

Fundamental questions about the scope of copyright protection for software to be referred to the European Court of Justice

Background

An extensively argued case in the English High Court about the extent to which a software program can emulate the functionality of another program has led to some fundamental questions being raised with the European Court of Justice as to the correct interpretation of the 1991 EU Software Directive.

In *SAS Institute v. World Programming Limited* (judgement 23 July 2010) Mr Justice Arnold had to consider a claim that WPS, a software program produced by World Programming Limited (“WPL”) unlawfully emulated the functionality of SAS Institute’s well-known SAS System software. The case was unusual in a number of respects, including the fact that there was no claim that the defendant ever saw the copyright work which SAS Institute relied upon as having been infringed.

The WPS program enabled users of the SAS System to execute applications written for the SAS System on alternative software. The WPS program emulated the SAS product in that the same user inputs produced the same outputs and that the WPS customer’s application programs would execute in the same manner when running on WPS software as they did when running on the SAS System software. WPL created their product without any copying of the SAS code or structure and design of the SAS programs. SAS Institute argued, amongst other points, that WPL had used the manuals for the SAS product when creating WPS and that by doing so they had indirectly copied the programs in the SAS software and that as a result they infringed the copyright in the SAS software.

This argument flies in the face of earlier English decisions which had held that it was not an infringement of copyright in the source code of a program to study how a program works and then produce another program emulating the functionality of the original program. This was the position taken by Mr Justice Pumfrey in *Navitaire v. easyJet Airline Co* (2004).

The Idea/Expression Dichotomy

SAS Institute’s arguments turned on how the Software Directive harmonising copyright protection for computer programs across the European Union should be interpreted in the context of domestic law. The infringement claim had three elements:

- (i) the extent to which copyright protects ideas, procedures, methods of work and mathematical concepts as distinct from expressions of those ideas;
- (ii) the extent to which copyright protects the functionality and interfaces of computer programs and the programming languages in which they are expressed; and
- (iii) the test to be applied to determine what amounts to reproduction of a substantial part of the software, in cases such as this.

Historically there was no domestic legislative requirement guiding the English Courts to protect expressions of ideas in copyright but to exclude the underlying ideas themselves from the scope of copyright protection although this was in fact the approach taken by the English Courts. This is different from the US position where the “idea/expression dichotomy” is expressly set out in Section 102(b) of Title 17 of the United States Code.

Article 9(2) of the WIPO Copyright Treaty 1996 led to a change in the position. It contains the statement that:

“Copyright protection extends to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such”.

The WIPO Treaty was approved by the EC Council in 2000 but was not in fact ratified by the UK Government until December 2009 and it entered into force with respect to the European Union and the United Kingdom in March 2010. As a consequence,

English Courts must now interpret domestic copyright legislation so as to protect “expressions” but not “ideas, procedures, methods of operation and mathematical concepts as such.”

SAS Institute argued that the use of “as such” in Article 9(2) of the WIPO Treaty was intended to mean that some ideas, when reduced to a less abstract level, could be protected in copyright so that in effect there was no blanket exclusion of ideas etc., from copyright protection and some “ideas” could be capable of protection in copyright.

The EU Software Directive includes a similar provision, Article 1(2), which provides that the “Directive applies to the expression in any form of a computer program. Ideas and principles which underlie any element of a computer program, including those which underlie its interfaces are not protected by copyright under the Directive”.

Copyright subsistence

The English Courts had previously taken the view that the effect of the EU Software Directive was that copyright did not protect the following features of computer programs:

- (i) programming languages;
- (ii) interfaces; or
- (iii) the functionality of computer programs.

Programming languages

SAS Institute argued that programming languages should be protected, particularly in the light of Recital 14 to the EU Software Directive which provides:

“to the extent that programming languages constitute ideas and principles those ideas and principles are not protected under the Directive.”

The use of “to the extent” arguably meant that in some cases, programming languages at some level of abstraction would be protected. Mr Justice Arnold took the view that Mr Justice Pumfrey’s decision in the earlier *Navitaire* case to exclude copyright protection for programming languages was correct, but

acknowledged that the issue was not “Acte Clair” and that a reference to the ECJ was necessary to resolve this issue.

Interfaces

The EU Software Directive deals expressly with interfaces which had been the subject of much debate at the time the Software Directive was being formulated. A major concern at the time had been to create a right for programmers to produce programs which would be inter-operable with the protected program. Again, there was a recital (Recital 13) which SAS Institute relied on as guidance to an interpretation of the Directive which favoured their argument. The recital provided that:

“ideas and principles which underlie any element of a program, including those which underlie its interfaces, are not protected by copyright under the Directive.”

SAS Institute argued that this could not be intended to exclude all interfaces from copyright protection. Mr Justice Arnold said that although he was not persuaded that Mr Justice Pumfrey had been wrong in the *Navitaire* case to exclude interfaces from copyright protection, this was, again, an issue which could not be said to be “Acte Clair” and a reference to the ECJ was necessary for guidance.

Functionality

Both Mr Justice Pumfrey in *Navitaire* and the Court of Appeal in a subsequent case had concluded that the functionality of a program was not protected in copyright. Mr Justice Arnold thought it was reasonable to say that a program could be protected whilst the functionality of the program as such was not protected and that there would be no reason, based in copyright, to prevent someone from creating a competing program with the same or similar functionality. In terms of the EU Software Directive, Mr Justice Arnold’s view was that the functionality of a computer program fell on the “unprotected in copyright” side of the line for the purposes of Article 9(2). Nevertheless, again, he thought this was not “Acte Clair” and that a reference to the ECJ was necessary for guidance.

Infringement

Mr Justice Arnold concluded that the test for infringement must involve a determination as to what part of the underlying work amounted to the author's own intellectual creation and whether the part taken amounted to a substantial part of the author's own intellectual creation. Applying this test, SAS Institute's claims failed, subject to the outcome of the ECJ references.

Comment

Mr Justice Arnold is a very experienced intellectual property practitioner and the strong direction he gives is that in his view, as in the view of Mr Justice Pumfrey in *Navitaire*, programming languages and ideas underlying computer programs, including the functionality of the program, are excluded from the scope of copyright protection under the EU Software Directive. The UK's accession to the WIPO Treaty in early 2010 should not change this established position. Nevertheless, there remains a risk that the European Court of Justice will take the opportunity to review the scope of the relevant provisions of the EU Software Directive and come to a different position as to those elements of a computer program which fall on the protectable "expression" side of the line and those which fall short and are unprotectable "as such".

The "as such" language has more than a slight echo of the European patent legislation which excludes from patent protection computer programs "as such".

The reference of questions regarding the scope of the EU Software Directive to European Court of Justice has the potential for far-reaching consequences and the software industry will be concerned about the precise questions the ECJ is to be asked by the English court and the subsequent discussion of these points.

If you have any questions about this alert, or you would like to discuss any specific issues, do not hesitate to contact

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