



Intellectual Property ADVISORY ■

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Oracle v. Google Proves Again Why Fair Use Is So Troublesome

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The Federal Circuit this week overturned a jury verdict of fair use, finding that Google's use of Oracle's Java software programming packages was not fair as a matter of law. Though Google may seek a rehearing en banc or petition for U.S. Supreme Court review, the case has been remanded for a trial on damages. A copy of the Federal Circuit's opinion can be found here: [*Oracle America Inc. v. Google LLC*](#).

Brief History of the Case

In 2010, Oracle sued Google for copyright infringement (among other claims) for Google's copying of elements of Oracle's Java application programming interfaces (APIs) in Android operating systems. In creating its Android system, Google had written its own implementing code – the code that carries out the program's actual function. However, in order to ensure a seamless user interface, Google copied the overall structure of Oracle's APIs, as well as Oracle's "declaring code," which identifies the function of the program and commands the computer to execute the implementing code.

The case went to trial for the first time in 2012, and a jury found Google liable for copyright infringement but deadlocked on Google's fair-use defense. However, the judge overruled the jury verdict, deciding that (1) the declaring code was not protectable under copyright because such lines of code are unprotectable short phrases; and (2) the overall structure of Oracle's APIs was not copyrightable because the structure of an API is an unprotectable method of operation.

In 2014, the Federal Circuit reversed the district court's decision, holding that both Oracle's declaring code and API structure were protected by copyright. The case was remanded back to the district court for trial on the fair-use issue.

In May 2016, after a two-week trial, the jurors held that Google's use of the Java APIs in its Android operating system was a noninfringing fair use. Google hailed the verdict as a win for software developers who would be free to develop new products that are compatible with other pieces of software without fear of copyright infringement. After failing to overturn the jury's verdict on motions with the trial court, Oracle appealed.

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The Federal Circuit's Decision – Not Fair Use as a Matter of Law

On March 27, 2018, the Federal Circuit reversed the jury's verdict and held that Google's use of Oracle's declaring code and API structure was *not* fair use as a matter of law. Noting that "the doctrine of fair use has long been considered 'the most troublesome in the whole law of copyright,'" the Federal Circuit gave a close and thorough examination of each of the fair-use factors set forth in the Copyright Act in reaching its decision.

Factor 1: The purpose and character of the use

The court noted that the first factor "has two primary components: (1) whether the use is commercial in nature...; and (2) 'whether the new work is transformative or simply supplants the original.'"

First, the court held that Google's use of Oracle's works was "overwhelmingly commercial," which weighed against a finding of fair use. Second, it held that the purpose and character of Google's use was not transformative as a matter of law because Google copied the declaring code and API structure verbatim and used them for the same underlying purpose as Oracle. The court was not persuaded by Google's argument that its use was transformative because it wrote its own implementing code (which the court found to be irrelevant). The court similarly rejected Google's argument that its incorporation of the declaring code and APIs in a new context – smartphone mobile devices as opposed to computers – rendered the use transformative. In sum, the court concluded that verbatim copying for an identical purpose with only a mere change in format is insufficient as a matter of law to qualify as transformative. The court thus held that the first fair-use factor weighed against a finding of fair use.

Factor 2: The nature of the copyrighted work

In considering the second factor – the nature of the copyrighted work – the court recognized that "some works are closer to the core of intended copyright protection than others" and that the factor "turns on whether the work is informational or creative." In considering this factor, the court found that it favored a finding of fair use because the declaring code and API structure were dictated to a large degree by functional considerations. However, citing Ninth Circuit precedent that the second factor "has not been terribly significant in the overall fair use balancing," the court did not assign significant weight to this factor.

Factor 3: The amount and substantiality of the portion used in relation to the work as a whole

The court recognized that the third factor is a "flexible one" and "looks to the quantitative amount and qualitative value of the original work used in relation to the justification for its use." The court found that what Google copied was qualitatively important to the creation of the Android operating system and construed Google's motivation in copying Oracle's code as an attempt to "capitalize on [its] popularity" and "meet the expectations of intended consumers." The court further pointed out that Google "copied 11,500 lines of code – 11,330 more lines than necessary to write in Java." Though this was still only a small percentage of Java's code, which contains roughly 2.86 million lines of code, the court found that the third factor "arguably weighs against" fair use or is "at best, neutral."

Factor 4: The effect of the use on the potential market of or value of the copyrighted work

In considering the final factor, the court noted that although "none of the four factors can be viewed in isolation," the Supreme Court had previously stated that factor four is "undoubtedly the single most important element of fair use." Therefore the court appeared to pay especially close attention to this factor.

In doing so, the Federal Circuit held that the district court erred as a matter of law when it concluded (in denying Oracle's motion for judgment as a matter of law) that a reasonable jury could have found that Google's copying did not harm the market for licenses of Oracle's Java APIs: "That Android competed directly with Java SE in the market for mobile devices is sufficient to undercut Google's market harm arguments." The court also noted that there was evidence in the record that multiple device makers substituted an Android operating system for an Oracle Java SE license and thus found that "[n]o reasonable jury could have concluded that there was no market harm to Oracle from Google's copying." The court therefore concluded that factor four weighed "heavily" against a finding of fair use.

* * *

After the above consideration of the fair-use factors, the Federal Circuit determined that Google's use was not fair as a matter of law. Nevertheless, the panel was quick to note the narrow parameters of its opinion and that it was not holding that "a fair use defense could never be sustained in an action involving the copying of computer code," thus making clear that its consideration of the issues in the future would be fact specific. Unless Google's anticipated petition for rehearing en banc or to the Supreme Court for certiorari is granted, the only remaining issue is how many millions (or billions) Google may owe in damages.

Key Takeaways

This decision understandably has far-reaching ramifications for those in the software development field. Copying even a relatively small amount of code is now unlikely to be considered "too small" to be considered an infringement. Furthermore, the re-contextualization of code from one device format to another (such as desktop to mobile) is now less likely to be considered transformative use of that code and, as a result, ultimately less likely to be found to be a fair use.

Even outside the tech space, this decision serves as yet another example of the unpredictability of fair-use determinations and further evidence of why the doctrine of fair use is "the most troublesome in the whole law of copyright." As courts at both the trial and appellate levels increasingly decide the issue of fair use as a matter of law – and significant questions of whether and when the issue can even be tried to a jury – it is becoming increasingly difficult to take comfort that one's use of another's copyrighted work will be considered "fair."

Indeed, over the past five years, courts have surprised copyright practitioners and academics alike as they continue to play with and redefine the applicability and scope of the fair-use defense. In 2013 in *Cariou v. Prince*, the Second Circuit held 25 of an artist's 30 artworks that incorporated a third-party's portrait photographs to be fair use as a matter of law – but remanded the other five for the trial court's determination. The next year, the Seventh Circuit held in *Kienitz v. Sconnie Nation LLC* that use of a photograph of a city mayor on a commercially available t-shirt was sufficiently transformative because of its political message. In 2015, the Second Circuit ruled in Google's favor in *Author's Guild Inc. v. Google Inc.*, holding that Google's verbatim copying of thousands of books to create a searchable database of texts was fair use. And in *TCA Television Corp. v. McCollum* in 2016, the Second Circuit weighed in on the fair-use issue again, this time reversing a district court's finding of "highly transformative" fair use and holding the quoted use of a comedy routine in a scene in a Broadway play was not fair as a matter of law.

In sum, if you are considering whether to use another's work and intend to rely on the fair-use doctrine as your primary defense, you should give serious thought to the likelihood of success of that defense in this increasingly unpredictable landscape.

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