Hytera Communications Corporation Ltd v Motorola Solutions Inc: Cracking the Code on "Substantial Part"

The recent decision of the Full Federal Court on an appeal in Hytera Communications Corporation Ltd v Motorola Solutions Inc [2024] FCAFC 168[1] explores the complexities of assessing whether copied computer code constitutes a "substantial part" of the original copyright computer program.

Background Facts

The background facts are complex. The appeal concerned digital mobile radios (DMRs), including their computer firmware, supplied in Australia by Hytera Communications Corporation Ltd and its Australian subsidiary, Hytera Communications (Australia) Pty Ltd (together, Hytera).[2]

In 2003, Motorola Solutions Inc (Motorola) began work on a DMR project, with its software development phase known as the 'Matrix' project. By around 2005, Hytera had also started efforts to develop a DMR device.[3] Later, in 2008, Hytera hired a former senior engineer from Motorola who had worked on the Matrix project. Soon after, the company recruited 12 additional engineers from Motorola.[4]

The ex-Motorola engineer had brought Motorola's entire DMR device source code to Hytera, using it as a resource to assist in writing Hytera's own source code. The Hytera DMR devices, using Hytera's code, were brought to market in Australia in September 2013.[5] The trial judge characterised Hytera's conduct as "substantial industrial theft" and that there was "no doubt that Hytera's software engineers engaged in industrial scale harvesting of Motorola's source code".[6]

In December 2018, Motorola claimed that Hytera infringed its copyright in its computer source code under the Copyright Act 1968 (Cth) (the Act). The allegations included importing Hytera DMRs into Australia with firmware that reproduced or adapted a "substantial part" of Motorola's source code and making the firmware accessible for download in Australia via its website portal.[7]

At trial, the primary judge concluded that Hytera had infringed Motorola's copyright in six of the eleven works (comprising computer software) in respect of which Motorola made claims.[8]

Hytera appealed to the Full Court of the Federal Court of Australia. Motorola cross-appealed the primary judge's finding, contending that Hytera's copyright infringement should be affirmed on additional grounds.[9] It is important to note that both the trial and appeal also concerned allegations of patent infringement. This paper does not address those claims, focusing on the copyright infringement matters.

Decision

In a joint judgment, Beach, O'Bryan and Rofe JJ rejected Hytera's appeal. The Full Court also upheld Motorola's appeal that the scope of copyright infringement by Hytera was wider than was found by the primary judge.[10]

In its appeal submission, Hytera claimed that Motorola failed to demonstrate the originality of each portion of the source code it alleged had been copied.[11] Specifically, Hytera contended that these portions were drawn from earlier iterations of Motorola software and, as a result, they were "simply copying material which [was] unoriginal and therefore

insubstantial".[12]

Citing academic commentary, the Court noted that "a [copyright] work will not be denied protection on the basis of lack of originality simply because it is derived from, or based on, an earlier work of [its] kind."[13] The Full Court agreed with the primary judge, finding that since the updated versions of the source code involved sufficient intellectual and creative effort in their review and revision, the whole of Motorola's Work remained original, despite being derived from earlier code.[14]

Accepting Motorola's submissions, the Full Court rejected the primary's judge's approach to evaluating the substantiality of the copied code:

- The Full Court outlined that it was incorrect of the primary judge to approach infringement by focusing on whether small, isolated segments of Hytera source code, copied from a Motorola Work, constituted a "substantial part" of the relevant Motorola Work.[15] Motorola's allegations of copyright infringement were not directed at individual copied segments of Hytera's source code. Instead, they concerned the entirety of the Hytera Firmware within the Hytera DMR devices (from which the firmware was compiled) and the complete Hytera Firmware that was made available and reproduced in Australia.[16] Therefore, the Court held that the question to be determined, in respect of each of the Motorola Works, was whether all of the Motorola source code copied by Hytera (into the impugned Hytera source code) collectively formed a "substantial part" of one or more of the Motorola Works.[17]
- The Full Court also disagreed with the primary judge's position that Motorola had to demonstrate that the lines of code were material to the program's operation.[18] Their Honours emphasised that it was "erroneous to reduce the question of substantiality to the significance" of the particular segment of code to the operation of the relevant computer program and the DMR it was part of.[19] Instead of exclusively focusing on the functionality of the copied code, the determination of a "substantial part" must be based solely on whether the source code taken from the relevant Motorola Work was original.[20] This is the only statutory question required to establish substantiality under section 14 of the Act.[21]

As a result of these errors in assessment, the Full Court held that the primary judge necessarily failed to have proper regard to Motorola's witnesses or submissions at trial regarding the overall significance of the copied code in relation to each Motorola Work.[22]

The Court concluded that the parts of the Motorola source code copied by Hytera, considered as a whole for each Motorola Work, constituted a "substantial part" of the relevant Motorola Work.[23]

However, the Full Court was unable to determine whether Motorola's copyright infringement claim should succeed in whole (covering all eleven works) or only in part. Due to errors in the primary judge's approach, the necessary factual determinations had not been made, preventing the Full Court from resolving the case using the correct methodology. The Full Court will continue to receive evidence and hear argument on these remaining aspects of the case.

Key Takeaways

The Act does not provide a precise definition of a "substantial part" of a copied work. This decision has clarified that, when assessing whether a part of the work that is copied is a "substantial part", it remains relevant to consider the degree of originality in that part, however originality of the part copied is assessed by reference to the essential or material features of the copyright work. Assessing originality requires consideration of the creative and intellectual contribution to the form of expression of the code, including such matters as the structure of the code and the choice of sequencing of commands.

Within a work in which copyright subsists, different parts of the work may have different degrees of originality. In the case of a work which has been created, in part, from a pre-existing work, in that it builds on earlier versions of itself, the whole of the revised work will be an original work, if revising the work involved sufficient intellectual and/or creative effort. As a result, when updating versions of software, copyright owners must ensure they apply skill and innovation into reviewing the work. This helps safeguard their copyright protection, preventing it from being denied due to a lack of originality.

Accordingly, where successive updates of software are released and originality is conceded for the purposes of subsistence, an argument for infringement purposes that a "substantial part" of a particular version of the software has been taken is not defeated simply by showing that the part in question derives from antecedent code.[24]

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[1] *Hytera Communications Corporation Ltd v Motorola Solutions Inc* [2024] FCAFC 168 (*'Hytera v Motorola'*).

[2] Ibid [1].

[3] Ibid [4]–[5].

[4] Ibid [6].

[5] Ibid [7]–[8].

[6] Ibid [7]; *Motorola Solutions, Inc. v Hytera Communications Corporation Ltd (Liability)* [2022] FCA 1585 [1576].

[7] Ibid [10].

[8] Ibid [14].

[9] Ibid [16]–[17].

[10] Ibid [20].

[11] Ibid [747].

[12] Ibid [719].

[13] Ibid [733]. See Staniforth Ricketson and Chris Creswell, *Law of Intellectual Property Copyright, Design & Confidential Information* (Thomson Reuters, 2014); *JR Consulting & Drafting Pty Ltd v Cummings* [2016] FCAFC 20, [277] ('*JR Consulting*').

[14] *Hytera v Motorola* (n 1) [749]; *JR Consulting* (n 12) [273]–[279].

[15] *Hytera v Motorola* (n 1) [783].

[16] Ibid [774].

[17] Ibid [914].

[18] Ibid [787].

[19] Ibid [789].

[20] Ibid [799].

[21] Ibid [789].

[22] Ibid [800].

[23] Ibid [840].

[24] Ibid [749].