THE AUTHORS GUILD v. GOOGLE: THE FUTURE OF FAIR USE?

Mary Rasenberger and June Besek*

* Mary E. Rasenberger is a partner with Cowan, DeBaets, Abrahams & Sheppard, New York, NY; June M. Besek is Executive Director of the Kernochan Center for Law, Media, and the Arts at Columbia Law School, New York, NY.

I. INTRODUCTION

In November, 2013, the district court for the Southern District of New York issued its first decision on the merits in *Authors Guild v. Google*[1], a class action first brought almost nine years ago as a challenge to Google's mass book digitization project. Google initiated a program ("Google Books") in late 2004 to digitize millions of books. It entered into agreements with major university libraries to scan books from their collections without obtaining rights from authors and publishers. In exchange for access to the books, Google provided each library with a full text digital version of the books in their collection. It retained copies of the full text database for internal "non-display" uses and allowed customers to search Google's database to identify books of interest. A user's search retrieves a full-text version of a book if it is in the public domain and provides "snippets" of copyright-protected books. Google also uses the full-text database to improve its translation capabilities and enhance its search capabilities in general.

The Authors Guild and publishers filed suit for copyright infringement against Google in 2005. Some time after the suit commenced, the parties entered into a class action settlement agreement, which the court rejected. The publishers subsequently entered into a separate settlement agreement with Google and dropped out of the suit. After deciding in favor of the Authors Guild on the authors' motion to certify the authors' class and Google's motion to dismiss the Authors Guild for lack of associational standing (appealed to the Second Circuit and overturned),[2] the district court entered judgment in favor of Google on its fair use defense this past November. The court found Google's use was "highly transformative" because Google had converted the books' text into digital form and created a valuable word index and enabled new forms of research, like data-mining. Google's profit motive was accorded little weight in the decision, in light of the educational purposes served by its project. The court found that Google's activities had little likely effect on the authors' actual or potential markets for their works. The court did not consider the market impact that could ensue were other for-profit enterprises to follow Google's lead in mass digitizing library collections. The Authors Guild has appealed the case to the Second Circuit.

Fair use is an integral part of U.S. copyright law. It is a doctrine that provides "breathing room" to copyright law, recognizing that copyright law, in some cases when strictly construed, does not serve its own objectives—to incentivize creation and dissemination of works of authorship. If, however, the end result of a finding of fair use would be to diminish the copyright incentives, the use should not be deemed a fair one.[3] As the *Authors Guild v. Google* decision exemplifies, fair use has undergone an unprecedented expansion over the last few years. Fair use has evolved from a doctrine permitting one-off uses like commentary, excerpt copying for classroom use and short quotation to one that allows mass copying and distribution or display for commercial use without permission. This decision permits one of the richest companies in the world to scan millions of books and use those scans to reap a profit. It condones the scans

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[1] Authors Guild, Inc. v. Google, Inc., 954 F. Supp. 2d 282, 291 (S.D.N.Y. 2013).

[2] *See* Authors Guild v. Google, Inc., 282 F.R.D. 384 (S.D.N.Y. 2012), *vacated in part sub nom.*, 721 F.3d 132 (2d Cir. 2013).

[3] *See* Pierre N. Leval, *Toward A Fair Use Standard*, 103 HARV. L. REV. 1105, 1112 (1990) ("extensive takings may impinge on creative incentives").

Google made and allows Google to use the scans for its own internal business purposes, provide whole digital copies to participating libraries in consideration for access to the books, and to make a full 78 percent (or 90 percent depending how you calculate what is available) of the books available to the public on a per snippet basis – all without permission or paying the authors a cent.[4]

This article questions the recent cases culminating in *Authors Guild v. Google* that apply a single fair use analysis to copying the entire contents of *millions* of works for commercial profit-making purposes. Fair use has never provided a carte blanche to make use of others' work, even for a socially beneficial cause. The rights of creators and the interests of users must be balanced. As the Supreme Court stated in *Harper & Row v. Nation Enterprises*, reversing the Second Circuit's holding that *Nation* magazine was protected by fair use when it used pre-publication excerpts of President Ford's memoirs without authorization:

> [C]opyright is intended to increase and not to impede the harvest of knowledge. But we believe the Second Circuit gave insufficient deference to the scheme established by the Copyright Act for fostering the original works that provide the seed and substance of this harvest. The rights conferred by copyright are designed to assure contributors to the store of knowledge a fair return for their labors.[5]

II. FAIR USE DOCTRINE: HISTORICAL BACKGROUND

Fair use is a defense to an action for copyright infringement. It has been defined as "a privilege in others than the owner of the copyright to use the copyrighted material in a reasonable manner without his consent."[6] Originally a judicial doctrine, fair use in the United States dates back almost two centuries.[7] Congress codified fair use in the 1976 Copyright Act, intending to "'restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way' and intended that courts continue the common-law tradition of fair use adjudication."[8]

Section 107 of the Copyright Act provides:

> Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement

[4] *Authors Guild*, 954 F. Supp. 2d 282.

[5] Harper & Row Publrs. v. Nation Enters., 471 U.S. 539, 545-46 (1985) (citation omitted).

[6] *Id.* at 549 (quoting HORACE G. BALL, LAW OF COPYRIGHT AND LITERARY PROPERTY 260 (1944)).

[7] *See* Folsom v. Marsh, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (holding that in deciding whether use of a copyrighted work in developing a new work is a "justifiable use" a court must "look to the nature and object of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.")

[8] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577 (1994) (quoting H.R. REP. NO. 94-1476, at 66 (1976)).

of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

(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.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.[9]

Section 107 requires a case-by-case analysis to determine if a use qualifies as a fair use, taking into consideration the four statutory factors.[10] The analysis is "not to be simplified with bright-line rules..." and no single factor is determinative.[11] Rather, "all [four factors] are to be explored, and the results weighed together, in light of the purposes of copyright."[12] While the four factors dominate most fair use discussions, they are non-exclusive and courts can explore other relevant considerations.

Factor 1: The Purpose and Character of the Use

The first fair use factor requires courts to consider "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes."[13] The preamble to section 107 offers a list of purposes which will weigh in favor of fair use, including "criticism, comment, news reporting, teaching, (including multiple copies for classroom use), scholarship, [and] research."[14] However, these purposes are not automatically deemed fair use; all of the factors must be considered. Nor is this list is exhaustive -- other non-enumerated uses can qualify as fair use.[15] In deciding whether a particular use weighs in favor of fair use under the first factor, courts have looked primarily at whether the use was transformative or productive, and whether the use was commercial.

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[9] 17 U.S.C. § 107.

[10] *Harper & Row*, 471 U.S. at 549.

[11] *Campbell*, 510 U.S. at 577.

[12] *Id.*

[13] 17 U.S.C § 107(1) (2006).

[14] 17 U.S.C § 107 (2006).

[15] *See Harper & Row*, 471 U.S. at 561.

A particular use is more likely to be fair if it is transformative or productive. A transformative or productive use is one where the defendant has created something new, repurposed the original work, or otherwise added value. The concept of what constitutes a transformative use has expanded significantly in the last twenty years, as will be discussed further below. Also, a particular use is less likely to be fair if it is commercial. However, if a commercial work is substantially transformative, it may still qualify as a fair use.[16]

Factor 2: The Nature of the Copyrighted Work

The second fair use factor requires courts to consider "the nature of the copyrighted work." According to the Supreme Court: "This factor calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that fair use is more difficult to establish when the former works are copied."[17] The major distinction in evaluating the nature of the copyrighted work is whether the work is factual or fictional. "[F]or example, informational works, such as news reports, that readily lend themselves to productive use by others, are less protected than creative works of entertainment."[18]

Another consideration is whether the work previously was made available to the public. Courts are less likely to find fair use in the copying of an unpublished and confidential work.[19]

Factor 3: The Amount and Substantiality of the Portion Used

The third fair use factor requires courts to consider "the amount and substantiality of the portion used in relation to the copyrighted work as a whole."[20] This factor calls for "a determination of not just quantitative, but also qualitative substantiality."[21] For example, the copying of 300 words from an unpublished 200,000-word manuscript was considered substantial because the words were essentially the heart of the manuscript.[22]

Factor 4: The Effect of the Use Upon the Actual or Potential Market for or Value of the Copyrighted Work

The fourth fair use factor requires courts to consider "the effect of the use upon the potential market for or value of the copyrighted work."[23] "It requires courts to consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also

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[16] *See* Blanch v. Koons, 467 F.3d 244 (2d Cir. 2006); *see also* Cariou v. Prince, 714 F.3d 694 (2d Cir. 2013).

[17] *Campbell,* 510 U.S. at 586.

[18] Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 496-97 (1984) (dissent).

[19] *Harper & Row,* 471 U.S. 539. However, the unpublished nature is not dispositive. Section 107 explicitly states that "[t]he fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of [the four] factors." 17 U.S.C. §107 (2013).

[20] *Id.* §107(3).

[21] 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT, §13.05 (A)(4) (2013).

[22] *Harper & Row,* 471 U.S. 539.

[23] 17 U.S.C. § 107(4).

'whether unrestricted and widespread conduct of the sort engaged in by the defendant ... would result in a substantially adverse impact on the potential market' for the original."[24]

Both commentators and courts have noted the danger of circularity inherent in factor four. This is because "a potential market, no matter how unlikely, has always been supplanted in every fair use case, to the extent that the defendant, by definition, has made some actual use of plaintiff's work, which could in turn be defined in terms of the relevant potential market."[25] To avoid circularity, courts have recognized limits by considering only "traditional, reasonable, or likely to be developed markets."[26] Thus, for example, the law does not recognize a derivative market for critical works.[27]

Fair use develops over time, usually through case law. We briefly discuss below two Supreme Court cases that have had a significant effect on the law of fair use: *Sony v. Universal City Studios* and *Campbell v. Acuff-Rose.*

Sony Corp. of America v. Universal City Studios, Inc.[28]

This suit grew out of Sony's introduction of its Betamax videotape recorder (VTR), which had a tape playback feature as well as a tuner to allow users to copy broadcast television programs. Certain copyright owners of television programming brought a lawsuit for secondary infringement against Sony, claiming that Sony was liable for Betamax users' copyright infringement because it was furnishing the means for that infringement.

According to the Court, Sony could not be held liable for selling the Betamax if the VTR were "capable of substantial noninfringing uses."[29] The Court decided that the Betamax VTR was indeed capable of commercially significant noninfringing uses, in part because it viewed private in-home copying of free broadcast television for time-shifting purposes as a fair use, and therefore noninfringing.

Rather than focusing on whether home VTR use was "productive," as the Ninth Circuit had done, the Court instead focused on the distinction between commercial and noncommercial uses. "If the Betamax were used to make copies for a commercial or profit-making purpose, *such use would presumptively be unfair*. The contrary presumption [was] appropriate" in the *Sony* case, according to the Court, "because time-shifting for private home use [was] . . . noncommercial. [30] Evidence had shown that a substantial majority of VTR uses were for time-shifting, and plaintiffs had failed to demonstrate that this practice impaired the value of their copyrights, or was likely to do so in the future.

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[24] *Campbell,* 510 U.S. at 590 (quoting 4 NIMMER, *supra* note 22, § 13.05(A)(4)).

[25] 4 NIMMER, *supra* note 22, §13.05 (A)(4).

[26] Am. Geophysical Union v. Texaco Inc., 60 F.3d 913, 930 (2d Cir. 1994), *cert. dismissed,* 516 U.S. 1005 (1995).

[27] *See Campbell,* 510 U.S. at 592.

[28] Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417 (1984).

[29] *Id.* at 442.

[30] *Id.* at 449 (emphasis added).

Campbell v. Acuff-Rose Music [31]

Campbell was the Supreme Court's most recent opportunity to address the fair use defense. The work at issue was the rap group 2 Live Crew's commercial parody of Roy Orbison's song "Oh, Pretty Woman." In *Campbell*, the Court emphasized that there are no "bright line rules" for determining fair use and that all four statutory factors must be weighed. The Supreme Court reversed the Sixth Circuit's decision finding that the 2 Live Crew song was not fair use and criticized the appellate court for giving undue weight to the commercial nature of the use. Looking at the first factor – the purpose and character of the use, including whether the use is of a commercial nature or for nonprofit educational purposes – the Court emphasized that commercial use is not dispositive, observing that many of the uses listed in the preamble to section 107 are done for commercial purposes. Instead, the Court stated that the "central purpose of the investigation" is to determine the extent to which the new work is "transformative."[32] It defined "transformative" as adding "something new, with a further purpose or different character, altering the first with new expression, meaning or message."[33] The Court made clear that transformative use is not essential, but the more transformative the new work, "the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use." [34] At the same time, the Court made clear that a use was not necessarily fair because it was transformative. The Court also emphasized that all four fair use factors must be analyzed independently – there are no shortcuts.

Parody's goal is to comment at least in part on the original author's work, according to the Court. If the new work has no critical bearing on the original and the alleged infringer merely used it to "avoid the drudgery of working up something fresh," then support for the borrowing diminishes and "other factors, like the extent of its commerciality, loom larger."[35] The Court found that 2 Live Crew's song did qualify as a parody of the Roy Orbison song, as it could reasonably be perceived as commenting on the original or criticizing it, to some degree."[36]

The Supreme Court held that the court below had given inordinate weight – in evaluating both factor 1 and factor 4 – to the Supreme Court's statement in *Sony* that commercial use is "presumptively unfair." In *Campbell*, the Supreme Court emphasized that the commercial nature of a work is but one element in the first factor inquiry. It also ruled that a commercial use should carry no presumption against a fair use finding, retreating from its earlier statement in the *Sony* case.

Although the Court concluded that the second factor favored Acuff-Rose because Orbison's creative expression "falls within the core of the copyright's protective purposes," it

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[31] *Campbell*, 510 U.S. 569.

[32] *Id.* at 579

[33] *Id.* (citing Leval, *Toward a Fair Use Standard*, *supra* note 4, at 1111).

[34] *Campbell*, 510 U.S. at 579; *see Cariou*, 714 F.3d at 708 ("Although there is no question that Prince's artworks are commercial, we do not place much significance on that fact due to the transformative nature of the work.").

[35] *Campbell*, 510 U.S. at 580.

[36] *Id.* at 583.

found that "parodies almost invariably copy publicly known, expressive works."[37] Assessing the third fair use factor – the amount and substantiality of the portion used – the Court observed that parody's humor springs from its "recognizable allusion to its object," and so it must take enough to "conjure up" the original.[38] The Court held that 2 Live Crew had taken no more of the lyrics than was necessary to its parodic purpose, and remanded to the lower court on the question whether repetition of the bass riff constituted excessive copying.

Turning to the fourth fair use factor, the Court said that no presumption of likelihood of harm is warranted from the parody's commercial purpose. The Court stated that parody is unlikely to harm the market for the original since the two works serve different purposes. It further observed that some kinds of harm – such as the market effect of a scathing parody – are not cognizable under copyright. The relevant consideration under factor four is the harm of market substitution and, according to the Court, there was insufficient evidence in the record to determine the effect of 2 Live Crew's parody on a potential rap version of the original. It left this issue to be dealt with on remand.

The Developing Law of Fair Use for Complete Copies and "Functional Transformation"

Prior to *Campbell*, fair use cases involving transformative (or productive) use were premised on changes made to the subject work itself: annotating a work, analyzing or critiquing it, creating a parody, and so on. *Campbell* itself involved a parody of "Pretty Woman," achieved through changes to both lyrics and music. Moreover, even where a second author transforms the copied material, the amount of the copying remains an important consideration. In *Campbell*, the Supreme Court, although it stressed the "transformativeness" of the 2 Live Crew parody, ultimately remanded to the Sixth Circuit to determine whether the resulting work copied too much – that is, more than was needed to achieve its parodic purpose.

As explained above, the Supreme Court defined transformative use as use of a copyrighted work for "a further purpose or different character, altering the first with new expression, meaning or message."[39] Post-*Campbell* cases began to interpret "transformative" in two significantly expansive ways. First, to encompass not only changes to the substance of a work, but also changes to how the work is used, referring to this repurposing in a new work as "functional transformation." Second, and more radically, courts began to apply the "transformative" and "functional transformation" labels not only to new works incorporating unaltered copies of preexisting works, but also to new uses that exploited the prior work without creating a new work. "Transformative" thus became uprooted from its original context of "new *works*" to become applied to a much broader context of "new *purposes.*"

This expansive view of what it means to be transformative has opened the door to claims that making complete copies of multiple works, even for commercial purposes, and even without

[37] *Id.* at 586.

[38] *Id.* at 588.

[39] *Id.* at 579 (emphasis added).

creating a new work, can be a fair use. This is a substantial departure from the long-prevailing view that copying an entire work is generally not a fair use.[40]

In several recent copyright cases, defendants have successfully used the fair use defense to justify copying complete works (sometimes multiple works), arguing that these uses are made for a new and different purpose and therefore qualify as transformative. For example, in *Bill Graham Archives v. Dorling Kindersley Ltd.*,[41] the Second Circuit Court of Appeals held that Dorling Kindersley's (DK's) use of Grateful Dead concert posters in its book, *The Grateful Dead: The Illustrated Trip*, was a fair use. DK's book was a 480-page "coffee table book" that used a timeline running throughout the book, accompanied by collages of images, text and graphic art, to track the history of the Grateful Dead. The court held that the poster images, which were substantially reduced in size and accompanied by captions describing the related concerts, were transformative in purpose; the purpose for DK's use (as "historical artifacts") was substantially different from the posters' original use, for artistic expression and promotion of the concerts. Even though entire posters were copied, that did not weigh against fair use because of DK's transformative purpose and its efforts to change the visual impact of the posters. Bill Graham Archives licensed uses of the posters, but the court still found that DK's purpose in using the poster images was more transformative and original than other uses that Bill Graham Archives licensed. According to the court, Bill Graham Archives could not control the market for such uses, and there was no significant lost revenue.

Perfect 10, Inc. v. Google, Inc.,[42] was another case involving use of complete works. The case was a challenge to the database that Google maintains of "thumbnail" images it identifies through its internet crawling and produces in response to inquiries to its search engine. The Ninth Circuit Court of Appeals held that Google was likely to succeed on its claim that its use of thumbnail images of plaintiff's works was a fair use.[43] The court found Google's use of the thumbnails was "highly transformative" since Google used the photos not for their original expressive purposes but for indexing, and emphasized the "significant public benefit" of Google's search engine. According to the court, the photos were creative, but Google's use of entire images was reasonable in light of its purpose.[44] Although Perfect 10 established that there was a market for thumbnail images on cell phones, it failed to show that any Google users had actually downloaded thumbnails to their phones.

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[40] The Supreme Court's decision in *Sony v. Universal City Studios* – the "Betamax case" – was a notable exception. There the Court concluded that in-home copying of free broadcast programming for time shifting purposes was a fair use, because it was noncommercial and merely allowed consumers to watch at a different time programs they were invited to view without charge. *Sony v. Universal City Studios*, 464 U.S. 417. *Sony* also dubbed any commercial use "presumptively unfair" – a position from which the Supreme Court retreated.

[41] Bill Graham Archives, LLC v. Dorling Kindersley Ltd., 448 F.3d 605 (2d Cir. 2006).

[42] Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146 (9th Cir. 2007), *later proceeding*, 653 F.3d 976 (9th Cir. 2011), *cert. denied*, 132 S. Ct. 1713 (2012).

[43] *Accord*, Kelly v. Arriba Soft Corp., 336 F.3d 811 (9th Cir. 2002).

[44] The images in question were small and low resolution, and even though Google showed larger versions of the images through in-line links to the source website, that activity was not legally attributable to Google. *Perfect 10*, 508 F.3d at 1160-62.

In *A.V. v. IParadigms, LLC*,[45] the Fourth Circuit Court of Appeals held that iParadigms' use of complete copies of plaintiffs' papers in its database was a fair use. Defendant iParadigms operates a database known as "Turnitin Plagiarism Detection Service." It is designed to assess the originality of a written work to deter plagiarism. Schools and universities that subscribe to iParadigms' service generally require students to submit their works to iParadigms directly or through the school's course management system. After Turnitin compares a student work to the works in its database and the contents of commercial databases of journal articles and the like, it issues an "originality report" for the work, which the assigning professor may, if necessary, follow up. Schools have the option of archiving student works previously submitted, to use in evaluating whether students' future submissions are original. A number of students whose school subscribed to Turnitin and the archiving service filed suit, alleging that Turnitin infringed their copyrights by archiving their works without permission.[46]

The court held that iParadigms' use of the student papers was a fair use. In the court's view it was a transformative use since Turnitin was using the papers for a different function and purpose, i.e., to detect plagiarism, than the originals, which were created for their expressive content. Although the papers were unpublished, Turnitin did not adversely affect the students' right of first publication. Turnitin used the entire works, but only for a very limited purpose. Finally, the court concluded that Turnitin's use would not affect the actual or potential market for plaintiffs' papers.

Perfect 10 and other post-Campbell "transformative use" cases demonstrate that courts sometimes go to considerable lengths to define plaintiff's purpose and market so narrowly that defendants' use is unlikely to impinge upon it. For example, in *Perfect 10*, the court declined to recognize a potential market in thumbnail downloads of Perfect 10's images, even though Perfect 10 was engaged in active efforts to exploit such a market. This tendency is more pronounced in *Cariou v. Prince*,[47] in which Prince, an established "appropriation artist," made unauthorized use of Cariou's photos of Rastafarians taken in Jamaica. Prince had used large portions of Cariou's photos in a series of 30 collages. The court found that Prince's works were unlikely to affect the market for Cariou's works, since Prince, unlike Cariou, sold his works for large sums and appealed to the "wealthy and famous." [48]

In another recent "functional transformation case, *Authors Guild v. Hathitrust*,[49] a sister case to *Authors Guild v Google,* the court addressed whether the libraries' use of the books provided to it by Google as part of the Google's Library project was fair use and similarly held that the uses were transformative. Hathitrust is a nonprofit entity housed at the University of

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[45] A.V. v. IParadigms, LLC, 562 F.3d 630 (4th Cir. 2009).

[46] The school made submission of papers to Turnitin mandatory; before submitting a paper a user had to agree to Turnitin's terms and conditions.

[47] Cariou v. Prince, 714 F.3d 694. Like Google in *Perfect 10*, Prince justified his work as fair use on the basis of "transformative purpose," but unlike Google, Prince did not take Cariou's entire photographs. He did, however, use significant portions thereof – along with additional material (to varying degrees in different works).

[48] *Id.* at 709.

[49] Authors Guild, Inc. v. Hathitrust, 902 F.Supp. 2d 445, 457 (S.D.N.Y. 2012), *appeal pending* (2d Cir). *Hathitrust* was filed after *Authors Guild v. Google*, but it was decided first.

Michigan. It manages a large shared digital repository of millions of books that were scanned by Google as part of Google Books. The repository is used for searches by library patrons (those search results yield information but no excerpts of text), preservation, and to provide full text of books in the libraries to persons who are visually impaired. The court concluded that Haithitrust's use was transformative since Hathitrust and the libraries were using the works for a different purpose than the originals – providing a searchable index that enabled locating books, data mining, and providing access for the print-disabled. The court found factor two "not dispositive" and concluded that the amount copied was reasonable in relation to the transformative purpose. The court decided that there was likely to be little impact on the market for plaintiffs' works since the plaintiffs were unlikely to set up a licensing system for this type of use. An appeal to the Second Circuit is pending.

"Functional Transformation" Drives the Fair Use Factors

Contrary both to statutory text and to the Supreme Court's cautious reminder in *Campbell*, a finding that a use is "transformative" now tends to sweep all before it, reducing the statutory multifactor assessment to a single inquiry. The ascendency of transformative use, and in particular, "functional transformation," gives rise to concern that the fair use pendulum has now swung too far away from its roots and purpose, now enabling new business models rather than new works of authorship, and potentially placing the U.S. in violation of international restrictions on the scope of copyright exceptions and limitations. Lower courts applying "transformative use" appear at times to be ignoring the Supreme Court's warning to consider the impact on copyrighted works were the challenged use to become widespread. Similarly, their analyses of "transformative markets" that fall outside the author's exclusive rights risk inappropriately cabining the scope of the derivative works right. The sheer volume of the taking in some of these functional transformation cases has at times resulted in courts' failure to consider distinctions among subject works that should be analyzed, if not individually, then by categories of works with certain characteristics. A capacious concept of "transformative use" also seems to be swallowing up the more specific exceptions Congress has crafted for particular uses, overriding their limitations and thus disregarding the balance Congress set for those exceptions.

III. ANALYSIS OF THE DECISION

The district court in *Authors Guild v. Google*[50] held that Google's digitizing millions of hard copy books from the collections of major academic libraries, copying those scans many times over, using them for internal business purposes, providing digital copies to participating libraries in consideration for access to the books, and making the books available to the public on a per snippet basis – all without permission or payment of any kind to the authors or other rights holders – was fair use. The decision is not completely surprising in light of the recent case law described above, but the breadth of the decision and the potential impact it will have on the ability of authors to control uses of their works and be paid for them, if upheld, is unprecedented.

[50] Authors Guild, Inc. v. Google Inc., 954 F. Supp. 2d 282, 291-94 (S.D.N.Y. 2013).

The decision rests on several legal and factual misconceptions. First, the court incorrectly determined that the uses Google made were transformative, then allowed this determination and perceived public benefit of Google Book Search to dominate its findings on each of the other fair use factors or subfactors. It ignored the widespread impact of the decision on creators and failed to consider its interpretation of Section 107 in light of the Copyright Act as a whole. The decision follows recent precedent applying fair use to mass use of works. As this decision demonstrates, the danger of allowing mass use under a single fair use analysis is that the courts end up legislating broad new exceptions to the Act, but without the input of affected, interested parties and with only the facts of a single case before it.

A close review of the court's treatment of the four factors demonstrates that the district court in this case (i) incorrectly found that all of Google's uses are transformative, and (ii) gave insufficient consideration to the analysis of each of the other factors and subfactors, thereby reducing the inquiry to a one-factor test – whether the use is transformative. The fair use inquiry can be visualized as a line balanced over a center point, where the analysis of each factor will come down somewhere along the continuum and the line will fall to whichever side is heavier. The court's finding on the four factors in the Google Books case looks like this:

Factor 1

Factor 4 Factor 2 Factor 3

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Favoring Fair Use **Not Fair Use**

If, however, the court had considered all of the relevant facts and fully analyzed each factor, as explained below, it instead would have looked like this:

Factor 2 Factor 2 Factor 2 Factor 2 Factor 2

Factor 1

Factor 4 Factor 3

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Favoring Fair Use **Not Fair Use**

An examination of the decision follows.

The District Court Incorrectly Determined that the Google Books Uses Were "Transformative"

The district court held that "Google's use of copyrighted works is highly transformative" because it employs an indexing function that facilitates searching books for research purposes.[51] Specifically, the court found:

> • Google Books "digitized books and transforms expressive text into a comprehensive word index that helps readers, scholars, researchers, and others find books."
>
> • "Google Books has become an important tool for libraries and librarians and cite-checkers as it helps to identify and find books."
>
> • "The use of book text to facilitate search through display of snippets is transformative."
>
> • "... Google Books is also transformative in the sense that it has transformed book text into data for purposes of substantive research, including data mining and text mining in new areas, thereby opening up new fields of research."[52]

The district court concluded that "Google Books does not supersede or supplant books because it is not a tool to be used to read books; instead it "allows for 'the creation of new information, new aesthetics, new insights and understandings.'" [53]

Digitizing millions of books and creating an index function to facilitate searching the books is not the kind of "transformative use" the Supreme Court had in mind in *Campbell*, however. Nor do Google's uses fall within any of the types of uses contemplated by Judge Leval in his seminal 1990 article, *Toward A Fair Use Standard,*[54] upon which the Supreme Court's discussion of transformative use in *Campbell* largely relies. It is also not the type of use that Congress envisioned in enacting Section 107.[55] That fact alone does not mean that the use should not be considered transformative because the fair use doctrine is intended to be flexible in

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[51] *Id.* at 291.

[52] *Id.* at 291.

[53] *Id.* at 291 (citing Leval, *supra* note 4, at 1111).

[54] Leval, *supra* note 4.

[55] H.R. REP. NO. 94-1476, at 65 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5678-79 ("Quotation of excerpts in a review or criticism for purposes of illustration or comment; quotation of short passages in a scholarly or technical work, for illustration or clarification of the author's observations; use in a parody of some of the content of the work parodied; summary of an address or article, with brief quotations, in a news report; reproduction by a library of a portion of a work to replace part of a damaged copy; reproduction by a teacher or student of a small part of a work to illustrate a lesson; reproduction of a work in legislative or judicial proceedings or reports; incidental and fortuitous reproduction, in a newsreel or broadcast, of a work located in the scene of an event being reported.") (citation omitted).

order to accommodate new technologies. [56] The question is whether this is the sort of use that falls within the bounds of transformative use, as described in the Supreme Court's *Campbell* decision.

Meaning of "Transformative Use"

Although the Supreme Court did not provide a definition per se of "transformative use," it made clear that it did not contemplate new uses for a work without adding new expression to the existing work. Rather than create a new definition of "transformative use," the Court looked to the way prior case law had discussed "productive" uses, and, renaming it as "transformative" use quotes statements made by Justice Story and Judge Leval:

> The central purpose of this investigation is to see, in Justice Story's words, whether the new work merely *"supersede[s] the objects" of the original creation* ... ('supplanting' the original) or instead adds something new, with a further purpose or different character, *altering the first with new expression, meaning, or message*; it asks, in other words, whether and to what extent the new work is "transformative." [57]

There are three requirements embedded in this explanation: a transformative use must (i) change or 'alter' another work of authorship (ii) in a manner that adds new "expression, meaning or message" to that prior work *and* (iii) have a different purpose or character than the original. In other words, it transforms the prior work itself in a way that creates new expression that has a different purpose or character. For instance, a sequel to a book might add new expression or meaning by adding to and altering the original book, but it would not be transformative because it does not have a different character or purpose; instead, it is a derivative work. Similarly, creating a different purpose for the original work without altering the work itself is not transformative; it is just a new use.

To understand where transformative use begins and ends, it helps to look at the types of uses Judge Leval and the Supreme Court had in mind. Judge Leval provided the following examples of transformative uses: "criticizing the quoted work, exposing the character of the original author, proving a fact, or summarizing an idea argued in the original in order to defend or rebut it," as well as "parody, symbolism, aesthetic declarations, and innumerable other uses." [58] The Supreme Court's opinion discussed commentary as a transformative use, and parody as a form of commentary. It explained that parody often "has an obvious claim to transformative value" because and only so far as it can "shed[] light on an earlier work, and, in the process, creat[e] a new one." And, as the Court describes, even commentary is not always fair use:

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[56] *Id.* at 66 ("Beyond a very broad statutory explanation of what fair use is and some of the criteria applicable to it, the courts must be free to adapt the doctrine to particular situations on a case-by-case basis. Section 107 is intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way.").

[57] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994),(citations omitted) (emphasis added).

[58] Leval, *supra* note 4, at 1111.

> If, on the contrary, *the commentary has no critical bearing on the substance or style of the original composition*, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger.[59]

All of these uses "alter" the original work by creating a new work: they add new creative expression to the original in a way that transforms the original work into a new work. This, in turn, furthers the purposes of copyright. As this Court has noted, "[t]he ultimate test of fair use ... is whether the copyright law's goal of "promoting the Progress of Science and useful Arts," U.S. CONST., art. I, § 8, cl. 8, would be better served by allowing the use than by preventing it."[60] Judge Leval states, a fair use:

> must be of a character that services the copyright objective of stimulating productive thought and public instruction without excessively diminishing the incentives for creativity. One must assess each of the issues that arise in considering a fair use defense in light of the governing purposes of copyright law.[61]

Google's Use was Not Transformative Under the Campbell Standard

Google's purpose in digitizing books was not to comment on the original works in any way or to create new works of authorship. Google's wholesale copying of millions of books to improve its search and translation services and other "nondisplay" uses can hardly be compared to core fair uses such as parody or quotation—uses that incorporate portions of preexisting works as an integral part of the new expression. Adding new functionality to an existing work without adding new expression is not "transformative" in the sense used by the Supreme Court; it does not alter the original work itself, but simply provides new means of use, access or distribution for the work—all traditionally licensed uses.

Moreover, Google Books does not create any new expression, meaning or message. The search and indexing functions are tools that allow users to create new meaning and expression from the prior works, but these functions do not themselves create new expression, meaning or messages. In creating these tools, Google has merely transferred the works to a new medium – a digital, text-searchable format—a quintessential example of non-transformative copying. Digitizing and employing tools to make the digitized versions of books text searchable does not alter the work itself in any manner recognized under copyright law.[62] A book printed in hard

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[59] 510 U.S. at 580 (emphasis added).

[60] Castle Rock Ent'm't, Inc. v. Carol Publ'g Group, Inc., 150 F.3d 132, 141 (2d Cir. 1998) (citing Arica Inst., Inc. v. Palmer, 970 F.2d 1067, 1077 (2d Cir. 1992)).

[61] Leval, *supra* note 4, at 1110.

[62] *See, e.g.*, Princeton Univ. Press v. Michigan Document Servs. 99 F.3d 1381, 1389 (6th Cir. 1994) ("This kind of mechanical 'transformation' bears little resemblance to the creative metamorphosis accomplished by the parodists in the *Campbell* case.")

copy, soft copy or distributed in eBook form is the same work for copyright purposes. The words, the meaning and message of the book are unchanged.[63]

If allowing works to be used in new ways that allowed others to create new expression, meaning or message were transformative, then any use that made a work more accessible could be deemed a transformative use. This would go to the heart of copyright protection. Radio or television when they first started could have claimed that their transmissions of recorded music and plays were transformative, and, by analogy, creating and distributing MP3 files of recorded music or eBooks through searchable peer to peer services would be transformative merely because they allowed more uses. But these types of uses have never been found to be transformative, much less fair, use.[64]

In addition to adding search functionality to the books, Google made perfect digital copies of the books and provided them to the participating libraries *in exchange* for access to the books.[65] It is interesting that the district court never mentions these copies in his analysis of transformative use even though it is not even arguably fair use. This use is wholesale copying in its purest form and provided a direct substitute for library purchase of books, with measurable harm, as it obviates the need for the libraries to purchase replacement copies of books in their collections.

Google's Uses were Highly Commercial

The *Campbell* Court explained that whether a use is commercial should not create a presumption that it is fair use or not. [66] Nevertheless, it is a factor for the court to consider and weigh like the other factors and should not be ignored. As the legislative history for Section 107 provides: "[T]he commercial or non-profit character of an activity, while not conclusive with respect to fair use, can and should be weighed along with other factors in fair use decisions."[67] In this case, where the new use clearly has "no critical bearing on the substance or style of the original...," the "extent of its commerciality" thus "looms larger" and needs to be given greater weight.

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[63] *See* Peter Mayer Publishers Inc. v. Shilovskaya, 12 CIV. 8867(PGG), 2014 WL 1325744, at *8 (S.D.N.Y. Mar. 31, 2014) (eBook does not contain "content-based changes" reflecting new authorship as required for a derivative work).

[64] *See, e.g.*, A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1015 (9th Cir. 2001) (downloading MP3 files is not transformative); Nihon Keizai Shimbun, Inc. v. Comline Business Data, Inc., 166 F.3d 65, 72 (2d Cir. 1999) (abstracts that are mostly direct translations do not add new expression); Capitol Records, LLC v. ReDigi Inc., 934 F. Supp. 2d 640, 653 (S.D.N.Y. 2013) ("the upload, sale, and download of music files on ReDigi's website does nothing to 'add something new...'"); Arista Records, LLC v. Doe 3, 604 F.3d 110, 124 (2d Cir. 2012) (uploads and downloads of digital copies on P2P network not fair use); *Peter Mayer Publishers Inc.*, 2014 WL 1325744, at *8 (eBook does not contain "content-based changes" reflecting new authorship as required for a derivative work).

[65] Authors Guild v. Google, Inc., 954 F. Supp. 2d 282, 286 (S.D.N.Y. 2013).

[66] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 580 (1994) ("If ... the commentary has no critical bearing on the substance or style of the original composition...the claim to fairness in borrowing from another's work diminishes accordingly (*if it does not vanish*), and *other factors, like the extent of its commerciality, loom larger.*") (emphasis added).

[67] H.R. REP. NO. 94-1476, at 66 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5679.

The district court acknowledged that Google's use of its digitized book collections was commercial, but then immediately dismissed that commercialism on the grounds that Google Books had educational benefits: "even assuming Google's principal motivation is profit, the fact is that Google Books serves several important educational purposes."[68] Although the court did not directly state that it believed the public benefits of Google Book Search negated the commercial use, its long discussion of the perceived public benefits (an entire section of the decision), including as a research tool, for text mining, access for print-disabled, and preservation, implies that the court ignored the commercial nature of the use because of those perceived public benefits.

Google Books is not a case of a public institution or a not-for-profit engaging in research services or preservation for the public good, however. Google Books is not a library; it was not formed for the public good; and it does not conduct digital preservation.[69] It is a public, for-profit corporation. Regarding Google Books as though it were a non-profit operation, the district court failed to comprehend the purely commercial nature of Google Books. The court states that Google does not "engage in the direct commercialization of copyrighted works" because it does not "sell" books or snippets or have paid advertisements on the accompanying pages.[70] But "selling" product directly is only one of the ways for a company to create value in the internet economy. Indeed, most online businesses do not make money from direct sales or direct commercialization, but create value by drawing users to their services.[71] In any event, as the *Napster* court stated, "[d]irect commercial benefit is not required to show commercial use."[72] Google derives direct economic benefit from Google Books by drawing users to Google and by using the texts of the works at issue to improve its search, analytics, and translation capabilities.[73] Google's scanning of millions of books provided it with a market advantage that no other search engine or other entity will be able to match.

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[68] *Authors Guild Inc.*, 954 F. Supp. 2d at 292.

[69] Not-for-profit entities that engage in digitization and preservation in accordance with digital preservation standards that also provide research tools do already exist, such as JSTOR (*see* http://about.jstor.org) and the Portico digital preservation service of Ithaka (*see* http://www.portico.org/digital-preservation/about-us/our-organization) and the Library of Congress' National Digital Infrastructure and Information Preservation Program.("NDIIPP") (*see* http://www.digitalpreservation.gov/) and its National Digital Stewardship Alliance ("NDSA") (*see* http://www.digitalpreservation.gov/ndsa/).

[70] *Authors Guild Inc.*, 954 F. Supp. 2d at 291-92.

[71] *See, e.g.*, A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1015 (2001) (the fact that Napster users did not pay for the service did not negate its commercial nature); *see also* Alexandra Drury, Note, *How Internet Users' Identities are Being Tracked and Used*, 15 TUL. J. TECH. & INTELL. PROP. 219, 227 (2012) (citing Arjun Kulkarni, *How Does Facebook Make Money*, BUZZLE (Jan. 9, 2012), http://www.buzzle.com/articles/how-does-facebook-make-money.html).

[72] 239 F.3d at 1015.

[73] Google likely used the books as a means of acquiring massive amounts of language data in order to improve its search algorithms and translation capabilities, and to increase (or at least maintain) its competitive edge in the world of Internet search. *See* GOOGLE, COMPANY, OUR PRODUCTS AND SERVICES, http://www.google.com/about/company/products/; Joanna Greary, *Google: What Is It and What Does It Do?* THE GUARDIAN (April 23, 2012), http://www.theguardian.com/technology/2012/apr/23/google-tracking-trackers-cookies-web-monitoring.

The District Court Did Not Give Each of the Other Statutory Fair Use Factors Sufficient Consideration and Weight, Making Fair Use a One-Factor Test

Section 107 clearly requires courts to consider and weigh all four enumerated fair use factors. As the Supreme Court stated in *Campbell*, "[n]or may the four statutory factors be treated in isolation ... All are to be explored, and the result, weighed together, in light of the statutory purposes of copyright."[74] Further, "every fair use factor is to be considered as a subset of th[e] overall goal" of determining the limits of authors' rights so as to best serve the goals of copyright.[75]

The Court Unduly Minimized the Second Factor

The district court minimized the importance of the second fair use factor—the nature of the work, and states that the parties agreed that the second factor "plays little role in the ultimate fair use determination."[76] The court provided an absurdly short-handed review of this factor, lumping all of the millions of works together in one basket as though they were a single non-fiction, published work. The court ignored the variety of types of works at issue, including images and articles, as well as books, and how the difference among works might influence the analysis under the second factor.

Other recent cases have similarly concluded that the second factor bears little weight,[77] but there is no justification in the statute or the legislative history for being so dismissive of it, much less for treating millions of works as though they were one. Section 107 treats all four factors the same and provides that the factors courts should consider "shall include" all four. There is no indication that the second factor should be overlooked because a use is "transformative" or otherwise.[78]

The district court acknowledged that there are many diverse types of infringed works in suit: "All types of books are encompassed, including novels, biographies, children's books, reference works, textbooks, instruction manuals, treatises, dictionaries, cookbooks, poetry books, and memoirs."[79] The court nevertheless determined that the corpus of works as a whole was entitled to less copyright protection than if it were comprised of a higher proportion of fictional works.[80] Even if non-fiction works represent the "vast majority of the books in Google Books," the number of fiction works is still substantial.[81] To bypass analyzing the works in gross

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[74] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577 (1994).

[75] Pierre N. Leval, *Campbell v. Acuff-Rose: Justice Souter's Rescue of Fair Use*, 13 CARDOZO ARTS & ENT. L. J. 19, 22 (1994).

[76] Authors Guild v. Google, Inc., 954 F. Supp. 2d 282, 292 n.4 (S.D.N.Y. 2013).

[77] *See, e.g.*, Cariou v. Prince, 714 F.3d 694, 710 (2d Cir. 2013) (quoting Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d 605, 612 (2d Cir. 2006).

[78] 17 U.S.C. § 107 (2014); *see Campbell*, 510 U.S. at 578.

[79] *Authors Guild*, 954 F. Supp. at 285.

[80] *Id.* at 292.

[81] *Id.*

because only 1.4 million (7% x 20 million) are fiction illustrates how inappropriate it is to shoehorn 20 million works into a single fair use analysis. There is no basis in the law for treating all of a wide variety of works as though they all had the same degree of creativity simply because there are so many works are at issue.[82]

The district court also erroneously concluded that all non-fiction works lack much creativity and so are entitled to less protection. The second fair use factor looks toward the level of *creativity* inherent in a given work, however, not whether it is a work of fiction.[83] Whether a work is fiction or non-fiction is not necessarily determinative of whether a work is creative. Not all non-fiction works are non-creative, factual works. Some non-fiction works, such as pure news reports, product labels, and instruction manuals, are primarily fact-based and do not exhibit a high degree of creativity; but others, including scholarly and educational works, may be highly creative and expressive. Conversely, certain works of fiction, such as those written by a formula, may lack significant creativity.

A large number of the non-fiction works at issue in this case are scholarly works; such works are often highly creative and expressive. They do not report on facts like news, but analyze prior scholarship or facts and add to prior learning through interpretation and expression. Much scholarship attempts to resolve issues and convincingly persuade readers of a point of view; they may provide clear and original expression, interpretation and advocacy. This requires a high degree of originality and expressive writing. Non-expressive writing, such as a mere report of facts or data, by contrast, does not. Library shelves are not filled with yellow pages, but highly expressive, scholarly books.

The District Court Gave Insufficient Consideration to the Third Factor

The district court also provided a very summary, dismissive analysis of the third factor. In a few words, the district court held that the "amount and substantiality" factor weighed only "slightly" against a finding of fair use on the grounds that full-text copying was necessary for Google's search tool, and the fact Google only displayed snippets in response to user-generated searches.[84] Snippet display is only a small piece of the whole picture of Google's use, however.

As an initial matter, Google made complete copies of millions of books for libraries, in exchange for libraries granting Google access to the works for digitization. There is no indication in the law that libraries' acquisition of free, complete copies of its books from a third party is fair use. To the contrary, Section 108(c) of the Copyright Act, which provides an express exception for libraries and archives to make replacement copies of full books, allows

[82] That does not mean every single work need be analyzed separately. As the district court said in an earlier decision in the same case: "The Court could effectively assess the merits of the fair-use defense with respect to each of these categories [of books] without conducting an evaluation of each individual work."). *Authors Guild v. Google, Inc.*, 282 F.R.D. 384, 390 (S.D.N.Y. 2012), *vacated in part*, 721 F.3d 132 (2d Cir. 2013).

[83] *See* Stewart v. Abend, 495 U.S. 207, 237 (1990) (explaining that under the second factor a use is less likely fair if the copyrighted work is "a creative product," as opposed to "factual") (internal quotation omitted).

[84] *See Authors Guild*, 954 F. Supp. 2d at 292 ("Google limits the amount of text it displays in response to a search.").

only books that are "damaged, deteriorating, lost, or stolen" or in obsolete formats and includes important restrictions on libraries' replacement copying.[85]

Second, although Google makes only portions of books available to the public at a time, the entire works were copied and most of the books' text can be accessed through a series of searches.[86] As a practical matter, this type of use may well serve as a substitute for a book for many research and other uses. Third, Google did in fact scan and does use the entirety of the books for "non-display" purposes – to improve its search and translation capabilities. By focusing exclusively on snippet use and its view of that use as "transformative," the district court treats the third fair use factor as irrelevant.

As discussed above in Section II, as a general rule, wholesale copying "militates against a finding of fair use."[87] A whole taking should be found fair only if, when balanced together with the other factors, the magnitude of that taking is outweighed by the other factors. Thus, the amount of the copying remains an important consideration even for transformative uses. For instance, in *Campbell*, the Supreme Court stressed the "transformativeness" of the 2 Live Crew parody, but ultimately remanded to the Sixth Circuit to determine whether the resulting work copied too much of the music.[88]

The District Court Failed to Consider Existing and Potential Markets and the Impact of Widespread Use under the Fourth Factor

The fourth fair use factor requires courts to look at "the effect of the use upon the potential market for or value of the copyrighted work,"[89] and to determine "whether *unrestricted* and *widespread conduct* of the sort engaged in by defendant . . . would result in a substantially adverse impact on the potential market."[90] Here, the district court wrote these requirements out of its analysis, and considered the effect of only one of the uses at issue, snippet availability, on only one of several existing and potential markets for the works at issue, namely, the sale of "books."

The district court concluded that the fourth fair use factor weighed "strongly" in favor of fair use, on the grounds that "Google does not sell its scans" and "the snippets do not serve as "'market replacement[s]'" for plaintiff's books. It agreed with the defendants that Google Books "enhances the sales of books to the benefit of copyright holders."[91] Because users are unlikely to

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[85] 17 U.S.C. § 108(c) (2014) ("The right of reproduction under this section applies ... solely for the purposes of replacement of a copy or phonorecord" if "an unused replacement cannot be obtained at a fair price" and a copy reproduced digitally "is not made available to the public in that format outside the premises of the library").

[86] *Authors Guild*, 954 F. Supp. 2d at 286-87 (describing that one snippet per page and one page in ten are blacklisted and other restrictions).

[87] A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1016 (2001) (citations omitted).

[88] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 594 (1994).

[89] 17 U.S.C. § 107.

[90] *Campbell*, 510 U.S. at 590 (emphasis added) (internal quotation omitted).

[91] 954 F. Supp. 2d at 292-293.

engage in the numerous searches necessary to reconstruct an entire book, and certain portions are "blacklisted,"[92] the court determined that Google Books would not replace the book market. The court incorrectly assumed that books are valuable to users only if they have access to the entire work. Unlike novels, however, scholarly books are not necessarily read from front to back and so excerpts (or collections of snippets) may well have sufficient value to the user such that seeking out the book is unnecessary.

The district court took an exceedingly narrow view of the markets at issue. It considered only consumer markets for books, missing the ways Google Books usurps revenue streams from licensed excerpts, including the lucrative excerpt market for books, especially scholarly and educational works. The Copyright Clearance Center, for instance, licenses excerpts of books around the world, serving over 35,000 companies.[93] The excerpt market for scholarly works is particularly robust because teachers, students, and academics often do not need to access entire works to fulfill their purposes.

The relevant markets also include the library market for replacement copies. Libraries are a major market for many books, and represent a major source of revenue for authors.[94] Indeed, the purpose of Section 108(c),[95] which allows libraries and archives to make replacement copies in only particular circumstances, as described above, is to prevent libraries from making replacement copies at will, so as to protect this important revenue stream.[96] Google's dissemination of full copies of millions of books replaces a significant market for these books because Google gave libraries free digital backup copies of these books (in exchange for access to full works) –copies that would have otherwise been purchased by those libraries.

The district court also ignored the possible adverse effects on plaintiffs of widespread unrestricted use –where any entity, commercial or not, is able to create a database of third party works and profit from them as long as it doesn't make 100% of the works available to the public at a time. Fair use decisions set precedent and so it is crucial for courts to take this wide view. No matter how socially beneficial a view the court might have of Google Books, it should have considered the effect of the thousands of databases that it will inevitably spawn – for all types of works, not just books, and by entities much less equipped to realize any public benefit.

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[92] *Id.* at 293.

[93] The Copyright Clearance Center (CCC) is "a global rights broker for the world's most sought after materials – such as in- and out-of-print books, journals, newspapers, magazines, movies, television shows, images, blogs and eBooks – CCC makes it easy for businesses and academic institutions to use copyright-protected materials while compensating publishers and content creators for their works." CCC offers customers the option to "republish an article, book excerpt or other content in your own books, journals, newsletters and other materials." *See* http://www.copyright.com/content/cc3/en.html.

[94] "[W]e should not forget that intermediate institutions like schools and libraries are major markets for copyright owners and, therefore, major sources of copyrighted works for many consumers." Rebecca Tushnet, *My Library: Copyright and the Role of Institutions in A Peer-to-Peer World*, 53 UCLA L. Rev. 977, 981 (2006).

[95] 17 U.S.C. § 108(c).

[96] Mary Rasenberger & Chris Weston, Overview of the Libraries and Archives Exception in the Copyright Act: Background, History, and Meaning, at 17-21 (April 2005), available at: http://www.section108.gov/docs/108BACKGROUNDPAPER(final).pdf.

Furthermore, the court failed to acknowledge the wide variety of works at issue and the particularly significant impact Google Books could have on markets for certain kinds of works—again demonstrating the poor fit of fair use to mass digitization. The court recognized no distinction between books that already have been published in digital form and those that have not (where digitizing and making the book available online would usurp the author's right to first publication in digital format). It also made no distinction between recently published or well-known books and older, obscure works that might be harder to locate; or between those already released in accessible form for the visually impaired and those that have not; and those that, by their nature, are very useful even with access only to snippets. There was no independent analysis concerning the nature of works that could be harmed through showing snippets (for example many history, geography, science, and other factual works would seem to fit this description), and whether those books are in the "no snippet" category.

The district court was influenced on this factor by Google's assertion that Google Books benefits authors. While it probably does benefit some authors, benefit to authors is not dispositive of factor four.[97] In any event, many authors do not regard Google Books as benefiting them, as this lawsuit and *Hathitrust* amply demonstrate.[98] Some authors fear the widespread piracy that inevitably comes with the availability of unsecured digital copies on the internet or have other concerns.[99] If uses such as Google's become "widespread" and "unrestricted," then widespread, uncontrolled piracy is a likely result. Given that piracy can cannibalize an entire market, many authors and publishers are rightfully cautious about who may digitize and have access to unsecured digital copies of their works. While Google may have the technical capabilities to provide secure storage and display, few others have those same resources; and yet there is nothing in the district court's analysis that would prevent an entity completely lacking secure technologies from making the same uses.

IV. MASS DIGITAZATION IS AN ISSUE FOR CONGRESS, NOT FAIR USE

The district court's analysis went astray due to several underlying misconceptions: the court (1) treated potential public benefit (unrelated to the copyright incentives) as a separate factor carrying great weight, whereas public benefit is an integral part of copyright law, (2) followed a recent trend of using fair use to justify mass taking, although as this decision shows, fair use is ill-equipped to address mass use, and (3) engaged in policy-making of a nature within Congress' exclusive jurisdiction, failing to comprehend the enormous policy implications of its decision.

There is little question that many users benefit from Google's Book Search Program. Just because something is good for users does not mean free use of copyrighted works should be permitted, however. Otherwise, copying works for educational purposes would be per se fair use, but it is not. The House Report accompanying the 1976 Copyright Act states:

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[97] *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 590 n. 21 (1994).

[98] *See* Authors Guild v. Google, Inc., 770 F. Supp. 2d 666, 681-82 (S.D.N.Y. 2011).

[99] *Id.*

> The Committee also adheres to its earlier conclusion, that "a specific exemption freeing certain reproductions of copyrighted works for educational and scholarly purposes from copyright control is not justified."[100]

The district court seemed to assume that mass digitization of library collections can be undertaken only pursuant to fair use, so this is the only way to achieve the enumerated benefits. As observed earlier, it may well be that no one but Google would create as comprehensive a database as the one at issue here, but it is certainly plausible, and indeed likely, that others will seek to create digital databases similar in concept but more limited in focus or field. If the district court's decision is upheld, others inevitably will follow and conduct mass digitization without authorization. For instance, owners of collections of photographs or other artwork might feel free to create online, searchable databases with high quality thumbnails of the images in direct competition with authorized image licensors; and owners of musical recordings might create searchable databases of music and make portions available to users without any security. In each case, the author would get nothing in exchange for the use and would have no control over ultimate uses.

The prevailing message from the existing mass digitization cases, in particular the decision below and *Hathitrust*, is that mass digitization inherently has such important public benefits that even if undertaken by a large and profitable commercial entity in its own commercial interests, it is permissible under copyright. While the benefits of these mass digitization programs are undeniable, that does not mean they should be undertaken at any cost and that the costs should be borne by authors. The risks to the copyright incentives is not hypothetical; for many authors, a relatively small drop in income from their works may affect their ability to continue authorship, especially on professional level, but these risks are not ones a court can address. It calls for testimony and study.

The root problem is that defining the terms and conditions under which mass digitization can be undertaken is quintessentially a legislative activity. The courts, whose perspective is based on the single set of facts that confront them in a particular case, are not well suited to determining how best to regulate in this difficult and complex area. These are not issues that should be decided in the context of a single copyright case.

The creation of public goods always involve trade-offs and broad policy decision-making. For this reason, public goods are created by legislatures, not courts. This should apply equally to mass digitization and preservation, to the extent they are conducted in a manner that truly serves a public benefit. But there are a number of very important considerations to take into account before concluding that a mass digitization program will not harm the market for the works and will provide the intended public benefit. These are policy issues; and it is not good policy-making to allow a court to make policy decisions based on the facts of a single case before it. For instance, both the long-term and short-terms costs and benefits of allowing mass digitization as fair use should be weighed, but courts generally are ill-equipped to take the long view. It may be short-sighted to choose the short-term benefits of permitting Google Books under fair use over authors' rights, particularly where other, possibly more effective means of

[100] H.R. REP. NO. 94-1476, at 66-67 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5679-80.

obtaining the same benefits are or can be developed without harming authors and potentially causing real damage to the copyright incentives down the line.

Allowing mass digitization by commercial and non-commercial entities as an exception to copyright raises a number of important questions. What happens when mass "digitization" moves beyond legacy works to born-digital material? Should it be an acceptable transformative purpose simply to include digital full-text books standardized in one's own database? What if the work is already preserved and available for full-text search in a database? Is the public benefit from a second or third (or twentieth) instantiation of the work in digital form still as compelling? What should the security requirements be for mass digitization and display or other access? Given the difficulties and expense inherent in effective digital preservation, what should the criteria be for conducting mass digital preservation?[101] Who should be permitted to acquire books for free, as Google did? Should mass digitization be permissible for other works, such as photographs, motion pictures or musical works?[102]

These and other fundamental issues should be considered and decided on by Congress. Conditions for mass digitization should be carefully balanced with input from the wide range of affected parties. Those issues include, for example, (i) who should be permitted to digitize works and under what circumstances; (ii) when the digitized works may be used for commercial purposes; (iii) under what conditions libraries or other institutions may make full text materials available to users; (iv) if digitization is done for the ostensible purpose of "preservation," what preservation standards the digitizer should be required to meet (mere digitization is not preservation[103]); (v) what security measures should be required; and (vi) could some form of collective licensing be developed to facilitate a mass digitization scheme in a manner fair to authors and users alike.

Legislative and other measures to address mass digitization, together with interrelated issues such as orphan works, revision of section 108 and possible creation of new library exceptions, are already currently under active consideration by policy makers in the United States. For example:[104]

- In October 2011 the U.S. Copyright Office published a Preliminary Analysis and Discussion Document to advance the discussions concerning mass digitization, setting out the legal considerations and various possible approaches.[105]

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[101] *See* United States Copyright Office & LOC, *The Section 108 Study Group Report*, 43-46 (2008), *available at* http://www.section108.gov (last visited April 11, 2014); *see generally* http://www.digitalpreservation.gov.

[102] Certain types of works, such as motion pictures and musical works, have an exemption from some of section 108's exceptions. *See* 17 U.S.C. § 108(i).

[103] *See The Section 108 Study Group Report, supra* note 102, at 43-46.

[104] A more comprehensive discussion of these efforts can be found in Notice of Inquiry, Orphan Works and Mass Digitization, 77 FED. REG. 64555 (2012).

[105] *See* United States Copyright Office, *Legal Issues in Mass Digitization: A Preliminary Analysis and Discussion Document* (2011), *available at* http://www.copyright.gov/docs/massdigitization/USCOMassDigitization_October2011.pdf.

- The U.S. Congress is in the process of a comprehensive review of the U.S. Copyright Act. In this connection, the Subcommittee on Courts, Intellectual Property and the Internet of the House of Representatives Committee of the Judiciary has held several hearings over the past year. The topics already addressed include, *inter alia*, fair use, mass digitization and preservation. These are matters clearly on the radar for Congress.

- In the meantime, the U.S. Copyright Office is moving ahead in its study of orphan works and mass digitization in order to advise Congress as to possible next steps. It issued a comprehensive Notice of Inquiry in October 2012 soliciting comments;[106] issued a second Notice of Inquiry in February 2014 to seek further input through written comments and roundtable discussions;[107] and held public roundtable discussions in Washington D.C. on March 10-11, 2014. Final comments are due on May 21, 2014.[108]

In short, Congress and the Copyright Office are actively pursuing the complex issues surrounding mass digitization and are aware of the critical importance of reaching a solution that advances the public interest in manner that takes into account the various competing interests. Congress is far better situated to address mass digitization and the cluster of important related issues, and to formulate a balanced solution, than is a single court considering a single set of facts.

[106] *See* Notice of Inquiry, Orphan Works and Mass Digitization, 77 FED. REG. 64555 (2012).

[107] *See* Notice of Inquiry, Orphan Works and Mass Digitization: Request for Additional Comments and Announcement of Public Roundtables, 79 FED. REG. 7706 (Feb. 10, 2014).

[108] *See* FED. REG. 18932 (Apr. 4, 2014).