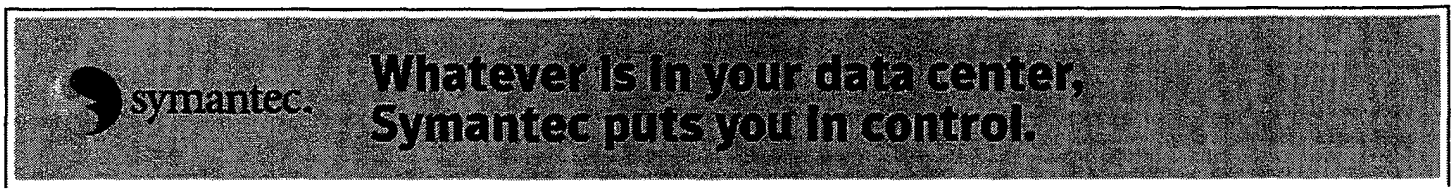

June 02, 2003

SCO To Release Disputed Linux Code This Week

By Antone Gonsalves, TechWeb InternetWeek

SCO Group, embroiled in a bitter legal dispute over Linux, indicated Friday it could take legal action against software maker Novell, and said it plans to release this week proprietary code that has been copied in the open source operating system.

SCO chief executive Darl McBride told analysts and reporters in a teleconference that the company would release "hundreds of lines of code" that prove its claims.

"The month of June is show-and-tell time," he said. "Everybody's been clamoring for the code -- show us two lines of code. We're not going to show two lines of code, we're going to show hundreds of lines of code. And that's just the tip of the iceberg of what's in this."

The code would be available to Unix users, analysts and the media under a confidentiality agreement. Such an arrangement, however, could prevent publication of the controversial code.

McBride also said that SCO had turned over to its attorneys a letter recently sent by Novell, claiming it owns the Unix intellectual property rights claimed by SCO.

"We strongly disagree on Novell's position and view it as a desperate measure to curry favor with the Linux community," McBride said in reading a statement at the beginning of the news conference. "I have turned the Novell letter over to our attorneys, and in the coming weeks, we will take all steps that we deem appropriate to rectify the issues."

In the open letter released Wednesday, Novell said it owns the copyrights and patents for Unix and threatened to file a lawsuit against SCO, which Novell claimed was "disrupting business relations that might otherwise form at a critical time among partners around Linux technologies."

McBride said SCO's claims center on its contracts giving companies the right to build Unix software, and not on copyrights or patents. "That has zero percent to do with any current claims that we have in the marketplace," he said.

The Lindon, Utah, company has filed a $1 billion lawsuit against licensee IBM, claiming the IT giant has used without permission SCO's code in Linux. IBM has denied the claims.

In addition, SCO claims the Linux kernel developed by the open source community and available for free, contains chunks of code covered by the company's Unix patents. SCO has sent letters to 1,500 large corporations, warning them that they may be infringing on SCO's intellectual property by using Linux.

Unix was invented by AT&T. Novell acquired Unix and transferred at least some of the intellectual property to SCO in 1995. Later, SCO transferred its Unix property and the SCO trademark to a company then called Caldera. SCO changed its name to Tarantella, and Caldera later changed its name to The SCO Group.

McBride said the Novell action was a "surprise" and was disappointed over the timing of the Novell challenge, which occurred the same day SCO reported financial results. "Novell had in fact timed their announcement to coincide with our earnings release on Wednesday morning to try and screw that up," he said.

SCO reported a net profit for the second quarter of $4.5 million, compared with a net loss of $6.6 million for the same period a year ago. Revenue for the quarter ended April 30 increased to $21.4 million from $15.5 million.

In regards to IBM, Chris Sontag, head of the company's SCOsource initiative, said they have the right to revoke the company's license for AIX, IBM's flavor of Unix, if it fails to come into compliance by June 13. Any legal action SCO takes against IBM would be disclosed on that day, Sontag said.

Despite the criticisim SCO has received as a result of its legal controvery, McBride vowed to push on with the legal claims. "We understand the heat is intense for a number of folks and the battle is fierce," he said. "But we're going to continue down this path because, in the end, we have the legal rights to do so and its (Unix IP) our crown jewels."

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