

# Opposing the Monetization of Linux: *McHardy v. Geniatech & Addressing Copyright “Trolling” in Germany*

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## **Abstract**

Over the past several years, many companies have received warning letters in Germany for GPL non-compliance from a particular programmer – Patrick McHardy. In these letters, the programmer regularly claimed to own copyrights in parts of the Linux kernel and requested that the addressees sign cease-and-desist declarations – subject to the payment of contractual penalties to him personally, in the event of future instances of non-compliance. This article describes court proceedings in Germany opposing the programmer’s efforts, why Germany has been the venue of choice for these sorts of non-compliance assertions, how one particular company successfully defended itself, and discusses how other entities accused of non-compliance using these arguments can also pursue a successful defense.

## **Keywords**

Law; information technology; Free and Open Source Software; GPL; GNU General Public License; Copyright Enforcement; Linux; McHardy; Copyright Trolling; Litigation.

## **I. Introduction; Statutory & Factual Background**

Over the past several years, many companies in the electronics industry have received warning letters from a programmer – Patrick McHardy – who has claimed that he owns copyrights in the Linux kernel, and which he claimed were being infringed by these companies as a result of their non-compliance with the terms of the GNU General Public License, version 2 (GPLv2). He has regularly requested that the companies to whom he has sent these letters sign a cease-and-desist declaration, which includes a contractual penalty – payable to him personally in his capacity as alleged copyright owner – in the event of future allegations of breach of the GPL.

The Linux kernel is licensed under the GPLv2, which grants a license to the respective company distributing the Linux kernel. Under German copyright law, the exploitation rights granted under

GPLv2 are subject to a resolutive condition pursuant to Section 158 (2) of the German Civil Code.<sup>1</sup> If GPLv2 is not complied with – a condition subsequent in that license under German law – the right to use is automatically terminated and the prior legal situation is restored, where the user has no license.<sup>2</sup> In the case of distribution of software without complying with the conditions set forth in GPLv2, under German law, the copyright owners are entitled to make a cease-and-desist claim.<sup>3</sup> The copyright owner can enforce the right to cease and desist in court by applying for a permanent injunction and/or a preliminary injunction. In the case of a copyright infringement assertion, an injunction prohibits continued infringement. A permanent injunction is issued by a court after the main court proceedings. A preliminary injunction, on the other hand, is an interim measure which can be obtained in urgent cases within a few days or even hours. If the accused infringer does not comply with an issued injunction, the copyright owner has the right to file with the court a request for a coercive fine. Such a coercive fine may amount to a maximum of € 250,000, for each single case of future violation, although the courts typically will start with an amount lower than € 250,000. If the violation of the injunction continues, the amount of the fines will be raised for every incident.

It is within this factual and legal framework that the programmer McHardy has engaged in a pattern of using his contributions to the Linux kernel<sup>4</sup> to assert cease-and-desist rights against GPLv2 license violations and to extract settlement agreements obligating the initial violator to contractual penalties for future violations. As long as these settlements were never opposed or challenged through the German court system, this strategy resulted in numerous companies signing such settlement agreements – only to be faced with contractual claims based on allegations of subsequent violations.

Mr. McHardy’s attempt to create precedent favourable to this strategy recently failed before the Higher Regional Court of Cologne. The Respondent in the proceedings in Cologne – Geniatech Europe GmbH – received a warning letter from McHardy, of the type that many companies had received from him previously, claiming non-compliance with GPLv2 for the Linux kernel, and therefore a violation of McHardy’s alleged copyright rights in that program. Subsequently, Geniatech put their products into complete GPL compliance – without delay and with the help of technical experts knowledgeable about ensuring compliance. However, Geniatech neither signed the cease-and-desist declaration requested by McHardy nor paid any monetary sum to him. Therefore, McHardy applied for a preliminary injunction at the Regional Court of Cologne, i.e. the Court of First Instance. The Regional Court of Cologne issued a preliminary *ex parte* injunction in McHardy’s favour.

Due to the fact that the court granted the decision without hearing Geniatech in advance, Geniatech filed an opposition and an oral hearing was scheduled. Geniatech, *inter alia*, argued that McHardy was not entitled to enforce the claims raised since he was not a joint author of the Linux kernel, and that his business model constitutes an abuse of law. However, the Court of First Instance did not reconsider the case, but instead confirmed its preliminary injunction after the oral hearing. Geniatech appealed the decision.

During the oral hearing, the Appeal Court – i.e., the Higher Regional Court of Cologne – cast doubt that McHardy could be considered a joint author under German copyright law of the Linux kernel, or even of the Linux kernel Netfilter component. In response to these questions about authorship raised by the Court, McHardy withdrew his request for the issue of a preliminary injunction against Geniatech.

- 1 German Civil Code (Bürgerliches Gesetzbuch, BGB), § 158(2) (stating that if a legal transaction is subject to a condition subsequent, the effect of the legal transaction ends when the condition is satisfied and the previous legal situation is restored).
- 2 *Id.*, see also GPLv2, § 4 (“You may not copy, modify, sublicense, or distribute the Program except as expressly provided under this License. Any attempt otherwise to copy, modify, sublicense or distribute the Program is void, and will automatically terminate your rights under this License.”) <https://www.gnu.org/licenses/old-licenses/gpl-2.0.en.html>
- 3 Higher Regional Court of Hamm, Judgment of June 13, 2017, File No.: 4 U 72/16.
- 4 In the case *McHardy v. Geniatech*, McHardy claimed to have contributed to the Linux kernel Network Stack and to Netfilter.

## II. Germany as an Attractive Forum for Enforcing Rights in GPL Licensed Software

The fact that McHardy focused his enforcement activities in Germany is no accident. Many of the companies which had received his warning letters are multinational companies with global product distribution – such as manufacturers of smartphones – including jurisdictions such as China or the United States, where the distribution volumes would be significantly higher than in Germany. The reason why it was Germany which was chosen as the place to raise proceedings relates to particular procedural aspects of German law which are favourable to those enforcing intellectual property rights, but also can be seen as encouraging abuse of enforcement rights.

### 1. Possibility of the issuance of a preliminary injunction without oral hearing

There is a practice in German courts to regularly issue preliminary injunctions without a prior oral hearing. Even though the German Code of Civil Procedure<sup>5</sup> stipulates an oral hearing as the rule<sup>6</sup> and only allows the issuance of a preliminary injunction by court order (an *ex parte* injunction) as an exception<sup>7</sup> – provided particular urgency is needed – it is nonetheless the case that many regional courts regularly grant preliminary injunctions by court order without hearing the other side in an oral hearing. This practice has been criticised by the German Federal Constitutional Court.<sup>8</sup>

### 2. Opposition against *ex parte* injunction without suspensive effect

If a preliminary injunction has been issued without an oral hearing, the injunctive relief continues to have effect, at least until a later oral hearing takes place. Thus, opposition alone by the party against whom the injunction has been imposed does not have the effect of suspending the enforcement of the injunction against that party.

### 3. Possibility of free selection of venue for litigation

As a general rule, in Germany, venue for litigation is given in all places where an infringing act occurs. Thus, if software is offered online for download, the Applicant for injunction is free to choose any venue in Germany where they desire to file a request for the issuance of a preliminary injunction. Thus, the Applicant may request the issuance of a preliminary injunction in any German court, at their discretion, as long as that court is competent to decide questions of copyright.<sup>9</sup> It is obvious that the Applicant will choose a court which has the reputation deciding in favour of the Applicant.<sup>10</sup>

### 4. Possibility of withdrawing the request for the issue of a preliminary injunction without the consent of the Respondent

Under German law,<sup>11</sup> the Applicant is entitled to withdraw his or her request for the issuance of a preliminary injunction, at any point in time, without the consent of the Respondent. This even applies

5 Zivilprozessordnung (ZPO).

6 *Id.*, § 128.

7 *Id.*, § 937 (2).

8 German Federal Constitutional Court, Decision of September 30, 2018, File No.: 1 BvR 1783/17.

9 Section 105 of the German Copyright Act authorises the federal state governments to assign, by way of statutory instrument, copyright litigation matters for which the regional court is competent as court of first instance or as appeal court to one of the several regional courts competent within a district.

10 Apparently McHardy considered the first instance court in Cologne, i.e. the Regional Court Cologne, to be Applicant-favourable.

11 ZPO, § 269.

during appeal proceedings.<sup>12</sup> After withdrawal of the request for the issuance of a preliminary injunction in appeal proceedings, the judgment in the first-instance proceedings becomes void. As a result, no judgment of the appellate court is rendered. By this procedural mechanism, the Applicant may attempt to prevent any negative precedent by a higher court.

### **5. The lack of transparency for German judicial decision-making.**

It is German judicial practice to anonymize court decisions.<sup>13</sup> This practice complicates the search for pertinent decisions. Thus, any effort by subsequent Respondents to conduct a particular search for cases where the Applicant has made similar or identical claims is impeded. By allowing an active Applicant to make numerous requests for judicial relief – any of which can be withdrawn for any circumstance, and none of which may be discoverable by subsequent Respondents to understand the nature of prior claims or how they were disposed by the court – encourages a litigation model of pervasive and repetitive requests for injunctions.

### **6. Requirement of a cease-and-desist declaration subject to a contractual penalty**

Pursuant to case law precedent of the German Federal Supreme Court,<sup>14</sup> the danger of recurrence of copyright infringement by a Respondent may only be avoided by having the Respondent provide a cease-and-desist declaration which is subject to a contractual penalty. Respondents are thus put into a bind – either subject themselves to a preliminary injunction, or provide a cease-and-desist declaration subject to a contractual penalty payable to the Applicant – meaning that they must enter into a direct contractual agreement with the person or entity that sent the warning letter. In comparison to an injunction issued by a court, a contractual cease-and-desist declaration is advantageous to the rights owner claiming infringement. In the event of further infringement, the owner of the copyright may claim the contractual penalty payable to that copyright owner, whereas the fines for violation of an injunction are payable to the German state government.<sup>15</sup>

## **III. Typical tactics in the case of GPL warning letters designed not to ensure compliance, but to collect financial penalty, constitute an abuse of the law**

Because of the specific features of German copyright law and procedural practices described above, it can be argued that the tactics used by Applicants sending out GPL warning letters and selectively requesting, and dropping requests for, preliminary injunctions – are abusive of the law. Distributors of code licensed under GPL should be aware of the tactics that are commonly used, and the most effective ways to respond. Typically, these tactics might comprise the following three stages:

### **1. Requesting an initial cease-and-desist declaration which is subject to a flexible contractual penalty**

At the first stage of this type of copyright “trolling,” the company receives a warning letter. The letter typically identifies one instance of copyright infringement caused by an inadvertent failure to comply with the basic requirements of GPL – distributing source code, providing a copy of the license, etc. Typically, this instance of infringement is clear and unintentional, and can easily be ceased. Because of this, the company will often not pay particular attention to the request in the warning letter, will

12 Higher Regional Court of Frankfurt, Court Order of March 21, 2018, File No.: 6 W 23/18; Higher Regional Court of Düsseldorf, Court Order of July 13, 1982, File No.: 2 U 54/82.

13 German Federal Supreme Court, Court Order of April 5, 2017, File No.: IV AR(VZ) 2/16.

14 German Federal Supreme Court, Judgment of June 20, 2013, File No.: I ZR 55/12; German Federal Supreme Court, Judgment of July 17, 2008, File No.: I ZR 219/05.

15 Higher Regional Court Cologne, Court Order of May 26, 1986, File No.: 6 W 36/86.

correct the instance of license non-compliance, and will thus sign the cease-and-desist terms, thinking it will end the matter and will be unlikely to result in any further legal difficulties.

In this type of cease-and-desist letter, the company in question is requested to undertake to pay for each and any case of future contravention of the GPL license, and the letter will state that there will be a contractual penalty – the amount of which will be set at the discretion of the person sending the warning letter – and, that in case of a dispute over future violations of the GPL, that dispute will be examined by a court.

Typically, the company is requested to sign a declaration stating that it will cease and desist from making publicly available the Linux kernel and/or distributing the Linux kernel without following the license terms of GPLv2, and that the company will be subject to a contractual fine – as stated above, at the discretion of the copyright holder with whom the cease-and-desist letter is executed – for any case of contravention.<sup>16</sup>

## **2. Confrontation of the signer of the cease-and-desist letter with a second claim of infringement**

The second stage occurs when the company which had received the first warning letter and has signed a cease-and-desist letter is then accused of further infringement. However, in the second instance, the accuser will indicate that signing an additional cease-and-desist declaration subject to a flexible contractual penalty is not sufficient to address the alleged violation. If the company commits another infringement after previously submitting a cease-and-desist declaration subject to a penalty, which penalty is intended to eliminate the danger of recurrence, a new cease-and-desist claim arises against that company.

The new danger of recurrence justified by the renewed allegation of infringement after the submission of a first cease-and-desist declaration can in principle only be eliminated by an additional cease-and-desist declaration with a considerably higher penalty than the first one. The repetition of an identical declaration is claimed to be insufficient. While the addressee of the warning letter need not immediately promise a fixed contractual penalty, or even agree with the accuser's statement about the exact amount of future penalties, case law in Germany requires at least the indication by the accused that they will pay a certain minimum amount – in case where the initial cease-and-desist agreement was subject to a flexible fine.<sup>17</sup> Thus, there might be a tightening of the financial obligation by promising a contractual penalty, *inter alia*, “*not below € ...*” Thus, the accused company, who is already under a contractual cease-and-desist obligation, must now sign another declaration with a penalty clause that states that the penalty amount is now not below a certain amount.

## **3. Confrontation with a multitude of further infringements and requirement of considerable contractual penalties**

The next stage consists of allegations of a multitude of additional claims of infringement, and a demand for payment of considerable contractual penalties. Claims of five-digit amounts (in Euros) per alleged “infringement” are not rare. There have even been reports of considerably higher claims.<sup>18</sup>

Typically, the infringements claimed at this stage are of a different nature than those claimed at the first two stages. In most cases, the company receiving the first warning letter will already have initiated steps to create robust GPL compliance practices, in order to avoid the penalties in the first cease-and-desist declaration. However, in follow-on letters, the infringements the company is

<sup>16</sup> According to Section 69c of the German Copyright Act the rights holder, *inter alia*, has the exclusive right to distribute the computer program and to make it available online.

<sup>17</sup> Higher Regional Court of Cologne, Judgement of December 5, 2014, File No.: 6 U 57/14.

<sup>18</sup> See, *Edge*, “The rise of copyright trolls,” LWN (Linux Weekly News) (May 2, 2017), *retrieved on Aug. 21, 2018 under: <https://lwn.net/Articles/721458/>* .

accused of at this third stage frequently could comprise rather “exotic” theories of infringement, which might present infringement theories subject to diverging interpretation.<sup>19</sup> However, the company, having initially attempted to accommodate the person sending the initial warning letter, at this point in time, i.e., after having received the second warning letter and having signed the second agreement, is faced with the fact that it had agreed to fixed contractual penalties or a flexible contractual penalty comprising a fixed minimum amount.

In view of the later claimed infringements, the company may realize that compliance with the GPL in all respects, including ways that may not appear consistent with the text of the license or community consensus about license compliance, might be difficult or impossible for legal or technical reasons. The requested compliance might be hard to achieve without substantial resources and a large contingent of experienced experts – although the Linux Foundation offers support in such cases.<sup>20</sup>

At this stage there is a contractual obligation on the accused company to cease and desist from future violations of the license, and that obligation accrues to the benefit of the individual who sent out the warning letter. Thus, the company which has received the warning letters is now under a contractual obligation to cease and desist – to the extent GPLv2 is not completely complied with – and failure to do so subjects them to contractual monetary penalties payable to the original sender of the warning letters. Therefore, the risk that there will be future requests for contractual penalties is high, and more so – with respect to the contractual obligation to cease and desist – it is irrelevant whether the person sending the warning letters actually owns any copyrights in the code for which a future license violation is claimed. In other words, the company is now contractually bound to one individual author to comply with all details of the GPL in future, even for code which that author had no hand in creating. In an instance where there may be violations, high contractual penalties are a significant threat.

If no agreement with respect to the amount of the contractual penalties is reached, the company now faces the risk that a court will order it to cease and desist from further distributing any Linux-based products, including those that might not include copyrighted code from the author with whom the cease-and-desist letter was executed, and that that order might be imposed even for alleged infringements based upon unusual or theories of GPLv2 interpretation that are not generally accepted.

#### **IV. Effective legal arguments that have been used opposing a requested issuance of a preliminary injunction**

The Cologne proceedings in the *McHardy v. Geniatech* litigation demonstrate an effective way to oppose a proposed use of a contractual cease-and-desist agreement as a mechanism to extract escalating financial penalties for subsequent allegations of GPL violation. The Applicant, Mr. McHardy, sent a cease-and-desist letter to the Respondent, Geniatech, but Geniatech refused to sign the cease-and-desist declaration. They correctly understood that doing so would subject them to future claims of GPL violations and escalating demands for monetary penalties. In response to the Respondent's refusal to sign the proffered cease-and-desist declaration, the Applicant sent a notification to the Respondent explicitly terminating the Respondent's license to the Applicant's code licensed under GPLv2, and filed an application in the Regional Court of Cologne for a preliminary injunction. The Regional Court of Cologne granted the Applicant's request for an injunction, on an ex-parte basis – without an oral hearing and without even informing the Respondent before issuing

19 The company might, for example, be accused of having not made the offer to make the source code available explicitly valid for at least three years, or that the company did not promptly react to a request for postal delivery of the source code.

20 See Coughlan/Hemel, “Practical GPL Compliance,” (May 1, 2017), retrieved on Aug. 21, 2018 under: <https://www.linuxfoundation.org/open-source-management/2017/05/practical-gpl-compliance/>.

the injunction.<sup>21</sup> The Regional Court of Cologne even overlooked that the Respondent had filed a protective writ. As mentioned previously (*see* Section II.1 above), German courts often issue *ex parte* injunctions without an oral hearing or without a chance for the party to which the injunction will apply to be heard. The Respondent filed an opposition to this *ex parte* injunction and an oral hearing was scheduled, but the Regional Court of Cologne did not re-evaluate the case, instead confirming the injunction.<sup>22</sup> The Respondent filed an appeal to this decision by the Regional Court, and the Higher Regional Court set a hearing for March 7, 2018. In the oral hearing at the Higher Regional Court of Cologne, the Applicant’s attorney withdrew his application for injunction.<sup>23</sup>

As a result of the Applicant’s withdrawal of its previously-granted injunction request, the Higher Regional Court of Cologne did not render a judgment on the Respondent’s appeal. As mentioned previously in Section II. 4 above, in appeal proceedings in Germany, an Applicant can at any point in time simply withdraw their request for relief – even a preliminary injunction that was previously granted – without the consent of the Respondent and with the result that the Court will decline to render a decision for the case on the merits. Thus, by this withdrawal, the Applicant prevented the Court from issuing a decision that may have overturned the previously-granted injunction or would have examined the merits of the underlying claims for which the injunction was granted.

### 1. No joint authorship exists

The Regional Court of Cologne assumed in its first-instance decision on the Applicant’s *ex parte* request for an injunction that the Applicant was entitled to file the request, and thus entitled to enforce its rights before the Court.<sup>24</sup> By contrast, during the oral hearing of March 7, 2018 at the Higher Regional Court of Cologne, the Court explained its preliminary view that the Applicant’s entitlement to file the request had not been shown.<sup>25</sup> In particular, the presiding judge explained in his introductory remarks that in his view the Applicant was not a joint author of the Linux kernel.

On the basis of its preliminary deliberation, the 6<sup>th</sup> civil division of the Higher Regional Court of Cologne explained that they would deny that the Applicant was a joint author of the Linux kernel. The Court stated that it was its belief that not everyone who had contributed to the Linux kernel could claim co-authorship of the overall program. While the Court reasoned that it was true that for contributions to a piece of software over different stages of time, joint authorship was not generally excluded, such joint authorship within the meaning of Section 8 of the German Copyright Act<sup>26</sup> required that the contributions of the respective contributors could be classified under the common overall idea regarding the work. If later additions and improvements were not directed to the initial programmer’s intent to act, no joint authorship was established.<sup>27</sup>

In such a case, the Court reasoned that later changes by the Applicant constituted non-autonomous modifications, if at all. In case of such a modification, the programmer can only raise claims regarding his own contributions provided that these contributions meet the requirements for copyright protection.<sup>28</sup> With respect to the Linux kernel, joint authorship was not given upon initial creation, since the first version had been programmed by Linus Torvalds alone. Indeed, there exist a great number of versions of the Linux kernel which do not include any programming code of the Applicant at all. For example, there exist more than one hundred officially released versions of the

21 Regional Court of Cologne, Court Order of August 23, 2017, File No.: 14 O 188/17.

22 Regional Court of Cologne, Judgment of October 20, 2017, File No.: 14 O 188/17.

23 *See Welte*, “Report from the Geniatech vs. McHardy GPL violation court hearing,” (March 7, 2018), *retrieved on Aug. 21, 2018 under: <http://laforge.gnumonks.org/blog/20180307-mchardy-gpl>* ; *Edge*, “A successful defense against a copyright troll,” LWN (Linux Weekly News) (April 23, 2018), *retrieved on Aug 21, 2018 under: <https://lwn.net/Articles/752485/>* .

24 Regional Court of Cologne, Judgment of Oct. 20, 2017, File No.: 14 O 188/17; McHardy/Geniatech.

25 Higher Regional Court of Cologne, Transcript of Oral Hearing of March 7, 2018, File No.: 6 U 162/17; McHardy/Geniatech.

26 German Act on Copyright and Related Rights (Urheberrechtsgesetz, “UrhG”), § 8.

27 German Federal Supreme Court, Judgment of July 14, 1993, File No.: I ZR 47/91.

28 *See* German Federal Supreme Court, Judgment of Mar. 3, 2005, File No.: I ZR 111/02.; Fash 2000.

Linux kernel (version 1.0 – version 2.4.18) completely devoid of any programming code of the Applicant. The list of provisional versions without his contributions is even more extensive.

Pursuant to the reasoning of the Higher Regional Court of Cologne, there was likely only a limited authorship of the Applicant as a result of his contributions, and it is given only to the extent that they constitute real, substantive, contributions and not just editing work or bug fixes. This view of the Higher Regional Court of Cologne is consistent with the license text of GPLv2.

GPLv2 assumes the granting of rights and imposition of obligations as result of the making of modifications. Section 2 of GPLv2 stipulates:

*“You may modify your copy or copies of the Program or any portion of it, thus forming a work based on the Program, and copy and distribute such modifications or work under the terms of Section 1 above, provided that you also meet all of the[] conditions [of the license].”*

The unofficial German translation of GPLv2 uses the term “Bearbeitungen” for the English word “modifications.” According to Section 3 of the German Copyright Act “Bearbeitungen” of a work, which are own intellectual creations, are protected as independent works without prejudice to the copyright in the original work. Thus, a person who owns a right according to Section 3 of the German Copyright Act can raise claims regarding his contributions but – in contrast to joint authors<sup>29</sup> – not regarding contributions of the other authors.

The more recent versions of the Linux kernel are based on many prior versions. Thus, typical of open source software, there has been created an extremely long chain of modifications to the first version originally authored by Linus Torvalds. All subsequent versions under German law legally constitute a modification of prior versions.

However, in the *McHardy v. Geniatech* case, with respect to the question of the Applicant's own contributions, the Court indicated that it did not become evident whether the Applicant's contributions are copyright protected at all. It did not even become evident that the Applicant's contributions are protected as modifications within the meaning of Section 3 of the German Copyright Act.

Editing activities or mere bug fixes do not create any authorship on behalf of the individual or individuals engaging in those activities. Instead, Section 69a (3) of the German Copyright Act provides that computer programs shall be protected if they represent individual works in the sense that they are the result of the author's own intellectual creation. Section 69a (3) of the German Copyright Act transposes Art. 1 (3) of the EU Software Directive into German law.<sup>30</sup> Art. 1 (3) of the EU Software Directive provides that a computer program shall be protected if it is original in the sense that it is the author's own intellectual creation. Bug fixes do not meet these requirements.<sup>31</sup> Pursuant to case law,<sup>32</sup> for the establishment of limited authorship in one's own contributions, the Applicant must sufficiently substantiate, and submit evidence as to, the following three factors:

- Which parts of the program have been modified by the alleged copyright author, and in what manner those modifications were made;
- To what extent do those modifications fulfill the requirements for copyright protection; and
- To what extent those modifications by the Applicant were used by the Respondent.<sup>33</sup>

<sup>29</sup> Higher Regional Court of Düsseldorf, Judgment of November 25, 2008, File No.: I-20 U 72/06.

<sup>30</sup> Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs.

<sup>31</sup> See Austrian Supreme Court, Judgment of July, 12, 2005; File No.: 4 Ob 45/05d.

<sup>32</sup> See Regional Court of Hamburg, Judgment of July 8, 2016, File No.: 310 O 89/15, Hellwig/VMware Global, Inc.

<sup>33</sup> *Id.*

## **2. Insufficient substantiation of the protectability of the contributions**

In *McHardy v. Geniatech*, the Applicant alleged that over the course of years he had programmed approximately 50,000 lines of code and submitted a CD with changelogs alleged to reflect those changes. However, the Court indicated that this was not sufficient to establish substantiation of the protectability of those changes.<sup>34</sup>

The Court determined that the Applicant did not declare and provide evidence to the Court that he retrieved particular code authored by him in the Respondent’s products. The fact that the Applicant was part of the Netfilter Core Team, i.e., the team that was responsible for the Netfilter code in the Linux kernel, did not necessarily mean that he owns any copyrights in that code. Editorial work as such (e.g., bug fixes) does not create copyright protection, because it does not meet the requirements laid down in Section 69a (3) of the German Copyright Act which provides that computer programs shall be protected if they represent individual works in the sense that they are the result of the author’s own intellectual creation.

The Court felt that Applicant failed to present and prove, in sufficient detail, in either the initial request for a preliminary injunction or for the submissions on appeal, which parts of the Netfilter program were modified by him and in what manner, to what extent those modifications fulfil the requirements for copyright protection, and to what extent the program parts modified by him had been used by the Respondent. Thus, the question of whether the Respondent used any Linux code did not become relevant.

## **3. How “Trolling” Activities Can be Seen as an Abuse of the Law**

The Higher Regional Court of Cologne did not have to form a final opinion with respect to the objection that Applicant’s cease-and-desist activities were an abuse of the law. However, the Court indicated in the oral hearing that an abuse of the law might exist in this case, should it be shown that the pursuit of copyright infringement claims in the Linux kernel formed part of a business model with the aim of achieving profits through compliance errors.

### ***a) Attempt at monetization by means of contractual penalties***

An abuse of the law might be found if the enforcement of rights does not aim at GPLv2 compliance, but instead at the achievement of personal financial profits by collecting contractual penalties. This might be found to be the case, e.g., if the business model of the copyright holder provides that the first warning letter does not itemize all known infringements, but the copyright holder only itemizes such infringements after the obligation to pay contractual penalties has already been undertaken. In the initial warning letter, the Applicant requested that various companies sign a broad cease-and-desist declaration as described previously in Section III.1.

### ***b) Termination of GPLv2 by the Applicant***

The fact that without prior notice the Applicant terminated the Respondent’s rights under GPLv2, pursuant to Section 314 of the German Civil Code, as a reaction to the Respondent’s refusal to provide a cease-and-desist declaration subject to a contractual penalty, constitutes further evidence that there was an abuse of the law. While the Regional Court of Cologne found that this termination was inadmissible, the Court did not deduce any abuse of the law.<sup>35</sup>

<sup>34</sup> See Higher Regional Court of Karlsruhe, Judgment of July 6, 2015, File No.: 6 U 91/15.

<sup>35</sup> Regional Court of Cologne, Judgment of Oct. 20, 2017, File No.: 14 O 188/17, *McHardy/Geniatech*.

However, such termination based on Section 314 German Civil Code is in clear conflict with Section 4 of GPLv2, which stipulates:

*“You may not copy, modify, sublicense, or distribute the Program except as expressly provided under this License. Any attempt otherwise to copy, modify, sublicense or distribute the Program is void, and will automatically terminate your rights under this License. However, parties who have received copies, or rights, from you under this License will not have their licenses terminated so long as such parties remain in full compliance.”*

German case law interprets Section 4 of GPLv2 in such a way that the license offer made by GPLv2 does not expire definitively in the event of infringements, but instead the infringer can acquire the rights again at any time by accepting and complying with the conditions in the license.<sup>36</sup>

Taking this into account, the Regional Court of Munich has, in *Welte v. Sitecom Deutschland GmbH*, justified the compatibility of Section 4 of GPLv2 with the German Copyright Act. If a termination according to Section 314 of the German Civil Code would actually be permissible, renewed acquisition of the rights provided for by the Regional Court of Munich's *Welte v. Sitecom Deutschland GmbH* decision could be prevented in the case of GPL compliance by the accused infringer. Further, a definitive termination is not in accordance with Section 2 of GPLv2, since every person who modifies the program has to license, as a whole and at no charge, all third parties under the terms of GPLv2, and a definitive termination would take away the rights from the third parties downstream who may not be infringing. The statement of a definitive termination is thus incompatible with GPLv2.

#### **4. The Wording of the request for injunctive relief is too broad**

A further essential aspect in the appeal proceedings was that the wording of the request for injunctive relief was too broad.

##### ***a) The request for injunctive relief lacked reference to the accused product***

The judicial prohibition that the Applicant requested and that the First Instance Court issued was far too broad, since the request did not refer to the specific firmware used by the Respondent Geniatech, but generally only referred to the “Linux kernel.” The object of a judgment to cease and desist may only be those acts which have either already taken place, or whose perpetuation is impending.<sup>37</sup> The prohibition must expressly determine which acts must be omitted, and it may not be formulated in such an abstract way that acts might be affected whose lawfulness has not been examined by the Court.<sup>38</sup> Otherwise, the court in charge of execution of the judgment might later have to decide on alleged acts of infringement which do not correspond to the specific acts which were in dispute at the time the injunction was requested. This would mean that the dispute would illegally be transferred to the court in charge of the execution, in case the subject matter has not been examined previously. Therefore, it is up to the court which renders the decision to examine which particular software of a Respondent comprises program lines of an Applicant protected by copyright, and the court may pronounce a prohibition only to this extent.

<sup>36</sup> Regional Court Munich, Judgment of May 19, 2004, File No.: 21 O 6123/04, *Welte/Sitecom Deutschland GmbH*.

<sup>37</sup> Section 97 (1) of the German Copyright Act provides: “Any person who infringes copyright or any other right protected under this Act may be required by the injured party to eliminate the infringement or, where there is a risk of repeated infringement, may be required by the injured party to cease and desist. Entitlement to prohibit the infringer from future infringement shall also exist where the risk of infringement exists for the first time.”

<sup>38</sup> German Federal Supreme Court, Judgment of July 12, 1957, File No.: I ZR 8/56.

***b) Unclear reference to the Linux kernel***

A request to cease and desist from the distribution of the Linux kernel, or of individual elements of that kernel such as Netfilter, is too vague. This is the case as it remains unclear which version of the Linux kernel is meant when the request for injunctive relief requests only a prohibition on distributing that software. The vagueness is even more decisive if – as in the *McHardy vs. Geniatech* proceedings – it is known that there exist more than one hundred versions of the Linux kernel in which it has become evident that the Applicant did not participate, since they had been finalized and released to the public long before he started working on the kernel.

## V. Conclusion

For companies using Linux, cease-and-desist letters claiming insufficient GPLv2 compliance present new challenges. In cases where a demand to agree to broad contractual obligations to cease and desist from using the Linux kernel without complying with the terms of the GPL – combined with contractual penalties – is requested, signing a cease-and-desist declaration is not recommended.

Instead of signing a cease-and-desist declaration, it is advisable that the recipient of the letter initiates two processes immediately. First, the recipient should initiate the technical process of ensuring complete open source license compliance for the software in respect of which a license violation is alleged, as well as beginning to review and correct any other license compliance issues. Second, the recipient should begin preparing to oppose any possible legal action that might follow when the request for a cease-and-desist agreement is rejected, by preparing arguments contesting theasserter's claims of copyright ownership and copyright infringement, and by submitting a protective letter with the court. By doing so, the recipient may be able to force the asserter to prove the substance of their claims and to substantially narrow the scope of any injunction to be issued by the court.

In the former case, the asserter may not be able to establish sufficient basis for an injunction so that the request will be withdrawn or dismissed by the court. In the latter case, the court may issue an injunction that is of sufficiently narrow scope that it will have little negative effect on the recipient's business and may in fact have become moot because of the recipient's efforts to get the product in question into full GPL compliance. This way, the users of GPL software can ensure that efforts to extract escalating penalty revenues by authors of pieces of the Linux kernel ultimately only become a mechanism to get their products into appropriate compliance without negative effect on their product lines, an end goal desired by a large majority of the Linux kernel author community.<sup>39</sup>

### ***About the author***

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<sup>39</sup> See Linux Kernel Enforcement Statement, reproduced at <https://www.kernel.org/doc/html/v4.17/process/kernel-enforcement-statement.html>.

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