OPEN SOURCE SOFTWARE LICENSING AND COPYRIGHT LAW

IN GOVERNMENT CONTRACTS: AN UPDATE TO THE

OSEHRA OPEN SOURCE CONTRACTOR’S GUIDE 2-1

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**INTRODUCTION**

This paper is an updated version of guidance provided by the Open Source Electronic Health Record Alliance (OSEHRA) entitled “Open Source Licensing Under the Apache License Version 2, A (Reasonably) Short Contractor’s Guide 2-1,” (Guide 2-1) which was co-edited by myself and Mr. Don Hewitt, OSEHRA Vice President of Operations.[[2]](#footnote-2) This Update includes an Open Source Software (OSS) Overview, Open Source Software Licensing and Copyright Law in Government Contracts, and Caselaw On Legal Enforceability of OSS licenses.

**OPEN SOURCE SOFTWARE OVERVIEW**

OSS is computer software distributed under a license from the copyright holder that provides various rights to use, modify, and redistribute the original source code. One recent estimate of OSS usage[[3]](#footnote-3) found that over 35 % of average commercial applications contained some OSS and that code developed for private internal use was as high as 75 %. Open source licenses impose certain obligations on users who exercise these rights. Specific obligations vary among several open source licenses. Common obligations of open source licenses include making the source code available, publishing a copyright notice, or giving any recipient of the program a copy of the license. Certain restrictive open source licenses allow users to copy, modify and distribute software provided that modified versions (i.e., derivatives) are subject to the same license terms and conditions as the original code. This is intended to prevent software that is derived from or contains code issued under such a license from becoming a closed source (proprietary) product that can be marketed and sold exclusively. OSS is most often distributed without charge, although some distributions (e.g. Red Hat Enterprise Linux) are priced as commercial products that include updates and support.

It is essential that the OSS is provided through a **license, because without a license the software is not open source.** Note that merely down-loading software into a computer or repository does not make it open source. It should also be noted that OSS is not the same as public domain software, because public domain software is not subject to U.S. Copyright law. Moreover, as discussed more fully below, in a number of cases, the courts have decided that OSS licenses are enforceable.

# OPEN SOURCE AND COPYRIGHT LAW IN GOVERNMENT CONTRACTS

# Many government contracts for the Department of Defense (DoD) and civilian agencies (e.g., Department of Health and Human Services (HHS)) require the contractor to include delivery of computer software, whether the software is commercially available, newly developed, or open source. To date, the Federal Acquisition Regulations (FAR) and the Defense FAR Supplement (DFARS) procurement regulations have not issued standard contract clauses addressing the use of OSS licenses in procurement contracts. Software deliverables require some consideration of Copyright Law, because in the United States, computer programs are considered literary works under the Copyright Act 17 USC § 101, Apple vs. Franklin, 714 F. 2d 1240 (3rd Cir. 1983). Instead of specifying OSS license contract clauses, the FAR and DFARS standard data rights clauses provide coverage by including the basic requirements for incorporating copyrighted material in contract deliverables. This section of the Update briefly describes the relevant standard government contract clauses touching upon the copyright aspects of software deliverables under a government contract. These requirements have not changed since the Guide 2.1 was published in 2019.

Assuming no language to the contrary in the Specifications or Performance Work Statement, or alternate specially drafted contract clauses, the most common contract clauses for purposes of this discussion are FAR 52.227-14, Rights in Data - General, (MAY 2014), FAR 52.227-14, Rights in Data - General, (ALTERNATE IV), (DEC 2007), and FAR 52.227-17, Rights in Data - General - Special Works, (DEC 2007) for civilian contracts and DFARS 252.227-2014, Noncommercial Computer Software and Noncommercial Computer Software Documentation, (FEB 2014) for DoD contracts.

## FAR 52.227-14, Rights in Data - General (MAY 2014) Basic Version

This clause is the basic version (hereafter Basic) used in civilian contracts for procuring data and computer software, including new custom-made data or software first produced and delivered under the contract, assuming there is no other language to the contrary. The current revision is dated MAY 2014. Paragraph (c) “Copyright” of the Basic clause governs copyrighted data and software and paragraph (c)(1)(i) establishes two procedures for incorporating copyrighted material into contract deliverables: (i) published scientific and technical articles containing data first produced in contract performance; or (ii) written permission of the Contracting Officer to assert copyright in *all other data* first produced in the performance of this contract. The phrase “all other data” covers new software and thus express Government written permission is required to assert copyright in new software.

Paragraph (c)(1)(iii) provides the Government with “… a paid-up, nonexclusive, irrevocable, worldwide license in such copyrighted computer software to reproduce, prepare derivative works, and perform publicly and display publicly (but not to distribute copies to the public[[4]](#footnote-4)) by or on behalf of the Government.” The parenthetical phrase expressly forbids Government distribution of copies of *software* to the public. This prohibition limits the Government’s ability to post that software on an open source platform and also avoids uncertainty and potential copyright infringement liability for the Government and contractor.  ***If the*** ***software is properly licensed, the open source license issued by the copyright holder (i.e. contractor) overcomes the paragraph (c)(1)(iii) contract restriction on public distribution.***

Subparagraph (c)(2) requires Contracting Officer permission to incorporate pre-existing data (not first produced and delivered under the contract) into contract deliverables, identifying the data, and granting a copyright license to the Government.

Therefore, for a deliverable containing OSS, contractors should take care to:

* clearly identify externally obtained open source code incorporated into their code base;
* ensure that the open source license used for this embedded code is compatible with the license used for the distributed deliverable; and
* ensure that all the terms and conditions of the license are properly addressed (e.g. attribution, or conveying a copy of the license with any distribution if that is required).

## FAR 52.227-14 Rights in Data - General (ALTERNATE IV) (DEC 2007)

The FAR also provides several sets of alternate language for this clause, including Alternate IV, which has been used by the Department of Veterans Affairs Technology Acquisition Center (VA TAC). Alternate IV eliminates the approval requirement so long as the Government receives the FAR 52.227-14(c)(1) paid-up, nonexclusive, irrevocable, worldwide license described above, which includes the prohibition of public distribution.It should be noted that while the Alternate IV version contains the same licensing rights for software, and the same prohibition about public distribution of software, **there is no requirement for the contractor to request permission before asserting copyright when Alternate IV is used**. This allows the contractor to license the code as open source, because the contractor as copyright holder and owner of the software is not bound by the Government’s prohibition against public distribution, and arguably could even make public distribution of the software for its own purposes.

In summary, paragraph (c)(1) of the Basic and Alternate IV clauses provide Government license rights to reproduce, prepare derivative works, perform publicly and display publicly the newly created copyrighted material. Both clauses allow Government public distribution of data, but not software. Open source licensing is a straightforward way to overcome this restriction. If this approach is planned, Alternate IV is clearly the better choice for contract language because it eliminates the requirement for Contracting Officer approval prior to open source licensing by the contractor.

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## FAR 52.227-17 Rights in Data - Special Works (DEC 2007)

The FAR 52.227-17 Rights in Data - Special Works clause is seen less frequently, has much stronger copyright language, and in some cases can be highly objectionable to the contractor. In particular, paragraph (c)(1)(ii) of the Special Works clause provides the Government the right to distribute the works, limit the ability of the contractor to exercise copyright, and even direct the contractor to assign the copyright to the Government. When the Government holds the copyright to contractor-produced software, it may license and distribute that software as open source.

While FAR 52.227-14 (c)(1)(iii) restricts public distribution of software by the Government, the FAR 52.227-17 Special Works copyright assignment allows public distribution by the Government. However, the clause’s limited industry acceptance makes open source public distribution based solely on Special Works problematic. Therefore, delivery to the Government of open source software that is properly licensed by the copyright holder not only preempts the FAR 52.227-14 (c) restriction on public distribution but also overcomes the limited usage of the FAR 52.227-17 Special Works provision.

## DFARS 252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (FEB 2014)

This is the DoD’s counterpart to the FAR 52.227-14, Rights in Data - General, clause. While both the FAR and DFARS clauses deal with same subject matter, the DFARS clause contains a much more detailed set of rules, requirements, and restrictions for DoD software deliveries. The DoD’s more detailed approach is quite evident in how paragraph (d) of the clause covers rights in copyrighted computer software:

(d) Third party copyrighted computer software or computer software documentation. The Contractor shall not, without the written approval of the Contracting Officer, incorporate any copyrighted computer software or computer software documentation in the software or documentation to be delivered under this contract unless the Contractor is the copyright owner or has obtained for the Government the license rights necessary to perfect a license or licenses in the deliverable software or documentation of the appropriate scope set forth in paragraph (b) of this clause, and prior to delivery of such—

(1) Computer software, has provided a statement of the license rights obtained in a form acceptable to the Contracting Officer; or

(2) Computer software documentation, has affixed to the transmittal document a statement of the license rights obtained.

Comparing the FAR and DFARS provisions reveals the following salient similarities and differences:

* the DFARS clause imposes an approval requirement that is somewhat like the FAR Basic clause and is missing from the FAR Alternate IV clause.
* the DFARS clause requires a rather broad and open-ended licensing requirement to be negotiated and does not provide the FAR-mandated Government license rights.
* the DFARS approval and open-ended licensing requirements are somewhat like the FAR Basic clause subparagraph (c)(2) requirements for incorporating pre-existing data that are not first produced and delivered into contract deliverables.
* the DFARS open-ended license requirement does not differentiate between allowing public distribution of data and public distribution of software the way that the FAR clauses do.

Thus, paragraph (d) in the DFARS clause can be viewed as more restrictive than the FAR Basic and Alternate IV versions. Contractors need to be keenly aware of the different rights and requirements.

# CASELAW ON LEGAL ENFORCEABILITY OF OSS LICENSES

Beginning in 2001, the courts recognized substantial economic benefits accruing to a copyright holder under an open source license and began enforcing OSS licenses. In Planetary Motion, Inc. v. Techsplosion, 261 F. 3d 1188 (11th Circuit 2001) the U.S. Court of Appeals affirmed the U.S. District Court's grant of injunctive relief in a trademark infringement case involving a Unix-based Email service known as "Coolmail," which was distributed by Planetary Motion under a GNU open source license. The court found that posting Coolmail Email service on the Internet satisfied the "use in commerce" trademark jurisdictional requirement, even though the software was distributed on a royalty-free basis. The court stated at Planetary Motion, Inc., 261 F. 3d 1188, 1198:

That the Software had been distributed pursuant to a GNU General Public License does not defeat trademark ownership, nor does this in any way compel a finding that [the developer] abandoned his rights in trademark. Appellants misconstrue the function of a GNU General Public License. Software distributed pursuant to such a license is not necessarily ceded to the public domain and the licensor purports to retain ownership rights, which may or may not include rights to a mark. (Emphasis Supplied)

The court noted the economic benefits of open source licensing and stated that the GNU General Public License (GPL) allowed the copyright holder to retain ownership rights without surrendering rights to the public domain.

In Wallace v. International Business Machines Corp., 467 F. 3d 1104 (7th Circuit 2006) the court decided that the GNU GPL Version 2 (v2) royalty-free license did not violate federal antitrust laws as a type of predatory pricing undercutting potential rivals such as IBM, Novell and Red Hat. The court found the presence of competition in the market despite some OSS being free of charge. Accordingly, both the GPL and open source software could not be challenged under antitrust law.

Then came Jacobsen v. Matthew Katzer and Kamind Associates, Inc. (d/b/a KAM Industries) 535 F. 3d 1373, (Court of Appeals for the Federal Circuit (CAFC) 2008) which involved OSS for model railroad hobbyists where a competitor downloaded and sold portions of Jacobsen's Decoder Pro software without following all open source license requirements pertaining to attribution, copyright notices, a copying file, and a description of how the code was changed. The district court held that Jacobsen was entitled to breach of contract damages instead of copyright infringement damages and injunctive relief. The CAFC vacated the district court's decision and remanded the case to review the appropriateness of a preliminary injunction, holding that the particular open source license requirements were conditions of use rather than independent covenants under contract law and that Jacobsen's copyright law claims should not have been dismissed. By remanding the case, the CAFC ruled that if KAM Industries failed to comply with the open source license conditions, then Jacobsen could claim that the unlicensed use of the Decoder code was copyright infringement.

The Jacobsen case and its final settlement in 2010 represent significant developments in the law surrounding open source licenses and provide open source users with a further reminder that 1) open source licenses have been found enforceable; and 2) failure to comply with open source license conditions may result in serious repercussions, including claims for copyright infringement and possible injunctive relief.

BusyBox is software that provided several stripped-down UNIX tools, including a number of GNU/GPL utilities, in a single executable file. During 2007 and 2008, the Software Freedom Law Center (SFLC) filed copyright infringement lawsuits against various defendants, on behalf of the principal BusyBox developers. These lawsuits claimed violations of version 2 of the GNU GPL (GPLv2). The lawsuit filed against Monsoon Multimedia Inc. alleged that Monsoon had violated GPLv2 by including BusyBox code in Monsoon’s Multimedia products without releasing BusyBox source code in violation of the open source license. Within two months of filing suit, SFLC announced that the lawsuit had been settled with Monsoon agreeing to comply with the GPL license terms and pay a sum of money to the BusyBox developers. Since then, SFLC has filed suit and settled eight (8) other similar BusyBox lawsuits against industry leaders such as Verizon and Samsung.

In Versata Software, Inc. v. Ameriprise Financial Inc., Case No. A-14-CA-12-SS (WD Texas 2014) the court ruled on Ameriprise’s federal removal counterclaim stating that the GNU GPL open source license imposed an affirmative obligation on Versata, as an open source license holder, to make certain derivative work source code freely available to Ameriprise’s third party contractors on an open source basis. In Artifax Software, Inc. v. Hancom, Inc., Case No. 16-cv-06982-JSC (ND Cal. 2017) the court, citing the Jacobsen case, ruled that Hancom breached Artifex’s open source license by modifying Artifex’s source code but not providing the modified source code to others as required by the license.

In SCO Group Inc. v. International Business Machines Corp., 879 F. 3d 1062 (10th Circuit 2018), which was a multi-pronged unfair competition case[[5]](#footnote-5), IBM’s 2001 release of UNIX source code to the Linux open source community was part of the case’s factual background, but the parties did not litigate the parameters of the GNU GPL open source license, which indicates tacit acceptance of open source licensing by industry and the courts. Similarly, in Google LLC vs. Oracle America Inc., Docket No. 18-956 (2018), which is a well-known copyright infringement case now on appeal before the U.S Supreme Court[[6]](#footnote-6), Google’s re-use of Oracle’s 37 Java Application Program Interfaces (API’s) through the GNU GPLv2 open source license is also part of the case’s factual background, but not one of the key issues being litigated. However, because the case has reached the Supreme Court, attorneys and the IT industry eagerly await the decision and its potential impact.

**CONCLUSION**

Taken together, the longevity of OSS licenses and the ability of FAR and DFARS standard data rights clauses to accommodate OSS through copyright provisions should demonstrate to the Government and its contractors that OSS and OSS licensing are established parts of the government contracts arena. Barring any unforeseen decision in Google LLC vs. Oracle America Inc., it is anticipated that software developers, contributors, and users will continue to enforce their OSS licenses through the courts.

1. **About the Author**: George B. Tereschuk is an Attorney with over 40 years experience in DoD, DOE, and VA government contracts with expertise in data rights, IT Contracts, IP, Electronic Health Records, and contract disputes. Since retiring from Government service he has been a Consultant for several VA IT contractors. Email Address: [gtereschuk@gmail.com](mailto:gtereschuk@gmail.com), Cell Phone 732-604-5609. [↑](#footnote-ref-1)
2. This paper is an updated version of guidance provided by OSEHRA entitled “Open Source Licensing Under the Apache License Version 2, A (Reasonably) Short Contractor’s Guide,” (Guide 2-1) which was published before its July 2019 Open Source Summit. Sadly, OSEHRA ceased operations in February 2020. Guide 2-1 is no longer available online, but if you send me ([gtereschuk@gmail.com](mailto:gtereschuk@gmail.com)) an Email request for a pdf copy of Guide 2-1, I will send that to you. This Update is licensed under the Creative Commons Attribution 4.0 International License, see <https://creativecommons.org/licenses/by/4.0> [↑](#footnote-ref-2)
3. TechBeacon.com 2015-2016 survey [↑](#footnote-ref-3)
4. Emphasis Supplied [↑](#footnote-ref-4)
5. This never-ending case began more than 17 years ago in 2003. The above-cited 2018 U.S. Court of Appeals decision remanded the case back to the trial court for further proceedings on SCO’s misappropriation claim against IBM. [↑](#footnote-ref-5)
6. The primary issue before the Supreme Court is whether Google’s re-use of the 37 Java API’s constituted fair use under 17 USC § 107. [↑](#footnote-ref-6)