



Archetype IPSM

Federal Circuit Friday

www.archetype-ip.com

March 2018

In *Oracle America, Inc. v. Google LLC* (March 27), the Federal Circuit reversed a trial court determination that Google's use of copyrighted Oracle computer software was a non-infringing "fair use." The contrast between the trial court's findings and the Federal Circuit's decision helps illuminate (a little bit) the murky area of copyright fair use.

Fair Use - Defined/Overview.

Ordinarily, the copying and use of another's copyrighted work¹ is an infringement. In some situations, however, the ultimate goal of copyright protection – "to expand public knowledge and understanding" – is promoted by allowing the free use of copyrighted works by persons other than the copyright owner.² Thus, the fair use doctrine renders certain uses of copyrighted works non-infringing, in particular where strict enforcement of copyright "would stifle the very creativity which that law is designed to foster."³

Section 107 of the Copyright Act (17 USC) codifies the fair use doctrine, providing that the use of a copyrighted work "for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright." The "such as" in this section is important, as it confirms that the list of fair uses in the statute is not exhaustive and merely "give[s] some idea of the sort of activities the courts might regard as fair use under the circumstances."⁴

Section 107 provides four non-exclusive⁵ factors to be considered in determining whether an alleged infringement is actually a fair use:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

These four factors are to be individually analyzed and then considered together (*i.e.*, "balanced") to determine whether a given otherwise infringing use should be deemed fair in light of the purposes of copyright. Fair use implements what I refer to as a "squishy" standard – a legal analytic framework for which the best you're going to get are some guide posts and a lot of grey area in between. *Oracle v. Google* provides some useful guide posts.

¹ Copyright law protects original works of authorship that are fixed in a tangible form of expression -- *e.g.*, books, sheet music and scores, sound recordings, drawings, paintings, motion pictures, computer software, etc. Copyright protects only the particular expression of an idea or concept, not the underlying idea or concept. The copyright holder has the exclusive rights to (i) copy or otherwise reproduce the work, (ii) distribute, lease, or sell it, (iii) perform it publicly (*e.g.*, musical, dramatic, choreographed works), and (iv) display it publicly (*e.g.*, photographs, artwork, motion pictures).

² Quoting *Authors Guild v. Google, Inc.*, 804 F.3d 202, 212 (2nd Cir. 2015). The US Supreme Court has explained, in the context of copyright fair use, that "[i]n truth, in literature, in science and in art, there are, and can be, few, if any, things, which in an abstract sense, are strictly new and original throughout. Every book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575 (1994).

³ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994).

⁴ *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 561 (1985).

⁵ The statute says "the factors to be considered shall include" these four; thus, they are mandatory but not exclusive.

Archetype IP

Federal Circuit Friday

March 2018

Fair Use in Practice - Trial Court vs. Federal Circuit in *Oracle v. Google*.

In *Oracle v. Google*, Google copied and used 37 packages of Oracles' Java Application Programming Interface ("API"),⁶ the "declaring code"⁷ and "structure, sequence, and organization" of which were entitled to copyright protection. The sole issue in this case was whether that use of Oracle's code was "fair" and thus exempt from infringement liability. The trial court reviewed the four factors and concluded⁸ that the use was "fair," while the Federal Circuit reached the opposite conclusion.

1. *The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.*

Trial Court	Federal Circuit
<p>Google's use was primarily commercial, but "Google's decision to make Android available open source and free for all to use had non-commercial purposes as well (such as the general interest in sharing software innovation)."</p> <p>** Neutral or weighs slightly against fair use.</p>	<p>Google's use was "overwhelmingly commercial." Giving Android away free of charge doesn't make the use of Oracle's code therein non-commercial, and "[t]hat Google might also have non-commercial motives is irrelevant as a matter of law" because "the question is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price." Here, Google stood to profit substantially from its use of Oracle's code.</p> <p>** Weighs against fair use.</p>
<p>Google's use was transformative⁹ "because Google integrated only selected elements [of Oracle's code] for mobile smartphones and added its own implementing code."</p> <p>In particular, although "the copied declarations serve the same function in both works, for by definition, declaring code in the Java programming language serves the [same] specific definitional purposes[.] . . . Google's selection of some, but not all, of the Java API packages—with new implementing code adapted to the constrained operating environment of mobile smartphone devices, together with new methods, classes, and packages written by</p>	<p>Google's use was not transformative.</p> <p><u>First</u>, "[i]t is undisputed that the API packages serve the same function in both works" and "Google created exact copies of the declaring code and SSO and used those copies for the same purpose as the original material."</p> <p><u>Second</u>, "taking only select passages of a copyrighted work is, by itself, not transformative."</p> <p><u>Third</u>, "[t]hat Google wrote its own implementing code is irrelevant to the question of whether use of the APIs was transformative" because "no plagiarist can excuse the wrong by showing how much of his work he did not pirate."</p>

⁶ The Java API's are "a collection of pre-written Java source code programs for common and more advanced computer functions" that "allow programmers to use the prewritten code to build certain functions into their own programs rather than write their own code to perform those functions from scratch. Java API's operate essentially as "shortcuts." There were 166 APIs at the relevant time, of which Google copied and used 37.

⁷ The declaring code points the computer to the relevant "implementing code" that "gives the computer step-by-step instructions to carry out the declared function."

⁸ The context for the trial court findings was review of jury determinations on JMOL and thus take the form of what a reasonable jury could have found. Where the Federal Circuit disagreed, it essentially held that no reasonable jury could properly have reached or relied upon the finding.

⁹ A "use is 'transformative' if it adds something new, with a further purpose or different character, altering the first with new expression, meaning or message" and "[t]he critical question is whether the new work merely supersede[s] the objects of the original creation . . . or instead adds something new." *Oracle v. Google* (Fed. Cir. March 27, 2018). Because transforming the copyrighted work serves the purposes of copyright (to promote science and the arts), the more transformative the use of a copyrighted work, the less importance is given to any commercial nature of the use.

Archetype IP

Federal Circuit Friday

March 2018

<p>Google for the mobile smartphone platform—constituted a fresh context giving new expression, meaning, or message to the duplicated code.”</p> <p>** Weighs in favor of fair use.</p>	<p><u>Fourth</u>, Google did not move the declarations and SSO of the 37 API packages into a new context (<i>i.e.</i>, smartphones) because Oracle's JavaSE was already being used in smartphones. Moreover, "moving material to a new context is not transformative in and of itself—even if it is a sharply different context.”</p> <p>** Weighs <u>against</u> fair use.</p>
<p>Google's use of Oracle's code was not in bad faith¹⁰ because "Google's use of parts of the Java API as an accelerant was undertaken based on a good faith belief that at least the declaring code and SSO were free to use (which it did use), while a license was necessary for the implementing code (which it did not use).”</p> <p>** Neutral or weighs in favor of fair use.</p>	<p>"[W]hile bad faith may weigh against fair use, a copyist's good faith cannot weigh in favor of fair use.”</p> <p>** Neutral.</p>

2. *The nature of the copyrighted work.*

Trial Court	Federal Circuit
<p>Principally functional rather than creative -- "while the declaring code and SSO were creative enough to qualify for copyright protection, they were not 'highly creative,'" and "functional considerations predominated in their design.”</p> <p>** Weighs in favor of fair use.</p>	<p>Agree -- Principally functional rather than creative. "Although it is clear that the 37 API packages at issue involved some level of creativity . . . functional considerations were both substantial and important.”</p> <p>** Weighs in favor of fair use.</p>

3. *The amount and substantiality of the portion used in relation to the copyrighted work as a whole.*

Trial Court	Federal Circuit
<p>"Google copied only so much as was reasonably necessary for a transformative use," and "the number of lines duplicated was minimal.”</p> <p>"Google duplicated the bare minimum of the 37 API packages, just enough to preserve inter-system consistency in usage, namely the declarations and their SSO only, and did not copy any of the implementing code,” such that Google “copied only so much as was reasonably necessary.”</p> <p>** Weighs in favor of fair use.</p>	<p><u>First</u>, Google's use was not transformative (see above) and Google copied far more than what was necessary to make use of Java.</p> <ul style="list-style-type: none"> • "only 170 lines of code were necessary to write in the Java language" but "Google copied 11,500 lines of code—11,330 more lines than necessary to write in Java.” • "Google did not seek to foster any 'inter-system consistency' between its platform and Oracle's Java platform" and cannot use interoperability as a justification (indeed, Google "specifically designed Android to be incompatible with the Java platform and not allow for interoperability with Java programs" and also abandoned its interoperability arguments in this appeal).

¹⁰ The Ninth Circuit takes into account whether the accused infringer acted in bad faith, on the grounds that fair use is an equitable defense and a person acting in bad faith is typically not eligible for rescue in equity.

Archetype IP

Federal Circuit Friday

March 2018

	<p><u>Second</u>, Google's use of the copyrighted code was not insubstantial.</p> <ul style="list-style-type: none"> • Google conceded that "the material copied was important to the creation of the Android platform" and thus was not "qualitatively insignificant." • In particular, "Google sought to capitalize on the fact that software developers were already trained and experienced in using the Java API packages at issue." But "there is no inherent right to copy in order to capitalize on the popularity of the copyrighted work or to meet the expectations of intended customers" and "[t]aking those aspects of the copyrighted material that were familiar to software developers to create a similar work designed to be popular with those same developers is not fair use." <p>** Neutral "at best" or weighs <u>against</u> fair use.</p>
--	--

4. *The effect of the use upon the potential market for or value of the copyrighted work.*

Trial Court	Federal Circuit
<p>No or minimal effect -- the "use of the declaring lines of code (including their SSO) in [Google's] Android caused no harm to the market for the copyrighted works, which were for desktop and laptop computers."</p> <p>Also, because Oracle made the Java API packages available for free under an open source license (under the name Open-JDK), "Android's impact on the market for the copyrighted works paralleled what Sun already expected via its Open-JDK."</p> <p>** Weighs in favor of fair use.</p>	<p>The evidence of actual and potential harm stemming from Google's copying was "overwhelming,"</p> <p><u>First</u>, "the evidence showed that Java SE had been used for years in mobile devices, including early smartphones," not merely for desktop and laptop computers, and therefore "Android competed directly with Java SE in the market for mobile devices."</p> <ul style="list-style-type: none"> • "Even if there were a dispute about whether Oracle was licensing Java SE in smartphones at the time Android launched . . . fair use focuses on potential, not just actual, market harm" and smartphones were at least a potential market for JavaSE or a derivative work based thereon. • Not relevant that Oracle was not itself building smartphones because (i) it was still a potential market, and (ii) "Oracle intended to license Java SE in smartphones." <p><u>Second</u>, Amazon "used the fact that [Google's] Android was free to negotiate a steep discount to use [Oracle's] Java SE in its newer e-reader," confirming "that Android was used as a substitute for Java SE and had a direct market impact."</p> <p><u>Third</u>, "manufacturers did not view OpenJDK as a commercially viable alternative to using Java SE because any improvement to the packages in</p>

Archetype IP

Federal Circuit Friday

March 2018

	OpenJDK had to be given away for free to the Java community" as demonstrated by the fact that "Amazon moved from Java to Android—not to OpenJDK." ** Weighs "heavily" <u>against</u> fair use.
--	--

In balancing its findings under the four factors, the Federal Circuit determined that "allowing Google to commercially exploit Oracle's work will not advance the purposes of copyright" because "Google could have furthered copyright's goals of promoting creative expression and innovation by developing its own APIs, or by licensing Oracle's APIs for use in developing a new platform, [but] it chose to copy Oracle's creative efforts instead."

Abstracting a level up from the facts and details of this case, some of the key "guideposts" that can be extracted include:

- Giving something away for free can be very much a commercial action, particularly where giving one thing away promotes sales of another thing upstream or downstream or otherwise ultimately promotes business expansion and profits.
- A use is less likely to be "transformative" if accomplishes the same goal or performs the same function in the accused infringing work as it did in the original copyrighted work.
- That the copied portion of a copyrighted work forms only a small part of a larger work created by the copyst is not relevant.
- Using only a small portion of a copyrighted work is not itself relevant. But using the bare minimum of a copyrighted work that is absolutely necessary to achieve the goal of the accused infringing work helps show fair use.
- Evidence of good faith by the accused infringer (e.g., a reasonable non-infringing state of mind) can negate assertions of bad faith but is otherwise not relevant.
- The more functional a copyrighted work is, the more likely a copyst's use thereof is fair (because copyright is intended to protect creative expression, not function). This will almost always be a significant issue regarding fair use of copyrighted software code.
- If the use of a copyrighted work allows the copyst to leverage market advantages established by the copyright owner, that use is more likely to be deemed substantial (and thus not fair).
- A copyst's use is less likely to be fair if the accused infringing work competes, or is used to compete, against the copyrighted work.