Copyrightability, infringement and fair use

THE CASE:
Oracle v Google
US Court of Appeals for the Federal Circuit
27 March 2018

A recent Federal Circuit decision on the long-running *Oracle v Google* dispute may end up at the Supreme Court. **Brian B Darville** explores

Oracle's decade-long copyright infringement suit against Google may be heading to the Supreme Court. The case involves the copyrightability of application programming interfaces (APIs) and the application of the fair use doctrine to copying APIs for the stated purpose of creating interoperable programs. The case pits software copyright owners against software developers and may impact innovation in the software industry.

Background

As Google was developing its Android mobile operating system, it wanted to use Java so that the vast network of Java developers would develop applications for the Android mobile operating system and could use the Java programming shortcuts with which they were familiar from Java app development.

Google wanted rapid application development for its Android mobile operating system. The company had initially sought a licence from Oracle, which now owns Java, but the negotiations broke down, in part because Google refused to make the implementation of its programs compatible with the Java virtual machine or interoperable with other Java programs, which violates Java's "write once, run anywhere" philosophy.

Ultimately, Google copied the declaring code of 37 APIs in its entirety and the structure, sequence and organisation of the 37 APIs – over 11,000 lines of code in total – as part of its competing commercial platform. Google had to copy only 170 lines of code to ensure interoperability. It was undisputed that the copied APIs could have been written in vastly numerous ways, and Google could have written its own APIs. Doing so would have required more time and effort, and it would have required more effort by developers of mobile applications for Android mobile, but it could have been done. After copying Java's code, Google purposely made its Android platform incompatible with Java, which meant that Android apps run only on Android devices, and Java apps do not run on Android devices. In other words, the two platforms and their applications are not interoperable.

> **"The case pits software copyright owners against software developers."**

In *Oracle v Google I*, the Federal Circuit held that in light of the evidence and controlling precedent, the Java APIs were copyrightable, reversing the district court's judgment that they were not, after a jury verdict found copyright infringement. After *Oracle v Google I,* the Supreme Court of the US (SCOTUS) denied *certiorari*. The US took the position that the Java code at issue was copyrightable and there was no circuit split on the merger doctrine or section 102(b), the embodiment of the idea/expression dichotomy in copyright law. On remand the jury returned a verdict that Google's copying of 37 APIs and the structure sequence and organisation of the corresponding implementing code was a fair use.

In *Oracle v Google II,* the Federal Circuit held that no reasonable jury could conclude that Google's copying of over 11,000 lines of code, where it had to copy only 170 lines of code for interoperability, was a fair use.

On the fair use factors, the Federal Circuit concluded that Google's use of the Java code was overwhelmingly commercial (factor one), the nature of the work – software – favoured Google (factor one), the amount of the work taken was neutral or favoured Oracle, because the code was a highly valuable part of the Java platform (factor three), and the effect on Oracle's existing and potential markets heavily favoured Oracle because the Android platform caused Oracle to lose customers and impaired Oracle's ability to license its work for mobile devices (factor four).

Petition for certiorari

Google again has petitioned for *certiorari*, arguing that the APIs are not copyrightable and that the Federal Circuit should not have reversed the jury's fair use verdict. Now that the Federal Circuit has ruled for Oracle on the issue of fair use, only the damages phase of the case remains. At this juncture, there are two issues that potentially could be dispositive of the case if the Supreme Court granted *certiorari* and ruled for Google. If Google prevails on appeal on either copyrightability or fair use, the case would be over, and there would be no need for a trial on Oracle's damages.

Copyrightability

On the issue of copyrightability, Oracle asserts that Google's claim of a circuit split is illusory. Google sees a circuit split in interpretations of section 102, which embodies the idea/expression dichotomy in copyright law. But Oracle counters that section 102(b), which

precludes copyright protection for a 'system' or 'method of operation', does not preclude protection for the 37 API packages and their structure, sequence and organisation simply because they are part of the software's operation.

Oracle says Google ignores the statutory definition of 'computer program', which is defined as a "set of statements or instructions to be used directly or indirectly in a computer to bring about a certain result", see 17 USC § 101.

As for Google's claimed circuit split regarding the merger doctrine, Oracle points out that the Federal Circuit concluded the merger doctrine did not apply because the evidence made clear, Google admitted, and the district court found that Oracle could have written its 37 API packages in any number of ways and had unlimited options for the structure, sequence and organisation of that code.

Furthermore, Oracle contends that determining merger for purposes of copyrightability turns on the choices that were available to the original author when it created the work, not on the options available to Google when it copied the code. Oracle emphasises that a work does not lose copyright protection just because it becomes so popular that others see a huge benefit in copying it.

Oracle also argues that Google's petition has a "fatal vehicle defect" because its copyrightability question focuses exclusively on the lines of declaring code it copied but ignores the judgment that Google infringed the structure, sequence and organisation of the 37 API packages overall. Because Google's copyrightability question does not apply to the second, independent copyrightability holding supporting the judgment, Oracle contends Supreme Court review would not be outcome determinative, and *certiorari* should be denied.

Fair use

Oracle argues that Google's challenge to the Federal Circuit's fair use judgment does not warrant *certiorari* because the case doesn't present a circuit conflict on fair use, and Google cites no case where any court found it fair to copy so much code into a competing software product. Rather, Google's petition is merely a "naked plea for fact-based error correction", which Oracle asserts is no basis for the Supreme Court's review.

Google's fair use challenge seems to suggest that software, due to its functional nature, is more amenable to fair use. Oracle counters that the functional nature of software is considered under the second fair use factor, which considers the nature of the copyrighted work. There, the Federal Circuit found that this factor favoured a finding of fair use. Oracle decries a broad exception for 'software interfaces' – a term, Oracle contends, Google invented for its petition.

Oracle distinguished *Sony* and *Sega* decisions involving copying as part of reverse engineering because, in those cases, the accused infringer copied code in an effort to develop a non-infringing compatible product that did not include the copied code. Google, in contrast, did the opposite, copying Java's code directly into a competing software platform and then made that product and platform incompatible.

"Oracle contends that Google's arguments based on interoperability are wrong and 'utterly hypocritical'."

Regarding Google's challenge to the first fair use factor, "the purpose and character of the use", Oracle emphasises the Federal Circuit ruling that Google's use was overwhelmingly commercial, and that the Federal Circuit rejected Google's argument that its copying of Java into the Android platform was transformative because Google adapted Java to the new context of mobile devices. Oracle emphasises that Java APIs were already used in smartphones before Android entered the market, and Google used the APIs for the same purpose – namely, "to enable programmers to remember, locate and run prepackaged programs."

Similarly, Oracle contends that Google's arguments based on interoperability are wrong and "utterly hypocritical" because Oracle liberally licensed its work even to competing platform developers so long as they comply with the golden rule of compatibility: "write once, run anywhere".

As for the fourth fair use factor – the effect on the potential market for or value of the copyrighted work – the Federal Circuit found evidence of harm to both actual markets Java already was in, as well as harm to potential markets that would be developed or licensed to others to develop. Oracle asserts Google ignored harm to tablets, where it was undisputed that Amazon switched between Java and Android for the Amazon Kindle and used Android to negotiate steep discounts from Oracle. Regarding potential markets, Oracle viewed specialised platforms for mobile devices as a burgeoning market for Java, and Oracle and Google engaged in lengthy licensing negotiations, which demonstrated that Oracle was attempting to license Java for smartphones.

Finally, Oracle points out that Google's policy arguments of industry demise are illusory. Software innovation has thrived during the 10 years the case has been pending. Copyright protection for software is consistently applied, and no case has found such extensive copying and use in a competing commercial product to be fair. Application programmers are unaffected by the case as they can use Java APIs for free. Only commercial platform developers need to take a licence and comply with Oracle's compatibility mantra, "write once, run everywhere".

Summary

Many in the industry believe the Federal Circuit's fair use decision misapplies fair use precedent and may hamstring innovation based on reuse of functional aspects of software to create competing products. According to Microsoft, the Federal Circuit's fair use judgment will have profoundly negative consequences for innovation in the computer industry.

If *certiorari* is granted, the Supreme Court will address whether the code Google copied into Android is copyrightable and whether that use was fair. A ruling for Google on either issue would have substantial impact regarding copyright protection for software and the application of fair use in reusing software code. Whether Google's position on copyrightability would 'destabilise' the software system or whether the Federal Circuit's fair use judgment threatens the viability of computer industry innovation remains to be seen. A Supreme Court decision on either issue will impact the balance between software copyright owners and developers seeking to use their code in competing platforms and programs. That complex balance is in play and may increase the likelihood that *certiorari* will be granted.

Author

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