

Lotus v. Borland Before the Supreme Court

On June 7, 1995, Lotus requested the Supreme Court to review the First Circuit's decision. In its petition for writ of certiorari, Lotus argued that the First Circuit's decision represented a "jarring departure" from the recent decisions in the other circuits. Lotus Cert. Petition at 22. Lotus contended that under the First Circuit's reasoning, the user interface of a computer program would always constitute an unprotectable method of operation. Lotus contrasted this result with other courts' grant of protection to user interfaces. Lotus further argued that following the First Circuit's logic, "it is unclear what, if any, elements of computer program would merit protection, because all programs to some degree described a 'method of operation' for a machine . . ." *Id.* Amicus briefs filed by the Intellectual Property Owners and the Information Technology Industry Council in support of Lotus echoed the criticism that First Circuit's ruling "contains no limiting principle by which to differentiate the aspects of a program that are copyrightable from those that are not protectable." ITIC Brief at 11.

Borland's opposition contended that it was Judge Keeton, rather than the First Circuit, who was in conflict with the other circuits. Borland then demonstrated that the First Circuit's decision was, in fact, consistent with the recent decisions in other circuits. Finally, Borland argued that the First Circuit's clear exclusion of menu command hierarchies from protection would enhance productivity in the software industry by providing developers with much needed certainty.

On September 27, 1995, the Supreme Court agreed to review the First Circuit's decision. Because *Lotus* was to be the first software copyright case ever decided by the Court, the industry expected final resolution of the scope of protection question generally and the interoperability debate in particular. But as shall be discussed below, the Supreme Court decision did not bring this closure.

Lotus in its opening brief sharpened its criticism of the First Circuit's methodology. *Lotus* contended that the First Circuit had agreed with Judge Keeton that the *Lotus* 1-2-3 command structure contained expression separable from its idea and functionality, but that the First Circuit nonetheless refused to extend copyright protection to this expression because it was *part* of the program's method of operation. *Lotus* also repeated its earlier arguments that under the First Circuit's reasoning, no copyright protection remained for any element of a computer program because all such elements were ultimately part of a method of operation. Heavy lobbying efforts by Borland stopped both the Intellectual Property Owners and the Information Technology Industry Council from filing amicus briefs on the merits in support of *Lotus*. Nonetheless, Intel, DEC, Xerox and Gates Rubber filed a joint *amicus* brief in favor of *Lotus*. Moreover, the American Intellectual Property Law Association filed a brief officially "in support of neither party," but which in fact made the same arguments as the *Lotus* brief, only more persuasively. Significantly, neither *Lotus* nor its amici addressed the question of macro-compatibility in any detail.

Borland in its answering brief did not directly respond to Lotus' specific attacks on the First Circuit's methodology. Instead, it explained that the First Circuit had reached the correct result, that the Lotus command structure could be protected only by the patent laws. A torrent of amicus briefs supported Borland, including three briefs by different groups of law professors, as well as briefs filed by economists, computer scientists, personal computer users, and software entrepreneurs. Many of these briefs addressed the macro-compatibility issue, and discussed the dire consequences of protecting program elements necessary for interoperability.

Only one brief, that filed jointly by ACIS and CCIA, attempted to defend the First Circuit's methodology in addition to its result. ACIS and CCIA contended that the First Circuit never conceded that the command structure contained separable expression. To be sure, the First Circuit had acknowledged that the Lotus developers had made some expressive choices when selecting and arranging the command terms. But the appellate court made it clear that those choices had *merged* with the command structure. The question thus became whether the command structure, as a whole, was idea or expression.

According to ACIS and CCIA, the answer to this question turned on the definition of a phrase used by Lotus in its brief: "same functionality." If a command structure with the same functionality as the 1-2-3 structure was one which offered exactly the same selection of functions as 1-2-3, but with different terms in a different sequence, then Lotus should prevail. Conversely, if a

command structure with the same functionality as 1-2-3 was only one which was completely 1-2-3 compatible, then Borland should prevail. Not surprisingly, ACIS and CCIA argued that same functionality meant complete compatibility.

Although the federal government was closed on January 8, 1996, by one of the worst blizzards in Washington history, Chief Justice Rehnquist ordered that the oral arguments scheduled for that day, including *Lotus v. Borland*, proceed as planned. All the justices and lawyers participating in the case succeeded in reaching the Court — even Justice Souter, whose car reportedly got stuck in a snow bank and who had to be rescued by Court police. Justice Stevens' flight back from his home in Florida was canceled, but he would not have participated in the oral argument because he had recused himself from the case for undisclosed reasons.

Henry Gutman of the New York office of Baker & Botts, representing Petitioner Lotus, argued first.¹ He contended that the First Circuit had erred in failing to separate the expression in the selection and arrangement of the words of the 1-2-3 command structure from the underlying functionality of the program. Justice Souter at this juncture asked whether the case really was a “analysis” case, as Lotus suggested, or a “choice” case. In other words, Justice Souter was suggesting that the issue before the Court was not so much whether the First Circuit had employed the correct method of analysis in separating idea

¹ The transcript of the oral argument can be found at 51 Patent Trademark & Copyright Journal (BNA) 381 (Jan. 18, 1996).

from expression, but had made the correct choice in determining that the Lotus command structure fell on the “idea” side of the idea expression dichotomy.

Soon thereafter, Justice Ginsburg expressed concern for users who had invested substantial time and effort in creating macros with the 1-2-3 command structure, and wondered whether Borland’s copying of the command structure should be excused because it enabled the users to take full advantage of their own investment. Gutman, in perhaps the most significant development of the argument, conceded that there might be a legal difference between Borland using the Lotus command structure in the Quattro Pro user interface, and Borland using the command structure in the “Key Reader” file, which allows Quattro Pro to execute the user written macros. Gutman stated that the infringement claim is “weaker” in the case of the Key Reader. Thereafter, the Justices asked no more questions concerning the Key Reader and macro-compatibility, focusing instead on the command structure in the user interface mode.

Justice Breyer, for example, used the analogy of a department store “system,” where departments are arranged in a particular order on particular floors, and suggested that the department store owner should not be able to use a copyright in the arrangement of the names of the departments to prevent others from copying the system. Justice Breyer further suggested that the names of the departments might “merge” into the system of the arrangement of the departments.

Gary Reback of the Silicon Valley law firm Wilson, Sonsini argued on behalf of Borland. He stressed that what Lotus sought to protect via copyright should be protected only through patent. Justice Ginsburg stated that it appeared that the First Circuit concluded that the command structure was a method of operation, and then made no effort to determine whether it contained separable expression. Justice O'Connor appeared dismayed that Borland had made an identical copy of all 469 terms in the Lotus command structure. Justice Scalia, who was uncharacteristically quiet throughout the oral argument, disagreed with Reback that Borland had to use the same words on the screen display as Lotus to provide the user with the same functions. He contended that Borland did not have to use any words at all; rather, its program simply had to be able to interpret the user's key-strokes

Balancing these hostile questions, Justice Breyer added the analogy of a airplane cockpit with a control panel of 469 buttons, each of which had a label. He indicated that copyright would not protect the layout of the buttons nor the labels. Justice Souter seemed to accept Reback's description of the command structure as a language.

In sum, Justices Breyer and Souter leaned towards Borland, while O'Connor and Scalia leaned towards Lotus. Justice Ginsburg leaned towards Borland with respect to the Key Reader, but towards Lotus with respect to the user interface. The other Justices' questions did not reveal their sympathies or thinking.

Just a week after the oral argument, on Monday, January 16, the Supreme Court surprised the software industry by issuing a two sentence *per curiam* order affirming the First Circuit's decision. The quick affirmance by an equally divided Court seems to have reflected the division within the panel that was apparent during the oral argument. However, because the Court's *per curiam* order did not disclose how the Justices voted, there is no way to determine whether they voted consistent with their questioning at oral argument. Although the four votes to reverse the First Circuit evidence concern with aspects of the appellate court's decision, the flow of the oral argument suggests that none of the Justices was troubled by the First Circuit's refusal to extend copyright protection to program elements necessary for software interoperability.

As a technical matter, an affirmance by an equally divided Court leaves the *Lotus* decision as binding authority only in the First Circuit. Thus, the *per curiam* order did not provide the industry with the definitive, sweeping resolution it sought. Nonetheless, the Supreme Court's affirmance of *Lotus* allowed the unchecked continuation of the trend throughout the circuits towards excluding copyright protection for functionally dictated aspects of programs, particularly those elements necessary for interoperability.

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