

Legal Issues with Open Source Software

Presented by:

Ronald L. Chichester, Esq.

Presented at:

The Plone Symposium
New Orleans, Louisiana
March 9, 2006

Disclaimer

I'm a Lawyer...
....but not *your* lawyer.

The material herein is meant for educational purposes and is not intended to be legal advice on any pending matter.

Overview

- The five IP classics...
 - Copyrights
 - Patents
 - Trademarks
 - Trade Secrets
 - Antitrust

The Classic Five IP Areas

- Copyrights cover the *expression* of an idea written in a *tangible media*
- Patents cover the idea embodied within a device or process
- Trademarks identify the source of the good or service
- Trade secrets are things that may be known to the public, but (if secret) provide a competitive advantage
- Antitrust deals with restraint of trade (or implication of software standards)

Copyright Fundamentals

- Copyright is a *limited* right given to the author to prevent others from engaging in certain activities with the author's copyrighted materials.

Copyright Fundamentals

- “Certain activities”
 - To reproduce the work in copies;
 - To prepare derivative works based upon the work; or
 - To distribute copies of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending

Copyright Fundamentals

- What can be the subject of copyright?
 - Literary works
 - Music
 - Drama
 - Pictures
 - Movies
 - Computer Software

Copyright Fundamentals

- Scope of Copyright
 - Copyright does not protect procedures, processes, systems or methods of operation (regardless of how expressed)
 - But... Congress says software is protectable “to the extent that they incorporate authorship in a programmer's expression”

Copyright Fundamentals

- Limiting Doctrines
 - Idea/expression dichotomy
 - Doctrine of merger
 - *Scenes a faire*
 - Functional elements
 - Facts
 - Public domain

Copyright Fundamentals

- Types of Copyrights
 - Original Work
 - Derivative Work
 - Collective Work
 - Compilation

Copyright Fundamentals

- Original Work
 - All works must have requisite “originality”
 - “Virgin” code works
 - Written entirely by the author

Copyright Fundamentals

- Derivative Work
 - A work based upon one or more preexisting works.
 - A work consisting of editorial revisions, elaborations, or other modifications which, as a whole, represent an original work of authorship.

Copyright Fundamentals

- **Collective Work**
 - A work, such as a periodical issue or anthology in which a number of contributions, constituting separate and independent works in themselves are assembled into a collective whole.

Copyright Fundamentals

- **Compilation**
 - A work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.

Copyright Fundamentals

- Infringement
 - Direct copying of literal elements
 - Substantial similarity
 - Contributory
 - Vicarious
 - Non-literal elements (i.e., “Look & Feel”)
 - API's, protocols, formats, etc.

Copyright Fundamentals

- Proof
 - Show ownership!
 - Show direct copying of complete work (very damaging)
 - Show substantial similarity
 - Key in on the character of copying
 - Helpful to show access to disputed code

Copyright Fundamentals

- Defenses to Infringement
 - Independent development
 - Aspect not copyrightable
 - Copyright misuse
 - Licensee agrees not to create competing product
 - Licensee agrees not to use a competing product
 - Licensor enforces terms that limit use of copyrighted work to preclude creation of new software

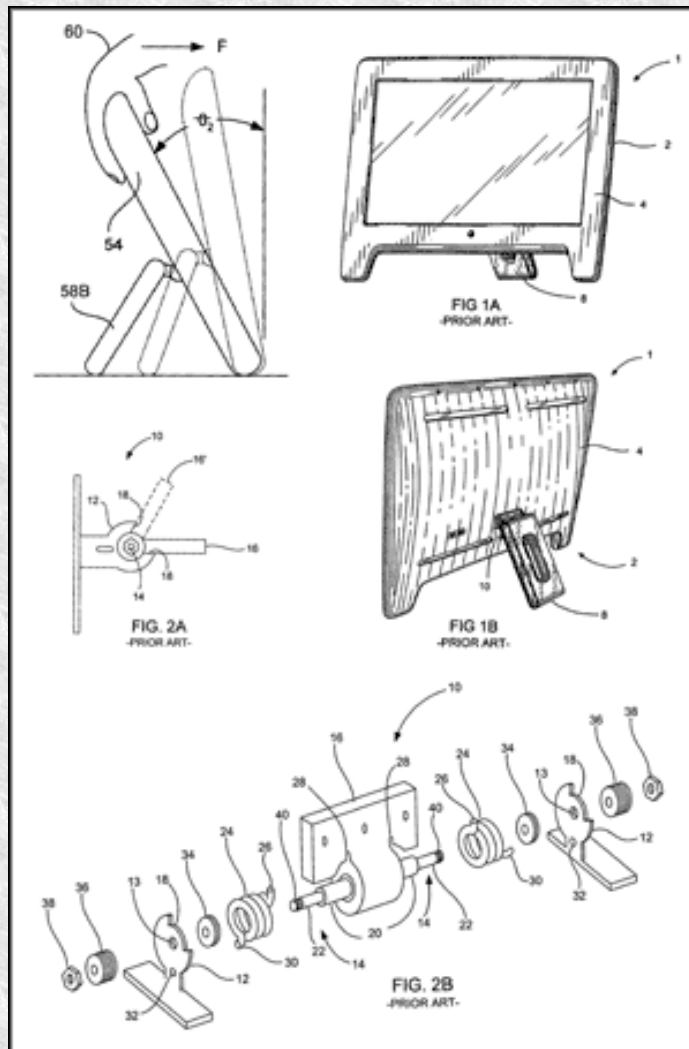
Copyright Fundamentals

- Defenses to Infringement
 - Fair Use
 - Purpose and character of your work
 - Nature of the copyrighted work
 - The amount and quality of the material used
 - The effect on the market
 - Reverse engineering

Copyright Fundamentals

- Remedies
 - Criminal Penalty
 - Fines
 - Prison Time
 - Civil Remedies
 - Statutory Damages
 - Actual Damages (Lost Profits)
 - Infringer's Profits
 - Costs/Attorney Fees

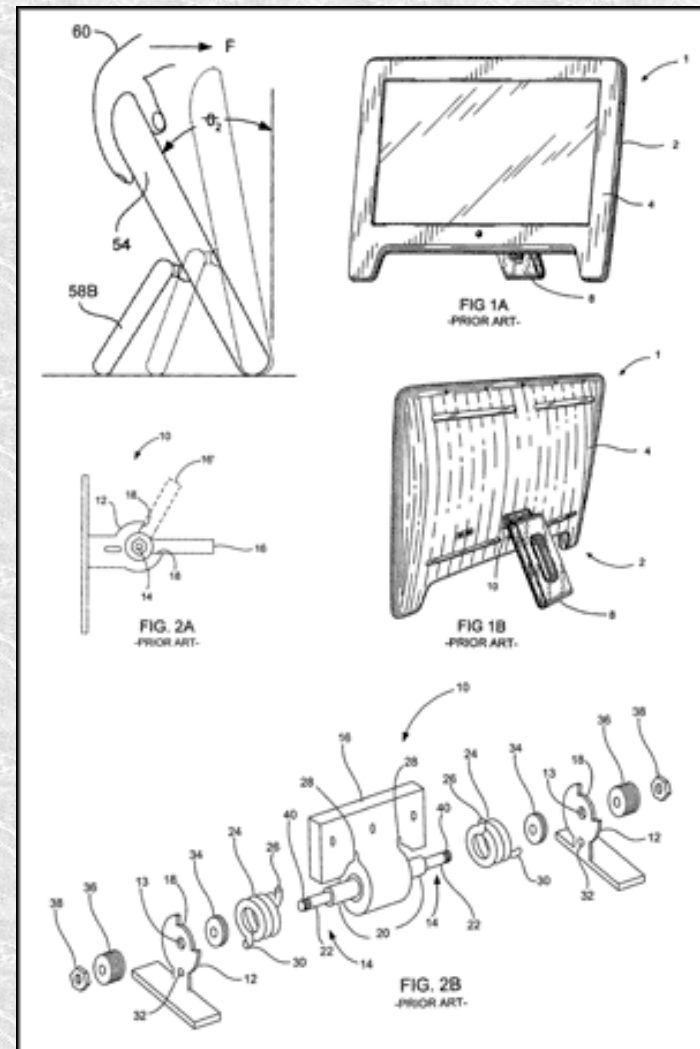
Patent Fundamentals



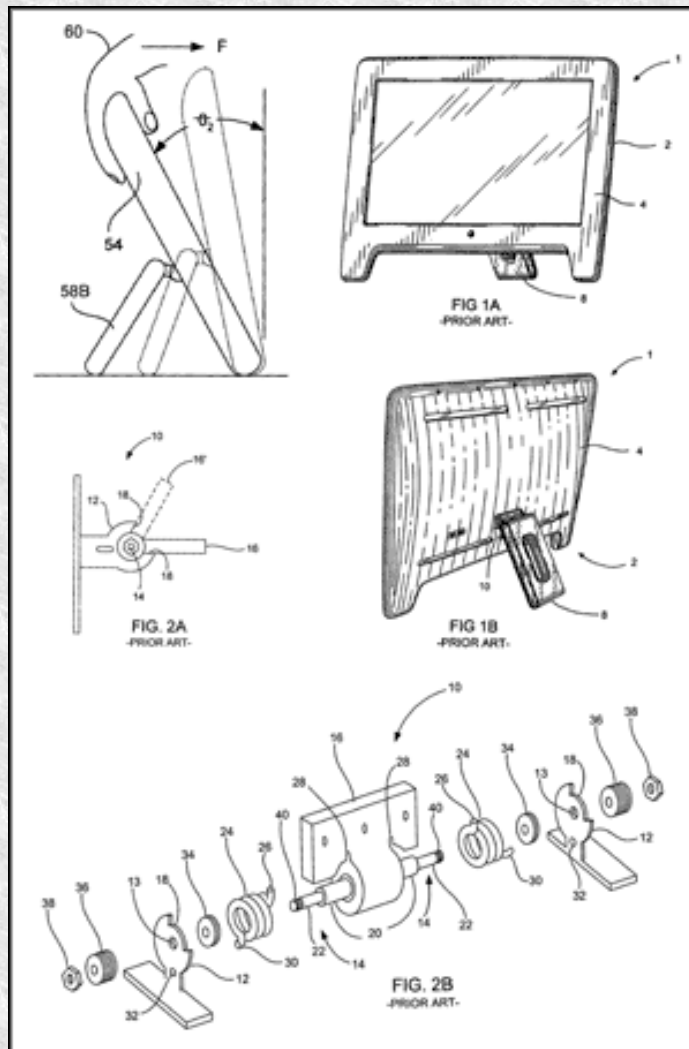
- Protects ideas that are embodied in a machine or process
 - Utility Patents
 - Machines
 - Articles of manufacture
 - Method of making...
 - Design Patents
 - Ornamental features
 - Plant Patents

Patent Fundamentals

- Patent Law allows the owner of the patent to *exclude others* from making, using, or selling the invention *claimed*.
- The patent is not a license to practice any invention!



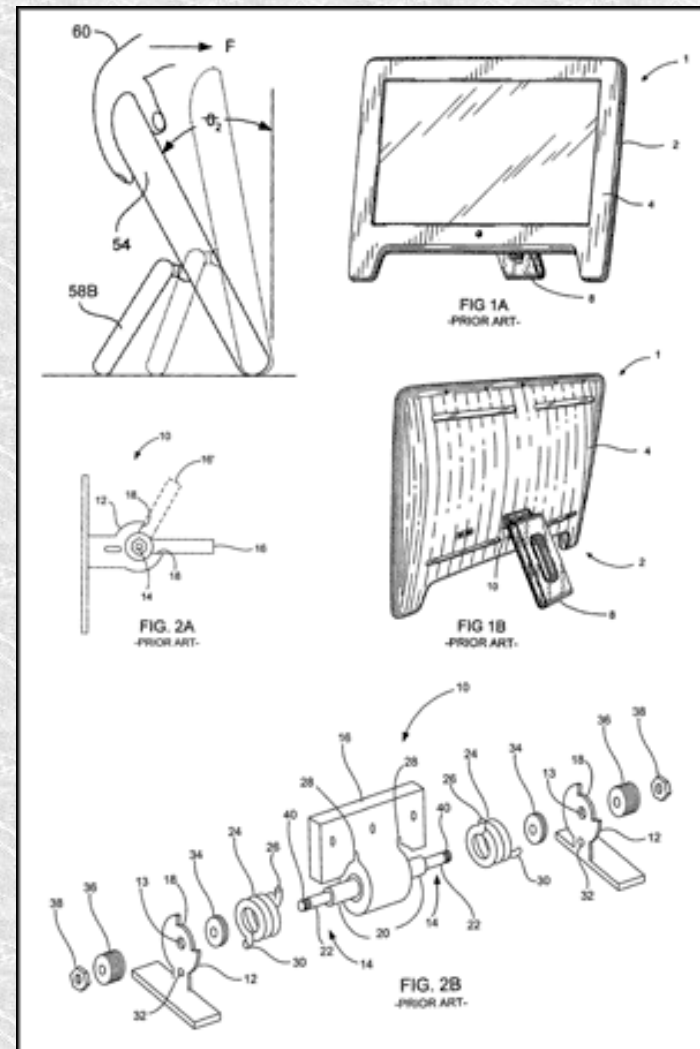
Patent Fundamentals



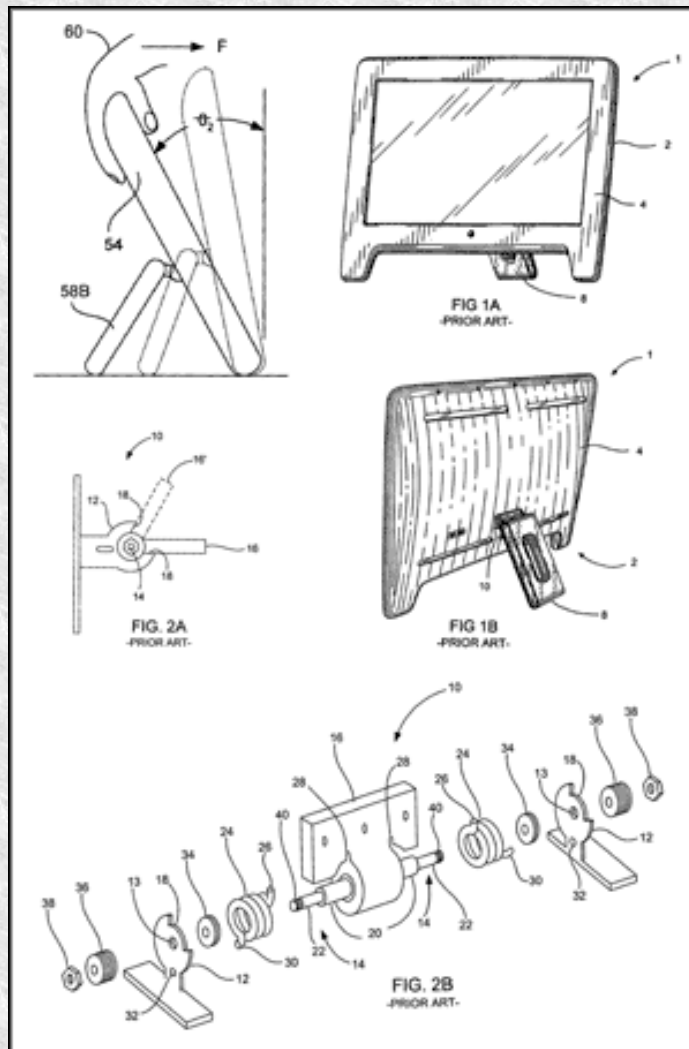
- Requirements for a patent:
 - New
 - Useful
 - Non-obvious
 - Enabling disclosure

Patent Fundamentals

- Infringement suits are the teeth of the patent
- Types of Infringement
 - Direct
 - Contributory
 - Induced
 - Repair/Reconstruction



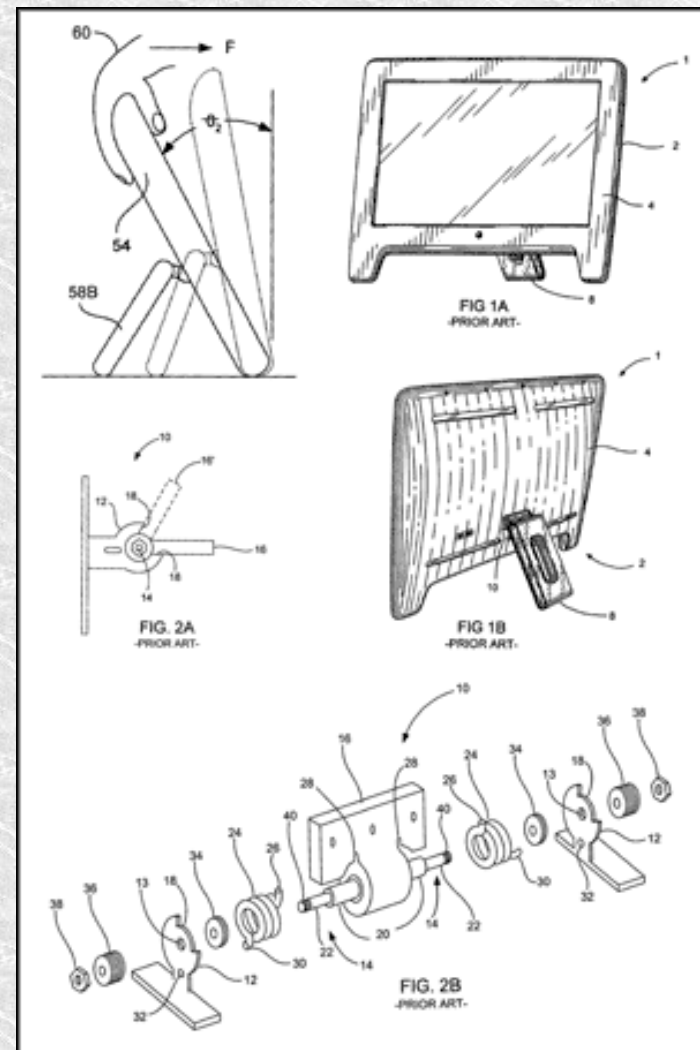
Patent Fundamentals



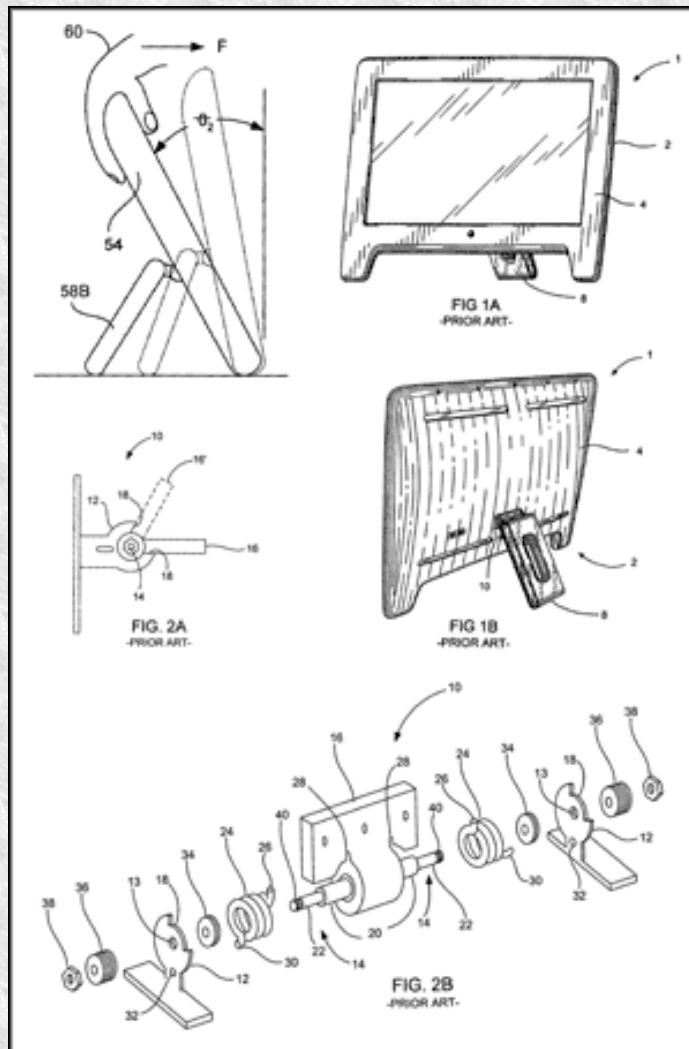
- Claims are central to patent law – claims are the “metes and bounds” of the excluded technology
- Claims must be supported by the specification and satisfy statutory requirements

Patent Fundamentals

- Claims have “one or more” elements
- Each element must exist in the infringing device, either *literally* or under the *doctrine of equivalents*



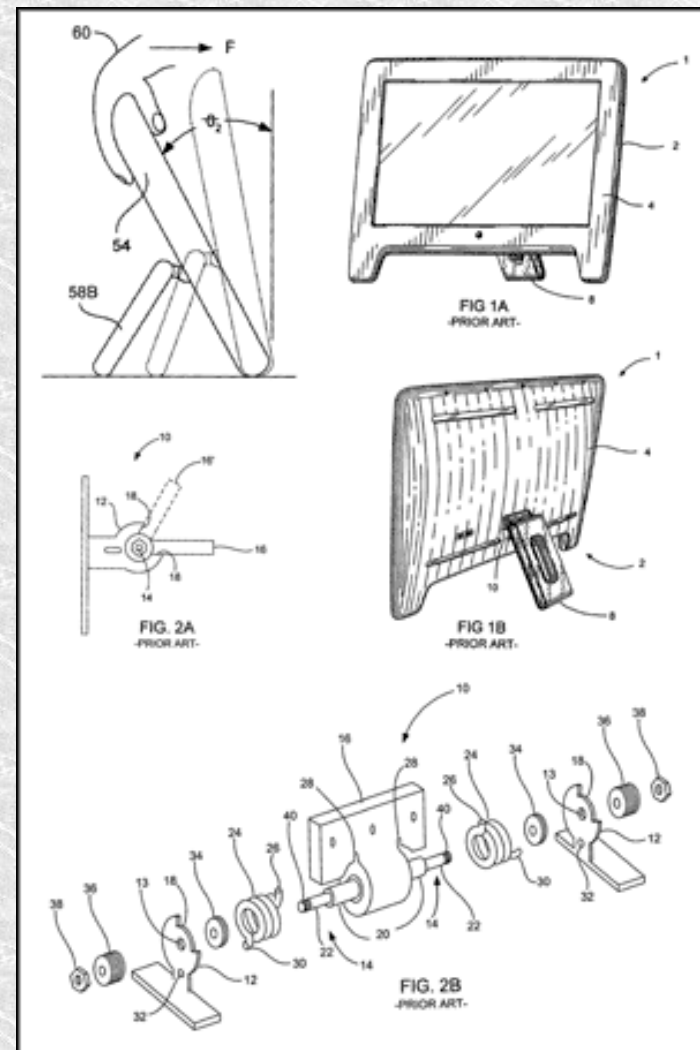
Patent Fundamentals



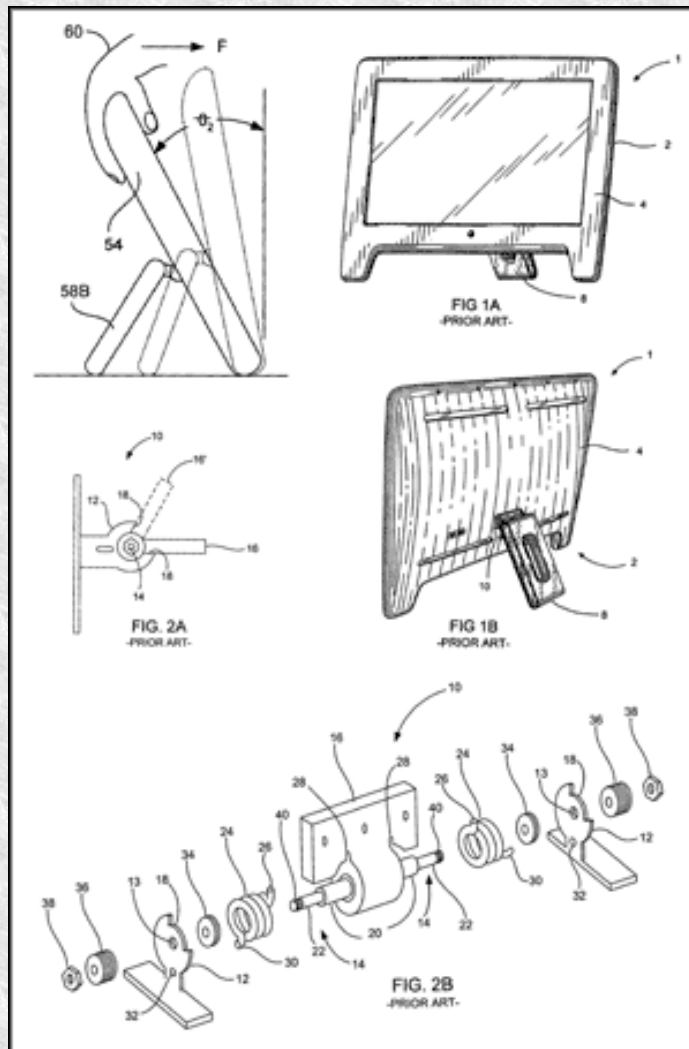
- A computer system comprising:
 - an A;
 - a B connected to the A; and
 - a C connected to the B;
 - wherein the A sends a signal to the B that sends a modified signal to the C to do something useful.

Patent Fundamentals

- Remedies:
 - Injunction
 - Damages (reasonable royalty or higher, plus interest)
 - Treble damages
 - Attorney fees



Patent Fundamentals



- Defenses:

- I didn't do it (non-infringement)
- Your patent is no good (invalidity)
- Latches/Estoppel
- Misuse
- Statue of Limitations

Trademark Fundamentals

- Trademarks do **not** protect a product (or a service)
- Instead, trademarks protect the identity linking the source of the good or service to the provider of that good or service



Trademark Fundamentals



- Trademarks take words from the English lexicon for specific purposes
- Duration of trademark can be perpetual
- Different Laws Apply
 - Federal (Lanham Act)
 - State Registrations
 - Common Law

Trademark Fundamentals



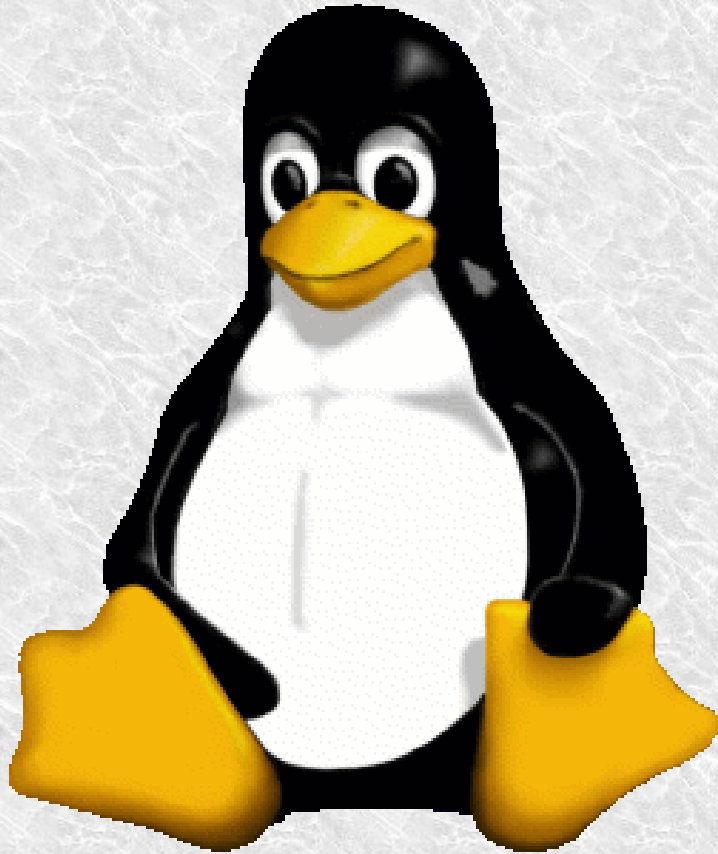
- Marking
 - ® (*with* registration)
 - TM (common law)
- Marking is important, especially under the Common Law
- Trademark must be in connection with class of good/service

Trademark Fundamentals

- Infringement
 - Standard is *likelihood of confusion*
 - Tarnishment
 - Blurring
 - Actual confusion helps your case, but isn't necessary



Trademark Fundamentals



- Remedies
 - Depends upon the law applied, but can include:
 - Injunction
 - Lost Profits
 - Actual Damages
 - Increased Damages
 - Punitive Damages
 - Court Costs
 - Attorney Fees

Trade Secret Fundamentals

- What is a Trade Secret?
 - Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process that:
 - (1) derives independent economic value, actual or potential, from not being generally known to, and not being easily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use, and
 - (2) is the subject of efforts that are reasonable under circumstances to maintain its secrecy.

Trade Secret Fundamentals

- What is a Trade Secret?
 - Typically, inventions that are not patentable (or are in the process of being patented) can be protected as a trade secret.
 - Public information does not qualify.
 - Protection is automatic if an effort is made to keep the secret, but don't have to go to extraordinary measures in order to keep the secret.
 - No protection against independent discovery or reverse engineering.

Trade Secret Fundamentals

- Misappropriation
 - State Laws apply
 - Most states have adopted the Uniform Trade Secrets Act
 - Bad acts include: theft, bribery, misrepresentation, breach or inducement of a breach of duty to maintain secrecy, or espionage through electronic or other means.

Trade Secret Fundamentals

- Remedies
 - Injunction
 - Damages (actual loss and unjust enrichment)
 - Reasonable royalty
 - Double damages
 - Attorney fees
 - Post-termination stipulations

Antitrust Fundamentals

- The Sherman Act (15 U.S.C. Sections 1 and 2) Prohibits certain types of actions.
- The Clayton Act (15 U.S.C. Section 12) Prohibits certain types of mergers.

Antitrust Fundamentals

- 15 U.S.C. 13 Prohibits some types of discrimination in price, services, or facilities.
- 15 U.S.C. 13a Prohibits some types of discrimination in rebates, discounts, advertising, and underselling.
- 15 U.S.C. 13b Prohibits certain types of cooperative association (like standards organizations).

Antitrust Fundamentals

- Not illegal to try to become a monopoly
- Not illegal to be a monopoly
- Once you are a monopoly, however, it is illegal to use your monopoly power to unfairly maintain your monopoly

Antitrust Fundamentals

- The Court must
 - decide on the relevant market (by identifying a product set and a geographic region)
 - decide if the defendant controls the relevant market to the extent that it can raise prices without losing customers to competitors from outside the market.

Antitrust Fundamentals

- Patents and copyrights do ***not*** exempt the defendant from the antitrust laws, but patents and copyrights can give the defendant a greater ability to maintain the monopoly

Antitrust Fundamentals

- FTC charged Rambus for violating antitrust laws by deceiving competitors while it participated in a process for crafting and setting standards for DRAM
- Rambus won, but only because of vague requirements of the standard setting organization
- Most standards organizations now require stricter disclosure requirements

Intellectual Property (“IP”) for Software Developers

Questions?