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Understanding Oracle Java Licensing



In an Executive Summary from Donald Smith, Oracle Vice President of product management on September 14th 2021, he stated "Oracle is making the industry leading Oracle JDK available for free, including all quarterly security updates. This includes commercial and production use".

He continues "The new license is the "Oracle No-Fee Terms and Conditions" (NFTC) license. This license for the Oracle JDK, subject to the conditions, permits free use for all users, even commercial and production use. Redistribution is permitted as long as it is not for a fee."

Smith explains "Developers and organizations can now easily download, use, share and redistribute the Oracle JDK without needing a click-through. Oracle will provide these free releases and updates starting with Oracle JDK 17 and continue for one full year after the next LTS release. Prior versions are not affected by this change. Oracle will continue to provide Oracle OpenJDK releases under the GPL on the same releases and schedule as it has since Java 9".

In this statement Oracle are giving clarity of what Oracle is / is not allowing when it comes to the use of the NFTC license which is a really positive step to see. And, while this may sound like the end of license management for most Java applications, we wouldn't start to celebrate just yet. The new NFTC (No-Fee Terms and Conditions) licenses come with a lot of caveats where customers can potentially mistakenly fall into non-compliance.

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What is the Oracle No-Fee Terms and Conditions (NFTC) License?

The NFTC license is the license that can be used for Oracle JDK 17 and later releases. Subject to the conditions of the license, it permits free use for all users – even commercial and production use. Let's take a look at the terms;

"Oracle grants to You, as a recipient of this Program, subject to the conditions stated herein, a nonexclusive, nontransferable, limited license to:

internally use the unmodified Programs for the purposes of developing, testing, prototyping and demonstrating your applications, and running the Program for your own personal use or internal business operations; and

redistribute the unmodified Program and Program Documentation, under the terms of this license, provided that you do not charge your licensees any fees associated with such distribution or use of the Program, including, without limitation, fees for products that include or are bundled with a copy of the Program or for services that involve the use of the distributed Program."



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Outside of these terms you would be required to pay for Commercial license use or a 'My Oracle Support' subscription.

What is an OTN License and when does it become chargeable?

Immediately prior to the NTFC license being released in April 2019, the free license provided by Oracle was called the Oracle Technology Network License or OTN for short. Reading through the Oracle Technology Network License Agreement for Oracle Java SE, you can see that there are terms which will make Oracle Java free. Let's take a look;

License Rights and Restrictions Oracle grants you a nonexclusive, nontransferable, limited license to use the Programs, subject to the restrictions stated in this Agreement and Program Documentation, only for:

- I. Personal Use,
- II. Development Use,
- III. Oracle Approved Product Use, and/or
- IV. Oracle Cloud Infrastructure Use.

"Personal Use" refers to an Individual's use of the Programs solely on a desktop or laptop computer under such Individual's control only to run Personal Applications.

"Development Use" refers to your internal use of the Programs to develop, test, prototype and demonstrate Your Applications. For purposes of clarity, the "to develop" grant includes using the Programs to run profilers, debuggers and Integrated Development Environments (IDE Tools) where the primary purpose of the IDE Tools is profiling, debugging and source code editing Applications.

"Oracle Approved Product Use" refers to Your internal use of the Programs only to run: (a) the product(s) identified as Schedule A Products at Java.com/oaa ; and/or (b) software Applications developed using the products identified as Schedule B Products at Java.com/oaa by an Oracle authorized licensee of such Schedule B Products. If you are unsure whether the

application you intend to run using the Programs is developed using a Schedule B Product, please contact your Application provider.

"Oracle Cloud Infrastructure Use ("OCI Use")" refers to Your use of the Programs on Oracle's Cloud Infrastructure with the Oracle Cloud Infrastructure products identified in the Oracle PaaS and IaaS Universal Credits Service Descriptions available at <http://Oracle.com/contracts> during the period in which you maintain a subscription for such Oracle Cloud Infrastructure products. For customers licensing Java under Oracle Technology Network License Agreement they must meet one of the above four requirements.

What is an Oracle BCL?

Prior to the OTN license you will see the BCL license. The BCL license stands for Binary Code License and is a free license to cover "computers, including desktop and laptop computers, or servers, used for general computing functions under end user control (such as but not specifically limited to email, general purpose Internet browsing, and office suite productivity tools)". This license basically means that the use of Oracle Java is only chargeable when any 'commercial features' are used.

NFTC and OTN what is the difference?

The major change between the NFTC and OTN license is that Oracle have included the following wording around the license applicability; "*internal business operations*". For most customers, this will mean that; irrespective of the host's usage type, there will be a reduction in cost when moving from OTN to NFTC. The significant difference is that an OTN license is restricted to non-production environments, whereas the new NFTC license can be used on any host that offers "*internal business operations*" only. This can open-up the possibility for significant savings if all environments are upgraded to v17+



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Oracle Java License Types: Oracle Binary Code License Agreement (BCL), Oracle Technology Network License Agreement (OTN), Oracle No-Fee Terms and Conditions (NFTC)

	Versions 9 & 10	Up to Version 6U045 (Inc) Up to Version 7U080 (Inc) Up to Version 8U202 (Inc)	Versions 6U051, 7U085, 8U211 (and higher)	Versions 11 thru 16	Versions 17 thru 20	Versions 21 thru 24
Period License used (generally)	Prior March 2019	6u045: prior June 2013 7u080: prior July 2015 8u202: prior April 2019	6u051: post June 2013 7u085: post July 2015 8u211: post April 2019	Between April 2019 and July 2021	September 2021 until September 2024	September 2023 until September 2026
BCL	✓	✓	Non-Applicable	Non-Applicable	Non-Applicable	Non-Applicable
OTN (Non-Production Environments)	Non-Applicable	Non-Applicable	✓	✓	Non-Applicable	Non-Applicable
OTN (Production Environments)	Non-Applicable	Non-Applicable	✓	✓	Non-Applicable	Non-Applicable
NFTC	Non-Applicable	Non-Applicable	Non-Applicable	Non-Applicable	✓	✓
Use of Commercial Features (e.g. Mission Control, AMC Agent & Usage Tracker)	✓	✓	✓	✓	✓	✓

✓ = Free License for V6, V7, V8 & V9 restricted to specific updates (Prior to April 2019 only)

✓ = Paid License: Prior to 23rd January 2023 then you required either actively maintained Perpetual licenses, or Oracle Java SE Subscription After 22 January 2023 then you require: Oracle Java SE Universal Subscription, unless actively maintained Perpetual License / Oracle Java SE Subscription is already in place . Note: Oracle will challenge the validity of Oracle Java SE Subscription renewals

✓ = Free License useable until 12 months after the latest next LTS Release. Failure to upgrade / comply would mean the environment becomes chargeable

	Version 9 & 10	Version 6u045 & Lower Version 7u080 & Lower Version 8u202 & Lower	Version 6u051 (and higher) Version 7u085 (and higher) Version 8u211 (and higher)	Version 11 thru 16	Version 17 thru 20	Version 21+
Risks	No premier / extended support available from oracle	No premier / extended support available from oracle	V6 & 7—No premier / extended support V8 - extended support (until December 2030)	No premier / extended support available from oracle	Premier support until September 2026	Premier support until September 2028
Restrictions	Restricted to versions released before April 2019	Restricted to versions released before April 2019	Restricted to versions released after April 2019. Only non production environments are non chargeable	Restricted to versions released between October 2018 & July 2021. Only non production environments are non chargeable	Customer to migrate to V21 by September 2024 to use product free of charge	Customer to migrate to V25 by September 2026 to use product free of charge
Strategy	Move to NFTC version (v17+), OpenJDK or movement away from Oracle	Move to NFTC version (v17+), OpenJDK or away from Oracle	Move to NFTC version (v17+), OpenJDK or away from Oracle	Move to NFTC version (v17+), OpenJDK or away from Oracle	Remain on v17 until v21 is released. If using v18, v19 or v20 then upgrade to the next release when available	Remain on v21 until v25 is released. If using v22, v23 or v24 then upgrade to the next release when available
<u>Usage must be for "Internal Business Usage only"</u>	Paid licenses needed only Commercial Features are used on the host	Paid licenses needed only Commercial Features are used on the host	Paid licenses needed only where Oracle java is installed in a production environment or where Commercial Features are used on the host	Paid licenses needed only where Oracle java is installed in a production environment or where Commercial Features are used on the host	Paid licenses needed only where v17 thru v20 are not upgraded to V25 before September 2024 or where Commercial Features are used	Paid licenses needed only where v21 thru v24 are not upgraded to V25 before September 2026 or where Commercial Features are used

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When are NFTC Licenses Not Valid?

When customers environments fall under the Oracle Binary License and Redistribution Agreement

An Oracle Binary License and Redistribution Agreement (BLRA) and Oracle Trademark License (TML) are required for commercial distribution rights when your "Programs" use of Oracle Java "Software" does not comply with the relevant Java licensing manuals. For more information about rights are included in each version of Oracle Java then more clarity can be found here: <https://www.oracle.com/java/technologies/javase/licensing-user-manual.html>

When customers use 'Commercial Features'

An NFTC license is also not valid where commercial features are being used as mentioned above; this would require them to pay an additional fee. Hosts which run "Commercial Features" continue to be subject to additional fees and an NFTC license will not cover this usage, as was the case with OTN licenses. Where this usage has been prior to the current subscription period, then customers should keep evidence to prove that licenses were procured for each subscription period within the usage period.

An example of commercial features would be where jRockit Mission Control (JMC), Advanced Management Console Agent or Usage tracker are enabled then an 'paid' license is required for the specific host / environment.

It's recommended to keep an ELP (Effective License Position) which reflects the annual subscription requirements. This should include detailed hosts and their attributed license requirements. This annual evidence should be kept safe, so it can be used to quantify any differences suggested by Oracle under an audit.

NFTC licenses and their nuances

This new NFTC license supports Oracle's desire to periodically encourage customers on to new versions of Java. An NFTC license is only applicable where the installed version meets the NFTC rules as a particular version of Java will only be valid until one year after the next Long-Term Support version (LTS) is released. As LTS versions occur every 2 years, then customers must schedule an upgrade of all hosts using NFTC licensing principles to continue to use and not pay under the subscription license model. The scheduled upgrades must be completed within a 12-month period of the new LTS version being released (e.g. Version 17, 18, 19 & 20 must be upgraded to V21 between September 2023 and September 2024).

Where a V17 or higher version is not upgraded to the newest LTS version within 12 months of its release date, then the customer will require to license under the new "Java SE Universal Subscription". This keeps customers away from using older versions of Java, if they want to remain within the conditions of the NFTC license and don't want to pay for the use of Oracle Java.

Non-LTS versions of Oracle Java are only supported from a bug and patch (including security) perspective for a six (6) month period after their release (e.g.: V18, V19 & V20) and therefore unless there is a business requirement to install that specific version then we would recommend that customers install LTS versions to reduce the overhead, as they would need to regularly upgrade every 6 months to avoid security exposures. If you are using a Non-LTS version, you will also have 12 months to move up to an LTS version from its release date for your NFTC license to remain valid.

Certero's recommended approach

Now is definitely the best time for customers to scope upgrading their Java usage to V17 or higher if they are currently deploying the latest updates to v7 and v8 as well as any java version from v11 through v16 as this will help them reduce / mitigate costs, provided they do not use 'commercial features' or require any hosts to be licensed under the Oracle Binary License and Redistribution Agreement.

Once a customer has migrated to Oracle Java v17 (which is currently the latest LTS version), then customers will continue to receive security updates until the next LTS version (v21) due for release in September 2023. At this point, customers have a 12-month window to move from v17, v18, v19 or v20 to v21 to avoid requiring an Oracle subscription from September 2024 onwards. Oracle will then use a 2-year cycle to force customers to upgrade Oracle Java to the latest LTS version within 12 months of it being made available or require customers to pay for a license where environments are using older NFTC versions (example: v21, v22, v23 and v24 will only be free until September 2026 as V25 is shippable in September 2025).

Customers who are using Oracle Java versions 7 and 8 should review all associated hosts for any reasons why the version of Java could not be upgrades to V17+. Where V7 or v8 is require then consider OpenJDK or other non-oracle Java products. Customers need to be mindful of their contractual obligations with their customers or regulators before moving away from supported Java products.

Where specific hosts requiring 'paid-for' licenses need to remain then customers need to remember that just a single use of a paid license will be the same cost as licensing all hosts under the Oracle Java SE Universal Subscription model

Where 'commercial features' are used or host require to be licensed under the Oracle Binary License and Redistribution Agreement, then this should be by exception and tracked (including where the appropriate license has been purchased) via a customer's internal change control processes.

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Buying Oracle Java Subscriptions since January 23rd 2023

Oracle changed their subscription licensing model from Java SE / Java SE Desktop Subscription licenses to a Java SE Universal Subscription model. For any customer who does not currently pay Oracle for any use of Java (By means of paying maintenance on perpetual licenses or paying an annual subscription) then this change will affect how much customers pay where chargeable licenses are required.

The scoping of hosts that require to be licensed has not changed, but merely how Oracle will charge for chargeable hosts. Under the old model customers would have to identify the hosts running chargeable versions, and then workout how many Processor / NUP licenses were required and pay for that use on an annual subscription basis. The new rules basically imply that if customers have a single host that requires a 'paid license' then the cost for the license is based on the humans that could use the Java software (which means the initial value of licenses required starts with the customers publicly declared employee count).

In short, the new Oracle Java SE Universal Subscription model is basically an Unlimited License Agreement (ULA) in all aspects apart from name.

The following bullet points will help customers understand where the new subscription model will have implications on their business, where used in any production environment (which include all end-user compute devices)

- **ANY** use of 'Commercial Features'
- **ANY** use of Java v6 update 51 and higher (basically any update since June 2013)
- **ANY** use of Java v7 update 85 and higher (basically any update since July 2015)
- **ANY** use of Java v8 update 211 and higher (basically any update since April 2019)
- **ANY** use of Java v11, v12, v13, v14, v15 and v16

Already actively paying maintenance procured under the existing Perpetual Licenses? Oracle have indicated that the customer can use the existing maintained perpetual licensed model, but customers must ensure that the volumes are correct as any unvalidated change to the license quantities could mean Oracle refuse to accept your renewal order.

Already actively paying for Oracle Java procured under the existing subscription model? Oracle have indicated that customers can use the existing Processor / NUP model, but customers must ensure that the volumes are correct as any unvalidated change to the license quantities could mean Oracle refuse to accept your renewal order.

No current active Oracle Java subscription? Oracle will only sell the new 'Employee for Java SE Universal Subscription' which includes the following definitions: (i) all of Your full-time, part-time, temporary employees, and (ii) all of the full-time employees, part-time employees and temporary employees of Your agents, contractors, outsourcers, and consultants that support Your internal business operations. The quantity of the licenses required is determined by the number of Employees and not just the actual number of employees that use the Programs.

How Certero Can Help

If you're concerned about the risks surrounding the use of Oracle Java, then Certero can help with a SAM Service for Oracle Java. Certero combines the extensive expertise of our in-house Oracle licensing consultants alongside some of Certero's LMS/GLAS verified Oracle licensing technology, to discover and provide clarity over your IT infrastructure and usage of Oracle Java products. Our independent SAM consultants can analyze your environments, identify any present risks, and expertly guide you through strategic risk-mitigation activities to protect your business.

