Version 3 of the GPL, the most widely used free software license, has been publicly debated since January 2006 and its second draft is already available. Among the most discussed novelties belong Digital Rights Management and Patent Retaliation clauses. However, there are still a few legal issues which are less talked about, yet not properly resolved both in Europe and overseas. While in the United States GPL is considered by some a unilateral software license, pursuant to many national regulations outside U.S., including those of Czech republic and Slovakia, GPL is a contract. Such a fairly unimportant difference may lead to interesting legal questions regarding validity and enforceability of GPL around the globe.

Introduction [1]

According to Eben Moglen, General Counsel for the Free Software Foundation (FSF), people tend to assume that free software, being an unorthodox concept in contemporary society, must be pursued using unusually ingenious, and therefore fragile, legal machinery. He finds such assumption to be faulty.¹

We do believe that free software is still an unorthodox concept, even today, more than 20 years after the FSF has been established. We also believe that the legal “machinery” behind it is quite ingenious. Version 1 of the GNU General public license (GPL) presented by FSF was a savvy and challenging legal document already in 1989. But although we do not assume that GPL is exactly fragile, we must express our concern over some

substantial uncertainties arising from its internationalization.

Version 3 of the GPL (GPLv3), the most widely used free software license, has been publicly debated since January 2006 and its second draft is already available. GPL was originally designed to comply with the US law and therefore its drafters from FSF have been facing a lot of criticism over the years.² Although among the most discussed novelties of GPLv3 belong Digital Rights Management and Patent Retaliation clauses, there are still a few legal issues which are less talked about, yet not properly resolved both in Europe and overseas. Most of these issues originate just from the international and universal character of the license. FSF believes that the latest draft 2 of GPLv3 presents a truly global copyright license, although they agree that the effects of the GPL can never be perfectly uniform from country to country. While in the U.S. GPL is considered by some a unilateral software license, pursuant to many national regulations outside U.S., including those of Czech republic and Slovakia, GPL is a contract. Such a fairly unimportant difference may lead to interesting legal questions regarding validity and enforceability of GPL around the globe and the related issues of applicable law.

License or Contract? [2]

USA [2.1]

In our opinion the best way to provide a good insight into a legal understanding of GPL in USA, is to use the words of explanation from Eben Moglen once again. „The GPL ... is a true copyright license: a unilateral permission, in which no obligations are reciprocally required by the licensor. Copyright holders of computer programs are given, by the Copyright Act, exclusive right to copy, modify and redistribute their programs. ...but if you redistribute it (software), in modified or unmodified form, your permission extends only to distribution under the terms of this license.”³ This is a widely followed theory in the United Sates, but some opposition exists. The U.S. Copyright Act⁴ contains the term „license

² GPLv2 has been used world-wide since 1991
⁴ US CODE: Title 17
agreement”, but requires no specific form to grant an authorization to use a copyrighted work.

We accept Moglen's argument, however this is an interpretation provided by FSF, therefore we believe, that it applies only to software licensed under GPL by FSF only. Any other licensor may provide his own interpretation of GPL and this interpretation should be of legal relevance in case of an infringement.

Many critical remarks have been made shortly after making the first draft GPLv3 open for discussion. The new title of section 9 of the first draft of GPLv3 said “Not a contract” to emphasize a non-contractual character of GPL. FSF later accepted arguments coming from countries where GPL and other software licenses are considered regular contracts and had changed the title of section 9 to “Acceptance not required for having copies.” Many of these remarks originated in Europe.

**Europe [2.2]**

According to the applicable European directives no requirement to grant a license by any specific means exists. In most cases the situation evolved in favor of the contractual approach.

**Slovak Republic [2.3]**

However, in Slovakia, a member state of the European Union since 2004, GPL does not exist de iure. According to Paragraph 40 Section 1 of the Slovak Copyright Act\(^5\) (SCA) license\(^6\) to use the work is granted by means of a license agreement (contract)\(^7\) only. Moreover such agreement must be in writing, otherwise it is not valid due to a defect in the form. It is obvious that such a strict principle of formality must complicate concluding license contracts, particularly those on software. This is especially true about licensing of software over the Internet or through the retail or other

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\(^5\) Act. No. 618/2003 Coll. on Copyright Law and Rights related to Copyright Law

\(^6\) The term „license” is used in Slovak legislature as a synonym for „consent” or „authorization”, not „contract”.

\(^7\) e.g. under Slovak and Czech law „license agreement” is a contract and thus is under the scope of contractual law. Therefore we use the terms „agreement” and „contract” as synonyms here.
distribution networks, where it is very unusual to conclude a written contract, since shrink-wrap and click-through licenses are commonly spread.\(^8\) According to to mentioned provisions of the SCA all of such licenses are granted in contrary to the law, therefore they are all non-existent, including the GPL. Unfortunately, the latest proposal for an amendment of the SCA does not include any provisions concerning the questions of formal/informal license granting.

On the top of it, one more major limitation to conclude a valid GPL (as a contract) exists within the Slovak law. This limitation refers to the general provisions on contract concluding regulated by the Act No. 40/1964 Coll. Civil Code (CC). In Paragraph 43 and following CC demands, in order for a contract to be valid, that an offer (an expression of will aimed to conclude a contract) must be addressed to one or more specific persons. An interesting discussions has existed for almost a decade now, object to which is an „offer“ to conclude a license contract published on the Internet. Some say such a display is a proper legal offer, regardless of how „unspecific“ the addressees are, some consider it to be merely an invitation to make offers (invitatio ad offerendum).\(^9\) Some even say that the provisions of general law do not apply.\(^10\) We incline to an opinion that a display of the text of a license contract on the Internet is indeed just invitatio ad offerendum. The major argument would be the that persons to which is the license offered to are indeed unspecific.

Further, there is one other complication resting within the provision of Paragraph 43c, according to which an acceptance of the offer becomes effective when the consent with the content of the offer is delivered to the offerer. This of course rarely happens with the GPL and most of other software licenses.

All in all, although there are no substantial difficulties to accept the

\(^8\) Sometimes the acceptance with a license is performed by simply by installing or running the program.

\(^9\) According to Article 14 Section 2 of the U.N. Convention On Contracts For The International Sale Of Goods a proposal other than one addressed to one or more specific persons is to be considered merely as an invitation to make offers, unless the contrary is clearly indicated by the person making the proposal.

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content of the GPL under the Slovak law, the written form of concluding GPL as a license contract and some other questionable contractual law provisions hold the GPL from being valid.

**Czech Republic [2.3]**

Due to a former existence of Czechoslovakia, a very similar legal uncertainty has existed in Czech republic, where the same general provisions on concluding contracts of the aging Civil Code linger on. Unlike Slovak lawmakers, Czech legislator has recently passed an extensive amendment to the Copyright Act, where among many other novelties the process of concluding copyright agreements was changed. According to the current statutory text a contract offer has no longer to be addressed to the specific persons and a valid license agreement can be concluded without an acceptance being delivered to the offerer. Thus GPL and all other usual distant contracts (concluded between parties not present) are in Czech republic no longer a non-existing legal concept but valid contracts (license agreements) under the Copyright Act.

**Viral License or Viral Contract? [3]**

One of the major legal concerns regarding enforceability of GPL is its so called „viral“ effect, the effect concisely summarized by Craig Mundie, Microsoft Senior Vice President, in his speech given on "The Commercial Software Model" at the New York University Stern School of Business in 2001, where he also said: „The GPL mandates that any software that incorporates source code already licensed under the GPL will itself become subject to the GPL. When the resulting software product is distributed, its creator must make the entire source code base freely available to everyone, at no additional charge. This viral aspect of the GPL poses a threat to the intellectual property of any organization making use of it.”

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11 After a political agreement was reached in 1992, two sovereign states, Czech republic and Slovak republic exist since 1 January 1993.
12 §43 and following, Act No. 40/1964 Coll. Civil Code
13 Act No. 121/2000 Coll. on Copyright law and Rights related to Copyright law
14 A non exclusive license does not have to be in writing.
This is also one of the major reasons why FSF originally withdrew the GPL from the scope of contractual law (lex contractus) and placed it, in its entirety, under the scope of copyright. FSF and other non-contractual pursuers of GPL argue that "...there is no provision in the Copyright Act (copyright law in general) to require distribution of infringing work on altered terms... (therefore)... the claim that a GPL violation could lead to the forcing open of proprietary code that has wrongfully included GPL'd components is simply wrong."\(^\text{16}\) We must agree this is an adequate justification. We believe that in case of an infringement the clause which requires a distribution of a program under GPL if other GPL’d code was included,\(^\text{17}\) is to be considered a limitation of the granted rights.\(^\text{18}\) But what if GPL is a contract?

In countries where GPL is considered a regular contract, it falls under the scope of contractual law. To determine whether a contractual GPL can have „viral“ effect, there are two points of view to consider carefully. Even in countries with contractual understanding of licenses there are certain doubts about determining whether certain aspects of licenses, such as the interpretations of the license grant or the formal requirements of a license, should be considered contractual or non-contractual.\(^\text{19}\)

If we choose to follow the non-contractual approach, we come to the same conclusion as above in compliance with the FSF argument.

Although in GPL there is no obligation to actually use the program (run it on a computer) or exploit it, a requirement to publish and distribute program (code) derived from other GPL’d code also under GPL might be regarded as consideration rather than just as limitation of granted rights.

We therefore believe both arguments (limitation of granted rights and consideration) are possible. Nevertheless, we do not therefore consider GPL to be „a threat to the intellectual property“. We only state that a plaintiff in a


\(^{17}\) Section 2b of the GPLv2


case of infringement may sue for a breach of contract and therefore we can expect a court decision by which an obligation to publish the code at issue may be imposed upon the infringer.

**Applicable Law (“Where is there?”) [4]**

The quote “there is no there there” allegedly appears for the first time in a book by Gertrude Stein and relates to her visit to Oakland, her home when she was a kid. She could not find her family house, hence, "there is no there there". Prof. Michael Bogdan during one of his recent lectures mentioned the same phrase in quite a different context, while referring to the application of norms of private international law in cyberspace, where it is extremely difficult to locate and apply the specific „there“. When searching for applicable law regarding GPL, it being either a license or a contract, we can slightly rephrase the quote mentioned above to emphasize the jungle within the existing legal grounds. “There are just too many theres there”. Virtual, real and legal.

**So which law should we use to interpret the provisions of the GPL? [4.1]**

On the official FSF website we can find an article titled „Opinion on Denationalization of Terminology“. It refers to a revision of the first draft of the GPLv3. Among many other things in this opinion FSF rejects the use of choice of law clauses in the upcoming version of the GPL, when saying that not to do so would be „the wrong approach.“ According to FSF free software licenses should not contain choice of law clauses, for both legal and pragmatic reasons. The revised version of section 7 therefore explicitly classifies the inclusion of a choice of law clause as a violation of the GPL. We agree that choosing the applicable law when licensing software under GPL would really cause substantial complications for everyone.

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21 e.g. Where does the use of work protected by copyright take place? Is it the place where the server is located? Or the place where the user is located or where his habitual residence is? Or is it anyplace, where the work can be used simultaneously?
23 Such clause is to be considered invalid.
First of all, it is necessary to stress out that incorporating a choice of law clause into the GPL would in most cases not be a subject to an agreement, but rather a unilateral decision of an author or other entitled person. Thus the choice of law clause could more easily determine law that is either hostile or ambivalent towards free software or copyright law.\(^{24}\) Among other major concerns of the FSF we agree with is a problem which could be arising from combining two or more works already licensed under GPL but containing a different choice of law clause.\(^{25}\)

Of course, an absent choice of law clause does not mean that GPL stays out of bounds of the applicable law. From what we have said earlier we can define two approaches by which we could determine the applicable law. Those approaches would differ depending on GPL being a unilateral license or a license contract (license agreement). As we will try to outline neither approach provides a clear and unequivocal solution.

License [4.2]

If we consider GPL being a unilateral license, as FSF does, the substantive rights granted by the GPL are defined under applicable local copyright law (not contract law).\(^{26}\) However, the current GPL version, nor the latest draft of a new one, says nothing how one determines the applicable local copyright law. The search for local law applicable to non-contractual obligations leads us inevitably, on the conventional level, to the universal rule of territoriality implied in both, the Berne Convention for the Protection of Literary and Artistic Works (BC) and the Universal Copyright Convention (UCC).

We believe, in conformity with the prevailing view of scholars and practising lawyers, that these provisions, based on the rule of territoriality, demand (BC more strictly and clearly than UCC) lex loci protectionis to be applied. What does it mean for a GPL licensor? Basically the same thing as

\(^{24}\) e.g. law of a country which is not a party to Berne Convention or Universal Copyright Convention

\(^{25}\) FSF has also a few philosophical concerns such as „choice of law clauses are creatures of contract“ . This is correct indeed. Since we have explained that nature of GPL is non-contractual according to its U.S. drafters, it seems reasonable to provide such an argument. Here we can sense once again a strong opposition to GPL being a contract, when choice of law clause is called a creature – amusing but understandable.

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for everybody else claiming their non-contractual rights (copyright). The provisions of GPL in a case of infringement should be interpreted in accordance with the law of the country where the infringement occurred (lex loci protectionis) regardless where the prosecuting takes place (not lex fori) or which the country of origin is (lex loci originis).\textsuperscript{27} Such interpretation is also in accordance with the proposed text of the Rome II regulation, since it says in Article 8 that „applicable law will be the law of the country in which protection is sought.“

The major positive aspect of applying lex loci protectionis is that in case of a number of disputes all of them would fall under the same rules. This is useful and just especially for those GPL projects which include more pieces of software already licensed under GPL - a single set of rules applies for all works involved.\textsuperscript{28} However, not legal science or the courts have successfully resolved the problem with the place of infringement, especially when the use of work (software) occurred on the Internet.\textsuperscript{29}

If traditional conventional tools fail due to various reasons,\textsuperscript{30} one must follow a complex path of national laws to declare that the situation from the general law perspective does not provide an easy survey. Unfortunately, examining a number of national legislatures is beyond the scope of this paper. Just for the reference, in some countries principle of lex loci protectionis is favoured (Switzerland) in others the principle of lex loci originis (USA, France) is being applied accordingly.\textsuperscript{31} In many countries we would have to look into varied case law, since no provisions of substantive law provide any solutions.

Contract [4.3]

If we consider GPL being a contract it falls then under the scope of the

\textsuperscript{29} see above APPLICABLE LAW (“Where is There?”) [4]
\textsuperscript{30} e.g. when it is not certain where did a specific GPL infringement occur due to a global character of the Internet
contractual law (lex contractus). Using the conventional policy we ought to seek the applicable law within the provisions of The Rome Convention on the law applicable to contractual obligations (RC).

Under Article 1 the copyright agreements (license contracts) are not excluded from the scope of RC and although RC does not further explicitly refer to copyright, we regard license contracts as regular contracts and on the conventional level the provisions of the RC are the only rules of private international law applicable for the contractual obligations arising out of copyright relations. RC has been in force since April 1991 for the member states, however the rules of the RC apply also when the appointed law is the law of the state which is not a member state.

Applying the RC, with no choice of law clause in GPL, Article 4 section 2 presumes that the contract is most closely connected with the country where the party who is to effect the performance which is characteristic of the contract has, at the time of conclusion of the contract, his habitual residence, or, in the case of a body corporate or unincorporate, its central administration.

We hold an opinion that GPL (contract) meets the requirement of the “characteristic performance” rule. Under the GPL a licensee is granted by a licensor permissions (freedoms) to run the program, to study how it works, to redistribute its copies and to improve it. Here, the licensor performs by granting his rights. On the other hand, the licensee has here no obligation to actually use the program or to exploit any other granted rights. Moreover, we also agree that it is appropriate to designate the characteristic performance in relation to the transfer of rights, because without such transfer the later exploitation would not be possible. Therefore we come to a conclusion that under RC the law of the licensor (law of the country of his habitual residence) should be applied in case of GPL (contract).

The general law does not provide us with favourable answers. For example, In Slovakia RC came into force on 1.8.2006. Until this date the

contractual provisions of the Act on private and procedural international law (1963) were effective. However an upcoming European Rome I regulation (proposal has no presumptions such as RC, only strict rules shall apply) will replace RC. Thus it will be important when GPL was concluded, as it will be necessary to take into account three sets of rules, one for each particular period.

**BC vs RC or License vs Contract [5]**

Confronting the provisions of the BC and the RC, due to non-contractual and contractual aspects of GPL, leads us to an already anticipated result.

Let’s presume, there is a piece of software licensed under the GPL being used in a country, where GPL is considered a unilateral license. Conventional law tells us then, that the Article 5 section 2 of BC shall be used as a determination rule for applicable law. In this case it takes us to the law of the country of protection (lex loci protectionis), the country where the licensee used the software and infringed the license. But what if the licensor’s habitual residence is in a country, where by the law the GPL is a contract? Conventional law tells us then, that the Article 4 section 1, 2 shall be used as a determination rule for applicable law. In this case it takes us to the law of the country where the characteristic performance takes place, the country where the licensor has his habitual residence.

Which law shall govern which provisions of GPL? Have these two parties concluded a valid contract\(^\text{34}\) or a unilateral license has been granted? And under which law? How to determine contractual and non-contractual obligations of the GPL? We believe no universal answer is available today and it is necessary to examine each case individually. The whole issue is even more complex when more authors (licensors) write one piece of software as co-authors, each author having habitual residence in a different country. In the “world” of the GPL this is an everyday issue.

\(^{34}\) Article 10 section 1 of the RC states that the law applicable to a contract shall govern in particular the interpretation, performance, consequences of breach, including the assessment of damages, limitation of actions and the consequences of nullity of the contract.
Conclusion [6]

GPL is a challenging concept, so is the rest of the free/open licenses. First of all we need to say that most disputes over GPL’s validity or enforceability do not reach the court for various reasons, therefore not many precedents are available to this date. It is also significant that the “viral” aspect of GPL has not broken out yet mainly because the GPL “community” pursues “limitation of granted rights” approach.

On the other hand, initiatives like gpl-violations.org keep track of numerous GPL infringement cases. According to their website, in two years of functioning, they recorded over 100 cases where GPL has been violated.

To write a flawless internationalized universal software copyright license which would comply with current rules of conventional and general law is a task beyond anybody’s effort. It is obvious we provide no universal solutions to problems stated above. Harmonization is the key word here. Without clear and widely adopted rules we will keep enjoying the thrill of search for applicable law and discussing validity and enforceability of GPLv3 in the nearest future.

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35 According to Eben Moglen one of the major reasons is that “...a defendant cannot simultaneously assert that the GP is valid permission for his distribution and also assert that it is not a valid copyright license.”

36 e.g. District Court of Munich II, No. 21 O 6123/04 or District Court of Frankfurt am Main No. 2-6 O 224/06
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