

Free Software and standardisation

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Free Software Foundation Europe

- ▶ Founded in 2001
- ▶ independent, charitable NGO
 - ▶ Financed mostly through hundreds of donations by individuals and SMEs
- ▶ Free Software for a free society
 - ▶ Awareness
 - ▶ Policy
 - ▶ Legal infrastructure for the community

Economic role of Free Software

Gartner: 100% adoption rate until November 2009

Gartner Newsroom, 17 November, 2008

GNU/Linux is poised to become a 50 billion dollar ecosystem by 2011.

Linux Foundation

Economic role of Free Software

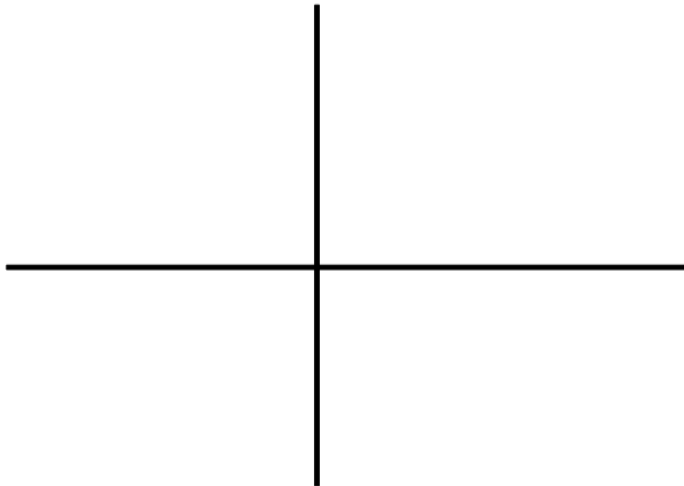
- ▶ The notional value of Europe's investment in Free Software in 2006 was EUR 22bn
- ▶ Free Software potentially saves industry over 36% in software R&D investment that can result in increased profits or be more usefully spent in further innovation.

(Ghosh et al. (2007): FLOSSImpact)

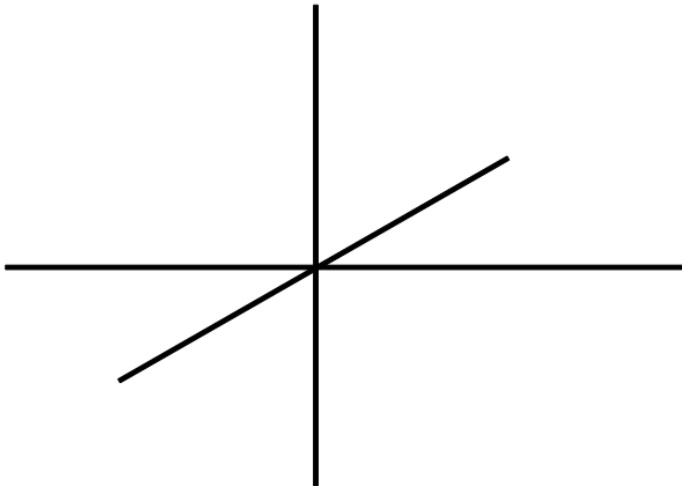
Licensing model: Free vs proprietary

Abbildung: Greve (2009): What makes a Free Software company?
<http://blogs.fsfe.org/greve/?p=260>

Development model: closed vs open



Revenue model



Patents and software

- ▶ Patents are one tool among several to encourage innovation
- ▶ Patents come at a cost, as they exclude others from using a technology
- ▶ In software, patents are mostly irrelevant as an incentive to innovate: *“a large share of startups, especially in the software industry, opt out of patenting altogether.”* (Samuelson et al. (2008): Berkely Patent Survey)
- ▶ but patents may be used to control competition. Standards add leverage.

FRAND or royalty-free?

The EC's White Paper on Modernising ICT Standardisation in the EU – The Way Forward (July 3, 2009) notes that:

- ▶ according to European competition rules, “standard setting should not lead to a restriction of competition”
- ▶ a majority of IT stakeholders find the FRAND approach insufficient to provide software interoperability
- ▶ SME stakeholders and consumer organisations support royalty-free approaches

Is FRAND compatible with Free Software?

- ▶ More than 85% of Free Software projects are distributed under copyleft licenses incompatible with FRAND or other restrictive models.
- ▶ Copyleft licenses prohibit additional restrictions on redistribution (e.g. royalty requirements)
- ▶ companies use copyleft licenses to protect their investment from appropriation

Summary

- ▶ Free Software is a key driver for innovation and competition in the European software market.
- ▶ Both standards and Free Software act as a platform for innovation.
- ▶ Europe's software market needs restriction-free licensing of patents in standards related to software interoperability

Recommended actions

- ▶ SSOs should adopt restriction-free patent licensing policies for standards related to software interoperability. Software standards need to be implementable in all licensing and business models, including under the GNU GPL.
- ▶ EC and SSOs should ensure a participative process and vendor independence in standards development
- ▶ The European Commission should consider a Software Interoperability Directive, along the lines of the Interconnection Directive (2002/19/EC)