No. 18-956

IN THE

Supreme Court of the United States

GOOGLE LLC,

Petitioner,

v.

ORACLE AMERICA, INC.,

Respondent.

On Writ of Certiorari
To the United States Court of Appeals
For the Federal Circuit

BRIEF FOR THE COPYRIGHT ALLIANCE AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASES

CONSTITUTIONAL PROVISIONS AND STATUTES

OTHER AUTHORITIES

STATEMENT OF IDENTITY AND INTEREST OF *AMICUS CURIAE*[1]

The Copyright Alliance is a non-profit, non-partisan, public interest and educational organization representing the copyright interests of more than 1.8 million individual creators and 13,000 organizations in the United States, across the spectrum of copyright disciplines. The Copyright Alliance is dedicated to advocating policies that promote and preserve the value of copyright and to protecting the rights of creators and innovators.

The Copyright Alliance represents individual creators including authors, photographers, performers, artists, software developers, musicians, journalists, directors, songwriters, and many others. In addition, the Copyright Alliance represents the interests of book publishers, motion picture studios, video game publishers, software companies, music publishers, sound recording companies, sports leagues, broadcasters, guilds, unions, newspaper and magazine publishers, and many other organizations. These diverse individuals and organizations all rely on copyright law to protect their ability to pursue a livelihood based on creativity and innovation, and to safeguard their investment in their creation and dissemination of copyrighted works.

[1] Pursuant to Supreme Court Rule 37.6, counsel for amicus curiae states that no counsel for a party authored this brief in whole or in part. No counsel or party made a monetary contribution intended to fund the preparation or submission of this brief, and no person other than amicus or its counsel made such a contribution. The parties have provided written consent to the filing of this amicus brief.

As particularly relevant to this case, Copyright Alliance members rely on the equivalence between copyright protection for software and copyright protection provided for other kinds of works. They also depend on a predictable and appropriately circumscribed fair use doctrine that furthers the purposes of copyright law, both by promoting creativity and by protecting the rights of copyright owners to control the reproduction and distribution of their works and the creation of derivative works.

The Copyright Alliance supports strong copyright protection, yet recognizes the importance of fair use and is dedicated to ensuring that the balance Congress struck between original creators' exclusive rights and a meaningful fair use doctrine is maintained. The Copyright Alliance is concerned that reversal in this case could disrupt that balance by making it too difficult for creative software to be recognized as copyrightable or too easy for well-resourced companies to convert a copyrighted work from one medium to another and claim that the adaptation is fair use, rather than a violation of the copyright owner's right to create derivative works.

The Copyright Alliance believes that if copyright protection is not sufficiently robust, or if the fair use factors are applied incorrectly, that could have negative effects on actual, potential, or emerging markets for copyrighted works of all kinds and could unduly harm individual creators and small businesses that lack the resources to enter all markets simultaneously (or to license others to do so on their behalf). The Copyright Alliance therefore submits this brief to ensure that principles of copyrightability and fair use continue to be applied in a manner consistent with copyright's goals of incentivizing the creation of works that are vital to our nation's cultural, scientific, and technological progress.

SUMMARY OF ARGUMENT

This case examines copyrightability and fair use in the context of Oracle's copyrighted Java SE software. But it has broad implications far beyond the specific software at issue—or even the software industry generally. Reversing the Federal Circuit's well-reasoned opinion would have serious consequences for creators across a wide range of industries—including, and especially, individuals and small businesses that lack the resources of the parties before the Court.

Google's actions and positions are deeply concerning to artists, authors, software developers, and other creators who rely on copyright law to protect their livelihoods. On copyrightability, Google argues that the innovative declaring code at issue is barred from copyright protection because it is "entirely functional." Google Br. at 19. However, *all* software is functional. Should this Court accept Google's argument, the functionality exception would swallow the rule that software *is* a copyrightable expressive work, putting at risk an entire industry that relies on the protection of copyright law. Likewise, the Court should not penalize creators for their success by limiting the protection available for works simply because they are "familiar," as Google requests. *Id.* at 27.

As to fair use, since this Court first articulated the concept of "transformative use" in *Campbell v. Acuff-*

Rose Music, Inc., 510 U.S. 569 (1994), that concept has come to dominate the fair use analysis, with some lower courts stretching its bounds far beyond what is warranted by the Court's analysis in *Campbell*—which arose in the context of a song parody. Google would further expand the doctrine and have this Court declare Google's use of Oracle's copyrighted code "transformative"—and therefore fair use—because Google allegedly took that code from one type of computer—desktop and laptops—to the allegedly "new context" of another computer—smartphones. But Google is wrong on the law: a transformative use under the first fair use factor requires (at least) a change in *purpose*, not merely a change in *medium* or "context."

Google is likewise wrong in its view of the fourth fair use factor—the effect of Google's use upon the market for Oracle's Java SE platform. As Google would have it, any market harm is limited to the markets the copyright holder occupies currently. But Congress and this Court have properly adopted a different approach, focusing not just on current markets, but also on "potential markets" and the markets for "derivative works." Google's cramped reading of the relevant market is particularly problematic for small businesses and individuals, including many of the Copyright Alliance's members. Due to resource constraints (and sometimes for strategic reasons), those smaller companies and individuals may be unable or unwilling to enter all markets at once. Copyright law protects the ability of creators to choose whether and when to enter particular markets and create derivative works.

In short, Google asks this Court to hold that if a (quite often larger) competitor uses an original work to enter an allegedly distinct market before the original creator can do so, the competitor's use is likely transformative under the first fair use factor and likely does not detract from the market for the original work under the fourth fair use factor. Such an adverse-possession-like system both fails to protect copyright owners' investments in their works and disincentivizes copyright owners from creating new or derivative works. Simply put, reversal in this case would threaten to undermine the very "Progress of Science and useful Arts" that copyright is meant to protect. U.S. Const. art. I, § 8, cl. 8.

ARGUMENT

I. The Federal Circuit Properly Analyzed Copyright Protection in This Case.

Google contends Oracle lacks copyright protection in the declaring code that Google copied. That is wrong.

At the start, the context here is critical. It is undisputed that computer programs qualify as copyrighted works of authorship under the Copyright Act, 17 U.S.C. § 102(a), that the Java SE platform is copyrighted under this statutory framework, and that large parts of Java SE are protected under the Act. There is likewise no serious dispute that such protection is important. As Congress well understood, maintaining meaningful copyright protection for software is critical for innovation, and particularly so for small businesses and individual creators (including many of the Copyright Alliance's members).

While purporting to respect this congressional judgment, Google in fact seeks to undermine it—with two main arguments. First, Google argues that the declaring code it copied from Oracle's Java SE platform is not entitled to copyright protection because it is "entirely functional." Google Br. at 19. All software, however, is functional; computer programs by definition perform a function: directing a computer to "bring about a certain result." 17 U.S.C. § 101 (definition of "computer program"). Thus, Google's argument that a large part of the literal code of Oracle's copyrighted software is itself a method of operation is an exception that easily could swallow the rule that software is expressive and entitled to copyright protection. *See, e.g.*, *Atari Games Corp. v. Nintendo of Am. Inc.*, 975 F.2d 832, 838-39 (Fed. Cir. 1992). If this Court is to respect Congress's judgment that software *is* innovative and copyrightable, Google's functionality argument cannot be right.

Second, Google's application of the narrow and limited merger doctrine is deeply flawed. In Google's view, the merger doctrine applies because "reus[ing]" the code at issue here was "necessary." *See, e.g.*, Google Br. at 16, 20. But Google's "reusing" was not remotely "necessary" in the relevant sense. Under a proper application of the merger doctrine, copying is "necessary" only in the relatively rare situations where external constraints genuinely leave no other options for the expression of the idea involved. *See, e.g.*, *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 539-40 (6th Cir. 2004) (describing constraints applicable to the software at issue there).

What Google really means is something quite different. As Google itself conceded, it copied Oracle's code because it wanted "to allow users to use commands they already know from the legacy product." Google Br. at 26; *see also* Brief of Microsoft Corporation as Amicus Curiae In Support of Petitioner at 20. That is not "necessity" in the sense that the merger doctrine requires;[2] it is "convenience" based on market familiarity. Google copied verbatim Oracle's copyrighted code because doing so would make its product more attractive to users, who had already adopted Oracle's product. Copyright does not make an exception for convenience. *See Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 919, 923 (2d Cir. 1994) (that reproducing copyrighted articles was more "convenient" and "useful" than purchasing authorized copies did not excuse copying); *Infinity Broadcast Corp. v. Kirkwood*, 150 F.3d 104, 108 n.2 (2d Cir. 1998) (copying not excused because it was "useful" to make broadcasts "available by telephone rather than radio"). Using someone else's work is always more "convenient" than starting anew, but such convenience does not excuse copyright infringement.

Curtailing copyright protection based on the familiarity of a work would have a devastating impact on copyright, effectively penalizing creators whose works become popular and squelching the incentive to innovate.

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[2] Apple faced a similar choice when it was developing Mac OS X and other Apple device operating systems. Rather than use copyrighted works it did not own, Apple developed its own API packages, and later chose to design its own complete programming language, Swift. That is the type of creativity the Copyright Act is intended to promote.

Alfred Eisenstaedt's iconic photograph of a joyful (and amorous) sailor and nurse on V-J Day in Times Square should not be any less protected because of its popularity in capturing the exuberance of Americans at the war's end. And the lawfulness of the many subsequent derivatives of that image—involving, among others, MAD Magazine's Alfred E. Neuman, Donald Duck, Storm Troopers, and zombies—should be assessed under the rubric of fair use, rather than by limiting protection for the original work they copied. Similarly, Oracle's code, which was an original, innovative work of authorship when it was created, should not lose copyright protection merely because developers have come to rely on it. As in other areas of copyright, Google can create its own code, or license or make fair use of Oracle's code. What Google cannot do is simply take Oracle's code—and the loyal userbase that code generated—for Google's own commercial use without permission.

II. The Fair Use Doctrine Is a Far More Limited Exception to the Exclusive Protection of Copyright than Google Advocates.

Google fares no better with its second argument that its wholesale copying of Oracle's innovative declaring code is "fair use." The Federal Circuit correctly held that Google's use of the same code for the same purpose in a different medium was not at all "transformative," and that Google used the code to deprive Oracle of the right to exploit an obvious, available, and lucrative new market. That is not fair use.

A. Fair Use Is a Limited Exception to the General Rule That Creativity Is Best Promoted by Granting Exclusive Rights to Creators.

Google's fair use arguments must be assessed against the foundations of copyright law. The Constitution and Congress have given copyright owners the exclusive rights (among other things) to reproduce their copyrighted works and create derivative works. Those rights, of course, are subject to fair use. But that is only an exception to the general rule that it is for copyright owners to decide how their works are used.

As this Court has explained, "the Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one's expression, copyright supplies the economic incentive to create and disseminate ideas." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 558 (1985). Thus, the Copyright Clause and the Copyright Act recognize that, by protecting original works from copying by secondary users, the law can encourage creators to produce such works and thereby "promote the Progress of Science and useful Arts." U.S. Const. art. I, § 8, cl. 8.

The fair use defense applies when "rigid application of the copyright statute . . . would stifle the very creativity that law is designed to foster." *Stewart v. Abend*, 495 U.S. 207, 236 (1990) (quoting *Iowa State Univ. Research Found., Inc. v. ABC*, 621 F.2d 57, 60 (2d Cir. 1980)). The doctrine thus strikes a "sensitive balanc[e]" between robust protections for copyright, on the one hand, and permitting limited forms of copying and distribution, on the other. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 455 & n.40 (1984).

Under the current Copyright Act, fair use is a statutory construct, and the Act makes clear that the fair use of a copyrighted work for purposes such as "criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright." 17 U.S.C. § 107. The statute then delineates "four nonexclusive factors to be considered" in determining whether a use is fair. *Harper & Row*, 471 U.S. at 549. Those 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.

This Court has explained that all of the statutory factors "are to be explored, and the results weighed together, in light of the purposes of copyright." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994). Nonetheless, "[t]he first and fourth factors often are afforded the greatest weight." *Homeowner Options for*

Mass. Elders, Inc. v. Brookline Bancorp, Inc., 754 F. Supp. 2d 201, 210 (D. Mass. 2010). Because that is so—and because lower courts' misapplication of these factors creates the greatest danger for copyright owners—*amicus* focuses on those two factors here.

This Court has held that the first factor—the purpose and character of the use—should be understood to encompass a consideration not set out in the statutory text: "whether and to what extent the new work is transformative." *Campbell*, 510 U.S. at 579 (internal quotation marks omitted). A work is transformative if it "adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message." *Id.*

By contrast, a use is *not* transformative if it "merely supersedes the objects of the original creation," *Campbell*, 510 U.S. at 579 (internal quotation marks and alterations omitted), or, as the Court of Appeals put it, if "the use is for the same intrinsic purpose as the copyright holder's." Pet. App. 29a (internal quotation marks, alterations, and citation omitted). Moreover, as discussed in more detail below, the Court of Appeals correctly held that a work is not transformative simply because it allegedly uses copyrighted material in a new *medium* for the same purpose. *See* Pet. App. 36a ("[A]lthough a change of format may be 'useful,' it 'is not technically a transformation.'").

The fourth fair use factor—the effect of the use upon the potential market for or value of the copyrighted work—reflects the idea that fair use "is limited to copying by others which does not materially impair the marketability of the work which is copied." *Harper & Row*, 471 U.S. at 566-67 (quoting 1 Melville Nimmer, *Copyright* § 1.10[D], at 1-87 (1984)). In evaluating the impact on marketability, a number of principles have emerged.

- *First*, courts consider not just the market harm caused by the alleged infringer, but rather the harm that would be imposed by the "unrestricted and widespread conduct of the sort engaged in by the defendant." *Campbell*, 510 U.S. at 590.

- *Second*, the market-harm analysis encompasses not only markets in which the copyright holder currently operates, but also "the *potential* market for the original." *Id.* at 574; *see also* 17 U.S.C. § 107.

- *Third*, the analysis does not focus on current damages to the copyright holder; indeed, monetary loss is not a prerequisite to finding harm to the market. *See, e.g.*, *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 81 (2d Cir. 1997); *Pac. & S. Co. v. Duncan*, 744 F.2d 1490, 1499 (11th Cir. 1984).

- *Fourth*, fair use is less likely to be found where a defendant "avoid[s] paying 'the customary price'" for the work because it both results in lost revenue from licensing the defendant and diminishes the "opportunity to license to others who might regard [the work] as preempted by the [defendant's use]." *Davis v. Gap, Inc.*, 246 F.3d 152, 176 (2d Cir. 2001).

- *Fifth*, the market harm analysis "must take account of" not only the market for the original works, but also "the market for derivative works." *Harper & Row*, 471 U.S. at 568.

Carefully calibrating the relationship between the first and fourth factors is critical. The combination of a broad conception of transformative use with a narrow construction of market harm upends the balance between copyright protection and fair use, and threatens the copyright protection that creators depend upon for their livelihoods. And upending that balance is precisely what Google seeks to do here.

B. Courts Should Take Care That the Concept of "Transformative Use" Not Swallow a Copyright Owner's Exclusive Rights.

This Court last addressed fair use in depth in *Campbell*. There, the Court held as fair use a rap song that borrowed the iconic opening riff and first line of Roy Orbison's rock ballad "Oh, Pretty Woman," but then sharply diverged from the original, "substituting predictable lyrics with shocking ones that derisively demonstrate how bland and banal" the original was. 510 U.S. at 572, 582 (quotation marks and alterations omitted). The Court reasoned that the use was fair because the new work was "transformative," *i.e.*, it "add[ed] something new, with a further purpose or different character, altering the first with new expression, meaning, or message." *Id.* at 578-79. Importantly, *Campbell*'s assessment of transformative use was guided by the examples in the preamble to § 107: "whether the use is for criticism, or comment, or news reporting, and the like." *Id.* The Court ultimately held that "parody, like other comment or criticism, may claim fair use under § 107." *Id.*

Since *Campbell*, the concept of "transformative use" has come to dominate fair use analysis to the point of undermining copyright protection. Unfortunately, as a leading treatise notes, "the transformative use standard has become all things to all people." 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.05[A][1][b] (2019) (citation omitted). In some cases, lower courts have erroneously expanded the concept of transformative use to cover a range of derivative—and thus infringing—works and even to complete, unaltered copies of works. *See, e.g.*, *Cariou v. Prince*, 714 F.3d 694, 706 (2d Cir. 2013) (artist's use of partial and whole classical portraits and landscape photographs with minimal additions/alterations was transformative); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir. 2003) (use of thumbnails of copyrighted photos in video visual search was transformative).

Some courts have also found that when a use is deemed transformative, they need not consider the copyright owner's harm from lost opportunities to license derivative uses of their works, even where the type of use involved is one where such licensing is commonplace. *See, e.g.*, *Bill Graham Archives v. Dorling Kindersley*

Ltd., 448 F.3d 605, 613-15 (2d Cir. 2006) (licensing of photographs for use in books).

Other decisions have correctly deemed as non-transformative uses that merely place copyrighted works in a "new context." *See, e.g.*, *Brammer v. Violent Hues Prods., LLC*, 922 F.3d 255, 263-64 (4th Cir. 2019) (use of cropped photograph in "new context" of promoting tourism not transformative); *VHT, Inc. v. Zillow Grp., Inc.*, 918 F.3d 723, 739-43 (9th Cir. 2019) (limited search engine for full-size reproductions of pictures of real property for sale/rent not transformative), *cert. denied*, 140 S. Ct. 122 (2019).

Google seeks to capitalize on the muddied caselaw—starting with the most expansive notion of "transformative" and then stretching the concept even further. This Court should reject Google's arguments, and provide clarity to both creators and appellate courts as to what does and (critically) does not make a use "transformative."

The Copyright Act defines a derivative work as one that is "based upon one or more preexisting works," including any "form in which a work may be recast, *transformed*, or adapted." 17 U.S.C. § 101 (emphasis added). And Congress granted copyright owners the exclusive right to control creation of derivative works. *Id.* § 106(2). As the Second Circuit has explained, "[p]aradigmatic examples of derivative works include the translation of a novel into another language, the adaptation of a novel into a movie or play, or the recasting of a novel as an e-book or an audiobook." *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 95 (2d Cir. 2014). It should thus be infringement—and not fair use—when works are merely converted from one form to another, such as the copying of a photograph into sculpture, *Rogers v. Koons*, 751 F. Supp. 474, 477 (S.D.N.Y. 1990), *amended on reargument*, 777 F. Supp. 1 (S.D.N.Y. 1991), *aff'd*, 960 F.2d 301 (2d Cir. 1992), the copying of comic book characters into toys, *King Features Syndicate v. Fleischer*, 299 F. 533, 538 (2d Cir. 1924), copying of CDs into MP3s, *UMG Recordings, Inc. v. MP3.Com, Inc.*, 92 F. Supp. 2d 349, 351 (S.D.N.Y. 2000), and the retransmission of radio broadcasts by telephone, *Infinity Broadcast Corp.*, 150 F.3d at 106.

While such changes can, in some sense, "be described as transformations," they generally involve mere "*changes of form*," and thus lack "the kind of transformative purpose that favors a fair use finding." *Authors Guild v. Google, Inc.*, 804 F.3d 202, 215-16 (2d Cir. 2015), *cert. denied*, 136 S. Ct. 1658 (2016). "Courts have been"—and should continue to be—"reluctant to find fair use when an original work is merely retransmitted in a different medium." *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1015 (9th Cir. 2001); *cf. Harper & Row*, 471 U.S. 539 (use of book excerpts in magazine found infringing).

Indeed, it has to be that way. If every "transformative" use were a fair use, then fair use would negate Congress's express grant to copyright owners of the exclusive right to create derivative works. *See Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014) (Easterbrook, J.) ("[A]sking exclusively whether something is 'transformative' not only replaces the list in

§ 107 but also could override 17 U.S.C. § 106(2), which protects derivative works."). Yet some lower courts have not gotten the message: One study found that, of all the fair use cases decided in 2006 through 2010, 95% of them considered whether a use was transformative, and when the court found the subject use to be transformative, the defendant won 100% of the time. Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 Lewis & Clark L. Rev. 715, 754-55 (2011); *see also* Barton Beebe, *An Empirical Study of U.S. Copyright Fair Use Opinions, 1978-2005*, 156 U. Pa. L. Rev. 549, 605 (2008) ("[I]n those opinions in which transformativeness did play a role, it exerted nearly dispositive force not simply on the outcome of factor one but on the overall outcome of the fair use test.").

The time for clarity is now. This Court should make clear that the defense of fair use should be applied judiciously and that a loss of potential licensing revenue should not be ignored merely because the infringing material is moved from one medium to another, without any change in purpose.

C. The Court of Appeals Correctly Held That Google's Use of Oracle's Declaring Code Was Not Transformative.

Against this backdrop, the Federal Circuit's decision in this case is a lighthouse in the fog. It correctly held that Google's use of Oracle's interfaces was not "transformative."

As the Federal Circuit held, "Google's use of the API packages is not transformative as a matter of law because: (1) it does not fit within the uses listed in the preamble to § 107; (2) the purpose of the API packages in Android is the same as the purpose of the packages in the Java platform; (3) Google made no alteration to the expressive content or message of the copyrighted material; and (4) smartphones were not a new context." Pet. App. 31a-32a.

Google contends that its use of the interfaces was transformative because the implementing code was "adapted to the constrained operating environment" of smartphones. Google Br. at 42. This is both wrong and irrelevant.

It is wrong, because Oracle's Java SE platform was already running on smartphones, *see* Pet. App. 50a, so there was no "transformation" at all. Google purports to contest this by suggesting that "Java SE had not *succeeded* in modern smartphones." Google Br. at 49 (emphasis added). But success and entry are not the same thing. And even if Oracle only entered, but did not succeed in, the smartphone market—a doubtful proposition considering that Oracle's software was on "Blackberry, SavaJe, Danger, and Nokia," as well as the first Amazon Kindle, Pet. App. 50a—that proves only that Google and Oracle were competitors and that Google copied portions of a competitor's copyrighted work for use in the exact same market. That is not transformation.

Regardless, Google's argument that it "adapted" Java SE from computers to smartphones does not render its use transformative. Smartphones, at core, are merely small computers, and simply adapting Oracle's

Java SE platform from one type of computer to another is no transformation at all.

More important, even if smartphones were properly viewed as a different medium altogether, Google *still* would not prevail because it invoked the exact same code for the exact same purpose. That is, Google copied Oracle's interfaces for the same intrinsic purpose as Oracle: to link the "call" of a method with the implementing code for that method. *See* Google Br. at 4-5; *see also* Pet. App. 33a ("It is undisputed that the API packages 'serve the same function in both works.'" (citation omitted)). Only because Google wanted Android "to recognize the existing calls that Java developers would expect to use," Google Br. at 7, did it "cop[y] verbatim the declaring code of the 37 Java API packages—11,500 lines of Oracle's copyrighted code," Pet. App. 7a.[3]

Google conflates transformation with innovation. That is, Google claims over and again that porting Oracle's code to the "constrained operating environment of mobile smartphone[s]" was "innovative." *E.g.*, Google Br. at 42. But that is not enough. As discussed above,

[3] One *amicus* argues that Google's use of Oracle's declaring code was transformative because Google "selectively reimplemented portions of the Java API for Android to eliminate functionality that was obsolete or inappropriate for smartphones." Brief Amici Curiae of 83 Computer Scientists In Support of Petitioner at 13. But eliminating obsolete code is not transformative; that is simply an argument that the *amount* of code copied by Google was minimal. "As Judge Learned Hand cogently remarked, 'no plagiarist can excuse the wrong by showing how much of his work he did not pirate.'" *Harper & Row*, 471 U.S. at 565 (citation omitted).

transformative use under the first fair use factor requires a change in purpose. It is not enough for a defendant to take copyrighted material from one medium to another and claim fair use.

In short, Google "cop[ied] code verbatim to attract programmers to Google's 'new and incompatible platform.'" Pet. App. 32a (citation omitted). Google's copying allowed it to benefit from Java's popularity, and permitted it to "avoid the drudgery in working up something fresh." *Campbell*, 510 U.S. at 580. Because Google did not use the API packages for a new purpose, its "claim to fairness . . . diminishes accordingly (if it does not vanish)." *Id.*

D. The Court of Appeals Correctly Viewed the Relevant Market for Purposes of the Fourth Fair Use Factor.

The Federal Circuit likewise correctly applied the fourth fair use factor, which addresses "the effect of the [infringing] use upon the potential market for or value of the copyrighted work." 17 U.S.C. § 107(4). As the Federal Circuit recognized, the fourth factor is neither as narrow as Google asserts nor as broad as Google's slippery slope argument would suggest.

Google would read the fourth factor to mean that any would-be infringer who did not copy in the exact same market the copyright holder currently occupies would be free to copy the work, because it has not displaced the market for the original work. *See* Google Br. at 48-49 ("[N]o harm to the market for" Oracle's copyrighted works because Java SE "was designed for servers and desktop computers" and not for "the modern smartphone market."). This cannot be the law. As discussed above, the fourth factor requires a reviewing court to look beyond the market that the original work *currently* occupies, and to consider the effect of the alleged infringer's use on "*potential* market[s]" for the copyrighted material, as well as the "harm to the market for derivative works." *Campbell*, 510 U.S. at 590 (quotation marks omitted and emphasis added); *see also Harper & Row*, 471 U.S. at 568. In conducting this inquiry, courts must consider not only "derivative uses" that the creator of the original work itself would develop, but also those derivative uses that the individual or company would "license others to develop." *Campbell*, 510 U.S. at 592.

This broad conception of the relevant market under the fourth factor is driven by economic reality: "By establishing a marketable right to the use of one's expression, copyright supplies the economic incentive to create and disseminate ideas." *Harper & Row*, 471 U.S. at 558. To foster that incentive, copyright law protects not only the initial iteration of a copyrighted work, but also any derivative works the copyright owner might create, any markets the copyright owner is "likely" to develop using the original work, and any licensing opportunities for the original work. *Campbell*, 510 U.S. at 590, 592; *see also id*. at 599 (Kennedy, J., concurring) ("[U]nderprotection of copyright disserves the goals of copyright just as much as overprotection, by reducing the financial incentive to create"); *supra* at 9-10, 13. Thus, the fourth factor should weigh against a finding of fair use if the particular use in question interferes with a "traditional, reasonable, or *likely to be developed market*" for the original work.

Am. Geophysical Union, 60 F.3d at 929-30 (emphasis added).

Moreover, a copyright owner need not move into all markets at once (or at all) to avoid a finding that a third-party's use is fair. To the contrary, creators have the "exclusive right" to decide "when, whether and in what form to release the" copyrighted work into new markets, whether on their own or through licensing agreements. *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1182 (9th Cir. 2012) (internal quotation marks omitted); *see also, e.g., Cable/Home Commc'n Corp. v. Network Prods., Inc.*, 902 F.2d 829, 845 (11th Cir. 1990) ("Under section 107, 'potential market' means either an immediate *or a delayed market*, and includes harm to derivative works." (emphasis added)).

For example, the Second Circuit has held that diminution of the market value in a plaintiff's works "is not lessened by the fact that their author has disavowed any intention to publish them during his lifetime," because "[h]e is entitled to protect his *opportunity* to sell his letters"—whether he has immediate plans to exploit that opportunity or not. *Salinger v. Random House, Inc.*, 811 F.2d 90, 99 (2d Cir. 1987). Similarly, the Ninth Circuit has held that a plaintiff's decision not to print a work for ten years, "and its lack of a concrete plan to publish a new version," does not support a finding of limited or no harm to a potential market under the fourth factor. *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1119 (9th Cir. 2000). Thus, courts agree that "[i]t would not serve the ends of the Copyright Act—*i.e.*, to advance the arts—if artists were denied" their exclusive right to develop "derivative versions of their creative works merely because they made the artistic decision not to saturate those markets with variations of their original." *Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.*, 150 F.3d 132, 146 (2d Cir. 1998) (quotation marks and alterations omitted); *cf. Harper & Row*, 471 U.S. at 554-54 (finding "unpersuasive respondents' argument that fair use may be made of a soon-to-be-published manuscript on the ground that the author has demonstrated he has no interest in nonpublication," because an author has a "right to choose when he will publish").

The Court of Appeals properly applied the fourth factor, giving it the broad reading it requires without overreaching to find potential markets everywhere. The Federal Circuit correctly focused on harm to potential markets, and rightly emphasized that copyright owners have "the exclusive right to determine when, whether and in what form to release the copyrighted work into new markets." Pet. App. 49a (internal quotation marks and citations omitted). It then correctly found error in the trial court's finding that smartphones were a new market. *See* Pet. App. 50a-53a.

Contrary to Google's argument, the Court of Appeals did not hold "that Oracle's mere *wish* to enter the smartphone market weighed against a finding of fair use." Google Br. at 49. Wishes of a copyright owner are not protectable, and the Federal Circuit did not hold otherwise. *Cf.* Pet. App. 47a-53a. Rather, it merely made the uncontroversial holding that § 107's reference to "potential market[s]" means just that—potential markets and not merely existing ones.

Google is thus wrong to suggest that the Federal Circuit's holding would allow Oracle to "lock down any market" based on a mere "interest in possibly entering potential markets." Google Br. at 50. Of course, Google is correct that "potential market" does not mean every conceivable market. However, unauthorized intrusions into markets that are "traditional, reasonable, or likely to be developed" should be actionable. *Am. Geophysical Union*, 60 F.3d at 929-30; *see also Ringgold*, 126 F.3d at 81; *Princeton Univ. Press v. Mich. Document Servs., Inc.*, 99 F.3d 1381, 1387 (6th Cir. 1996). And that is all the Federal Circuit held when it found that the market for software for smartphones is a reasonable market for a company that already offered software for computers (including smartphones).

The Federal Circuit's analysis is consistent with this Court's opinion in *Campbell*. There, the Court noted that the parody rap song was likely not supplanting a market for the original, because "the unlikelihood that creators of imaginative works will license critical reviews or lampoons of their own productions removes such uses from the very notion of a potential licensing market." 510 U.S. at 592. Like *Campbell*, this is an easy case: there is no question that Oracle would enter the relevant smartphone market—it already had. But even if it had not, there is no denying that Oracle's entry into the smartphone market was no mere wish.

Google's own interactions with Oracle's predecessor Sun make that clear. In 2005, Google acquired Android, Inc. for the purpose of entering the smartphone market. That same year, "Google and Sun began discussing the possibility of Google's taking a license to use and adapt the Java platform for mobile devices." Pet. App. 6a. But Google and Sun never reached agreement on the terms of a license. Google then decided to "do Java anyway and defend its decision, perhaps making enemies along the way." Pet. App. 6a-7a (citation and internal alterations omitted). It can hardly be suggested that Oracle's plan for using Java SE in smartphones was a mere wish when Google and Sun had discussed that very possibility. *See Davis*, 246 F.3d at 176 (no fair use when defendant "avoid[s] paying 'the customary price'" for the work and preempts the "opportunity to license to others").

Google's argument on the fourth factor, like its misunderstanding of the first factor, stems from Google's view that a change in medium is legally significant. It is not. "In determining the effect of the defendant's use upon the potential market for or value of the plaintiff's work, a comparison must be made not merely of the media in which the two works may appear, but rather in terms of the function of each such work *regardless of media*." 4 *Nimmer on Copyright* § 13.05[B][1] (emphasis added; footnote omitted); *see also, e.g., Harper & Row*, 471 U.S. at 568. Once again, the error in Google's logic is especially clear when it is extrapolated beyond the world of software to other expressive creations. For example, if an artist creates a website and another person copies its content to create a mobile application, the copyist has invaded a market the original creator might reasonably be expected to enter—and so has caused cognizable market harm. To hold otherwise would open a door wide to allow a copyright owner's competitors to occupy markets for the use of original works in new media.

E. A Reasonable Fair Use Standard is Particularly Significant for Individual Creators, Small Businesses, and Developing Industries.

Adopting Google's flawed arguments on the first and fourth fair use factors would undermine the functioning of the copyright system by allowing infringers to change the format of a work, enter a related market, and claim fair use on the ground that they have both "transformed" the original work under the first factor and left the potential markets for the original work unaffected under the fourth factor. While this reasoning is dangerous for content owners of all sizes—including Oracle—it is particularly problematic for small businesses and individual creators (including many of the Copyright Alliance's members) who lack the resources to enter all potential or derivative markets at one time. Similarly, Google's reasoning would be harmful to emerging industries, prohibiting them from developing naturally to fit changing demands over time.

Even a ruling from this Court pulling back on copyright protection for certain forms of software is likely to have a profound negative impact across a wide range of companies. Software is ubiquitous in modern life. As a result, innovations in software, and the need for copyright protection to maintain incentives to create, affect interests far beyond big software companies like Oracle and Google. Many specialized business applications are developed by small businesses. This country's $35 billion video game software industry depends on copyright protection for software, and many video games are developed by small businesses. Mobile apps are software, and digital media services and websites are powered by software, again developed by a wide range of companies, including small businesses.

As discussed above, copyright protects the owner's "*opportunity*" to enter a "potential market." *Salinger*, 811 F.2d at 99 (quoting 17 U.S.C. § 107(4)). As a result, a copyright owner need not show that it has already entered a particular market in order to preserve its right to do so in the future, and case law recognizes that there are many valid reasons why an author may decline to make a work immediately available in particular formats or distribution channels (or available at all). *See supra* at 21-23. For small businesses and individual creators—including many of the Copyright Alliance's members—resource constraints may make it difficult, or undesirable, to immediately make a work available in all formats or create all potential derivatives, and their livelihoods depend on being able to move into new markets as circumstances permit.

Google's arguments ignore these realities and diminish the incentive for copyright owners to create in the first place, by limiting the rewards that copyright owners can reap from their work. In particular, Google advances an instant adverse-possession theory of new markets, rewarding the secondary user who is able to quickly create a derivative work or enter a new market by copying the original copyright owner's work. This rule favors the large competitor with greater resources over the smaller original creator, who may not have the financial resources or technical ability to immediately enter all markets itself or implement costly and sophisticated licensing regimes for others to do so. Such a rule could also lead to a new form of copyright infringement by companies with no creative purpose other than to "transform" the properly copyrighted works of others into new media, thus profiting from that work without ever creating anything new.

To see the effect that Google's reasoning would have on emerging markets, one need only consider a couple of markets that have developed in the past two decades, and imagine how they might have progressed differently under the rule advocated by Google:

Growth of Digital Music. For much of its history, the recorded music industry relied on sales of physical copies as its primary source of revenue. The shift from physical products to distribution of music by means of digital transmission did not happen overnight. In 1999, Napster brought unauthorized copies of digital music files to the masses. Apple's iTunes store, the first commercially successful digital retailer, was not founded until four years later, in 2003. And copyright owners continued to fight infringing digital music services. *E.g.*, *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005). The legitimate digital music market in the U.S. did not outpace the physical market for another nine years after that, in 2012.[4] It took another three years for the streaming of music to replace digital downloads as the majority of the music market.[5] Now, in the first half of 2019 alone, U.S. music industry revenue from streaming platforms rose to $5.4 billion (a 26% increase over the first half of 2018), accounting for 80% of total industry revenues.[6]

Critically, had Google's analysis in this case governed when digital music first became popular, it would suggest that services like Napster "transformed" sound recordings by making them available online in digital audio files, rather than on compact discs, and did not affect the original market for CDs. At the time when Napster first came into existence, there was not yet a meaningful market for digital downloads. Under Google's reasoning, the unrealized online market should not have been considered *at all* and sites like Napster would have been allowed to continue to make available unauthorized copies of existing music. This would have stymied the development of authorized online music stores like iTunes, and eliminated the incentive for recording artists and labels

[4] *See* Josh Halliday, *Digital Downloads Overtake Physical Music Sales in the US for First Time*, Guardian (Jan. 6, 2012), https://www.theguardian.com/media/2012/jan/06/downloads-physical-sales-us.

[5] *See* Joshua P. Friedlander, *News and Notes on 2015 RIAA Shipment and Revenue Statistics*, https://www.riaa.com/wp-content/uploads/2016/03/RIAA-2015-Year-End-shipments-memo.pdf.

[6] Joshua P. Friedlander, RIAA, *Mid-Year 2019 RIAA Music Revenues Report*, http://www.riaa.com/wp-content/uploads/2019/09/Mid-Year-2019-RIAA-Music-Revenues-Report.pdf.

to create new works by diminishing the prospects of recovering their investment.

Fortunately, that is not the direction the law took: The Ninth Circuit properly employed the first and fourth factors in the *Napster* case, ultimately determining that Napster's provision of unauthorized downloads was *not* fair use. *See Napster*, 239 F.3d at 1014-17. Napster's "deleterious effect on the present and future digital download market" was relevant, the court held, even though the digital downloads available through Napster represented a change in medium from the original sound recordings on CDs. *Id.* at 1017. As the Ninth Circuit explained, "lack of harm to an established market cannot deprive the copyright holder of the right to develop alternative markets for the works," even if those markets take a different form. *Id.*

As a result of the Ninth Circuit's decision, creators and owners of sound recordings had the time and space they needed to develop a market for digital downloads and make their music available in that format to consumers who wanted it, without giving up their right to reap the rewards of their work. The result was a market for digital music that benefited both the recording industry through continued incentives to create and the public through continued access to new music.

Lyric Websites. Although song lyrics have long been recognized as elements of copyrighted musical works, *see Leadsinger, Inc. v. BMG Music Publishing*, 512 F.3d 522, 527 (9th Cir. 2008), for many years they were not generally commercially exploited independently of the musical notes. In recent years, however, websites and mobile application developers found that offering textual lyrics online or via download draws a significant amount of traffic, which may be monetized through advertising. Music publishers therefore began to license these sites and applications and threaten legal action against those who failed to acquire licenses.[7] As a result of these activities, copyright owners have now licensed their works to over 100 different websites and mobile applications that offer lyrics, resulting in a new source of revenue for songwriters, composers, and music publishers. Notably, among the sites currently licensed is Rap Genius, which initially took the position that its reproduction and display of lyrics constituted fair use.[8] If Rap Genius had prevailed with an argument that distributing song lyrics in textual form over the internet is a transformative fair use that has no effect on traditional markets such as the use of songs in sound recordings and motion pictures—as it likely would under Google's reasoning here—copyright owners would have lost a significant source of revenue and a meaningful incentive for further creation.

* * *

As these examples demonstrate, it can take time for copyright owners—especially smaller, independent

[7] *See, e.g.*, Press Release, NMPA, *NMPA Files Suits Against Two Unlicensed Lyric Sites* (May 21, 2014), http://nmpa.org/press_release/nmpa-files-suits-against-two-unlicensed-lyric-sites/.

[8] *See* Aisha Harris, *Is Rap Genius Illegal?*, Slate (Nov. 13, 2013), http://www.slate.com/blogs/browbeat/2013/11/13/rap_genius_copyright_lawsuit_national_music_publishers_association_threatens.html.

businesses and individuals—to enter or even discover all potential markets for their original works or derivatives, and for these markets to develop in ways that compensate content producers while satisfying the public's demand. By rewarding large companies that are able to quickly enter and overtake new markets by copying the original creator's work without permission, Google's position threatens to short-circuit this process and deprive original creators of the right to reap the benefits of their hard work. This, in turn, will lead to diminished incentives to create new works and develop new markets—a result that harms authors, artists, and other creators, as well as the public audiences they serve.

CONCLUSION

The judgment of the Court of Appeals should be affirmed.

Respectfully submitted,

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