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INTELLECTUAL PROPERTY LITIGATION

Expert Analysis

Courts of Appeals to Decide Boundaries Of Fair Use in the Digital Age

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The Copyright Act provides a fair use defense that permits an unauthorized use of a copyrighted work in certain circumstances. Following the Google Books case, which, according to the Second Circuit, "tests the boundaries of fair use," *Authors Guild v. Google*, 804 F.3d 202, 206 (2d Cir. 2015), two cases pending at the U.S. Courts of Appeals for the Eleventh and Federal Circuits may further test these boundaries.

In *Code Revision Commission v. Public.Resource.org*, No. 17-11589, the Eleventh Circuit will decide whether Public Resource's copying and distribution of the annotated version of the official state code of Georgia is a fair use. And in *Oracle America v. Google*, No. 17-1118, the Federal Circuit will decide whether Google's use of portions of Oracle's Java programming language in Google's Android mobile operating system constitutes a fair use. We report here on these cases, providing guidance for practitioners.

The Federal Copyright Act

Section 107 of the Copyright Act states, "the fair use of a copyrighted work … for purposes such as criticism, comment, news reporting, teaching … scholarship, or research, is not an infringement of copyright." 17 U.S.C. §107. The act provides four non-exclusive factors that courts may consider when deciding whether an accused use is fair:

> (1) the purpose and character of the use, including whether such use is of 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.
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> Id.

The accused infringer bears the burden to prove that the factors, together, weigh in its favor.

As the legislative history of the act makes clear, the question of fair use is highly fact-specific. "Indeed, since the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts." S. Rep. No. 94-473, at 62 (1975).

> As these cases demonstrate, the answer to the question of fair use turns on the facts of each case.

Google Books

Google Books is a free, publicly available service that allows users to search and view snippets of digital copies of millions of books. To accomplish this, Google—without the permission of rights holders—made digital copies of

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tens of millions of books that were submitted to it by libraries. Google then provided to each participating library a digital copy of the books that the library had submitted to Google, subject to restrictions requiring the libraries to use those copies in a manner consistent with copyright law.

A group of authors sued Google for copyright infringement. In a unanimous opinion affirming the district court, the Second Circuit held that the search and snippet features of Google Books and its provision of digital copies to libraries constitute a fair use. *Authors Guild*, 804 F.3d at 207-08.

Examining factor one—the purpose and character of the work—the court found that Google's search function involves "a highly transformative purpose" that allows searchers to identify books that contain a particular word or term of interest. Further, the snippet view adds "important value to the basic transformative search function" because it gives context to search results. Id. at 217. These features, the court held, outweigh Google's overall profit motivation, tipping factor one in Google's favor.

As to factor three—the amount and substantiality of the portion used—the court held that Google's copying of the entirety of each work is "reasonably appropriate to Google's transformative purpose" and "is literally necessary to achieve that purpose." Id. at 221.

The court found that factor four—"which assesses the harm the secondary use can cause to the market for, or the value of, the copyright for the original," id. at 214, and which the court described as "undoubtedly the single most important element of fair use," id.—also weighs in favor of fair use because the restrictions placed on the number and location of snippets prevent searchers from accessing competing substitutes. Id. at 224.

Annotations to Georgia Code

Lexis/Nexis has the exclusive right to publish and sell copies of the Official Code of Georgia. The O.C.G.A. contains editor's notes, research references, and annotations including summaries of judicial opinions and opinions of the Attorney General of Georgia. It is Georgia's only official code publication.

Public Resource purchased and scanned all 186 printed volumes and supplements of the O.C.G.A., made it available online for free, and actively encouraged citizens to copy and further disseminate the O.C.G.A. Public Resource also distributed digital copies of the O.C.G.A. on USB thumb drives to certain members of the Georgia legislature.

The Georgia Code Revision Commission and the state of Georgia sued Public Resource for copyright infringement. On cross-motions for summary judgment, the court acknowledged that "this is an unusual case because most official codes are not annotated and most annotated codes are not official," but nonetheless held that the annotations are copyrightable. *Code Revision Comm'n v. Public.Resource.org*, No. 1:15-CV-2594-RWS, 2017 WL 1228539, at *4 (N.D. Ga. March 23, 2017).

The court then evaluated Public Resource's fair use defense. The court found that factor one weighs against fair use because Public Resource does not add, modify, comment on, or criticize the O.C.G.A. Id. at *6. Rather, Public Resource's verbatim copying "is expressly designed to supplant the O.C.G.A. as already distributed and made available online by Lexis/Nexis, which is not transformative." Id. The court further held that despite its non-profit status, Public Resource's use of the O.C.G.A. was neither non-profit nor educational because Public Resource profits from its infringement through the attention, recognition, and contributions it receives. Id. at 7. Notably, the Commission argued on summary judgment that Public Resource's bad faith precluded a finding in favor of fair use as to factor one: "Deliberate copying for the purpose of invoking a lawsuit cannot be considered either transformative or a non-profit educational purpose." Commission Mot. for Partial Summ. J., at 19-20.

Under factor two, the court found that the factual nature of the annotations did not mandate a finding for Public Resource. Rather, the "selection, writing, editing, statutory commentary, and the creativity of the annotations" entitle the annotations to "broad copyright protection" such that factor two is, at best, neutral. *Code Revision*, 2017 WL 1228539 at *7.

According to the court, factor three also weighs against fair use because Public Resource copied "every single word of every annotation using a bulk industrial electronic scanner." Id. Likewise, factor four weighs against fair use because "it is inevitable that Plaintiffs' markets would be substantially adversely impacted" due to widespread availability of the annotations free of charge. Id. at 8.

On appeal, Public Resource argues that its purpose in scanning the O.C.G.A.—to facilitate scholarship, criticism, and analysis of the O.C.G.A.—was transformative. Public Resource also likens its service to Google Books' search function, because it allows users to search the annotations for facts, which are not copyrightable. The Commission, on the other hand, again points out Public Resource's deliberate provocation of the lawsuit and distinguishes Public Resource's verbatim copying from the snippets provided by Google Books.

Android

To create the Android mobile operating system, Google copied ready-to-use Java programs known as packages. These packages, which allow programmers to repeat commonly used functions without rewriting them, were created by Sun Microsystems (now Oracle), the developer of the Java programming language.

Oracle sued Google for copyright infringement. After a jury verdict of infringement, the district court held that Oracle's Java packages were not subject to copyright protection and entered judgment in favor of Google. On appeal, the Federal Circuit held that these packages are copyrightable and that Google infringed.

On remand, the jury found that Google's copying was a fair use. Denying Oracle's post-verdict motion for judgment as a matter of law, the district court found that the jury could reasonably have concluded that Google's selection and re-implementation of specific Java packages on a mobile platform was a transformative use under factor one. *Oracle Am. v. Google*, No. C 10-03561 WHA, 2016 WL 3181206, at *6 (N.D. Cal. June 8, 2016). The court held that the jury could reasonably have concluded that factor two was neutral because the packages were more functional than creative in nature. Id. at *10.

Though the relevance of bad faith is not yet settled, accused infringers should expect adversaries to present evidence of bad faith and should be prepared for courts—and juries—to scrutinize their behavior.

Likewise, under factor three, the jury could reasonably have found that Google duplicated only a small amount of Oracle's code, and only what was necessary for a transformative use. Id. As to factor four, the jury could have reasonably concluded that Android caused no harm to the desktop market for the Java platform. Id.

Underscoring the highly factual nature of the fair use inquiry, the court emphasized that its "order cannot cover all the myriad ways that the jury could reasonably have balanced the statutory factors." Id. at *11. Notably, Google points out on appeal that no appellate court has ever overturned a jury's determination on fair use.

Oracle argued at trial and argues on appeal that Google's alleged bad faith weighs against a finding of fair use, alleging that Google "knew it needed a license and chose in bad faith to make enemies instead." Id. at *2 (internal quotations omitted).

Guidance for Practitioners

As these cases demonstrate, the answer to the question of fair use turns on the facts of each case. Though the relevance of bad faith is not yet settled, accused infringers should expect adversaries to present evidence of bad faith and should be prepared for courts—and juries—to scrutinize their behavior.