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## The U.S. Supreme Court Decodes Copyright “Fair Use”

By [Kevin R. Casey](#)

April 5, 2021, the U.S. Supreme Court decided a case that could have had tremendous ramifications for software protection, *Google LLC v. Oracle America Inc.*, No. 18-956, 141 S. Ct. 1183. Two questions were before the Court: (1) Does copyright protection extend to a software interface? (2) If so, does another’s use of a software interface in the context of creating a new computer program constitute fair use? Writing for a 6-2 majority, with Justice Barrett not participating, Justice Breyer declined to address the first question on copyrightability and instead resolved the case focusing on the question of fair use by referencing the four guiding factors in the Copyright Act’s fair use provision. Justice Thomas filed a dissenting opinion criticizing the decision because it bypassed the question of whether the software code is protected by the Copyright Act. The case was labeled the “copyright case of the century” because it could have determined the fate of copyright protection in software interfaces. It did not. Nevertheless, the Court’s ruling for Google is a victory for innovation in the software industry and strengthened the fair use doctrine. A summary of some of the specific consequences of the ruling follows below after a detailed discussion of the case.

Let’s begin with some background.

### A. Legal Background

Copyright law protects original “expression” that is fixed in some tangible medium (e.g., paper, canvas, film) but not the ideas that underlie the expression. It is often difficult to draw the line, however, between an idea and the expression of that idea. One concept used to distinguish between the two focuses on whether the work is largely functional; such works are closer to mere ideas than to protectable expression. Works that are purely functional (such as some computer code) are categorized as noncopyrightable ideas, rather than copyrightable expression. In addition, the exclusive rights of a copyright owner in copyrightable expression are subject to various limitations, including that a copyright owner cannot prevent another person from making a “fair use” of the copyrighted material.

### B. Factual Background

The particular software in this case is Java. Sun Microsystems developed Java in 1996, and Java has become one of the most popular software languages because it allows a programmer to write a Java program on a computer using one operating system and run the program on a computer using a completely different operating system. The Java language requires the use of the Java Application Programming Interface (API) to function properly. An API generally is a specification that allows programs to communicate with each other. The Java API consists of a library of pre-written functions organized into packages that include declaring code (which organizes the universe of

tasks a program might perform) and implementing code (the actual programming of the interface itself). Sun Microsystems wanted computer programmers to adopt its Java programming language and emphasized that the Java API preexisting code was a practical way to develop software.

Enter Google. Google approached Sun Microsystems to use the Java programming language for its Android mobile phone operating system. Google and Sun Microsystems did not reach a deal; nevertheless, Google used the declaring code of the Java API for its Android mobile phones. Google proceeded based on its understanding that declaring code was not copyrightable, and created its own implementing code. Sun Microsystems praised Google in 2007 for its use of Java in the Android phone, and the code now supports smartphones used by more than two billion people throughout the world. After acquiring Sun Microsystems in 2010, however, Oracle sued Google for copyright infringement based on the Java API in the Android mobile phones.

### C. Procedural Background

Thus, the U.S. Supreme Court’s decision ended a decade-long litigation in a case that could be described as Goliath versus Goliath. The case involved two federal district court jury trials, two appeals to the U.S. Court of Appeals for the Federal Circuit, and two petitions for certiorari to the U.S. Supreme Court. Highlights marking the procedural history of the case follow:

- May 2012 – The U.S. District Court for the Northern District of California ruled that APIs are not subject to copyright. Oracle appealed the adverse decision to the Federal Circuit.
- May 2014 – The Federal Circuit overturned the district court’s decision. The court held that the Java APIs are copyrightable and left open the possibility that Google may have a fair use defense.

- October 2014 – Google filed a petition to the U.S. Supreme Court for review of the Federal Circuit’s decision.
- June 2015 – The U.S. Supreme Court denied Google’s petition.
- May 2016 – The case returned to the Northern District of California where a unanimous jury ruled in favor of Google’s fair use of the Java API. Oracle appealed.
- March 2018 – The Federal Circuit panel vacated the district court’s verdict, holding that Google’s use was not fair use as a matter of law: “There is nothing fair about taking a copyrighted work verbatim and using it for the same purpose and function as the original in a competing platform.” Google asked the full Federal Circuit for a rehearing, which was denied.
- January 2019 – Google filed another petition to the U.S. Supreme Court for review of both Federal Circuit decisions.
- November 2019 – The U.S. Supreme Court granted Google’s petition.
- May 4, 2020 – The U.S. Supreme Court directed Google and Oracle to file supplemental letter briefs addressing the appropriate standard of review for the second question presented, including but not limited to the implications of the Seventh Amendment right to a jury trial, if any, on that standard.

Many groups filed amicus briefs with the U.S. Supreme Court. Of the total of 60 briefs, 32 supported Oracle’s position, 26 supported Google, and two supported neither party. Billions of dollars and huge questions of copyright law hung in the balance. Now you know why the Court took the case.

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## D. The U.S. Supreme Court's 62-Page Decision

The Court overturned Oracle's copyright win against Google, holding that Google's use of Oracle's programming code from the Java API in Google's Android platform was a fair use and did not violate copyright laws. The Court determined that Google's use of only the code that was needed to allow programmers to work in a new and transformative program was a fair use of that material. Generally, "fair use" is an exception and defense to copyright infringement. Section 107 of the Copyright Act, 17 U.S.C. § 107, requires courts to consider four factors when determining whether use of a copyrighted work qualifies as fair use: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the copied portion in relation to the copyrighted work as a whole; and (4) the effect the use has on the market value of the copyrighted work. The fair use determination is both flexible and fact-specific.

In analyzing the four factors, the Court held that fair use, even if it implicates findings of fact left to the jury, is ultimately a legal question subject to *de novo* appellate review. The Court found that the purpose of Google's copying was "transformative," i.e., it "adds something new, with a further purpose or different character" because Google used the API code to create a different task-related system for smartphones and to build the Android platform. Therefore, Google's purpose was "consistent with that creative 'progress' that is the basic constitutional objective of copyright itself." The "nature of the work," the Court held, "favors" fair use because the Java declaring code was "inherently bound together with uncopyrightable ideas" such as task division and organization. Further, the amount of code copied (11,500 lines of largely functional code) was found to be a small part of the considerably greater whole (0.4% of the entire Java API, which consists of 2.86 million lines) to which Google added "millions of lines" of new and original expression. Turning to the fourth factor on the market effect of Google's copying, the Court found that the Android operating system was not a substitute for the Java platform (which Oracle used mostly for desktop PCs and laptops, not for smartphones), that Oracle itself had been unable to penetrate the smartphone market, and that Oracle would actually benefit from the reimplementing of the Java interface into a different market. The public benefits of Google's Android operating system outweighed Oracle's right to prevent Google from marketing its new and original expression by precluding use of Oracle's declaring code. Therefore, all factors supported the Court's holding that Google's limited copying of the Java API was fair use as a matter of law. With that decision, Google dodged a \$9 billion bullet.

## E. What Are the Practical Consequences of the Court's Decision?

- The Court gave future litigants ample fodder to distinguish its decision as severely limited to its facts. Therefore, much

of the status quo of the scope of copyright protection for computer programs remains intact, i.e., the Court failed to add much-needed clarity and certainty to what has long been a convoluted, inconsistently applied, and murky area of copyright law.

- Although it was assumed without deciding that declaring code is copyrightable, the Court made clear that copyright protection in declaring code is very limited. Therefore, one result may be expanded use of third-party code in software development with a prospective increase in competition. The Court's decision encourages transformative uses of technology that promote interoperability. But the decision might bring about unintended consequences: denied what little protections they have, software developers might be less inclined to invest in software innovation.
- One consequence for the software industry is a reevaluation of how companies should protect the intellectual property in their software. If the scope of copyright protection is viewed by executives at software companies to be less certain after the decision, a shift toward patent protection may be a natural result.
- Unlike the bright-line rule about whether "declaring code" is copyrightable that many desired, the Court's reliance on fair use to decide the case will likely yield different, fact-specific results in future cases, even cases involving declaring code.
- The decision certainly encourages the assertion of fair use as a defense against software-related copyright infringement claims and potentially gives programmers more leeway to borrow portions of other third-party code under appropriate circumstances through the reliance on fair use. The Court's conclusion need not, and should not, dictate any future analysis of fair use, however, in the context of traditionally creative works. The Court's fair use analysis may be limited to more functional works like software (especially declaring code) and architectural works in which protection is thin compared to more traditional creative works such as books, movies, music, and photographs. Perhaps the single "walk away" legal principle established by the decision is the thinner the copyright protection, the more likely fair use of the protected work will be found.

As with many U.S. Supreme Court decisions, the opinion supports the legal positions of parties on both sides of several copyright issues. How courts will apply the decision, and its legacy will be determined over many years to come. Meanwhile, technology companies and their intellectual property counsel must take the Court's decision into account as they navigate the rapidly changing legal landscape and the marketplace.

# Why Patents Are Not An Obstacle In The Fight Against COVID-19

By [Elizabeth O'Donoghue](#)

With the Biden Administration's recent announcement in support of a temporary waiver of intellectual property protections on COVID-19 vaccines, a question arises as to the ability of the United States government to require patent holders to license their patents to third parties.

In many foreign jurisdictions, compulsory licensing of patents is an option to ensure that vaccines, therapeutics, diagnostics, and equipment for COVID-19 are developed, manufactured, and available to the public quickly. Compulsory patent licensing is when a government allows someone else to make, use, sell, offer to sell, or import a patented product or method or plans to use the patent-protected invention itself without the consent of the patent owner. Unlike many foreign jurisdictions, compulsory licensing of patents is not a statutory mechanism in the United States. Rather, the U.S. statutory options include federal march-in rights under the Bayh-Dole Act, governmental use under 28 U.S.C. § 1498, and the Defense Production Act of 1950.

## 1. The Bayh-Dole Act

The Bayh-Dole Act or Patent and Trademark Law Amendments Act of 1980 was enacted to allow research institutions to patent inventions arising from government-funded research. The Act changed procedures that allowed federal contractors who acquired ownership of inventions made with federal funding to retain the ownership of the inventions. The Act further expected institutions to pursue patent protection for such inventions and gave the federal government a non-exclusive license to practice the patent throughout the world. Finally, the Act authorized the government to exercise so-called "march-in" rights in certain circumstances, which allow the government to forcibly license privately owned patents to third parties to the extent necessary, for example, to control drug prices, assure a supply of drugs, or address health or safety needs.

March-in rights may only be exercised by the U.S. government under federally funded patents. Before exercising march-in rights, the government must determine that the patent holder or licensee: has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention; is not reasonably satisfying health or safety needs; is not reasonably satisfying regulatory requirements for public use; or has violated the U.S. industry preference provisions of 35 U.S.C. § 204. Petitions have been filed urging federal agencies to exercise their march-in rights under the Bayh-Dole Act, typically in regard to controlling the cost of pharmaceutical products. Neither the National Institutes of Health (NIH) nor any other federal agency has exercised its march-in rights, however, under the Act. The NIH has noted

that it does not want to exercise march-in rights to control drug pricing.

Because march-in rights are limited to federally funded patent inventions and the Bayh-Dole Act is not triggered by high drug prices, it is not clear whether the U.S. government will exercise march-in rights to help combat COVID-19, although march-in rights are an option that the government may use to lift some patent barriers.

## 2. Governmental Use

Under 28 U.S.C. § 1498, if the federal government uses or manufactures an invention patented in the United States without the permission of the patent owner, the patent owner is granted an action "for the recovery of [its] reasonable and entire compensation." The patent owner is limited in its remedy when the federal government infringes its patent, namely, monetary compensation rather than an injunction.

Section 1498 has been used occasionally to increase the United States supply of drugs and biomedical technologies at prices lower than those charged by patent owners, but there has not been much use of this power recently.

In the context of the COVID-19 crises, Section 1498 may be an option for the United States government to secure medical supplies. Unlike the Bayh-Dole Act, under Section 1498, the United States government is not limited to only federally funded patents. Section 1498 is broader in scope and includes any product or service required by the federal government. Under Section 1498, the government need not provide notice to the owner of the patent rights in the product that is used or manufactured by or for the government, thus increasing the speed of products coming to market. Because it applies only to products that are used or manufactured by or for the United States, however, Section 1498 does not reach the international scope of the COVID-19 crisis.

## 3. Defense Production Act

Finally, the Defense Production Act allows federal agencies to require companies to prioritize government contracts for medical supplies to address COVID-19. The Defense Production Act allows the federal government to compel manufacturing production for national defense and ensure that its funds are going directly to the fight against COVID-19. During the COVID-19 crisis, initially, the Defense Production Act was used to handle medical supply and ventilator shortages, including testing supplies and masks. More recently, the Defense

Production Act has been used to increase production of the COVID-19 vaccine and has been further specified to be used only for direct COVID-19 response and medical-related supply chain projects and not for any non-medical projects.

Accordingly, although compulsory licensing is currently not an option for the U.S. government to use the rights of a patent holder without authorization, there are a number of statutory options in place to continue in the fight against COVID-19.

## IP Client Spotlight



Stradley handles IP law (patents, trademarks, copyrights, and related areas) matters for [Commonwealth Charter Academy](#) (CCA). CCA is a fully accredited K through

12 public cyber charter school that provides personalized educational programs and services to about 20,000 students in Pennsylvania at no cost to families. Founded in 2003 and headquartered in Harrisburg, Pennsylvania, CCA serves all school-aged children in the Commonwealth of Pennsylvania regardless of where the child lives. CCA's mission is to deliver a personalized learning experience that engages the entire family and prepares learners to succeed in school and in life. CCA students can go to school from anywhere, at just about any

time, through easy-to-use technology such as CCA's proprietary learning management system called "Edio" and an improved lightboard system teaching tool.

The focus of Stradley's IP work with CCA has been on securing trademark protection for CCA's various logos and brands. The logo depicted above was adopted in 2016 and consists of the school's initials with an icon depicting two-thirds of a circle surrounding a sun and being intersected by the sun's rays. Stradley has also filed multiple patent applications covering CCA's improved lightboard system, which CCA has begun to commercialize for the benefit of other educators. Other IP issues addressed by Stradley on behalf of CCA have been IP ownership disputes, enforcement of IP rights, dispute resolution, IP licensing, and various agreements. Stradley is proud to assist CCA in its efforts to navigate complex IP issues faced by a modern cyber charter school.