INTERNATIONALISATION OF FOSS CONTRIBUTORY COPYRIGHT ASSIGNMENTS AND LICENSES: JURISDICTION-SPECIFIC OR "UNPORTED"?

Axel Metzger [*]

Abstract

Some of the major Free and Open Source (FOSS) projects use contributory copyright assignments and licenses to clarify the ownership of developer's contributions and to allow the project to grant sublicenses and enforce copyright claims in case of license violations. The paper gives an overview of typical provisions of these agreements and provides an analysis of the private international law principles applicable in Europe, United States, and Japan. As a conclusion, the paper suggests an internationalisation strategy for FOSS projects. FOSS copyright assignments and licenses should implement choice-of-law clauses to foster legal certainty for projects.

* Dr. iur. (Munich and Paris), Dr. iur. habil. (Hamburg), LL.M. (Harvard), Professor of Law at Leibniz

1. Introduction

The legal questions raised by Free and Open Source Software (FOSS) licenses have been the subject of an intense international debate among legal scholars and practising lawyers since the late 1990s.[1] Courts in different jurisdictions have confirmed that the core features of FOSS licenses are compliant with the respective applicable laws and thus enforceable in the respective jurisdictions.[2] This significant interest in the legal relationship between programmers and users of FOSS ("outbound licenses") is in remarkable contrast to the disregard legal scholars have shown for the legal relationships between programmers and the organisations behind FOSS projects. A core element of this internal relationship is the contributory copyright assignment (CA) or copyright license agreement (CLA) by which programmers assign or license the copyright in their contribution to non-profit organisations or companies conducting those projects ("inbound licenses"). The reason for this disregard may be the exceptional character of such CAs/CLAs, which have been used for a long time by the Free Software Foundation (FSF) and a few other projects, but have become more prevalent in recent years.[3] Public interest in CAs/CLAs rose significantly when Project Harmony was launched in May 2010.[4] The aim of the Harmony project was to develop standard templates of CAs/CLAs for use in FOSS projects. In July 2011, the Harmony Agreements version 1.0 were published. The Harmony Agreements have caused a lively debate among FOSS activists and lawyers regarding whether CAs/CLAs are in the best interest of programmers, especially if the assignment or license is solicited by companies from the commercial software sector such as Oracle or Google.[5] Another controversial question is whether CAs/CLAs may be standardised for the FOSS development sector, or whether the specific requirements of each project and each community are too manifold for the implementation of a bundle of standard CAs/CLAs that may be used in all (or at least in many) FOSS projects. This general debate about the expedience of (standard) CAs/CLAs is far from being closed. It is not the aim of this paper to provide answers to these general questions. The question discussed here is how FOSS projects, when they decide to use CAs/CLAs, should cope with the problem that their contributors are spread around the world in many different jurisdictions. Hence, this paper does not take a position for or against the use of individual or standard CAs/CLAs. It presupposes that projects want to use CAs/CLAs for various reasons. If FOSS projects use CAs/CLAs, they should have a clear understanding of the private international law issues raised by these

---

1 See the collection of articles and books on the website of the Institute for Legal Questions on Free and Open Source Software, available at http://www.ifross.org/en/third-party-publications (accessed 21 May 2013).

2 See http://www.ifross.org/en/v-judgements (accessed 21 May 2013).

3 See R Fontana, "The trouble with Harmony" (2011), available at http://opensource.com/law/11/7/trouble-harmony-part-1 (accessed 21 May 2013).

4 See http://harmonyagreements.org/about.html (accessed 21 May 2013).

5 From the many Internet articles and blog statements, see R Fontana, note 3 above; B Kuhn, "Project Harmony Considered Harmful" (2011), available at http://ebb.org/bkuhn/blog/2011/07/07/harmony-harmful.html (accessed 21 May 2013); D Neary, "Harmony Agreements reach 1.0" (2011), available at http://blogs.gnome.org/bolsh/2011/07/06/harmony-agreements-reach-1-0 (accessed 21 May 2013).

agreements, especially of the law applicable to contracts and copyright and the role of choice-of-law clauses.

2. Taking stock: Purpose and typical provisions of contributory copyright assignments and license agreements

The determination of the law applicable to (CAs/CLAs) and, even more, the development of an international legal strategy for CAs/CLAs requires an understanding of the essential goals behind such agreements, and of their typical provisions. Unfortunately, there are no published comprehensive studies analysing the typical features of CAs/CLAs.[6] This is regrettable in light of the broad variety of different FOSS CAs/CLAs used and discussed in the community. Nonetheless, it cannot be the purpose of this paper to fill this gap in the legal literature. Its goal is more modest. Instead, it offers a short description of the goals behind the different CAs/CLAs from the perspective of the organisations using them and of the most relevant provisions of the agreements to prepare the ground for the following analysis of the private international law issues raised by CAs/CLAs (B and C).

2.1. CAs/CLAs of non-profit projects

2.1.1. FSF's CA

According to the GNU project's website,[7] FSF asks for an assignment[8] by the contributors to FSF projects for two reasons: (1) Copyright registration: Registration has procedural advantages in US copyright law, but only the copyright owner or an assignee may register a copyright-protected work at the US Copyright Office; (2) Copyright enforcement: Bringing suit for copyright infringement is not possible for a licensee under the GNU General Public License (GPL). Hence FSF asks for CAs by authors of code incorporated in FSF projects in order to enforce the copyright in the software, especially in case of a violation of the license terms. A further effect of copyright assignments is reliability for users and licensees. If all authors sign a CA and warrant to be the sole copyright holder, users and licensees are on safer ground as all the code in FSF projects is free code. One should note, however, that FSF does not require a CA for all GNU projects but only for contributions to some of the GNU projects.[9] Interestingly enough, both the GNU and FSF website do not mention relicensing as a further reason for the use of the CA, although FSF has relicensed assigned copyrights under the GNU GPL version 3.

The FSF CA,[10] which is accompanied by an FSF-typical preamble in programmer's language, is a far-reaching assignment in its regulatory part with clearly defined legal terms. It provides for the transfer of the *"entire right, title, and interest (including all*

---

6 But see the articles cited in note 5 above.

7 See E Moglen, "Why the FSF gets copyright assignments from contributors" (2013), available at http://www.gnu.org/licenses/why-assign.en.html (accessed 21 May 2013).

8 The FSF CA may be downloaded at http://ftp.xemacs.org/old-beta/FSF/assign.changes (accessed 21 May 2013).

9 See Kuhn, note 5 above.

10 See http://ftp.xemacs.org/old-beta/FSF/assign.changes (accessed 21 May 2013).

rights under copyright)" in the changes and enhancements to the program to the FSF. The assignment is bound by several conditions for the use of the transferred rights.[11] Firstly, FSF grants back a non-exclusive license to use the work. Secondly, FSF promises to distribute or license any works based on the program only as free software with machine-readable codes available for the public. Thirdly, FSF promises to give or send a copy, upon prior notice and payment of a fee, of all works based on the program published in the last six months. In return, the assignor promises not to use patents to undermine the effects of the assignment. Moreover, the assignor must represent and warrant to be the sole copyright holder for the work and promises to indemnify and hold harmless the FSF. The FSF CA does not provide for a choice-of-law clause.

2.1.2. Apache's CLA

The Apache Software Foundation (ASF) requires all contributors of ideas, code, or documentation to the Apache projects to sign an Individual or Corporate Contributor License Agreement (CLA).[12] The purpose of the CLA is to define the terms under which intellectual property has been contributed to the ASF and to give the Foundation the right to *"defend the project should there be a legal dispute regarding the software at some future time".*[13] In contrast to such regular contributions to on-going projects, the ASF provides a second type of standard contract for donations of existing software or documentation to one of the Apache projects— the Software Grant Agreement.[14] According to the ASF website,[15] such software grants are done after negotiating approval with the ASF, since it will not accept software unless there is a viable community available to support a collaborative project.

Both the Individual and the Corporate CLA (which is used for contributions made by employed programmers) provide for a license grant to the Foundation and to *"recipients of software distributed by the Foundation for a perpetual, worldwide, non-exclusive, no-charge, royalty-free, irrevocable copyright license to reproduce, prepare derivative works of, publicly display, publicly perform, sublicense, and distribute Your Contributions and such derivative works"*. The CLA covers all present and future contributions. The license is non-exclusive but allows for the grant of sub-licenses, which raises the question of whether the owner of a mere non-exclusive license may grant sublicenses under the applicable copyright law. This question would become relevant if the Foundation would like to re-license its projects under a new version of the Apache License, since the Apache License Version 2.0 does not provide for the right of the licensees to use the programs under later versions of the Apache License.[16] Hence, any re-licensing will require a consensus of all contributors if it cannot be construed as a mere 'sublicense' under the terms of the CLA. The CLA

---

11 Still, many developers, including Linus Torvalds, decided not to sign FSF CAs; see Kuhn, note 5 above.

12 See http://www.apache.org/licenses/icla.txt (accessed 21 May 2013).

13 See http://www.apache.org/licenses/ (accessed 21 May 2013).

14 See http://www.apache.org/licenses/software-grant.txt (accessed 21 May 2013).

15 See http://www.apache.org/licenses/ (accessed 21 May 2013).

16 A typical "any later version" clause may be found in section 9 GPL Version 2; see http://www.gnu.org/licenses/gpl-2.0.html (accessed 21 May 2013).

also provides for a non-exclusive patent license. Moreover, the contributor has to represent that he/she is the rightsholder, but warranties or liabilities are explicitly excluded. In return, the Foundation promises not to use contributions in a way that is contrary to the public benefit or inconsistent with its non-profit status and bylaws. The CLA does not include a choice-of-law clause.

2.1.3. FSFE's Fiduciary License Agreement (FLA)

The Free Software Foundation Europe (FSFE) has used a Fiduciary License Agreement (FLA)[17] since 2002. The FLA is used for the assignment or grant of an exclusive license to FSFE for the purpose of consolidating copyright or exclusive rights with a fiduciary. FSFE may re-license the code as free software and enforce the licenses in court. The FLA is used by FSFE for its own activities as a fiduciary. The text may also be used for the collection of rights by another entity. FSFE provides a customisable version on its website for this purpose.[18] An example for such a customised FLA is the KDE FLA.[19]

The FSFE (FLA) combines a full copyright assignment for jurisdictions where the transfer is possible with an exclusive copyright license for jurisdictions where a transfer of copyright is not possible, such as in Austria, France or Germany.[20] Moral rights are excluded from the assignment or license. FSFE is explicitly entitled to enforce the rights against third parties. However, the Foundation has the duty to exercise the rights in accordance with free software principles 'as defined by the Free Software Foundations'. In addition, FSFE grants back non-exclusives licenses as needed for releases of the software under other licenses. The FLA contains a choice of German law for the 'succession of rights in this contractual relationship'. Munich is chosen as the place of jurisdiction.

2.1.4. Perl Contributor License Agreement

Interestingly enough, the Perl Foundation does not indicate any specific purpose of its CLA on its website besides the mere fact of documentation.[21]

Under the Perl CLA, the rightsholder of a contribution grants *"to the Foundation, and to the Users, a perpetual, worldwide, non-exclusive, free-of-charge, royalty-free, irrevocable license under all intellectual property rights (excluding patent and trademark, but including copyright) to reproduce, prepare derivative works of, publicly display, publicly perform, sublicense, and distribute your Contributions, and derivative works"*. In addition, contributors are granted a non-exclusive patent license. This combination of non-exclusivity and sublicenses raises the same questions as in the case of the Apache CLA. Under the Perl CLA, the contributor has to represent that he/she is the rightsholder. In return, warranties or liabilities are explicitly excluded. The Foundation also promises to use contributions only in ways

17 See http://fsfe.org/activities/ftf/FLA.en.pdf (accessed 21 May 2013).

18 See http://fsfe.org/activities/ftf/fla.en.html (accessed 21 May 2013).

19 See http://ev.kde.org/rules/fla.php (accessed 21 May 2013).

20 See http://fsfe.org/activities/ftf/fla.en.html (accessed 21 May 2013).

21 See http://www.perlfoundation.org/contributor_license_agreement (accessed 21 May 2013).

'that are consistent with the open source nature of the work'. The CLA does not include a choice-of-law clause.[22]

2.1.5. Zend project's Contributor License Agreement

The purpose of the Zend project's Contributor License Agreement is to clarify the terms under which intellectual property has been contributed to the project, and to make sure that contributors are entitled to make such a contribution and are not violating intellectual property.[23] Zend offers an individual CLA[24] and a corporate CLA[25] if employees contribute as part of their work.

The Zend CLA has obviously used the Apache CLA as a blueprint. It does not provide for a choice of law.

2.2. CAs/CLAs of software companies

2.2.1. Oracle Contributor Agreement

Oracle requires that contributors to all of its open source projects sign the Oracle Contributor Agreement and email or fax back the completed agreement.[26] The Oracle CA serves different purposes. According to the FAQs,[27] Oracle asks for CAs to defend projects in case of legal challenges. Also, having a CA from each contributor allows Oracle to re-license the code of its projects and to share code with other projects. Finally, Oracle explicitly reserves the right to offer commercial binary distributions of the project's code.

The Oracle CA requires contributors to assign joint ownership to Oracle, and to the extent that such an assignment is invalid or unenforceable, to grant a perpetual, irrevocable, non-exclusive, worldwide, no-charge, royalty-free, unrestricted license to exercise and sub-license all rights. The CA also contains a non-exclusive patent license. The contributor has to give a warranty that the contributions do not affect third-party rights or US export regulations. Oracle promises that any contribution *"we make available under any license will also be made available under a suitable FSF (Free Software Foundation) or OSI (Open Source Initiative) approved license"*. Hence, the CA guarantees at least that contributions used for proprietary products are also made available as FOSS. The CA is governed by California and federal US law and excludes the application of choice-of-law rules.

2.2.2. Google Contributor License Agreements

---

22 See http://www.perlfoundation.org/contributor_license_agreement (accessed 21 May 2013).

23 See http://framework.zend.com/wiki/display/ZFPROP/Contributor+License+Agreement (accessed 21 May 2013).

24 See http://framework.zend.com/framework_cla_1.0.pdf (accessed 21 May 2013).

25 See http://framework.zend.com/framework_cla_corporate_1.0.pdf (accessed 21 May 2013).

26 See http://www.oracle.com/technetwork/community/oca-486395.html (accessed 21 May 2013).

27 See http://www.oracle.com/technetwork/oca-faq-405384.pdf (accessed 21 May 2013).

Google uses an 'Individual CLA'[28] and a 'Corporate CLA'.[29] The purpose of the CLAs is to clarify the intellectual property license granted with contributions from any person or entity and for the protection of Google and the contributor.

The Google CLA prescribes a non-exclusive license for Google and for all recipients of software distributed by Google to reproduce, prepare derivative works of, publicly display, publicly perform, sublicense and distribute the contributions and derivative works. It also comprises a non-exclusive patent license. Contributors have to represent that the contribution is their own intellectual creation and that they have the right to grant licenses to Google and others. Other warranties are excluded, including warranties for non-infringement. The Google CLA does not include a choice-of-law clause.

2.3. Contributor's declarations without CA/CLA

2.3.1. Linux Kernel Developer's Certificate of Origin 1.0

In the Linux Kernel community, CAs/CLAs are not in use. Instead, contributors are asked to sign the Developer's Certificate of Origin 1.1, under which they certify either (a) to have created the contribution and have the right to submit it; or (b) that the contribution is based on previous work licensed under an appropriate open source license; or (c) that the contribution was provided directly to the contributor by some other who certified (a), (b) or (c).[30]

2.3.2. Mozilla Foundation's Committer's Agreement

The Mozilla Foundation's Committer's Agreement[31] is not a CA/CLA since it does not prescribe an assignment or license grant to the Mozilla Foundation. Instead, Mozilla requires prospective committers - ersons with the ability to contribute code to a Mozilla Foundation source code or data repository -— o agree that code contributed to Mozilla Foundation's projects is licensed by the '"ozilla.org tri-license'" consisting of the Mozilla Public License, the GNU General Public License and the GNU Lesser General Public License, or another license (or set of licenses) acceptable to the Mozilla Foundation for the Code in question. Also, committers must confirm that, to the best of their knowledge, the code does not violate the rights of any person or entity.

2.4. Harmony Agreements

The Harmony Agreements were not developed by a specific software project, but by an initiative driven by several companies, organisations, projects and developers with the aim to propose neutral and generic CAs/CLAs that may be used as a standard contract for different projects.[32] The Harmony Agreements are drafted in the form of

---

28 See http://code.google.com/legal/individual-cla-v1.0.html (accessed 21 May 2013).

29 See http://code.google.com/intl/de-DE/legal/individual-cla-v1.0.html (accessed 21 May 2013).

30 See http://ltsi.linuxfoundation.org/developers/signed-process (accessed 22 August 2013).

31 See http://www.mozilla.org/hacking/committer/committers-agreement.pdf (accessed 21 May 2013).

32 See http://harmonyagreements.org/about.html (accessed 21 May 2013).

templates with different options for different purposes. A common aim of all license options is to foster legal clarity for companies and projects driving FOSS development.[33] A second purpose is to centralise (re-)licensing of the software for third parties ('outbound licensing').

The template includes two general alternatives for this purpose: a transfer of copyright, and a grant of a non-exclusive license 'to the maximum extent permitted by the relevant law', including the right to sublicense. The template also includes a patent license. For each of the two alternatives, a project may choose amongst five options. The transferee or licensee may be bound to Option 1, only use the original licenses as outbound licenses; Option 2, only use the original licenses and any additional licenses listed; Option 3, only use the original licenses and any additional licenses approved by the Open Source Initiative; Option 4, only use the original licenses and any additional licenses recommended by the Free Software Foundation; and Option 5, use any license, with the promise back that the contribution will also be licensed under the original licenses. The last option would allow dual licensing models, including proprietary licensing to third parties. Interestingly, the Harmony Agreements' website does not mention the legal defence of projects or enforcement of licenses as a purpose of the CAs/CLAs. Contributors have to confirm that they are the rightsholders, that they have the legal authority to sign the agreement, and that they are not violating rights granted to third parties. Other warranties are explicitly excluded. The CAs/CLAs contain a choice-of-law clause excluding the conflict rules of the chosen jurisdiction and the application of the United Nations Convention on the International Sale of Goods (CISG).

3. The law applicable to contributory copyright assignments and license agreements

Typical FOSS projects are driven by international communities of software developers situated in different jurisdictions, especially in the US, Europe and Asia. The international character of FOSS development raises difficult questions of private international law with regard to CAs/CLAs: What are the legal sources of private international law? Which national contract and copyright law is applicable to CAs/CLAs in case of a choice of law by the parties and in case of the absence of such a choice? Where is the dividing line between issues for which the parties may choose the law and issues where freedom of choice is not accepted? The following part of this paper gives an overview of the conflict-of-law analysis of CAs/CLAs in Europe, the US and Japan as three examples of jurisdictions with important IT sectors and huge communities of FOSS developers and projects.

3.1. The law applicable to copyright assignments and license contracts: General remarks

3.1.1. Europe

a) Contract law

---

33 See the preamble of the license template with comments http://www.harmonyagreements.org/comments.html (accessed 21 May 2013).

CAs/CLAs are drafted as transfer or license contracts.[34] Therefore, the natural starting point for a conflict-of-law analysis should be the rules of international contract law. For a court situated in the European Union, Articles 3 and 4 Rome I Regulation [35] will govern the question of which law shall apply to a license or transfer contract. Under Article 3, the parties to a contract are free to choose the applicable law. This principle applies to license and transfer contracts.[36] Therefore, for those CAs/CLAs comprising a choice-of-law clause, the law determined by the contract will govern all contractual issues.

If the parties have not chosen the applicable law, Article 4(1) provides specific rules for a variety of contracts but not for contracts having as their main object intellectual property rights. For contracts not covered by Article 4(1), Article 4(2) refers to the characteristic performance test, i.e. *"the contract shall be governed by the law of the country where the party required to effect the characteristic performance of the contract has his habitual residence"*. Courts may deviate from 4(1) and 4(2) if the contract is "manifestly more closely connected" with another country (see 4(3)). A court may also apply the closest connection test if the applicable law cannot be determined under 4(1) and 4(2) (see 4(4)). The ECJ has not yet decided on the applicable law for license and transfer contracts. Also, there is no reported national case law of the EU Member States' supreme courts, since the Regulation applies only to contracts concluded after 17 December 2009. Therefore, the determination of the applicable law is rather uncertain in the European Union in the current situation.

Courts could apply different approaches to determine the law applicable to a transfer or license contract:

- Following the "pre-Rome I" rules of some EU jurisdictions and the current Swiss law, the law of the licensor would govern a license contract. This solution was applied in a patent case by the German Bundesgerichtshof in a

---

34 There is some controversy among US legal scholars over whether the licenses should be interpreted as bilateral contracts or as unilateral license grants. For an interpretation as a contract under US law, see R M Azzi, "CPR: How *Jacobsen V. Katzer* resuscitated the Open Source Movement" (2010) *University of Illinois Law Review* 1271-1302, at 1283 seq.; R W Gomulkiewicz, "How Copyleft Uses License Rights to Succeed in the Open Source Software Revolution and the Implications for Article 2b" (1999) 36 *Houston Law Review* 179-194, at 189 seq.; D McGowan, "Legal Implications of Open-Source Software" (2001) *University of Illinois Law Review* 241-304, at 289 seq.; J B Wacha, "Taking the Case: Is the GPL Enforceable?" (2005) 21 *Santa Clara Computer & High Tech Law Journal* 451-492, at 456 and 473 seq. For a unilateral license, see E Moglen, "Enforcing the GPL, I" (2001), available at http://moglen.law.columbia.edu/publications/lu-12.html (accessed May 21 2013); S Kumar, "Enforcing the GNU GPL" (2006) *University of Illinois Journal of Law, Technology & Policy* 1-36. In Germany, the majority opinion characterizes open source licenses as bilateral contracts; see T Jaeger and A Metzger*, Open Source Software – Rechtliche Rahmenbedingungen der Freien Software*, 3rd ed (Munich: C. H. Beck, 2011), at N° 171 seq. for further references.

35 *Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I)*, Official Journal L 177/6.

36 See e.g. J Fawcett and P Torremans, *Intellectual Property and Private International Law*, 2nd ed (Oxford: OUP, 2011), at 752-56; M Josselin-Gall, *Les contrats d'exploitation du droit de propriété littéraire et artistique* (Paris: Joly, 1995), at 369 et seq.; P Katzenberger, in G Schricker and U Loewenheim (eds), *Urheberrecht, Kommentar*, 4th ed (Munich: C. H. Beck, 2010), Vor §§ 120 ff, N° 153; D Moura Vicente, "La propriété intellectuelle en droit international privé", in Académie de droit international de La Haye, 335 Recueil des cours (Leiden et al: Martinus Nijhoff, 2009), at 145.

2009 decision (*Sektionaltor*).[37] It was also supported in a copyright case by the Austrian Oberster Gerichtshof of 2009 (*F.-Privatstiftung*)[38] and in a trademark decision by the Swiss Bundesgericht of 1975 (*Togal/Togal*).[39] The Swiss legislator adopted the same approach as a general rule in Article 122 Bundesgesetz über das internationale Privatrecht of 1987 (Federal Act on Private International Law). According to Article 122, all intellectual property contracts shall be governed by the law of the state of habitual residence of the rightsholder. However, Article 122 is not without exceptions. If the contract has a closer connection to another state, in particular to the state of residence of the transferee or licensee, the law of that state shall apply.[40] If one applies such an approach to CAs/CLAs, the law of the habitual residence of the transferor or licensor would apply. This would make it difficult for projects to use the same standard terms on a worldwide basis if a variety of different national contract laws with different requirements were applicable for the individual contractual relationships.

- Another solution would be to apply the law of the licensee. The Austrian Bundesgesetz über das internationale Privatrecht of 1978 (Federal Act on Private International Law), before the enactment of the Rome I Regulation, pointed in Article 43 to the law of the habitual residence of the licensee for all multi-state license contracts irrespective of the rights and duties of the parties. A similar rule was provided for in section 25(c) of the former Hungarian Act on Private International Law of 1979. German and French courts also applied the law of the licensee to publishing contracts.[41] If a court were to apply this approach, the law of the place of the central administration of the project would govern the contract.[42]

- A third solution would be to apply the law of the protecting country as *lex contractus*. This solution was applied by the Court of Appeal in Düsseldorf in 1961 in the case of an exclusive patent license granted by a French rightsholder to a German licensee as part of a cross-license agreement.[43] Applying the *lex loci protectionis* was also supported by Article 43 of the former Austrian Bundesgesetz über das internationale Privatrecht of 1978 (Federal Act on Private International Law) for single-state licenses. But the application of such an approach to Cas/CLAs would be rather unlikely because of the territorially unlimited scope of the transfer or license grant that is typical for such contracts.

---

37 German Bundesgerichtshof, 15 September 2009, X ZR 115/05 – *Sektionaltor*, [2010] GRUR Int 334.

38 Austrian Oberster Gerichtshof, 8 September 2009, 4 Ob 90/09b – *F.-Privatstiftung*, [2010] JBl 253.

39 Swiss Bundesgericht, 22 April 1975 – *Togal/Togal*, 110 II BGE 293.

40 F Vischer et al, *Internationales Vertragsrecht*, 2nd ed (2000), at 281-83.

41 See German Federal Court of Justice, 29 March 2001, I ZR 182/98 – *Lepo Sumera*, [2001] GRUR 1134 and Paris Court of Appeal, 2 June 1999, [1/2000] RIDA 302.

42 See *Rome I Regulation 2008*, Art. 19(1) on the "habitual residence" of legal persons.

43 Higher Regional Court Düsseldorf, 4 August 1961, 2 U 66/61 – *Tubenverschluss*, [1962] GRUR Ausl 256.

- Finally, courts could refer to the recently published 'Principles on Conflict of Laws in Intellectual Property', a soft law instrument drafted by the European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP).[44] Under the CLIP Principles, the applicable law in the absence of choice is the law of the state with which the contract is most closely connected (see Article 3:502). This law has to be determined in accordance with a list of factors. However, the listed factors are tailored for regular commercial transfer or license contracts and do not really fit the case of CAs/CLAs. For such cases, Article 3:502(3) provides a 'fall-back' provision which refers to the law of the habitual residence of the transferor or licensor in case of multistate transfer or license contracts. Hence, under the CLIP Principles, a CA/CLA without a choice-of-law clause would be governed by the law of the transferor's or licensor's residence.

Seeing the whole picture, it is hard to predict whether a European court would apply the law of the state of the habitual residence of the transferor or licensor, or instead, of the transferee or licensee. Regarding the typical features of the above-described CAs/CLAs, one can hardly evaluate the obligations of one of the parties as characteristic of the whole contract in the sense of Article 4(2) Rome I Regulation. Although it is true that the transferor/licensor transfers rights or grants licenses and delivers as such the core subject matter of the contract, one may still argue that the transferee/licensee, as well, is in an active and characteristic role when it comes to legal disputes against third parties in which he will serve as a central enforcement agency. Also, the transferee/licensee may have a variety of duties when sublicensing or re-licensing the program. If one applies the closest connection test of Article 4(4), the factors mentioned may again be used as arguments for the application of the law of the habitual residence of one party or the other. In the end, it seems advisable to use the fall-back provision of Article 3:502(3) CLIP Principles in case of CAs/CLAs. This would lead to the application of the habitual residence of the transferor/licensor. Such a solution would not only be in line with the case law of at least some European jurisdictions with regard to license contracts; it would also emphasise the central role of software developers for the whole FOSS ecosystem.

b) Copyright law

CAs/CLAs raise several questions of copyright law: Who is the (initial) owner of the copyright in a work, the employer or the employee? Is copyright in a computer program transferable? Is it possible to create a relationship of "joint ownership" by contract? Which law governs the infringement of copyright and the remedies? Unfortunately, the private international law rules of many jurisdictions refer to different applicable laws for the different aspects of a legal dispute relating to copyright. This splitting-up (or *dépeçage)* is not unusual in private international law. For CAs/CLAs, the following aspects should be distinguished:

- One of the most controversial questions in international intellectual property disputes is the issue of initial ownership. National copyright systems provide for different solutions on the substantive law level, especially in cases of

---

44 The black-letter rules are available at http://www.cl-ip.eu (accessed 21 May 2013). For the printed version with comments see European Max Plank Group on Conflict of Laws in Intellectual Property (eds.), Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary (Oxford: Oxford University Press, 2013).

employed authors, i.e. work-made-for-hire situations. Some jurisdictions define the employer as the initial owner of the copyright in the work. This solution is common to the so-called 'copyright systems', especially in Europe in the United Kingdom,[45] but it can also be found elsewhere, such as in the Netherlands.[46] By contrast, the traditional approach in the *droit d'auteur* states is to define the natural person who has created the work without any exceptions as the author, and hence as the initial owner of the author's right.[47] Similar questions may arise in the field of technological inventions made by employees. Here, the entitlement may either be attributed to the employer or to the employee.[48] Initial ownership is not only treated differently on the substantive law level but also in private international law. Some jurisdictions apply the *lex loci protectionis* (e.g. Germany, Austria, and Belgium),[49] whereas others plead for the law of the country of origin (e.g. France and Portugal).[50] The CLIP working group concluded after intense discussions that a territorial approach is the preferred solution (see Article 3:201 para. 1).

- Closely related to the issue of initial ownership is the question whether intellectual property rights can be transferred. The question, again, is of particular interest for copyright law because the *droit d'auteur* systems often provide restrictions on the transferability of the copyright or of particular claims. These restrictions are mostly justified by the personal right approach to copyright law[51] and the unwritten principle according to which personal rights cannot be transferred.[52] But non-transferability rules also aim at protecting the author against a total buy-out of his/her rights in the work.[53] As such they complement the rules on initial ownership. Whatever contract an author may sign, he/she is still regarded as the author and as such is entitled with a bundle

---

45 See *UK Copyright, Designs and Patents Act 1988*, s 11(2).

46 See *Dutch Copyright Act 1912*, Art 7.

47 See e.g. *German Copyright Act 1965*, s 7 and *French Intellectual Property Code 1992*, Art L 111- 1.

48 For the US, see *Magnetic Mfg Co v Dings Magnetic Separator Co*, 16 F.2d 739 (7th Cr. 1927). For Germany, see *Employee's Inventions Act 1957*, s 4.

49 For Germany, see Federal Court of Justice, 2 October 1997 – *Spielbankaffaire*, [1999] GRUR 52; for Austria, see Supreme Court, 17 June 1980 – *Hotel-Video* [1986] JBl 655 = GRUR Int 728; for Belgium, see *Private International Law Code 2004*, Art 93(1). Art. 93(2) is explicitly restricted to industrial property; see M Pertegás Sender, Artikel 93 (Recht toepasselijk op intellectuele eigendom), in J Erauw et al (eds), *Het Wetboek Internationaal Privaatrecht becommentarieerd* (Brussels: Bruylant, 2006), at 477.

50 For France, see Court of Cassation, 28 May 1991, D 1993, Jur 197 – *John Huston*; for Portugal, see *Civil Code 1967*, Art 48(1) and D Moura Vicente, "La propriété intellectuelle en droit international privé", in Académie de droit international de La Haye, 335 *Recueil des cours* (Leiden et al: Martinus Nijhoff, 2009), at 279–80.

51 For the classical concept, see e.g. H Desbois, *Le droit d'auteur en France*, 3rd ed (Paris: Dalloz, 1978), at 470. For a recent comparative analysis, see C P Rigamonti, "The Conceptual Transformation of Moral Rights" (2007) 55 *American Journal of Comparative Law* 67-122.

52 See e.g. D Tallon, "Personnalité (Droits de la)" in J Aubert, É Savaux and D Tallon (eds), *Répertoire de droit civile* (Paris: Dalloz, 1996), at 157.

53 See e.g. A Metzger*, Rechtsgeschäfte über das Droit moral im deutschen und französischen Urheberrecht* (Munich: C. H. Beck, 2002), at 198.

of essential rights in the work. This is the solution of the German (Sec. 29) and the Austrian Copyright Acts (Sec. 23), for example. Under French copyright law, moral rights cannot be waived (Article L. 121-1 al. 3 French Intellectual Property Code); in addition, the transfer and license of economic rights is tied to several restrictions (Articles L. 131-1, 131-3, and 131-6 of the Code). These safeguards would be vain if the initial ownership was not attributed to the author. Conversely, it would be a useless endeavour to insist on the author as the initial owner if the right in the work could be transferred by a handshake. Hence, initial ownership and transferability should not be governed by different laws; a *dépeçage* should be avoided. According to English and German case law, transferability of intellectual property rights is also governed by the law of the state for which protection is sought.[54] This solution also finds support in Article 3:301 CLIP Principles. Under this approach, initial ownership and transferability are governed by the same law. French courts nevertheless follow a different approach, also applying the *lex originis* to the question of transferability but applying author-protecting rules as public policy when the case is decided before a French court.[55]

- The law applicable to infringement and remedies has also been controversial in Europe for a long time. Some jurisdictions applied the *lex loci protectionis* to determine whether the intellectual property has been infringed and what remedies should be granted to the rightsholder (e.g. Austria,[56] Belgium,[57] England,[58] Germany,[59] Italy[60] and Switzerland[61]), whereas other jurisdictions applied the *lex loci delicti* to the remedies in copyright cases (e.g. France[62] and

---

54 This is the solution applied e.g. by *Campbell Connelly & Co Ltd v Noble,* [1963] 1 All ER 237 (High Court) and by the German Federal Court of Justice, 2 October 1997 – *Spielbankaffaire* [1999] GRUR 152.

55 See Paris Court of Appeal, 6 July 1989, D 1990, Jur 152 – *Sté la Cinq/Angelica Huston et autres* (non-waivability of moral rights).

56 According to *Austrian Act on Private International Law 1978*, Art. 34(1), the law applicable to the "infringement" of intellectual property rights is the *lex loci protectionis*. Art. 34 was also applicable to remedies; see Austrian Supreme Court, 14 January 1986, 4 Ob 408/85, [1986] GRUR Int, 735. See also F Schwind, *Internationales Privatrecht* (Vienna: Manz, 1990), at 191.

57 *Private International Law Code* 2004, Art. 93(1). See M Pertegás Sender, note 49 above, at 478.

58 *Def Lepp Music v Stuart-Brown*, [1986] RPC 273; *Pearce v Ove Arup Partnership Ltd*, [2000] Ch. 403 (Court of Appeal).

59 See Federal Court of Justice, 17 June 1992 – *ALF*, [1992] GRUR 697.

60 *Private International Law Act 1995*, Art 54. See N Boschiero, "Infringement of Intellectual Property Rights, A Commentary on Art. 8 of the Rome II Regulation" in P Sarcevic, P Volken and A Bonomi (eds), *IX Yearbook of Private International Law*, (Munich: Sellier, 2007), at 100.

61 *Federal Private International Law Act 1987*, Art. 110(1). See G Jegher, Art. 110 (Immaterialgüterrechte), in Honsell et al (eds), *Baseler Kommentar, Internationales Privatrecht*, 2nd ed (Basel: Helbing Lichtenhahn, 2007), Art 110, at 13.

62 For France, see Court of Cassation, 22 December 1959, D 1960, Jur 93 – *Rideau de fer;* the reasoning of Court of Cassation, 5 March 2002, JCP 2002 II, Nr. 10082 – *Sisro* indicates the application of the *lex loci protectionis* ("les moyens de recours garantis à l'auteur pour sauvegarder ses droits se règlent exclusivement d'après la législation du pays où la protection est réclamée").

Portugal[63]). Although different from a doctrinal point of view, the practical outcome of the two approaches was mostly the same because an infringement of an intellectual property right arising from activities conducted outside the country of protection is hardly conceivable. The country in which the act of infringement is committed and the country of protection is conceptually the same in intellectual property cases.[64] Therefore, the material difference between the two approaches related to the question of whether freedom of choice should be allowed for the remedies, especially in case of multistate infringements. Some jurisdictions allowed for freedom of choice concerning non-contractual obligations in general and remedies for intellectual property infringements in particular,[65] whereas other jurisdictions adhered to a strict interpretation of the territoriality principle and did not allow for any party autonomy.[66] Today, at least in the European Union, this controversy has to be seen in a different context. Article 8 of the Rome II Regulation[67] determines unmistakably that infringement and remedies in intellectual property cases are governed by the law of the country for which protection is sought. Article 8 para. 3 excludes freedom of choice in the field of intellectual property.[68] The CLIP Principles affirm in Article 3:601 para. 1, as the basic principle, that the law applicable to infringement and remedies is the law of each state for which protection is sought. In contrast to Article 8 para. 3 Rome II Regulation, the CLIP Principles allow for freedom of choice for the remedies in infringement cases (see Article 3:605 CLIP Principles).

In sum, for intellectual property issues raised in the context of CAs/CLAs, it has to be distinguished between different subcategories of questions which are governed by different conflict rules, namely ownership, transferability, infringement and remedies. For infringement and remedies, Article 8 Rome II Regulation provides for a conflict rule which is binding for all courts in the European Union. Yet, for ownership and

---

63 See D Moura Vicente, *A tutela internacional da propriedade intelectual* (Coimbra: Almedina, 2008), at 322–323.

64 See E Ulmer, *Die Immaterialgüterrechte im internationalen Privatrecht* (Cologne: Carl Heymanns, 1975), at 13–15; this is also the practical consequence of the cases discussed by J Fawcett and P Torremans, see note 36 above, at 601–606; cf. A Metzger, "Jurisdiction in Cases Concerning Intellectual Property Infringements on the Internet" in S Leible and A Ohly (eds), *Intellectual Property and Private International Law* (Tübingen: Mohr Siebeck, 2009), at 258 (on jurisdiction under the *forum delicti* rule).

65 For Switzerland, see e.g. *Federal Private International Law Act 1987*, Art 110(2) and Art 132.

66 For Germany, see e.g. Federal Court of Justice, 17 June 1992 – *ALF*, [1992] GRUR 697.

67 *Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II)*, Official Journal L 199/40.

68 On *Rome II Regulation*, Art 8, see J Basedow and A Metzger, "Lex loci protectionis europea – Anmerkungen zu Art. 8 des Vorschlags der EG-Kommission für eine 'Verordnung über das auf außervertragliche Schuldverhältnisse anzuwendende Recht' ('Rom II')", in A Trunk, R Knieper and A Svetlanov, *Festschrift Boguslavskij* (Berlin: BWV, 2004), at 153–172; N *Boschiero*, see note 60 above; M Leistner, "The Law Applicable to Non-Contractual Obligations Arising from an Infringement of National or Community IP Rights", in S Leible and A Ohly (eds), *Intellectual Property and Private International Law* (Tübingen: Mohr Siebeck, 2009), at 97–121; H Schack, "The Law Applicable to (Unregistered) IP Rights: After Rome II" in S Leible and A Ohly (eds), *Intellectual Property and Private International Law* (Tübingen: Mohr Siebeck, 2009), at 79–96.

transferability, European jurisdictions still adhere to different principles. Therefore, the outcome of a case may, in the end, depend upon where the plaintiff lodges his/her claim.

3.1.2. United States

The main point of reference for general questions of conflict of laws is the Restatement (Second) Conflict of Laws promulgated by the American Law Institute in 1971.[69] The centrepiece of the Restatement is the 'most significant relationship' test enshrined in § 145(1) for torts[70] and in § 188(1) for contracts.[71] The Restatement does not comprise specific principles on intellectual property, especially copyright. Also, the section on contracts does not provide specific principles on license contracts or transfer of intellectual property rights. Against this background, the American Law Institute was persuaded to initiate a special project on international disputes on intellectual property. The project published its results in 2008 (ALI Principles).[72] The following overview takes the ALI Principles as its starting point.

a) Contract law

§ 315 of the ALI Principles provides for a rule on transfers of title and grants of licenses: *"(1) Except as provided in subsection (3), § 314, and §§ 316-317, the contract law of the State designated by agreement of the parties governs a transfer of interest in, or grant or license of, intellectual property rights. (2) In the absence of a choice-of-law agreement, the contract law of the State with the closest connection to the contract governs. The contract is presumed to be most closely connected to the State in which the assignor or the licensor resided at the time of the execution of the contract."*

Hence, the basic principle for contracts in the field of intellectual property is the freedom of the parties to choose the applicable law. In the absence of such a choice, the transferor's or licensor's residence is presumed to be the state with the closest connection.

b) Copyright law

For copyright issues, the questions of initial ownership, transferability and infringement must be distinguished:

- Regarding initial title in copyright, § 313(1)(a) ALI Principles refers to the law of the creator's residence at the time the subject matter was created. Hence, the principles suggest the application of one single law for the determination of the initial owner of a copyright even if the case involves an infringement in several states. This universalist approach is in accordance with the case *Itar-*

---

69 American Law Institute, *Restatement Second Conflict of Laws* (St. Paul 1971).

70 "The rights and liabilities of the parties with respect to an issue in tort are determined by the local law of the state which, with respect to that issue, has the most significant relationship to the occurrence and the parties under the principles stated in § 6."

71 "The rights and duties of the parties with respect to an issue in contract are determined by the local law of the state which, with respect to that issue, has the most significant relationship to the transaction and the parties under the principles stated in § 6."

72 American Law Institute, *Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes* (St. Paul 2008).

Tass v. Russian Kurier of 1998, in which the US Court of Appeals for the Second Circuit decided that Russian law was the appropriate source of law to determine issues of ownership of rights for works created by Russian authors and first published in Russia.[73] Transferability of intellectual property rights is governed by the law of the state for which protection is sought— that is, the law governing the existence and scope of copyright (see § 314(1) ALI Principles[74]). Thus, the ALI Principles combine a universalist approach for initial ownership with a territorial approach for transferability.

- Under § 301(1)(b) ALI Principles, the law applicable to copyright infringement is the law of each state for which protection is sought. The US Court of Appeals for the Second Circuit applied this approach implicitly in the case *Hasbro v. Sparkle*.[75] In the *Itar-Tass* case,[76] the court referred to the *lex loci delicti*, which led to the same result.

In sum, the conflict rules for copyright law result in a division of several issues: initial ownership is governed by the law of the country of the creator's residence at the time of the creation of the work, whereas transferability and infringement are governed by the law of each state for which protection is sought.

3.1.3. Japan

Japan enacted a new act on private international law in 2006, the Act on the General Rules of the Application of Laws (*Tsusoku Ho*).[77] The Act does not provide for specific provisions on intellectual property. However, there are various recent English-language publications explaining how Japanese courts should handle international intellectual property cases under the new Act.[78]

a) Contract law

The parties to a contract may choose the law applicable to the validity and effects of a contract under the general rule of Article 7 Tsusoku Ho.[79] This rule applies to contracts related to intellectual property.[80] If the parties have not chosen the applicable law, the law with the closest connection applies. This is presumed to be the

---

73 *Itar-Tass Russian News Agency v Russian Kurier*, 153 F 3d 82 at 89 (2d Cir 1998).

74 See also *Corcovado Music Corp v Hollis Music, Inc*, 981 F 2d 679 (2d Cir 1993) in which the US court refused to recognise the validity of a Brazilian law agreement assigning a US copyright renewal term.

75 *Hasbro Bradley v Sparkle Toys*, 780 F.2d 189 (2d Cic 1985).

76 See note 73 above, at 36-37.

77 See the English translation by M Dogauchi et al, available at http://www.tomeika.jur.kyushu-u.ac.jp/intl/private (accessed at 21 May 2013).

78 See D Yokomizo, "National Report: Japan", in Kono (ed), *Intellectual Property and Private International Law* (Oxford: Hart, 2012), at 763-791; R Kojima, R Shimanami and M Nagata, "Applicable Law under the Transparency Proposal", in J Basedow, T Kono and A Metzger (eds), *Intellectual Property in the Global Arena* (Tübingen: Mohr Siebeck, 2009), at 179-228.

79 Art 7 (Choice of Governing Law by the Parties): "The formation and effect of a juristic act shall be governed by the law of the place which was chosen by the party/parties at the time when the act was made."

80 See D Yokomizo, note 78 above, at 768.

law of the place of the habitual residence of the party who is to make the characteristic performance of the contract (see Article 8(2) Tsusoku Ho). Under the old law, courts tended to apply the *lex loci protectionis* as the law governing the contract or, in the case of multi-state transfers or licenses, the law of the transferor's or licensor's habitual residence.[81] The situation under the new law has so far not been clarified by reported case law.

b) Copyright law

Lacking specific provisions on intellectual property, the Japanese courts apply the general rules on private international law to intellectual property cases. There is not much reported case law after the enactment of the Tsusoku Ho. Legal doctrine suggests a combination of the principles developed by the courts before 2006 and the new rules of the Tsusoku Ho:

- Initial ownership was the subject of an *obiter dictum* of the Supreme Court in the *Hitachi Optical Disc* case of 2006, in which the court pleaded for the application of the *lex loci protectionis* to determine the initial owner of an invention.[82] The Supreme Court also applied Japanese law in the *RGB Adventure* case with regard to the ownership issue without explicitly discussing the choice-of-law question in the case of a Chinese author working temporarily for a company in Japan and claiming damages for use of his works in Japan.[83]

- According to settled case law, the transferability of intellectual property rights is governed by the *lex loci protectionis*.[84]

- For copyright infringements, the Supreme Court developed a split regime in the *Card Reader* case.[85] For damages, the applicable law should be determined in accordance with the principles on tort law. According to Article 17 Tsusoku Ho, a tort shall be governed by the law of the place where the results of the infringing act are produced. There are different interpretations of this rule in cases of intellectual property infringement. According to some authors, damages should be calculated according to the law of the state where the most substantial effects occurred.[86] Another possible interpretation would be to apply the law of the principle establishment of the plaintiff in analogy with the rules on defamation.[87] For injunctions, however, the Supreme Court applied the *lex loci protectionis* for the determination of the applicable patent law.

---

81 See R Kojima, R Shimanami and M Nagata, note 78 above, at 220.

82 Supreme Court, 17 October 2006, English translation available at http://www.tomeika.jur.kyushu-u.ac.jp/ip/courtcases.html (accessed at 21 May 2013).

83 Supreme Court, 11 April 2003, English translation available at http://www.tomeika.jur.kyushu-u.ac.jp/ip/courtcases.html (accessed at 21 May 2013).

84 See D Yokomizo, note 78 above, at 787 with further references.

85 Supreme Court, 26 September 2002, English translation in (2003) 46 *Japanese Annual of International Law* 168.

86 See R Kojima, R Shimanami and M Nagata, note 78 above, at 186-87.

87 See D Yokomizo, note 78 above, at 784.

Thus, the applicable law for damages and injunctions has to be separated under Japanese conflict rules.

4. The law applicable to CAs/CLAs: Characterisation of the relevant aspects

The overview of the European, US and Japanese private international law regimes for intellectual property contracts reveals several principles that are common to all examined jurisdictions, especially freedom of choice for contractual issues and the importance of the law of the country for which protection is sought for intellectual property issues. However, there are also important differences. These differences are not just of an academic interest. They can turn around the case in legal practice. This justifies a more detailed analysis of the applicable law to CAs/CLAs. For private international lawyers, the applicable law has to be determined in a procedure with two stages: The first question is which law applies to the contractual issues and which law applies to the copyright issues. This question was answered in the previous section. Yet the analysis of a case does not end at this stage. Once the conflict lawyer knows what law is applicable to the contract (and to the copyright issues), he/she will ask as a second question what aspects of a legal relationship have to be qualified as contractual or as copyright subject matters. The following section examines the characterisation of the main features of CAs/CLAs.[88]

4.1. Contractual issues of CAs/CLAs

CAs/CLAs are contracts. Therefore it is no surprise that most issues addressed by CAs/CLAs are contractual by nature. This conclusion is of special interest for non-profit organisations and companies using CAs/CLAs because the international law of contracts, as has been shown above, is based in Europe, US and Japan on the principle of party autonomy. As a consequence, all issues that can be qualified as contractual by nature may be concentrated under one applicable law chosen by the parties. CAs/CLAs are typically standard contracts that are drafted and stipulated by the non-profit organisation or company using them. Hence, a choice-of-law clause may allow the non-profit organisation or company to end up with the application of one single contract law that is most convenient for the protection of its legal interests even if the programmers are situated in a variety of different jurisdictions.

Typical issues of contract law include the following:

- formation and validity of contracts, especially the withdrawal of offer or acceptance; incorporation of standard terms; the battle of forms; the question of whether consideration is necessary for validity of the contract; and issues including mistake, fraud, threat, gross disparity and public order;[89]

- interpretation of contracts, including the exact determination of the rights and duties of the parties, irrespective of whether the rules of interpretation are

---

88 On the process of characterisation in private international law, see A Metzger, "Characterization" in J Basedow et al (eds), *The Max Planck Encyclopedia of European Private Law*, Vol II (Oxford: OUP, 2012), at 167-170 with further references.

89 See A Metzger, "Comments on Art. 3:505" in European Max Planck Group on Conflict of Laws in Intellectual Property (eds), *The CLIP Principles and Commentary* (Oxford: OUP, 2013), para 3:505.C02, at 290.

enshrined in the general legislation on contracts or whether they are to be found in special legislation on intellectual property;[90]

- the consequences of a total or partial breach of obligations, including avoidance of the contract, the assessment of damages, warranties and liabilities and indemnification clauses;[91]

- the various ways of extinguishing obligations, including termination clauses, and prescription and limitation of actions;[92] and

- the consequences of nullity of the contract.[93]

If one applies these principles to the CAs/CLAs analysed above, the following issues can be qualified as contractual by nature:

- the promise of the non-profit organisation or company to use the transferred or licensed rights only for specific purposes or in accordance with specific license terms, e.g. the promise to license the work only as free software or similar provisions;

- the promise of the non-profit organisation or company to deliver the machine-readable source codes of works based on the program;

- the promise of the transferor/licensor not to assert any patent claims or to grant patent licenses should he/she acquire patents after the conclusion of the CA/CLA; and

- all representations and warranties (as well as exclusions of warranties and liabilities) with regard to third-party intellectual property rights, including the duty to indemnify the non-profit organisation or company or other users of the software.

A controversial question of characterisation is whether the transfer of an intellectual property right as such is governed by the *lex loci protectionis* or by the *lex contractus*.[94] A *dépeçage* between the contract, including the obligation of the

---

90 Many intellectual property statutes, especially in the field of copyright, comprise specific rules on contract interpretation. One example is the German "Zweckübertragungslehre"; see *German Copyright Act 1965*, § 31(5). According to this principle, any author's right without explicit mention in the contract remains with the author if the transfer or license is not required for the purpose envisaged in making the grant. French copyright law provides equivalent but more specific rules in *French Intellectual Property Code 1992*, Art 122-7.

91 See Dicey, Morris and Collins, *The Conflict of Laws*, 15th ed (London: Sweet & Maxwell, 2012), at para 32-153 et seq.

92 See *Rome I Regulation*, Art 12(1)(d). But see also L McDougal, R Felix and R Whitten, *American Conflicts Law*, 5th ed (Durham: CAP, 2001), at 425 et seq.

93 See *Rome I Regulation*, Art 12(1)(e).

94 For the application of the *lex loci protectionis*, see *Corcovado Music Corp v Hollis Music, Inc*, 981 F 2d 679 (2d Cir 1993); American Law Institute, *Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes* (St. Paul 2008), § 315, N°1; Dieter Martiny, in *Münchener Kommentar zum BGB*, Vol 10, 5th ed (Munich: C. H. Beck, 2010), Art 4 Rom I-VO, N°203; F Vischer et al, see note 40 above, at 279. For the application of the *lex contractus*, see *Campbell Connelly & Co v Noble,* [1963] 1 WLR. 252 (Ch 1962); Cour de Cassation 28 May 1963 [1963] JCP II 13347; Gerechtshof 's-Gravenhagen 20 September 2007, 97/1213 and 97/1214 – *Alfred Mol v Technip Benelux*, available at http://www.ie-forum.nl/getobject.php?id=3791 (accessed at 24

rightsholder to transfer the intellectual property right and the contract effecting the transfer, would contradict legal practice in the field of intellectual property contracts. Such contracts typically contain the obligation to transfer and the transfer as such at the same time. This is also the case for the CAs/CLAs examined in the first part of the paper. A European court would also be inclined by Article 14(1) Rome I Regulation to apply the *lex contractus*. Article 14(1) determines the law applicable to the contract between assignor and assignee as the law applicable to the relationship between assignor and assignee, including any proprietary aspects of the assignment.[95] Hence, one may argue that law applicable to the transfer or license contract should also apply to the 'proprietary' aspects of the transfer or license.

The formal validity of contracts is subject to special rules of private international law. This question may be of relevance for CAs/CLAs because of the numerous writing requirements in the national copyright and patent acts.[96] Many modern jurisdictions apply conflict rules to formalities which favour the validity of the contract (*favor negotii*). The reason for this liberal approach is that formal requirements are often invoked to invalidate contracts which have been concluded in good faith. In international transactions, formal requirements are even more dangerous because the parties often ignore formalities required by foreign law.[97] The *favor negotii* approach has therefore gained ground in modern private international law. It is also followed by Article 11 Rome I Regulation, according to which contracts shall be formally valid if they satisfy the formal requirements of the law which governs it in substance (e.g. the law chosen by the parties), or of the law of the state in which either of the parties or its agent is present at the time of the conclusion of the contract, or of the law of the state in which either of the parties is habitually resident at that time. Similar rules may be found in Article 124 Swiss Bundesgesetz über das internationale Privatrecht of 1987 (Federal Act on Private International Law), in § 199 Restatement (Second) Conflict of Laws, and in Article 10 of the Japanese Act on General Rules for Application of Laws of 2006.

4.2. Copyright issues of CAs/CLAs

The purpose of CAs/CLAs is to transfer or license copyrights to the non-profit organisation or company. Therefore, several questions of copyright law are of interest when programmers transfer or license the copyright in their contribution. Some of the CAs/CLAs also comprise patent licenses. As far as intellectual property issues are concerned, the principles of private international law are for the most part identical for

---

May 2013); J Fawcett and P Torremans, see note 36 above, at 725; Katzenberger, see note 36 above, Vor §§ 120ff, N°149.

95 See Recital 38. In detail on this argument P Mankowski, "Contracts Relating to Intellectual or Industrial Property under the Rome I Regulation", in S Leible and A Ohly (eds), *Intellectual Property and Private International Law* (Tübingen: Mohr Siebeck, 2009), at 31, 44-46.

96 See e.g. *French Intellectual Property Code 1992* (Code de la propriété intellectuelle), Arts 131–2, 131–3(3), 132–7 (publishing contract); *British Copyright, Designs and Patents Act 1988*, s 90(3), *UK Patents Act 1977*, s 30(6); 35 *USC* § 261(2); *German Copyright Act 1965*, s 40 (License for future works).

97 For the historical perspective, see O Lando, "Contracts", in *International Encyclopedia of Comparative Law, Vol 3: Private International Law* (Tübingen: Mohr Siebeck et al, 2011), Ch 24 (1974), N°182-89.

copyright and patent law (if not indicated differently in the following paragraphs). Thus, any reference to copyright in the following paragraphs should be understood as a reference to intellectual property of any kind. This holistic character of the private international law regime for intellectual property is reflected in the territoriality principle. For patents and other registered rights it is intuitive to conceptualise property rights granted by a particular state as being limited in scope to the territory of that state. For copyright-protected works, one could also imagine a different approach. Today, copyright is granted without any registration requirement in all 166 member states of the Berne Convention.[98] Nevertheless, as has been shown above, the private international law of many jurisdictions still adheres to the territoriality principle and applies the law of the country for which protection is sought for the main aspects of copyright: the existence of intellectual property protection, the scope of protection, exceptions and limitations, infringement and transferability. To determine the initial owner in a copyright, some jurisdictions plead for the application of the law of habitual residence of the author or of the place of first publication, whereas others plead for the *lex loci protectionis*. Also, for remedies one can find jurisdictions which apply the private international law principles on torts, whereas others plead for the application of the *lex loci protectionis*. But even if one were to follow these deviations from the *lex loci protectionis*, the main aspects of the copyright law would still follow the territorial approach. This increases the complexity of international copyright cases. In multi-state scenarios, where rights are transferred or licensed for more than one jurisdiction or where law enforcement activities cover more than one state, courts have to apply the different copyright laws of the jurisdictions involved in parallel. This so-called "mosaic approach" is burdensome for all parties. This is even more true since the parties may not choose the applicable law whenever the territoriality principle is applicable. The application of the law of the state for which protection is sought is internationally mandatory.

The specific nature and mandatory character of the *lex loci protectionis* shows the importance of a careful characterisation of the different legal aspects of copyright transfer and license contracts. For all contractual aspects, the parties may choose the applicable law. For all copyright aspects, they have to accept the application of the law or laws of the states for which protection is sought.

The typical issues of intellectual property law in transfer or license contracts are as follows:[99]

- requirements of protection under copyright and patent law;

- existence, validity, registration;

- scope of protection, especially the exact activities covered by the exclusive right;

- limitations and exceptions, including the term of protection;

---

98 See http://www.wipo.int/treaties/en/ip/berne (accessed at 24 May 2013).

99 The following list is based on *Rome II Regulation*, Art 15 ("Scope of the law applicable") and *CLIP Principles*, Art 3:101-3:906 which draw the most detailed picture of issues regarded as intellectual property issues in the conflict of laws.

- initial ownership, i.e. who is considered to be the author of a work and who is the initial owner of the copyright in the work, e.g. in employment relationships;

- transferability of the copyright (or patent) or of specific statutory rights of the author or inventor;

- infringement;

- liability for the acts of another person; and

- remedies, especially the requirements for injunctions and the calculation of damages.

If one applies this specification to the typical provisions of CAs/CLAs, the following aspects should be qualified as being covered by the law applicable to the intellectual property right:

- whether a contribution is protected by copyright law;

- whether a transferee or licensee can register the work at the national copyright office;

- who is the owner of the copyright in the contribution, especially in the case of employed programmers; this is relevant as a preliminary question for all CAs/CLAs;

- whether joint ownership can be assigned to another party by contractual arrangement;

- whether the copyright in the contribution can be transferred or assigned; if the copyright cannot be transferred under the applicable copyright law, contract law will determine whether the transfer can be interpreted as a license grant;[100]

- whether exclusive licenses can be granted as perpetual and irrevocable;

- whether the owner of an exclusive or non-exclusive license is in a position to grant sub-licenses and to grant back licenses; and

- whether the owner of an exclusive or non-exclusive license is in a position to enforce the copyright in court; on the one hand, this is a question of substantive copyright or patent law as far as the third-party effect of the granted right is concerned; on the other hand, it is a question of the procedural law of the forum state whether a party has the right to stand in court.

5. How to shape an internationalisation strategy for FOSS projects

The overview of the private international law rules for transfer and license contracts has shown that it is hardly possible to anticipate the applicable law for CAs/CLAs when it comes to legal disputes. The first source of uncertainty is the lack of internationally accepted principles of private international law. European, US and Japanese courts apply different conflict-of-law rules for the different legal issues raised by CAs/CLAs. A second source of ambiguity is the lack of precise conflict rules in legislation or case law within the analysed jurisdictions with regard to transfer

---

100 See *CLIP Principles*, Art 3:201(2). See also Katzenberger, note 36 above, Vor §§ 120ff, N°151.

or license contracts. This makes it hard to predict which law will finally be applicable to the legal questions at stake, even if one could anticipate whether a European, US or Japanese court will be called to hear the case. A third source of legal problems relates to the boundaries of party autonomy in international copyright law. For some of the most crucial aspects of CAs/CLAs, e.g. the question of whether copyright or "joint authorship" in a work can be assigned, the territoriality principle precludes any choice of law. Thus, the parties' latitude to reduce the complexity of their relationship by a contractual choice is restricted. But how then should projects shape their strategy for a centralised copyright management on an international scale?

5.1. Tailoring CAs/CLAs for a specific jurisdiction or using unported versions?

One fundamental choice FOSS projects must make is whether they want to use CAs/CLAs tailored against the background of one specific jurisdiction or whether they want to develop 'unported versions' which try to formulate a compromise between the requirements of different jurisdictions.

5.1.1. Jurisdiction-specific CAs/CLAs

An obvious argument for the use of jurisdiction-specific CAs/CLAs is the low level of costs necessary to develop a CA/CLA that is compliant with the legal requirements of only one given jurisdiction. It is the common practice of international commercial transactions to tailor contracts against the background of one single applicable law and to determine the law of that jurisdiction as the applicable law by an explicit choice-of-law clause. Such a choice of law, as has been analysed in detail in the previous parts of this paper, covers only the contractual aspects of the relationship between the project and the contributor. Issues such as the ownership of copyright, transferability and enforcement are not subject to party autonomy. For these questions, the applicable law has to be determined in accordance with the forum's conflict rules for intellectual property.

Still, it may be a strategic decision to choose at least the applicable law for the contract law aspects of the CA/CLA and to draft the CA/CLA in accordance with the legal requirements of the chosen jurisdiction. But every choice of the applicable law requires a consensus between the parties.[101] A choice of law will be uncontroversial between the parties if the law chosen is the law of the habitual residence or central administration of both parties. In this case, the law applicable to the contract would be the law of this state even if the parties have not made an explicit choice. Hence, the choice will be for clarification purposes only and as such uncontroversial. The intricate questions arise if one of the parties is situated in a jurisdiction different from the jurisdiction whose law has been chosen in the draft contract. In this scenario, the party has good reasons to oppose a choice of the law of the other party's residence. The outcome of legal conflicts will be harder to predict if a foreign law is applicable to the contract, which makes it difficult to evaluate the provisions of the contract during negotiation. Also, legal costs will be higher if the party has to make its legal arguments under a foreign law. Therefore, acceptance of a choice-of-law clause can only be achieved if the party proposing the choice of its home law is in a superior

---

101 The choice may also be implied by the parties; see Dicey, Morris and Collins, note 91 above, at para 32-059 et seq.

position in the negotiations, whether because he/she is the only one to provide the goods or services at stake or he/she is the only possible partner for the contract.[102] If this is not the case, a choice-of-law provision is part of the bargaining process and will only get through if the party accepting the application of a foreign law has other benefits in return.[103]

Interestingly enough, most CAs/CLAs analysed in the first part of this paper do not contain choice-of-law provisions. It is unclear whether the reluctance of the drafters of the CAs/CLAs was motivated by the idea that an agreement without a choice-of-law clause may be easier to accept for foreign contributors or whether a choice-of-law provision was seen as being too "legalese" in style to be included in a document used for the internal relationship between a FOSS project and the programmer. Yet one should keep in mind that all of the analysed CAs/CLAs use technical legal language. Also, some of the younger CAs/CLAs do contain choice-of-law provisions, especially the FSF Europe's FLA, the Harmony Agreements and the Oracle CA.

One possible strategy to increase the acceptance of contracts with choice-of-law clauses could be to provide different standard contracts for different jurisdictions. Projects could follow the model of commercial actors in the software industry and develop different national versions of their CAs/CLAs, at least for those jurisdictions where the project has a substantial number of contributors. However, one should not underestimate the necessary efforts to keep a bundle of national CAs/CLAs up-to-date. If a project wishes to use different jurisdiction-specific CAs/CLAs, the project must be ready to invest substantial funds in the legal infrastructure. Another strategy for FOSS projects could be to provide alternative versions of CAs/CLAs for different groups of jurisdictions, or to implement within one unitary standard contract different provisions for the application in different jurisdictions. The FSF Europe's FLA provides two different regimes for those countries where a transfer of copyright is possible and those countries where an exclusive license is the most far-reaching disposition. This more complex approach notably makes sense for legal questions for which the parties are not in a position to choose the applicable law, e.g., the question of transferability of copyright.

5.1.2. "Unported" CAs/CLAs

Another strategy for FOSS projects could be to follow the model of the most important FOSS (outbound) licenses and to develop and use "unported" CAs/CLAs. None of the CAs/CLAs analysed in the first part of this paper follow this approach explicitly.

The use of generic language is very common for outbound licenses. The GNU GPL and other open source licenses follow a strategy of generic license terms. The idea behind this strategy is to use a terminology in the license text which is as close as possible to the international treaties in the field and, for subjects which are not covered by international treaties, as neutral as possible, i.e. to define the terms used

---

102 Inequality of parties does not in itself void a choice-of-law clause; see P Hay, P J Borchers and S C Symeonides, *Conflict of Laws*, 5th ed (Eagan: West, 2010), at 1108-09.

103 See also E-M Kieninger, *Wettbewerb der Privatrechtsordnungen im Europäischen Binnenmarkt* (Tübingen: Mohr Siebeck, 2002), at 287 et seq. Giesela Rühl, *Statut und Effizienz: Ökonomische Grundlagen des Internationalen Privatrechts* (Tübingen: Mohr Siebeck, 2011), at 438 et seq.

and to avoid terminology which is clearly bound to a specific jurisdiction.[104] The most advanced license following this strategy is the GNU GPL Version 3 which was published in 2007.[105] The license uses artificial terms and definitions instead of the commonly used terminology to avoid any hasty association with national categories, e.g. it uses the term 'convey' instead of 'distribute' or 'make available'. A similar strategy has been chosen for the Creative Commons unported licenses, which are not designed for one specific jurisdiction. Section 8 lit. f) of the Creative Commons Attribution-ShareAlike Unported 3.0 even explains the strategy explicitly: *"The rights granted under, and the subject matter referenced, in this License were drafted utilizing the terminology of the Berne Convention for the Protection of Literary and Artistic Works (as amended on September 28, 1979), the Rome Convention of 1961, the WIPO Copyright Treaty of 1996, the WIPO Performances and Phonograms Treaty of 1996 and the Universal Copyright Convention (as revised on July 24, 1971)."* A neutral drafting style facilitates the international acceptance of the standard licenses, irrespective of the applicable law in a given jurisdiction. But unported licenses cause intricate legal issues that are not solved yet, as will be demonstrated in the next section.

5.1.3. Comparison with internationalisation efforts for "outbound" FOSS licenses

CAs/CLAs regulate the internal relationship between FOSS projects (or organisations or companies behind projects) and programmers, whereas FOSS licenses like the GNU GPL regulate the external relationship between the rightsholders and the users of the program. In both relationships, projects have to cope with the specific issues raised by the international composition of FOSS communities. This parallel starting point may attract organisations to adopt solutions developed for outbound licenses into the CAs/CLAs used for the internal organisation of their projects. However, the parallel features should not be overestimated.

In the classical FOSS development model (without CAs/CLAs),[106] the exclusive rights in the works (or parts of the works) remain with the authors contributing to the project (or with the employer). As a consequence, each user of an open source program who is interested in redistributing or adapting the software (and therefore is in need of a license) must conclude a license contract, according to the terms of the applicable open source license, with a number of licensors situated in a number of different jurisdictions. If one applies the law of the licensor, whether on the basis of a choice of law or on the basis of statutory conflict rules like Article 4 Rome I Regulation, the laws of all the different jurisdictions where single rightsholders are habitually resident would be applicable for the licensing of one piece of software. Another solution would be to apply the law of the licensee. Under this solution the user of an open source program could rely on the applicability of one single law when using the program. However, this approach would shift the uncertainty to the side of

---

104 See on this strategy A Metzger, "Transnational Law for Transnational Communities: The Emergence of a Lex Mercatoria (or Lex Informatica) for International Creative Communities" (2012) 3 *JIPITEC* 361-368.

105 See the GPL3 Process Definition of 15.1.2006, http://gplv3.fsf.org/gpl3-process.pdf (accessed at 24 May 2013), which formulates the goals behind the new license version, inter alia the goal to create a truly global license, at 1.

106 This is what Fontana, see note 3 above, has called "inbound=outbound".

the licensor because it would now be his/her burden to apply a multitude of applicable laws if the user community is international. This reveals a first important difference between "inbound" and outbound licenses: in the first case the transferors/licensors are dispersed in different jurisdictions, but the transferee/licensee can be located in one jurisdiction; in the second case both licensors and licensees are internationally dispersed. Hence, outbound licenses face even more severe legal problems.

This specific setting of FOSS outbound licenses becomes especially evident in the evaluation of choice-of-law clauses. When it comes to outbound licenses, most projects are reluctant to implement choice-of-law provisions.[107] One of the rare examples for such a clause was found in Section 11 Mozilla Public License Version 1.1 (*"This License shall be governed by California law provisions (except to the extent applicable law, if any, provides otherwise), excluding its conflict-of-law provisions."*). Such clauses are acceptable for an open source community if all or at least most contributors are residents of one jurisdiction. However, for a truly international community of programmers it will hardly be acceptable to regulate their legal relationships in accordance with the law of the habitual residence of one part of their community. Also, it may well be the case that both the licensor and the licensee are not residents of the state of the chosen law but are both residents of another state. Here, it may be that the conflict-of-law rules of their home jurisdictions will not accept their choice or,[108] as is the case for Article 3 para. 3 Rome I Regulation, will apply the internally mandatory provisions of the jurisdiction of their common residence state. Against this background it is not surprising that most open source licenses do not contain classical choice-of-law clauses referring to the law of one country. The recently published Mozilla Public License Version 2.0 abstains from a static choice of Californian law but refers to the law of the state of the defendant's principal place of business,[109] which will typically be the law of the place of the licensee when it comes to license enforcement disputes. Thus, from the rightsholder's perspective, the applicable law will change from case to case, which is only acceptable if the license is drafted in generic terms which are not specific for one given jurisdiction.

The reluctance of FOSS projects regarding jurisdiction-specific provisions is not incidental. Experience shows that projects may start on a small footing in one jurisdiction but may later succeed on a global level. For example, if a Finnish programmer grants a license on a program to a Japanese company, it makes no sense to apply the contract law of Massachusetts even if the project was started in Cambridge, Massachusetts, some years ago. It has therefore been suggested to detach the contractual issues of FOSS outbound licenses from any given state law and to apply FOSS principles and, subsidiarily, the UNIDROIT Principles for International

---

107 This was made explicit in the revision process of the GNU GPL in 2006, see http://gplv3.fsf.org/denationalization-dd2.html (accessed 22 August 2013).

108 This rule has some support in *Restatement Second Conflict of Laws* § 187(2), according to which the chosen law must have "a substantial relationship to the parties or the transaction". It was also supported in Europe before the enactment of the *Rome I Regulation*; see e.g. Martin Wolff, *Private International Law*, 2nd ed (Oxford: OUP, 1950), at 417-18.

109 Section 8: "Any litigation relating to this License may be brought only in the courts of a jurisdiction where the defendant maintains its principal place of business and such litigation shall be governed by laws of that jurisdiction, without reference to its conflict-of-law provisions. Nothing in this Section shall prevent a party's ability to bring cross-claims or counter-claims."

Commercial Contracts as the applicable contract law.[110] However, this very specific solution for FOSS outbound licenses cannot easily be transferred to CAs/CLAs. It is more than uncertain that a court would be willing to set aside a state's law and apply *lex mercatoria* principles at the current stage. Hence, this approach is subject to considerable legal difficulties and may only be advocated in the absence of better solutions, especially if a choice of the law of one state is unacceptable for the given community.

FOSS projects can nevertheless learn from the experience of outbound licenses with regard to those aspects of Cas/CLAs where a choice of law is not permitted, i.e. the proprietary aspects of Cas/CLAs. For questions such as transferability or enforcement, where the parties are not in a position to choose the applicable law, it may be advisable to follow the example of FOSS licenses and avoid language that is specific for one given jurisdiction. The use of neutral language, which is compliant to the international treaties in the field, may facilitate the enforceability of the provisions of Cas/CLAs.

Another useful experience may be drawn from the Creative Commons (CC) International project, which has been successful in the development of more than fifty different national license versions of the Creative Commons license suite. CC has shown that such an approach can be managed if the necessary funds are available.[111] But one should not forget the special character of the Creative Commons licenses, which are used by millions of authors on a worldwide basis. The purpose of the Creative Commons International project was partly to foster legal certainty and partly to market the licenses in the covered jurisdictions.[112] Creative Commons is currently preparing a new version of the license suite. One of the issues of discussion is internationalization and the future of the 'porting project'.[113] The 4.0 process is still under discussion but the expectation is that there will be few if any "ported" licenses. For the internal relationship of FOSS projects and their active contributors, a considerably lower number of national versions should suffice.

5.1.4. Combining elements of the different models

Different from the outbound license scenario, it is advisable for FOSS projects to use CAs/CLAs which are drafted in compliance with one jurisdiction and to determine the applicable law with a choice-of-law clause. CAs/CLAs should be drafted as contracts under the law of the central administration of the project or company soliciting the copyright assignment or a license from its contributors. This solutions leads to a high level of predictability of the applicable law since freedom of choice is accepted in Europe, the US, Japan and most other jurisdictions[114] in the world. It will also be cost-efficient for the project or company to draft one CA/CLA under its home law or to draft a manageable number of national CAs/CLAs. It is true that such a choice may

---

110 See A Metzger, note 104 above, at 364-66.

111 See C Maracke, "Creative Commons International: The International License Porting Project – Origins, Experiences, and Challenges" (2010) 1 *JIPITEC* 4.

112 The license adaptation to the local law is part of a larger strategy to promote the use of CC licenses in different jurisdictions; see http://wiki.creativecommons.org/MOU (accessed 24 May 2013).

113 See http://wiki.creativecommons.org/4.0 (accessed 22 August 2013).

114 See G Rühl, note 103 above, at 429-35.

hinder single contributors from entering into a CA/CLA. But one should not overestimate the importance of such a clause for the decision of programmers to accept a CA/CLA or to reject it. For programmers, other questions will be more important, especially whether they trust the organisation to use their copyright or license in compliance with their philosophy of software development and community building.[115]

Although experience from outbound licenses with unported licenses cannot be transferred as such to the "inbound" relationship between programmer and project, projects should still learn from FOSS licenses. The use of internationally accepted concepts and neutral terminology can mitigate the legal risks whenever a choice of law is not possible, especially for questions of copyright law. This aspect may prove to be useful if taken into account in the drafting of CAs/CLAs. For all copyright issues which are not subject to party autonomy, projects should aim to use language which follows the approach used in unported licences, i.e. language as neutral as possible and as close to international conventions as possible. An example for such an approach could be to use the terminology for the exclusive rights of authors used in the Berne Convention and the WIPO Copyright Treaty ("reproduction", "distribution", "making available to the public"). For questions for which international standards have not yet been established, e.g. the transferability of copyright, it may be advisable to provide split regimes within one standard agreement that provides unported rules for groups of jurisdictions, such as a neutral provision on the transfer of copyright for countries where copyright can be transferred and a neutral provision for the grant of exclusive licenses for countries where copyright cannot be transferred.

5.2. Implementation of jurisdiction-specific CAs/CLAs

5.2.1. How to draft the choice-of-law clause

It has been suggested in this paper that CAs/CLAs should provide a choice-of-law clause which chooses the law of the central administration of the project organisation or company as the applicable law. Although it is true that such a choice will be restricted in most jurisdictions to contractual issues, it should be drafted in a flexible and open style to allow the court to apply it for the core questions of contract law but also for other questions if its private international law rules might permit a choice-of-law by the parties, e.g. for remedies in cases of copyright infringement under Article 3:606 CLIP Principles. A language which is too specific could diminish the effects of such a choice against the purpose of the parties. A clause could be drafted like this:

"This agreement and all disputes, claims, actions, suits or other proceedings arising out of this agreement or relating in any way to it shall be governed by the law of *****, excluding its private international law provisions."

The exclusion of the forum's private international law provisions is for clarification purposes. Choice-of-law provisions are typically construed as excluding any

---

115 See B Kuhn, note 5 above. See also the article by M Graesslin, "Why I would not sign a Harmony Agreement" (2011) and the discussion available at http://blog.martin-graesslin.com/blog/2011/07/why-i-would-not-sign-a-harmony-agreement/ (accessed 24 May 2013).

renvoi.[116] An exclusion of the UN Convention on the International Sale of Goods (CISG), as provided for in the Harmony Agreements, is dispensable because it is clear that CAs/CLAs do not constitute sales contracts in the sense of the convention.[117]

5.2.2. Is a choice of court advisable for CAs/CLAs?

Some of the analysed CAs/CLAs combine the choice of the applicable law with a choice of the competent court. Such a choice is accepted in Europe,[118] the US[119] and Japan.[120] It has also been endorsed by the Hague Convention on Choice of Court Agreements of 2005, which so far has been signed only by the EU, Mexico and the US and has been ratified only by Mexico.[121] The question of whether organisations or companies should implement a choice-of-court provision in their CAs/CLAs is a strategic one. The main argument for a choice-of-court provision is the predictability and legal certainty. However, the need for a choice of court appears less urgent than for a choice of law. The transferee or licensee under a CA/CLA will typically be sued in the courts of the state of its habitual residence or central administration if he/she is the defendant in a court case. Court cases in other jurisdictions will only arise if the project decides to initiate proceedings abroad. Therefore, jurisdiction is not unpredictable for projects even without a choice-of-court provision. Against this background, organisations or companies soliciting CAs/CLAs from the contributors to their projects should consider carefully whether it is in their best interest to implement choice-of-court clauses in their standard agreements. Appointing the court at the place of the central administration of the organisation or company may give the agreement an unbalanced or biased appearance and have a chilling effect on programmers.

6. Summary

The international composition of FOSS projects requires organisations and companies conducting those projects to understand the basic private international law principles of the law of contracts and copyright and to shape their strategy for the governance of the projects on the basis of these principles. This study has analysed the private international law principles followed by European, US and Japanese courts. Based on this analysis, it has been suggested to implement choice-of-law clauses in the CAs/CLAs to foster legal certainty for the projects. Projects should choose the law of

---

116 For Europe, see *Rome I Regulation*, Art 20. For the US, see P Hay, P J Borchers, S C Symeonides, note 102 above, at 1137.

117 One may justify this result with reference to *CISG 1980*, Art 3(2) since the preponderant part of CAs/CLAs is not the delivery of a copy of the software but services. See H Sono, "The Applicability and Non-Applicability of the CISG to Software Transactions", in C B Andersen and U G Schroeter (eds), *Sharing International Commercial Law across National Boundaries, Festschrift for Albert H. Kritzer* (London: Wildy, Simmonds & Hill, 2008), 512, at 518.

118 *Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters*, Art 23, O*fficial Journal L 012/1.*

119 See *Bremen v Zapata Off-Shore Co*, 407 US 1 (1972). For further development, see P Hay, P J Borchers, S C Symeonides, note 102 above, at 537 et seq.

120 See S Chaen, T Kono and D Yokomizo, "Jurisdiction in intellectual property cases: the transparency proposal", in J Basedow, T Kono and A Metzger (eds), *Intellectual Property in the Global Arena* (Tübingen: Mohr Siebeck, 2009), at 101 et seq with further references.

121 See http://www.hcch.net (accessed 24 May 2013).

their central administration as the applicable law. However, such a choice covers only the contractual aspects of CAs/CLAs. For all questions of copyright law which are not subject to party autonomy, the territoriality principle prevails. Here, projects should follow the model of 'unported' outbound licenses, and should use generic and neutral language. It may also be advisable to provide alternative clauses for groups of jurisdictions which adhere to similar principles in copyright law, e.g. to provide for the transfer or assignment of copyright for those jurisdictions which permit the transfer or assignment, and to provide an exclusive license grant for those jurisdictions which do not permit the transfer or assignment. Such an approach combines the advantages of jurisdiction-specific and unported CAs/CLAs.