



How Google’s Use of Oracle’s Java API’s Was Not Fair: A Summary of the Federal Circuit Court’s Landmark Ruling

SLG Legal Update

By SLG Staff

We are pleased to provide this critical analysis and review of the decision of the United States Court of Appeals for the Federal Circuit (the “**Federal Circuit Court**”) in the landmark decision *Oracle America, Inc. v. Google LLC*, Case No. 2017-1118 and Case No. 2017-1202, in the United States Court of Appeals for the Federal Circuit (the “**Fair Use Decision**”) and the misapplication of the fair use doctrine by the United States District Court for the Northern District of California (the “**Lower Court**”) in the case styled *Oracle America, Inc. v. Google LLC*, No. 3:10-cv-03561-WHA (William H. Alsup, J.).

This analysis leads with a background and summary discussion of the Fair Use Decision; discusses four (4) critical errors by the Lower Court in its application of the fair use doctrine to Google’s act of copyright infringement; and closes with general conclusions.

I. Background and Summary of Fair Use Decision

(a) Lower Court Decision

Oracle alleged that Google unauthorized use of 37 packages of Oracle’s Java application programming interface (“**API Packages**”) in its Android operating system infringed Oracle’s patents and copyrights. At a jury trial on the issue of copyright infringement, Google prevailed on its fair use defense. After the jury verdict, the Lower Court denied Oracle’s motion for judgment as a matter of law (“**JMOL**”) and entered final judgment in favor of Google on its fair use defense.

The Lower Court’s denial of JMOL was based on its finding that the jury could reasonably have held in Google’s favor on each of the four (4) fair use factors.¹

¹ These factors are: (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. 17 U.S.C. § 107; *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577, 114 S. Ct. 1164, 1170 (1994).



Memo to Mitch Shelowitz
Re: Oracle-Google Fair Use Decision
January 14, 2019
Page 2 of 5

- As to factor one—the purpose and character of the use—the Lower Court concluded that a reasonable jury could have found that, although Google’s use was commercial, it was transformative because Google integrated only selected elements for mobile smartphones and added its own implementing code.
- With respect to factor two—the nature of the copyrighted work—the Lower Court found that a reasonable jury could have concluded that, “while the declaring code and SSO were creative enough to qualify for copyright protection,” they were not “highly creative,” and that “functional considerations predominated in their design.”²
- As to factor three—the amount and substantiality of the portion used—the Lower Court concluded that a reasonable jury could have found that “Google copied only so much as was reasonably necessary for a transformative use,” and that the number of lines duplicated was minimal.³
- Finally, as to factor four—market harm—the Lower Court concluded that the jury “could reasonably have found that use of the declaring lines of code (including their SSO) in Android caused no harm to the market for the copyrighted works, which were for desktop and laptop computers.”⁴

In summary, the Lower Court determined that, on the record presented, the jury could have found for either side and that the jury was “reasonably within the record in finding fair use.”⁵ Oracle appealed the denial of JMOL to the Federal Circuit Court.

(b) Federal Circuit Court Decision

On appeal, the Federal Circuit Court – reviewing the Lower Court’s application of the fair use factors *de novo* – reversed the Lower Court’s decision and rendered JMOL against Google on its fair use defense. The Federal Circuit Court found as follows:

- *Google’s Use Was Commercial.* The Federal Circuit Court rejected Google’s argument that its use was not commercial because Android was given away for free under an open source license and because Google’s revenue flows from advertisements on its

² Fair Use Decision, p. 13.

³ *Id.*, pp. 13-14.

⁴ *Id.*, p. 14

⁵ *Id.*,



Memo to Mitch Shelowitz
Re: Oracle-Google Fair Use Decision
January 14, 2019
Page 3 of 5

search engine rather than from direct sales of Android.⁶ As the Federal Circuit Court explained, “[g]iving customers ‘for free something they would ordinarily have to buy’ can constitute commercial use”, and “commerciality does not depend on how Google earns its money.”⁷

- *Google’s Use Was Not Transformative.* The Federal Circuit Court also rejected the notion that Google’s use of the API packages was “transformative”. As the Federal Circuit Court explained, the purpose of the API packages in Android is the same as the purpose of the packages in the Java platform, Google made no alteration to the expressive content or message of the copyrighted material, and smartphones were not a “new context” because Java was already used and licensed for use in smartphones.⁸
- *Google Copied Far More of the API Packages Than Necessary.* As the Federal Circuit Court pointed out, Google copied 11,500 lines of code—11,330 more lines than necessary to write in Java. Also, Google “specifically designed Android to be incompatible with the Java platform and not allow for interoperability with Java programs”⁹, using the Java language solely to “capitalize on the fact that software developers were already trained and experienced in using the Java API packages at issue.”¹⁰
- *Google’s Infringement Undermined the Market for Java.* The Federal Circuit Court held that Google’s use of the API Packages undermined the market for Java because Android competed directly with Java SE in the market for mobile devices and tablets¹¹ and “even customers who stayed with Oracle cited Android as a reason to demand discounts.”¹²

II. Lower Court’s Errors

The Lower Court’s analysis of Google’s fair use defense was erroneous in at least four (4) critical ways:

⁶ See *id.*, p. 29

⁷ *Id.*, p. 30.

⁸ *Id.*, p. 33.

⁹ *Id.*, p. 47 n.11.

¹⁰ *Id.*, p. 47.

¹¹ *Id.*, p. 51.

¹² *Id.*, p. 11.



Memo to Mitch Shelowitz
Re: Oracle-Google Fair Use Decision
January 14, 2019
Page 4 of 5

1. **The Lower Court Understood Commerciality Too Narrowly.** The Lower Court was persuaded by Google’s argument that the commercial use of “open source” technology is inherently non-exploitative. The Lower Court missed the big picture realities of monetization: Android sells smartphones and tablets, generates marketing dollars, directly competes with Java in the mobile device space. Monetization is not always straightforward and must be understood in the context of contemporary commercial realities, in which “views” of free content are often as valuable as (if not more valuable than) the purchase of paid content. As the Federal Circuit Court correctly understood, “commerciality does not depend on how Google earns its money.”¹³
2. **The Lower Court Failed to Measure Market Impact Correctly.** A related but distinct error is the Lower Court’s failure to measure the “market impact” of Google’s use correctly. Just as a restaurant might sell a product at no profit margin to entice customers to eat at the restaurant and purchase higher-margin products, Google’s goal in the smartphone platform space is not to offer a better product than Oracle, but to offer a functional alternative that enables customers to choose Google’s overall package for other reasons. The market edge afforded Google by its infringement was larger than the market for the technology alone: it enabled Google to use Oracle’s own product against it by transforming Java into a “cog” in Google’s overall product portfolio.
3. **The Lower Court Overlooked Critical Facts About Google’s Use.** The Lower Court apparently chose to ignore or sidestep basic facts – some conceded by Google – that undermined Google’s fair use position. For example, the Lower Court concluded that Google’s use of the API Packages was “transformative” because Google used new implementing code and because Android was for smartphones rather than PCs. The Federal Court pointed out facts that the Lower Court simply ignored: that “Google itself conceded both that it could have written its own APIs and that the purpose of its copying was to make Android attractive to programmers”¹⁴; and that Java had already been implemented in the smartphone market (aside from the fact that this market was a potential market for Java even if that potential had not been actualized).¹⁵ Similarly, the Lower Court focused on the fact that Google did not infringe all of the API Packages, instead of the fact that Google copied 11,500 lines of code—11,330 more lines than

¹³ *Id.*, p. 30.

¹⁴ *Id.*, p. 45-46.

¹⁵ *Id.*, p. 51.



Memo to Mitch Shelowitz
Re: Oracle-Google Fair Use Decision
January 14, 2019
Page 5 of 5

necessary to write in Java. The lack of attention to these facts is one of the most striking aspects of the Lower Court's decision.

4. **The Lower Court Focused on Quantity, Not Quality, of Copied Materials.** The Lower Court focused excessively on the number of API Packages copied out of the whole rather than the significance of those copied – and missed the fact that Google's copying far exceeded what was "necessary". As the Federal Circuit Court pointed out, "thought must be given to the quality and importance of the copied material, not just to its relative quantity vis-à-vis the overall work."¹⁶ The Federal Circuit Court correctly pointed out that Google infringed the most valuable portions of Oracle's copyrighted work. And, as the Federal Circuit Court stated, "there is no suggestion that the new implementing code somehow changed the expression or message of the declaring code", which could not be excused simply because Google could have stolen more than it did. Overlooking this reality, the Lower Court ignored the significance of what Google stole from Oracle in favor of the relatively small quantity of what it stole.

III. **Conclusion.**

The fair use doctrine is particularly designed for careful and discreet judicial application. As the Federal Circuit Court pointed out, "the doctrine of fair use has long been considered 'the most troublesome in the whole law of copyright . . . [which] both permits and requires 'courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.'"¹⁷

A court applying the doctrine must have a deep understanding of contemporary markets and commercialization of technology, of the copyrighted work at issue, and of the purpose of the fair use doctrine itself. The Lower Court's decision mechanically applied the fair use factors – in many cases wrongly – and did not evidence a broad or deep enough understanding of how Google's copying related to the concerns underlying the doctrine. As a result, the Lower Court failed to live up to the high judicial burden placed upon courts in a fair use context. The Federal Circuit Court, fortunately, got the big picture right: "*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.*"¹⁸

¹⁶ *Id.*, p. 35.

¹⁷ *Id.*, p. 17.

¹⁸ *Id.*, p. 54.