

# Oracle Am., Inc. v. Google LLC. 886 F.3d 1179 (Fed. Cir. 2018)

COLIN JOHNSON\*

## BACKGROUND

Appellant Oracle America, Inc. (“Oracle”) is an American computer technology corporation that specializes in developing and marketing database software and technology management systems. Cross-Appellant Google Inc. (“Google”), is an American technology company that specializes in Internet-related services and products.

In 2010, Oracle acquired Sun Microsystems, Inc. (“Sun”), which created the Java platform for computer programming. This platform was used to write and run programs in the Java programming language which includes the Java Application Programming Interface (“API”). The API consists of “pre-written Java source code programs for common and more advanced computer functions.”<sup>1</sup> These APIs serve as building blocks for programmers to use pre-written code to create certain functions for their programs instead of developing their own code to perform those functions from the outset. This allows for interoperability, or as Sun marketed, “[w]rite once, run anywhere.”<sup>2</sup> The Java platform was freely available to programmers; however, Oracle implemented a licensing strategy with strict compatibility requirements. As part of the licensing strategy, Oracle charged a fee to those who used the APIs in a platform that competed with Oracle or that embedded the APIs in an electronic device. Additionally, if any company made improvements to Oracle’s Java platform, they were to be made freely available to those who used Java.

In 2005, Google acquired Android, Inc. as it sought to create a software platform for mobile devices. That same year, Google and Sun discussed the idea of Google licensing the Java platform from Sun to use for its mobile devices. The discussions came to an impasse because Sun did not agree with Google’s plan to use APIs in Android without cost and without limits on code modifications. Google elected to use Java anyway and copied Oracle’s copyrighted code from 37 API packages. Google wrote its own code designed to work on its Android mobile devices and implemented it. Google unveiled its Android platform in 2007. Google’s Android platform was free for smartphone manufacturers, and the source code was available for use under an open source license. Despite Google’s assertion that the

---

\* Colin Johnson is a 2020 Juris Doctor candidate at the University of San Francisco School of Law.

1. Oracle Am., Inc. v. Google LLC, 886 F.3d 1179, 1186 (Fed. Cir. 2018).  
2. *Id*

platform was free of charge, Google made \$42 billion in revenue from related advertising. Oracle argued that Android negatively affected its licensing strategy because many of its customers converted to Android.

#### PROCEDURAL HISTORY

In 2010, Oracle sued Google in the United States District Court for the Northern District of California for copyright infringement resulting from Google's alleged unauthorized use of 37 packages of Java APIs in its Android platform system.

The first jury trial found that Google infringed Oracle's copyrighted work in the Java platform but was unable to conclude whether Google's copying constituted fair use. The district court, however, found that as a matter of law, the API packages were not copyrightable and ruled in favor of Google. Oracle appealed the district court's judgment to the United States Court of Appeals for the Federal Circuit, which found that Oracle's 37 API packages were copyrightable. The Federal Circuit remanded the case to the trial court with instructions to reinstate the jury's infringement verdict and for further proceedings on Google's fair use defense, as well as for damages, if applicable. Subsequently, Google filed a petition for writ of certiorari asking the United States Supreme Court to review the Federal Circuit's decision. The Supreme Court ultimately denied certiorari.

The second jury trial found that Google's Android operating system did not constitute copyright infringement because Google's use of Java API's met the fair use defense. Oracle filed two separate motions for judgment as a matter of law and moved for a new trial. The district court denied the motions. Oracle appealed the district court's final judgment as well as its decisions to deny Oracle's motions for judgment as a matter of law and motion for a new trial to the Federal Circuit. Google filed a cross-appeal.

#### ISSUE

The Federal Circuit considered whether Google's uncontested copying of Oracle's declaring code for the 37 API packages was fair use.

#### DECISION

The Federal Circuit reversed the district court's ruling denying Oracle's motions for judgment as a matter of law, finding that Google's use of Oracle's API packages did not constitute fair use as a matter of law. The court remanded the case for a trial on the damages and dismissed Google's cross-appeal.

#### REASONING

The doctrine of fair use is an affirmative defense to a claim of infringement and permits use of copyrighted work if it is "for purposes such

as criticism, comment, news reporting, teaching, scholarship, or research.”<sup>3</sup> This listing was not intended to be exhaustive, rather it provides a sample of what activities a court may consider as fair use under the circumstances. The factors to be considered by the court 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.”<sup>4</sup> In balancing these four factors, the court considers whether allowing the use of copyrighted material, rather than preventing it, would better serve copyright’s very purpose, “to promote the Progress of Science and useful Arts.”<sup>5</sup>

The court found that the first factor, the purpose and character of the use, weighed against a finding of fair use. In analyzing this factor, the court considered whether the use was commercial in nature and whether the new work was transformative. Despite the fact that Android was free of charge, the court determined that Google’s use was commercial in nature because Google stood to profit from the exploitation of the copyrighted material without having to pay the standard price. Furthermore, the court reasoned that commerciality is not dependent on how Google earns its money; thus, Google’s contention that its revenue came from advertisements, not from Android, was insufficient for the court to find a non-commercial use. In analyzing whether the use was transformative, the court looked at whether Google altered the “expressive content or message of the original work that it copied.”<sup>6</sup> The court found that Google’s use with no change to the expressive content of the 37 API packages was for an identical purpose, and determined Google’s argument that there was a change in context (from computers to mobile devices) was insufficient to constitute a transformative use.

The court found the second factor, the nature of the copyrighted work, to weigh in favor of finding fair use. This factor relates to whether the used work was creative or informational. The court noted that although it was evident the 37 API packages required creativity, a reasonable jury could have found that the functional aspects of the API packages were substantial and important. Thus, the functional role of the code minimized the creative characteristics.

In analyzing the third factor, the amount and substantiality of the material taken, the court determined that only 170 lines of code were essential to write the Java language, and that Google copied 11,500 lines of code. Thus, the finding that Google copied more code than necessary did not weigh in favor of finding fair use.

---

3. 17 U.S.C. §107.

4. *Id*

5. U.S. CONST. art. I, § 8, cl. 8.

6. *Oracle* 886 F.3d at 1201.

In assessing the fourth factor, courts consider harm to the actual or potential market for the copyrighted work, and harm to the market for potential derivative uses. Regarding actual market harm, the court determined that Android's direct competition with Java for mobile devices constituted a direct market impact. Additionally, even if it was unclear if Oracle licensed Java in smartphones when Android began, the court focused on how Google's copying affected potential markets. Licensing Java "for smartphones with increased processing capabilities was one such potential new market" for Oracle.<sup>7</sup> Thus, the court determined that the fourth factor weighed heavily against finding fair use.

In balancing the four factors, the court concluded that "allowing Google to commercially exploit Oracle's work" would not advance the intended purposes of copyright.<sup>8</sup>

The court, therefore, determined that the 37 Java API package that Google used did not constitute fair use as a matter of law.

---

7. *Id.* at 1209.

8. *Id.* at 1210.