



Jury returns verdict for Google in question of fair use of Oracles code

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Oracle Am., Inc v Google Inc, No C 10-03561 WHA, 2016?U.S. Dist. LEXIS 74931
(Northern District of California, 8 June 2016) (*Oracle III*)

Abstract

On 26 May 2016 a jury returned a verdict that upheld Google's fair use defence in a long-running copyright dispute brought by Oracle over Google's misappropriation of certain Java code. The recent jury verdict is the latest installment in a litigation that began in 2010 with Oracle accusing Google of copying certain portions of its Java application programming interface in Google's Android operating system. The verdict, if upheld on appeal, exonerates Google of liability for infringing Oracle's copyright on the software in question. The case had the potential for significant damages because of the size of the Android market in question and significant implications on the commercial use of open source software.

Legal Context

US courts have struggled for decades over if—and how—copyright law should protect computer software. Oracle's Java API has straddled the lines of this struggle in a highly public manner.

This dispute raised the issues of (1) whether and to what extent software code is copyrightable, and (2) when an alleged infringer is entitled to rely upon a fair use defence in a software copyright dispute. In a previous appeal, the US Court of Appeals for the Federal Circuit ('Federal Circuit') held that certain portions of Oracle's Java application programming interface ('API') were copyrightable, and remanded the case for trial on whether Google's use was 'fair use'. In the present trial, the jury considered the fair use defence, ultimately deciding in favour of Google. The case is now expected to be appealed to the Federal Circuit.

Facts

Sun Microsystems ('Sun') created and developed the popular open source Java programming language, and the specific computer code at issue here. In 2012, Oracle America, Inc purchased Sun and Sun's rights to Java.

Google created and distributes its Android operating system, which includes certain segments



of Java software. As pertinent to this dispute, Android contains 37 code packages copied-in-part out of the larger Java API. The copied code consists of the declarations and headers of various classes and methods in the Java API. These segments of code allow programmers to use the same commands in Android as they would when writing an ordinary Java program, and thus saves the programmers—and notably Android app writers—from learning a different programming language. The crux of the litigation is thus the status of the Java API under copyright law and Google's liability for copying it, a practice which is very common in the industry.

Oracle I

On 8 May 2010, Oracle filed suit in the District Court, alleging that Google infringed both copyrights and patents by copying parts of the Java API in the Android operating system (*Oracle Am., Inc v Google Inc*, 872 F. Supp. 2d 974 (Northern District of California, 2012) (*Oracle I*)).

The parties agreed to split the issues between the judge and the jury. The judge would issue rulings on whether the software was protectable by copyright and on Google's equitable defences. The jury would decide whether Google had infringed the copyright claims and if so, whether it had a valid fair use defence (*Oracle I* at 975).

The judge held that the relevant software was not protectable by copyright (*Oracle I* at 977). Finding no direct precedent for the issue, the judge focused his analysis on the Second Circuit's 'abstract-filtration-comparison' test, which the Ninth Circuit has adopted as the framework for analysis of software copyright claims (*Oracle I* at 988). The judge relied heavily on the fact that the code in question was mainly functional, which meant that it could not be protected (*Id.*).

In the first jury trial, the jury, which was instructed to assume copyrightability of Oracle's Java API, found that Google had infringed the copyrights (Jury Verdict, ECF No 1087). The jurors were deadlocked on the fair use defence, but the judge entered final judgment dismissing the case because of his finding on lack of copyrightability (Final Judgment, ECF No. 1211). Both parties appealed to the Federal Circuit.

Oracle II

The Federal Circuit had jurisdiction over the appeal based on the patent infringement claims in the original complaint. The patents in question were not appealed after the jury returned a verdict of non-infringement of the patents (Jury Verdict, ECF No. 1190).

More importantly, the Federal Circuit reversed the District Court's denial of copyright protection and remanded to decide the fair use defence, which the prior jury had been deadlocked on (*Oracle Am., Inc v Google Inc*, 750 F3d 1339, 1348 (Fed Cir 2014) (*Oracle II*), *cert denied* 135?S Ct 2887 (2015)).



In reaching its decision, the Federal Circuit applied the same 'abstraction-filtration-comparison' test that the District Court identified (*Oracle II* at 1357–9). The court found that proper application of the abstraction and filtration steps of the test showed that the code in question was protectable by copyright (*Id.*). In the decision, a unanimous panel of three judges remarked that there are no hard and fast rules regarding copyrightability of computer software, and that many other courts had found software protectable under copyright (*Id.*). The court also dismissed the lower court's reliance on the functionality of the software (*Oracle II* at 1367):

We agree with Oracle that, under Ninth Circuit law, an original work - even one that serves a function - is entitled to copyright protection as long as the author had multiple ways to express the underlying idea.

Here, the undisputed facts that Sun wrote the code and that Google could have written Android to accomplish the same functionality without copying the language was sufficient evidence to show that the Java API software is protectable by copyright (*Oracle II* at 1367–8).

Analysis

On remand from *Oracle II*, the District Court submitted the fair use issue to a jury, which returned a verdict for Google (Jury Verdict, *Oracle III*, ECF No. 1982). In his instructions to the jury, the judge presented the four factors included in 17 USC §107, the statute codifying the fair use defence. These factors are:

1. purpose and character of the use;
2. nature of the copyrighted work;
3. amount and substantiality of the copied work; and
4. the effect of the use on the market for the copyrighted work. (Final Charge to the Jury at 12, *Oracle III*, ECF No. 1928)

The judge instructed the jury that none of the factors are dispositive and that the four factors listed are not exclusive, which meant that the jury was free to consider any other relevant factors (*Id.*).

Practical Significance

This case is an example of the ongoing attempt to harmonize copyright law, which was



substantially revised in 1976, with modern computer software, especially in light of the creation of computer programming languages that are free to use. The case is also significant because of the potential damages involved; Oracle filed expert declarations supporting claims of \$9.3 billion dollars in damages due to the copyright infringement (declaration of Edward A. Bayley, Exhibit G at 7, *Oracle III*, ECF No. 1571).

The Federal Circuit's reversal of the lower court's copyrightability decision is significant because of the analysis the court applied. The Federal Circuit was interpreting Ninth Circuit copyright law, and it agreed with the District Court's identification of the 'abstract-filtration-comparison' test as the proper Ninth Circuit standard for use with computer software. However, the Federal Circuit focused heavily on the independent creation and creativity used when constructing the relevant Java APIs. The analysis and tone used in the decision harkens back to the *Feist* decision, 499 US 340 (1991), and the relatively low bar to gaining copyright protection for a work described there. This decision sets a low standard for computer software to meet to gain copyright protection, especially in light of the software in question: the functional declarations of classes and methods of the Java API, not an entire computer program or relevant portion of the implementing code.

The District Court's jury instructions regarding fair use followed the statutory expression closely with a few interesting additions. At Oracle's prompting, the court told the jury that they could consider whether Google acted in good faith prior to the commencement as part of purpose and character of the use. Google strenuously opposed Oracle's position, and the judge ended up comprising by mentioning the good faith factor to the jury, but limiting consideration only to actions before commencement of the suit (see Order Denying Rule 50 Motions at 2, *Oracle III*, ECF No. 1988). He also authorized Google to present evidence supporting its good faith in rebuttal to the claim of bad faith.

Google argued for an instruction that told the jury to consider whether Google's actions were consistent with industry practice which rose to the level of 'custom', which would presumably negate a bad faith claim. The judge did not include 'custom' as an independent factor to consider under the nature and purpose of use because of the minimal precedent supporting Google's position (*Id.* at 3). However, the judge did include whether Google was following industry practice as a consideration when evaluating Google's good faith (*Id.*). This is important because the practice of copying the type of code at issue here is widespread in the technology sector.

In *Oracle II* many saw the Federal Circuit's decision as lowering the threshold of originality necessary to protect computer software. With the latest Jury verdict, some see the pendulum swinging back with the applicability of a fair use defence, particularly when the originality threshold has been lowered too much. What happens next in this long-running battle only time will tell.

Footnotes



Charles R. Macedo is also the author of *The Corporate Insider's Guide to US Patent Practice*, published by Oxford University Press in 2009.

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