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SCO Bankrupt? End Of Saga Can't Be Far Off

Posted by [Charles Babcock](#), Sep 14, 2007 06:38 PM



SCO's move to file for bankruptcy protection may be the last chapter in this ill-starred case. SCO's ongoing legal expenses and rapidly declining shareholder value bode ill for a once-proud company.

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Other companies that perhaps once thought about suing their customers have watched the 2003 filings of SCO vs. Daimler Chrysler and SCO vs. AutoZone and thought again. The lesson seems abundantly clear that customers are uncomfortable with such a vendor, and it's their future business that most sensible companies don't want to drive away.

Only when a technology company has given up on its own creative force does it take such a step, or at least that's the shadow that SCO now lingers under. Companies elsewhere end up suing each other, but SCO's claims were so sweeping that either it was drastically wrong in its assertions or everyone who used open source code owed it money.

SCO vs. Novell, SCO vs. IBM, and SCO vs. Customers all defied common sense, when SCO [did not own the copyright](#) to Unix, as the federal district judge decreed. If the core case against Novell continues -- still within the realm of possibility, if not reality -- it, too, will show a gravity-defying lack of common sense. The cost of that defiance will be the last SCO nickel expended and last ounce of SCO shareholder value pounded into dust.

In an Aug. 30 *InformationWeek* [interview](#), SCO CEO Darl McBride said that SCO "believes this is a very appealable case. There is a form of appeal that our attorneys are working on very hard right now."

The thing that bothers some of us is that a competent technology company resorted to claims in court rather than sticking to the hard work of technology generation. Anyone may assert claims of invention and ownership, but to resort to sweeping claims against such a broad set of customers suggested that all SCO's boldness had been invested in a legal strategy. And that in turn suggested a loss of nerve in its technology strategy.

Is Chapter 11 the last chapter? It's probably only the beginning of the last chapter, but a sign that the end to this sorry saga cannot be far off.

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