GENERAL PUBLIC LICENSE VERSION 2: THE RISK OF DIRECT PATENT INFRINGEMENT

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ABSTRACT

The GNU General Public License Version 2 ("GPLv2") is a popular license for open source software. Despite its importance, only a few GPLv2 cases have been litigated in the courts. In these litigated cases, the plaintiffs claimed breach of contract or copyright infringement against defendants. However, in XimpleWare v. Ameriprise, the plaintiff explored a novel patent-related avenue for open source software authors to attack vendors and customers of open source software. Specifically, XimpleWare alleged direct patent infringement against Versaware, a software vendor, and Ameriprise, Versaware's customer, for distributing XimpleWare’s GPLv2-licensed software in violation of GPLv2’s copyleft provisions in section 2. This Article analyzes (1) the merits of XimpleWare’s direct patent infringement claims against Versata and Ameriprise, including whether a court would likely have inferred implied patent rights and conditions on

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such rights from GPLv2 terms; and (2) the implications of such claims for vendors and customers of software licensed under GPLv2. The Article suggests that an author may have a stronger direct patent infringement claim against a vendor that sells software incorporating the author’s GPLv2-licensed source code than against the vendor’s customer who merely purchases the software and provides copies of it to its workers. Lastly, the Article provides practice pointers for vendors and customers of software licensed under GPLv2 moving forward.

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INTRODUCTION

No good deed goes unpunished. Software vendor Versata Software, Inc. (“Versata”) sued its customer Ameriprise Financial, Inc. (“Ameriprise”) in March of 2014 to enforce a contract between the parties. In defense, Ameriprise claimed that Versata improperly used source code belonging to XimpleWare, Inc. (“XimpleWare”) under General Public License Version 2 (“GPLv2”), an open source license. After learning of Ameriprise’s defense, XimpleWare proceeded to sue Versata, Ameriprise, and several other defendants for direct patent infringement.

The XimpleWare v. Versata case illustrates that software vendors and their customers may be liable for direct patent infringement by distributing GPLv2 licensed software in violation of the terms of the license. This Article examines XimpleWare’s direct patent infringement claims against Versata, a software vendor, and Ameriprise, Versata’s customer.¹

Until now, General Public License (“GPL”) court cases have been based on breach of contract or copyright infringement claims.² Even though the parties settled out of court, XimpleWare charted a new course by arguing that distributing software in violation of a GPLv2 license directly infringes the licensor’s patent rights.³

Parts I and II of this Article provide an overview of open source software licensing generally and GPLv2 licensing specifically. Part III summarizes the XimpleWare v. Ameriprise suit. Part IV analyzes the merits of XimpleWare’s claims against Ameriprise and Versata by determining (1) whether GPLv2’s

³ See XimpleWare, Inc., 2014 WL 6687219, at *9; Radcliffe, supra note 1.
terms imply a patent license and (2) whether its copyleft provisions in section 2(b) are conditions or mere covenants. Finally, Part V explores the ramifications of direct patent infringement claims against open source software vendors and customers.

I. OPEN SOURCE SOFTWARE LICENSE

Open source software (“OSS”) is “software that can be freely used, changed, and shared (in modified or unmodified form) by anyone.”\footnote{Welcome to the Open Source Initiative, OPEN SOURCE INITIATIVE, http://opensource.org (last visited May 5, 2015).} OSS authors share their software source code\footnote{“Source code” refers to the human readable computer instructions that instruct the computer on the set of tasks to perform. \textit{See Source Code Definition}, WEBOPEDIA, http://www.webopedia.com/TERM/S/source_code.html (last visited May 5, 2015).} and object code,\footnote{“Object code” refers to the machine readable code (i.e., 0s and 1s) that a computer understands. Source code is compiled into object code. \textit{See Object Code Definition}, WEBOPEDIA, http://www.webopedia.com/TERM/S/object_code.html (last visited May 5, 2015).} subject to predetermined terms.\footnote{See \textit{The BSD 2-Clause License}, OPEN SOURCE INITIATIVE, http://opensource.org/licenses/BSD-2-Clause (last visited May 6, 2015); \textit{GPL Version 2}, infra note 18.} Proponents of the OSS method of distributing software distinguish it from traditional proprietary software.\footnote{See \textit{Lawrence Rosen, Open Source Licensing: Software Freedom and Intellectual Property Law} 52 (2005) (providing that software owners use proprietary licenses to set restrictions on the use of their software, as well as to prohibit any distribution of their software).} They believe that OSS is a better model for developing creative and useful solutions by harnessing the collective effort of the software developer community.\footnote{See \textit{id}.}

OSS authors typically license their software to the public using a combination of contract and copyright law.\footnote{See \textit{id. at} 57, 139.} Software source code and object code are protected under copyright law.\footnote{17 U.S.C. § 106 (1976).} The
license contract provides the terms under which the protected source code and object code may be reproduced, modified, and distributed.\textsuperscript{12}

Generally speaking, OSS licenses can be grouped into two categories: permissive and copyleft.\textsuperscript{13} Both require that the software recipient provide copyright notices of the original author and subsequent authors of the software to downstream users and track changes made to the source code. The two differ, however, in that while permissive licenses request that recipients share any modifications they make to the source code, copyleft licenses require such sharing.\textsuperscript{14} In addition, copyleft licenses require the licensee to redistribute such modifications in outbound licenses only on the same terms as the inbound license.\textsuperscript{15} Permissive licenses do not have that requirement. Therefore, software vendors that distribute copyleft licensed source code incorporated into their software must meet more stringent requirements than they would for permissive licensed source code.\textsuperscript{16} The OSS license implicated in the \textit{XimpleWare v. Versata} case is a copyleft license—specifically, GPLv2.\textsuperscript{17}
II. THE GPLv2 LICENSE

The GPLv2 license governs the distribution of verbatim and modified versions of all GPLv2 licensed source code. Section 1 provides that the recipient may “copy and distribute verbatim copies of the Program’s source code . . . in any medium” as long as the recipient (1) provides appropriate copyright notices and disclaimer of warranty, (2) keeps intact all notices referring to the GPL, and (3) provides a copy of the program and GPL license to downstream recipients.

Section 2 controls the licensee’s distribution of modifications or derivations of the GPLv2 licensed source code. Section 2(a) provides that if a recipient modifies or incorporates source code licensed under GPLv2, the recipient must provide prominent notices of program files changed. Section 2(b) further provides that the recipient must cause the modified source code “to be licensed as a whole at no charge to all third parties under the terms of [the] License.”

Section 2(b) is the core “copyleft” provision, which is the practice of the copyright owner relinquishing his exclusive copyright distribution rights to the public on the condition that recipients do the same with respect to modifications or derivative works they distribute downstream. This Article

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19 Id. at section 1.
20 See generally id.
21 See id. at section 2.
22 Id. Section 2 incorporates section 1’s provisions by reference to provide notice, copy of modified source code, and GPL license.
23 See RICHARD M. STALLMAN, What is Copyleft?, in FREE SOFTWARE, FREE SOCIETY: SELECTED ESSAYS OF RICHARD M. STALLMAN 91 (Joshua Gay ed., 2002), available at http://www.gnu.org/philosophy/fsfs/rms-essays.pdf. A GPL license is a direct grant from the author of the source code to anyone who wishes to take the source code under that license. MEEKER, supra note 13, at 29. In other words, if licensee B accepts source code from author A under the terms of the GPL and distributes a modified copy of the source code to licensee C,
refers to the above provisions as “the copyleft provisions.”

III. THE CASE: XIMPLEWARE v. VERSATA

The XimpleWare v. Versata case began as a result of a contract dispute between Versata Software, Inc. (“Versata”) and Ameriprise Financial, Inc. (“Ameriprise”). Versata, a software technology company, developed the Distribution Channel Management (“DCM”) software. Ameriprise is a provider of financial products through its group of financial advisors, most of whom are independent contractors. Versata licensed DCM to Ameriprise and Ameriprise provided the software to its financial advisors to assist with calculating commissions.24

The license agreement between the parties allowed Ameriprise to customize DCM under certain conditions.25 However, Versata claimed that Ameriprise violated the license by using a third-party consultant to customize the DCM software because use of third parties to modify DCM was not explicitly permitted by the contract.26

A. First Act: Versata Sues Ameriprise

Versata sued Ameriprise for breach of contract in a Texas state court.27 Ameriprise responded that Versata had incorporated into Versata’s software XimpleWare’s VTD-XML28 source code, which was licensed under GPLv2, and that Versata violated GPLv2 by failing to provide its modified VTD-XML source code

24 See Radcliffe, supra note 1.
26 Id.
27 Id.
28 VTD-XML is a software module used to read structured data saved in XML format. See Introduction to XML, W3SCHOOLS, http://www.w3schools.com/xml/xml_whatis.asp (last visited May 5, 2015).
for download, and also by not including a GPLv2 license with DCM.\textsuperscript{29} Accordingly, Ameriprise counter-claimed that Versata was required to provide the entire DCM source code for free to all users, including Ameriprise.\textsuperscript{30} In addition, Ameriprise informed XimpleWare about Versata’s infringing source code, and sought XimpleWare’s assistance in defending against Versata.\textsuperscript{31}

According to Ameriprise, Versata raised a federal issue by invoking copyright preemption as an affirmative defense.\textsuperscript{32} Consequently, the case was removed to the United States District Court for the Western District of Texas.\textsuperscript{33}

\subsection*{B. Second Act: XimpleWare Sues Everybody}

XimpleWare subsequently filed suit against Versata and Ameriprise, as well as other Versata customers.\textsuperscript{34} XimpleWare asserted claims for (1) direct infringement of its patents against all defendants, (2) willful infringement by Ameriprise and Versata customers, and (3) induced and contributory patent infringement against Versata.\textsuperscript{35} All defendants moved to dismiss the claims against them.\textsuperscript{36} The court dismissed all claims except the direct patent infringement claims against Versata and Ameriprise.\textsuperscript{37}

The court ruled that “mere use of XimpleWare’s patented software was explicitly permitted under the terms of the GPL.”\textsuperscript{38} Further, the court concluded that direct patent infringement

\textsuperscript{29} Versata Software Inc., 2014 WL 950065, at *2. XimpleWare, a software development company, developed the VTD-XML source code and licensed it under several licenses, including GPLv2.
\textsuperscript{30} Id. at *1.
\textsuperscript{33} Id.
\textsuperscript{34} XimpleWare, Inc., 2014 WL 6687219, at *1.
\textsuperscript{35} Id. at *3.
\textsuperscript{36} See id. at *4.
\textsuperscript{37} Id.
\textsuperscript{38} Id.
required XimpleWare to allege that each defendant “distributed XimpleWare’s software to unrelated third parties.” Accordingly, the court dismissed the direct patent infringement claims against Versata’s customers who merely used the DCM software. However, the court found that XimpleWare had alleged sufficient facts against Versata and Ameriprise to continue the direct patent infringement claims against them.

XimpleWare also sought a declaratory judgment that its patents were valid, that the GPL conferred no patent license, and that “any purported grant of a patent license by one defendant to another is invalid.” The court denied XimpleWare’s request.

The parties settled the dispute out of court, but the settlement agreement was not made public. Nevertheless, the merits of XimpleWare’s direct patent infringement claims are worth exploring due to the potential future risk they present for software vendors and customers.

IV. Analysis of XimpleWare’s Direct Infringement Claims

XimpleWare’s direct patent infringement claims against Versata and Ameriprise depended on (1) whether GPLv2 terms imply a patent license and (2) whether the copyleft provisions constitute conditions or mere covenants. A court would most likely imply a patent license in the GPLv2, and could potentially rule that copyleft provisions are conditions, depending on the legal theory it applies. Assuming that the copyleft provisions constitute conditions, XimpleWare would have had a strong direct patent infringement claim against Versata because it distributed DCM (by

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39 Id.
40 Id.
41 Id. at *11.
42 Id. at *9.
43 Id.
selling) in violation of GPLv2. However, it is likely that XimpleWare would have had a weak claim against Ameriprise because it did not distribute the DCM software by providing copies to its internal workers.45

A. The Implied Patent License in GPLv2

A patent holder has the right to exclude others from using, making, selling, and offering to sell a patented invention within the United States.46 The GPLv2 expressly grants copyright permissions to copy, modify, and distribute the software, but provides no express patent right permissions.47 However, as explained below, patent rights to “use,” “make,” “sell,” and “offer to sell” are arguably implied in the GPLv2.

First, with respect to patent “use,” the GPLv2 expressly states that “[t]he act of running the Program is not restricted.”48 The XimpleWare court equated “running the program” to merely using the source code, which is expressly permitted by the GPLv2.49 Therefore, it follows that there is a patent license to use software licensed under GPLv2.

Second, the patent license to “make” is implied in the GPLv2 permissions to reproduce and modify a copy of the licensed software to make a “work based on the Program.”50 The Patent Act does not define “make.”51 However, the Supreme Court held in Deepsouth Packing Co. v. Laitram Corp., that “make” means creating an operable assembly of a whole product based on the patented invention.52 In software terms, it is necessary for the

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45 See supra Part IV.D.
47 GPL Version 2, supra note 18, at section 2.
48 Id.
50 GPL Version 2, supra note 18, at section 2.
51 5-16 DONALD S. CHISUM, CHISUM ON PATENTS § 16.02[5][b] (2004).
licensee to copy and incorporate the underlying GPLv2 source code into his modified source code in order to make a work based on the licensed program. Therefore, GPLv2 strongly implies a patent license to make software based on the underlying patented source code.53

Third, the GPLv2 license to “distribute” modifications of the licensed software is akin to a patent license to “sell” the modified software. While the Patent Act does not expressly define “sell,”54 the Federal Circuit has interpreted it by looking to its ordinary meaning: “[t]he transfer of property or title for a price.”55 Consistent with this holding, the GPLv2 grants the licensee permission to distribute modified versions of the licensed source code provided that the licensee meets certain provisions.56 Further, the GPLv2 states that the licensee may “charge a fee for the physical act of transferring a copy, and [the licensee] may . . . offer warranty protection in exchange for a fee.”57 Such transfer of modified software in exchange for a price strongly supports the inference that the GPLv2 implies a patent right to “sell” software based on (or derived from) the licensed source code.

Fourth, the patent license to “offer to sell” is arguably implied in the general GPLv2 policy to foster free use and exchange of source code. The Patent Act defines “offer to sell” as a sale that “will occur before the expiration of the term of the patent.”58 According to the Supreme Court, a patent holder’s “offer to sell” right is infringed only if a third party engages in any “unauthorized commercialization of [the patent holder’s] patented invention that is as specific and definite as the commercialization that would have started the Section 102(b) clock for filing a patent application”59

53 See id. at 518; CHISUM, supra note 51, § 16.02[5][b].
54 CHISUM, supra note 51, § 16.02[5][b].
55 NTP, Inc. v. Research In Motion, Ltd., 418 F.3d 1282, 1317 (Fed. Cir. 2005).
56 GPL Version 2, supra note 18, at section 2.
57 Id.
59 CHISUM, supra note 51, § 16.02[5][g] (citing Pfaff v. Wells Elecs., Inc.,
The Federal Circuit Court interpreted the Court’s definition as “generating interest in a potential[ly] infringing product to the commercial detriment of the rightful patentee.”

Although no provision in the GPLv2 directly mirrors the patent “offer to sell” right, there is a clear GPL policy against using patents to hinder the free sharing of source code. The GPLv2 preamble states that redistributors of modified software based on GPLv2-licensed source code must license any patent on the software for free to all or not license it at all. Further, Section 7 of the GPLv2 provides that the obligations under the license with respect to distribution supersede any other obligation, including those created by patent rights. These provisions against patents are consistent with the GPL policy of maximizing the amount of free software available to the software community.

In sum, a patent license to use, make, sell, and offer to sell are permitted by the GPLv2 because (1) the GPLv2 does not restrict patent use, (2) patent make and sell rights are strongly implied in the GPLv2, and (3) the general policy of the license implies an “offer to sell” right.

B. GPLv2: Conditions or Mere Covenants?

Patent infringement may result from a breach of the copyleft provisions depending on whether such provisions are mere contractual covenants or conditions on the implied patent license. Mere covenants are governed by traditional state contract law, and can only trigger breach of contract remedies. On the other hand,
conditions trigger breach of contract remedies under state law as well as injunctive and statutory damages under federal patent law.\textsuperscript{65}

The United States Court of Appeals for the Ninth Circuit recently held that a purported condition must be grounded in an exclusive intellectual property right. In \textit{MDY Industries LLC v. Blizzard Entertainment Inc.}, the Ninth Circuit provided that “[t]o recover for copyright infringement based on breach of a license agreement, (1) the copying must exceed the scope of the defendant’s license and (2) the copyright owner’s complaint must be grounded in an exclusive right of copyright.”\textsuperscript{66} The \textit{MDY} court ruled that the Terms of Use section prohibiting the creation of derivative works are conditions because such terms are grounded in copyright.\textsuperscript{67} On the other hand, the court held that the section prohibiting “bots and unauthorized third-party software are mere covenants rather than copyright-enforceable conditions.”\textsuperscript{68} Other circuit courts have yet to opine directly on the condition versus mere covenant issue with respect to software licenses.\textsuperscript{69}
Applied to patents, the Ninth Circuit’s approach would require the license term or terms to be “grounded in” using, making, selling, or offering to sell a patented invention.\(^\text{70}\) Under this view, the copyleft provisions would likely not qualify as conditions because they are indirectly related to, but not grounded in, a specific patent right.\(^\text{71}\) In other words, the provisions do not directly prohibit the licensee from using, making, selling, or offering to sell the modified software. Rather, such provisions indirectly relate to the implied patent “sell” right because they apply only if the licensee transfers ownership of his modified software. An author of GPLv2-licensed software may argue that there is a “nexus” between the copyleft provisions and the patent sell right, even if such a nexus is indirect.\(^\text{72}\) However, such an argument is unlikely to prevail under the MDY rule because the MDY court interpreted similar indirect terms as mere covenants.\(^\text{73}\)

\(^\text{70}\) MDY Indus., 629 F.3d at 940–42.

\(^\text{71}\) See id.

\(^\text{72}\) See id. (emphasis added). The MDY court also provided that “for a licensee’s violation of a contract to constitute copyright infringement, there must be a nexus between the condition and the licensor’s exclusive rights of copyright.” The MDY court appeared to use “nexus” and “grounded in” interchangeably.

\(^\text{73}\) The copyleft provisions are similar to the Terms of Use section prohibiting bots and unauthorized third-party software in MDY. See id. at 940. Therefore, under the MDY approach, the copyleft provisions will likely be construed as mere covenants. See id.
C. Versata Distributed Allegedly Infringing Software to Unrelated Parties

Versata distributed software by selling the DCM software to customers, including Ameriprise, in violation of the GPLv2 license. The GPLv2 license granted a copyright distribution right (and an implied patent “sell” right\textsuperscript{74}) to Versata only if Versata provided proper attribution, provided a copy of the modified source code for download, and included a GPL license.\textsuperscript{75} Versata failed to do any of the above. Instead, it sold the modified program to unrelated parties without abiding by the copyleft provisions.\textsuperscript{76}

Under the Ninth Circuit’s approach, a court would likely have ruled that the copyleft provisions are mere covenants rather than conditions. As discussed above, the provisions are not grounded in any exclusive rights under copyright or patent law.\textsuperscript{77} Such provisions relate indirectly to copyright distribution and implied patent “sell” rights, but do not directly prohibit licensees from distributing or selling modified software copies.\textsuperscript{78} It follows that such a court would likely have ruled against XimpleWare on its direct patent infringement claim against Versata.

Hypothetically, if a court were to find that the copyleft provisions constitute conditions, then the court would most likely hold that Versata directly infringed XimpleWare’s patent.\textsuperscript{79} Versata did not meet the conditions precedent to selling the DCM software to unrelated parties. Therefore, to the extent that the copyleft provisions constitute conditions, Versata directly

\textsuperscript{74} See supra Part IV.A.
\textsuperscript{75} See supra Part IV.B.
\textsuperscript{77} See supra Part IV.B.
\textsuperscript{78} See MDY Indus., 629 F.3d at 940 (providing that the Terms of Use section prohibiting derivatives is grounded in copyright, but the section prohibiting use of bots and other third-party programs is not grounded in copyright).
\textsuperscript{79} See supra Part IV.B.
infringed XimpleWare’s patent “sell” right in VTD-XML.

D. Ameriprise Did Not Distribute the Allegedly Infringing Software to Unrelated Parties

Unlike Versata, Ameriprise likely did not distribute the allegedly infringing software within the meaning of copyright or patent law. A court may construe a GPLv2 “distribution” as equivalent to a copyright distribution right or a patent “sell” right in determining whether a party directly infringed the patent in GPLv2 licensed software. Ameriprise’s internal circulation of software to its workers does not constitute a distribution or sale to unrelated parties as envisioned in copyright law or patent law, because the transaction does not involve a sale to the public or transfer of ownership. Further, whether Versata directly infringed XimpleWare’s patent does not implicate Ameriprise. As discussed earlier, a GPLv2 license is such that every recipient of the licensed software forms an agreement directly with the original software copyright owner.

XimpleWare could have argued that Ameriprise transferred software “to the public” when it provided copies of DCM to its independent contractors, and that such transfers constituted transfers of ownership for the purposes of copyright and patent

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80 See supra Part IV.A.
81 See Thomas F. Cotter, Toward a Functional Definition of Publication In Copyright Law, 92 MINN. L. REV. 1724, 1753 (2008) (“[P]ublication is largely contiguous with the copyright owner’s right under the Copyright Act to distribute copies . . . of the copyrighted work to the public by sale or other transfer of ownership.”) (emphasis added) (internal quotation marks omitted). Copyright distribution appears to be equivalent to publication, Cotter, supra, at 1724, and the Copyright Act defines publication as “distribution of copies . . . of a work to the public by sale or other transfer of ownership,” 17 U.S.C. § 101 (2000) (emphasis added); see also supra Part IV.A (providing a discussion on definition of patent “sell” right).
82 See supra Part II.
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law. But this argument would be unlikely to prevail because Ameriprise neither sold nor transferred ownership in DCM to the independent contractors. Therefore, Ameriprise did not distribute or sell modified software under the GPLv2 license.

Under the Ninth Circuit’s approach, even if a court were to find that such provisions constituted conditions, the court would likely hold that Ameriprise did not directly infringe XimpleWare’s patent because Ameriprise did not charge a fee to transfer copies of DCM to its workers.

V. RAMIFICATIONS FOR VENDORS AND CUSTOMERS

Software vendors and customers should be wary of XimpleWare’s direct patent infringement claims because GPLv2 is currently one of the most popular open source licenses in the software industry. For example, the Linux kernel, one of the most widely-used open source frameworks, is licensed under GPLv2. The Linux kernel is a worldwide software ecosystem of open source operating systems, vendors, developers, and users. Even major software companies like Microsoft, IBM, and Google have contributed to the kernel, and some of those corporations have

84 See generally 17 U.S.C. § 106; see also supra Part IV.A.
86 See supra Part IV.B.
87 See Top 20 Open Source Licenses, BLACK DUCK SOFTWARE, https://www.blackducksoftware.com/resources/data/top-20-open-source-licenses (last visited May 5, 2016) (listing GPLv2 as one of the most popular open source licenses at 25% use rate).
89 See id.
incorporated GPLv2 source code into their proprietary solutions.91

Generally speaking, only a few GPLv2 cases have been litigated in the courts, and these have been breach of contract or copyright infringement cases.92 In this case, XimpleWare explored another avenue for OSS authors to attack OSS software vendors and customers for violating GPLv2 licensed software.

A favorable verdict for plaintiffs like XimpleWare who claim direct patent infringement against software vendors may discourage more vendors from using GPL licenses.93 In 2007, the GPL was modified in version 3.0 (GPLv3) to include an express patent license.94 However, GPLv3 still includes the copyleft provisions.95 Therefore, even under GPLv3, software vendors remain potentially liable for direct patent infringement if they...

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91 See Ina Fried, Microsoft: Windows 7 Tool Used GPL Code, CNET.COM (Nov. 13, 2009, 2:08 PM), http://www.cnet.com/news/microsoft-windows-7-tool-used-gpl-code/. In 2007 Microsoft inadvertently used GPLv2 source code in a Windows tool, and it was forced to re-release the component in compliance with GPLv2 copyleft requirements.


93 See, e.g., Ryan Paul, Why Google Chose the Apache Software License Over GPLv2 for Android, ARS TECHNICA (Nov. 6, 2007, 7:26 AM) http://arstechnica.com/uncategorized/2007/11/why-google-chose-the-apache-software-license-over-gplv2/. Google chose the Apache Software License over GPLv2 for the Android operating system to avoid GPL’s copyleft requirement and to give software application developers more flexible redistribution options.

94 Richard Stallman, Why Upgrade to GPLv3, GNU, http://gnu.org/licenses/rms-why-gplv3.en.html (last visited May 6, 2016) (“GPLv3 also provides users with explicit patent protection from the program’s contributors and redistributors. With GPLv2, users rely on an implicit patent license to make sure that the company which provided them a copy won’t sue them . . . for patent infringement.”).

95 See GNU General Public License Version 3, GNU (June 29, 2007), https://www.gnu.org/licenses/gpl.html.
should violate any purported conditions of the license.⁹⁶

CONCLUSION

Prior to XimpleWare v. Versata, most OSS license claims focused on breach of contract or copyright infringement. XimpleWare raises the question of whether direct patent infringement might also arise from the breach of an OSS license. Assuming that copyleft provisions constitute conditions, a GPLv2 software author may have a strong direct patent infringement claim against a vendor who sells software incorporating the author’s source code in violation of the copyleft provisions. The author would have a comparatively weaker direct patent infringement claim against the vendor’s customer who purchases the software and provides copies to its workers. However, as XimpleWare shows, vendors and customers may be equally at risk of defending against patent infringement suits in the future.

Consequently, software vendors—especially those who routinely integrate OSS source code into their software—should adjust their OSS policies to mitigate their exposure to potential direct patent infringement claims from licensors.

⁹⁶ See discussion supra Part IV.B–D.
Software vendors should perform regular source code audits to determine OSS in current use, and confirm compliance with the applicable license provisions.

Software vendors should maintain a whitelist of acceptable OSS licenses, a blacklist of rejected OSS licenses, and a validation process to approve OSS licenses not on either list.

Prior to making major software purchases, software customers⁹⁷ should require vendors to provide OSS audits.

⁹⁷ As used here, “software customer” means a small, medium or large business entity that purchases major software to run their business.