

## SCO's Threat to Sue Linux Users Serious but Remote

George J. Weiss

The SCO Group informed companies using Linux that it may sue them for violating SCO's Unix patents. Gartner believes that SCO must win financially lucrative settlements, be acquired by IBM or face gradual decline.

## NEWS ANALYSIS

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### Event

On 14 May 2003, SCO sent a letter to about 1,500 large enterprises to caution them that their Linux code may contain SCO intellectual property. In addition, SCO announced its withdrawal from the Linux market (based on Caldera's Linux distribution) although it will continue to support Linux customers. SCO will refocus its business on Web services.

### Analysis

SCO claims enterprises may be liable if their Linux production systems run some of SCO's Unix System V code or libraries. In March 2003, SCO sued IBM, whose Linux code allegedly contained Unix elements, and threatened to revoke IBM's AIX license. Although Gartner has reservations on the merits of the case, don't take it lightly:

- SCO probably won't retreat from its threats.
- Linux distributors such as Red Hat have safety clauses against liability from customers.
- A settlement of SCO's case against IBM would not indemnify enterprises.
- SCO indicated the gravity of its actions by hiring attorney David Boies, who won the antitrust case against Microsoft.

Gartner believes that SCO's motives include:

- Its OpenServer and UnixWare business represents a fraction of the Unix market.
- Its own Linux version (formerly Caldera) struggled against Red Hat and SuSE and disrupted SCO's UnixWare and OpenServer efforts.
- If the lawsuit forces IBM to buy out SCO, SCO investors could exit with good returns.
- Forcing Linux users to pay royalties for the alleged Unix elements would generate profits and revenue from the fast-expanding enterprise adoption of Linux.

Gartner believes SCO made a strategic error when it chose to defend Unix on Intel over Linux, against market trends. SCO is building a new Web services framework on the upcoming Unix System V v.6, and wants to steer OpenServer, UnixWare and SCO Linux customers to an expanded Web application programming interface. To support its legal claims against the Linux industry, SCO had to withdraw its Linux distribution from the market. But SCO damaged its own credibility and cut off the one potential avenue of high growth for its framework.

### Recommendations

- The lawsuits against IBM and Linux users could take a year or more. Minimize Linux in complex, mission-critical systems until the merits of SCO's claims or any resulting judgments become clear.
- If you plan large Linux deployments on the platforms of Dell Computer, Hewlett-Packard, IBM, Sun Microsystems or other major vendors, seek a comprehensive support contract, including pre-installation, configuration testing and operating system certification.

- IS organizations, with advice from their legal departments, should perform due diligence on Linux or other open-source code (explore its source, integrity and any encumbrances) as a prerequisite to adoption in the enterprise.

**Analytical Source:** George Weiss, Gartner Research

**Recommended Reading and Related Research**

- "SCO's Lawsuit Sends a Warning to Linux IS Shops" — Gartner believes that, depending on the outcome of the lawsuit, two communities may be at risk: AIX users and Linux users. **By George Weiss**
- "IBM's Linux Strategy: An Appraisal and Outlook" — IBM will probably make Linux its primary Unix strategy after 2008, but you can safely deploy AIX through 2008. **By George Weiss**

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