

SOFTWARE LICENCING

IBM VS LZLABS

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In recent news, Zurich-based startup company, LZLabs is being sued for the second time by IBM, not for patent infringement like the previous 2022 Texas case between the two, but rather, for “unlawful” use of IBM’s “proprietary technology.”

In a statement, IBM stated that “*the case has nothing to do with restricting competition but protecting itself against the unlawful exploitation of technology that required billions of dollars of investment.*” For that reason IBM wants the court to order LZLabs to stop selling its tech and forbid them and any subsidiaries from making further use of the IBM mainframe software.



What is being contested:

IBM alleges that Winsopia which is the british subsidiary of LzLabs, had purchased a mainframe from IBM (under licence on 09 August 2013) and breached its terms in the ICA.

IBM alleges that these breaches were instrumental to the development of the SDM and have accused LzLabs of reverse engineering and reverse compiling as it is “inconceivable” that LzLabs and Winsopia would have been able to develop such a migration software without first, analysing and understanding exactly how the mainframe is

designed and structured in order to recreate it (which is prohibited by contract).

Looking Forward:



Some of the worlds biggest companies currently use IBMs mainframe system as core platforms such as 4 out of 5 of the top airlines and 45 of the worlds top 50 banks according to the [IBM report](#). This case proves to be a potential benchmark case that could create important precedent as to how startups develop products that offer solutions that challenge legacy technology and promises to tackle topics such as software licencing, reverse engineering, claims to privilege, access to source code etc. We at RT Coopers aim to provide up to date information on these proceedings when they commence.