

Session 3A

Emily C. & John E. Hansen Intellectual Property Institute

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**SESSION 3: COPYRIGHT LAW
3A. *Google v. Oracle***

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To the Supreme Court and Back Again: The Ongoing Saga of Oracle v. Google

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MR. SIMMONS: Hi, everybody. My name is Joshua Simmons. I'm here from Kirkland & Ellis. If you're in the room for *Google v. Oracle*, you're in the right place; and, if you're not here for *Google v. Oracle*, then you should stay anyway because it will be a lot of fun.

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This presentation turns out to be really well-timed. There was a petition to the Supreme Court in *Google v. Oracle* and the conference on that petition is set for Monday, when we may or may not know more about what's going to happen with this case, if cert. will be granted or denied, if the views of the government will be called for, or if the Justices just want to think about the case some more.¹

We are lucky to have here a number of people who have been thinking about this case or involved in this case for a long time. I will introduce them, then we'll have a presentation from Lana, and then we'll have a conversation among the panelists.

Lana Guthrie is the career clerk to Judge O'Malley on the U.S. Court of Appeals for the Federal Circuit, and her presentation is entitled "To the Supreme Court and Back Again: The Ongoing Saga of *Oracle v. Google*." Eric Prager is a partner at Venable; Ali Sternburg is Senior Policy Counsel at the Computer & Communications Industry Association (CCIA); Andrew Silverman is a partner at Orrick; and Josh Sarnoff is a professor at DePaul.

With that little précis, I'm going to have Lana give her presentation and then we'll come back and talk through some of the issues.

MS. GUTHRIE: Thank you for having me here today. I'm incredibly honored that my boss of almost ten years, Judge Kathleen O'Malley, asked me to fill in for her and to put together a presentation about what is certainly the most high-profile case that I've worked on in my tenure as her career law clerk. I have big shoes to fill, and I will do my best.

When asked to submit a title for my presentation I tried to come up with a play on words, something about how in ancient Greece one might go ask an oracle for answers and nowadays anyone with a question just Googles it, but it became a little cumbersome.

I landed on the title, "To the Supreme Court and Back Again: The Ongoing Saga of *Oracle v. Google*." "Saga" is the best word to describe this case. It has been in the courts for nine years, through two rounds at the district court in California, two appeals at the Federal Circuit, and two cert. petitions, the first that was denied in 2015 and the other that is set for conference at the Supreme Court on Monday. Talk about a timely presentation.

My goal today is not to predict what might happen at that conference but rather to give an overview of what this case is about and walk through the procedural history leading up to where we are now. With that, I want to dive right in as I've been warned they run the clock here like it's the Oscars.

I assume that because you're here at this session you're already familiar with the facts of this dispute, but I'm going to start with a quick refresher.

Sun Microsystems developed the Java platform for computer programming in the 1990s. Oracle purchased Sun in 2010. The Java platform is software used to write and run programs in the Java programming language.

The software includes application programming interfaces, or API packages, which are prewritten programs used to carry out certain tasks. Each API package contains two types of code: the declaring code, which identifies the prewritten function; and the implementing code, which contains the step-by-step instructions that tell the computer how to execute the task.

¹ Subsequent to the Conference, on April 29, 2019 the Supreme Court invited the Solicitor General to file a brief in this case expressing the views of the United States. U.S. Supreme Court Order List, 587 U.S. 1, 1 (2019), https://www.supremecourt.gov/orders/courtorders/042919zor_f2q3.pdf.

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Everyone agrees that the Java programming language is free and available for use without permission. But if you want to use the APIs in a competing platform, Oracle charges a licensing fee, and it also requires licensees to make sure their programs are compatible with the Java platform.

In 2005 Google acquired Android as part of a plan to develop a software platform for mobile devices. Google and Sun discussed the possibility of Google taking a license, but the parties were unable to agree on terms.

It's undisputed that Google copied verbatim the declaring code of 37 Java API packages, 11,500 lines of code, as well as the sequence, structure, and organization of those packages into the Android platform. Google then wrote its own implementing code.

All of that brings us to round one of this dispute. Oracle sued Google in 2010, alleging copyright and patent infringement. The parties agreed that the jury would decide infringement and fair use while the district court would decide copyrightability. At trial the jury found no patent infringement but that Google had infringed Oracle's copyrights. The jury deadlocked on Google's fair use defense. Thereafter, the district court found that the Java API packages were not copyrightable as a matter of law and entered judgment in favor of Google.

Oracle appealed that decision to the Federal Circuit, which reversed in 2014, finding that the declaring code and the sequence, structure, and organization of the packages were entitled to copyright protection. The court remanded the case with instructions for the court to reinstate the jury's infringement verdict and to retry Google's fair use defense.

Google did not seek rehearing at the Federal Circuit and instead filed for cert. on the question of copyrightability. The Supreme Court invited the Solicitor General to express the views of the United States, and the government recommended against granting cert. In doing so, the Solicitor General agreed with the Federal Circuit that Oracle's computer code is copyrightable, and it agreed that concerns about interoperability were better addressed through the fair use doctrine, which had not yet been adjudicated.

The Supreme Court denied cert. in 2015, with Justice Alito taking no part in the decision, and the case then returned to the district court for round two on fair use.

In 2016 the jury found Google's copying was fair use, and the district court denied Oracle's motion for judgment as a matter of law.

Oracle appealed, and in March 2018 the Federal Circuit reversed again, this time finding that Google's use of the API packages was not fair use as a matter of law. Balancing the four fair use factors "in light of the purposes of copyright," the court found "nothing fair about taking a copyrighted work verbatim and using it for the same purpose and function as the original in a competing platform."² The court therefore remanded for a trial on damages.

This time Google asked the Federal Circuit to consider the case en banc, which was denied, and now is asking the Supreme Court to address both copyrightability and fair use.

As to the first issue, Google sounds the alarm and argues that the circuit courts are "deeply divided" on the question of whether copyright protection extends to the particular subset of computer code at issue here. According to Google, Section 102(a) of the Copyright Act³ grants protection to original works, but Section 102(b) takes it away if the work has a functional component and can be described as a method of operation or system.

² Oracle Am., Inc. v. Google L.L.C., 886 F.3d 1179, 1210 (Fed. Cir. 2018).

³ Copyrights (Copyright Act) (Title 17), 17 U.S.C. §§ 101-1401.

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But the Supreme Court has already rejected that approach and has said that “Section 102(b) in no way enlarges or contracts” the scope of copyright protection.”⁴ In round one of this dispute the government agreed that Section 102(b) does not automatically deny copyright protection to computer code simply because it causes a computer to function.

In arguing that there’s a circuit split over how Section 102(b) applies to computer code, Google focuses on *Lotus v. Borland*, a 1995 First Circuit decision, where the defendant copied the menu command hierarchy and interface from Lotus 1-2-3, a computer spreadsheet program dealing with accounting functions. The First Circuit said the command hierarchy was not entitled to protection because it was a method of operation under 102(b). In reaching that conclusion the court defined “method of operation” broadly as “the means by which a person operates something.”⁵ But the court cited no authority for that definition.

As the Solicitor General pointed out in its briefing in round one of this case, the precise rationale of *Lotus* is not clear, but whatever the rationale it can’t be read to mean that Section 102(b) renders computer code uncopyrightable. No decisions from any circuit have taken that approach, and the First Circuit has since recognized that Section 102(b) simply codifies the idea/expression dichotomy.⁶

As to the second issue in the cert. petition, whether Google’s use of Oracle’s APIs was fair use, Google argues that the Federal Circuit failed to adapt the fair use doctrine to the functional nature of the software at issue. But the court explained that the second fair use factor, the nature of the copyrighted work, considers whether the work is functional, and the court acknowledged that “reasonable jurors could have concluded that functional considerations were both substantial and important,” and thus “factor two favors the finding of fair use.”⁷

The remainder of Google’s fair use arguments focus on factors one and four. Under the first fair use factor, the purpose and character of the use, the court must consider whether the use was commercial and whether and to what extent the new work is transformative. Google skips over the commercial inquiry and argues that its use was transformative because it: (1) used the APIs in creating a new platform for smartphones; and (2) wrote its own implementing code. As to the first point, the evidence showed that Java APIs were in mobile devices and early smartphones before Android entered the market, which meant that this wasn’t a new context. As to the second, the relevant question is whether Google altered the expressive content or message of the original work, not whether it rewrote the portions it did not copy.

As to the fourth fair use factor, the effect of the use on the potential market for the copyrighted work, Google maintains that the Federal Circuit should have deferred to the jury’s implicit fact-finding that Java SE and Android occupied different markets. But the court said that even if we assume that Oracle was not already licensing Java SE in the smartphone space, smartphones were undoubtedly a potential market, and that’s relevant to the inquiry.

So where does all of this leave us? As I said, I can’t make any predictions on what the Supreme Court might do. I’ll leave that to the other members of the panel. But there are a few interesting issues worth noting.

⁴ *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 356 (1991).

⁵ *Lotus Dev. Corp. v. Borland Int’l, Inc.*, 49 F.3d 807, 815 (1st Cir. 1995).

⁶ *See Situation Mgmt. Sys., Inc. v. ASP. Consulting L.L.C.*, 560 F.3d 53, 55 (1st Cir. 2009).

⁷ *Oracle*, 886 F.3d at 1205.

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First, the Supreme Court has never decided a software copyright case. It tried to when it granted cert. in *Lotus v. Borland*, but after oral argument the Court announced that it was equally divided four-four and therefore left the First Circuit's decision undisturbed.

Second, the Supreme Court has not addressed a fair use case in twenty-five years.

Third, the Supreme Court has said that fair use is a mixed question of law and fact but has never addressed the applicable standard of review. Nor has it clarified whether and to what extent the jury plays any role in the fair use analysis.

Although Google argues that the Federal Circuit reconsidered a number of factual issues that were presented to the jury, it does not expressly challenge the court's detailed standard-of-review analysis. Nor does it challenge the fact that whether a work is transformative is a question of law.

Finally, many amici are concerned with interoperability and compatibility issues. They argue that third-party programmers must be able to access and reuse functional code like the APIs at issue here to ensure interoperability across platforms and devices.

But this case is about Google's copying of Oracle's work into a competing platform that Google specifically designed to be incompatible with Java. Although the 2014 Federal Circuit decision recognized that interoperability issues may be relevant to the fair use analysis, Google abandoned its interoperability arguments in round two of this dispute.

As such, the 2018 Federal Circuit decision does not address a situation where a defendant copied APIs to ensure interoperability. The court recognized that there are some instances where copying of computer code can be fair use, but on this record Google's copying was not.

To recap, this is an important and closely watched case. A lot of people have weighed in both sides. We'll just have to wait and see where it goes from here.

Thank you.

MR. SIMMONS: Thank you, Lana. That was a great run through a really long history of the case and a lot of different issues. We heard references to the idea/expression dichotomy, merger, 102(b), methods of operation, all four fair use factors, and interoperability — a lot packed in there.

I have asked the panelists to split our time between the copyrightability and the fair use parts of the case because that's how the issues came up and they have different issues.

I'm going to actually throw it over to Josh number two, number one maybe.

PROF. SARNOFF: Number two.

MR. SIMMONS: We can share the name.

The way that the Federal Circuit's original opinion came out started with merger. You were one of the amici at the Supreme Court. Your brief also started with merger, specifically saying that you thought that the Federal Circuit's merger analysis had departed from *Baker v. Selden*, which is the Supreme Court case many, many years ago that a lot of people look to for merger-type issues.⁸ I was wondering if you could talk a little bit about why you personally or the brief thought that the Federal Circuit had moved away from *Baker*.

PROF. SARNOFF: Sure.

Before we get there, I think it would be helpful to add a little more context about why we care so much about the case, whether or not one thinks that Google abandoned its

⁸ 101 U.S. 99 (1879).

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interoperability arguments in this case. Clearly, interoperability is an important question. The more basic question is whether or not copyright should grant exclusivity over functions or whether that's left to the patent laws. I'll quote from *Mazer v. Stein*: "The mechanical patent law and copyright laws are mutually exclusive."⁹

With that context, you then go back to the *Baker v. Selden* effort to distinguish when things that have function and are described in expressive ways are subject to copyright protection or not subject to copyright protection.

Basically, the three arguments that are made by the amici brief, some of which are picked up also in Google's brief, are that the Federal Circuit opinion makes three errors in how it reads the *Baker v. Selden* case. The first is that it focuses on the idea that the first author must have only one way to express the function in order for merger to apply. If you actually look at the *Baker* case, the Court really doesn't talk about Selden's expression being the consideration at all. The focus is on Baker's constrained ability to express similar things. I'll quote in a minute to that. The second is by dismissing the idea that merger is inapplicable on the basis of constraints imposed on a second comer, and the third is that it's only a defense and not a copyright issue.

Again to quote from *Baker*: "Where the useful art a work teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are *similar* to them." So, it's not just whether or not they're using the identical function with the *identical* language. It's when a copyrighted work covers a method of doing something that constrains other people to follow similarly — that is, to be treated as purely functional and protected only by the patent law — that's really at the core of it. And again, such methods and diagrams are to be considered as necessary incidents to the art, and given therewith to the public (unless subject, again, to a patent).

The basic idea is pretty simple: the Federal Circuit just doesn't know how to read *Baker* properly. We are going to find out whether the Supreme Court agrees. Of course, we wouldn't be here if they had decided *Lotus*, and we also wouldn't know whether, if they had decided *Lotus* and came down the way the Federal Circuit suggested, Google then would have written an entirely new program that would have made Java obsolete, and therefore we wouldn't be here either, because we're talking about counterfactuals that no one will ever know as to the harms.

The main premise is it is an important case. It really goes to the core of monopoly of function or not, and the court has it wrong in three ways in regard to *Baker*.

MR. SIMMONS: Your read of *Baker* is interesting because at lunch I was talking to Joe Gratz—who is here, too, and will be speaking later — and we were discussing the levels of abstraction of what the function is.

Your reading of *Baker* seems to suggest that, "Okay, you're going to have this declaration, and it does it this way, and I should be able to use it that way." The Federal Circuit seems to be saying, "Well, it accomplishes the same goal, the actual output is the same, and so you could have done that many different ways."

In fact, some of the amici in the case talk about, "Well, Apple did it its own way." Should Google have had to do that or not?

I'm going to bring Andrew in, who actually represented Oracle. Andrew, how do you think this plays out? Do you think that there is tension between *Baker* and the Federal Circuit's interpretation of 102(b), or do you think that *Baker* is irrelevant? How do you see that playing out in the way that this case is laid out before us?

⁹ 347 U.S. 201, 215 n.33 (1954).

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MR. SILVERMAN: Sure. Let's get the fireworks started.

I think *Baker* is significant in two respects. It is the origin of the doctrine that copyright protection extends to expression only and not to ideas. It's also the origin of the merger doctrine that when an idea and an expression are inseparable because there are only so few ways to express that idea that the expression and the idea essentially are one and the same, that there's no way to express that idea without that expression.

It's interesting. I think Josh Two and I look at exactly the same language of *Baker* on that point. When *Baker* talks about "necessary incidents," the way that I read it is to say that if the necessary incident of expressing that idea is the only way to express that idea, if it's necessary to do that, then you have merger because you have idea and expression merging.

But I think what Congress and what the Supreme Court have said about *Baker* and then about Section 102 is that Section 102 codifies that idea/expression dichotomy. The Supreme Court said in *Feist*, quoting the House report from the 1976 Copyright Act: "Section 102(b) in no way enlarges or contracts the scope of copyright protection. Its purpose is to restate the basic dichotomy between expression and idea remains unchanged."

What do Sections 102(a) and 102(b) do? Section 102(a) says that if you have a work that's original — and that's a really low bar — then it receives copyright protection. Section 102(b) then says that protection doesn't extend beyond the author's expression to any idea, concept, principle, discovery, system, process, or method of operation.

What's really interesting, and the way that you know that Section 102(b) is a codification of *Baker* and is a codification of the idea/expression dichotomy, is that most of the terms that I just used from Section 102(b) actually come straight out of *Baker*— "idea," "discovery," "system," and "method of operation." Those are all synonymous terms that *Baker* used to describe the difference you need to draw between an idea and an expression of that idea.

That's at a high level the law on it. Then you try to apply it to this case.

I don't think that the idea/expression dichotomy is much of a problem in this case for the reason that Judge O'Malley explained so articulately in the first *Oracle v. Google* opinion: Oracle doesn't seek to protect the idea of code that calls on other code. Oracle doesn't seek to protect the idea of a package/class/method hierarchy of organization. What Oracle seeks to protect is the specific code that it wrote and the specific organization that it used.

One of the really critical findings that the court of appeals made and that Google concedes is that Oracle had unlimited options available to it when it was deciding what code it was going to write and how it was going to organize that code. So there's no issue of merger because this isn't a situation where there were one or two options available to the author when the author was writing; there were an infinite number of options.

I've said that Section 102(b) is about idea/expression. What Section 102(b) is not about is saying categorically that works that are functional are not copyrightable. If that was the case, no software could be copyright-protected, because the Copyright Act defines computer programs in very functional terms: a computer program is a "set of statements or instructions used in a computer to bring about a particular result." If anything that is functional is deprived of copyright protection under 102(b), then no computer programs could possibly be copyrightable, and Congress amended the Copyright Act in 1980 specifically to make computer programs copyrightable.¹⁰

¹⁰ See Bayh-Dole Act (Bayh-Dole University and Small Business Patent Procedures Act), Pub. L. No. 96-517, sec. 10, § 117, 94 Stat. 3015, 3028-29 (1980).

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MR. SIMMONS: Let me bring Ali in at this point. Ali works at CCIA. CCIA has been active throughout this case, representing various software makers and users, and has taken the position that the case should have come out the other way.

In some ways, this case captures the imagination because Section 102(b) doesn't just apply to software. It's not Section 117. Every work has to contend with Section 102(b).

So I was curious. From your perspective do you think that the fact that we're dealing with computer programs is what's making this copyrightability analysis lead to the disagreements between different parties?

MS. STERNBURG: I have a few responses to that.

One is that we're talking broadly now about copyrightability of software, but I think what this case is really dealing with is a lot smaller than that. It's about whether specific parts of code are protectable under copyright; not about whether they are copyrightable at all but whether the 102(b) exemption applies; and, if not that, then the fair use doctrine. I think the way it is framed is a really important way to make sure we're being clear about which legal doctrines we're using and making sure that we are applying them appropriately.

But I will say that there are certain things about software and copyright. Some of the cases that my co-panelists have mentioned throughout the decades have considered both under Section 102(b) and under fair use whether software might be more utilitarian, might be less protected in some ways than a more aesthetic artistic work. For example, *Sega* addressed both 102(b) and fair use, but there was a part where they were discussing that not all copyrighted works are entitled to the same level of protection.¹¹ So there are some ways in which software is different from other types of works.

CCIA's position — yes, we've filed briefs in this case, but we've also filed briefs in a lot of the cases that preceded it and have been consistent in our position that elements that are necessary for interoperability are not protectable under copyright. That has been a really important principle to our stakeholders and to our industry, and a lot of the different circuits have been consistent on that before this case, and, as we'll address more later, a lot of other countries have followed suit. So if the United States were to depart from that, that would be a big change in the way that the software industry operates domestically and abroad.

MR. SIMMONS: Eric, Ali was talking about specific pieces of the software that we're dealing with. This isn't a case about copying the entire SE, but rather copying the "declaring code" as the Federal Circuit called it. Do you see the API packages — or the declaring code or however you want to define them — as being different from computer programs? Is there some line that we need to draw where this is special or not?

MR. PRAGER: Thanks. First, as the only person on the panel who hasn't filed a brief in this case, I should —

MR. SIMMONS: Do you want to?

MR. PRAGER: No, thank you. Not at all.

MR. SIMMONS: We might be back.

MR. PRAGER: Fair point.

I should mention that nothing that I'm going to say is an opinion of my firm or of any of its clients. These are just my own personal views. I also want to thank my associate, Danae Tinelli, who helped me put together my thoughts on this.

¹¹ See *Sega Enter. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1524 (9th Cir. 1992), *as amended* (Jan. 6, 1993).

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I think a few things about that. First, I think it's clear that APIs fit the Section 101 definition of computer programs; so, I think that much is clear. It's a relatively low bar in terms of the definition, and APIs, whatever they are, certainly meet that.

I think there is a difference in the software ecosystem between APIs and programs that carry the payload for what a software program does, whether we call it implementation code or otherwise. I think there is a qualitative difference. How that should get manifested in the legal analysis gets into a whole bunch of issues that, of course, we're talking about today, but I think it would be misleading to say otherwise. I think there is some difference there.

Finally, once you get to that point, then the analysis becomes very granular, and parties become very entrenched based on the positions that happen to suit them. Unfortunately, what has happened here — and what happens in a lot of cases perhaps — is that the analogies that get created and the levels of abstraction that the arguments get cast at are intended to be outcome-determinative and not necessarily helpful in the evaluation.

We see all of that happening here and, while there are differences, I'm not sure that those differences automatically point to a mode of analysis. I think we need to work our way through what Congress has given us in the Copyright Act and try to piece together what the Supreme Court has said to-date and the best that we can get out of the circuit courts.

MR. SIMMONS: It's interesting because you do see in the amicus briefs, and to some extent the party briefs but really in the amicus briefs, that people are concerned about some elements of the case that really aren't necessarily at issue here, but they're worried that an opinion from the Federal Circuit or from the Supreme Court will add a little something extra that will affect this analysis that you're talking about the next time someone's analyzing it. We were talking earlier about advising clients in this atmosphere; how do you do that when the case is ongoing?

MR. PRAGER: Yes, certainly.

MR. SIMMONS: Ali, to turn back to you on this, one of the things about the API term — I think it's a little bit of a misnomer because there are so many things that could be an interface in computers — one of the concerns that CCIA has emphasized is that in some programs APIs are used for interoperability and people are copying them for that reason. Leaving aside whether people would agree that this is the case, can you talk a little about why you think the interoperability point is important legally?

MS. STERNBURG: Yes, absolutely. Interoperability has long been a principle that has been important to CCIA and our member companies and our industry. Interoperability is also important to consumers and users of our products and services, making sure that different programs and devices and apps and everything can talk to each other.

It's something that will encourage more competition and innovation so individual users and programmers aren't locked into the same platform or system. It really helps people to be able to go between operating systems or go between programs, which is something that users have always had the right to do. So I think locking it down and discouraging interoperability would be harmful to competition and innovation in the United States and for consumers and users abroad as well.

PROF. SARNOFF: I want to jump in on one point there. There are serious circuit splits here and it can't be good to have them unresolved. Just in response on the 102(b)-versus-102(a) issue, the Sixth Circuit in the *Lexmark* case clearly indicated that you can

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have original expression and still be a method of operation that is excluded from copyrightability under Section 102(b).¹²

Lotus said forcing the user to cause the computer to perform the same operation in a different way ignores Congress's direction in Section 102(b) that methods of operation are not copyrightable. The point that Ali is making is exactly right.

However, it can't be a good result to have the Federal Circuit opinion denied cert. and have different rules in the different circuits.

MS. STERNBURG: One more response to that and then I'll bring it back to this Josh. This case is in the Federal Circuit because, as we know, there was originally a patent claim that was later dismissed.

But it almost feels like it would be malpractice for them to not add a patent claim even if it might get thrown out just to get jurisdiction in the Federal Circuit. It seems like there might not continue to be such a circuit split if software copyright cases at least aren't going to the Ninth Circuit but aren't going to other circuits. That they're trying to get Federal Circuit jurisdiction depending on how this turns out could be a really big change.

There would still be existing precedent, but yes, depending on how the Court decides on Monday, it could have a really large effect on our industry.

MR. SIMMONS: I want to come back to Lana, but before I do I'm going to ask Andrew to weigh in here because clearly Oracle doesn't agree that there's a circuit split.

MR. SILVERMAN: I figured that was just implied.

MR. SIMMONS: But maybe you can say something about why that's Oracle's position. Google's brief and the IP professors point to *Lotus* and they point to *Lexmark*.

I think that what you see is the courts are dealing with the same issue a number of times. In the view of one side, they say: "Oh, they're all over the map. What are we supposed to do with this? The Federal Circuit got this because of the patent issues. Should we really be following that?"

But Oracle's view is different. Can you talk about how you feel like those opinions really are in line or whether you think there actually is a split here?

MR. SILVERMAN: Sure. Oracle has briefed this issue twice now in its brief in opposition to both of Google's cert. petitions, back in 2014 and now again just a couple of months ago.

I'm actually going to say don't take my word for it, don't take Oracle's word for it. Take a look at the brief that the Solicitor General filed back in 2014, where the Solicitor General went through the cases that we've been talking about and explained why there isn't a circuit split and why there isn't a disagreement.

The reasoning is pretty simple. On *Lexmark* there is some language about interoperability and copyrightability, but ultimately the issue in *Lexmark* was that the program at issue was really, really tiny, only fifty-five bytes, smaller than if you just wrote out the name of the case in computer code.

What the experts in that case said, and what the Sixth Circuit found, was that the work there wasn't copyrightable because it wasn't original. There were so many restrictions, so many constraints because of the language and the size of the program and the hardware, that there was really no room for originality, and, even though originality is a really, really low bar, it wasn't satisfied in that case. So in *Lexmark* there's no copyrightability, not because of merger or interoperability, but it failed on the threshold question of originality.

¹² See *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 535 (6th Cir. 2004).

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In *Lotus* you do have the strange language that Lana read about what it means to be a method of operation. But what's interesting is the First Circuit goes out of its way over and over and over again to say no computer code was taken in *Lotus*; what was copied was just the sort of file, edit, print, save as, those sorts of things, and that there was no computer code that was taken, which was really significant. The court goes out of its way to say the computer code that makes the program do the things that it does, those actually are copyrightable, and we don't think that they're a method of operation, so the court is really explicit that when it comes to the code that it wasn't saying that is a method of operation.

One last point. *Lexmark* and *Lotus* are both older cases. *Lotus* is 1995. The First Circuit has said a lot about copyrightability and merger and idea/expression since then. One of the things that the Solicitor General pointed out is if you look at the more recent First Circuit cases, it's clear that they're not reading *Lotus* in the dramatic way that maybe one could try to read *Lotus* in order to say that there is a split.

MR. SIMMONS: I'm going to force us over to fair use now. If there are audience members who want to come back to copyrightability, I will open the floor up once we get through fair use, so think about what your questions would be, and we can return to that.

Lana, I want to start with you because at the Federal Circuit on fair use part two, Google's brief led with role of the jury: "this was a jury verdict on fair use; shouldn't that be the end of the conversation?" And the Federal Circuit responded, "We can decide this."

That has not been the focus of Google's brief at the Supreme Court, but I think it's something that you raised in your opening remarks, so I wanted to give you a chance to talk a little bit about that. Working at the Court of Appeals, how do you deal with cases like this, where you have a jury verdict on the issue before the court?

MS. GUTHRIE: I think this is a really interesting issue, and it's one that you can see in reading the 2018 Federal Circuit decision. It's one the court spent a good amount of time discussing.

As I said in my opening remarks, the Supreme Court has said in *Harper & Row* that fair use is a mixed question of law and fact,¹³ but it has never really said what the role of the jury is in that analysis.

When you look at the Federal Circuit decision, the court looked to the Supreme Court's recent decision in *U.S. Bank* that was talking about how you approach a mixed question of law and fact.¹⁴ There the Court said you're supposed to break it down into its component parts and apply the appropriate standard to each part. So the court here in the second decision walks through that and looks at Supreme Court precedent, looks at Ninth Circuit precedent, and sees that fair use is primarily a legal issue. It's often decided by courts on summary judgment. It does sometimes go to the jury, but a lot of times it comes up on summary judgment.

Harper & Row was an appeal from a bench trial where the court had found no fair use, so in that case the Supreme Court didn't have a need to get into the role of the jury.

In the Ninth Circuit these cases do sometimes go to a jury, and the Ninth Circuit has said that the jury's role is limited to determining disputed historical facts. But the court is to assess the inferences that you draw from those facts, and ultimately the court reviews the question of whether it was fair use de novo. So there's only a small piece of it actually

¹³ *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985).

¹⁴ *Oracle Am., Inc. v. Google LLC*, 886 F.3d 1179, 1192 (Fed. Cir. 2018) (citing *U.S. Bank Nat. Ass'n ex rel. CWC Capital Asset Mgmt. L.L.C. v. Vill. at Lakeridge, L.L.C.*, 138 S. Ct. 960, 965 (2018)).

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that the jury is looking at. With respect to the disputed issues of historical fact, the jury does get deference and the court reviews those facts for substantial evidence.

In *Oracle v. Google* round one Google was saying, “You know, there are a lot of disputed historical facts here,” so the court sent it back down. On remand, the parties were able to stipulate to some of those facts, and I think there are eight of them that are laid out in the Federal Circuit’s decision, four that were undisputed and four that were still disputed at the time the case went to the jury, and those are the ones that the jury gets deference on.

But a lot of times fair use gets decided as a matter of law, too. So it’s an interesting issue.

MR. SIMMONS: Josh, let me bring you back in on this, both on this issue — I don’t know if you have strong views on it — but also we were talking about software copyright, Section 102(b) is a general-purpose part of the statute, but so is fair use. Google’s argument at the Supreme Court relies on the idea that “Well, this is software so we should get something out of that on a fair use argument.” Oracle’s response was basically, “Well, you did, and it was the second factor.”

I don’t know if you want to talk about the jury, but can you talk a little bit about the second factor software divide and fair use?

PROF. SARNOFF: I’ll say a couple of things about both, but I probably should have made my caveats also that nothing I say is actually anything I believe. [Laughter]

MR. SIMMONS: We definitely don’t let people do that in depositions.

PROF. SARNOFF: There’s so much wrong here that makes it quite difficult to get to the issue. You have to go back to *Folsom v. Marsh* and what Justice Story actually meant.¹⁵ I actually think that since Nimmer wrote, we’ve had it wrong, that fair use is treated as a defense rather than simply noninfringing conduct.¹⁶

That goes to the kinds of issues that one has to decide: What facts establish the conduct that then is not within the scope of the infringement right in the first place — at least, what the scope of the infringement right is the legal question; what the facts are is the fact question.

Similarly, on those kinds of issues, typically, having taught administrative law, you give the jury incredible deference to their factual judgments and their inferences from the factual judgments. You only overturn when no reasonable juror could conclude otherwise. I don’t think this is that kind of a case.

As to the second fair use factor — and this is exactly why the question goes to how one balances all of these different things in a statute — you have to consider the purposes of the use. It says, “including use by reproduction;” it doesn’t say “by reproduction of only small parts.” I understand the arguments that one wants to say this was a big deal and therefore, because it was a big advance, you should get big protection.

But that isn’t the question. The question is, what was protected, what was the nature of the use, what was the purpose of the use, and, as we saw in *Google Books*, the reproduction of the entire book is fair use if it’s for certain purposes.¹⁷

Here the purpose is functional. That goes to both the nature of the copyrighted work and what you’re taking from the copyrighted work, which is the method of operation. So that takes us back a little bit to the issue of why the declaring code words matter and

¹⁵ See generally *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841).

¹⁶ See 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05 (2019).

¹⁷ See *Authors Guild v. Google, Inc.*, 804 F.3d 202, 221 (2d Cir. 2015).

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whether you should be able to have a monopoly in the declaring code words themselves, which then creates another circuit split. But that's a side issue.

All I can say is these issues haven't been decided by the Supreme Court. It is long past time for them to do so.

We can continue to disagree as to who should win. It is highly unusual, however, for any court, once they've given it to the jury, to reverse on fair use, saying no reasonable juror could have weighed the facts to reach that conclusion. I'll just leave it there.

MR. SIMMONS: It's unusual in a number of ways. I think it's unusual because it's unusual to go to a jury on fair use.

PROF. SARNOFF: Right.

MS. GUTHRIE: Exactly.

MR. SIMMONS: We know as copyright lawyers that most of our cases in the United States are decided on summary judgment, and so the fact that it even went to the jury — there's a small pool of cases we can even look to for that.

You've raised an interesting question, though. You raised the *Harper & Row* decision. In *Harper* there was a very small amount of the work copied that was not fair use because it was the heart of the work. Then, in *Google Books*, which was the use of the whole book, it was fair use.

One could look at those cases and say, "Oh, gosh, what do we do?" I think some would look at *Google Books* and the *Sega* and *Sony*¹⁸ cases that Ali was raising and say, "Well, in all of those cases what's coming out to the user is small, so we should look at that as opposed to the actual copying." One wonders if *Oracle v. Google* is an outlier or rather consistent with that: you're taking the declaring code, and that's what's part of your platform, as opposed to *HathiTrust*¹⁹ or *Sega/Sony* where there was copying but it was not seen by the end user.

Now, Eric, I want to bring you in because you're the one who has to explain this to clients. You've got all these cases to look at, and I'm throwing these names out there. How are you advising people who are trying to deal with software and fair use? Is it possible? Do you have to throw up your hands, or is there some guidance we can take from the cases we've been talking about across the panel?

MR. PRAGER: Boy, that's a tough question.

The short answer is you have to hedge a lot in giving advice in this space. I think the landscape is currently unclear. Whether there technically are circuit splits or not, there certainly are winds blowing in different directions in different circuits, and that creates uncertainty since most products are national or international.

As a practical matter for a lot of clients, they are either below the radar; or they hope to become big enough that these issues become material for them, that someday they are a worthy target of a litigation, and they may be able to get away with some ambiguity for a while. That's certainly part of the real-world evaluation of these issues.

One of the things that I thought was interesting in relation to the fair use analysis—I can't say that I read every amicus brief, but I didn't notice anyone advocating for more than the four fair use factors in Section 107. Congress has told us that fair use factors to be considered "shall include," but it doesn't say they are exclusive, and the courts have said they're not exclusive.

Has anyone proposed other factors, that in the context of software there should be an additional factor to consider? Do you have one?

¹⁸ *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).

¹⁹ *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87 (2d Cir. 2014).

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PROF. SARNOFF: No. But one of the briefs focused on transformativeness versus the fourth market factor. Transformativeness is not listed as a factor. It seems to have eaten the world, wrongly in my mind. But that would be an example of one of the briefs actually talking about something that's not listed even as a factor. It just seems to have, after the article in the law review has taken over, captured people's minds. Good idea at some level but not as a substitute for actual thinking and analogical reasoning.

MR. SIMMONS: You do start seeing it come back. We had a time when you really did see transformativeness was the whole thing, and I do think you're starting to see opinions where people say, "Well, yeah, it was transformative, but the market was harmed;" or the opposite: "Oh, it wasn't transformative, but the market wasn't harmed."

MS. STERNBURG: Or good faith, too. I feel like that comes up as a lens reminiscent of transformativeness, good faith/bad faith.

MS. GUTHRIE: In the Ninth Circuit they talk about bad faith. They say transformativeness — you're right; it's not listed as one of the four factors, but the Supreme Court has said that that's the most important consideration when you look at the first factor, the purpose and character of the use.

PROF. SARNOFF: And is it limited to parody? Is it not? It's time for the Supreme Court to just clarify the damn law.

MR. SIMMONS: I'm going to send it back over to Andrew. Then, Lana, I'm going to come back to you for one practice pointer because I litigate, and I want to ask you a little bit about amicus briefs.

Andrew, and maybe Ali, I'll ask you this, too. There has been a lot of briefing at the Supreme Court from Google's amici saying this is going to really harm the software industry. Maybe each of you can say a few words about your perspectives on is it the end of the world? What are you guys seeing in terms of how this is affecting people?

MS. STERNBURG: For the end of the world question, I would say that we're not going to know the effect for ten years or so. If, for example, the United States were to depart from the international consensus, including the European Union and the *SAS Institute v. World Programming* case²⁰ and a lot of other countries that have considered this in cases and codified in their statutes through trade agreements, it could put the industry at a competitive disadvantage if it's easier to develop software in Europe or other countries than in the United States.

But we won't see that right away. Someone will do a study ten years from now, and we'll look at the long-term effects of some of these decisions, if the Court were to not grant it and leave it as it is. It's hard to say right now, right away, how much it's affecting the companies and the programmers, but it does seem like something that we'll see more in the long term.

MR. SIMMONS: Andrew?

MR. SILVERMAN: I'll give it a shot. This is particularly significant, I think, because in Google's final pitch to the Supreme Court, in its reply brief they actually don't really argue about circuit splits or whether or not the Federal Circuit was right or wrong. They do in their cert. petition, and then we spend a lot of time in our brief in opposition making all the arguments in response. In its reply, its final pitch is: This is just super-important because the industry is already being destroyed by the Federal Circuit's opinion.

Our response to that was: Actually, the software industry is doing pretty well. In the two years after the first *Oracle v. Google* decision, it's now a 564 billion-dollar

²⁰ S.A.S. Inst., Inc. v. World Programming Ltd., 874 F.3d 370 (4th Cir. 2017), cert. denied, 139 S. Ct. 67 (2018); S.A.S. Inst. Inc. v. World Programming Ltd. [2013] EWHC 69 (Ch).

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contributor to the U.S. economy, actually up 18.7%, and employment in the industry is up 6.5%. So, at least from our perspective, the industry is doing just great. It doesn't seem to be having any problems as a result of *Oracle v. Google*. We would say it's actually just the opposite, that rewarding the innovation of the original author of the Oracles of the world is part of the reason for that.

MR. SIMMONS: Lana, I'm going to ask you one last question before we turn to the audience. There are a lot of people on this panel who have written amicus briefs in this case. Actually, in this room I can look around and see people who have written amicus briefs at various levels. As someone who works at an appellate court, I'm curious: How do you view amicus briefs? Are they helpful? How does that play into the analysis the court is going through trying to get to the right answer?

MS. GUTHRIE: I like them. I think they can be incredibly helpful, especially when they add something new rather than just regurgitating what's in the parties' briefs. I think they can be really helpful in that way.

They're less helpful when they focus on issues that aren't presented in the case. But we still read all of them, I can assure you, multiple times, and this case is a great example. We had a lot of people weigh in at both the copyrightability panel stage and at fair use in about equal measure on both sides. Yes, they can be helpful.

MR. SIMMONS: Okay, great.

Does anyone in the audience have questions? We have a little time left, and I want to make sure I leave room for that.

[No response]

Everyone's a software copyright expert? No issues?

MR. SILVERMAN: See, no circuit split. It's very clear.

MR. SIMMONS: It's a small sample size, but I'm willing to go with it.

Okay. Well, let me use the moderator's prerogative. Ali, I'm going to come back to you on this. In terms of the international dimension, you were talking about the European Union and other countries. Yes, there was the *World Programming* case, but I don't feel like we've had a big case that deals with code like this, and I'm just curious: Do you think that's because this is the tip of the sword? Do you actually disagree with me, you think that *World Programming* is on all fours? I'm curious as to how much you really think the issue has been developed internationally.

MS. STERNBURG: I would also defer to our counsel of record on CCIA's brief. John Band has written three editions of *Interfaces on Trial*, all available online, where he does look at the history of these issues and how they have spread to other countries and their laws, so I would definitely defer to that.²¹

The *SAS v. World Programming* case is interesting because I think there's a U.S. version and an EU version, and sometimes these things get litigated for maybe business reasons that aren't as much about law and just like the way that they're deciding to address these issues in different jurisdictions.

I am curious to see, depending on how this case goes, what it encourages other countries to do, whether to follow suit or go the other direction, and how that affects, as I said before, where these companies choose to locate in order to benefit from laws that benefit industry.

²¹ See JONATHAN BOND, INTERFACES ON TRIAL 3.0: ORACLE AMERICA V. GOOGLE AND BEYOND 130-136 (2018), <https://docs.google.com/a/policybandwidth.com/viewer?a=v&pid=sites&srcid=cG9saWN5YmFuZHdpZHRoLmNvbXxwb2xpY3liYW5kd2lkdGh8Z3g6NDhjMTIxODliMDA2NjUzNQ>.

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MR. SIMMONS: You do see international laws shift. One of the things I thought was interesting in your brief was you mentioned programming languages in passing.

In Australia there was a time when the definition of computer program expressly left out programming languages. Then they changed their law to match ours and removed that prohibition. I don't know — I'm not an Australian lawyer; maybe there is one in the room — whether that now means that programming languages are protectable by Australian law.

But you see countries following the United States in a number of ways, and I wonder from a trade perspective — we're out there doing bilateral, and multilateral in some cases, agreements, and you'd think that these kinds of issues would come up.

MS. STERNBURG: It's very true that the United States has often been a leader on copyright issues, exporting things that have been good for various stakeholders — content, tech, the public interest. If we were to depart from that, that would be a big change. If the United States were to not be leading the global conversation on these issues, that would be different, for sure.

MR. SIMMONS: I think the parties differ on where they want that conversation to be led.

MS. STERNBURG: There's definitely not a consensus on these issues, absolutely.

MR. SIMMONS: I want to thank our panelists. This is, as I said, going to be something that will be in the news for sure. On Monday we will know a lot more than we do today.

Thank you all for coming and for your great thoughts. I'd like everyone to give them a round of applause. Thank you so much.