

Faculty of Law

Research Paper No. 19/2014

License Contracts, Free Software and Creative Commons

National Report Germany

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Published in: German National Reports on the 19th International Congress of Comparative Law, Martin Schmidt-Kessel (ed.), Mohr Siebeck 2014, 519-543

Abstract: This country report was prepared for the 19th World Congress of the International Academy of Comparative Law in Vienna in 2014. It is structured as a questionnaire and provides an overview of the legal framework for Free and Open Source Software (FOSS) and other alternative license models like (e.g.) Creative Commons under German law. The first set of questions addresses the applicable statutory provisions and the reported case law in this area. The second section concerns contractual issues, in particular with regard to the interpretation and validity of open content licenses. The third section deals with copyright aspects of open content models, for example regarding revocation rights and rights to equitable remuneration. The final set of questions pertains to patent, trademark and competition law issues of open content licenses.

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I. General information on FOSS and alternative licensing in your country

1. Has your country enacted special provisions on license contracts? If not, do courts apply general principles of contract law and copyright law to license contracts?

Sections 29 and 31 to 44 of the German Act on Copyright and Related Rights (Urheberrechtsgesetz, in the following: Copyright Act, CA)¹ set out some basic principles of copyright contract law and provide for a number of author protective rules. Sec. 29 para. 1 CA proclaims that copyright is not transferrable, unless it is transferred in execution of a testamentary disposition or to co-heirs as part of the partition of an estate. However, sec. 29 para. 2 CA goes on to state that the granting of exploitation rights (sec. 31 CA), contractual authorizations and agreements based on exploitation rights, as well as contracts on moral rights of authors are permitted.² According to sec. 31 CA, the author may grant a right to another to use the work in a particular manner or in any manner (exploitation right). An exploitation right may be granted as a non-exclusive right or as an exclusive right, and may be limited in respect of place, time or content. A non-exclusive exploitation right shall entitle the rightholder to use the work in the manner permitted to him, without excluding other persons (sec. 31 para. 2 CA), whereas an exclusive exploitation right shall entitle the rightholder to use the work in the manner permitted to him, to the exclusion of all other persons, and to grant exploitation rights (sec. 31 para. 3 s. 1 CA). If the content and scope of the exploitation rights has not been specifically designated, it shall be determined in accordance with the purpose envisaged by both parties to the contract (sec. 31 para. 5 CA). The courts, however, follow the interpretative principle “*in dubio pro auctore*”. In case of doubt, license contracts extend only to uses which the contracting partner of the author requires in order to achieve the aim of the transaction.³

¹ Available in English at http://www.gesetze-im-internet.de/englisch_urhg/englisch_urhg.html#p0145 (Ute Reusch transl.). The following references to the Copyright Act are based on this translation.

² On this distinction see German Federal Court of Justice Case I ZR 69/08, 29.4.2010, *Gewerblicher Rechtsschutz und Urheberrecht* 2010, pp. 628 et seq.

³ *Wandtke/Grunert* in *Wandtke/Bullinger*, *UrhG*, 3rd ed., 2009, § 31 para. 39; *Schulze* in *Dreier/Schulze*, *UrhG*, 4th ed., 2013, § 31 para. 110 et seq.

Exclusive and non-exclusive exploitation rights remain effective with respect to exploitation rights granted later; the same rule applies if the rightholder who has granted the exploitation right changes or if he waives his right (sec. 33 CA). Exploitation rights may be transferred (sec. 34 CA), and the holder of an exclusive exploitation right may grant further exploitation rights (sec. 35 CA) basically only with the consent of the author.

Whereas these dispositive rules⁴ for the most part confirm the principle of party autonomy in the area of copyright contracts, secs. 31 lit. a et seq. CA mostly aim at protecting the author as the weaker party vis-à-vis producers and other exploiters. Writing requirements apply to grants of rights in respect of unknown types of uses (sec. 31 lit. a para. 1 CA) and grants of exploitation rights in future works which are not specified in any way or are only referred to by type (sec. 40 CA). Secs. 32-32 lit. b, 36, 36 lit. a CA set out compulsory claims of authors for equitable remuneration for the granting of exploitation rights. Finally, secs. 41 and 42 CA provide for equally inalienable rights of revocation of exploitation rights in the case of non-exercise and for changed conviction of the author.

The Act on Publishing Contracts (*Verlagsgesetz*) of 1901⁵ contains dispositive rules on the rights and obligations of publishers of literary and musical works as regards the mechanical reproduction and distribution of books and sheet music. The act does not apply to other types of works and other uses, in particular public communications of works and digital uses.⁶

Those licensing contracts are subject to the aforementioned provisions of the Copyright Act, and, as regards the rights and obligations of the parties to a licensing contract, to the CC (*Bürgerliches Gesetzbuch*, in the following: CC, CC).⁷ It is not settled whether license contracts can be subsumed under the provisions of the CC on particular types of obligations namely the provisions on sales and lease contracts.⁸ The majority opines that license contracts are

⁴ *Wandtke/Grunert* in *Wandtke/Bullinger*, *UrhG*, 3rd ed., 2009, § 34 para. 37 *Schulze* in *Dreier/Schulze*, *UrhG*, 4th ed., 2013, § 34 para. 48.

⁵ <http://www.gesetze-im-internet.de/bundesrecht/verlg/gesamt.pdf> (German version).

⁶ *Schricker*, *Verlagsrecht*, 3rd ed. 2001, *Einleitung* (introduction) para. 1, § 1 para. 53.

⁷ English translation available at http://www.gesetze-im-internet.de/englisch_bgb/index.html (Neil Mussett, transl.).

⁸ German Federal Court of Justice Case I ZR 139/53, 23.4.1954, *Gewerblicher Rechtsschutz und Urheberrecht* 1954, pp. 412, 414; *Schulze* in *Dreier/Schulze*, *UrhG*, 4th ed., 2013, § 29 para. 15; *Loewenheim* in *Schricker/Loewenheim*, *UrhG*, 4th ed., 2010, before § 31 para. 5 et seq.

contracts sui generis so that the general rules on reciprocal contracts apply, for example as to offer and acceptance (secs. 145 et seq. CC), duties to perform (secs. 241 et seq. CC), and consequences of non-performance (secs. 275 et seq., 320 et seq. CC).

2. Has your country enacted special provisions on FOSS or other alternative licenses?

Yes. According to secs. 31 lit. a para. 1 s. 2, 32 para. 3 s. 3, 32 lit. a para. 3 s. 3 and 32 lit. c para. 3 s. 2 CA, the writing requirement for the granting of rights with regard to unknown uses and the mandatory claims for equitable remuneration are not applicable if the author “grants an unremunerated non-exclusive exploitation right for every person”. These provisions have been introduced to leave intact FOSS and alternative licensing schemes because these were considered efficient communication models to which the ratio of the classical, bilateral author protective rules does not apply. They are therefore called “Linux clauses”.⁹ Beyond the specific exemption from claims for equitable remuneration and the writing requirement for unknown uses, these provisions only confirm that FOSS and alternative licensing is possible, and in principle enforceable under German law. They do not provide any further restrictions, exemptions or any other details regarding FOSS.¹⁰

3. Is there reported case law on FOSS or other alternative licenses?

While there are no rulings by the German Federal Court of Justice (Bundesgerichtshof) regarding FOSS, there are a number of lower court decisions, which generally favor FOSS or at least declare them valid.

The first court ruling – even on a worldwide basis¹¹ – is one by the Regional Court Munich I, handed down on 19 May 2004.¹² The case concerned the Software „netfilter/iptables“, which was released under the GNU General Public Licence (GPL). The plaintiff invoked his copyright in this software against a

⁹ Bundestags-Drucksache (Legislative protocols of the German Federal Parliament), 14/8058, pp. 43-44; 14/6433, p. 15.

¹⁰ *Wandtke/Grunert* in *Wandtke/Bullinger*, UrhG, 3rd ed., 2009, § 32 para. 45; *Schulze* in *Dreier/Schulze*, UrhG, 4th ed., 2013, § 32 para. 80; *Wiebe* in *Spindler/Schuster*, *Recht der elektronischen Medien*, 2nd ed., 2011, § 32 para. 13.

¹¹ *Hoeren*, *Zur Wirksamkeit einer GPL-Lizenz*, *Computer und Recht* 2004, pp. 774-778.

¹² Munich Regional Court I Case 21 O 6123/04, 19.5.2004, *Gewerblicher Rechtsschutz und Urheberrecht, Rechtsprechungs-Report* 2004, pp. 350 et seq.

company which had included this software into a proprietary software and asked for a preliminary injunction. The court, referring to the unofficial German translation of the GPL, granted the injunction. It held that German copyright and contract law was applicable; that the GPL did not amount to a waiver of copyright but to a conditional grant of exploitation rights between the parties; that the law on standard form contracts (secs. 305 et seq. CC) applied; that the GPL became part of a “possible contract” between the parties because the website offering the download of the software explicitly referred to the GPL including an albeit unofficial German translation of it (sec. 305 para. 2 CC); that failure to comply with the conditions of the GPL leads to an automatic termination of the exploitation rights; that such a condition subsequent according to sec. 158 sec. 2 CC is not contrary to the requirement of good faith and therefore not ineffective according to sec. 307 CC because it does not unreasonably disadvantage the licensee who may avail himself at any time with a lawful use of the software by complying with the terms and conditions of the GPL.

Along the lines of this first ruling, the Regional Courts of Berlin,¹³ Frankfurt am Main,¹⁴ Bochum,¹⁵ and Hamburg also recognized GPLv2 and GPLv3 as valid and binding and granted injunctions against proprietary uses of GPL software. The Frankfurt court clarified that the GPL license comes into existence as a contract by the offer of the author affixing the license to the copy of the work and the implicit acceptance by the user who downloads the software. This acceptance has not to be notified to the offeror because such a declaration is not to be expected according to customary practice, and the offeror has implicitly waived it (sec. 151 s. 1 CC). The Bochum court also granted a claim for damages to be calculated on the basis of an equitable license fee due for a comparable software (cf. sec. 97 para. 2 s. 3 CA). The court reasoned that the claim for damages exists in spite of the fact that the software in question was

¹³ Berlin Regional Court Case 16 O 134/06, 21.2.2006, *Computer und Recht* 2006, pp. 735 et seq. (also concerning „netfilter/iptables“); see also Hamburg Regional Court Case 308 O 10/13, 14.6.2013, *Computer und Recht* 2013, pp. 498 et seq. (violation of contractual penalty clause).

¹⁴ Frankfurt/Main Regional Court Case 2-6 O 224/06, 6.9.2006, *Computer und Recht* 2006, pp. 729 et seq.

¹⁵ Bochum Regional Court Case 8 O 293/09, 20.1.2011, *Kommunikation & Recht* 2011, pp. 277 et seq.

offered free of charge because otherwise authors of FOSS software were deprived of all rights.¹⁶

Finally, in a case concerning the use of a photograph licensed under the Creative Commons license “Attribution Share Alike 3.0 Unported” by a non-commercial actor who had neither mentioned the name of the photographer nor affixed the CC license, the Berlin Regional Court upheld the license as valid and granted a preliminary injunction¹⁷ - the first court ruling regarding alternative licensing outside the software field.

4. Are there any jurisdiction-specific standard licenses for FOSS or other jurisdiction-specific alternative licensing schemes used in your country?

Many FOSS licenses, in particular the GPL, exist only in one official English version to be applied worldwide. However, there is an “unofficial” German translation of the GPL.¹⁸

In contrast to this approach, the popular open content license project “Creative Commons” offers national versions of its licenses, including a German language version adjusted to the specificities of German copyright and contract law.¹⁹

Additionally, many other licenses specifically designed for German jurisdictions exist, most notably the “Digital Peer Publishing Lizenz” for Open Access in scientific communities²⁰ as well as the “Deutsche Freie Software Lizenz” for Open Source components,²¹ issued by the Ministry of Culture of Northrhine-Westfalia in cooperation with the Institut für Rechtsfragen der Open Source Software (ifrOSS).

II. Questions regarding the law of contract

1. Are FOSS and alternative licenses construed as contracts or as unilateral legal acts (e.g. waiver) in your jurisdictions?

¹⁶ Bochum Regional Court Case 8 O 293/09, 20.1.2011, Kommunikation & Recht 2011, pp. 277 et seq.

¹⁷ Berlin Regional Court Case 16 O 458/10, 8.10.2010, Zeitschrift für Urheber- und Medienrecht-Rechtsprechungsdienst 2011, pp. 559 et seq.

¹⁸ <http://www.gnu.de/documents/index.de.html>.

¹⁹ <https://creativecommons.org/licenses/>.

²⁰ <http://www.dipp.nrw.de/lizenzen/dppl/>.

²¹ <http://www.dipp.nrw.de/d-fsl/>.

Under German law, FOSS and alternative licenses are construed as contracts.²² In addition, based on a monist conception of exploitation and moral rights,²³ authors do not have the power to transfer (sec. 29 para. 1 CA) and consequently unilaterally waive the “Urheberrecht” as such and in particular the core moral rights.²⁴ Therefore, a public domain declaration (CC0 license) does not have the desired effect under German law and may only be construed as the grant of a non-exclusive grant of exploitation rights free of charge for every person for every use.²⁵

2. If FOSS and alternative licenses are construed as contracts:

a) Is the typical practice of FOSS and other alternative communities compatible with your countries principles on offer and acceptance? (The typical practice maybe described as follows: A puts a program accompanied by a FOSS license on the internet, B uses the program under the terms of the FOSS license without further communication with A)

The typical practice as described in the question overhead is indeed compatible with German principles on offer and acceptance. If the author puts the program on the internet accompanied by the license, he offers a license contract with said conditions. By downloading the program, the user accepts this offer. According to sec. 151 s. 1 CC, the contract comes into existence through the acceptance of the offer without the offeror needing to be notified of the acceptance, if such a declaration is not to be expected according to customary

²² Munich Regional Court Case 21 O 6123/04, 19.5.2004, Gewerblicher Rechtsschutz und Urheberrecht, Rechtsprechungs-Report 2004, pp. 350 et seq.; *Dreier* in *Dreier/Schulze*, UrhG, 4th ed., 2013, § 69c para. 38; *Wiebe* in *Spindler/Schuster*, Recht der elektronischen Medien, 2nd ed., 2011§ 69c, para. 36; *Grützmacher* in *Wandtke/Bullinger*, UrhG, 3rd ed., 2009, § 69c, para. 75.

²³ *Dreier/Schulze*, UrhG, 4th ed., 2013, § 11, para. 2; *Bullinger* in *Wandtke/Bullinger*, UrhG, 3rd ed., 2009, § 11 para. 1.

²⁴ German Federal Court of Justice Case I ZR 68/93, 23.2.1995, Gewerblicher Rechtsschutz und Urheberrecht 1995, pp. 673 et seq.; *Schricker* in *Schricker/Loewenheim*, UrhG, 4th ed., 2010, § 29 para. 15; *Nordemann/Nordemann* in *Fromm/Nordemann*, Urheberrecht, 10th ed., 2008, before § 28 para. 2; *Spautz* in *Möhring/Nicolini*, UrhG, 2nd ed., 2000, § 29 para. 7; *contra* for exploitation rights: *Peukert*, Gemeinfreiheit, 2012, p. 158 et seq.

²⁵ <http://de.creativecommons.org/2009/03/17/neu-im-programm-cc0/> para. 5.

practice, or if the offeror has waived it. Both alternatives are fulfilled in the case of FOSS and alternative licensing schemes.²⁶

b) Is there a consideration requirement under the principles of contract law of your jurisdiction?

No, there is no consideration requirement under German contract law.

3. Are there any formal requirements that apply to license contracts (or unilateral legal acts) in general - e.g. the requirement of writing? Are there any specific requirements for alternative licenses?

A legal transaction is void if it lacks a form prescribed by statute (cf. sec. 125 s. 1 CC). Secs. 31 lit. a para. 1 s. 1, 40 CA provide for writing requirements in cases where the author grants exploitation rights for unknown uses and future works (see *supra* I 3.). There are no other formal requirements applicable to license contracts.

However, sec. 31 lit. a para. 1 s. 2 CA exempts FOSS and alternative licenses from the writing requirement regarding unknown uses (see *supra* I, Question 2).²⁷ Since FOSS and alternative license contracts typically do not apply to future works of the author but only to specific, existing software and other digital content, there are no relevant formal requirements under German law for these kinds of licenses.

4. Are alternative licenses considered as standard terms and conditions? What additional requirements follow from such a characterization?

According to sec. 305 para. 1 CC, standard business terms are all contract terms pre-formulated for more than two contracts which one party to the contract (the user) presents to the other party upon the entering into of the contract. It is irrelevant whether the provisions take the form of a physically separate part of a contract or are made part of the contractual document itself,

²⁶ Munich Regional Court Case 21 O 6123/04, 19.5.2004, Gewerblicher Rechtsschutz und Urheberrecht, Rechtsprechungs-Report 2004, pp. 350 et seq.; Frankfurt/Main Regional Court Case 2-6 O 224/06, 6.9.2006, Zeitschrift für Urheber- und Medienrecht-Rechtsprechungsdienst 2006, pp. 525 et seq.; *Grützmaker* in Wandtke/Bullinger, UrhG, 3rd ed., 2009, § 69c para. 75.

²⁷ *Scholz* in Mestmäcker/Schulze, Urheberrecht, Supplement 55, September 2011, § 31a para. 19; *Berger* in Berger/Wündisch, Urhebervertragsrecht, 2008, § 1 para. 111; *Wandtke/Grunert* in Wandtke/Bullinger, UrhG, 3rd ed., 2009, § 31a para. 56.

what their volume is, what typeface or font is used for them and what form the contract takes. Contract terms do not become standard business terms to the extent that they have been negotiated in detail between the parties.

It is accepted that FOSS and alternative licenses are standard terms in this sense. Accordingly, secs. 305 et seq. apply to FOSS and alternative licenses.²⁸

These provisions entail a number of consequences for alternative licenses:

Firstly, standard business terms used vis-à-vis a consumer only become part of a contract if the licensor, when entering into the contract, at least gives the other party to the contract, in an acceptable manner, the opportunity to take notice of their contents (sec. 305 para. 2 no. 2 CC). In a business-to-business (b2b) relationship, German courts have held that it suffices if the license terms and conditions are displayed at the website where the FOSS-licensed work is offered for free download.²⁹

Secondly, surprising and ambiguous clauses, which in the circumstances are so unusual that the other party to the contract need not expect to encounter them, do not form part of the contract. Any doubts in the interpretation of standard business terms are resolved against the user (sec. 305 lit. c CC).

Thirdly, secs. 308 and 309 CC provide for a black list of prohibited clauses in consumer transactions. Of these ineffective clauses, the following may be relevant in the context of alternative licensing:

- standard terms granting the user of the terms a right to modify the performance promised or deviate from it, unless the agreement of the modification or deviation can reasonably be expected of the other party to the contract when the interests of the user are taken into account (sec. 308 no. 4 CC);
- clauses excluding or limiting liability for damage from injury to life, body or health due to negligent breach of duty by the user or intentional or negligent breach of duty by a legal representative or a person used to perform an obligation of the user (sec. 309 no. 7 lit. a CC);
- clauses excluding or limiting liability for other damage arising from a grossly negligent breach of duty by the user or from an intentional or

²⁸ Munich Regional Court Case 21 O 6123/04, 19.5.2004, Gewerblicher Rechtsschutz und Urheberrecht, Rechtsprechungsreport 2004, pp. 350 et seq.; Frankfurt/Main Regional Court Case 2-6 O 224/06, 6.9.2006, Zeitschrift für Urheber- und Medienrecht 2006, pp. 525 et seq.

²⁹ See *supra* I. 3.

grossly negligent breach of duty by a legal representative of the user or a person used to perform an obligation of the user (sec. 309 no. 7 lit. b CC).

Secs. 308 and 309 CC do not apply to standard business terms which are used in contracts with an entrepreneur, a legal person under public law or a special fund under public law. However, in such a b2b relationship, the general test of reasonableness set out in sec. 307 para. 1 and 2 CC applies (cf. sec. 310 para. 1 s. 1 CC). According to this provision, standard terms are ineffective if, contrary to the requirement of good faith, they unreasonably disadvantage the other party to the contract with the user. An unreasonable disadvantage may also arise from the provision not being clear and comprehensible. In order to ascertain whether a clause meets these requirements, German courts read standard contracts in the most consumer detrimental way – which in turn leads to a high level of consumer protection.³⁰ In light of this court practice, it is argued that the GPLv3, in particular the notion of a “derivative work” under the so called “aggregation clause” (sec. 5(2) GPLv3) may not be clear and comprehensible and therefore ineffective.³¹ Other scholars opine, however, that the term “derivative” is at least a technical term of copyright law, which cannot be expressed differently with more accuracy.³² In addition, one has to keep in mind that a high level of consumer protection with regard to FOSS licenses is achieved if the licenses are considered valid, and not void.³³

Furthermore, an unreasonable disadvantage is, in case of doubt, to be assumed to exist if a provision is not compatible with essential principles of the statutory provision from which it deviates, or limits essential rights or duties inherent in the nature of the contract to such an extent that attainment of the purpose of the contract is jeopardized. In applying these standards to business-

³⁰ German Federal Court of Justice Case KZR 2/07, 29.04.2008, *Neue Juristische Wochenschrift* 2008, pp. 2172 et seq.

³¹ *Funk/Zeifang*, Die GNU General Public License, Version 3, *Computer und Recht* 2007, pp. 617-624; *Determann*, Softwarekombinationen unter der GPL, *Gewerblicher Rechtsschutz und Urheberrecht, Internationaler Teil*, 2006, pp. 645 – 653; *Spindler*, *Rechtsfragen bei Open Source*, 2004, p. 120.

³² See *Jaeger*, *Kommerzielle Applikationen für Open Source Software*, pp. 61-79 in *Hoffmann/Leible*, *Vernetztes Rechnen – Softwarepatente – Web 2.0*, 2008; *Jaeger/Metzger*, *Open Source Software*, 3rd. ed., 2011, p. 171.

³³ *Jaeger/Metzger*, *ibidem*, p. 170 et seq.

to-business transactions, reasonable account must be taken of the practices and customs that apply in business dealings (sec. 310 para. 1 s. 2 CC). Due to the fact that the nature of license contracts in general and FOSS licenses specifically are not specified in the system of German contract law,³⁴ the latter provision creates insecurity as regards the validity of FOSS licenses. Depending on a court's interpretation of a certain FOSS or alternative license, it may or may not declare, for example, a comprehensive exclusion of liability or an option for extraordinary termination of a contract in certain cases as null and void.

The consequences of ineffective clauses or clauses which have not become part of the contract are provided for in sec. 306 CC. In such a case, the remainder of the contract remains in effect. To the extent that the terms have not become part of the contract or are ineffective, the contents of the contract is determined by the statutory provisions. The contract is ineffective if upholding it would be an unreasonable hardship for one party.

5. Is it accepted in your jurisdiction that typical FOSS licenses are drafted in English language only?

In the first ruling regarding the GPLv2 license, the Munich Regional Court argued that although the German translation of the GPLv2 was not an official one, the availability of the official license text online was sufficient for the license to be considered part of a valid contract. The court referred to the common practice in the computer industry and related areas, where use of the English language was commonplace as a *lingua franca*.³⁵ This decision, however, was firstly handed down on the grounds that a German version was available and, secondly, considered a contract between the author and an entrepreneur. In the second ruling on the GPL by the Regional Court Frankfurt am Main, the language of the FOSS license did not even receive consideration by the court. The court simply assumed that as long as one can find and take note of the German version online, it suffices to consider them as a valid part of a

³⁴ *Wielsch*, Zugangsregeln, 2008, p. 227; *Weber* in Festschrift (*Liber Amicorum*) Honsell, 2002, pp. 51 et seq.; *Sester*, Open-Source-Software: Vertragsrecht, Haftungsrisiken und IPR-Fragen, Computer und Recht 2000, pp. 797-807.

³⁵ Munich Regional Court Case 21 O 6123/04, 19.5.2004, Gewerblicher Rechtsschutz und Urheberrecht, Rechtsprechungsreport 2004, pp. 350 et seq.

contract.³⁶ These court rulings were positively evaluated in the literature.³⁷ It is moreover argued that standard terms in foreign languages become part of the contract in business-to-business relationships if the contract was negotiated in that language or, taking into account the relevant business practices, the other party (here, the licensee) has sufficient understanding of that language.³⁸ On this basis, it seems fair to assume that the global English version of the GPL and other FOSS licenses will be held valid under German law on standard business terms when used in a business-to-business relationship.

It has to be pointed out, however, that the language issue has not been argued extensively in the preliminary proceedings quoted above so that it cannot be considered a settled question. In addition, if the standard terms are used vis-à-vis consumers, sec. 305 para. 2 CC applies. In that case, foreign language clauses are considered to become part of the contract only if they are drafted in the native language of the consumer or have been used in the negotiations.³⁹ Since negotiations do not take place in the case of FOSS licenses, English licenses are not effective vis-à-vis German consumers.

6. Are there any special rules of interpretation for license contracts, e.g. a rule of restrictive interpretation of license grants (“in dubio pro auctore”)?

Yes. According to the so-called “Zweckübertragungsgrundsatz/Übertragungszwecklehre”, sec. 31 para. 5 CA (see *supra* I. 1.) reflects the principle that in case of doubt, the author grants only those rights necessary to achieve the aim of the transaction.⁴⁰ The purpose of this interpretative principle

³⁶ Frankfurt/Main Regional Court Case 2-6 O 224/06, 6.9.2006, Zeitschrift für Urheber- und Medienrecht-Rechtsprechungsdienst 2006, pp. 525 et seq.

³⁷ *Spindler*, Open Source Software auf dem gerichtlichen Prüfstand – Dingliche Qualifikation und Inhaltskontrolle, Kommunikation & Recht 2004, pp. 528-53.; *Metzger*, Zur Wirksamkeit von GPL-Lizenzen, Computer und Recht 2004, pp. 778-780; *Dreier/Schulze*, UrhG, 4th ed., 2013, § 69c para. 38.

³⁸ *Marly*, Softwareüberlassungsverträge, 2009, para. 1408; *Basedow* in MüKo BGB, 6th ed., 2012, § 305 para. 70; *Hausmann* in Staudinger, BGB, 2011, Art. 10 Rome I Regulation para. 120, with further references.

³⁹ *Hausmann*, in Staudinger, BGB, 2011, Art. 10 Rome I Regulation para. 123, with further references.

⁴⁰ Munich Regional Court Case 29 U 5512/06, 20.12.2007, Gewerblicher Rechtsschutz und Urheberrecht, Rechtsprechungsreport 2008, pp. 37 et seq.; *Schricker* in Schricker/Loewenheim, UrhG, 4th ed., 2010, § 31 para. 31; *Wandtke/Grunert* in Wandtke/Bullinger, UrhG, 3rd ed., 2009, § 31 para. 39; *Rehbinder*, Urheberrecht, 16th ed., 2010, para. 574.

is to ensure the greatest possible participation of the author in the exploitation of his or her work.⁴¹

However, this interpretative guideline is only applicable in case of doubt. If the parties specify the exploitation rights granted to the contracting partner of the author, the contract covers all rights mentioned including those not necessary to achieve the aim of the transaction. For this reason, the “Zweckübertragungsgrundsatz” may not be relied upon to question the reasonableness of detailed and extensive standard business terms, which grant the producer comprehensive rights including those for yet unknown uses.⁴²

7. Some of the most important FOSS licenses contain clauses which allow the entity promulgating the license to publish revised versions of the license, see e.g. Section 14 GNU GPL Version 3 and Section 10 Mozilla Public License Version 2.0. In the typical case, the licensee may choose whether he/she would like to make use of the rights granted under the new version of the license or whether he/she prefers to retain the terms of the older license version. Is such a provision valid under the law of your jurisdiction?

Such terms – commonly known as “any later version” clauses – can, under German law, be considered as a right of a third party – in this case the license steward of the license in question, e.g. the FSF or Mozilla Foundation – to specify the performance (sec. 317 CC).⁴³ According to this provision, in case of doubt it is to be assumed that the specification is to be made at the reasonably exercised discretion of the third party. The specification of the performance has to be made in accordance with the competences granted to the third party by the parties to the contract. If the third party is to specify performance at its reasonably exercised discretion, the specification made is not binding on the parties to the contract if it is evidently inequitable. In this case, the specification

⁴¹ German Federal Court of Justice Case I ZR 215/93, 27.9.1995, Gewerblicher Rechtsschutz und Urheberrecht 1996, pp. 121 et seq.; *Riesenhuber*, Die Auslegung des Wahrnehmungsvertrags, Gewerblicher Rechtsschutz und Urheberrecht 2005, pp. 712-720.

⁴² German Federal Court of Justice Case I ZR 73/10, 31.5.2012, Gewerblicher Rechtsschutz und Urheberrecht 2012, pp. 1031 et seq., with further references.

⁴³ *Koglin*, Die Nutzung von Open Source Software unter neuen GPL-Versionen nach der any later version-Klausel, Computer und Recht 2008, pp. 137-143; *Jaeger/Metzger*, Die neue Version 3 der GNU General Public License, Gewerblicher Rechtsschutz und Urheberrecht 2008, pp. 130-137.

is made by judicial decision. The same is true if the third party cannot or does not want to make the specification or if it delays it (sec. 319 para. 1 CC). If the third party is to make the specification at its free discretion, the contract is ineffective if the third party cannot or does not want to make the specification or if it delays it (sec. 319 para. 2 CC).⁴⁴

Considering that many FOSS licenses are created with the goal of free distribution and development of software or other works – laid down for example in the preamble of the GPLv3⁴⁵ – it seems safe to assume that any revision of the license that complies with this spirit and does not prefer one side of the contractual partners over the other is an effective use of the steward's rights under the contract in connection with sec. 317 CC.

8. FOSS and other alternative licenses typically exclude any warranty and liability. Is such a disclaimer valid under the contract law principles of your jurisdiction? Is it of relevance that the license grant of FOSS and other alternative licensing schemes do not depend upon monetary consideration?

In order to answer this question, it has to be made clear at the outset that under German law one has to distinguish between the warranty for the product itself and liability for damages beyond the product.

A complete exclusion of any warranty for the software distributed under a FOSS license clearly runs afoul of sec. 309 no. 8 lit. b aa) CC, which declares ineffective in standard term contracts relating to the supply of standard software vis-à-vis consumers a provision by which the claims against the user of the terms due to defects in their entirety or in regard to individual parts are excluded.⁴⁶ The same result follows from sec. 309 no. 7 CC for complete exclusions or limitations of liability for damage from injury to life, body or health due to negligent breach of duty by the user or any exclusion or limitation of liability for other damage arising from a grossly negligent breach of duty by the

⁴⁴ Würdinger in MüKo BGB, 6th ed., 2012, § 317 para. 15; Wolf in Soergel, BGB, 13th ed., 2005, § 317 para. 6; Rieble in Staudinger, BGB, 2009, § 317 para. 88.

⁴⁵ <http://www.gnu.de/documents/gpl.de.html>.

⁴⁶ von dem Bussche/Schelinski in Leupold/Glossner, IT-Recht, 2nd ed., 2011, C II para. 241; Jaeger/Metzger, Open Source Software, 3rd ed., 2011, para. 220.

user.⁴⁷ The ineffectiveness of such sweeping warranty clauses cannot be cured by severability clauses such as “as far as permitted by law”, for the German law of standard business terms does not acknowledge a partial retention of a clause.⁴⁸

On the one hand, these requirements do not directly apply to standard business terms in B2B-relationships (sec. 310 para. 1 s. 1 CC). On the other hand, the ineffectiveness of such an exclusion of liability can nevertheless follow from the application of the general test of reasonableness according to sec. 307 para. 1 and 2 CC.⁴⁹ It has indeed been held that in the case of two contracting businesses, a complete exclusion of warranty is ineffective, even if only parts of a product are covered,⁵⁰ as well as in the case of an exclusion of damages.⁵¹

If the warranty clause of the FOSS or alternative license is ineffective, the rights and obligations of the parties concerning defects of the software and further liability follow from statutory contract law. At this point, it is of relevance how such licenses are qualified. If they are qualified as donations according to sec. 516 et seq. CC,⁵² the donor is obliged to compensate the donee for damages resulting from a legal or material defect of the donated object only if he concealed these defects fraudulently (secs. 523, 524 CC). Regarding damages beyond the donated object, the donor is responsible only for intent and gross negligence (sec. 521 CC).

If, on the other hand, FOSS and alternative licenses are qualified as unremunerated license contracts *sui generis*,⁵³ the general provisions on the liability for non-performance apply, taking into account the rules on particular types of contracts, in particular sales and (usufructuary) lease contracts. According to this view, the obligor (licensor) only renders the performance as

⁴⁷ *von dem Bussche/Schelinski* in Leupold/Glossner, IT-Recht, 2nd ed., 2011, C II para. 241; *Spindler* in *Liber amicorum* Kilian, 2004, p. 353, 362.

⁴⁸ German Federal Court of Justice Case VII ZR 316/81, 17.5.1982, *Neue Juristische Wochenschrift* 1982, pp. 2309 et seq.; German Federal Court of Justice Case VIII ZR 27/04, 6.4.2005, *Neue Juristische Wochenschrift* 2005, pp. 1574 et seq.

⁴⁹ *Wurmnest* in MüKo BGB, 6th ed., 2012, § 307, para. 78 with further references; *ibidem* *Basedow*, § 310 para. 7; *Schlosser* in Staudinger, BGB, 2006, § 310 para. 12.

⁵⁰ German Federal Court of Justice Case VIII ZR 165/92, 12.1.1994, *Neue Juristische Wochenschrift* 1994, pp. 1060 et seq.

⁵¹ German Federal Court of Justice Case VIII ZR 141/06, 19.9.2007, *Neue Juristische Wochenschrift* 2007, pp. 3774 et seq.

⁵² See *Spindler*, *Rechtsfragen der Open Source*, 2003, D para. 6 et seq.; *Grützmacher* in *Wandtke/Bullinger*, *UrhG*, 3rd ed., 2009, § 69c para. 75.

⁵³ *Koch* in *Hoeren/Sieber*, *Multimedia-Recht*, 35. supplement, July 2013, sec. 26.1 no 40; *Hilty*, *Lizenzvertragsrecht*, 2001, pp. 159 et seq.

owed if the contractual object is free from legal or material defects, i.e. if the software or other digital object is suitable for the use intended under the contract or the customary use and its quality is usual in objects of the same kind and the licensee may expect this quality in view of the type of the object (cf. sec. 434 para. 1 CC concerning sales contracts). If the contractual object does not comply with these requirements, the obligor has not performed as owed. In this case, the licensee may claim damages in lieu of performance, if he has without result set a reasonable period for the obligor for performance or cure, and the obligor cannot show that he is not responsible for the breach of the duty.

According to sec. 276 para. 1 CC, the obligor is responsible for intention and negligence,⁵⁴ if a higher or lower degree of liability is neither laid down nor to be inferred from the other subject matter of the obligation, including but not limited to the giving of a guarantee or the assumption of a procurement risk. Donors and lenders are responsible only for intent and gross negligence (sec. 521, 599 CC). Even if FOSS licenses are not qualified as donations but as license contracts sui generis, there are good arguments to apply these privileges to the liability of FOSS licensors because these licenses are also gratuitous. In any case, if the obligor has not rendered performance as owed, the obligee may not demand damages in lieu of performance if the breach of duty is immaterial (see secs. 280, 281 CC).

9. Some of the most important FOSS and other alternative licenses provide that the licensee's rights under the license are automatically terminated if he/she fails to comply with the terms of the license, see e.g. Section 4 GNU GPL Version 2, Section 5 Mozilla Public License Version 2.0, Section 7 Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported. Is such a provision enforceable under the law of your jurisdiction?

Yes. The clauses mentioned in the question are interpreted as conditions subsequent according to sec. 158 para. 2 CC. If a legal transaction is entered into subject to a condition subsequent, the effect of the legal transaction ends

⁵⁴ Defined in sec. 276 para. 2 CC as failure to exercise reasonable care.

when the condition is satisfied; at this moment the previous legal situation is restored. Thus, if the licensee fails to comply with the license conditions at any time, all exploitation rights terminate automatically.⁵⁵ Further use of the software or other protected content amounts to copyright infringement.

III. Questions regarding copyright law

1. Typical FOSS licenses grant a non-exclusive license to copy and distribute the covered program with or without modifications. By contrast, the mere use of the program is typically excluded or not explicitly mentioned. Is it possible under the law of your jurisdiction to use a program without the conclusion of a license contract?

The copyright protection of computer programs is regulated in secs. 69 lit. a-d CA, which implement the EU Computer Program Directive.⁵⁶ Insofar as loading, displaying, running, transmission or storage of the computer program necessitates the permanent or temporary reproduction, in whole or in part, of a computer program by any means and in any form, such reproduction, is subject to authorisation by the rightholder (sec. 69c no. 1 CA). Thus, in principle, any use of protected computer programs requires the prior consent by the rightholder.⁵⁷

One of the exceptions to this exclusive right is regulated in sec. 69d para. 1 CA. The provision states that unless provided otherwise by special contractual provisions, the reproduction of software shall not require authorization by the rightholder if it is necessary for the use of the computer program in accordance with its intended purpose, including for error correction, by any person authorized to use a copy of the program. Such authorization can firstly be derived from a contractual relationship with the rightholder, including sub-

⁵⁵ Frankfurt/Main Regional Court Case 2-6 O 224/06,6.9.2006, Zeitschrift für Urheber- und Medienrecht-Rechtsprechungsdienst 2006, pp. 525 et seq.; Schack, UrhR, para. 612; Metzger/Jaeger, Open Source Software und deutsches Urheberrecht, Gewerblicher Rechtsschutz und Urheberrecht International 1999, pp. 839-848; Jaeger/Metzger, Open Source Software, 3rd ed., 2011, para. 152.

⁵⁶ Directive 2009/24/EC from 23 April 2009.

⁵⁷ Schiffner, Open Source Software, 2003, p. 128; Koch, Computer-Vertragsrecht, 2008, para. 1521; Marly, Softwareüberlassungsverträge, 2009, para. 159; Loewenheim in Schricker/Loewenheim, UrhG, 4th ed., 2010, § 69 lit. c para. 9; Rehbindner, Urheberrecht, 16th ed., 2010, para. 203.

licenses and the transfer of licenses.⁵⁸ The authorization to use a copy of a computer program may, secondly, also follow from statutory exceptions and limitations to copyright declaring certain uses to be not an infringement of the exclusive rights.

In particular, the CJEU held that the right of distribution of a copy of a computer program is exhausted if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period. In the event of the resale of a user license entailing the resale of a copy of a computer program downloaded from the copyright holder's website, that license having originally been granted by that rightholder to the first acquirer for an unlimited period in return for payment of a fee intended to enable the rightholder to obtain a remuneration corresponding to the economic value of that copy of his work, the second acquirer of the license, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right under Article 4 para. 2 of the Computer Program Directive, and hence be regarded as lawful acquirers of a copy of a computer program within the meaning of Article 5 1 of that directive and benefit from the right of reproduction provided for in that provision.⁵⁹ In addition, acquirers of software copies may lawfully use the program even absent a respective contractual authorization by the rightholder in order to port and emulate the program and to create back-up copies.⁶⁰

Finally, the Federal Court of Justice has acknowledged yet another possibility to lawfully use software and other copyright protected content without entering into a contract with the right holder. The cases concerned copyrighted works that were uploaded on the internet by the rightholder without an affixed FOSS or other alternative license and without technical means of protection.⁶¹ The court held that the author's behavior in such cases does not amount to the offer of a

⁵⁸ *Grützmaker* in Wandtke/Bullinger, UrhG, 3rd ed., 2009, § 69 lit. c para. 3; *Marly*, Softwareüberlassungsverträge, 2009, para. 1005; *idem*, Urheberrechtsschutz für Computersoftware, 1995, para. 214 (doctrine of implied license).

⁵⁹ CJEU Case C-128/11 *UsedSoft* [2012] ECR I-0000.

⁶⁰ See *Dreier* in Dreier/Schulze, UrhG, 4th ed., 2013, § 69d paras. 5-12.

⁶¹ German Federal Court of Justice Case I ZR 69/08, 29.4.2010, Gewerblicher Rechtsschutz und Urheberrecht 2010, pp. 628 et seq.; German Federal Court of Justice Case I ZR 140/10, 19.10.2011, Gewerblicher Rechtsschutz und Urheberrecht 2012, pp. 602 et seq.

binding license contract. However, a technically unrestricted upload of works implies a simple, revocable consent to the commonly accepted uses of such works on the internet.⁶²

2. Some of the older FOSS licenses use broad and unspecific terminology for the license grant, see e.g. Section 1 GNU GPL Version 2 (“copy and distribute”). Does such a broad license grant cover exclusive rights or manners of using a work that are not explicitly mentioned, e.g. does “distribute” in the sense of Section 1 GNU GPL Version 2 cover “making available to the public”? Are there any requirements in the copyright statutes according to which every type of using a work must be expressly mentioned for being covered by a license grant?

Unspecific license grants are interpreted according to the principle of “*in dubio pro auctore*” (see *supra* II. 6.). Considering the purpose of FOSS and alternative licenses and their primary usage on the internet, however, it is generally acknowledged that contractual wording based on U.S. copyright terminology shall be interpreted according to its purpose (see sec. 133 CC: “When a declaration of intent is interpreted, it is necessary to ascertain the true intention rather than adhering to the literal meaning of the declaration.”). Thus, the right of making the work available to the public via the internet (sec. 19 lit. a CA) is covered by broad wording such as “distribution”.⁶³ Commentators argue, however, whether application service providing is covered by standard FOSS licenses.⁶⁴

3. Are manners of using a work that are unknown at the time of the license grant nonetheless covered by the license?

Generally, contracts concerning unknown types of exploitation shall be drawn up in writing (sec. 31 lit. a para. 1 s. 1 CA). However, neither the writing requirement nor the mandatory claim for equitable remuneration for unknown uses apply in cases where the author grants an unremunerated non-exclusive

⁶² German Federal Court of Justice Case I ZR 69/08, 29.4.2010, Gewerblicher Rechtsschutz und Urheberrecht 2010, pp. 628 et seq.

⁶³ E.g. *Grützmaker* in Wandtke/Bullinger, UrhG, 3rd ed., 2009, § 69c para. 74; *Dreier* in Dreier/Schulze, UrhG, 4th ed., 2013, § 69c para. 38.

⁶⁴ *Grützmaker*, in Wandtke/Bullinger, UrhG, 3rd ed., 2009, § 69c para. 74 with further references.

exploitation right for every person, as is the case in FOSS and other alternative licensing schemes (sec. 31 lit. a para. 1 s. 2, 32c para. 3 s. 2 CA). Nevertheless, the intent to grant rights for yet unknown uses must be expressed in some form.⁶⁵

4. The right holder and the distributor of FOSS are typically not identical, e.g. the community of Linux developers has written the code of the Linux kernel, S produces smartphones equipped with Android and distributes these products to its customers. Does this mean that customers, who want to acquire rights under the applicable FOSS license may acquire these rights only directly from the right holders or is a grant of sub-licenses possible? If yes, under which conditions?

Under German law, both modes of alternative licensing - namely the “star-shaped” model where the distributor acts as an agent of the original copyright holder as well as the chain-model where the distributor grants sub-licenses – are possible. The applicable mode thus depends upon the structure and content of the FOSS-license.

Due to some uncertainty regarding the possibility of a chain of non-exclusive (sub-)licenses,⁶⁶ and the validity of sub-licenses in case of a termination of the main license,⁶⁷ the centralized, star-shaped model prevailed in practice.⁶⁸ Accordingly, users distributing or modifying the software act as agents (cf. sec. 164 et seq. CC) or as mere messengers of the author regarding the original code and at the same time in his or her own name own modifications.⁶⁹ However, this construction can become confusingly complex when several authors have modified the original program. In this case, a distributor acts as a

⁶⁵ *Schulze* in Dreier/Schulze, UrhG, 4th ed., 2013, § 31 lit. a para. 83, 84; *Spindler* in Schricker/Loewenheim, UrhG, 4th ed., 2010, § 31 lit. a para. 70.

⁶⁶ Cf. *Schulze* in Dreier/Schulze, UrhG, 4th ed., 2013, § 31 para. 55.

⁶⁷ See German Federal Court of Justice Case I ZR 153/06, 26.3.2009, Gewerblicher Rechtsschutz und Urheberrecht 2009, pp. 946 et seq.; German Federal Court of Justice Case I ZR 70/10, 19.7.2012, Gewerblicher Rechtsschutz und Urheberrecht 2012, pp. 916 et seq. (sublicenses remain effective irrespective a termination of the main license).

⁶⁸ *Omsels* in *Liber amicorum* Hertin, 2000, pp. 141, 159-162; *Wielsch*, Zugangsregeln, 2008, p. 213; *Plaß*, Open Contents im deutschen Urheberrecht, Gewerblicher Rechtsschutz und Urheberrecht 2002, pp. 670-682; *Deike*, Open Source Software – IPR-Fragen und Einordnung ins deutsche Rechtssystem, Computer und Recht 2003, pp. 9-18.

⁶⁹ *Omsels* in *Liber amicorum* Hertin, 2000, pp. 141, 159-162; *Wielsch*, Zugangsregeln, 2008, p. 213; *Plaß*, Open Contents im deutschen Urheberrecht, Gewerblicher Rechtsschutz und Urheberrecht 2002, pp. 670-682.

representative/agent for all of the contributors, a fact that may not even be known to him or her.⁷⁰

5. Are there any revocation or rescission rights in the copyright legislation of your country that may allow an author to end a license granted under a FOSS or other alternative licensing model?

The German Copyright Act contains a number of revocation rights. According to sec. 31 lit. a para. 1 s. 3 CA, the author may revoke a grant of exploitation rights in respect of unknown types of exploitation or revoke the obligation thereto. This revocation right is also applicable in the case of FOSS and other alternative licenses. Only the respective writing requirement and the mandatory claim for equitable remuneration are excluded in the case of FOSS and other alternative licenses (*supra* I. 2.).

Sec. 34 para. 3 CA provides that an author may revoke an exploitation right transferred as part of a sale of the whole of an enterprise or the sale of parts of an enterprise if exercise of the exploitation right by the transferee may not be reasonably demanded of the author. Since FOSS and alternative licensing models do not entail transfers of exploitation rights but are based on direct licensing with the author, this revocation right is practically irrelevant in this area. The same holds true for sec. 41 para. 1 CA, which sets out a revocation right for the non-exercise of exclusive exploitation rights, whereas Open Content licenses only concern non-exclusive licenses. The inalienable right of revocation for changed conviction (sec. 42 CA), finally, can at least theoretically be of relevance in the area of FOSS and alternative licensing. To this end, the author has to show that the work no longer reflects his or her conviction and he or she can therefore no longer be expected to agree to the exploitation of the work, which is hard to imagine in the software field. Even if this requirement is met, the author must adequately compensate the holder of the exploitation right (sec. 42 para. 3 CA), which renders the provision all the more impractical.⁷¹ Since the purpose of the right of revocation for changed conviction is to bring any exploitation of the respective work to an end, it presupposes that the author

⁷⁰ Further problems may arise from the fact that an author may lose his or her capacity to grant rights, in particular in the case of insolvency proceedings, see *Metzger/Barudi*, Open Source in der Insolvenz, Computer und Recht 2009, pp. 557-563.

⁷¹ *Völmann-Stickelbrock* in Leible, Schutz des geistigen Eigentums im Internet, 2012, p. 69.

stops offering his or her work under a FOSS or other alternative licensing scheme to any interested party.⁷²

6. Do authors have a statutory right for equitable remuneration under the copyright legislation of your country? If yes, does such a right contradict the principle of FOSS and other alternative licenses that the mere license grant is gratuitous?

Secs. 32, 32 lit. a, 32 lit. c CA provide for mandatory statutory claims for equitable remuneration. However, due to specific “Linux clauses”, these provisions do not apply if the author grants an unremunerated non-exclusive exploitation right for every person (see *supra* I. 2.).⁷³ In other words, the contradiction between the mandatory principle of equitable remuneration for every use of a protected work on the one hand and FOSS and other alternative licenses on the other has been resolved by particular provisions exempting these approaches from the general author protective rules. The background is that the author cannot be considered the weaker party to a contract if he or she offers licenses free of charge to every person and thus effectively vis-à-vis the general public.

7. Is it possible under the copyright legislation of your country to grant licenses in accordance with an alternative licensing model and to participate at the same time in the distribution of revenues by collecting societies, e.g. if the collecting society collects compensatory remuneration for private copying?

The answer to this question depends upon the representation agreements and the policy of the different collecting societies.⁷⁴

There is no German collecting society administering rights in computer programs.

⁷² Cf. *Omsels in Liber amicorum Hertin*, 2000, p. 141, 151; *Schiffner*, Open Source Software, 2003, p. 141; *Deike*, Open Source Software – IPR-Fragen und Einordnung ins deutsche Rechtssystem, Computer und Recht 2003, pp. 9-18.

⁷³ Bundestagsdrucksache (Legislative protocols of the German Federal Parliament), 14/8058, pp. 43 et seq.; 14/6433, p. 15.

⁷⁴ For a complete list of German collecting societies see <http://www.dpma.de/amt/aufgaben/urheberrecht/aufsichtueberverwertungsgesellschaften/listederverwertungsgesellschaften/index.html>.

GEMA (Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte), the collecting society representing composers, argues that its representation agreement and purpose is irreconcilable with Creative Commons Licenses.⁷⁵ If an author enters into a representation agreement with GEMA, he or she grants exclusive exploitation rights to GEMA, including the right to make the work available to the public for all existing and all future works. It is not possible to revoke these rights with regard to single works and license these directly to users. Thus, composers have to make a decision concerning their complete oeuvre. Either they grant rights to GEMA, which does not take into account free online uses but only uses in commercial settings such as radio broadcasting etc., or they offer all their works unremunerated under alternative licenses. If a formerly CC-licensed musical work is later licensed to GEMA, the non-exclusive rights granted before remain effective (sec. 33 CA), which exposes the author to a risk of liability vis-à-vis GEMA.⁷⁶

The situation is different with regard to Verwertungsgesellschaft (VG) Wort, the German collecting society representing authors and publishers of literature of any kind. In contrast to GEMA in the area of musical works, VG Wort administers exclusive rights only to a limited extent. In particular, it does not administer the reproduction right and the right of making works available on the internet.⁷⁷ VG Wort offers authors the possibility to register online text publications, including texts which are freely available on the internet without technical protection measures applied to them.⁷⁸ Authors or publishers who register such online texts participate in the distribution of revenues collected for lawful digital private copies (see sec. 54 et seq. CA) regardless of their status as FOSS-licensed work. The Verwertungsgesellschaft (VG) Bild-Kunst, the

⁷⁵ See GEMA press memorandum from 23 January 2012 at: http://www.telemedicus.info/uploads/Dokumente/Stellungnahme_GEMA_CreativeCommons-01-2012.pdf.

⁷⁶ *Schulze* in Dreier/Schulze, UrhG, 4th ed., 2013, § 33 para. 6; *Loewenheim* in Schricker/Loewenheim, UrhG, 4th ed., 2010, § 33 para. 10; *Nordemann* in Fomm/Nordemann, Urheberrecht, 10th ed., 2008, § 31/32 para. 1; *Spautz* in Möhring/Nicolini, UrhG, 2nd ed., 2000, § 33 para. 7.

⁷⁷ See *Metzger*, Die urheberrechtliche Gestaltung von Open Access Repositorien, <http://www.iuwis.de/publikation/die-urheberrechtliche-gestaltung-von-open-access-repositorien>, at pp. 19-21.

⁷⁸ <http://www.vgwort.de/verguetungen/auszahlungen/texte-im-internet.html>.

German collecting society for images and artworks, has implemented a similar scheme for online works.⁷⁹

8. Typical alternative licenses permit licensees to modify the work and to distribute adaptations, see e.g. Section 3(b) Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported. May the author still prohibit changes to the work that are violating his moral rights?

Yes. Under German copyright law, an author's moral rights are not transferrable.⁸⁰ Sec. 39 para. 1 CA clarifies, however, that the author may agree to alterations of the work, its title or designation of authorship. In addition, alterations to the work and its title to which the author cannot refuse his or her consent based on the principles of good faith shall be permissible (sec. 39 para. 2). It is therefore generally acknowledged that authors may enter into binding contracts that allow the contracting partners usages of the work which would otherwise amount to infringements of the moral rights to be identified as the author of the work (sec. 13) and in particular of the right to prohibit the distortion or any other derogatory treatment of his work which is capable of prejudicing his legitimate intellectual or personal interests in the work (sec. 14 CA). The scope of this party autonomy is said to be particularly wide in the area of computer programs to which the author arguably has a weaker "intellectual and personal relationship" (sec. 11 s. 1 CA) than in the case of other literary or artistic works.⁸¹

However, there are limits to this contractual freedom to agree to modifications and adaptations of works.⁸² The author may always enforce the core integrity right even against a licensee who is entitled under the contract to modify or alter the work. Whether the use in question encroaches upon this core moral rights depends upon a balancing of interests considering all circumstances of the case. In particular, one has to consider the gravity of the distortion/derogation,

⁷⁹ <http://www.bildkunst.de/service-fuer-nutzer/online-meldungen.html>.

⁸⁰ *Dietz/Peukert* in *Schricker/Loewenheim, UrhG*, 4th ed., 2010, before § 12 para. 17; *Rosenkranz*, *Open Content*, 2011, p. 48.

⁸¹ *Jaeger/Metzger*, *Open Source Software und deutsches Urheberrecht, Gewerblicher Rechtsschutz und Urheberrecht Internationaler Teil* 1999, pp. 839-848; *Rosenkranz*, *Open Content*, 2011, p. 50; *Spindler*, *Rechtsfragen der Open Source Software*, 2003, ch. C para. 86.

⁸² For a detailed assessment see *Metzger*, *Rechtsgeschäfte über das Droit Moral im deutschen und französischen Urheberrecht*, 2001, *passim*.

and the question whether the usage in question was foreseeable from the point of view of the author, and necessary to achieve the aim of the transaction.⁸³

9. Typical FOSS licenses provide for the termination of the licensee's rights in case of non-compliance with the terms of the license. What remedies are available for the licensor in such a case? If remedies under copyright law are available, may the licensor claim for damages even though the license grant has been gratuitous? An argument for such a claim could be that a regular license under different terms would have been granted in exchange for a monetary consideration.

In such a case, the licensor can invoke his or her copyright against the former licensee. All statutory copyright remedies are basically available, in particular injunctions to stop further uses, damages, and claims to destruction and recall of copies (see secs. 97 et seq. CA).⁸⁴ All German court decisions concerning FOSS and other alternative licenses granted injunctions against the user to cease and desist (sec. 97 para. 1 CA, see *supra* I. 3.). This remedy can be enforced by each contributor to FOSS software alone (see sec. 8 para. 2 s. 3 CA). If the infringer agreed to cease and desist and to pay a contractual penalty in case of violations of this obligation, the individual contributor who enforced his or her copyrights may claim such penalties individually.⁸⁵

According to the Regional Court of Bochum, the author of a FOSS license is in principle also entitled to damages if the licensee did not comply with the license conditions.⁸⁶ The court reasoned that the author agreed to the unremunerated use only under the restrictions of the license. If these conditions are not observed, the former licensee unlawfully profits from the use of a valuable software. As in all other copyright infringement cases, the author may then claim damages calculated on the basis of the amount the infringer would have had to pay in equitable remuneration if the infringer had requested authorization to use the work (sec. 97 para. 2 s. 3 CA). The damage for such a non-FOSS-

⁸³ See *Metzger*, *Rechtsgeschäfte über das Droit Moral im deutschen und französischen Urheberrecht*, 2001, pp. 230 et seq., p. 250.

⁸⁴ See for example Berlin Regional Court Case 16 O 458/10, 8.10.2010, *Multimedia und Recht* 2011, pp. 763 et seq.

⁸⁵ See Hamburg Regional Court Case 308 O 10/13, 14.6.2013, *Computer und Recht* 2013, pp. 498 et seq.

⁸⁶ Bochum Regional Court Case 8 O 293/09, 20.1.2011, *Kommunikation & Recht* 2011, pp. 277 et seq.

eligible, proprietary use is assessed on the basis of an equitable license fee payable for equivalent proprietary software. Finally, the Bochum court held that excluding authors of FOSS software from the claim for damages would deprive them of all exploitation rights.⁸⁷

An additional problem with regard to the claim for damages arises from the fact that individual contributors to a FOSS software or freely licensed other content are not entitled to individually claim the full amount of damages due. Instead, they may demand performance only to all of the joint/multiple authors (sec. 8 para. 2 s. 3 CA), who are, however, unknown in many cases.⁸⁸ Thus, the claim for damages is practically unavailable in multi-author constellations. The Bochum case presented an unusual constellation in that respect in that the plaintiff was apparently the sole holder of the copyright/exclusive exploitation rights to the work in question.⁸⁹

IV. Other questions

1. FOSS developers fear the practice of patent offices in all regions of the world of granting patents for information technology including software innovations. Are you aware of legal disputes based on patent claims where right holders tried to prohibit the development or distribution of FOSS?

No.

2. Are you aware of trademark conflicts concerning FOSS development or distribution?

In a case decided by the Higher Regional Court of Düsseldorf, the EU trademark “xt:Commerce”, which was used for a software distributed under the GPL, was enforced against a defendant who had advertised modified versions

⁸⁷ Bochum Regional Court Case 8 O 293/09, 20.1.2011, Kommunikation & Recht 2011, pp. 277 et seq.

⁸⁸ *Kreutzer*, Anmerkung zu Munich Regional Court Case 21 O 6123/04, Zeitschrift für Multimediarecht 2004, pp. 693-698.

⁸⁹ Bochum Regional Court Case 8 O 293/09, 20.1.2011, Kommunikation & Recht 2011, pp. 277 et seq.

of this software using the terms “xt:Commerce”.⁹⁰ The court held that the GPL license did not involve a grant of trademark rights but only concerns copyright. The free license to copy and otherwise use the software also did not imply a right to use the trademark. Nevertheless, the court pointed out that the lawful distribution of the free software remains possible, be it by choosing a different brand/trademark or by only referring to the fact that the modified software developed by the user is a modified version and compatible with the original “xt:Commerce” software.⁹¹

The case shows that modified and even unaltered versions of FOSS software must not be commercialized under the respective trademark if such use of the sign creates a likelihood of confusion on the part of the public as to the producer of the software.⁹² Although trademark law places some burden on the users of FOSS software, it guarantees consumer expectations with regard to the commercial origin of the product. Therefore, the relationship between FOSS and alternative licenses and trademark law can be considered complementary.

3. Copyleft provisions have been challenged for being anti-competitive based on the argument that they may give rise to legal constraints on the licensee's freedom to dispose of its innovations. Are copyleft provisions anti-competitive according to the competition law legislation of your jurisdiction?

Copyleft provisions could run afoul of sec. 1 of the German Act Against Restraints of Competition,⁹³ which prohibits agreements between undertakings, decisions by associations of undertakings and concerted practices, which have as their object or effect the prevention, restriction or distortion of competition. This objection could be raised on the basis that copyleft provisions fix the price

⁹⁰ Düsseldorf Court of Appeal Case 20 U 41/09, 28.9.2010, Gewerblicher Rechtsschutz und Urheberrecht, Rechtsprechungsreport 2010, pp. 467 et seq.

⁹¹ Düsseldorf Court of Appeal Case 20 U 41/09, 28.9.2010, Gewerblicher Rechtsschutz und Urheberrecht, Rechtsprechungsreport 2010, pp. 467, at pp. 469, 470.

⁹² See *Marly*, Das Verhältnis von Urheber- und Markenrecht bei Open Source Software – Zugleich eine Besprechung von OLG Düsseldorf, GRUR-RR 2010, p. 467 – xt:Commerce, Gewerblicher Rechtsschutz und Urheberrecht Rechtsprechungs-Report 2010, pp. 457-459; generally CJEU Case 17/06, 11.9.2007, Gewerblicher Rechtsschutz und Urheberrecht 2007, pp. 971 et seq.

⁹³ English translation available at http://www.gesetze-im-internet.de/englisch_gwb/englisch_gwb.html (Bundeskartellamt transl.). The following references are based on this translation.

of the further commercialization of identical or modified versions of the software to zero, and prevent licensees of FOSS software from integrating the respective code into proprietary software products.⁹⁴

However, copyleft clauses do not aim at preventing, restricting or distorting competition in the respective software product market nor the technology (innovation) market. Instead, their purpose is to promote competition both between different distributors/service providers offering the same FOSS computer program, and between different software (versions) with the same functionality.⁹⁵ Therefore, FOSS and alternative licenses are not in conflict with German competition law.⁹⁶

4. Are there specific public procurement regulations on the acquisition of FOSS? Are there any other public law regulations regarding FOSS, e.g. budgetary regulations, exchange of software between public authorities etc.?

In Germany, public procurement regulations regarding FOSS and alternative license schemes are under debate.⁹⁷ Corresponding court rulings do not exist. It is thus not yet settled whether public authorities may simply license FOSS computer programs for their operations without conducting a procedure according to public procurement law,⁹⁸ and whether invitations to submit a tender for the award of public supply, works and service contracts may be restricted to FOSS software, excluding proprietary software.⁹⁹

⁹⁴ Frankfurt/Main Regional Court Case 2-6 O 224/06, 6.9.2006, Zeitschrift für Urheber- und Medienrecht 2006, pp. 525 et seq.; *Jaeger/Metzger*, Open Source Software, 2011, para 334; *Nordmeyer*, Open Source und Kartellrecht: Die Gültigkeit von Copyleft- und Lizenzgebührenverbotsklauseln angesichts des Art. 101 AEUV (sowie der §§ 1 f. GWB), Journal of Intellectual Property, Information Technology and E-Commerce Law 2010, pp. 19-33; *Koch*, Urheber- und kartellrechtliche Aspekte der Nutzung von Open-Source-Software, Computer und Recht 2000, pp. 333-344.

⁹⁵ *Nordmeyer*, Open Source und Kartellrecht: Die Gültigkeit von Copyleft- und Lizenzgebührenverbotsklauseln angesichts des Art. 101 AEUV (sowie der §§ 1 f. GWB), Journal of Intellectual Property, Information Technology and E-Commerce Law 2010, pp. 19, 27.

⁹⁶ Not decided by Frankfurt Regional Court Case 2-6 O 224/06, 6.9.2006, Zeitschrift für Urheber- und Medienrecht 2006, pp. 525 et seq.

⁹⁷ *Martens*, Rechtsprobleme der Open Source Software in der Verwaltung, Kommunaljurist 2007, pp. 94-100.

⁹⁸ *Müller/Gerlach*, Open Source Software und Vergaberecht, Computer und Recht 2005, pp. 87-92 (no); *Heckmann*, IT-Vergabe, Open Source Software und Vergaberecht, Computer und Recht 2004, pp. 401-408 (yes).

⁹⁹ *Martens*, Rechtsprobleme der Open Source Software in der Verwaltung, Kommunaljurist 2007, pp. 94-100; On the inclusion of FOSS software into public invitations to tender see

