only partially invalidate the clause, with the consequence that an infringement of the paragraph 4 S.1 GPL would have only contractual effects.

3. The Court has no doubts about the admissibility of the conditions embodied in Sects. 2; 3 GPL.

The licensee is obliged to pass on the software given to him free of charge and possibly processed in that way only so that third parties can also use this software. The basic principle of Open Source Software is, moreover, explicitly

acknowledged by the legislator with the regulation in § 32 Abs. 3 S. 3 UrhG (cf. Dreier/Schulze UrhG § 32 Rn. 80, 81).

4. Even if one held that Sect. 4 GPL or Sect. 3 would completely violate the requirements for the control of unfair standard terms set out in § 307 BGB, it would have to be examined very thoroughly, in the view of the Court, if the contract is consequently totally invalid according to § 306 Abs. 3 UrhG. If the open development of the software is endangered by the invalidity of the clause and a basic principle of Open Source is concerned, the Court held that no settlement *in rem* has been reached, with the effect that every use of the software is illegal.

B. The Court regards the liability of the defendant to be sued as being sufficiently established.

The software in question can be downloaded by using the given Internet address. In the German version only the company address of the defendant is mentioned in the column “About us”. This arrangement – which must have been known to the defendant – means that the only named contact in the German-speaking territory is the defendant. In view of the Court, the defendant has to accept the attribution of all offers because of that arrangement. In so far as the offer was to be attributed to the Internet page of the parent company, the defendant would at least be a contributory infringer as the defendant supports the distribution of the software.

II. The reasons for issuing a preliminary injunction are established. The plaintiff cannot be expected to accept the distribution of its software — being GPL-adverse — until a main decision is made. Major detriments to the defendant have not been mentioned, nor are they perceptible.