

Potential Defenses of Implied Patent License Under the GPL

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The GNU General Public License v2.0 (“the GPL”) governs a majority of open source software. The GPL grants recipients the right to copy, distribute, and modify covered software provided they do so in a manner consistent with the “free” nature of the software. Anyone can be an eventual recipient of software released under the GPL and the distributor cannot restrict who will eventually receive copies. The GPL requires any distribution of a software program and derivative works based on the program to be licensed under the GPL. Thus, the GPL addresses copyright issues but does not contain a clear patent license grant.

The previous issue of this Bulletin (Summer 2006) included an introductory article, which discussed whether open source and patent rights can coexist. In general, patent rights may be substantially limited due to an implied license when the target infringing activity is covered by the GPL. On the other hand, infringing activity that falls outside the GPL scope may be subjected to a patent infringement suit.

This follow-up article discusses in more depth the impact of the GPL on the patent rights of the patentee, and various implied license theories that users of GPL’d software may be able to employ in defense against a patent suit. In discussing each of the implied license theories, reference is made to the hypothetical case where a company releases software under the GPL, and then later sues a recipient of the software for infringement of a patent that covers the software.

Implied License Theories

According to Federal Circuit precedent, there are four doctrines of implied license, each of which has a different set of requirements: legal estoppel, equitable estoppel, conduct, and acquiescence. Typically one of the two estoppel theories is used to imply a license; the more

abstract conduct and acquiescence theories are used rarely but still acknowledged as valid. See *Wang Lab. v. Mitsubishi Elecs. Am.*, 103 F.3d 1571 (Fed. Cir. 1997). This theory prevents a patentee/licensor from acting to take away from a right that the licensor already agreed to grant the licensee. In determining the existence of legal estoppel, a court considers the scope of the right granted and whether the patentee’s actions impact those rights. Where the remedies sought by the patentee would not impact what is granted under the license, there is no reason to imply a license through legal estoppel.

In the hypothetical case above, the accused infringer has an argument that the elements of legal estoppel are met. Through the GPL, the patentee has granted the accused infringer the right to make and distribute the invention. While usage rights may not be explicitly granted under the GPL, it can be argued they are necessary to effectively practice the rights that have been granted. Both the right to practice the invention (through the GPL) and an attempt to derogate that right (by claiming the licensee has no right to use the licensed invention) are present.

Satisfying the legal estoppel theory also requires showing that the licensor received valuable consideration for the license. One possible item of consideration received under the GPL is the reciprocity agreement – the promise by the licensee to license any further distribution of the program and any works based on it under the terms of the GPL. In *Wang*, the proliferation of the plaintiff’s technology and adoption of it as an industry standard were enough to form consideration under legal estoppel. The licensee may be able to argue that the benefits any licensor receives from agreeing to comply with the licensee form sufficient valuable consideration to imply a license by legal estoppel.

Equitable estoppel uses a very different theory to arrive at an implied patent license. This defense involves finding a reasonable inference by the licensee based on the licensor's conduct. Equitable estoppel requires that the patentee communicate to the accused infringer in some manner its intent not to sue, that the infringer rely on this communication, and that allowing the patentee to proceed with its claim would materially prejudice the alleged infringer. As with the other implied license doctrines, fairness and factual details factor heavily into the finding.

The accused infringer in the hypothetical case above could argue that the patentee's distribution of the software under the GPL was the conduct that communicated intent not to sue; it would be reasonable for a user to infer that a product released under the GPL can be used without further permission from the author. In choosing to download and run the program, the accused infringer relied on the fact that it was released under the GPL. The licensee should also have little difficulty showing material prejudice. While the typical situation invoking this doctrine involves a much more direct relationship between the parties, the facts of this hypothetical case would most likely allow a court to imply a license under the asserted patent.

Even if the court accepts neither of the above estoppel arguments as a basis for an implied patent license, the patentee's decision to release software under the GPL, allowing people to download and use that software without protest, might support an implied license based on conduct or acquiescence. It is well within the legal framework of the implied license doctrine to make such a judgment if equity so requires.

Implied License for Modified GPL Software

The GPL permits licensees to do more than just copy and distribute the program; it allows them to modify it and to then release those modifications under the GPL. If the modified versions violate the patent noted in the hypothetical case above, the same implied license arguments may protect the modifiers and any downstream users. A modified version of the program that embodies the same invention as the original version clearly falls within the rights licensed by the GPL.

It is also possible that a later modified version of the program might actually embody the invention of a different patent held by the distributor. This forms a more difficult scenario, because the GPL v2.0 puts no inherent limits on what modifications can be made to the licensed program. Later derivative works may function very differently from the original program that the company released and licensed. A modification may embody patents that the company never intended to allow to be used freely.

Where a company sues on a patent embodied in the changes of a derivative work, the arguments to imply a license may be less persuasive. In particular, each theory of implied license requires conduct by the licensor that indicates an intention not to enforce the patent. Such requisite conduct does not seem present for a patent covering software not included in the patentee's GPL release. Both of the estoppel doctrines have additional requirements that make their application to this example considerably weaker.

In more detail, legal estoppel requires that the patentee attempt to derogate from a granted right. Arguably, however, the right that the patentee granted to modify the program did not extend so far as to cover other patents, and courts have declined to extend analogous doctrines (such as first sale doctrine) to modifications that infringe separate patents not covered by the unaltered invention. Despite the right granted under the GPL, it is possible that legal estoppel will not protect this additional conduct. Note that some drafts of the GPL v3.0, which has not been finalized when this article was written, expressly state that the licensor grants a patent right in patents covered by certain types of future-made derivative works.

Similarly, equitable estoppel requires reliance on communication made by the patentee to the accused infringer. Thus, protection of a program modification would require knowledge by the accused infringer (modifier) that the modifications infringed the patent of an upstream patentee, and belief by the modifier that the GPL reflected the patentee's intent not to enforce that patent against a modified version of the program. It is assumed that such factual findings would rarely occur or be provable.

In short, the conduct of releasing software under the GPL, while implying permission from the patentee to use this specific software and alter or improve the software in customary ways, does not necessarily imply permission to add to the software other separate inventions patented by the patentee. Specifically, given the language of the current GPLv2.0, it is certain that a modified version of software that infringes patents covering other inventions not released under GPL by the patentee will not provide its users with the same implied license defenses likely accessible to those who only practice inventions available in the original software released under GPL by the patentee.

Broad Judicial Discretion

The existence of an implied patent license is a question of law, and an implied license is an equitable defense to patent infringement. A court considers the totality of the relevant circumstances in determining whether an implied license is warranted, and the specific facts-in-question and fairness considerations are always relevant to the court's decision.

Because the GPL is different from licenses normally available to business entities under patent law, and the applicable equitable doctrines are under broad judicial discretion, the courts may ultimately dispense with GPL issues in a manner different than as discussed herein.

But from available case law, it is reasonable to conclude that the implied license defense is available and tenable for a defendant in a patent suit involving software released under the GPL.

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