

IP Alert

An informational newsletter from Goodwin Procter's Intellectual Property Group

Jacobsen v. Katzer: District Court Again Denies Preliminary Injunction for Breach of Open Source License

On January 5, 2009, the U.S. District Court for the Northern District of California decided on remand in *Jacobsen v. Katzer* that the plaintiff Jacobsen, a licensor of open source software, was not entitled to a preliminary injunction halting the willful infringement of his software. The District Court denied Jacobsen's motion a second time because he failed to present sufficient evidence that he would be irreparably harmed if he did not receive the injunction. This decision follows last year's groundbreaking decision from the Court of Appeals for the Federal Circuit in this same case declaring that a licensor of open source software can receive a preliminary injunction when its license is breached. Many in the open source community had considered this earlier decision to be a significant one regarding the enforceability of open source licenses.

On August 17, 2007, the District Court denied Jacobsen's first request for a preliminary injunction and held that Katzer's distribution of software licensed under an open source license without a required attribution notice constituted a claim for breach of contract, *not* a claim for copyright infringement. As a result, Jacobsen was entitled to money damages for breach of the license, but not a preliminary injunction halting distribution while the case between Jacobsen and Katzer was pending.

On appeal, the Federal Circuit disagreed with the District Court and held that an open source license can create conditions on the scope of a copyright license, the breach of which is copyright infringement. Its analysis focused on the difference between "conditions" that limit the scope of a copyright license (the violation of which constitutes copyright infringement) and "covenants" that impose obligations without affecting the scope of the copyright license. The Federal Circuit concluded that the terms in the open source license at issue were conditions that limited the scope of the license. Thus, the failure to abide by such conditions made Katzer potentially liable for copyright infringement. The Federal Circuit, having decided that a preliminary injunction was a legally available remedy for Jacobsen, remanded the case so the District Court could make the necessary factual findings as to whether Jacobsen had demonstrated, based on the record, that he was entitled to such a court order stopping Katzer's distribution.

On remand, the District Court again denied Jacobsen's motion for a preliminary injunction. While the Federal Circuit made it clear in its decision that such an injunction is potentially available to a copyright owner satisfying the relevant legal requirements, the District Court decided that Jacobsen had not satisfied those requirements. The District Court relied on a recent U.S. Supreme Court case, *Winter v. National Resources Defense Council*, which the District Court said changed the standard for the granting of a preliminary injunction in the intervening time since the Federal Circuit's decision.

Prior to *Winter*, if a plaintiff with a copyright claim seeking a preliminary injunction demonstrated a likelihood of success on the merits, they were entitled to an automatic presumption of irreparable harm. The *Winter* decision, however, emphasized the importance of a plaintiff being able to meet all four elements of the preliminary injunction standard and stated that a plaintiff must show that irreparable injury is *likely* absent an injunction. The *Winter* Court expressly rejected as “too lenient” the Ninth Circuit’s preliminary injunction standard, which allowed a plaintiff to obtain a preliminary injunction on a showing of a *possibility* of irreparable harm if the plaintiff showed a strong likelihood of success on the merits. Thus, the District Court states that after *Winter*:

“[A] plaintiff is not granted the presumption of irreparable harm upon a showing of likelihood of success on the merits. Instead, a plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.”

The District Court interpreted the heightened preliminary injunction standard set forth in *Winter* as precluding an automatic presumption of irreparable harm on a showing of likelihood of success on the merits. The District Court therefore assessed whether Jacobsen had satisfied each of the four requirements for a preliminary injunction. The District Court ultimately held that because Jacobsen failed to show evidence of any actual harm as a result of Katzer’s copyright infringement, or that there was any ongoing conduct by Katzer that would result in imminent future harm, Jacobsen failed to demonstrate he was likely to suffer irreparable harm and thus was not entitled to a preliminary injunction.

On the other motions before it, the District Court dismissed Jacobsen’s breach of contract claim as preempted by his copyright claim, but granted Jacobsen a right to amend his claim to allege damages caused by Katzer’s breach with remedies that are not available under copyright law. The District Court allowed, however, Jacobsen’s Digital Millennium Copyright Act claim to go forward. Jacobsen had alleged that Katzer’s deletion of the attribution from Jacobsen’s software constituted the removal of “copyright management information” in violation of 17 U.S.C. § 1201(b).

On its face, the District Court’s decision may dampen the excitement in the open source community after the Federal Circuit’s decision, as it highlights that open source licensors may continue to face challenges in the court system with respect to proving harm resulting from the violation of the terms of an open source license. The District Court discussed in a footnote Jacobsen’s attempts to show the harm that he has suffered. Jacobsen argued in his motion that Katzer’s behavior would cause delays, inefficiency and time lost to the open source development cycle, none of which the District Court deemed sufficient to constitute “evidence of harm suffered or any evidence of a real or immediate threat of imminent harm in the future.”

It is important to note, however, that Jacobsen pled his case assuming the availability of a presumption of irreparable harm on a motion for preliminary injunction in a copyright infringement case. If Jacobsen had been aware at the pleading stage that evidence of actual harm would be of critical importance to his ability to obtain a preliminary

injunction, Jacobsen's briefing may have looked very different. Indeed, the District Court cites to the portion of the Federal Circuit's decision which states there are economic benefits to the distribution of open source software, including increase of market share and the reputation of a programmer or company. The District Court's reasoning implies that had Jacobsen proffered any evidence of harm suffered related to these potential economic benefits, the outcome might have been different.

Even more important than the issue of proof of harm, however, is the District Court's novel application of the *Winter* case. The facts of *Winter* involved sonar tests by the Navy and the effects of those tests on beak whales. In reaching its holding, the Supreme Court delicately balanced considerations of public interest typically not present in intellectual property litigation between private parties. Moreover, *Winter* does not directly address the availability of a presumption of irreparable harm. The District Court concluded that a presumption of irreparable harm is not available on a motion for a preliminary injunction on a copyright infringement claim because of the renewed emphasis in *Winter* on proof of irreparable harm. It is too early to tell whether the District Court's interpretation will become the final word on this matter. Still, plaintiffs seeking to enforce an open source license would be well advised to introduce evidence of economic harm suffered or the threat of imminent economic harm if they seek injunctive relief.

If you have any questions about the issues raised in this Alert and their potential implications for your business, please contact:

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