Check with your IT Team Regarding Java Licensing Exposure

No, we don't mean the coffee. Java is a programming language and software development platform owned by Oracle and used in a wide variety of applications.

In recent years, Oracle changed its licensing policy for Java, a formerly free product, requiring paid subscriptions for certain versions and updates. **Many organizations are just now learning about these changes, given the complexity of end-user license agreements and the manner in which these changes were rolled out.** In 2023, Oracle adopted a new licensing fee model for certain versions that is based on a *per employee* basis for every member of the workforce rather than on a per user basis, resulting in a significant price increase in licensing fees. Oracle is also attempting to collect fees in arrears for past usage.

What should we do now about the Java changes?

As a first step, your organization should evaluate its current usage of various Java versions and updates, including through third-party applications. As noted, not every Java product requires a "paid" license. Together with your IT team, your organization may determine that free versions/updates are sufficient for your organization's needs.

If not, or if your organization has already begun using paid versions/updates, understanding your organization's financial exposure will be important for budgeting and expense control purposes.

As often happens with changes in the licensing arrangement of a major software application, a cottage industry of consultants has popped up to help organizations navigate the process of determining exposure and negotiating with Oracle around back fees and future licensing arrangements. You may wish to explore leveraging the assistance of consultants depending on the financial exposure and needs of your particular organization. Other organizations are considering software alternatives to replace paid versions of Java.

What else should we do?

Of course, Java is just one of many software products your organization uses and leverages every day that requires a license. This may be a good time to ask your IT leader to initiate a compliance review to ensure your organization has a handle on its current exposure to penalties and past usage fees from a software license audit and a process to manage licenses and fees going forward, including a regular internal review process to identify forthcoming licensing fee changes of significance.

*This client alert is for informational purposes and is not legal advice. View*previous issues *of Monday Minute.*

If you have any questions or legal needs, please reach out to:

Mallory Regenbogen

Alison Best Lutich

Steve Metzger

Sydney Fortmann

Brandon Wharton

For more than 60 years, Gallagher Evelius & Jones has served as trusted counsel to businesses including real estate developers, regional and local healthcare systems (nonprofit), religious entities, universities and colleges, clean energy investors, and more, building longstanding relationships with organizations across the Mid-Atlantic region and beyond. Our attorneys focus on the practice areas important to our clients including litigation, employment, tax, finance, real estate, and general corporate matters.

Gallagher and its more than 100 staff are committed to supporting the community through volunteer and pro bono efforts, and to focusing on diversity, equity, and inclusion across all aspects of the organization.

Share This Email

Join Our Mailing List