

No. ____

IN THE
Supreme Court of the United States

THE AUTHORS GUILD, *ET AL.*,
Petitioners,

v.

GOOGLE, INC.,
Respondent.

**On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Second Circuit**

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Google made full digital copies of millions of books it obtained from libraries' shelves without the authors' consent. As payment, Google gave the libraries digital copies of the books. Google makes the books' full text searchable on its revenue-generating search engine, and displays verbatim excerpts in response to users' searches. The questions presented are:

1. Whether, in order to be “transformative” under the fair-use exception to copyright, the use of the copyrighted work must produce “new expression, meaning, or message,” as this Court stated in *Campbell* and as the Third, Sixth, and Eleventh Circuits have held, or whether the verbatim copying of works for a different, non-expressive purpose can be a transformative fair use, as the Second, Fourth, and Ninth Circuits have held.

2. Whether the Second Circuit's approach to fair use improperly makes “transformative purpose” the decisive factor, replacing the statutory four-factor test, as the Seventh Circuit has charged.

3. Whether the Second Circuit erred in concluding that a commercial business may evade liability for verbatim copying by arguing that the recipients of those copies will use them for lawful and beneficial purposes, a rationale that has been flatly rejected by the Sixth Circuit.

4. Whether a membership association of authors may assert copyright infringement claims on behalf of its members.

PARTIES TO THE PROCEEDING

The Plaintiffs-Appellants below, who are Petitioners before this Court, are the Authors Guild, Betty Miles, Jim Bouton, and Joseph Goulden, individually and on behalf of all others similarly situated.

The Defendant-Appellee below, who is the Respondent before this Court, is Google, Inc.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6, Petitioner Authors Guild states that it has no parent corporation. As a nonprofit corporation it has issued no stock. No publicly held corporation owns ten percent or more of the corporation.

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OPINIONS BELOW

The opinion of the Second Circuit affirming the district court's grant of summary judgment to Respondent Google, Inc. ("Google") is reported at 804 F.3d 202, and is reproduced at Appendix to the Petition ("Pet. App.") 1a.

The opinion of the district court is reported at 954 F. Supp. 2d 282 (S.D.N.Y. 2013), and is reproduced at Pet. App. 56a.

JURISDICTION

The Second Circuit issued its opinion on October 16, 2015. The jurisdiction of this Court is properly invoked pursuant to 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves Article I, Section 8, Clause 8 of the Constitution and 17 U.S.C. §§ 101, 106, 107-108, and 501. These provisions are reproduced in the Constitutional and Statutory Addendum.

STATEMENT OF THE CASE

In 2004, Respondent Google began operating a program, in cooperation with university libraries, of mass copying and digitization of millions of books. Pet. App. 56a. Rather than buy or license the books, Google backed up moving vans to the libraries, took essentially all the books off the shelves, and scanned them. Ultimately, it copied more than twenty million books. At least four million of those books were still protected by copyright, but Google never got permission for their reproduction. Pet. App. 56a-57a. In exchange for

getting unlicensed, unpaid access to a library's books, Google provided the library with unlicensed digital copies of the books it had copied. Pet. App. 60a. Next, Google ingested the scanned copies into its databases so that it could make what it called "non-display" uses of those books—*e.g.*, internal research and development that allowed Google to improve its general search business.¹ In addition, Google created the Google Books search engine.

Using Google Books, any internet user can conduct a word search and obtain a list of books that contain those search terms. Pet. App. 61a. The user can then click on a single search result and view excerpts from that book. Pet. App. 61a.

Google's very large investment in the project reflects its huge commercial value. Google has managed to gain for itself a competitive edge in the search business by acquiring and data-mining the text in millions of books, while also providing a convenient, highly profitable system for indexing and disseminating expression authored and owned by others.

Petitioners—individual authors and the Authors Guild—brought a class action challenging what they viewed as copyright infringement on an epic scale. Pet. App. 66a. The Second Circuit held that this verbatim

¹ See Objection of Yahoo! Inc. to Final Approval of the Proposed Class Action Settlement at 25-26, *The Authors Guild, Inc. v. Google, Inc.*, No. 05-CV-8136, (S.D.N.Y. Sept. 8, 2009), ECF No. 288; see also Settlement Agreement § 1.94, *The Authors Guild, Inc. v. Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Oct. 28, 2008), ECF No. 56.

copying and display—undertaken by a commercial business for its own commercial reasons and producing no new expression whatsoever—constitutes permissible “fair use” under the Copyright Act. It did so by focusing almost entirely on the limited amount of text that Google is currently choosing to display in response to any one search request, thus giving little or no weight to the fact that Google had copied and exploited millions of books in their entirety, used copyrighted materials to enhance its highly commercial search engine, made nearly the entire book available for display, and provided free digital copies to libraries that otherwise would have had to pay for them. The Second Circuit excused these facts because it believed that Google Books is socially beneficial, and thus has a “transformative” purpose as a research tool. Pet. App. 7a-8a, 26a, 33a. The Second Circuit thereby upended the meaning of the phrase “transformative use” employed by this Court in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994). Whereas this Court said that the touchstone for identifying fair use was whether the defendant produced a new and creative work that built upon but “transformed” the original, the Second Circuit has now held that *verbatim* copying and display, involving *no* new expression, is immunized as “transformative” if it provides sufficient social benefits of a different sort—like helping people find books or information.

The court’s analysis effectively nullified the four statutory fair-use factors set forth by Congress, including any real analysis under the fourth factor of the market harm to rightsholders caused by Google

Books and by its many likely imitators. The Second Circuit’s refusal to give real weight to any factor other than the perceived transformative purpose also contradicts the approach mandated in other circuits. More fundamentally, it threatens to undermine protection of copyrighted works in the digital age to an extraordinary extent. Such a radical rewrite of copyright law should not be allowed to stand without this Court’s consideration.

I. The Fair-Use Exception to Copyright Protection

The Constitution empowers Congress “[t]o promote the [p]rogress of [s]cience and useful [a]rts, by securing for limited [t]imes to [a]uthors and inventors the exclusive [r]ight to their respective [w]ritings and [d]iscoveries.” U.S. Const. art I, § 8, cl. 8. Accordingly, Congress has granted authors “the exclusive right[]” to “reproduce the copyrighted work in copies,” “to prepare derivative works,” “to distribute copies,” “to perform the copyrighted work publicly,” and “to display the copyrighted work publicly.” 17 U.S.C. § 106(1)-(5).

Fair use is an exception to these exclusive rights that exists because “rigid application of . . . copyright” could “on occasion, . . . stifle the very creativity which that law is designed to foster,” *Stewart v. Abend*, 495 U.S. 207, 236 (1990) (quotation marks omitted), by “inhibit[ing] subsequent writers from attempting to improve upon prior works,” *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549 (1985) (quotation marks omitted). Congress codified the fair-use exception in 1976, providing as examples of non-

infringing fair uses “criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research.” 17 U.S.C. § 107.

Four non-exclusive factors guide the fair-use determination:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107(1)-(4).

This Court last explored the contours of fair use in *Campbell*. The Court explained that the first factor, the “purpose and character of the use,” should be “guided by the examples given in the preamble of § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like,” 510 U.S. at 578-79 (internal quotation marks omitted). “The central purpose . . . is to see . . . whether the new work merely supersede[s] the objects of the original creation, or instead adds something new, with further purpose or different character, *altering the first with new expression, meaning, or message.*” *Id.* at 579 (internal quotation marks and citations omitted) (bracket in original) (emphasis added). This inquiry thus “asks . . .

whether and to what extent the new work is transformative.” *Id.* Additionally, if a use is commercial, that weighs against a finding of fair use. *Id.*

The second factor, the “nature of the copyrighted work,” requires a court to consider “the value of the materials used,” recognizing that “some works are closer to the core of intended copyright protection than others.” *Id.* at 586 (internal quotation marks omitted). Purely factual works are further from the core of copyright protection, although there are gradations, for example, between “directories” and “elegantly written biograph[ies].” *Harper & Row*, 471 U.S. at 563 (quotation marks omitted).

The third factor, the “amount and substantiality of the portion used,” requires a court to analyze “not only . . . the quantity of the materials used, but . . . their quality and importance, too.” *Campbell*, 510 U.S. at 586-87 (internal quotation marks omitted).

Finally, in assessing the fourth factor, courts must “consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also whether *unrestricted and widespread* conduct” like that of the defendant “would result in a substantially adverse impact on the potential market for the original.” *Id.* at 590 (internal quotation marks omitted) (emphasis added). Moreover, “[t]he enquiry must take account not only of harm to the original but also of harm to the market for derivative works.” *Id.* (internal quotation marks omitted).

“Fair use is an affirmative defense, so doubts about whether a given use is fair should not be resolved in favor of the [alleged infringer].” *Id.* at 599 (Kennedy, J., concurring).

II. Factual Background

Google operates the largest and most profitable internet search engine in the world. Pet. App. 58a. In 2011, Google’s ad revenue was \$36.5 billion. Pet. App. 58a. In 2004, Google began its Google Books enterprise, ultimately making full digital copies of over twenty million books. Although Google obtained licenses from certain publishers to copy and display their works, Google chose to copy at least four million other copyrighted books without obtaining a license. Pet. App. 56a-57a, 68a-69a.

Google profits from Google Books in a variety of ways. First, placing this enormous amount of new material into its database enhances its search engine, resulting in increased advertising revenue. *See supra* note 1. Second, Google Books enables Google to collect data about individual user activity for use in targeted advertising.² Third, Google can use the data to refine

² *See* Privacy Authors and Publishers’ Objection to Proposed Settlement at 8-9, *Author’s Guild, Inc. v Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Sept. 8, 2009), ECF No. 281; Objections of Arlo Guthrie, Julia Wright, Catherine Ryan Hyde, and Eugene Linden to Proposed Class Action Settlement Agreement at 19-20, *Author’s Guild, Inc. v Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Sept. 2, 2009), ECF No. 209; Memorandum of Amicus Curiae The Internet Archive in Opposition to Amended Settlement Agreement

its search algorithm, gaining a commercial advantage against other search providers, and otherwise enhancing its operations. As one commentator has explained, “[i]magine the kinds of things that data mining all the world’s books might let Google’s engineers build: automated translation, optical character recognition, voice recognition algorithms. And those are just the things we can think of today.”³

Google obtained the books to scan from large institutional libraries. Pet. App. 60a. As payment for the access, Google gave the libraries electronic copies of their books after the scanning was completed. Pet. App. 60a. No specific restrictions were placed on the libraries’ use of these copies, other than the general requirement that they be used in a manner consistent with copyright law. Pet. App. 60a.

Google maintains multiple electronic copies of each book it scanned. Pet. App. 60a. It indexed the words and phrases in the books, and when a user of its search engine enters search terms, Google returns a listing of the most relevant books. Pet. App. 61a. Many

at 7, *Author’s Guild, Inc. v Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Jan. 27, 2010), ECF No. 811.

³ Fred von Lohmann, *Google Book Search Settlement: A Reader’s Guide*, Electronic Frontier Foundation Deep Links Blog (Oct. 31, 2008), <http://www.eff.org/deeplinks/2008/10/google-books-settlement-readers-guide>.

webpages on which the search results are listed include advertisements that generate revenue for Google.⁴

When users select a search result, Google directs them to a webpage which displays three relevant unaltered, verbatim excerpts from the book. Pet. App. 62a. The size of the excerpt varies with the physical size of the page of the book: each excerpt includes one-eighth of a page. Pet. App. 62a. By performing multiple searches with different search terms, users can view many more excerpts. Pet. App. 62a. If a search term appears more than once on a page, only the first usage is displayed. One out of every ten pages is unavailable for display. Pet. App. 62a. Google also displays information about the book, including links to where the book may be purchased. Pet. App. 6a.

III. Procedural Background

In 2005, Petitioners filed a putative class action against Google in the United States District Court for the Southern District of New York, alleging copyright infringement. Pet. App. 66a. Following protracted negotiations, the parties entered into a proposed class-wide settlement. Pet. App. 66a. The settlement would have entitled Google to digitize more books, and to sell subscriptions to an electronic books database, online access to individual books, and advertising on Google Books pages. Pet. App. 89a. In exchange, rightsholders whose books had been digitized by

⁴ Google Books' Director of Engineering confirmed this fact in his deposition, and it can be verified by any user conducting a search today.

Google could claim a one-time payment of at least \$60 per book, or \$5 to \$15 for partial works, plus 63% of all revenues Google earned with their works, including subscription and advertising revenues. Pet. App. 89a-90a. Google committed to provide at least \$45 million for a Settlement Fund for this purpose. Pet. App. 90a.

The district court rejected the settlement as too generous to Google. Pet. App. 89a. It stated that the settlement “would simply go too far” because it “would grant Google significant rights to exploit entire books, without permission of the copyright owners.” Pet. App. 84a-85a. The court was especially concerned that copyright owners who were unaware of the settlement would be deprived of the “right to exclude others from using [their] property”—a right the court deemed “fundamental and beyond dispute.” Pet. App. 111a (citing *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)). As the court explained, “it is incongruous with the purpose of the copyright laws to place the onus on copyright owners to come forward to protect their rights when Google copied their works without first seeking their permission.” Pet. App. 112a-113a. The court also expressed other concerns about the settlement, including that it would run afoul of antitrust laws, privacy laws, and international law. Pet. App. 114a-121a.

After rejecting the settlement, the district court granted class certification. Pet. App. 80a. The Second Circuit vacated that order, directing the district court to first adjudicate Google’s motion for summary judgment on its fair-use defense, which it stated could moot the class-certification issue. Pet. App. 81a-82a.

On November 14, 2013, the district court granted summary judgment, finding that Google’s copyright infringement constituted fair use, Pet. App. 56a-57a, as the Second Circuit had suggested. Petitioners appealed, and the Second Circuit affirmed. Pet. App. 1a-4a.

The Second Circuit’s finding of fair use was largely controlled by its analysis under the first fair-use factor—the purpose and character of the use. It held that “Google’s making of a digital copy of Plaintiffs’ books for the purpose of enabling a search for identification of books containing a term of interest to the searcher involves a highly transformative purpose.” Pet. App. 24a. The court stated that “such copying is essential” to effectuate this search function; however, it did not explain why Google needed to make unauthorized copies, as opposed to licensing these rights. Pet. App. 25a.

The court then concluded that Google’s display of excerpts of the books “adds importantly to the highly transformative purpose of identifying books of interest to the searcher.” Pet. App. 27a. The court dismissed the commercial nature of Google’s use—a factor explicitly included in the statute, *see* 17 U.S.C. § 107(1)—as unimportant in light of Google’s “highly convincing transformative purpose.” Pet. App. 30a.

Rather than independently analyze the second factor, the “nature of the copyrighted work,” 17 U.S.C. § 107(2), as the statute directs, the Second Circuit conflated it with the first factor, asking whether the *copy* had a different “objective” than the original. It held that “because the secondary use transformatively

provides valuable information,” the factor favors fair use. Pet. App. 33a.

In discussing the third factor, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, the Second Circuit again ignored the statute and gave no weight to Google’s “[c]omplete unchanged copying,” concluding it was “reasonably appropriate to achieve the copier’s transformative purpose and was done in such a manner that it did not offer a competing substitute for the original.” Pet. App. 34a.

The Second Circuit also concluded that the fourth factor, market harm, weighed in Google’s favor. Pet. App. 42a. First, the court again highlighted the primacy of the “transformative” determination, stating there was a “close linkage between the first and fourth factors.” Pet. App. 39a. The court focused only on direct loss of sales from the display of excerpts, giving no weight to potential and existing secondary licensing markets for inclusion of works in digital databases. Having adopted such a narrow focus, the court concluded:

We recognize that the snippet function can cause *some* loss of sales. . . . But the possibility, or even the probability or certainty, of some loss of sales does not suffice to make the copy an effectively competing substitute that would tilt the weighty fourth factor in favor of the rights holder in the original. There must be a meaningful or significant effect “upon the potential market for or value of the copyrighted work.”

Pet. App. 40a-41a (quoting 17 U.S.C. § 107(4)) (emphasis in original).

Moreover, the court speculated that “the type of loss of sales envisioned above will generally occur in relation to interests that are not protected by the copyright.” Pet. App. 41a. The court explained that a student searching for “Roosevelt polio” would reveal a book stating the year President Roosevelt caught polio, but the loss of the sale of that book would result from the student learning a fact that could not be copyrighted. Pet. App. 41a-42a. The court cited no evidence to indicate that readers only enjoyed the facts and not the expression in the text, nor did the court explain how its speculation was relevant to whether Google’s conduct had affected the market for the original—*i.e.*, the statutory test.

The Second Circuit further concluded that it was a fair use for Google to pay its library partners by distributing to them complete electronic copies of the books. Pet. App. 51a. The court did not undertake a fair-use analysis based upon the four statutory factors, Pet. App. 50a-53a; instead it summarily concluded that “[i]f the library had created its own digital copy to enable its provision of fair use digital searches, the making of that digital copy would not have been infringement,” Pet. App. 51a. The court concluded that, if the libraries (many of which are state-run institutions immune from damages suits in federal court) violated copyright, they could be sued. Pet. App. 52a.

Finally, the Second Circuit held that the Authors Guild lacked standing to sue, because (unlike the individual author plaintiffs) it was proceeding on a

theory of associational standing, representing its members. The court applied the Second Circuit's rule that copyright claims can only be pursued by rightsholders and that this precludes associational standing. Pet. App. 5a n.1.

REASONS TO GRANT THE PETITION

This case represents an unprecedented judicial expansion of the fair-use doctrine that threatens copyright protection in the digital age. The decision below authorizing mass copying, distribution, and display of unaltered content conflicts with this Court's decisions and the Copyright Act itself. This case also presents important issues on which the circuits are split, highlighting the need for this Court to act.

First, the decision below fundamentally remakes the fair-use doctrine by eliminating any focus on whether the use involves the creation of "*new expression, meaning, or message.*" *Campbell*, 510 U.S. at 579 (emphasis added). The Second Circuit held that a work need not be altered at all, so long as the copies of it are used for a different and valuable purpose that can be labeled "transformative." This revision of the doctrine goes far beyond anything contemplated by this Court's precedent, and conflicts directly with decisions of the Third, Sixth, and Eleventh Circuits. The Second Circuit's approach, which also finds support in decisions of the Fourth and Ninth Circuits, raises serious concerns. By divorcing the fair-use inquiry from the traditional goal of promoting creativity, the approach empowers judges to approve any reuse of copyrighted works that those judges deem socially beneficial. And judges will undertake this essentially legislative task

on an after-the-fact, case-by-case basis, judging each new use that emerges in the marketplace. As a result of the *ad hoc* nature of this approach, the actual boundaries of copyright protection will be both unknowable and constantly expanding.

Second, the decision below substitutes a single “transformative use” test for meaningful application of the four statutory factors. The Seventh Circuit has pointedly rejected this approach, noting that the “Second Circuit has run with [its approach] and concluded that ‘transformative use’ is enough” to establish fair use. *Kienetz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014). According to the Seventh Circuit, the Second Circuit’s singular focus on transformation not only “replaces the list in § 107 but also could override 17 U.S.C. § 106(2), which protects derivative works. . . . We think it best to stick with the statutory list. . . .” *Id.* The result of the Second Circuit’s shift to a one-factor test is a decision that blesses a commercial company’s decision to engage in copyright infringement on a massive scale to enhance its own profitability, despite the court’s recognition that Google’s infringement itself will cause some amount of market harm. The decision also disregards the inevitable additional harm that will come from widespread imitation of Google’s conduct, especially by those lacking Google’s data security. Such an outcome defies both the words and will of Congress.

Third, in holding that Google is protected from liability for its unauthorized distribution of copies to libraries, the Second Circuit has disregarded the statutory text. The Second Circuit held Google

immune because the libraries promised to use the copies in a non-infringing manner, and the court predicted they would be shielded by fair use had *they* engaged in the copying. This holding is in direct conflict with holdings of the Sixth Circuit and represents a substantial and unwarranted expansion of the fair-use doctrine.

Fourth, by holding that the Authors Guild lacks standing to bring copyright infringement claims on behalf of its members, the Second Circuit split with the Eleventh Circuit, which has rejected efforts to carve out a copyright exception to associational standing. Nothing in Article III nor the Copyright Act warrants such an exception where an associational plaintiff meets the usual requirements to assert a claim on behalf of its members.

These issues, and the fundamental disagreements among the circuits in these areas, warrant this Court's plenary consideration. The decision below holds that infringement can be "fair use" even without altering the content of a copyrighted work so long as the infringement supports a different purpose that a court deems sufficiently beneficial. The stunning result of this approach—where fair use is measured in accordance with a service's perceived usefulness—is that the more massive the infringement, the more likely it is to be upheld as "fair," and, as a result, *de facto*, compensation-free compulsory licenses are created. This analysis also eradicates the author's ability to exploit new derivative markets that others got to first—at a time when new markets are constantly supplanting old ones.

Moreover, the Second Circuit gave no weight to the fact that its decision will turn loose countless others to build their own databases by making verbatim copies of copyrighted works, whether they be books, movies, or music, with or without the kinds of security that Google says it provides. In a digital age when technological barriers to mass infringement have become minimal, this is no small matter.

Ultimately, this case is about whether classic infringing behavior—copying for profit—should be excused by courts based upon the perceived social benefit of ignoring creators’ exclusive rights. Digitizing twenty million books may well be a good idea, and Google Books may well benefit society. But that kind of policy judgment provides “no warrant for judicially imposing . . . a ‘compulsory license’” *Harper & Row*, 471 U.S. at 569.

Nor should the fair-use doctrine be judicially “transformed” to bless Google’s decision to bypass copyright law. Google could have sought permission and paid authors a reasonable royalty (if requested) for making multiple copies of their books and making 78% of the books available for display. Google and Petitioners had already agreed upon a means to do so, in a class settlement that was eventually rejected as too favorable to Google. Pet. App. 84a-85a. If Congress believes Google’s actions are socially beneficial, it can enact a statutory licensing scheme. But the Second Circuit may not fundamentally alter copyright laws in order to immunize copyright infringement on a massive scale—just because it believes it to be useful. This

Court must intervene to correct the Second Circuit's errors and harmonize this important area of law.

I. The Court Should Resolve the Conflict over Whether a Use of a Copyrighted Work that Adds No New Creative Content Can Nevertheless Be “Transformative” for Fair-Use Purposes.

When this Court introduced the phrase “transformative use” to guide consideration of prong one of the statutory fair-use analysis, it made clear that a transformative fair use must alter the copyrighted work with new expression, meaning, or message. The inquiry turned on whether the *work itself* was sufficiently transformed to escape liability for copyright infringement.

In *Campbell*, this Court examined whether a parody of the song “Oh, Pretty Woman” had a purpose and character favoring fair use. 510 U.S. at 571. The Court found guidance in “the examples given in the preamble to § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like.” *Id.* at 578-79. Elaborating further, the Court explained that

[t]he central purpose of this investigation is to see . . . whether the new work merely supersede[s] the objects of the original creation, 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.

Id. at 579 (internal citations omitted) (brackets in original) (emphasis added).

Consistent with this explanation of “transformative use,” this Court concluded the parody “reasonably could be perceived as commenting on the original or criticizing it, to some degree.” *Id.* at 583. “Transformative use” was coined as a way for courts to identify expressive uses that constitute *new works*, with added original expression in the nature of commentary or criticism. This accords with the intent of the fair-use exception: to afford “breathing space within the confines of copyright” in order not to stifle the very purpose of copyright, “to promote science and the arts.” *Id.* at 579.

A. The Third, Sixth, and Eleventh Circuits Properly Employ the “Transformative Use” Test to Identify New Creative Expression Warranting Protection from Liability.

Consistent with *Campbell*, the Third, Sixth, and Eleventh Circuits employ the “transformative use” test to identify works that add new creative expression or meaning to the original.

In *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, 342 F.3d 191, 195 (3d Cir. 2003), a company created, without authorization, two-minute video clips from Disney movies. Much like Google in this case, it then stored the clips in its database, and made the database searchable on its website. *Id.* at 195-96. A user could view a clip and was then presented with links to retailers from whom the movie

could be purchased. *Id.* at 195. Video Pipeline sought a declaratory judgment that this was fair use, arguing “that its use of the clip previews substantially transforms the full-length films from which they derive because the clips and the movies have different purposes.” *Id.* at 198. It added that “the original works have an aesthetic and entertainment purpose while the clip previews serve only to provide information about the movies to internet users.” *Id.*

The Third Circuit disagreed, highlighting the lack of added creative expression by Video Pipeline. “Video Pipeline’s clip previews—to reiterate, approximately two-minute excerpts of full-length films with movie title and company trademark shown—do not add significantly to Disney’s original expression.” *Id.* The court contrasted Video Pipeline’s clips with a movie reviewer displaying two-minute clips. “The movie reviewer does not simply display a scene from the movie under review but as well provides his or her own commentary and criticism. In so doing, the critic may add to the copy sufficient ‘new expression, message, or meaning’ to render the use fair.” *Id.* at 200 (quoting *Campbell*, 510 U.S. at 579). The court concluded:

Here, in contrast, the fact that a substantial portion, indeed almost all, of the infringing work was copied verbatim from copyrighted work with no added creative activity reveal[s] a dearth of transformative character or purpose. Consequently, rejecting the fair use defense in this case will not likely stifle the very creativity that the Copyright Clause is designed to foster.

Id. (internal quotation marks and citations omitted) (bracket in original). Moreover, the Third Circuit also was not persuaded that Video Pipelines’ links to authorized retailers warranted a fair-use finding. “[A] link to a legitimate seller of authorized copies does not here, if it ever would, make *prima facie* infringement a fair use.” *Id.*

The Sixth Circuit likewise focuses its “transformative use” assessment on the presence of added creative expression. In *Princeton University Press v. Michigan Documents Services, Inc.*, 99 F.3d 1381 (6th Cir. 1996) (*en banc*), a commercial copyshop made unauthorized copies of book excerpts for “coursepacks” it sold to students, *id.* at 1383. Regarding the first factor, the court concluded the coursepacks were not transformative:

If you make verbatim copies of 95 pages of a 316 page book, you have not transformed the 95 pages very much—even if you juxtapose them to excerpts from other works and package everything conveniently. This kind of mechanical ‘transformation’ bears little resemblance to the creative metamorphosis accomplished by the parodists in the *Campbell* case.

Id. at 1389.

The Eleventh Circuit follows the same approach. In *Cambridge University Press v. Patton*, 769 F.3d 1232 (11th Cir. 2014), a university allowed professors to digitally scan excerpts of books and upload them to an internal website for student use. *Id.* at 1239. The court

rejected the argument that this was a transformative use:

Defendant’s use of excerpts of Plaintiffs’ works is not transformative. The excerpts of Plaintiffs’ works posted on GSU’s electronic reserve system are verbatim copies of portions of the original books which have merely been converted into a digital format. Although a professor may arrange these excerpts into a particular order or combination for use in a college course, this does not imbue the excerpts themselves with any more than a *de minimis* amount of new meaning.

Id. at 1262 (internal citation omitted). The Eleventh Circuit concluded that “[a]lthough an electronic reserve system may facilitate easy access to excerpts of Plaintiffs’ works, it does nothing to transform those works.” *Id.* at 1263.⁵

B. The Second, Fourth, and Ninth Circuits Interpret “Transformative Use” To Refer to Secondary Uses that Alter No Original Content and Whose Purposes Are Not Creative Expression.

In the decision below, the Second Circuit applied a sharply conflicting approach. Substituting a “transformative purpose” test for the “transformative

⁵ The court also noted the contrary approach of the Second Circuit in this regard. *See id.* (citing with a “but see” reference the Second Circuit’s holding in *Author’s Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97 (2d Cir. 2014)).

work” requirement described in *Campbell*, the Second Circuit “ha[d] no difficulty concluding that Google’s making of a digital copy of Plaintiffs’ books for the purpose of enabling a search” had “a highly transformative purpose, in the sense intended by *Campbell*.” Pet. App. 24a. According to the court, copying whole books and displaying unaltered excerpts aids the searcher in “evaluat[ing] whether the books falls within the scope of her interest[,] . . . add[ing] importantly to the highly transformative purpose of identifying books of interest to the searcher.” Pet. App. 27a. Thus, Google “transformatively provides valuable *information about* the original.” Pet. App. 25a (emphasis added).

This was not a new idea in the Second Circuit. *See, e.g., Author’s Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97 (2d Cir. 2014) (holding that the libraries that jointly formed a search engine using the electronic copies of books provided by Google had a transformative purpose because “[t]here is no evidence the Authors write with the purpose of enabling text searches of their books”).⁶

⁶ The Second Circuit previously has taken the contrary position, noting in *Infinity Broadcast Corp. v. Kirkwood*, 150 F.3d 104 (2d Cir. 1998), that “difference in purpose is not quite the same thing as transformation, and *Campbell* instructs that transformativeness is the critical inquiry under this factor.” *Id.* at 108; *id.* (where “[t]here is neither new expression, new meaning nor new message . . . there is no transformation” (internal quotation marks omitted)).

District courts in the Second Circuit have followed these precedents in upholding the copying and distribution of other types of copyrighted works as fair use, including one service that records television news broadcasts around-the-clock and turns them into a word-searchable database of clips. *See Fox News Network, LLC v. TVEyes, Inc.*, No. 13-cv-05315-AKH, ___ F. Supp. 3d ___, 2015 WL 5025274, at *4 (S.D.N.Y. Aug. 25, 2015) (finding the service transformative “because it serves a different purpose than the original”).

The Fourth and Ninth Circuits have also found a transformative purpose in the absence of any creation of new expression. *See A.V. ex rel Vanderhye v. iParadigms, LLC*, 562 F.3d 630, 639 (4th Cir. 2009) (addressing a database of college papers used to detect plagiarism) (“The use of a copyrighted work need not alter or augment the work to be transformative in nature. Rather, it can be transformative in function or purpose without altering or actually adding to the original work.”); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818 (9th Cir. 2003) (concluding that search engine could copy images from websites and display smaller, low-resolution copies because these images “served an entirely different function than [the artist’s] original images”); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (finding indexing of images and display of thumbnail copies in response to search queries to be “highly transformative” because “a search engine transforms the image into a pointer directing a user to a source of information”).

There is thus a clear conflict, with three circuits arrayed on either side. And that conflict is stark. What the Second Circuit called a “highly convincing transformative purpose” in this case, Pet. App. 30a, would, in the Third Circuit, demonstrate “a dearth of transformative character or purpose,” *Video Pipeline*, 342 F.3d at 200 (quotation marks omitted).

C. The Court Should Grant Certiorari to Resolve this Issue.

The Court’s review of this issue is warranted not only to resolve the circuit split, but also because the test applied by the Second, Fourth, and Ninth Circuits turns the fair-use doctrine on its head.

The copyright laws are intended to promote new expression, not just the consumption of creative works. “[I]t should not be forgotten that the Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one’s expression, copyright supplies the economic incentive to create and disseminate ideas.” *Harper & Row*, 471 U.S. at 558. If fair use now covers infringements undertaken for a useful but non-expressive purpose, then the more massive and widespread the infringement, the more likely it is to be found useful and therefore fair. That cannot be what Congress intended when it codified the fair-use exception into law, nor what this Court meant when it emphasized the “central purpose” of testing “whether the new work merely ‘supersede[s] the objects’ of the original creation” or whether it “*adds something new*, with a further purpose or different character, altering the first with *new expression, meaning, or message*.” *Campbell*,

510 U.S. at 579 (citation omitted) (bracket in original) (emphasis added). Massive infringement with zero altered content could not be further from what the Court described as transformative in *Campbell*.

Furthermore, this Court has made clear that fair use ought not turn on the social utility of the infringing work or act: “[T]o propose that fair use be imposed whenever the social value [of dissemination] . . . outweighs any detriment to the artist would be to propose depriving copyright owners of their right in the property precisely when they encounter those users who could afford to pay for it.” *Harper & Row*, 471 U.S. at 559 (quotation marks omitted) (alterations in original).⁷ Google could have produced the same product by licensing the copyrighted works instead of taking them without authorization. The Second Circuit ignored that fact and found Google’s infringement was justified by the “social value” of its product.

The ability of the internet to improve access to information and content is a good thing. But since its founding, this nation—like most nations across the world—has committed to encourage artistic and scientific progress through incentives for creators. To be effective, those incentives must entitle creators to

⁷ Google can certainly afford to pay authors to use their books to improve its profit-making search engine. *See e.g.*, Pet. App. 58a. And as counsel for Petitioners made clear at oral argument in the Second Circuit, Petitioners in this case merely seek to require Google to obtain a license, just as anyone else would be required to do. Petitioners are not seeking to shut Google Books down.

control their works—with limited exceptions. *See Harper & Row*, 471 U.S. at 568 (“If defendant’s work adversely affects the value of any of the rights in the copyrighted work[,] . . . the use is not fair.”). Whether the arrival of the digital age should radically alter that decision is a profound policy question exclusively in Congress’s purview. As this Court has stated:

From its beginning, the law of copyright has developed in response to significant changes in technology. Indeed, it was the invention of a new form of copying equipment—the printing press—that gave rise to the original need for copyright protection. Repeatedly, as new developments have occurred in this country, it has been the Congress that has fashioned new rules that new technology made necessary. . . . Sound policy, as well as history, supports our consistent deference to Congress when major technological innovations alter the market for copyrighted materials.

Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 430-31 (1984) (footnotes omitted).

II. The Second Circuit’s Singular Focus on Transformative Use Overrides the Express Statutory Factors.

The decision below also merits review because its flawed “transformative use” approach wholly displaced the statutory fair-use factors. The statute does not use the word “transformative.” Rather, this Court used the phrase to describe the type of new creative works whose “purpose and character,” 17 U.S.C. § 107(1),

weighed in favor of fair-use protection from liability, *see Campbell*, 510 U.S. at 578-79; *see also Sconnie Nation*, 766 F.3d at 758 (noting that transformative use is “not one of the statutory factors, though the Supreme Court mentioned it in [*Campbell*]”). Critically, this Court explained that “[a]ll [factors] are to be explored, and the results weighed together, in light of the purposes of copyright.” *Campbell*, 570 U.S. at 578; *see United States v. Menasche*, 348 U.S. 528, 538-39 (1955) (“It is our duty to give effect, if possible, to every clause and word of a statute.” (internal quotation marks omitted)).

But the Second Circuit focused on just one thing in addressing each of the four statutory factors—Google’s supposed “highly convincing transformative purpose.” Pet. App. 30a. In doing so, it discounted the rest of the statutory considerations.

Thus, the court dismissed Google’s commercial purpose—an express statutory consideration—treating it as irrelevant in light of the supposedly transformative purpose. Pet. App. 27a-31a.⁸

Then, the court effectively held that the second factor will always be satisfied when the use is sufficiently transformative. Although the statute calls

⁸ Although this Court has noted that many fair uses are commercial, it did so by reference to the “criticism” and “comment” examples in the preamble to the Section 107. *See Campbell*, 510 U.S. at 584. Google’s action was motivated by none of the preamble’s purposes. Instead it engaged in “verbatim copying of the original in its entirety for commercial purposes.” *Id.* at 591.

for consideration of the “nature of the *copyrighted work*,” 17 U.S.C. § 107(2) (emphasis added), the Second Circuit instead asked “whether the copying work has an objective that differs from the original,” concluding that because Google’s use had a transformative purpose, the second factor favored fair use. Pet. App. 31a.

The court also decided that the third factor—the “amount and substantiality” of the portion used, 17 U.S.C. § 107(3)—did not affect the outcome. Although Google copied *entire* books, the court concluded that this did not matter. Instead, it held that the wholesale copying “was reasonably appropriate to achieve the copier’s *transformative purpose*.” Pet. App. 34a (emphasis added). Creating a new rule, the court stated that “[w]hat matters” is not the portion actually used, as the statute provides, but “the amount and substantiality of *what is thereby made accessible* to [the] public.” Pet. App. 35a-36a (emphasis in original). By adding this new element to the third factor, the court ignored the myriad ways Google profits from having copied the entire book without a license. *See supra* 2, 7-8. Moreover, the Second Circuit did not even bother to assess the authors’ individual books to determine whether the “heart,” *Campbell*, 510 U.S. at 587, of any could be accessed through displays of excerpts, *see Cambridge*, 769 F.3d at 1259 (“Fair use must be determined on a case-by-case basis, by applying the four factors to each work at issue.”).

The fourth factor—market harm—was similarly neutered. The Second Circuit acknowledged that Google’s display of excerpts “can cause *some* loss of

sales.” Pet. App. 40a (emphasis in original). “But the possibility, or even the probability or certainty, of some loss of sales does not suffice to make the copy an effectively competing substitute that would tilt the weighty fourth factor in favor of the rights holder in the original.” Pet. App. 40a.

The court minimized the harm based on its own speculation that it would be a “rare case” in which a searcher would be satisfied by the excerpts. Pet. App. 42a. Google introduced no evidence—and certainly no undisputed evidence—to support this assertion.⁹ *Contra Campbell*, 510 U.S. at 590 (“Since fair use is an affirmative defense, its proponent would have difficulty carrying the burden of demonstrating fair use without favorable evidence about relevant markets.” (footnote omitted)).

The Second Circuit’s unsupported conclusion about market harm is wholly inconsistent with the presumption of market harm this Court reaffirmed in *Campbell*. This Court explained that in “a context of verbatim copying of the original in its entirety for commercial purposes,” 510 U.S. at 591, such a presumption “makes common sense: when a commercial use amounts to mere duplication of the entirety of an original, it clearly supersede[s] the objects of the original and serves as a market replacement for it,” *id.* The Second Circuit avoided this by analyzing only the

⁹ For example, Google presumably possesses data showing the percentage of people who click the links to purchase books after viewing the excerpts, but has never produced that evidence.

excerpts displayed to the public, ignoring that Google copied millions of books in their entirety rather than purchase digital copies from each author.

The Second Circuit's market analysis also improperly limited potential, and even existing, markets for licensed distribution of books. Petitioners had offered evidence of existing or potential markets for inclusion in licensed databases that authors would readily accept. But the Second Circuit ruled that evidence irrelevant simply because the licensed services typically display larger excerpts. Pet. App. 45a. That is beside the point: Google copied authors' works many times over and deprived Petitioners of licensing revenue. The court's single-minded focus on Google's so-called "transformative" purpose caused the court to disregard this market harm along with the myriad additional harms that will likely arise as countless other companies and individuals start to build large unlicensed databases, with whatever data-security arrangements they choose to install.

Prior to the decision below, the Seventh Circuit had warned against the Second Circuit's myopic focus on transformativeness:

We're skeptical of [the Second Circuit's] approach, because asking exclusively whether something is 'transformative' . . . replaces the list in § 107

We think it best to stick with the statutory list, of which the most important usually is the fourth (market effect).

Sconnie Nation, 766 F.3d at 758.¹⁰ This case proves the Seventh Circuit’s skepticism to be well founded.

III. The Second Circuit’s Holding that Google is Not Liable for Using Digital Copies of Books To Pay Libraries Is Contrary to the Statute and the Holdings of the Sixth Circuit.

This Court should also review this case to resolve a conflict between the circuits as to whether a commercial enterprise may evade copyright liability by claiming its non-commercial business partners would only use the copies in non-infringing ways and would be protected by the fair-use doctrine had *they* engaged in the original reproduction.

¹⁰ Leading copyright scholars have likewise warned against perceived transformativeness overtaking the statutory test. For instance, Nimmer has cautioned that “more consideration must be paid to ‘transformation’ as an ingredient of fair use. . . . ‘[T]he transformative use standard has become all things to all people.’” 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.05[A][1][b] at 13-171 (Rev. Ed. 2015) (citation omitted); see also *Orphan Works and Mass Digitization Roundtables*, Library of Cong. 39 (Mar. 10, 2014), <http://copyright.gov/orphan/transcript/0310LOC.pdf> (statement of June Besek) (“[F]air use has incredibly expanded over the past several years and I think it’s expanded to the point that it is distorting the law.”); 2 Paul Goldstein, *Goldstein on Copyright* § 12.2.2, at 12:34.1 (3d ed. Supp. 2016) (noting “hazards implicit in the transformative use doctrine,” including that it “can be applied to excuse virtually any use that a court decides is socially beneficial, without regard to section 107’s limiting first sentence or its prescribed four factors”).

Section 106 grants authors the exclusive right to “distribute copies . . . of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.” 17 U.S.C. § 106(3). Google distributed to its library partners, as payment for access to twenty million books, digital copies of those books—in other words, books “transformed” into a “derivative” digital “form.” 17 U.S.C. § 101; *see also* § 106(2).

In rejecting Petitioners’ claims as to this distribution, the Second Circuit did not conduct a fair-use analysis. Rather, the court noted that the libraries had agreed to comply with copyright law in using the digital copies, Pet. App. 51a, and excused the distribution because of the court’s view that

[i]f the library had created its own digital copy to enable its provision of fair use digital searches, the making of the digital copy would not have been infringement. Nor does it become an infringement because, instead of making its own digital copy, the library contracted with Google that Google would use its expertise and resources to make the digital conversion for the library’s benefit.

Pet. App. 51a. The court recognized “the possibility that libraries may use the digital copies Google created for them in an infringing manner,” Pet. App. 52a, and “the additional possibility that the libraries might . . . mishandle” or “fail[] to protect[] their digital copies, leaving them unreasonably vulnerable to hacking,” Pet. App. 52a. But it dismissed these as “nothing more than a speculative liability.” Pet. App. 52a.

This reasoning defies the statutory text. Google “reproduce[d] the copyrighted work[s],” and “distribute[d] copies . . . of the copyrighted work to [libraries] by sale or other transfer of ownership,” 17 U.S.C. § 106(1), (3). Moreover, Congress explicitly regulated the conditions under which libraries may make digital copies of published books: they may make no more than three digital copies *only* if the existing books are “damaged, deteriorating, lost, or stolen,” or if the existing format is obsolete, 17 U.S.C. § 108(c), *and* if the books are unavailable at a fair price and the digital copies are only made available for viewing inside the library premises, *id.* Congress cabined this right to “isolated” instances of copying, specifically prohibiting “concerted reproduction or distribution of multiple copies” and “systematic reproduction or distribution” of copies. *Id.* § 108(g). Despite the obvious violations of these statutes, the Second Circuit concluded that Google could not be held liable because the libraries *might* make fair use of the digital copies at some point in the future. And if it turns out that they do not, then the *libraries* could be sued. Pet. App. 52a.

But Google is the infringer here, not the libraries; Google made the copies and distributed them. This alone was infringement. Google’s “use” of Petitioners’ copyrighted works in this regard was as a form of currency to obtain unlicensed access to physical copies of the books. This usurped the authors’ market for digital copies of their books, and Google did it to expand its dominant market position and resultant ad revenue. Whatever can be said about the scope of the fair-use doctrine, surely it cannot be that using copyrighted

works without authorization as a form of currency to maximize corporate profits is a fair use.

The Second Circuit's approach has been rejected by the Sixth Circuit, which holds that a commercial enterprise cannot evade copyright liability by asserting its customers would be protected by the fair use doctrine had they engaged in the infringing behavior themselves.

In *Princeton*, the copyshops that made unauthorized copies of book excerpts they then sold to students contended that "the copying at issue here would be considered 'nonprofit education' if done by the students or professors themselves." 99 F.3d at 1389. The Sixth Circuit rejected this argument: "[T]he courts have . . . properly rejected attempts by for-profit users to stand in the shoes of their customers making nonprofit or noncommercial uses." *Id.* (quotation marks omitted) (alterations in original). It noted that the legislative history supports this view:

[I]t would not be possible for a non-profit institution, by means of contractual arrangements with a commercial copying enterprise, to authorize the enterprise to carry out copying and distribution functions that would be exempt if conducted by the non-profit institution itself.

Id. (quoting H.R. Rep. No. 94-1476 at 74 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5687-88); see also *Princeton*, 99 F.3d at 1386 ("[T]he use of the materials by the students is not what the publishers are challenging, [but rather] the duplication of copyrighted

materials for sale by a for-profit corporation that has decided to maximize its profits . . . by declining to pay the royalties requested by the holders of the copyrights.”).

Likewise, in *Zomba Enterprises, Inc. v. Panorama Records, Inc.*, 491 F.3d 574, 582-83 (6th Cir. 2007), the Sixth Circuit made clear that “the end-users’ utilization of the product is largely irrelevant; instead the focus is on . . . [the] alleged infringer’s use.” *Id.* It held that where the infringer’s use is “performed on a profit-making basis by a commercial enterprise,” *id.* at 583 (quotation marks omitted), how others later use the copies is irrelevant.

The Second Circuit’s dismissal of Google’s use of copies as currency is premised on a legal principle the Sixth Circuit has expressly rejected and that is wholly inconsistent with the plain text of the statute.

IV. The Court Should Also Grant Certiorari To Decide Whether Associational Standing Applies in Copyright Cases.

This case presents yet another circuit split over whether groups like the Authors Guild may assert associational standing on behalf of their members in copyright cases. The Second Circuit said no, Pet. App. 5a n.1, applying that circuit’s distinctive rule that Section 501 of the Copyright Act—by requiring that a plaintiff be “the owner” of exclusive rights, 17 U.S.C. § 501(b)—precludes any form of representative standing. But that rule conflicts with the rule applied in the Eleventh Circuit, which has upheld associational standing under the Copyright Act. *See CBS Broad.*,

Inc. v. Echostar Commc'ns Corp., 450 F.3d 505, 517 n.25 (11th Cir. 2006) (allowing associations to assert copyright infringement claims on behalf of members and citing *Hunt v. Washington State Apple Advertising Comm'n*, 432 U.S. 333 (1977)); *see also* 3 *Nimmer on Copyright* § 12.02[B] (Rev. Ed. 2015) (noting that performing rights societies may have associational standing to assert copyright claims).

Moreover, the Second Circuit's rule makes no sense. It is true that section 501(b) of the Act only authorizes suits by legal or beneficial owners of exclusive rights under a copyright. But when an association asserts an infringement claim on behalf of members who fit that description, the situation is no different from any other associational standing case. The parties with individual standing are always the individual members, but the law allows the association to aggregate their claims under appropriate circumstances. There is nothing unique about copyright law that exempts member associations like the Authors Guild from this principle. The Court should resolve this conflict in favor of associational standing.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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December 31, 2015

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1a

Appendix A

THE AUTHORS GUILD, BETTY MILES,
JIM BOUTON, JOSEPH GOULDEN, individually
and on behalf of all others similarly situated,
Plaintiff-Appellants,

HERBERT MITGANG, DANIEL HOFFMAN,
individually and on behalf of all others similarly
situated, PAUL DICKSON, THE MCGRAW-HILL
COMPANIES, INC., PEARSON EDUCATION, INC.,
SIMON & SCHUSTER, INC., ASSOCIATION OF
AMERICAN PUBLISHERS, INC., CANADIAN
STANDARD ASSOCIATION, JOHN WILEY &
SONS, INC., individually and on behalf of all others
similarly situated,
Plaintiffs,

v.

GOOGLE, INC.,
Defendant-Appellee.

Docket No. 13-4829-cv

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

December 3, 2014, Argued
October 16, 2015, Decided

JUDGES: Before: LEVAL, CABRANES, PARKER,
Circuit Judges.

OPINION

This copyright dispute tests the boundaries of fair use. Plaintiffs, who are authors of published books under copyright, sued Google, Inc. (“Google”) for copyright infringement in the United States District Court for the Southern District of New York (Chin, *J.*). They appeal from the grant of summary judgment in Google’s favor. Through its Library Project and its Google Books project, acting without permission of rights holders, Google has made digital copies of tens of millions of books, including Plaintiffs’, that were submitted to it for that purpose by major libraries. Google has scanned the digital copies and established a publicly available search function. An Internet user can use this function to search without charge to determine whether the book contains a specified word or term and also see “snippets” of text containing the searched-for terms. In addition, Google has allowed the participating libraries to download and retain digital copies of the books they submit, under agreements which commit the libraries not to use their digital copies in violation of the copyright laws. These activities of Google are alleged to constitute infringement of Plaintiffs’ copyrights. Plaintiffs sought injunctive and declaratory relief as well as damages.

Google defended on the ground that its actions constitute “fair use,” which, under 17 U.S.C. § 107, is “not an infringement.” The district court agreed. *Authors Guild, Inc. v. Google Inc.*, 954 F. Supp. 2d 282, 294 (S.D.N.Y. 2013). Plaintiffs brought this appeal.

Plaintiffs contend the district court's ruling was flawed in several respects. They argue: 1) Google's digital copying of entire books, allowing users through the snippet function to read portions, is not a "transformative use" within the meaning of *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578-585, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994), and provides a substitute for Plaintiffs' works; (2) notwithstanding that Google provides public access to the search and snippet functions without charge and without advertising, its ultimate commercial profit motivation and its derivation of revenue from its dominance of the world-wide Internet search market to which the books project contributes, preclude a finding of fair use; (3) even if Google's copying and revelations of text do not infringe plaintiffs' *books*, they infringe Plaintiffs' *derivative rights* in search functions, depriving Plaintiffs of revenues or other benefits they would gain from licensed search markets; (4) Google's storage of digital copies exposes Plaintiffs to the risk that hackers will make their books freely (or cheaply) available on the Internet, destroying the value of their copyrights; and (5) Google's distribution of digital copies to participant libraries is not a transformative use, and it subjects Plaintiffs to the risk of loss of copyright revenues through access allowed by libraries. We reject these arguments and conclude that the district court correctly sustained Google's fair use defense.

Google's making of a digital copy to provide a search function is a transformative use, which augments public knowledge by making available information *about* Plaintiffs' books without providing the public with a

substantial substitute for matter protected by the Plaintiffs' copyright interests in the original works or derivatives of them. The same is true, at least under present conditions, of Google's provision of the snippet function. Plaintiffs' contention that Google has usurped their opportunity to access paid and unpaid licensing markets for substantially the same functions that Google provides fails, in part because the licensing markets in fact involve very different functions than those that Google provides, and in part because an author's derivative rights do not include an exclusive right to supply information (of the sort provided by Google) about her works. Google's profit motivation does not in these circumstances justify denial of fair use. Google's program does not, at this time and on the record before us, expose Plaintiffs to an unreasonable risk of loss of copyright value through incursions of hackers. Finally, Google's provision of digital copies to participating libraries, authorizing them to make non-infringing uses, is non-infringing, and the mere speculative possibility that the libraries might allow use of their copies in an infringing manner does not make Google a contributory infringer. Plaintiffs have failed to show a material issue of fact in dispute.

We affirm the judgment.

BACKGROUND

I. Plaintiffs

The author-plaintiffs are Jim Bouton, author of *Ball Four*; Betty Miles, author of *The Trouble with Thirteen*; and Joseph Goulden, author of *The Superlawyers: The Small and Powerful World of the Great Washington*

Law Firms. Each of them has a legal or beneficial ownership in the copyright for his or her book.¹ Their books have been scanned without their permission by Google, which made them available to Internet users for search and snippet view on Google's website.²

II. Google Books and the Google Library Project

Google's Library Project, which began in 2004, involves bi-lateral agreements between Google and a number of the world's major research libraries.³ Under these agreements, the participating libraries select books from their collections to submit to Google for

¹ The Authors Guild, a membership organization of published authors, is also a plaintiff and appellant, seeking injunctive and declaratory relief on behalf of its members. However, in a separate case, this court found that, under the Copyright Act, the Authors Guild lacks standing to sue for copyright infringement on its members' behalf. *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 94 (2d Cir. 2014). As the three individual author-plaintiffs clearly do have standing, their suit and their appeal are properly adjudicated, notwithstanding the Authors Guild's lack of standing. See *Bowsher v. Synar*, 478 U.S. 714, 721, 106 S. Ct. 3181, 92 L. Ed. 2d 583 (1986) (finding that where one appellee had standing, the court need not consider the standing of other appellees in order to determine the merits of the appeal).

² Google now honors requests to remove books from snippet view. Some Plaintiffs appear to have had books removed from snippet view.

³ Libraries participating in the Library Project at the time the suit was filed included the University of Michigan, the University of California, Harvard University, Stanford University, Oxford University, Columbia University, Princeton University, Ghent University, Keio University, the Austrian National Library, and the New York Public Library.

inclusion in the project. Google makes a digital scan of each book, extracts a machine-readable text, and creates an index of the machine-readable text of each book. Google retains the original scanned image of each book, in part so as to improve the accuracy of the machine-readable texts and indices as image-to-text conversion technologies improve.

Since 2004, Google has scanned, rendered machine-readable, and indexed more than 20 million books, including both copyrighted works and works in the public domain. The vast majority of the books are non-fiction, and most are out of print. All of the digital information created by Google in the process is stored on servers protected by the same security systems Google uses to shield its own confidential information.

The digital corpus created by the scanning of these millions of books enables the Google Books search engine. Members of the public who access the Google Books website can enter search words or terms of their own choice, receiving in response a list of all books in the database in which those terms appear, as well as the number of times the term appears in each book. A brief description of each book, entitled “About the Book,” gives some rudimentary additional information, including a list of the words and terms that appear with most frequency in the book. It sometimes provides links to buy the book online and identifies libraries where the book can be found.⁴ The search tool permits

⁴ Appendix A exhibits, as an example, a web page that would be revealed to a searcher who entered the phrase “fair use,” showing

a researcher to identify those books, out of millions, that do, as well as those that do not, use the terms selected by the researcher. Google notes that this identifying information instantaneously supplied would otherwise not be obtainable in lifetimes of searching.

No advertising is displayed to a user of the search function. Nor does Google receive payment by reason of the searcher's use of Google's link to purchase the book.

The search engine also makes possible new forms of research, known as "text mining" and "data mining." Google's "ngrams" research tool draws on the Google Library Project corpus to furnish statistical information to Internet users about the frequency of word and phrase usage over centuries.⁵ This tool permits users to discern fluctuations of interest in a particular subject over time and space by showing increases and decreases in the frequency of reference and usage in different periods and different linguistic regions. It also allows researchers to comb over the tens of millions of books Google has scanned in order to examine "word frequencies, syntactic patterns, and thematic markers" and to derive information on how nomenclature, linguistic usage, and literary style have changed over time. *Authors Guild, Inc.*, 954 F. Supp. 2d at 287. The district court gave as an example "track[ing] the frequency of references to the United States as a single entity ('the United States is') versus references to the United States in the plural ('the

snippets from ALAN LATMAN, ROBERT A. GORMAN, & JANE C. GINSBURG, COPYRIGHT FOR THE EIGHTIES (1985).

⁵ Appendix B exhibits the ngram for the phrase "fair use."

United States are’) and how that usage has changed over time.” *Id.*⁶

The Google Books search function also allows the user a limited viewing of text. In addition to telling the number of times the word or term selected by the searcher appears in the book, the search function will display a maximum of three “snippets” containing it. A snippet is a horizontal segment comprising ordinarily an eighth of a page. Each page of a conventionally formatted book⁷ in the Google Books database is divided into eight non-overlapping horizontal segments, each such horizontal segment being a snippet. (Thus, for such a book with 24 lines to a page, each snippet is

⁶ For discussions and examples of scholarship and journalism powered by searchable digital text repositories, see, e.g., David Bamman & David Smith, *Extracting Two Thousand Years of Latin from a Million Book Library*, J. COMPUTING & CULTURAL HERITAGE 5 (2012), 1-13; Jean-Baptiste Michel et al., *Quantitative Analysis of Culture Using Millions of Digitized Books*, SCIENCE 331 (Jan. 14, 2011), 176-182; Marc Egnal, *Evolution of the Novel in the United States: The Statistical Evidence*, 37 SOC. SCI. HIST. 231 (2013); Catherine Rampell, *The ‘New Normal’ Is Actually Pretty Old*, N.Y. TIMES ECONOMIX BLOG (Jan. 11, 2011), http://economix.blogs.nytimes.com/2011/01/11/the-new-normal-is-actually-pretty-old/?_r=0 ; and Christopher Forstall et al., *Modeling the Scholars: Detecting Intertextuality through Enhanced Word-Level N-Gram Matching*, DIGITAL SCHOLARSHIP IN THE HUMANITIES (May 15, 2014), <http://dx.doi.org/10.1093/lc/fqu014> .

⁷For unconventionally formatted books, the number of snippets per page may vary so as to approximate the same effect. The pages of a book of unusually tall, narrow format may be divided into more than eight horizontal snippets, while the pages of an unusually wide, short book may be divided into fewer than eight snippets.

comprised of three lines of text.) Each search for a particular word or term within a book will reveal the same three snippets, regardless of the number of computers from which the search is launched. Only the first usage of the term on a given page is displayed. Thus, if the top snippet of a page contains two (or more) words for which the user searches, and Google's program is fixed to reveal that particular snippet in response to a search for either term, the second search will duplicate the snippet already revealed by the first search, rather than moving to reveal a different snippet containing the word because the first snippet was already revealed. Google's program does not allow a searcher to increase the number of snippets revealed by repeated entry of the same search term or by entering searches from different computers. A searcher can view more than three snippets of a book by entering additional searches for different terms. However, Google makes permanently unavailable for snippet view one snippet on each page and one complete page out of every ten—a process Google calls "blacklisting."

Google also disables snippet view entirely for types of books for which a single snippet is likely to satisfy the searcher's present need for the book, such as dictionaries, cookbooks, and books of short poems. Finally, since 2005, Google will exclude any book altogether from snippet view at the request of the rights holder by the submission of an online form.

Under its contracts with the participating libraries, Google allows each library to download copies—of both the digital image and machine-readable versions—of

the books that library submitted to Google for scanning (but not of books submitted by other libraries). This is done by giving each participating library access to the Google Return Interface (“GRIN”). The agreements between Google and the libraries, although not in all respects uniform, require the libraries to abide by copyright law in utilizing the digital copies they download and to take precautions to prevent dissemination of their digital copies to the public at large.⁸ Through the GRIN facility, participant libraries

⁸ For example, the “Cooperative Agreement” between Google and the University of Michigan (“U of M”) provides, *inter alia*, that:

Both Google and U of M agree and intend to perform this Agreement pursuant to copyright law. If at any time, either party becomes aware of copyright infringement under this agreement, that party shall inform the other as quickly as reasonably possible. . . . U of M shall have the right to use the U of M Digital Copy . . . as part of services offered on U of M’s website. U of M shall implement technological measures (e.g., through use of the robots.txt protocol) to restrict automated access to any portion of the U of M Digital Copy or the portions of the U of M website on which any portion of the U of M Digital Copy is available. U of M shall also make reasonable efforts (including but not limited to restrictions placed in Terms of Use for the U of M website) to prevent third parties from (a) downloading or otherwise obtaining any portion of the U of M Digital Copy for commercial purposes, (b) redistributing any portions of the U of M Digital Copy, or (c) automated and systematic downloading from its website image files from the U of M Digital Copy. U of M shall restrict access to the U of M Digital Copy to those persons having a need to access such materials and shall also cooperate in good faith with Google to mutually develop methods and systems for ensuring that the substantial

have downloaded at least 2.7 million digital copies of their own volumes.

III. Procedural History

Plaintiffs brought this suit on September 20, 2005, as a putative class action on behalf of similarly situated, rights-owning authors.⁹ After several years of negotiation, the parties reached a proposed settlement that would have resolved the claims on a class-wide basis. The proposed settlement allowed Google to make

portions of the U of M Digital Copy are not downloaded from the services offered on U of M's website or otherwise disseminated to the public at large.

JA 233.

Google's agreement with Stanford appears to be less restrictive on Stanford than its agreements with other libraries. It ostensibly permits Stanford's libraries to "provide access to or copies from the Stanford Digital Copy" to a wide range of users, including individuals authorized to access the Stanford University Network, individuals affiliated with "partner research libraries," and "education, research, government institutions and libraries not affiliated with Stanford," CA 133, and to permit authorized individuals to download or print up to ten percent of Stanford Digital Copy. On the other hand, the agreement requires Stanford to employ its digital copies in conformity with the copyright law. Without evidence to the contrary, which Plaintiffs have not provided, it seems reasonable to construe these potentially conflicting provisions as meaning that Stanford may do the enumerated things ostensibly permitted only to the extent that doing so would be in conformity with the copyright law.

⁹ A year earlier, authors brought suit against the HathiTrust Digital Library, alleging facts that are closely related, although not identical, to those alleged in the instant case. *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 91 (2d Cir. 2014).

substantially more extensive use of its scans of copyrighted books than contemplated under the present judgment, and provided that Google would make payments to the rights holders in return. On March 22, 2011, however, the district court rejected the proposed settlement as unfair to the class members who relied on the named plaintiffs to represent their interests. *Authors Guild v. Google Inc.*, 770 F. Supp. 2d 666, 679-680 (S.D.N.Y. 2011).

On October 14, 2011, Plaintiffs filed a fourth amended class action complaint, which is the operative complaint for this appeal. *See* Dist. Ct. Docket No. 985. The district court certified a class on May 31, 2012. *Authors Guild v. Google Inc.*, 282 F.R.D. 384 (S.D.N.Y. 2012). Google appealed from the certification, and moved in the district court for summary judgment on its fair use defense. Plaintiffs cross-moved in the district court for summary judgment. On the appeal from the class certification, our court—questioning whether it was reasonable to infer that the putative class of authors favored the relief sought by the named plaintiffs—provisionally vacated that class certification without addressing the merits of the issue, concluding instead that “resolution of Google’s fair use defense in the first instance will necessarily inform and perhaps moot our analysis of many class certification issues.” *Authors Guild, Inc. v. Google Inc.*, 721 F.3d 132, 134 (2d Cir. 2013).

On November 14, 2013, the district court granted Google’s motion for summary judgment, concluding that the uses made by Google of copyrighted books were fair uses, protected by § 107. *Authors Guild*, 954

F. Supp. 2d at 284. Upon consideration of the four statutory factors of § 107, the district court found that Google’s uses were transformative, that its display of copyrighted material was properly limited, and that the Google Books program did not impermissibly serve as a market substitute for the original works. *Id.* at 290. The court entered judgment initially on November 27, 2013, followed by an amended judgment on December 10, 2013, dismissing Plaintiffs’ claims with prejudice. Plaintiffs filed timely notice of appeal.

DISCUSSION¹⁰

I. The Law of Fair Use

The ultimate goal of copyright is to expand public knowledge and understanding, which copyright seeks to achieve by giving potential creators exclusive control over copying of their works, thus giving them a financial incentive to create informative, intellectually enriching works for public consumption. This objective is clearly reflected in the Constitution’s empowerment of Congress “*To promote the Progress of Science . . . by securing for limited Times to Authors . . . the exclusive Right to their respective Writings.*” U.S. Const., Art. I,

¹⁰ The district court had subject-matter jurisdiction over this federal copyright action pursuant to 28 U.S.C. §§ 1331 and 1338(a). This court has jurisdiction over the appeal from the final decision of the district court pursuant to 28 U.S.C. § 1291. We review an order granting summary judgment *de novo*, drawing all reasonable factual inferences in favor of the non-moving party. *Ment Bros. Iron Works Co., Inc. v. Interstate Fire & Cas. Co.*, 702 F.3d 118, 120-21 (2d Cir. 2012).

§ 8, cl. 8) (emphasis added).¹¹ Thus, while authors are undoubtedly important intended beneficiaries of copyright, the ultimate, primary intended beneficiary is the public, whose access to knowledge copyright seeks to advance by providing rewards for authorship.

For nearly three hundred years, since shortly after the birth of copyright in England in 1710,¹² courts have recognized that, in certain circumstances, giving authors *absolute* control over all copying from their works would tend in some circumstances to limit, rather than expand, public knowledge. In the words of Lord Ellenborough, “[W]hile I shall think myself bound to secure every man in the enjoyment of his copy-right, one must not put manacles upon science.” *Cary v. Kearsley*, 170 Eng. Rep. 679, 681, 4 Esp. 168, 170 (1802). Courts thus developed the doctrine, eventually named fair use, which permits unauthorized copying in some circumstances, so as to further “copyright’s very purpose, ‘[t]o promote the Progress of Science and useful Arts.’” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) (quoting U.S. Const., Art. I, § 8, cl. 8). Although well established in the common law development of copyright, fair use was not recognized in the terms of

¹¹ A similar message is reflected in England’s original copyright enactment, “An Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Authors,” which explains as its purpose “the Encouragement of Learned Men to Compose and Write useful Books.” Statute of Anne [1710].

¹² *Id.*

our statute until the adoption of § 107 in the Copyright Act of 1976. 17 U.S.C. §§ 101 et seq.

Section 107, in its present form,¹³ provides:

[T]he fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. 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

¹³ The last sentence was added in 1992, rejecting this court's assertion in *Salinger v. Random House, Inc.* that unpublished works "normally enjoy insulation from fair use copying." 811 F.2d 90, 95 (2d Cir. 1987). See Pub. L. 102-492, Oct. 24, 1992, 106 Stat. 3145.

such finding is made upon consideration of all the above factors.

17 U.S.C. § 107. As the Supreme Court has designated fair use an affirmative defense, *see Campbell*, 510 U.S. at 590, the party asserting fair use bears the burden of proof, *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 918 (2d Cir. 1994).

The statute's wording, derived from a brief observation of Justice Joseph Story in *Folsom v. Marsh*,¹⁴ does not furnish standards for recognition of fair use. Its instruction to consider the "purpose and character" of the secondary use and the "nature" of the copyrighted work does not explain what types of "purpose and character" or "nature" favor a finding of fair use and which do not. In fact, as the Supreme Court observed in *Campbell*, the House Report makes clear that, in passing the statute, Congress had no intention of normatively dictating fair use policy. The purpose of the enactment was to give recognition in the statute itself to such an important part of copyright law developed by the courts through the common law process. "Congress meant § 107 '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

¹⁴ 9 F. Cas. 342, 348, F. Cas. No. 4901 (C.C.D. Mass. 1841) ("[W]e must often, in deciding questions of this sort, look to the nature and objects 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.").

adjudication.” *Campbell*, 510 U.S. at 577 (quoting H.R. Rep. No. 94-1476, at 66 (1976), S. Rep. No. 94-473, at 62 (1975), U.S. Code Cong. & Admin. News 5659, 5679 (1976)). Furthermore, notwithstanding fair use’s long common-law history, not until the *Campbell* ruling in 1994 did courts undertake to explain the standards for finding fair use.

The *Campbell* Court undertook a comprehensive analysis of fair use’s requirements, discussing every segment of § 107. Beginning with the examples of purposes set forth in the statute’s preamble, the Court made clear that they are “illustrative and not limitative” and “provide only general guidance about the sorts of copying that courts and Congress most commonly ha[ve] found to be fair uses.” 510 U.S. at 577-578 (internal quotations and citations omitted). The statute “calls for case-by-case analysis” and “is not to be simplified with bright-line rules.” *Id.* at 577. Section 107’s four factors are not to “be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright.” *Id.* at 578. Each factor thus stands as part of a multifaceted assessment of the crucial question: how to define the boundary limit of the original author’s exclusive rights in order to best serve the overall objectives of the copyright law to expand public learning while protecting the incentives of authors to create for the public good.

At the same time, the Supreme Court has made clear that some of the statute’s four listed factors are more significant than others. The Court observed in *Harper & Row Publishers, Inc. v. Nation Enterprises*

that the fourth factor, which assesses the harm the secondary use can cause to the market for, or the value of, the copyright for the original, “is undoubtedly the single most important element of fair use.” 471 U.S. 539, 566, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) (citing MELVILLE B. NIMMER, 3 *NIMMER ON COPYRIGHT* § 13.05[A], at 13-76 (1984)). This is consistent with the fact that the copyright is a commercial right, intended to protect the ability of authors to profit from the exclusive right to merchandise their own work.

In *Campbell*, the Court stressed also the importance of the first factor, the “purpose and character of the secondary use.” 17 U.S.C. § 107(1). The more the appropriator is using the copied material for new, transformative purposes, the more it serves copyright’s goal of enriching public knowledge and the less likely it is that the appropriation will serve as a substitute for the original or its plausible derivatives, shrinking the protected market opportunities of the copyrighted work. 510 U.S. at 591 (noting that, when the secondary use is transformative, “market substitution is at least less certain, and market harm may not be so readily inferred.”).

With this background, we proceed to discuss each of the statutory factors, as illuminated by *Campbell* and subsequent case law, in relation to the issues here in dispute.

II. The Search and Snippet View Functions

A. Factor One

(1) *Transformative purpose.* *Campbell’s* explanation of the first factor’s inquiry into the

“purpose and character” of the secondary use focuses on whether the new work, “in Justice Story’s words, . . . merely ‘supersede[s] the objects’ of the original creation, . . . or instead adds something new, with a further purpose [I]t asks, in other words, whether and to what extent the new work is ‘transformative.’” 510 U.S. at 578-579 (citations omitted). While recognizing that a transformative use is “not absolutely necessary for a finding of fair use,” the opinion further explains that the “goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works” and that “[s]uch works thus lie at the heart of the fair use doctrine’s guarantee of breathing space within the confines of copyright.” *Id.* at 579. In other words, transformative uses tend to favor a fair use finding because a transformative use is one that communicates something new and different from the original or expands its utility, thus serving copyright’s overall objective of contributing to public knowledge.

The word “transformative” cannot be taken too literally as a sufficient key to understanding the elements of fair use. It is rather a suggestive symbol for a complex thought, and does not mean that any and all changes made to an author’s original text will necessarily support a finding of fair use. The Supreme Court’s discussion in *Campbell* gave important guidance on assessing when a transformative use tends to support a conclusion of fair use. The defendant in that case defended on the ground that its work was a parody of the original and that parody is a time-honored category of fair use. Explaining why

parody makes a stronger, or in any event more obvious, claim of fair use than satire, the Court stated,

[T]he heart of any parodist's claim to quote from existing material . . . is the use of . . . a prior author's composition to . . . *comment[] on that author's works*. . . . 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). . . . Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's . . . imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.

Id. at 580-81 (emphasis added). In other words, the would-be fair user of another's work must have justification for the taking. A secondary author is not necessarily at liberty to make wholesale takings of the original author's expression merely because of how well the original author's expression would convey the secondary author's different message. Among the best recognized justifications for copying from another's work is to provide comment on it or criticism of it. A taking from another author's work for the purpose of making points that have no bearing on the original may well be fair use, but the taker would need to show a justification. This part of the Supreme Court's discussion is significant in assessing Google's claim of

fair use because, as discussed extensively below, Google’s claim of transformative purpose for copying from the works of others is to provide otherwise unavailable information about the originals.

A further complication that can result from oversimplified reliance on whether the copying involves transformation is that the word “transform” also plays a role in defining “derivative works,” over which the original rights holder retains exclusive control. Section 106 of the Act specifies the “exclusive right[]” of the copyright owner “(2) to prepare derivative works based upon the copyrighted work.” *See* 17 U.S.C. § 106. The statute defines derivative works largely by example, rather than explanation. The examples include “translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation,” to which list the statute adds “any other form in which a work may be . . . *transformed*.” 17 U.S.C. § 101 (emphasis added).¹⁵ As we noted in *Authors Guild, Inc. v. HathiTrust*, “[p]aradigmatic examples of derivative works include the translation of a novel into another language, the adaptation of a novel

¹⁵ The full text of the statutory definition is as follows: “A ‘derivative work’ is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a ‘derivative work.’” 17 U.S.C. § 101.

into a movie or play, or the recasting of a novel as an e-book or an audiobook.” 755 F.3d 87, 95 (2d Cir. 2014). While such changes can be described as transformations, they do not involve the kind of transformative purpose that favors a fair use finding. The statutory definition suggests that derivative works generally involve transformations in the nature of *changes of form* 17 U.S.C. § 101. By contrast, copying from an original for the purpose of criticism or commentary on the original¹⁶ or provision of information about it,¹⁷ tends most clearly to satisfy

¹⁶ See, e.g., *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1269-1271 (11th Cir. 2001) (copying from original to support parodic criticism of original’s moral code justified as transformative fair use purpose).

¹⁷ See, e.g., *HathiTrust*, 755 F.3d at 97-98 (justifying as transformative fair use purpose the digital copying of original for purpose of permitting searchers to determine whether its text employs particular words); *A.V. ex rel. Vanderhuy v. iParadigms, LLC*, 562 F.3d 630, 638-640 (4th Cir. 2009) (justifying as transformative fair use purpose the complete digital copying of a manuscript to determine whether the original included matter plagiarized from other works); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (justifying as transformative fair use purpose the use of a digital, thumbnail copy of the original to provide an Internet pathway to the original); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818-819 (9th Cir. 2003) (same); *Bond v. Blum*, 317 F.3d 385 (4th Cir. 2003) (justifying as fair use purpose the copying of author’s original unpublished autobiographical manuscript for the purpose of showing that he murdered his father and was an unfit custodian of his children); *Nunez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 21-23 (1st Cir. 2000) (justifying as transformative fair use purpose a newspaper’s copying of a photo of winner of beauty pageant in a

Campbell's notion of the “transformative” purpose involved in the analysis of Factor One.¹⁸

revealing pose for the purpose of informing the public of the reason the winner’s title was withdrawn).

¹⁸ The Seventh Circuit takes the position that the kind of secondary use that favors satisfaction of the fair use test is better described as a “complementary” use, referring to how a hammer and nail complement one another in that together they achieve results that neither can accomplish on its own. *Ty, Inc. v Publ’ns Int’l, Ltd.*, 292 F.3d 512, 517-518 (7th Cir. 2002); *see also Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014), *cert. denied*, 135 S. Ct. 1555, 191 L. Ed. 2d 638 (2015); WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 153-154 (2003). We do not find the term “complementary” particularly helpful in explaining fair use. The term would encompass changes of form that are generally understood to produce derivative works, rather than fair uses, and, at the same time, would fail to encompass copying for purposes that are generally and properly viewed as creating fair uses. When a novel is converted into film, for example, the original novel and the film ideally complement one another in that each contributes to achieving results that neither can accomplish on its own. The invention of the original author combines with the cinematographic interpretive skills of the filmmaker to produce something that neither could have produced independently. Nonetheless, at least when the intention of the film is to make a “motion picture version” of the novel, 17 U.S.C. § 101, without undertaking to parody it or to comment on it, the film is generally understood to be a derivative work, which under § 106, falls within the exclusive rights of the copyright owner. Although they complement one another, the film is not a fair use. At the same time, when a secondary work quotes an original for the purpose of parodying it, or discrediting it by exposing its inaccuracies, illogic, or dishonesty, such an undertaking is not within the exclusive prerogatives of the rights holder; it produces a fair use. Yet, when the purpose of the second is essentially to destroy the first, the two are not comfortably described as complementaries that

With these considerations in mind, we first consider whether Google’s search and snippet views functions satisfy the first fair use factor with respect to Plaintiffs’ rights in their books. (The question whether these functions might infringe upon Plaintiffs’ derivative rights is discussed in the next Part.)

(2) *Search Function.* We have no difficulty concluding that Google’s making of a digital copy of Plaintiffs’ books for the purpose of enabling a search for identification of books containing a term of interest to the searcher involves a highly transformative purpose, in the sense intended by *Campbell*. Our court’s exemplary discussion in *HathiTrust* informs our ruling. That case involved a dispute that is closely related, although not identical, to this one. Authors brought claims of copyright infringement against HathiTrust, an entity formed by libraries participating in the Google Library Project to pool the digital copies of their books created for them by Google. The suit challenged various usages HathiTrust made of the digital copies. Among the challenged uses was HathiTrust’s offer to its patrons of “full-text searches,” which, very much like the search offered by Google Books to Internet users, permitted patrons of the libraries to locate in which of the digitized books

combine to produce together something that neither could have produced independently of the other. We recognize, as just noted above, that the word “transformative,” if interpreted too broadly, can also seem to authorize copying that should fall within the scope of an author’s derivative rights. Attempts to find a circumspect shorthand for a complex concept are best understood as suggestive of a general direction, rather than as definitive descriptions.

specific words or phrases appeared. 755 F.3d at 98. (HathiTrust’s search facility did not include the snippet view function, or any other display of text.) We concluded that both the making of the digital copies and the use of those copies to offer the search tool were fair uses. *Id.* at 105.

Notwithstanding that the libraries had downloaded and stored complete digital copies of entire books, we noted that such copying was essential to permit searchers to identify and locate the books in which words or phrases of interest to them appeared. *Id.* at 97. We concluded “that the creation of a full-text searchable database is a quintessentially transformative use . . . [as] the result of a word search is different in purpose, character, expression, meaning, and message from the page (and the book) from which it is drawn.” *Id.* We cited *A.V. ex rel. Vanderhuy v. iParadigms, LLC*, 562 F.3d 630, 639-40 (4th Cir. 2009), *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007), and *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir. 2003) as examples of cases in which courts had similarly found the creation of complete digital copies of copyrighted works to be transformative fair uses when the copies “served a different function from the original.” *HathiTrust*, 755 F.3d at 97.

As with *HathiTrust* (and *iParadigms*), the purpose of Google’s copying of the original copyrighted books is to make available significant information *about those books*, permitting a searcher to identify those that contain a word or term of interest, as well as those that do not include reference to it. In addition, through the

ngrams tool, Google allows readers to learn the frequency of usage of selected words in the aggregate corpus of published books in different historical periods. We have no doubt that the purpose of this copying is the sort of transformative purpose described in *Campbell* as strongly favoring satisfaction of the first factor.

We recognize that our case differs from *HathiTrust* in two potentially significant respects. First, HathiTrust did not “display to the user any text from the underlying copyrighted work,” 755 F.3d at 91, whereas Google Books provides the searcher with snippets containing the word that is the subject of the search. Second, HathiTrust was a nonprofit educational entity, while Google is a profit-motivated commercial corporation. We discuss those differences below.

(3) *Snippet View*. Plaintiffs correctly point out that this case is significantly different from *HathiTrust* in that the Google Books search function allows searchers to read snippets from the book searched, whereas HathiTrust did not allow searchers to view any part of the book. Snippet view adds important value to the basic transformative search function, which tells only whether and how often the searched term appears in the book. Merely knowing that a term of interest appears in a book does not necessarily tell the searcher whether she needs to obtain the book, because it does not reveal whether the term is discussed in a manner or context falling within the scope of the searcher’s interest. For example, a searcher seeking books that explore Einstein’s theories, who finds that a particular book includes 39 usages of “Einstein,” will nonetheless

conclude she can skip that book if the snippets reveal that the book speaks of “Einstein” because that is the name of the author’s cat. In contrast, the snippet will tell the searcher that this is a book she needs to obtain if the snippet shows that the author is engaging with Einstein’s theories.

Google’s division of the page into tiny snippets is designed to show the searcher just enough context surrounding the searched term to help her evaluate whether the book falls within the scope of her interest (without revealing so much as to threaten the author’s copyright interests). Snippet view thus adds importantly to the highly transformative purpose of identifying books of interest to the searcher. With respect to the first factor test, it favors a finding of fair use (unless the value of its transformative purpose is overcome by its providing text in a manner that offers a competing substitute for Plaintiffs’ books, which we discuss under factors three and four below).

(4) *Google’s Commercial Motivation.* Plaintiffs also contend that Google’s commercial motivation weighs in their favor under the first factor. Google’s commercial motivation distinguishes this case from *HathiTrust*, as the defendant in that case was a non-profit entity founded by, and acting as the representative of, libraries. Although Google has no revenues flowing directly from its operation of the Google Books functions, Plaintiffs stress that Google is profit-motivated and seeks to use its dominance of book search to fortify its overall dominance of the Internet search market, and that thereby Google indirectly reaps profits from the Google Books functions.

For these arguments Plaintiffs rely primarily on two sources. First is Congress’s specification in spelling out the first fair use factor in the text of § 107 that consideration of the “purpose and character of the [secondary] use” should “include[e] whether such use is of a commercial nature or is for nonprofit educational purposes.” Second is the Supreme Court’s assertion in dictum in *Sony Corporation of America v. Universal City Studios, Inc.*, that “every commercial use of copyrighted material is presumptively . . . unfair.” 464 U.S. 417, 451, 104 S. Ct. 774, 78 L. Ed. 2d 574 (1984). If that were the extent of precedential authority on the relevance of commercial motivation, Plaintiffs’ arguments would muster impressive support. However, while the commercial motivation of the secondary use can undoubtedly weigh against a finding of fair use in some circumstances, the Supreme Court, our court, and others have eventually recognized that the *Sony* dictum was enormously overstated.¹⁹

The Sixth Circuit took the *Sony* dictum at its word in *Acuff-Rose Music, Inc. v. Campbell*, concluding that, because the defendant rap music group’s spoof of the plaintiff’s ballad was done for profit, it could not be fair

¹⁹ *Campbell*, 510 U.S. at 583-84; *Cariou v. Prince*, 714 F.3d 694, 708 (2d Cir. 2013) *cert. denied*, 134 S. Ct. 618, 187 L. Ed. 2d 411 (2013); *Castle Rock Entm’t, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 141-42 (2d Cir. 1998); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir. 2003); *see also Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1172 (9th Cir. 2012) (noting that *Campbell* “debunked the notion that *Sony* called for a ‘hard evidentiary presumption’ that commercial use is presumptively unfair.”)

use. 972 F.2d 1429, 1436-1437 (6th Cir. 1992). The Supreme Court reversed on this very point, observing that “Congress could not have intended” such a broad presumption against commercial fair uses, as “nearly all of the illustrative uses listed in the preamble paragraph of § 107 . . . are generally conducted for profit in this country.” *Campbell*, 510 U.S. at 584 (internal quotation marks and citations omitted). The Court emphasized Congress’s statement in the House Report to the effect that the commercial or nonprofit character of a work is “not conclusive” but merely “a fact to be ‘weighed along with other[s] in fair use decisions.’” *Id.* at 585 (quoting H.R. Rep. No. 94-1476, at 66 (1976)). In explaining the first fair use factor, the Court clarified that “the more transformative the [secondary] work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.” *Id.* at 579.

Our court has since repeatedly rejected the contention that commercial motivation should outweigh a convincing transformative purpose and absence of significant substitutive competition with the original. *See Cariou v. Prince*, 714 F.3d 694, 708 (2d Cir. 2013), *cert. denied*, 134 S. Ct. 618, 187 L. Ed. 2d 411 (2013) (“The commercial/nonprofit dichotomy concerns the unfairness that arises when a secondary user makes unauthorized use of copyrighted material to capture significant revenues as a direct consequence of copying the original work. This factor must be applied with caution because, as the Supreme Court has recognized, Congress could not have intended a rule that commercial uses are presumptively unfair. Instead, 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.”) (internal quotation marks, citations, and alterations omitted); *Castle Rock Entm’t, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 141-42 (2d Cir. 1998) (“We . . . do not give much weight to the fact that the secondary use was for commercial gain. The more critical inquiry under the first factor and in fair use analysis generally is whether the allegedly infringing work merely supersedes the original work or instead adds something new, with a further purpose or different character, altering the first with new meaning or message, in other words whether and to what extent the new work is transformative.”) (internal quotation marks, citations, and alterations omitted).

While we recognize that in some circumstances, a commercial motivation on the part of the secondary user will weigh against her, especially, as the Supreme Court suggested, when a persuasive transformative purpose is lacking, *Campbell*, 510 U.S. at 579, we see no reason in this case why Google’s overall profit motivation should prevail as a reason for denying fair use over its highly convincing transformative purpose, together with the absence of significant substitutive competition, as reasons for granting fair use. Many of the most universally accepted forms of fair use, such as news reporting and commentary, quotation in historical or analytic books, reviews of books, and performances,

as well as parody, are all normally done commercially for profit.²⁰

B. Factor Two

The second fair use factor directs consideration of the “nature of the copyrighted work.” While the “transformative purpose” inquiry discussed above is conventionally treated as a part of first factor analysis, it inevitably involves the second factor as well. One cannot assess whether the copying work has an objective that differs from the original without considering both works, and their respective objectives.

The second factor has rarely played a significant role in the determination of a fair use dispute. *See* WILLIAM F. PATRY, PATRY ON FAIR USE § 4.1 (2015). The Supreme Court in *Harper & Row* made a passing observation in dictum that, “[t]he law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.” 471 U.S. 539, 563, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985). Courts have

²⁰ Just as there is no reason for presuming that a commercial use is not a fair use, which would defeat the most widely accepted and logically justified areas of fair use, there is likewise no reason to presume categorically that a nonprofit educational purpose should qualify as a fair use. Authors who write for educational purposes, and publishers who invest substantial funds to publish educational materials, would lose the ability to earn revenues if users were permitted to copy the materials freely merely because such copying was in the service of a nonprofit educational mission. The publication of educational materials would be substantially curtailed if such publications could be freely copied for nonprofit educational purposes.

sometimes speculated that this might mean that a finding of fair use is more favored when the copying is of factual works than when copying is from works of fiction. However, while the copyright does not protect facts or ideas set forth in a work, it does protect that author's manner of expressing those facts and ideas. At least unless a persuasive fair use justification is involved, authors of factual works, like authors of fiction, should be entitled to copyright protection of their protected expression. The mere fact that the original is a factual work therefore should not imply that others may freely copy it. Those who report the news undoubtedly create factual works. It cannot seriously be argued that, for that reason, others may freely copy and re-disseminate news reports.²¹

In considering the second factor in *HathiTrust*, we concluded that it was “not dispositive,” 755 F.3d at 98, commenting that courts have hardly ever found that the second factor in isolation played a large role in explaining a fair use decision. The same is true here. While each of the three Plaintiffs' books in this case is

²¹ We think it unlikely that the Supreme Court meant in its concise dictum that secondary authors are at liberty to copy extensively from the protected expression of the original author merely because the material is factual. What the *Harper & Row* dictum may well have meant is that, because in the case of factual writings, there is often occasion to test the accuracy of, to rely on, or to repeat their factual propositions, and such testing and reliance may reasonably require quotation (lest a change of expression unwittingly alter the facts), factual works often present well justified fair uses, even if the mere fact that the work is factual does not necessarily justify copying of its protected expression.

factual, we do not consider that as a boost to Google’s claim of fair use. If one (or all) of the plaintiff works were fiction, we do not think that would change in any way our appraisal. Nothing in this case influences us one way or the other with respect to the second factor considered in isolation. To the extent that the “nature” of the original copyrighted work necessarily combines with the “purpose and character” of the secondary work to permit assessment of whether the secondary work uses the original in a “transformative” manner, as the term is used in *Campbell*, the second factor favors fair use not because Plaintiffs’ works are factual, but because the secondary use transformatively provides valuable information about the original, rather than replicating protected expression in a manner that provides a meaningful substitute for the original.

C. Factor Three

The third statutory factor instructs us to consider “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.” The clear implication of the third factor is that a finding of fair use is more likely when small amounts, or less important passages, are copied than when the copying is extensive, or encompasses the most important parts of the original.²² The obvious reason for this lies in the relationship between the third and the fourth factors. The larger the amount, or the more important the part, of the original that is copied, the greater the likelihood

²² See *Harper & Row*, 471 U.S. at 564-565 (rejecting fair use defense for copying of only about 300 words, where the portion copied was deemed “the heart of the book”).

that the secondary work might serve as an effectively competing substitute for the original, and might therefore diminish the original rights holder's sales and profits.

(1) *Search Function.* The Google Books program has made a digital copy of the entirety of each of Plaintiffs' books. Notwithstanding the reasonable implication of Factor Three that fair use is more likely to be favored by the copying of smaller, rather than larger, portions of the original, courts have rejected any categorical rule that a copying of the entirety cannot be a fair use.²³ Complete unchanged copying has repeatedly been found justified as fair use when the copying was reasonably appropriate to achieve the copier's transformative purpose and was done in such a manner that it did not offer a competing substitute for the original.²⁴ The Supreme Court said in *Campbell* that "the extent of permissible copying varies with the purpose and character of the use" and characterized the relevant questions as whether "the amount and substantiality of the portion used . . . are reasonable in relation to the purpose of the copying," *Campbell*, 510 U.S. at 586-587, noting that the answer to that question will be affected by "the degree to which the [copying

²³ Some copyright scholars have argued this position. See, e.g., Paul Goldstein, *Copyright's Commons*, 29 COLUM. J.L. & ARTS 1, 5-6 (2005).

²⁴ See cases cited *supra* note 17; see also *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 613 (2d Cir. 2006) ("[C]opying the entirety of a work is sometimes necessary to make a fair use of the [work].").

work] may serve as a market substitute for the original or potentially licensed derivatives,” *id.* at 587-588 (finding that, in the case of a parodic song, “how much . . . is reasonable will depend, say, on the extent to which the song’s overriding purpose and character is to parody the original or, in contrast, the likelihood that the parody may serve as a market substitute for the original”).

In *HathiTrust*, our court concluded in its discussion of the third factor that “[b]ecause it was reasonably necessary for the [HathiTrust Digital Library] to make use of the entirety of the works in order to enable the full-text search function, we do not believe the copying was excessive.” 755 F.3d at 98. As with *HathiTrust*, not only is the copying of the totality of the original reasonably appropriate to Google’s transformative purpose, it is literally necessary to achieve that purpose. If Google copied less than the totality of the originals, its search function could not advise searchers reliably whether their searched term appears in a book (or how many times).

While Google *makes* an unauthorized digital copy of the entire book, it does not reveal that digital copy to the public. The copy is made to enable the search functions to reveal limited, important information about the books. With respect to the search function, Google satisfies the third factor test, as illuminated by the Supreme Court in *Campbell*.

(2) *Snippet View*. Google’s provision of snippet view makes our third factor inquiry different from that inquiry in *HathiTrust*. What matters in such cases is not so much “the amount and substantiality of the

portion used” *in making a copy*, but rather the amount and substantiality of *what is thereby made accessible* to a public for which it may serve as a competing substitute. In *HathiTrust*, notwithstanding the defendant’s full-text copying, the search function revealed virtually nothing of the text of the originals to the public. Here, through the snippet view, more is revealed to searchers than in *HathiTrust*.

Without doubt, enabling searchers to see portions of the copied texts could have determinative effect on the fair use analysis. The larger the quantity of the copyrighted text the searcher can see and the more control the searcher can exercise over what part of the text she sees, the greater the likelihood that those revelations could serve her as an effective, free substitute for the purchase of the plaintiff’s book. We nonetheless conclude that, at least as presently structured by Google, the snippet view does not reveal matter that offers the marketplace a significantly competing substitute for the copyrighted work.

Google has constructed the snippet feature in a manner that substantially protects against its serving as an effectively competing substitute for Plaintiffs’ books. In the Background section of this opinion, we describe a variety of limitations Google imposes on the snippet function. These include the small size of the snippets (normally one eighth of a page), the blacklisting of one snippet per page and of one page in every ten, the fact that no more than three snippets are shown--and no more than one per page--for each term searched, and the fact that the same snippets are shown for a searched term no matter how many times,

or from how many different computers, the term is searched. In addition, Google does not provide snippet view for types of books, such as dictionaries and cookbooks, for which viewing a small segment is likely to satisfy the searcher's need. The result of these restrictions is, so far as the record demonstrates, that a searcher cannot succeed, even after long extended effort to multiply what can be revealed, in revealing through a snippet search what could usefully serve as a competing substitute for the original.

The blacklisting, which permanently blocks about 22% of a book's text from snippet view, is by no means the most important of the obstacles Google has designed. While it is true that the blacklisting of 22% leaves 78% of a book *theoretically* accessible to a searcher, it does not follow that any large part of that 78% is in fact accessible. The other restrictions built into the program work together to ensure that, even after protracted effort over a substantial period of time, only small and randomly scattered portions of a book will be accessible. In an effort to show what large portions of text searchers can read through persistently augmented snippet searches, Plaintiffs' counsel employed researchers over a period of weeks to do multiple word searches on Plaintiffs' books. In no case were they able to access as much as 16% of the text, and the snippets collected were usually not sequential but scattered randomly throughout the book. Because Google's snippets are arbitrarily and uniformly divided by lines of text, and not by complete sentences, paragraphs, or any measure dictated by content, a searcher would have great difficulty

constructing a search so as to provide any extensive information about the book's use of that term. As snippet view never reveals more than one snippet per page in response to repeated searches for the same term, it is at least difficult, and often impossible, for a searcher to gain access to more than a single snippet's worth of an extended, continuous discussion of the term.

The fact that Plaintiffs' searchers managed to reveal nearly 16% of the text of Plaintiffs' books overstates the degree to which snippet view can provide a meaningful substitute. At least as important as the percentage of words of a book that are revealed is the manner and order in which they are revealed. Even if the search function revealed 100% of the words of the copyrighted book, this would be of little substitutive value if the words were revealed in alphabetical order, or any order other than the order they follow in the original book. It cannot be said that a revelation is "substantial" in the sense intended by the statute's third factor if the revelation is in a form that communicates little of the sense of the original. The fragmentary and scattered nature of the snippets revealed, even after a determined, assiduous, time-consuming search, results in a revelation that is not "substantial," even if it includes an aggregate 16% of the text of the book. If snippet view could be used to reveal a coherent block amounting to 16% of a book, that would raise a very different question beyond the scope of our inquiry.

D. Factor Four

The fourth fair use factor, “the effect of the [copying] use upon the potential market for or value of the copyrighted work,” focuses on whether the copy brings to the marketplace a competing substitute for the original, or its derivative, so as to deprive the rights holder of significant revenues because of the likelihood that potential purchasers may opt to acquire the copy in preference to the original. Because copyright is a commercial doctrine whose objective is to stimulate creativity among potential authors by enabling them to earn money from their creations, the fourth factor is of great importance in making a fair use assessment. *See Harper & Row*, 471 U.S. at 566 (describing the fourth factor as “undoubtedly the single most important element of fair use”).

Campbell stressed the close linkage between the first and fourth factors, in that the more the copying is done to achieve a purpose that differs from the purpose of the original, the less likely it is that the copy will serve as a satisfactory substitute for the original. 510 U.S. at 591. Consistent with that observation, the *HathiTrust* court found that the fourth factor favored the defendant and supported a finding of fair use because the ability to search the text of the book to determine whether it includes selected words “does not serve as a substitute for the books that are being searched.” 755 F.3d at 100.

However, *Campbell*'s observation as to the likelihood of a secondary use serving as an effective substitute goes only so far. Even if the *purpose* of the copying is for a valuably transformative purpose, such

copying might nonetheless harm the value of the copyrighted original if done in a manner that results in widespread revelation of sufficiently significant portions of the original as to make available a significantly competing substitute. The question for us is whether snippet view, notwithstanding its transformative purpose, does that. We conclude that, at least as snippet view is presently constructed, it does not.

Especially in view of the fact that the normal purchase price of a book is relatively low in relation to the cost of manpower needed to secure an arbitrary assortment of randomly scattered snippets, we conclude that the snippet function does not give searchers access to effectively competing substitutes. Snippet view, at best and after a large commitment of manpower, produces discontinuous, tiny fragments, amounting in the aggregate to no more than 16% of a book. This does not threaten the rights holders with any significant harm to the value of their copyrights or diminish their harvest of copyright revenue.

We recognize that the snippet function can cause *some* loss of sales. There are surely instances in which a searcher's need for access to a text will be satisfied by the snippet view, resulting in either the loss of a sale to that searcher, or reduction of demand on libraries for that title, which might have resulted in libraries purchasing additional copies. But the possibility, or even the probability or certainty, of some loss of sales does not suffice to make the copy an effectively competing substitute that would tilt the weighty fourth factor in favor of the rights holder in the original. There

must be a meaningful or significant effect “upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4).

Furthermore, the type of loss of sale envisioned above will generally occur in relation to interests that are not protected by the copyright. A snippet’s capacity to satisfy a searcher’s need for access to a copyrighted book will at times be because the snippet conveys a historical fact that the searcher needs to ascertain. For example, a student writing a paper on Franklin D. Roosevelt might need to learn the year Roosevelt was stricken with polio. By entering “Roosevelt polio” in a Google Books search, the student would be taken to (among numerous sites) a snippet from page 31 of Richard Thayer Goldberg’s *The Making of Franklin D. Roosevelt* (1981), telling that the polio attack occurred in 1921. This would satisfy the searcher’s need for the book, eliminating any need to purchase it or acquire it from a library. But what the searcher derived from the snippet was a historical fact. Author Goldberg’s copyright does not extend to the facts communicated by his book. It protects only the author’s manner of expression. *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 974 (2d Cir. 1980) (“A grant of copyright in a published work secures for its author a limited monopoly over the *expression* it contains.”) (emphasis added). Google would be entitled, without infringement of Goldberg’s copyright, to answer the student’s query about the year Roosevelt was afflicted, taking the information from Goldberg’s book. The fact that, in the case of the student’s snippet search, the information came embedded in three lines of Goldberg’s writing,

which were superfluous to the searcher's needs, would not change the taking of an unprotected fact into a copyright infringement.

Even if the snippet reveals some authorial expression, because of the brevity of a single snippet and the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view, we think it would be a rare case in which the searcher's interest *in the protected aspect* of the author's work would be satisfied by what is available from snippet view, and rarer still—because of the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view—that snippet view could provide a significant substitute for the purchase of the author's book.

Accordingly, considering the four fair use factors in light of the goals of copyright, we conclude that Google's making of a complete digital copy of Plaintiffs' works for the purpose of providing the public with its search and snippet view functions (at least as snippet view is presently designed) is a fair use and does not infringe Plaintiffs' copyrights in their books.

III. Derivative Rights in Search and Snippet View

Plaintiffs next contend that, under Section 106(2), they have a derivative right in the application of search and snippet view functions to their works, and that Google has usurped their exclusive market for such derivatives.

There is no merit to this argument. As explained above, Google does not infringe Plaintiffs' copyright in their works by making digital copies of them, where the

copies are used to enable the public to get information about the works, such as whether, and how often they use specified words or terms (together with peripheral snippets of text, sufficient to show the context in which the word is used but too small to provide a meaningful substitute for the work's copyrighted expression). The copyright resulting from the Plaintiffs' authorship of their works does not include an exclusive right to furnish the kind of information about the works that Google's programs provide to the public. For substantially the same reasons, the copyright that protects Plaintiffs' works does not include an exclusive derivative right to supply such information through query of a digitized copy.

The extension of copyright protection beyond the copying of the work in its original form to cover also the copying of a derivative reflects a clear and logical policy choice. An author's right to control and profit from the dissemination of her work ought not to be evaded by conversion of the work into a different form. The author of a book written in English should be entitled to control also the dissemination of the same book translated into other languages, or a conversion of the book into a film. The copyright of a composer of a symphony or song should cover also conversions of the piece into scores for different instrumentation, as well as into recordings of performances.

This policy is reflected in the statutory definition, which explains the scope of the "derivative" largely by examples—including "a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction,

abridgement, [or] condensation”—before adding, “or any other form in which a work may be recast, transformed, or adapted.” 17 U.S.C. § 101.²⁵ As noted above, this definition, while imprecise, strongly implies that derivative works over which the author of the original enjoys exclusive rights ordinarily are those that re-present the protected aspects of the original work, *i.e.*, its expressive content, converted into an altered form, such as the conversion of a novel into a film, the translation of a writing into a different language, the reproduction of a painting in the form of a poster or post card, recreation of a cartoon character in the form of a three-dimensional plush toy, adaptation of a musical composition for different instruments, or other similar conversions. If Plaintiffs’ claim were based on Google’s converting their books into a digitized form and making that digitized version accessible to the public, their claim would be strong. But as noted above, Google safeguards from public view the digitized copies it makes and allows access only to the extent of permitting the public to search for the very limited information accessible through the search function and snippet view. The program does not allow access in any substantial way to a book’s expressive content. Nothing in the statutory definition of a derivative work, or of the logic that underlies it, suggests that the author of an original work enjoys an exclusive derivative right to supply information about that work of the sort communicated by Google’s search functions.

²⁵ The complete text is set forth at footnote 15, *supra*.

Plaintiffs seek to support their derivative claim by a showing that there exist, or would have existed, paid licensing markets in digitized works, such as those provided by the Copyright Clearance Center or the previous, revenue-generating version of the Google Partners Program. Plaintiffs also point to the proposed settlement agreement rejected by the district court in this case, according to which Google would have paid authors for its use of digitized copies of their works. The existence or potential existence of such paid licensing schemes does not support Plaintiffs' derivative argument. The access to the expressive content of the original that is or would have been provided by the paid licensing arrangements Plaintiffs cite is far more extensive than that which Google's search and snippet view functions provide. Those arrangements allow or would have allowed public users to read substantial portions of the book. Such access would most likely constitute copyright infringement if not licensed by the rights holders. Accordingly, such arrangements have no bearing on Google's present programs, which, in a non-infringing manner, allow the public to obtain limited data about the contents of the book, without allowing any substantial reading of its text.

Plaintiffs also seek to support their derivative claim by a showing that there is a current *unpaid* market in licenses for partial viewing of digitized books, such as the licenses that publishers currently grant to the Google Partners program and Amazon's Search Inside the Book program to display substantial portions of their books. Plaintiffs rely on *Infinity Broadcast*

Corporation v. Kirkwood, 150 F.3d 104 (2nd Cir. 1998) and *United States v. American Society of Composers, Authors and Publishers (ASCAP)*, 599 F. Supp. 2d 415 (S.D.N.Y. 2009) for the proposition that “a secondary use that replaces a comparable service licensed by the copyright holder, even without charge, may cause market harm.” Pls.’ Br. at 51. In the cases cited, however, the purpose of the challenged secondary uses was not the dissemination of information *about* the original works, which falls outside the protection of the copyright, but was rather the re-transmission, or re-dissemination, of their expressive content. Those precedents do not support the proposition Plaintiffs assert—namely that the availability of licenses for providing unprotected information about a copyrighted work, or supplying unprotected services related to it, gives the copyright holder the right to exclude others from providing such information or services.

While the telephone ringtones at issue in the *ASCAP* case Plaintiffs cite are superficially comparable to Google’s snippets in that both consist of brief segments of the copyrighted work, in a more significant way they are fundamentally different. While it is true that Google’s snippets display a fragment of expressive content, the fragments it displays result from the appearance of the term selected by the searcher in an otherwise arbitrarily selected snippet of text. Unlike the reading experience that the Google Partners program or the Amazon Search Inside the Book program provides, the snippet function does not provide searchers with any meaningful experience of the expressive content of the book. Its purpose is not to

communicate copyrighted expression, but rather, by revealing to the searcher a tiny segment surrounding the searched term, to give some minimal contextual information to help the searcher learn whether the book's use of that term will be of interest to her. The segments taken from copyrighted music as ringtones, in contrast, are selected precisely because they play the most famous, beloved passages of the particular piece—the expressive content that members of the public want to hear when their phone rings. The value of the ringtone to the purchaser is not that it provides information but that it provides a mini-performance of the most appealing segment of the author's expressive content. There is no reason to think the courts in the cited cases would have come to the same conclusion if the service being provided by the secondary user had been simply to identify to a subscriber in what key a selected composition was written, the year it was written, or the name of the composer. These cases, and the existence of unpaid licensing schemes for substantial viewing of digitized works, do not support Plaintiffs' derivative works argument.

IV. Plaintiffs' Exposure to Risks of Hacking of Google's Files

Plaintiffs argue that Google's storage of its digitized copies of Plaintiffs' books exposes them to the risk that hackers might gain access and make the books widely available, thus destroying the value of their copyrights. Unlike the Plaintiffs' argument just considered based on a supposed derivative right to supply information about their books, this claim has a reasonable theoretical basis. If, in the course of making an

arguable fair use of a copyrighted work, a secondary user unreasonably exposed the rights holder to destruction of the value of the copyright resulting from the public's opportunity to employ the secondary use as a substitute for purchase of the original (even though this was not the intent of the secondary user), this might well furnish a substantial rebuttal to the secondary user's claim of fair use. For this reason, the *Arriba Soft* and *Perfect 10* courts, in upholding the secondary user's claim of fair use, observed that thumbnail images, which transformatively provided an Internet pathway to the original images, were of sufficiently low resolution that they were not usable as effective substitutes for the originals. *Arriba Soft*, 336 F.3d 811 at 819; *Perfect 10*, 508 F.3d at 1165.

While Plaintiffs' claim is theoretically sound, it is not supported by the evidence. In *HathiTrust*, we faced substantially the same exposure-to-piracy argument. The record in *HathiTrust*, however, "document[ed] the extensive security measures [the secondary user] ha[d] undertaken to safeguard against the risk of a data breach," evidence which was un rebutted. 755 F.3d at 100. The *HathiTrust* court thus found "no basis . . . on which to conclude that a security breach is likely to occur, much less one that would result in the public release of the specific copyrighted works belonging to any of the plaintiffs in this case." *Id.* at 100-101 (citing *Clapper v. Amnesty Int'l USA*, 133 S.Ct. 1138, 1143, 185 L. Ed. 2d 264 (2013) (finding that risk of future harm must be "certainly impending," rather than merely "conjectural" or "hypothetical," to constitute a cognizable injury-in-fact), and *Sony Corp.*, 464 U.S. at

453-454 (concluding that time-shifting using a Betamax is fair use because the copyright owners’ “prediction that live television or movie audiences will decrease” was merely “speculative”)).

Google has documented that Google Books’ digital scans are stored on computers walled off from public Internet access and protected by the same impressive security measures used by Google to guard its own confidential information. As Google notes, Plaintiffs’ own security expert praised these security systems, remarking that “Google is fortunate to have ample resources and top-notch technical talents” that enable it to protect its data. JA 1558, 1570. Nor have Plaintiffs identified any thefts from Google Books (or from the Google Library Project). Plaintiffs seek to rebut this record by quoting from Google’s July 2012 SEC filing, in which the company made legally required disclosure of its potential market risks.²⁶ Google’s prudent

²⁶ The filing includes the following disclosure:

Our products and services involve the storage and transmission of users’ and customers’ proprietary information, and security breaches could expose us to a risk of loss of this information, litigation, and potential liability. Our security measures may be breached due to the actions of outside parties, employee error, malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data or our users’ or customers’ data. Additionally, outside parties may attempt to fraudulently induce employees, users, or customers to disclose sensitive information in order to gain access to our data or our users’ or customers’ data. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our

acknowledgment that “security breaches could expose [it] to a risk of loss . . . due to the actions of outside parties, employee error, malfeasance, or otherwise,” however, falls far short of rebutting Google’s demonstration of the effective measures it takes to guard against piratical hacking. Google has made a sufficient showing of protection of its digitized copies of Plaintiffs’ works to carry its burden on this aspect of its claim of fair use and thus to shift to Plaintiffs the burden of rebutting Google’s showing. Plaintiffs’ effort to do so falls far short.

V. Google’s Distribution of Digital Copies to Participant Libraries

Finally, Plaintiffs contend that Google’s distribution to a participating library of a digital copy of Plaintiffs’ books is not a fair use and exposes the Plaintiffs to risks of loss if the library uses its digital copy in an infringing manner, or if the library fails to maintain security over its digital copy with the consequence that the book may

reputation, and a loss of confidence in the security of our products and services that could potentially have an adverse effect on our business. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose users and customers.

become freely available as a result of the incursions of hackers. The claim fails.

Although Plaintiffs describe the arrangement between Google and the libraries in more nefarious terms, those arrangements are essentially that each participant library has contracted with Google that Google will create for it a digital copy of each book the library submits to Google, so as to permit the library to use its digital copy in a non-infringing fair use manner. The libraries propose to use their digital copies to enable the very kinds of searches that we here hold to be fair uses in connection with Google's offer of such searches to the Internet public, and which we held in *HathiTrust* to be fair uses when offered by HathiTrust to its users. The contract between Google and each of the participating libraries commits the library to use its digital copy only in a manner consistent with the copyright law, and to take precautions to prevent dissemination of their digital copies to the public at large.

In these circumstances, Google's creation for each library of a digital copy of that library's already owned book in order to permit that library to make fair use through provision of digital searches is not an infringement. If the library had created its own digital copy to enable its provision of fair use digital searches, the making of the digital copy would not have been infringement. Nor does it become an infringement because, instead of making its own digital copy, the library contracted with Google that Google would use its expertise and resources to make the digital conversion for the library's benefit.

We recognize the possibility that libraries may use the digital copies Google created for them in an infringing manner. If they do, such libraries may be liable to Plaintiffs for their infringement. It is also possible that, in such a suit, Plaintiffs might adduce evidence that Google was aware of or encouraged such infringing practices, in which case Google could be liable as a contributory infringer. But on the present record, the possibility that libraries may misuse their digital copies is sheer speculation. Nor is there any basis on the present record to hold Google liable as a contributory infringer based on the mere speculative possibility that libraries, in addition to, or instead of, using their digital copies of Plaintiffs' books in a non-infringing manner, may use them in an infringing manner.

We recognize the additional possibility that the libraries might incur liability by negligent mishandling of, and failure to protect, their digital copies, leaving them unreasonably vulnerable to hacking. That also, however, is nothing more than a speculative possibility. There is no basis in the record to impose liability on Google for having lawfully made a digital copy for a participating library so as to enable that library to make non-infringing use of its copy, merely because of the speculative possibility that the library may fail to guard sufficiently against the dangers of hacking, as it is contractually obligated to do. Plaintiffs have failed to establish any basis for holding Google liable for its creation of a digital copy of a book submitted to it by a

participating library so as to enable that library to make fair use of it.²⁷

In sum, we conclude that: (1) Google's unauthorized digitizing of copyright-protected works, creation of a search functionality, and display of snippets from those works are non-infringing fair uses. The purpose of the copying is highly transformative, the public display of text is limited, and the revelations do not provide a significant market substitute for the protected aspects of the originals. Google's commercial nature and profit motivation do not justify denial of fair use. (2) Google's provision of digitized copies to the libraries that supplied the books, on the understanding that the libraries will use the copies in a manner consistent with the copyright law, also does not constitute infringement. Nor, on this record, is Google a contributory infringer.

CONCLUSION

The judgment of the district court is **AFFIRMED**.

²⁷ We have considered Plaintiffs' other contentions not directly addressed in this opinion and find them without merit.

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APPENDIX A

Books [Add to my library](#) [Write review](#)

NOT FROM STORE

No eBook available

Amazon.com
Barnes&Noble.com
Books-A-Million
eScribd.com
Find in a library
All sellers >

Get Textbooks on Google Play
Rent and save from the world's largest eBookstore. Read, highlight, and take notes, across web, tablet, and phone.
[Go to Google Play Now >](#)

> My library
> My history
Books on Google Play

Copyright for the eighties: cases and materials



Alan Latham, Robert A. Gorman, Jane C. Ginsburg
Marine CE, 1989 - Law - 824 pages
Reviews

From inside the book

for use

72 pages matching **german ginsberg** for use in this book

Page 437

1995), stated that such activity could not be considered a **fair use**. However, the court assigned the "apparent lack of independent research" as an additional reason for refusing to honor defendant's **fair use** claim. With the conclusion we disagree as a matter of law.

In *Estuary v. Bruce Publishing Co.*, supra, the Seventh Circuit affirmed the grant of an injunction, in favor of an author who had written a careful biography of Wood Phillips. Authors based on extensive research into Phillips' career.

Page 432

432 RIGHTS, LIMITATIONS AND REMEDIES

standards for analyzing the **fair use** defense in several cases. Like the standards

Page 416

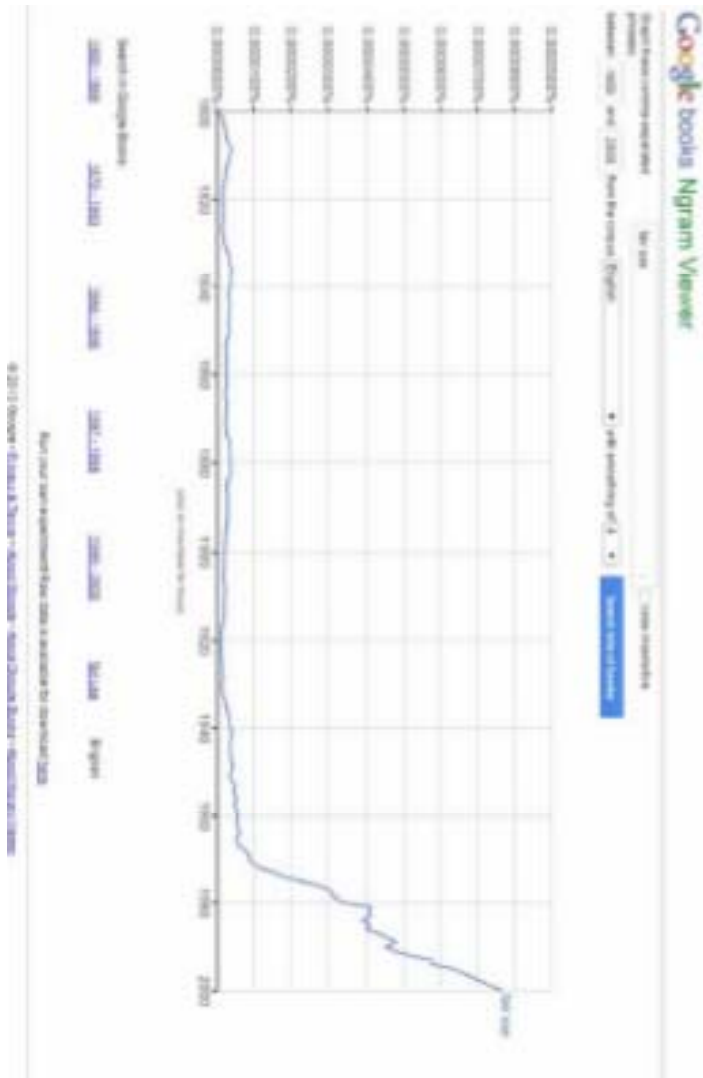
416 RIGHTS, LIMITATIONS AND REMEDIES

a finding of **fair use**, and that "all four factors (in § 107) must be considered

Where's the rest of this book?

Result 1-3 of 72

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APPENDIX B



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Appendix B

THE AUTHORS GUILD, INC.,
and BETTY MILES, JOSEPH GOULDEN,
and JIM BOUTON, on behalf of themselves and
all others similarly situated,
Plaintiffs,

v.

GOOGLE INC.,
Defendant.

05 Civ. 8136 (DC)

UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK

November 14, 2013, Decided
November 14, 2013, Filed

JUDGES: DENNY CHIN, United States Circuit
Judge.

OPINION

Since 2004, when it announced agreements with several major research libraries to digitally copy books in their collections, defendant Google Inc. (“Google”) has scanned more than twenty million books. It has delivered digital copies to participating libraries, created an electronic database of books, and made text available for online searching through the use of “snippets.” Many of the books scanned by Google,

however, were under copyright, and Google did not obtain permission from the copyright holders for these usages of their copyrighted works. As a consequence, in 2005, plaintiffs brought this class action charging Google with copyright infringement.

Before the Court are the parties' cross-motions for summary judgment with respect to Google's defense of fair use under § 107 of the Copyright Act, 17 U.S.C. § 107. For the reasons set forth below, Google's motion for summary judgment is granted and plaintiffs' motion for partial summary judgment is denied. Accordingly, judgment will be entered in favor of Google dismissing the case.

BACKGROUND

A. The Facts

For purposes of this motion, the facts are not in dispute. (See 9/23/13 Tr. 10-11, 15, 25-28 (Doc. No. 1086)).¹ They are summarized as follows:

1. *The Parties*

Plaintiff Jim Bouton, the former pitcher for the New York Yankees, is the legal or beneficial owner of the U.S. copyright in the book *Ball Four*. Plaintiff Betty Miles is the legal or beneficial owner of the U.S. copyright in the book *The Trouble with Thirteen*. Plaintiff Joseph Goulden is the legal or beneficial owner of the U.S. copyright in the book *The Superlawyers*:

¹ When pressed at oral argument to identify any factual issues that would preclude the award of summary judgment, plaintiffs' counsel was unable to do so. (*Id.* at 25-26).

The Small and Powerful World of the Great Washington Law Firms. (Google Resp. ¶¶ 1-3).² All three books have been scanned by Google and are available for search on Google’s website, without plaintiffs’ permission. (Google Resp. ¶ 4). Plaintiff The Authors Guild, Inc., is the nation’s largest organization of published authors and it advocates for and supports the copyright and contractual interests of published writers. (Google Resp. ¶¶ 7-8).

Google owns and operates the largest Internet search engine in the world. (Google Resp. ¶ 9). Each day, millions of people use Google’s search engine free of charge; commercial and other entities pay to display ads on Google’s websites and on other websites that contain Google ads. (Google Resp. ¶ 10). Google is a for-profit entity, and for the year ended December 31, 2011, it reported over \$36.5 billion in advertising revenues. (Google Resp. ¶ 11).

2. *The Google Books Project*

In 2004, Google announced two digital books programs. The first, initially called “Google Print” and later renamed the “Partner Program,” involved the “hosting” and display of material provided by book publishers or other rights holders. (Google Resp. ¶¶ 13,

² “Google Resp.” refers to Google’s Responses and Objections to plaintiffs’ Statement of Undisputed Facts in Support of Their Motion for Partial Summary Judgment (Doc. No. 1077). “Pl. Resp.” refers to plaintiffs’ Response to Google’s *Local Rule 56.1* Statement (Doc. No. 1071). I have relied on the parties’ responses to the statements of undisputed facts only to the extent that factual statements were not controverted.

14). The second became known as the “Library Project,” and over time it involved the digital scanning of books in the collections of the New York Public Library, the Library of Congress, and a number of university libraries. (Clancy Decl. ¶ 5 (Doc. No. 1035); Google Resp. ¶¶ 25, 26, 27; Pl. Resp. ¶ 14).

The Partner Program and the Library Project together comprise the Google Books program (“Google Books”). (Google Resp. ¶ 15). All types of books are encompassed, including novels, biographies, children’s books, reference works, textbooks, instruction manuals, treatises, dictionaries, cookbooks, poetry books, and memoirs. (Pl. Resp. ¶ 6; Jaskiewicz Decl. ¶ 4 (Doc. No. 1041)). Some 93% of the books are non-fiction while approximately 7% are fiction.³ Both in-print and out-of-print books are included, although the great majority are out-of-print. (Jaskiewicz Decl. ¶ 4).

In the Partner Program, works are displayed with permission of the rights holders. (Google Resp. ¶ 16). The Partner Program is aimed at helping publishers sell books and helping books become discovered. (Google Resp. ¶ 18). Initially, Google shared revenues from ads with publishers or other rights holders in certain circumstances. In 2011, however, Google stopped displaying ads in connection with all books.

³ These estimates are based on studies of the contents of the libraries involved. (Def. Mem. at 7 (Doc. No. 1032) (citing Brian Lavoie and Lorcan Dempsey, *Beyond 1923: Characteristics of Potentially In-Copyright Print Books in Library Collections*, 15-D-Lib 11/12 (2009), available at <http://www.dlib.org/dlib/november09/lavoie/11lavoie.html> (last visited November 12, 2013)). The numbers are not disputed. (See 9/23/2013 Tr. at 26).

(Google Resp. ¶¶ 17, 21; Dougall Decl. ¶¶ 5-8 (Doc. No. 1076)). Partners provide Google with a printed copy of their books for scanning, or a digital copy if one already exists. (Google Resp. ¶ 19). Partners decide how much of their books—from a few sample pages to the entire book—are browsable. (Google Resp. ¶ 20). As of early 2012, the Partner Program included approximately 2.5 million books, with the consent of some 45,000 rights holders. (Google Resp. ¶ 24).

As for the Library Project, Google has scanned more than twenty million books, in their entirety, using newly-developed scanning technology. (Google Resp. ¶¶ 28, 29). Pursuant to their agreement with Google, participating libraries can download a digital copy of each book scanned from their collections. (Google Resp. ¶ 30). Google has provided digital copies of millions of these books to the libraries, in accordance with these agreements. (Google Resp. ¶ 85). Some libraries agreed to allow Google to scan only public domain works, while others allowed Google to scan in-copyright works as well. (Google Resp. ¶ 36).

Google creates more than one copy of each book it scans from the library collections, and it maintains digital copies of each book on its servers and back-up tapes. (Google Resp. ¶¶ 40, 41). Participating libraries have downloaded digital copies of in-copyright books scanned from their collections. (Google Resp. ¶¶ 53, 54). They may not obtain a digital copy created from another library's book. (Jaskiewicz Decl. ¶¶ 6, 8). The libraries agree to abide by the copyright laws with respect to the copies they make. (Clancy Decl. ¶ 5).

Google did not seek or obtain permission from the copyright holders to digitally copy or display verbatim expressions from in-copyright books. (Google Resp. ¶¶ 53, 54). Google has not compensated copyright holders for its copying of or displaying of verbatim expression from in-copyright books or its making available to libraries for downloading of digital copies of in-copyright books scanned from their collections. (Google Resp. ¶ 55).

3. Google Books

In scanning books for its Library Project, including in-copyright books, Google uses optical character recognition technology to generate machine-readable text, compiling a digital copy of each book. (Google Resp. ¶ 62; Pl. Resp. ¶ 18; Jaskiewicz Decl. ¶ 3). Google analyzes each scan and creates an overall index of all scanned books. The index links each word or phrase appearing in each book with all of the locations in all of the books in which that word or phrase is found. The index allows a search for a particular word or phrase to return a result that includes the most relevant books in which the word or phrase is found. (Clancy Decl. ¶ 6; Pl. Resp. ¶¶ 22-26). Because the full texts of books are digitized, a user can search the full text of all the books in the Google Books corpus. (Clancy Decl. ¶ 7; Google Resp. ¶ 42).

Users of Google's search engine may conduct searches, using queries of their own design. (Pl. Resp. ¶ 10). In response to inquiries, Google returns a list of books in which the search term appears. (Clancy Decl. ¶ 8). A user can click on a particular result to be directed to an "About the Book" page, which will

provide the user with information about the book in question. The page includes links to sellers of the books and/or libraries that list the book as part of their collections. No advertisements have ever appeared on any About the Book page that is part of the Library Project. (Clancy Decl. ¶ 9).

For books in “snippet view” (in contrast to “full view” books), Google divides each page into eighths—each of which is a “snippet,” a verbatim excerpt. (Google Resp. ¶¶ 43, 44). Each search generates three snippets, but by performing multiple searches using different search terms, a single user may view far more than three snippets, as different searches can return different snippets. (Google Resp. ¶ 45). For example, by making a series of consecutive, slightly different searches of the book *Ball Four*, a single user can view many different snippets from the book. (Google Resp. ¶¶ 46, 47).

Google takes security measures to prevent users from viewing a complete copy of a snippet-view book. For example, a user cannot cause the system to return different sets of snippets for the same search query; the position of each snippet is fixed within the page and does not “slide” around the search term; only the first responsive snippet available on any given page will be returned in response to a query; one of the snippets on each page is “black-listed,” meaning it will not be shown; and at least one out of ten entire pages in each book is black-listed. (Google Resp. ¶¶ 48-50; Pl. Resp. ¶¶ 35, 37-40). An “attacker” who tries to obtain an entire book by using a physical copy of the book to string together words appearing in successive passages

would be able to obtain at best a patchwork of snippets that would be missing at least one snippet from every page and 10% of all pages. (Pl. Resp. ¶ 41). In addition, works with text organized in short “chunks,” such as dictionaries, cookbooks, and books of haiku, are excluded from snippet view. (Pl. Resp. ¶ 42).

4. *The Benefits of the Library Project and Google Books*

The benefits of the Library Project are many. First, Google Books provides a new and efficient way for readers and researchers to find books. (*See, e.g.*, Clancy Decl. Ex. G). It makes tens of millions of books searchable by words and phrases. It provides a searchable index linking each word in any book to all books in which that word appears. (Clancy Decl. ¶ 7). Google Books has become an essential research tool, as it helps librarians identify and find research sources, it makes the process of interlibrary lending more efficient, and it facilitates finding and checking citations. (Br. of Amici Curiae American Library Ass’n et al. at 4-7 (Doc. No. 1048)). Indeed, Google Books has become such an important tool for researchers and librarians that it has been integrated into the educational system—it is taught as part of the information literacy curriculum to students at all levels. (*Id.* at 7).

Second, in addition to being an important reference tool, Google Books greatly promotes a type of research referred to as “data mining” or “text mining.” (Br. of Digital Humanities and Law Scholars as Amici Curiae at 1 (Doc. No. 1052)). Google Books permits humanities scholars to analyze massive amounts of data—the

literary record created by a collection of tens of millions of books. Researchers can examine word frequencies, syntactic patterns, and thematic markers to consider how literary style has changed over time. (Id. at 8-9; Clancy Decl. ¶ 15). Using Google Books, for example, researchers can track the frequency of references to the United States as a single entity (“the United States is”) versus references to the United States in the plural (“the United States are”) and how that usage has changed over time. (Id. at 7). The ability to determine how often different words or phrases appear in books at different times “can provide insights about fields as diverse as lexicography, the evolution of grammar, collective memory, the adoption of technology, the pursuit of fame, censorship, and historical epidemiology.” Jean-Baptiste Michel et al., *Quantitative Analysis of Culture Using Millions of Digitized Books*, 331 *Science* 176, 176 (2011) (Clancy Decl. Ex. H).

Third, Google Books expands access to books. In particular, traditionally underserved populations will benefit as they gain knowledge of and access to far more books. Google Books provides print-disabled individuals with the potential to search for books and read them in a format that is compatible with text enlargement software, text-to-speech screen access software, and Braille devices. Digitization facilitates the conversion of books to audio and tactile formats, increasing access for individuals with disabilities. (Letter from Marc Maurer, President of the National Federation for the Blind, to J. Michael McMahon, Office of the Clerk (Jan. 19, 2010) (Doc. No. 858)). Google

Books facilitates the identification and access of materials for remote and underfunded libraries that need to make efficient decisions as to which resources to procure for their own collections or through interlibrary loans. (Br. of Amici Curiae American Library Ass'n at 5-6).

Fourth, Google Books helps to preserve books and give them new life. Older books, many of which are out-of-print books that are falling apart buried in library stacks, are being scanned and saved. See *Authors Guild v. Google Inc.*, 770 F. Supp. 2d 666, 670 (S.D.N.Y. 2011). These books will now be available, at least for search, and potential readers will be alerted to their existence.

Finally, by helping readers and researchers identify books, Google Books benefits authors and publishers. When a user clicks on a search result and is directed to an "About the Book" page, the page will offer links to sellers of the book and/or libraries listing the book as part of their collections. (Clancy Decl. ¶ 9). The About the Book page for *Ball Four*, for example, provides links to Amazon.com, Barnes&Noble.com, Books-A-Million, and IndieBound. (See Def. Mem. at 9). A user could simply click on any of these links to be directed to a website where she could purchase the book. Hence, Google Books will generate new audiences and create new sources of income.

As amici observe: "Thanks to . . . [Google Books], librarians can identify and efficiently sift through possible research sources, amateur historians have access to a wealth of previously obscure material, and everyday readers and researchers can find books that

were once buried in research library archives.” (Br. of Amici Curiae American Library Ass’n at 3).

B. Procedural History

Plaintiffs commenced this action on September 20, 2005, alleging, inter alia, that Google committed copyright infringement by scanning copyrighted books and making them available for search without permission of the copyright holders. From the outset, Google’s principal defense was fair use under § 107 of the Copyright Act, 17 U.S.C. § 107.

After extensive negotiations, the parties entered into a proposed settlement resolving plaintiffs’ claims on a class-wide basis. On March 22, 2011, I issued an opinion rejecting the proposed settlement on the grounds that it was not fair, adequate, and reasonable. *Authors Guild v. Google Inc.*, 770 F. Supp. 2d 666 (S.D.N.Y. 2011).

Thereafter, the parties engaged in further settlement discussions, but they were unable to reach agreement. The parties proposed and I accepted a schedule that called for the filing of plaintiffs’ class certification motion, the completion of discovery, and then the filing of summary judgment motions. (See 9/16/11 Order (Doc. No. 982)). Plaintiffs filed a fourth amended class action complaint (the “Complaint”) on October 14, 2011. (Doc. No. 985). While the dates in the schedule were subsequently extended, the sequence of events was retained, with the class certification motion to precede the summary judgment motions, and adding dates for Google’s filing of a motion to dismiss the

Authors Guild's claims. (*See, e.g.*, 1/17/12 Order (Doc. No. 996); 3/28/12 Order (Doc. No. 1007)).

Plaintiffs filed their class certification motion and Google filed its motion to dismiss the Authors Guild's claims. On May 31, 2012, I issued an opinion denying Google's motion to dismiss and granting the individual plaintiffs' motion for class certification. *Authors Guild v. Google Inc.*, 282 F.R.D. 384 (S.D.N.Y. 2012).

On June 9, 2012, I issued an order re-setting the briefing schedule for the summary judgment motions. (6/19/12 Order (Doc. No. 1028)). The parties thereafter filed the instant cross-motions for summary judgment. Before the motions were fully submitted, however, the Second Circuit issued an order on September 17, 2012, staying these proceedings pending an interlocutory appeal by Google from my decision granting class certification. (9/17/12 Order (Doc. No. 1063)).

On July 1, 2013, without deciding the merits of the appeal, the Second Circuit vacated my class certification decision, concluding that "resolution of Google's fair use defense in the first instance will necessarily inform and perhaps moot our analysis of many class certification issues." *Authors Guild, Inc. v. Google Inc.*, 721 F.3d 132, 134 (2d Cir. 2013). The Second Circuit remanded the case "for consideration of the fair use issues." *Id.* at 135.

On remand, the parties completed the briefing of the summary judgment motions. I heard oral argument on September 23, 2013. I now rule on the motions.

DISCUSSION

For purposes of these motions, I assume that plaintiffs have established a prima facie case of copyright infringement against Google under 17 U.S.C. § 106. *See Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991). Google has digitally reproduced millions of copyrighted books, including the individual plaintiffs' books, maintaining copies for itself on its servers and backup tapes. *See* 17 U.S.C. § 106(1) (prohibiting unauthorized reproduction). Google has made digital copies available for its Library Project partners to download. *See* 17 U.S.C. § 106(3) (prohibiting unauthorized distribution). Google has displayed snippets from the books to the public. *See* 17 U.S.C. § 106(5) (prohibiting unauthorized display). Google has done all of this, with respect to in-copyright books in the Library Project, without license or permission from the copyright owners. The sole issue now before the Court is whether Google's use of the copyrighted works is "fair use" under the copyright laws. For the reasons set forth below, I conclude that it is.

A. Applicable Law

Fair use is a defense to a claim of copyright infringement. The doctrine permits the fair use of copyrighted works "to fulfill copyright's very purpose, '[t]o promote the Progress of Science and useful Arts.'" *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) (quoting U.S. Const., Art. I, § 8, cl. 8)); accord *Carrou v. Prince*, 714 F.3d 694, 705 (2d Cir. 2013). Copyright law seeks to achieve that purpose by providing sufficient protection

to authors and inventors to stimulate creative activity, while at the same time permitting others to utilize protected works to advance the progress of the arts and sciences. See *Eldred v. Ashcroft*, 537 U.S. 186, 212, 123 S. Ct. 769, 154 L. Ed. 2d 683 (2003); *Blanch v. Koons*, 467 F.3d 244, 250 (2d Cir. 2006); Hon. Pierre N. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1107-08 (1990). As the Supreme Court has held, “[f]rom the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright’s very purpose.” *Campbell*, 510 U.S. at 575; see also *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) (recognizing “the latitude for scholarship and comment traditionally afforded by fair use”).

The fair use doctrine is codified in § 107 of the Copyright Act, which provides in relevant part as follows:

[T]he fair use of a copyrighted work, . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. 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;

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- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107. The determination of fair use is “an open-ended and context-sensitive inquiry,” *Blanch v. Koons*, 467 F.3d at 251, and thus the fair use doctrine calls for “case-by-case analysis,” *Campbell*, 510 U.S. at 577; *see also Harper & Row*, 471 U.S. at 553. The four factors enumerated in the statute are non-exclusive and provide only “general guidance”; they are to be explored and weighed together, “in light of the purposes of copyright.” *Campbell*, 510 U.S. at 578-79; *Harper & Row*, 471 U.S. at 560-61. As fair use is an affirmative defense to a claim of copyright infringement, the proponent carries the burden of proof as to all issues in dispute. *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 918 (2d Cir. 1994); *see also Campbell*, 510 U.S. at 590.

A key consideration is whether, as part of the inquiry into the first factor, the use of the copyrighted work is “transformative,” that is, whether the new work merely “supersedes” or “supplants” the original creation, or whether it:

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.”

Campbell, 510 U.S. at 579 (quoting Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. at 1111); accord *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608 (2d Cir. 2006) (“Most important to the court’s analysis of the first factor is ‘transformative’ nature of the work.”); *Am. Geophysical Union*, 60 F.3d at 923. Although transformative use is not “absolutely necessary” to a finding of fair use, “the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works.” *Campbell*, 510 U.S. at 579.

B. Application

I discuss each of the four factors separately, and I then weigh them together.

1. Purpose and Character of Use

The first factor is “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” 17 U.S.C. § 107(1).

Google’s use of the copyrighted works is highly transformative. Google Books digitizes 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 the display of snippets is transformative. See *Perfect 10, Inc. v.*

Amazon.com, Inc., 508 F.3d 1146, 1168 (9th Cir. 2007) (holding that use of works—“thumbnail images,” including copyrighted photographs—to facilitate search was “transformative”); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th Cir. 2003) (same); *see also Bill Graham Archives*, 448 F.3d at 609-11 (holding that display of images of posters in 480-page cultural history of the Grateful Dead was transformative, explaining that “[w]hile the small size [of the images of the posters] is sufficient to permit readers to recognize the historical significance of the posters, it is inadequate to offer more than a glimpse of their expressive value”). The display of snippets of text for search is similar to the display of thumbnail images of photographs for search or small images of concert posters for reference to past events, as the snippets help users locate books and determine whether they may be of interest. Google Books thus uses words for a different purpose—it uses snippets of text to act as pointers directing users to a broad selection of books.

Similarly, 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. Words in books are being used in a way they have not been used before. Google Books has created something new in the use of book text—the frequency of words and trends in their usage provide substantive information.

Google Books does not supersede or supplant books because it is not a tool to be used to read books. Instead, it “adds value to the original” and allows for

“the creation of new information, new aesthetics, new insights and understandings.” Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. at 1111. Hence, the use is transformative.

It is true, of course, as plaintiffs argue, that Google is a for-profit entity and Google Books is largely a commercial enterprise. The fact that a use is commercial “tends to weigh against a finding of fair use.” *Harper & Row*, 471 U.S. at 562; accord *Campbell*, 510 U.S. at 585. On the other hand, fair use has been found even where a defendant benefitted commercially from the unlicensed use of copyrighted works. *See, e.g., Blanch*, 467 F.3d at 253; *Bill Graham Archives*, 448 F.3d at 612. *See also Castle Rock Entm’t, Inc. v. Carol Publ’g Grp., Inc.*, 150 F.3d 132, 142 (2d Cir. 1998) (observing that Second Circuit does “not give much weight to the fact that the secondary use was for commercial gain”). Here, Google does not sell the scans it has made of books for Google Books; it does not sell the snippets that it displays; and it does not run ads on the About the Book pages that contain snippets. It does not engage in the direct commercialization of copyrighted works. *See* 17 U.S.C. § 107(1). Google does, of course, benefit commercially in the sense that users are drawn to the Google websites by the ability to search Google Books. While this is a consideration to be acknowledged in weighing all the factors, even assuming Google’s principal motivation is profit, the fact is that Google Books serves several important educational purposes.

Accordingly, I conclude that the first factor strongly favors a finding of fair use.

2. *Nature of Copyrighted Works*

The second factor is “the nature of the copyrighted work.” 17 U.S.C. § 107(2).⁴ Here, the works are books—all types of published books, fiction and non-fiction, in-print and out-of-print. While works of fiction are entitled to greater copyright protection, *Stewart v. Abend*, 495 U.S. 207, 237, 110 S. Ct. 1750, 109 L. Ed. 2d 184 (1990), here the vast majority of the books in Google Books are non-fiction. Further, the books at issue are published and available to the public. These considerations favor a finding of fair use. See *Arica Inst., Inc. v. Palmer*, 970 F.2d 1067, 1078 (2d Cir. 1992) (“Whether or not a work is published is critical to its nature under factor two because the scope of fair use is narrower with respect to unpublished works.”) (quoting *New Era Publ’ns Intern., ApS v. Carol Publ’g Grp.*, 904 F.2d 152, 157 (2d Cir. 1990) (internal quotation marks omitted)).

3. *Amount and Substantiality of Portion Used*

The third factor is “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.” 17 U.S.C. § 107(3). Google scans the full text of books—the entire books—and it copies verbatim expression. On the other hand, courts have held that

⁴ The parties agree that the second factor plays little role in the ultimate fair use determination. (Pl. Mem. at 36 n.18 (Doc. No. 1050); Def. Mem. at 25). See *On Davis v. Gap, Inc.*, 246 F.3d 152, 175 (2d Cir. 2001) (“The second statutory factor, the nature of the copyrighted work, is rarely found to be determinative.”) (internal citation omitted).

copying the entirety of a work may still be fair use. *See, e.g., Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449-50, 104 S. Ct. 774, 78 L. Ed. 2d 574 (1984); *Bill Graham Archives*, 448 F.3d at 613 (“copying the entirety of a work is sometimes necessary to make a fair use of the image”). Here, as one of the keys to Google Books is its offering of full-text search of books, full-work reproduction is critical to the functioning of Google Books. Significantly, Google limits the amount of text it displays in response to a search.

On balance, I conclude that the third factor weighs slightly against a finding of fair use.

4. *Effect of Use Upon Potential Market or Value*

The fourth factor is “the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4). Here, plaintiffs argue that Google Books will negatively impact the market for books and that Google’s scans will serve as a “market replacement” for books. (Pl. Mem. at 41). It also argues that users could put in multiple searches, varying slightly the search terms, to access an entire book. (9/23/13 Tr. at 6).

Neither suggestion makes sense. Google does not sell its scans, and the scans do not replace the books. While partner libraries have the ability to download a scan of a book from their collections, they owned the books already—they provided the original book to Google to scan. Nor is it likely that someone would take the time and energy to input countless searches to try and get enough snippets to comprise an entire book.

Not only is that not possible as certain pages and snippets are blacklisted, the individual would have to have a copy of the book in his possession already to be able to piece the different snippets together in coherent fashion.

To the contrary, a reasonable factfinder could only find that Google Books enhances the sales of books to the benefit of copyright holders. An important factor in the success of an individual title is whether it is discovered—whether potential readers learn of its existence. (Harris Decl. ¶ 7 (Doc. No. 1039)). Google Books provides a way for authors' works to become noticed, much like traditional in-store book displays. (Id. at ¶¶ 14-15). Indeed, both librarians and their patrons use Google Books to identify books to purchase. (Br. of Amici Curiae American Library Ass'n at 8). Many authors have noted that online browsing in general and Google Books in particular helps readers find their work, thus increasing their audiences. Further, Google provides convenient links to booksellers to make it easy for a reader to order a book. In this day and age of on-line shopping, there can be no doubt but that Google Books improves books sales.

Hence, I conclude that the fourth factor weighs strongly in favor of a finding of fair use.

5. Overall Assessment

Finally, the various non-exclusive statutory factors are to be weighed together, along with any other relevant considerations, in light of the purposes of the copyright laws.

In my view, Google Books provides significant public benefits. It advances the progress of the arts and sciences, while maintaining respectful consideration for the rights of authors and other creative individuals, and without adversely impacting the rights of copyright holders. It has become an invaluable research tool that permits students, teachers, librarians, and others to more efficiently identify and locate books. It has given scholars the ability, for the first time, to conduct full-text searches of tens of millions of books. It preserves books, in particular out-of-print and old books that have been forgotten in the bowels of libraries, and it gives them new life. It facilitates access to books for print-disabled and remote or underserved populations. It generates new audiences and creates new sources of income for authors and publishers. Indeed, all society benefits.

Similarly, Google is entitled to summary judgment with respect to plaintiffs' claims based on the copies of scanned books made available to libraries. Even assuming plaintiffs have demonstrated a prima facie case of copyright infringement, Google's actions constitute fair use here as well. Google provides the libraries with the technological means to make digital copies of books that they already own. The purpose of the library copies is to advance the libraries' lawful uses of the digitized books consistent with the copyright law. The libraries then use these digital copies in transformative ways. They create their own full-text searchable indices of books, maintain copies for purposes of preservation, and make copies available to print-disabled individuals, expanding access for them in

unprecedented ways. Google's actions in providing the libraries with the ability to engage in activities that advance the arts and sciences constitute fair use.

To the extent plaintiffs are asserting a theory of secondary liability against Google, the theory fails because the libraries' actions are protected by the fair use doctrine. Indeed, in the HathiTrust case, Judge Baer held that the libraries' conduct was fair use. *See Authors Guild, Inc. v. HathiTrust*, 902 F. Supp. 2d 445, 460-61, 464 (S.D.N.Y. 2012) ("I cannot imagine a definition of fair use that would not encompass the transformative uses made by Defendants' [Mass Digitization Project] and would require that I terminate this invaluable contribution to the progress of science and cultivation of the arts that at the same time effectuates the ideals espoused by the [Americans with Disabilities Act]."). The fair use analysis set [**30] forth above with respect to Google Books applies here as well to the libraries' use of their scans, and if there is no liability for copyright infringement on the libraries' part, there can be no liability on Google's part.

CONCLUSION

For the reasons set forth above, plaintiffs' motion for partial summary judgment is denied and Google's motion for summary judgment is granted. Judgment will be entered in favor of Google dismissing the Complaint. Google shall submit a proposed judgment, on notice, within five business days hereof.

SO ORDERED.

Dated: November 14, 2013

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Appendix C

The AUTHORS GUILD, INC., Associational Plaintiff,
Betty Miles, Joseph Goulden, and Jim Bouton,
individually and on behalf of all others similarly
situated, Plaintiffs–Appellees,

v.

GOOGLE INC., Defendant–Appellant.

Docket No. 12–3200–cv. | Argued on: May 8, 2013. |
Decided: July 1, 2013.

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

Before: LEVAL, CABRANES, and B.D. PARKER,
Circuit Judges.

Opinion

PER CURIAM:

Plaintiff-appellee The Authors Guild, an association of authors, as well as several individual authors (jointly, “plaintiffs”), began this suit in 2005, alleging that defendant-appellant Google Inc. (“Google”) committed copyright infringement through the Library Project of its “Google Books” search tool by scanning and indexing more than 20 million books and making available for public display “snippets” of most books

upon a user's search.¹ Following a course of discovery and settlement discussions, the parties moved for final approval of an amended proposed class settlement agreement ("ASA") before the District Court. In a thorough opinion, Judge Chin refused to approve the ASA on March 22, 2011. *See Authors Guild v. Google, Inc.*, 770 F.Supp.2d 666, 686 (S.D.N.Y.2011).

Following the District Court's denial of the motion to approve the ASA, plaintiffs moved to certify a proposed class of "[a]ll persons residing in the United States who hold a United States copyright interest in one or more Books reproduced by Google as part of its Library Project, who are either (a) natural persons who are authors of such Books or (b) natural persons, family trusts or sole proprietorships who are heirs, successors in interest or assigns of such authors." *Authors Guild v. Google, Inc.*, 282 F.R.D. 384, 393 (S.D.N.Y.2012) (alteration in original).² The District Court granted plaintiffs' motion to certify the proposed class of authors pursuant to Federal Rule of Civil Procedure 23. *Id.* at 395.

¹ Plaintiffs sought injunctive and declaratory relief as well as statutory damages. *See Authors Guild v. Google, Inc.*, 282 F.R.D. 384, 387 (S.D.N.Y.2012).

² The motion for class certification also specified that a "book" was defined as each "full-length book published in the United States in the English language and registered with the United States Copyright Office within three months after its first publication. Google's directors, officers, and employees [were] excluded from the class, as well as United States Government and Court personnel." *Author's Guild*, 282 F.R.D. at 393 n. 7 (internal citations omitted).

Google opposed the motion for class certification before the District Court and now appeals the District Court's grant of class certification to us. Google argues, *inter alia*, that it intends to assert a "fair use" defense,³ which might moot the litigation. Google also claims that plaintiffs are unable to "fairly and adequately protect the interests of the class," Fed.R.Civ.P. 23(a)(4), because many members of the class, perhaps even a majority, benefit from the Library Project and oppose plaintiffs' efforts. *See* Appellant's Br. 25 (arguing that class certification has "potentially tied many [authors] in the class to a suit that is contrary to their interests"); *see also* Joint App'x 244 (summarizing the findings of a controverted survey of authors).

³ As we have explained, "[f]air use is a judicially created doctrine dating back nearly to the birth of copyright in the eighteenth century, but first explicitly recognized in statute in the Copyright Act of 1976." *On Davis v. The Gap, Inc.*, 246 F.3d 152, 173 (2d Cir. 2001) (internal citations omitted). Under that statute, to determine whether the use of a work is a fair use, courts consider four factors, including:

- (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.

Putting aside the merits of Google’s claim that plaintiffs are not representative of the certified class—an argument which, in our view, may carry some force—we believe that the resolution of Google’s fair use defense in the first instance will necessarily inform and perhaps moot our analysis of many class certification issues, including those regarding the commonality of plaintiffs’ injuries, the typicality of their claims, and the predominance of common questions of law or fact, *see* Fed.R.Civ.P. 23(a)(2), (3), (b)(3). *See, e.g., FPX, LLC v. Google, Inc.*, 276 F.R.D. 543, 551 (E.D.Tex.2011) (denying plaintiffs’ request for class certification “because of the fact-specific inquiries the court would have to evaluate to address [defendants’] affirmative defenses [including fair use of trademarks]”); *Vulcan Golf, LLC v. Google Inc.*, 254 F.R.D. 521, 531 (N.D.Ill.2008) (“The existence of affirmative defenses [such as fair use of trademarks] which require individual resolution can be considered as part of the court’s analysis to determine whether individual issues predominate under Rule 23(b)(3).”); *see also Coopers & Lybrand v. Livesay*, 437 U.S. 463, 469 n. 12, 98 S.Ct. 2454, 57 L.Ed.2d 351 (1978) (“Evaluation of many of the questions entering into determination of class action questions is intimately involved with the merits of the claims. The typicality of the representative’s claims or defenses ... and the presence of common questions of law or fact are obvious examples.” (quotation marks omitted)); *Castano v. Am. Tobacco Co.*, 84 F.3d 734, 744 (5th Cir.1996) (“[A] court must understand the claims, defenses, relevant facts, and applicable substantive law in order to make a meaningful determination of the

certification issues.”); *cf. Wal-Mart Stores, Inc. v. Dukes*, — U.S. —, 131 S.Ct. 2541, 2561, 180 L.Ed.2d 374 (2011) (holding that “a class cannot be certified on the premise that [a defendant] will not be entitled to litigate its statutory defenses to individual claims”). Moreover, we are persuaded that holding the issue of class certification in abeyance until Google’s fair use defense has been resolved will not prejudice the interests of either party during the projected proceedings before the District Court following remand. Accordingly, we vacate the District Court’s order of June 11, 2012 certifying plaintiffs’ proposed class, and we remand the cause to the District Court, for consideration of the fair use issues.

CONCLUSION

For the reasons stated above, we **VACATE** the June 11, 2012 order of the District Court certifying plaintiffs’ proposed class and **REMAND** the cause to the District Court for consideration of the fair use issues, without prejudice to any renewal of the motion for class certification before the District Court following its decision on the fair use defense. In the interest of judicial economy, any further appeal from the decisions of the District Court shall be assigned to this panel.

The mandate shall issue forthwith.

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Appendix D

THE AUTHORS GUILD et al.,
Plaintiffs,

v.

GOOGLE INC.,
Defendant.

05 Civ. 8136 (DC)

UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK

March 22, 2011, Decided

March 22, 2011, Filed

JUDGES: DENNY CHIN, United States Circuit
Judge. Sitting By Designation.

OPINION

Before the Court is plaintiffs' motion pursuant to Rule 23 of the Federal Rules of Civil Procedure for final approval of the proposed settlement of this class action on the terms set forth in the Amended Settlement Agreement (the "ASA"). The question presented is whether the ASA is fair, adequate, and reasonable. I conclude that it is not.

While the digitization of books and the creation of a universal digital library would benefit many, the ASA would simply go too far. It would permit this class action—which was brought against defendant Google

Inc. (“Google”) to challenge its scanning of books and display of “snippets” for on-line searching—to implement a forward-looking business arrangement that would grant Google significant rights to exploit entire books, without permission of the copyright owners. Indeed, the ASA would give Google a significant advantage over competitors, rewarding it for engaging in wholesale copying of copyrighted works without permission, while releasing claims well beyond those presented in the case.

Accordingly, and for the reasons more fully discussed below, the motion for final approval of the ASA is denied. The accompanying motion for attorneys’ fees and costs is denied, without prejudice.

BACKGROUND

A. The Facts and Prior Proceedings

In 2004, Google announced that it had entered into agreements with several major research libraries to digitally copy books and other writings in their collections. Since then, Google has scanned more than 12 million books. It has delivered digital copies to the participating libraries, created an electronic database of books, and made text available for online searching. See generally Emily Anne Proskine, *Google’s Technicolor Dreamcoat: A Copyright Analysis of the Google Book Search Library Project*, 21 *Berkeley Tech. L.J.* 213, 220-21 (2006) (describing project). Google users can search its “digital library” and view

excerpts—“snippets”—from books in its digital collection.¹

The benefits of Google’s book project are many. Books will become more accessible. Libraries, schools, researchers, and disadvantaged populations will gain access to far more books. Digitization will facilitate the conversion of books to Braille and audio formats, increasing access for individuals with disabilities. Authors and publishers will benefit as well, as new audiences will be generated and new sources of income created. Older books—particularly out-of-print books, many of which are falling apart buried in library stacks—will be preserved and given new life²

¹ The term “digital library” apparently first appeared in the 1980s, see Mary Murrell, *Digital + Library: Mass Book Digitization as Collective Inquiry*, 55 N.Y.L. Sch. L. Rev. 221, 230 (2010), although the notion of a “universal library—the utopian dream of gathering [] all human knowledge and, especially, all the books ever written in one place”—has been with us for many centuries, *id.* at 226; *see also id.* at 226-36 (detailing that history). It is estimated that there are 174 million unique books. (Clancy Decl. ¶ 11, ECF No. 946). The Republic of Germany reports that certain “European nations have taken affirmative steps to create a European Digital Library (‘Europeana’) that balances the needs of authors and publishers with those of users in a way that meets the interests of both.” (Mem. in Opp’n to ASA of Republic of Germany 2, ECF No. 852 (“Germany Mem.”)).

² *See, e.g.*, Matthew Sag, *The Google Book Settlement & the Fair Use Counterfactual*, 55 N.Y.L. Sch. L. Rev. 19, 73 (2010) (“There is no doubt that approval of the settlement will yield enormous cultural, intellectual, and educational benefits. It will expand access to millions of out-of-print books for all readers; it will also facilitate a revolution in access for print-disabled persons and users in remote locations without immediate geographic access to

Millions of the books scanned by Google, however, were still under copyright, and Google did not obtain copyright permission to scan the books.³ As a consequence, in 2005, certain authors and publishers brought this class action and the related case, respectively, charging Google with copyright infringement. The authors seek both damages and injunctive relief, and the publishers seek injunctive relief. Google's principal defense is fair use under § 107 of the Copyright Act, 17 U.S.C. § 107.

The parties engaged in document discovery and, in the fall of 2006, began settlement negotiations. On October 28, 2008, after extended discussions, the parties filed a proposed settlement agreement. The proposed settlement was preliminarily approved by Judge John E. Sprizzo by order entered November 17, 2008 (ECF No. 64). Notice of the proposed settlement triggered hundreds of objections. As a consequence, the parties began discussing possible modifications to the proposed settlement to address at least some of the

the nation's marquee research libraries. . . . From the perspective of authors and publishers, the GBS [Google Book Search] settlement promises new ways to profit from out-of-print works, as well as the possibility that increased access will draw in new readers and open up new niche markets.”).

³ “Google proceeded to scan, digitize, and copy books . . . without attempting to contract with rightsholders beforehand to obtain rights and licenses to copy in-copyright books and display portions of them on its website. In doing so, Google reversed the default copyright arrangement by shifting the burden to rightsholders to assert their rights.” Alessandra Glorioso, *Google Books: An Orphan Works Solution*, 38 *Hofstra L. Rev.* 971, 992 (2010) (footnotes omitted).

concerns raised by objectors and others. On November 13, 2009, the parties executed the ASA and filed a motion for final approval of the ASA pursuant to Federal Rule of Civil Procedure 23(e) (ECF No. 768). I entered an order preliminarily approving the ASA on November 19, 2009 (ECF No. 772).

Notice of the ASA was disseminated. As was the case with the original proposed settlement, hundreds of class members objected to the ASA. A few wrote in its favor. The Department of Justice (“DOJ”) filed a statement of interest raising certain concerns (ECF No. 922). Amici curiae weighed in, both for and against the proposed settlement. The Court conducted a fairness hearing on February 18, 2010.

B. The ASA

The ASA is a complex document. It is 166 pages long, not including attachments. Article I sets forth 162 definitions, including the capitalized terms discussed below. I will not describe the ASA in detail, but will summarize its principal provisions.

The Class consists of all persons (and their heirs, successors, and assigns) who, as of January 5, 2009, own a U.S. copyright interest in one or more Books or Inserts⁴ implicated by a use authorized by the ASA. Certain individuals and entities are excluded. (ASA § 1.13). The Author Sub-Class consists principally of members of the Class who are authors and their heirs,

⁴ An Insert includes, for example, a foreword, prologue, or essay that is independently copyrighted, if certain other requirements are met. (ASA § 1.75).

successors, and assigns. (ASA § 1.17). The Publisher Sub-Class consists of all members of the Class that are publishing companies that own a U.S. copyright interest in an Insert or have published a Book. (ASA § 1.122).

Under the ASA, Google is authorized to (1) continue to digitize Books and Inserts, (2) sell subscriptions to an electronic Books database, (3) sell online access to individual Books, (4) sell advertising on pages from Books, and (5) make certain other prescribed uses. (ASA §§ 3.1, 4.1-4.8; see also ASA § 1.149). The rights granted to Google are non-exclusive; Rightsholders retain the right to authorize others, including competitors of Google, to use their Books in any way. (ASA §§ 2.4, 3.1(a)). Google will pay to Rightsholders 63% of all revenues received from these uses, and revenues will be distributed in accordance with a Plan of Allocation and Author-Publisher Procedures. (ASA §§ 2.1-2.4, 4.5, 5.4 & Attachs. A, C).

The ASA will establish a Book Rights Registry (the “Registry”) that will maintain a database of Rightsholders, and the Registry will administer distributions of revenues. (ASA § 6.1(b)). Google will fund the establishment and initial operations of the Registry with a payment of \$34.5 million (which will also cover the costs of notice to the Class). (ASA § 2.1(c)). The Registry will be managed by a Board consisting of an equal number of Author Sub-Class and Publisher Sub-Class representatives (at least four each). (ASA § 6.2(b)). The ASA will also create an “independent” Unclaimed Works Fiduciary to represent interests with respect to, and assume

responsibility for certain decisions pertaining to, unclaimed works, including pricing and book classification. (ASA §§ 3.2(e)(i), 3.3, 3.10, 4.2(c)(i), 4.3, 4.5(b)(ii), 4.7, 6.2(b)(ii)).

Rightsholders can exclude their Books from some or all of the uses listed above, and they can remove their Books altogether from the database. At any time Rightsholders can ask Google not to digitize any Books not yet digitized, and Google will use “reasonable efforts” not to digitize any such Books. (ASA §§ 1.124, 3.5(a)(i)). A Rightsholder may also request removal from the Registry of a Book already digitized, and Google is obligated to remove the Book “as soon as reasonably practicable, but in any event no later than thirty (30) days.” (ASA § 3.5(a)(i)).

As for Books and Inserts digitized before May 5, 2009, Google will pay \$45 million into a Settlement Fund to make Cash Payments to Rightsholders—at least \$60 per Principal Work, \$15 per Entire Insert, and \$5 per Partial Insert, for which at least one Rightsholder has registered a valid claim on or before the agreed-upon deadline. (ASA §§ 2.1(b), 13.4; see also Stip. & Order to Extend Cash Payment Deadline 1-2, Feb. 18, 2011, ECF No. 970). These are minimum amounts, and if more than \$45 million becomes necessary to pay all eligible claims, Google will provide additional funds. If payment of all eligible claims requires less than \$45 million, the Registry will distribute greater amounts up to a maximum of \$300 per Principal Work, \$75 per Entire Insert, and \$25 per Partial Insert. (ASA § 5.1).

Going forward, the ASA provides for Google to split revenues with Rightsholders. For works covered by the ASA, Google will pay to the Registry, on behalf of Rightsholders, 70% of net revenues from sales and advertising; net revenues reflect a 10% deduction for Google's operating costs. (ASA §§ 1.89, 1.90, 4.5(a)(i)-(ii)). Revenue splits can be renegotiated by individual Rightsholders. (ASA § 4.5(a)(iii)).

The ASA obligates the Registry to use "commercially reasonable efforts" to locate Rightsholders. (ASA § 6.1(c)). The Registry will receive payments from Google on behalf of Rightsholders and will in turn distribute them to registered Rightsholders. (ASA § 6.1(d)). Funds unclaimed after five years may be used, in part, to cover the expense of locating owners of unclaimed works. (ASA § 6.3(a)(i)(2)). After ten years, unclaimed funds may be distributed to literary-based charities. (ASA § 6.3(a)(i)(3)).⁵

The ASA distinguishes between in-print (Commercially Available) and out-of-print (not Commercially Available) Books. (ASA §§ 1.31, 3.2, 3.3).

⁵ The States of Connecticut, Massachusetts, Pennsylvania, Texas, and Washington objected specifically to provisions of the ASA dealing with unclaimed funds. (See Objection to ASA of Massachusetts, Pennsylvania & Washington, ECF No. 860; Objection of Connecticut to ASA, ECF No. 851; Letter from Att'y Gen. of Tex. to Court (Jan. 27, 2010) (ECF No. 887)). I need not rule on these objections at this time, as no unclaimed funds yet exist (see Pls.' Suppl. Mem. Responding to Specific Objections 154-55, ECF No. 955 ("Pls.' Suppl. Mem."), and in light of my rulings below.

Google may not display in-print Books at all unless and until it receives prior express authorization from the Books' Rightsholders. The ASA does give Google the right to make Non-Display Uses of in-print Books. (ASA § 3.4). Google may display out-of-print Books without the prior express authorization of the Books' Rightsholders, but its right to do so ceases when and if the Rightsholder directs Google to stop.

C. The Objections

Approximately 500 submissions were filed commenting on the ASA and the original proposed settlement. The vast majority objected to the ASA⁶. Some 6800 class members opted out. (Fairness Hr'g Tr. 166, Feb. 18, 2010 (Michael J. Boni)). The major objections are as follows:

⁶ Plaintiffs argue that the number of objections received is small when "viewed in light of the size of the Class, which numbers in the hundreds of thousands, or millions." (Pls.' Suppl. Mem. 1-2 & n.2, ECF No. 955). Some wrote in support of the ASA. (*See, e.g.*, Letter from Gregory Crane to Court 1 (Aug. 7, 2009) (ECF No. 898) ("I am writing to support making the millions of books that Google has digitized reach the widest possible audience as quickly as possible. . . . This is a watershed event and can serve as a catalyst for the reinvention of education, research and intellectual life."); Letter from Nat'l Fed'n of the Blind to Court 2 (Jan. 19, 2010) (ECF No. 858) ("[I]f this Court approves the settlement, the NFB and its members, as well as the estimated thirty million Americans who cannot read print due to other disabilities, will benefit from unprecedented access to information."); Letter from Publishers Ass'n to Court 1-2 (Jan. 27, 2010) (ECF No. 825); Letter from Canadian Publishers' Council to Court (Jan. 27, 2010) (ECF No. 826)).

1. Adequacy of Class Notice

Certain objectors contend that class members were given inadequate notice of the original proposed settlement as well as of the ASA. For example, the Science Fiction and Fantasy Writers of America, Inc., the American Society of Journalists and Authors, Inc., and certain foreign publisher and authors associations object to the adequacy of notice.

2. Adequacy of Class Representation

Certain objectors, including some foreign authors, academic authors, Insert authors, and others object to the adequacy of representation, contending that their interests are at odds with the interests of the representative plaintiffs.

3. Scope of Relief Under Rule 23

Certain objectors as well as the United States argue that the ASA will improperly use *Rule 23* to shape a “forward-looking” business arrangement that would release claims not before the Court. They contend that the case is about the scanning of books and the display of “snippets,” while the ASA will release claims regarding the display and sale of entire books.

4. Copyright Concerns

Certain objectors, including two of Google’s major competitors, Amazon.com, Inc. (“Amazon”) and Microsoft Corp. (“Microsoft”), object to the ASA on the grounds it would violate existing copyright law. They contend, for example, that judicial approval of the ASA would infringe on Congress’s constitutional authority

over copyright law. They contend further that the provisions of the ASA pertaining to “orphan works” would result in the involuntary transfer of copyrights in violation of the Copyright Act, as copyrighted works would be licensed without the owners’ consent. *See* 17 U.S.C. § 201(e).

5. Antitrust Concerns

Certain objectors oppose the ASA on antitrust grounds, arguing that (1) certain pricing mechanisms would constitute horizontal agreements that would violate the Sherman Act; (2) the ASA would effectively grant Google a monopoly over digital books, and, in particular, orphan books; and (3) such a monopoly would further entrench Google’s dominant position in the online search business.

6. Privacy Concerns

Certain objectors, including the Center for Democracy and Technology and the Electronic Privacy Information Center, contend that the ASA raises significant privacy issues, as the digitization of books would enable Google to amass a huge collection of information, including private information about identifiable users, without providing adequate protections regarding the use of such information.

7. International Law Concerns

Certain foreign authors and entities contend that the ASA, even with its narrowed coverage of non-U.S. works, would violate international law by, for example, requiring foreign rightsholders to determine whether

they are covered and therefore must “opt out,” and also by favoring rightsholders from certain nations.

The parties have submitted detailed responses to all of the objections.

DISCUSSION

A. Applicable Law

Under Rule 23(e) of the Federal Rules of Civil Procedure, a settlement of a class action requires approval of the court. Fed. R. Civ. P. 23(e). The court may approve a settlement that is binding on the class only if it determines that the settlement is “fair, adequate, and reasonable, and not a product of collusion.” *Joel A. v. Giuliani*, 218 F.3d 132, 138 (2d Cir. 2000); *see* Fed. R. Civ. P. 23(e)(2). This analysis requires the court to consider both “the settlement’s terms and the negotiating process leading to settlement.” *Wal-Mart Stores, Inc. v. Visa U.S.A. Inc.*, 396 F.3d 96, 116 (2d Cir.), cert. denied, 544 U.S. 1044, 125 S. Ct. 2277, 161 L. Ed. 2d 1080 (2005). “A ‘presumption of fairness, adequacy, and reasonableness may attach to a class settlement reached in arm’s-length negotiations between experienced, capable counsel after meaningful discovery.’” *Id.* (quoting Manual for Complex Litigation (Third) § 30.42 (1995)).

Rule 23(e) does not set forth the factors a court is to consider in determining whether an agreement is fair, reasonable, and adequate. In this Circuit, courts traditionally consider the following factors, commonly referred to as the Grinnell factors: (1) the complexity, expense, and likely duration of the litigation; (2) the

reaction of the class to the settlement; (3) the stage of the proceedings and the amount of discovery completed; (4) the risks of establishing liability; (5) the risks of establishing damages; (6) the risks of maintaining a class action through trial; (7) the ability of defendants to withstand greater judgment; (8) the range of reasonableness of the settlement fund in light of the best possible recovery; and (9) the range of reasonableness of the settlement fund in light of the attendant risks of litigation. *City of Detroit v. Grinnell Corp.*, 495 F.2d 448, 463 (2d Cir. 1974) (internal citations omitted), abrogated on other grounds by *Goldberger v. Integrated Res., Inc.*, 209 F.3d 43 (2d Cir. 2000); see also *Wal-Mart Stores*, 396 F.3d at 117-19 (applying Grinnell factors in considering approval of settlement). The weight given to any particular factor varies based on the facts and circumstances of the case. 7B Charles Alan Wright, Arthur R. Miller & Mary Kay Kane, *Federal Practice and Procedure: Civil* § 1797.1, at 77 (3d ed. 2005).

Public policy, of course, favors settlement. *Wal-Mart Stores*, 396 F.3d at 116-17; accord *Williams v. First Nat'l Bank*, 216 U.S. 582, 595, 30 S. Ct. 441, 54 L. Ed. 625 (1910) (“Compromises of disputed claims are favored by the courts.”); *TBK Partners, Ltd. v. W. Union Corp.*, 675 F.2d 456, 461 (2d Cir. 1982) (noting “the paramount policy of encouraging settlements”). Consequently, when evaluating a settlement agreement, the court is not to substitute its judgment for that of the parties, nor is it to turn consideration of the adequacy of the settlement “into a trial or a rehearsal of the trial.” *Grinnell*, 495 F.2d at 462.

“Rather, the Court’s responsibility is to reach an intelligent and objective opinion of the probabilities of ultimate success should the claims be litigated and to form an educated estimate of the complexity, expense and likely duration of such litigation and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise.” *In re Met. Life Derivative Litig.*, 935 F. Supp. 286, 292 (S.D.N.Y. 1996) (quoting *Lewis v. Newman*, 59 F.R.D. 525, 527-28 (S.D.N.Y. 1973) (internal quotation marks and ellipsis omitted)).

In this case, the fairness and reasonableness of the ASA has been challenged on the basis that it would release claims not properly before the Court. The Second Circuit has observed that “[b]road class action settlements are common,” and that consequently “[p]laintiffs in a class action may release claims that were or could have been pled in exchange for settlement relief.” *Wal-Mart Stores*, 396 F.3d at 106. But the Second Circuit has recognized that there are limits. First, “class action releases may include claims not presented and even those which could not have been presented as long as the released conduct arises out of the ‘identical factual predicate’ as the settled conduct.” *Id.* at 107 (quoting *TBK Partners*, 675 F.2d at 460). Second, the released claims must be adequately represented prior to settlement, in the sense that “[c]laims arising from a shared set of facts will not be precluded where class plaintiffs have not adequately

represented the interests of class members.” *Id.* at 106-07, 110.⁷

B. Application

I consider the “settlement’s terms” and the “negotiating process” in the context of discussing the *Grinnell* factors. As the Second Circuit did in *Wal-Mart Stores*, I combine certain of the factors and discuss them together. See 396 F.3d at 118 (combining fourth, fifth, and sixth factors), 119 (combining eighth and ninth factors). Of course, I consider also the objections to the ASA.

As a preliminary matter, I conclude that most of the *Grinnell* factors favor approval of the settlement. The ASA was the product of arm’s length negotiations between experienced, capable counsel, with assistance from DOJ. Further litigation would be complex, expensive, and time-consuming. Although the parties

⁷ In the context of a consent decree resolving a race discrimination class action, the Supreme Court has identified similar concerns while addressing the scope of a federal court’s remedial authority. In *Local No. 93, Int’l Ass’n of Firefighters, AFL-CIO C.L.C. v. City of Cleveland (Firefighters)*, it held that a consent decree must (1) “spring from and serve to resolve a dispute within the court’s subject-matter jurisdiction”; (2) “com[e] within the general scope of the case made by the pleadings”; and (3) “further the objectives of the law upon which the complaint was based.” 478 U.S. 501, 525, 106 S. Ct. 3063, 92 L. Ed. 2d 405 (1986) (alteration in original) (internal quotation marks omitted). Although the consent decree in *Firefighters* permitted forward-looking conduct, the conduct was remedial in nature and was intended to address the harm that was the subject of the lawsuit, i.e., the past discrimination. The consent decree did not create new and independent forward-looking business arrangements.

have conducted only limited discovery, the case has been pending for some years. The legal and factual issues are complex, and there is a risk that if plaintiffs were to proceed to trial, they would be unable to establish liability or prove damages. As discussed further below, substantial questions exist as to whether the case could be maintained as a class action, in its present form, through trial. In light of the attendant risks, the financial aspects of the ASA fall well within the range of reasonableness.

Only two of the *Grinnell* factors weigh against approval of the settlement: the reaction of the class and defendant's ability to withstand judgment. As for the latter, there is no real risk that a judgment following trial would render Google insolvent, and thus the avoidance of insolvency is not an issue. The former, however, is important. Not only are the objections great in number, some of the concerns are significant. Further, an extremely high number of class members—some 6800—opted out. See *In re Gen. Motors Corp. Pick-Up Truck Fuel Tank Prods. Liab. Litig.*, 55 F.3d 768, 785, 812 (3d Cir. 1995) (noting that “the number and vociferousness of the objectors” is a factor to consider in weighing reasonableness of proposed settlement). I turn to the objections now.

1. Adequacy of Class Notice

The objections to the adequacy of the class notice are rejected. I am satisfied that the class received adequate notice. More than 1.26 million individual notices in thirty-six languages were sent directly to copyright owners, potential class members, and publisher and author associations worldwide. (Pls.’

Suppl. Mem. 36-37, 54-60, ECF No. 955). Plaintiffs also established a website to provide information about the case, the original proposed settlement, and the ASA. Of course, the case has received enormous publicity, and it is hard to imagine that many class members were unaware of the lawsuit. (But see Objections of Wash. Legal Found. to ASA & Class Certification, ECF No. 901 (objecting to notice)).

2. Adequacy of Class Representation

The adequacy of representation inquiry considers whether “1) plaintiff’s interests are antagonistic to the interest of other members of the class and 2) plaintiff’s attorneys are qualified, experienced and able to conduct the litigation.” *Baffa v. Donaldson, Lufkin & Jenrette Sec. Corp.*, 222 F.3d 52, 60 (2d Cir. 2000). Here, representative plaintiffs are represented by counsel highly experienced in class action and copyright litigation. I am confident that they are qualified, experienced, and able to conduct the litigation.

As to the first prong of the analysis, however, as discussed below, I conclude that there is a substantial question as to the existence of antagonistic interests between named plaintiffs and certain members of the class. *See Amchem Prods., Inc. v. Windsor*, 521 U.S. 591, 595, 117 S. Ct. 2231, 138 L. Ed. 2d 689 (1997) (“[T]he settling parties achieved a global compromise with no structural assurance of fair and adequate representation for the diverse groups and individuals affected.”). While it is true, as plaintiffs argue, that “differences in views or characteristics between class members do not mean the Class has not been

adequately represented” (Pls.’ Suppl. Mem. 24, ECF No. 955), the differences here are troubling.

3. Scope of Relief Under Rule 23

The ASA can be divided into two distinct parts. The first is a settlement of past conduct and would release Google from liability for past copyright infringement. The second would transfer to Google certain rights in exchange for future and ongoing arrangements, including the sharing of future proceeds, and it would release Google (and others) from liability for certain future acts. (*See, e.g.*, ASA §§ 10.1(f), 10.1(g), 10.2(a)).⁸ I conclude that this second part of the ASA contemplates an arrangement that exceeds what the Court may permit under Rule 23. As articulated by the United States, the ASA “is an attempt to use the class action mechanism to implement forward-looking business arrangements that go far beyond the dispute before the Court in this litigation.” (DOJ Statement of Interest 2, Feb. 4, 2010, ECF No. 922 (“DOJ SOI”)).⁹ Moreover, the Rules Enabling Act provides that the rules of procedure “shall not abridge, enlarge or modify any substantive right.” 28 U.S.C. § 2072(b). As the Supreme

⁸ The United States is of the view that the first part of the settlement—settling claims for past infringement based on digitization for use of snippets—is a matter that is appropriately settled in this case, while the second part—the series of forward-looking commercial arrangements—is not. (Hr’g Tr. 117-18 (William Cavanaugh)).

⁹ But see *Uhl v. Thoroughbred Tech. & Telecomms., Inc.*, 309 F.3d 978 (7th Cir. 2002) (affirming approval of settlement of class action based on forward-looking business arrangement).

Court noted in *Amchem*: “Rule 23 . . . must be interpreted with fidelity to the Rules Enabling Act and applied with the interests of absent class members in close view.” 521 U.S. at 629.

Although I am persuaded that the parties are seeking in good faith to use this class action to create an effective and beneficial marketplace for digital books, I am troubled in several respects.

a. A Matter for Congress

First, the establishment of a mechanism for exploiting unclaimed books is a matter more suited for Congress than this Court. The ASA would create, for example, the Registry and the Fiduciary. Together, they would represent—purportedly on an independent basis—the interests of Rightsholders, including those who have not registered but are covered merely because they did not opt out.

The questions of who should be entrusted with guardianship over orphan books, under what terms, and with what safeguards are matters more appropriately decided by Congress than through an agreement among private, self-interested parties. Indeed, the Supreme Court has held that “it is generally for Congress, not the courts, to decide how best to pursue the *Copyright Clause*’s objectives.” *Eldred v. Ashcroft*, 537 U.S. 186, 212, 123 S. Ct. 769, 154 L. Ed. 2d 683 (2003); accord *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429, 104 S. Ct. 774, 78 L. Ed. 2d 574 (1984) (“[I]t is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or

to inventors in order to give the public appropriate access to their work product.”).¹⁰ In *Sony*, the Supreme Court noted that it was Congress’s responsibility to adapt the copyright laws in response to changes in technology:

From its beginning, the law of copyright has developed in response to significant changes in technology. Indeed, it was the invention of a new form of copying equipment—the printing press—that gave rise to the original need for copyright protection. Repeatedly, as new developments have occurred in this country, it has been the Congress that has fashioned new rules that new technology made necessary.

464 U.S. at 430-31 (footnotes omitted).

In fact, Congress has made “longstanding efforts” to enact legislation to address the issue of orphan works. (Objections of Microsoft to ASA & Certification of Class 4-5 & nn.10-11, ECF No. 874 (quoting Statement of Marybeth Peters)). “Orphan Books” legislation was proposed in Congress in 2006 and 2008, but the proposed laws were not enacted. *See Glorioso, supra* n.3, at 980 (reviewing proposed legislation).

As discussed below, the ASA would also raise international concerns, and foreign countries, authors,

¹⁰ *See also Amchem Prods.*, 521 U.S. at 628-29 (“The argument is sensibly made that a nationwide administrative claims processing regime would provide the most secure, fair, and efficient means of compensating victims of asbestos exposure. Congress, however, has not adopted such a solution.”).

and publishers have asserted that the ASA would violate international law. For this reason as well, the matter is better left for Congress.

b. The Scope of the Pleadings

Second, the ASA would release claims well beyond those contemplated by the pleadings. This case was brought to challenge Google's use of "snippets," as plaintiffs alleged that Google's scanning of books and display of snippets for online searching constituted copyright infringement. Google defended by arguing that it was permitted by the fair use doctrine to make available small portions of such works in response to search requests. There was no allegation that Google was making full books available online, and the case was not about full access to copyrighted works. The case was about the use of an indexing and searching tool, not the sale of complete copyrighted works.

The parties argue that the pleadings are not limited to plaintiffs' claims with respect to the display of snippets, citing the Third Amended Complaint. (Pls.' Suppl. Mem. 33-34, ECF No. 955 (quoting Third Am. Compl. ¶¶ 4-8, 60, ECF No. 782)). While it is true that the pleadings refer to broader conduct (including the creation of "digital copies" of books (Third Am. Compl. ¶ 4, ECF No. 782; see also Hr'g Tr. 158-59 ("When the publishers sued, they sued for the initial act of scanning our books without permission, cover to cover. We were not so concerned about what uses were made.") (Bruce P. Keller))), the copying and display of copyrighted material occurred in the context of "Google Book Search," which "is designed to allow users to search the text of books online. The digital archiving of the Books

that are the subject of this lawsuit was undertaken by Google as part of Google Book Search.” (Third Am. Compl. ¶ 41, ECF No. 782; see also *id.* ¶ 55 (describing Google’s agreements with four university libraries and one public library “to ‘digitally scan books from their collections so that users worldwide can search them in Google’”)).

Google did not scan the books to make them available for purchase, and, indeed, Google would have no colorable defense to a claim of infringement based on the unauthorized copying and selling or other exploitation of entire copyrighted books.¹¹ Yet, the ASA would grant Google the right to sell full access to copyrighted works that it otherwise would have no right to exploit.¹² The ASA would grant Google control over the digital commercialization of millions of books,

¹¹ Counsel for Google acknowledged at the fairness hearing that Google would not have tried to defend digitizing and selling entire books. (Hr’g Tr. 150 (Daralyn J. Durie)).

¹² Certain authors note, for example, that the ASA would release other intellectual property claims that were never asserted in the case. (Objections of Arlo Guthrie et al. to Proposed Class Action Settlement Agreement 14, ECF Nos. 209, 849-2 (“This expansive release [ASA § 10.1(f)] bars class members from protecting their most fundamental intellectual property rights, including for example the trademark interests of Catherine Ryan Hyde [to the mark Pay It Forward]. . . . Moreover, the release would preclude authors from pursuing any number of other claims commonly associated with full protection of their intellectual property rights—including for example right of publicity, disparagement, and tortious interference claims—that also were not alleged.”)).

including orphan books and other unclaimed works.¹³ And it would do so even though Google engaged in wholesale, blatant copying, without first obtaining copyright permissions. While its competitors went through the “painstaking” and “costly” process of obtaining permissions before scanning copyrighted books, “Google by comparison took a shortcut by copying anything and everything regardless of copyright status.” (Hr’g Tr. 43 (Thomas Rubin, counsel for Microsoft)). As one objector put it: “Google pursued its copyright project in calculated disregard of authors’ rights. Its business plan was: ‘So, sue me.’” (Objection of Robert M. Kunststadt to Proposed Settlement 3, ECF No. 74).¹⁴

Applying *Firefighters*, I conclude that the released claims would not come within “the general scope of the

¹³ As articulated by the academic authors objecting to the ASA: “The Google Book Search (GBS) initiative envisioned in the [ASA] is not a library. It is instead a complex and large-scale commercial enterprise in which Google—and Google alone—will obtain a license to sell millions of books for decades to come.” (Letter from Pamela Samuelson to Court (Jan. 27, 2010) (ECF No. 893) (“Samuelson Letter”).

¹⁴ Some objectors accused Google of engaging in piracy. (*See, e.g.*, Letter from Erika Faith Larsen to Court 1 (Jan. 27, 2010) (ECF No. 818) (“I am opting out because I believe this to be a copyright infringement and a form of pirating.”); Letter from William Ash to Court 1 (Jan. 12, 2010) (ECF No. 884) (“Google . . . is trying to benefit by weakening copyright. It seems to first want to do this with ‘orphaned’ works based on the shady practice of stealing by finding. . . . Google is trying to legalize piracy.”)).

case made by the pleadings.” 478 U.S. at 525.¹⁵ Applying *Wal-Mart Stores*, I conclude that the released conduct would not arise out of the “identical factual predicate” as the conduct that is the subject of the settled claims. 396 F.3d at 107 (citation omitted).

c. The Interests of Class Members

Third, the class plaintiffs have not adequately represented the interests of at least certain class members. See *Wal-Mart Stores*, 396 F.3d at 106-07, 110. The academic author objectors, for example, note that their interests and values differ from those of the named plaintiffs: “Academic authors, almost by definition, are committed to maximizing access to knowledge. The [Authors] Guild and the [Association of American Publishers], by contrast, are institutionally committed to maximizing profits.” (Samuelson Letter 3

¹⁵ As for the third prong of the Firefighters test, supporters of the proposed settlement argue that it would “serve[] copyright law’s central purpose of advancing knowledge and culture by furthering copyright’s social utility and social justice goals through inclusion of those who have been excluded. The Google Books Project furthers these goals by using an accepted copyright mechanism (*i.e.*, a private, court-supervised settlement) to address the novel copyright problems presented by the new technologies, while still preserving the rights of copyright holders.” Lateef Mtima & Steven D. Jamar, Fulfilling the Copyright Social Justice Promise: Digitizing Textual Information, 55 N.Y.L. Sch. L. Rev. 77, 79-80 (2010); see *Harper & Row Pubs., Inc. v. Nation Enters.*, 471 U.S. 539, 545, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) (“[C]opyright is intended to increase and not to impede the harvest of knowledge.”). As discussed below, however, the ASA raises significant copyright concerns as well.

(ECF No. 893)).¹⁶ In addition, the class representatives have interests that may be at odds, at least in part, with interests of foreign Rightsholders, as discussed below. Likewise, the named plaintiffs have interests different from Rightsholders who do not come forward to register. The parties have little incentive to identify and locate the owners of unclaimed works, as fewer opt-outs will mean more unclaimed works for Google to exploit.¹⁷

Plaintiffs argue that in “virtually every class action settlement, a percentage (often a high percentage) of class members does not file claims or otherwise participate but, nevertheless, their claims are released. From a Rule 23 perspective, there is no more an ‘orphan’ problem here than in any other class action settlement in which less than 100% of the class participates.” (Pls.’ Suppl. Mem. 3-4, ECF No. 955). I disagree. While it is true that in virtually every class action many class members are never heard from, the difference is that in other class actions class members are merely releasing “claims” for damages for purported past aggrievements. In contrast, here class members would be giving up certain property rights in

¹⁶ Many academic authors, for example, would prefer that orphan books be treated on an “open access” or “free use” basis rather than one where they would be controlled by one private entity. (See Hr’g Tr. 55-57 (Pamela Samuelson)).

¹⁷ Plaintiffs contend that “one of the Registry’s core missions is to locate Rightsholders of unclaimed out-of-print books The Registry will strive to locate the Rightsholders of unclaimed Books.” (Pls.’ Suppl. Mem. 21, ECF No. 955).

their creative works, and they would be deemed—by their silence—to have granted to Google a license to future use of their copyrighted works.

4. *Copyright Concerns*

As alluded to above, the *Copyright Clause of the Constitution* grants Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const. art. I, § 8, cl. 8. The Supreme Court has recognized that courts should encroach only reluctantly on Congress’s legislative prerogative to address copyright issues presented by technological developments: “Sound policy, as well as history, supports our consistent deference to Congress when major technological innovations alter the market for copyrighted materials.” *Sony*, 464 U.S. at 431.

The ASA raises statutory concerns as well. Certain objectors contend that the ASA’s opt-out provisions would grant Google the ability to expropriate the rights of copyright owners who have not agreed to transfer those rights. (*See, e.g.*, *Objection of Amazon to ASA 9*, ECF No. 823). The argument may have merit. The Copyright Act provides:

When an individual author’s ownership of a copyright, or any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with

respect to the copyright, or any of the exclusive rights under the copyright, shall be given effect under this title, except as provided under title 11.

17 U.S.C. § 201(e). Yet, the ASA proposes to expropriate rights of individuals involuntarily.

Plaintiffs argue that § 201(e) was enacted to prevent governmental suppression of copyrights and that it does not apply to private parties. (Pls.' Suppl. Mem. 113, ECF No. 955 (citing, *e.g.*, *In re Peregrine Entm't, Ltd.*, 116 B.R. 194, 206 n.16 (C.D. Cal. 1990))). The statute, however, refers to "any governmental body or other official or organization," and at a minimum a fair question exists as to whether this Court or the Registry or the Fiduciary would be expropriating copyright interests belonging to authors who have not voluntarily transferred them. As Professor Nimmer has written: "By its terms Section 201(e) is not limited to acts by governmental bodies and officials. It includes acts of seizure, etc., by any 'organization' as well." 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 10.04 (Rev. Ed. 2010) (footnote omitted). In any event, I need not decide the precise question of whether the ASA would in fact violate § 201(e); the notion that a court-approved settlement agreement can release the copyright interests of individual rights owners who have not voluntarily consented to transfer is a troubling one. *See also* 17 U.S.C. § 106(1), (3) ("[T]he owner of copyright under this title has the exclusive rights to do and to authorize any of the following: . . . reproduce the copyrighted work . . . [and] distribute copies . . . of the copyrighted work to the

public by sale or other transfer of ownership.”) (emphasis added).

A copyright owner’s right to exclude others from using his property is fundamental and beyond dispute. See *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127, 52 S. Ct. 546, 76 L. Ed. 1010 (1932) (“The owner of the copyright, if he pleases, may refrain from vending or licensing and content himself with simply exercising the right to exclude others from using his property.”). As counsel for Amazon argued: “[T]he law of the United States is a copyright owner may sit back, do nothing and enjoy his property rights untrammelled by others exploiting his works without permission.” (Hr’g Tr. 46-47 (David Nimmer)). Under the ASA, however, if copyright owners sit back and do nothing, they lose their rights. (See *id.* at 47). Absent class members who fail to opt out will be deemed to have released their rights even as to future infringing conduct. “Copyright owners who are not aware that the [ASA] affects their interest unknowingly leave Google to decide how their books are used.” *Glorioso, supra* n.3, at 992.

Many objectors highlighted this concern in their submissions to the Court. An author from the United Kingdom states, very simply: “I do not want my books to be digitized.” (Letter from Tony Peake to Settlement Administrator 1 (Dec. 24, 2009) (ECF No. 821)). A 79-year old nature writer and author of 23 books illustrated with photographs of animals in the wild worries that the loss of control over her works could result in their being used to “vilif[y] the wildlife I spent my life trying to help the public come to understand and protect.” (Letter from Hope Ryden to Court 1

(Apr. 17, 2009) (ECF No. 84)). An author from Canada writes: “I am opting out because I believe in the integrity of copyright. I believe that only I, myself, should have the right to determine how my work can be used.” (Letter from Dina E. Cox to Court 1 (Jan. 19, 2010) (ECF No. 783)). Finally, an author from Texas gives the example of her grandfather. He self-published a memoir, *Dust and Snow*, in 1988. He passed away in the 1990s, and the copyright to the book passed to his three daughters. The author observes:

From Google’s point of view, *Dust and Snow* is an “orphaned” book. If and when Google scans it, the company is likely to be unsuccessful in trying to locate the publisher, since the book was self-published and my grandfather is now deceased. In essence, the way the settlement is written, such “orphaned” titles are automatically handed to Google free of charge to do with as it will.

From my family’s point of view, *Dust and Snow* is not orphaned at all. It is very clear who owns the copyright. So why is Google being granted the automatic right to take over the copyright of books like my grandfather’s?

(Letter from Margaret Jane Ross to Court 2 (Jan. 20, 2010) (ECF No. 787)).

While the named plaintiffs and Google would argue that these authors can simply opt out (*see* Hr’g Tr. 144 (Daralyn J. Durie)), the comments underscore certain points. First, many authors of unclaimed works undoubtedly share similar concerns. Second, it is

incongruous with the purpose of the copyright laws to place the onus on copyright owners to come forward to protect their rights when Google copied their works without first seeking their permission.¹⁸ Third, there are likely to be many authors—including those whose works will not be scanned by Google until some years in the future—who will simply not know to come forward.¹⁹

¹⁸ In one submission, two literary agents expressed this concern eloquently:

By accepting this settlement, the court will be setting a highly questionable precedent, usurping the role of the legislature by creating a legal loophole for one corporation and reversing the very foundation of copyright protection. We who have devoted our lives to assisting the work of creative individuals are left with a sense of moral indignation. We have pledged, in our contracts with clients, to sell or license their rights to ethically and financially sound purchasers and licensees. And for many years we have toiled over agreements and contracts to accomplish this, aided by the protections of the law. The situation we find ourselves in now is one of dismay and powerlessness, with only the weak ability to “object” or opt out. We beseech you to give authors back their rights. Force Google to negotiate like any other publisher. And let us get back to work.

(Letter from Stuart Bernstein & Susan Bergholz to Court 3-4 (Jan. 26, 2010) (ECF No. 888)).

¹⁹ Google notes that under the ASA—and unlike in other class actions—class members retain “the right to change their mind. They can pull their books from the program at any point in time in the future.” (Hr’g Tr. 152 (Daralyn J. Durie)).

5. *Antitrust Concerns*

The United States, Amazon, and Microsoft, among others, raise a number of antitrust concerns presented by the ASA.

The ASA would give Google a de facto monopoly over unclaimed works. Only Google has engaged in the copying of books en masse without copyright permission. (See DOJ SOI 21, ECF No. 922; Hr’g Tr. 43 (Thomas Rubin)). As the United States observed in its original statement of interest:

This de facto exclusivity (at least as to orphan works) appears to create a dangerous probability that only Google would have the ability to market to libraries and other institutions a comprehensive digital-book subscription. The seller of an incomplete database—*i.e.*, one that does not include the millions of orphan works—cannot compete effectively with the seller of a comprehensive product.

(DOJ Statement of Interest 24, Sept. 18, 2009, ECF No. 720). And as counsel for the Internet Archive noted, the ASA would give Google “a right, which no one else in the world would have, . . . to digitize works with impunity, without any risk of statutory liability, for something like 150 years.” (Hr’g Tr. 95 (Hadrian Katz)).

The ASA would arguably give Google control over the search market. (*See, e.g.*, Suppl. Mem. of Open Book Alliance in Opp’n to ASA 14-19, ECF No. 840). The ASA would permit third parties to display snippets

from books scanned by Google, but only if they “have entered into agreements with Google.” (ASA § 3.9). Likewise, the ASA would permit third parties to “index and search” scanned books only if they are non-commercial entities or they otherwise have Google’s prior written consent. (ASA §§ 1.123, 1.93(e), 7.2(b)). The ASA would broadly bar “direct, for profit, commercial use of information extracted from Books in the Research Corpus” except with the express permission of the Registry and Google. (ASA § 7.2(d)(viii)). Google’s ability to deny competitors the ability to search orphan books would further entrench Google’s market power in the online search market. Cf. *United States v. Griffith*, 334 U.S. 100, 109, 68 S. Ct. 941, 92 L. Ed. 1236 (1948) (holding that owners of movie theaters with monopoly power in certain towns violated § 2 of Sherman Act by obtaining exclusive licensing agreements for first-run films, allowing them to foreclose competition and establish monopolies in more towns).²⁰ (*See* Mem. of Internet Archive in Opp’n to

²⁰ Nor is it merely Google’s competitors that have raised antitrust concerns. For example, amicus curiae Public Knowledge, a non-profit public interest organization “devoted to preserving the free flow of information in the digital age,” objects that the ASA would grant Google “a monopoly in the market for orphan books.” (Br. of Pub. Knowledge in Opp’n to ASA 2, ECF No. 895). It argues that “public access to orphan books must be open to all comers on a level playing field.” (*Id.*). In addition, the Institute for Information Law and Policy at New York Law School argues:

The heart of the [ASA] is that it would give Google a license to sell complete copies of out-of-print books unless their copyright owners object. It is all but certain that many orphan copyright owners will be unable to object. This sweeping default license will operate only in

ASA 3-4, ECF No. 811 (“Internet Archive Mem.”) (“Google would have the right to make complete copies of orphan works and use them for both display and non-display purposes, with no risk of copyright liability. Competitors that attempted to do the same thing, however, would face exposure to statutory damages.”)).

6. Privacy Concerns

The Consumer Watchdog, Privacy Authors and Publishers, and others raise privacy concerns. The Consumer Watchdog argues that the ASA would give Google “the ability to collect nearly unlimited data about the activities of users of its Book Search and other programs, including users’ search queries, the identity of books a particular user reads, how long that reader spends on each book, and even what particular pages were read.” (Second Br. of Consumer Watchdog in Opp’n to ASA 11, ECF No. 841). These objectors contend that the ASA fails to provide adequate protections for users of Google Book Search. (*Id.* at 11-12; Privacy Authors & Publishers’ Objection to Proposed Settlement 16, ECF No. 281). They contend that the ASA fails to follow established law that protects reader privacy by limiting the disclosure of reader information. (Privacy Authors & Publishers’ Objection to Proposed Settlement 16-20, ECF No. 281 (citing case law and state statutes)).

Google’s favor, instantly giving it a dominant market position.

(Letter from Inst. for Info. Law & Policy to Court 5 (Jan. 28, 2010) (ECF No. 856)).

The privacy concerns are real. Yet, I do not believe that they are a basis in themselves to reject the proposed settlement. The ASA provides that contact information provided by Class members to the Registry will not be disclosed to Google or the public if the Class member so requests. (ASA § 6.6(c)(iii), (d)). It also provides that Google shall maintain in confidence any Rightsholder's personally identifiable information received in connection with the settlement. (ASA § 6.6(f)). Google has "committed" to certain safeguards (Def.'s Br. in Supp. of Approval of ASA 55-56, ECF No. 941), although these are voluntary undertakings only. I would think that certain additional privacy protections could be incorporated, while still accommodating Google's marketing efforts.

7. International Law Concerns

The original settlement included any book subject to a U.S. copyright interest as of the Notice Commencement Date. That definition would have included all books published after 1989 in any country that is a signatory to the Berne Convention because the Berne Convention guarantees that foreign authors be given the same rights and privileges for their works as domestic authors. As the United States signed onto the Berne Convention in 1988, and it became effective in 1989, foreign books are covered by U.S. copyright protection (regardless of formal registration) after the effective date.

The ASA narrowed the definition so that any non-"United States work," *see* 17 U.S.C. § 101, is covered only if the copyright was affirmatively registered in Washington, D.C. or if the Book was

published in Canada, the United Kingdom, or Australia, on or before January 5, 2009 (ASA § 1.19). Plaintiffs also added “six non-U.S. based Representative Plaintiffs who fairly and adequately represent the interests of Class members whose Books and Inserts were published in the U.K., Canada or Australia.” (Pls.’ Suppl. Mem. 25, ECF No. 955).

Foreign rightsholders remain concerned, however, because many foreign books were registered in the United States to ensure coverage under U.S. law, especially those registered before 1989. (*See, e.g.*, Germany Mem. 2-3, ECF No. 852; Suppl. Decl. of French Republic 2, ECF No. 853; Objections of Carl Hanser Verlag et al. 1-2, ECF No. 868 (publishing and author associations in Germany, Switzerland, Austria, Italy, and New Zealand); Letter from Literar Mechana to Court 1 (Jan. 18, 2010) (ECF No. 797)). VG Wort, a German “collecting society” representing authors and publishers of literary works and the fiduciary owner of some 380,000 German authors and 9000 German publishers, notes that many foreign copyright owners remain members of the class because they registered their works with the U.S. Copyright Office. (Letter from VG Wort to Court 3-4 (Jan. 21, 2010) (ECF No. 857)). Indeed, France and Germany, as well as many authors and publishers from countries such as Austria, Belgium, India, Israel, Italy, Japan, New Zealand, Spain, Sweden, Switzerland, and the United Kingdom continue to object to the ASA, even with the revisions.

Many foreign objectors express concern as to whether the ASA would violate international law, including the Berne Convention and the Agreement on

Trade-Related Aspects of Intellectual Property Rights. Indian authors and publishers, for example, object that the ASA “continues to provide Google with sweeping rights to exploit works of Indian authors/publishers under copyright protection without their express permission/consent, a violation of international and Indian copyright laws.” (Objections of Niyogi Books et al. 1, ECF No. 807). An association of Canadian university teachers asserts that the ASA would “put[] the United States in violation of international intellectual property law and specifically in violation of trade agreements among Canada, the United States, and other parties as those agreements relate to copyright.” (Letter from Canadian Ass’n of Univ. Teachers to Court 2 (Jan. 28, 2010) (ECF No. 900)). The Japan P.E.N. Club, an organization consisting of poets, playwrights, essayists, editors, and novelists in Japan, also opposes approval of the ASA, arguing that the settlement would give Google “an almost insurmountable market advantage worldwide in the world of digital book publishing, while granting it a monopoly at home in the United States and other English-speaking countries.” (Japan P.E.N. Club Amicus Curiae Br. in Opp’n to ASA 6, ECF No. 848-2).

Google responds that “this case is about United States copyright interests. It’s about uses of works in the United States.” (Hr’g Tr. 157-58 (Daralyn J. Durie)). This argument, however, ignores the impact the ASA would have on foreign rightsholders. In any event, I need not decide whether the ASA would violate international law. In light of all the

circumstances, it is significant that foreign authors, publishers, and, indeed, nations would raise the issue.

A number of foreign objectors also complain that it was difficult for foreign authors to determine whether they were covered by the ASA. (*See, e.g.*, Germany Mem. 6-7, ECF No. 852; Letter from Centro Español de Derechos Reprográficos to Court 1 (Jan. 22, 2010) (ECF No. 827); Letter from Irish Copyright Licensing Agency Ltd. to Court 1 (Jan. 26, 2010) (ECF No. 881); Letter from Assucopie to Court 1 (Jan. 22, 2010) (ECF No. 882)).²¹ Works registered in the Copyright Office before 1978, for example, are not included in the online directory, and until recently the only way such foreign rightsholders could search the Copyright Office records was to do so in person in Washington, D.C., or by commissioning a member of the Copyright Office staff to conduct a search for a fee of \$330. (Objections of Carl Hanser Verlag et al. 12, ECF No. 868).

²¹ There was some support for approval of the ASA from Australia, Canada, and the United Kingdom (*see, e.g.*, Letter from Publishers Ass'n to Court 1 (Jan. 27, 2010) (ECF No. 825) (United Kingdom); Letter from Canadian Publishers' Council to Court 1 (Jan. 27, 2010) (ECF No. 826); Letter from Australian Publishers Ass'n to Court 1 (Jan. 28, 2010) (ECF No. 830); Letter from Soc'y of Authors to Court 1-2 (Jan. 22, 2010) (ECF No. 876) (United Kingdom)), although not everyone from those countries agreed (*see, e.g.*, Letter from Diana Kimpton to Court 1 (Jan. 10, 2010) (ECF No. 817) (United Kingdom); Letter from Jenny Darling & Assocs. to Court 1 (Jan. 22, 2010) (ECF No. 886) (Australia); Letter from Canadian Ass'n of Univ. Teachers to Court 1 (Jan. 28, 2010) (ECF No. 900)).

In addition, certain foreign objectors emphasize that the problem of orphan books is a global one. As Germany notes: “Courts and class action settlements are not the proper province for creating a cutting edge copyright . . . framework to bind future generations and impact global competition for the future of digital libraries.” (Germany Mem. 11, ECF No. 852). Likewise, France argues:

Concerning «Unclaimed books», national laws on «orphan» or «unclaimed» books in the digital age are now being elaborated in many countries. Each nation, pursuant to its own governing laws and structure, is the only actor with sufficient legitimacy to make decisions that affect Copyright. France considers that, in the meantime, any digital exploitation of books must abide by the international principles of copyright and, in particular, the prior consent of the rights holders.

(Suppl. Decl. of French Republic 2, ECF No. 853). The fact that other nations object to the ASA, contending that it would violate international principles and treaties, is yet another reason why the matter is best left to Congress.²²

²² Germany further argues as follows:

The [ASA] still rewards Google—a serial scanning infringer—with a de facto exclusive license regarding copyrights held by authors for books published in the United States, Canada, Australia, and United Kingdom, as well as over German and other international authors whose books have been registered in the United States.

CONCLUSION

In the end, I conclude that the ASA is not fair, adequate, and reasonable. As the United States and other objectors have noted, many of the concerns raised in the objections would be ameliorated if the ASA were converted from an “opt-out” settlement to an “opt-in” settlement. (*See, e.g.*, DOJ SOI 23, ECF No. 922; Internet Archive Mem. 10, ECF No. 811). I urge the parties to consider revising the ASA accordingly.

The motion for final approval of the ASA is denied, without prejudice to renewal in the event the parties negotiate a revised settlement agreement. The motion for an award of attorneys’ fees and costs is denied, without prejudice.

The Court will hold a status conference on April 25, 2011, at 4:30 p.m., in Courtroom 11A of the Daniel Patrick Moynihan Courthouse.

SO ORDERED.

Dated: March 22, 2011

Competing digital libraries in Germany (“Deutsche Digitale Bibliothek”) and throughout the world do not enjoy rights to such authors or “Orphan Works” because Germany requires licensing of rights prior to the usage of Orphan Works. Such a sweeping de facto compulsory license system would require legislative action (equivalent to Congressional action) in Germany.

(Germany Mem. 8, ECF No. 852).

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Appendix E

Constitutional and Statutory Provisions

U.S. Const. art. I § 8, cl. 8

Section 8, Clause 8. Patents and Copyrights

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

17 U.S.C. § 101

§ 101. Definitions

Except as otherwise provided in this title, as used in this title, the following terms and their variant forms mean the following:

* * * *

“Copies” are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “copies” includes the material object, other than a phonorecord, in which the work is first fixed.

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“Copyright owner”, with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

* * * *

A work is “created” when it is fixed in a copy or phonorecord for the first time; where a work is prepared over a period of time, the portion of it that has been fixed at any particular time constitutes the work as of that time, and where the work has been prepared in different versions, each version constitutes a separate work.

A “derivative work” is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a “derivative work”.

* * * *

A “digital transmission” is a transmission in whole or in part in a digital or other non-analog format.

To “display” a work means to show a copy of it, either directly or by means of a film, slide, television image, or

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any other device or process or, in the case of a motion picture or other audiovisual work, to show individual images nonsequentially.

* * * *

The terms “including” and “such as” are illustrative and not limitative.

* * * *

“Literary works” are works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords, film, tapes, disks, or cards, in which they are embodied.

* * * *

To “perform” a work means to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.

* * * *

“Phonorecords” are material objects in which sounds, other than those accompanying a motion picture or

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other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “phonorecords” includes the material object in which the sounds are first fixed.

* * * *

“Publication” is the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication. A public performance or display of a work does not of itself constitute publication.

To perform or display a work “publicly” means--

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

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* * * *

17 U.S.C. § 106

§ 106. Exclusive rights in copyrighted works

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other

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audiovisual work, to display the copyrighted work publicly; and

(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

17 U.S.C. § 107

§ 107. Limitations on exclusive rights: Fair use

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 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.

17 U.S.C. § 108

§ 108. Limitations on exclusive rights: Reproduction by libraries and archives

(a) Except as otherwise provided in this title and notwithstanding the provisions of section 106, it is not an infringement of copyright for a library or archives, or any of its employees acting within the scope of their employment, to reproduce no more than one copy or phonorecord of a work, except as provided in subsections (b) and (c), or to distribute such copy or phonorecord, under the conditions specified by this section, if--

(1) the reproduction or distribution is made without any purpose of direct or indirect commercial advantage;

(2) the collections of the library or archives are (i) open to the public, or (ii) available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field; and

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- (3) the reproduction or distribution of the work includes a notice of copyright that appears on the copy or phonorecord that is reproduced under the provisions of this section, or includes a legend stating that the work may be protected by copyright if no such notice can be found on the copy or phonorecord that is reproduced under the provisions of this section.
- (b) The rights of reproduction and distribution under this section apply to three copies or phonorecords of an unpublished work duplicated solely for purposes of preservation and security or for deposit for research use in another library or archives of the type described by clause (2) of subsection (a), if--
- (1) the copy or phonorecord reproduced is currently in the collections of the library or archives; and
 - (2) any such copy or phonorecord that is reproduced in digital format is not otherwise distributed in that format and is not made available to the public in that format outside the premises of the library or archives.
- (c) The right of reproduction under this section applies to three copies or phonorecords of a published work duplicated solely for the purpose of replacement of a copy or phonorecord that is damaged, deteriorating, lost, or stolen, or if the existing format in which the work is stored has become obsolete, if--

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(1) the library or archives has, after a reasonable effort, determined that an unused replacement cannot be obtained at a fair price; and

(2) any such copy or phonorecord that is reproduced in digital format is not made available to the public in that format outside the premises of the library or archives in lawful possession of such copy.

For purposes of this subsection, a format shall be considered obsolete if the machine or device necessary to render perceptible a work stored in that format is no longer manufactured or is no longer reasonably available in the commercial marketplace.

(d) The rights of reproduction and distribution under this section apply to a copy, made from the collection of a library or archives where the user makes his or her request or from that of another library or archives, of no more than one article or other contribution to a copyrighted collection or periodical issue, or to a copy or phonorecord of a small part of any other copyrighted work, if--

(1) the copy or phonorecord becomes the property of the user, and the library or archives has had no notice that the copy or phonorecord would be used for any purpose other than private study, scholarship, or research; and

(2) the library or archives displays prominently, at the place where orders are accepted, and includes on its order form, a warning of copyright in

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accordance with requirements that the Register of Copyrights shall prescribe by regulation.

(e) The rights of reproduction and distribution under this section apply to the entire work, or to a substantial part of it, made from the collection of a library or archives where the user makes his or her request or from that of another library or archives, if the library or archives has first determined, on the basis of a reasonable investigation, that a copy or phonorecord of the copyrighted work cannot be obtained at a fair price, if--

(1) the copy or phonorecord becomes the property of the user, and the library or archives has had no notice that the copy or phonorecord would be used for any purpose other than private study, scholarship, or research; and

(2) the library or archives displays prominently, at the place where orders are accepted, and includes on its order form, a warning of copyright in accordance with requirements that the Register of Copyrights shall prescribe by regulation.

(f) Nothing in this section--

(1) shall be construed to impose liability for copyright infringement upon a library or archives or its employees for the unsupervised use of reproducing equipment located on its premises: Provided, That such equipment displays a notice

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that the making of a copy may be subject to the copyright law;

(2) excuses a person who uses such reproducing equipment or who requests a copy or phonorecord under subsection (d) from liability for copyright infringement for any such act, or for any later use of such copy or phonorecord, if it exceeds fair use as provided by section 107;

(3) shall be construed to limit the reproduction and distribution by lending of a limited number of copies and excerpts by a library or archives of an audiovisual news program, subject to clauses (1), (2), and (3) of subsection (a); or

(4) in any way affects the right of fair use as provided by section 107, or any contractual obligations assumed at any time by the library or archives when it obtained a copy or phonorecord of a work in its collections.

(g) The rights of reproduction and distribution under this section extend to the isolated and unrelated reproduction or distribution of a single copy or phonorecord of the same material on separate occasions, but do not extend to cases where the library or archives, or its employee--

(1) is aware or has substantial reason to believe that it is engaging in the related or concerted reproduction or distribution of multiple copies or phonorecords of the same material, whether made

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on one occasion or over a period of time, and whether intended for aggregate use by one or more individuals or for separate use by the individual members of a group; or

(2) engages in the systematic reproduction or distribution of single or multiple copies or phonorecords of material described in subsection (d): Provided, That nothing in this clause prevents a library or archives from participating in interlibrary arrangements that do not have, as their purpose or effect, that the library or archives receiving such copies or phonorecords for distribution does so in such aggregate quantities as to substitute for a subscription to or purchase of such work.

(h)(1) For purposes of this section, during the last 20 years of any term of copyright of a published work, a library or archives, including a nonprofit educational institution that functions as such, may reproduce, distribute, display, or perform in facsimile or digital form a copy or phonorecord of such work, or portions thereof, for purposes of preservation, scholarship, or research, if such library or archives has first determined, on the basis of a reasonable investigation, that none of the conditions set forth in subparagraphs (A), (B), and (C) of paragraph (2) apply.

(2) No reproduction, distribution, display, or performance is authorized under this subsection if--

(A) the work is subject to normal commercial exploitation;

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(B) a copy or phonorecord of the work can be obtained at a reasonable price; or

(C) the copyright owner or its agent provides notice pursuant to regulations promulgated by the Register of Copyrights that either of the conditions set forth in subparagraphs (A) and (B) applies.

(3) The exemption provided in this subsection does not apply to any subsequent uses by users other than such library or archives.

(i) The rights of reproduction and distribution under this section do not apply to a musical work, a pictorial, graphic or sculptural work, or a motion picture or other audiovisual work other than an audiovisual work dealing with news, except that no such limitation shall apply with respect to rights granted by subsections (b), (c), and (h), or with respect to pictorial or graphic works published as illustrations, diagrams, or similar adjuncts to works of which copies are reproduced or distributed in accordance with subsections (d) and (e).

17 U.S.C. § 501

§ 501. Infringement of copyright

(a) Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 122 or of the author as provided in section

106A(a), or who imports copies or phonorecords into the United States in violation of section 602, is an infringer of the copyright or right of the author, as the case may be. For purposes of this chapter (other than section 506), any reference to copyright shall be deemed to include the rights conferred by section 106A(a). As used in this subsection, the term “anyone” includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity.

(b) The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it. The court may require such owner to serve written notice of the action with a copy of the complaint upon any person shown, by the records of the Copyright Office or otherwise, to have or claim an interest in the copyright, and shall require that such notice be served upon any person whose interest is likely to be affected by a decision in the case. The court may require the joinder, and shall permit the intervention, of any person having or claiming an interest in the copyright.

(c) For any secondary transmission by a cable system that embodies a performance or a display of a work which is actionable as an act of infringement under

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subsection (c) of section 111, a television broadcast station holding a copyright or other license to transmit or perform the same version of that work shall, for purposes of subsection (b) of this section, be treated as a legal or beneficial owner if such secondary transmission occurs within the local service area of that television station.

(d) For any secondary transmission by a cable system that is actionable as an act of infringement pursuant to section 111(c)(3), the following shall also have standing to sue: (i) the primary transmitter whose transmission has been altered by the cable system; and (ii) any broadcast station within whose local service area the secondary transmission occurs.

(e) With respect to any secondary transmission that is made by a satellite carrier of a performance or display of a work embodied in a primary transmission and is actionable as an act of infringement under section 119(a)(5), a network station holding a copyright or other license to transmit or perform the same version of that work shall, for purposes of subsection (b) of this section, be treated as a legal or beneficial owner if such secondary transmission occurs within the local service area of that station.

(f)(1) With respect to any secondary transmission that is made by a satellite carrier of a performance or display of a work embodied in a primary transmission and is actionable as an act of infringement under section 122, a television broadcast station holding a copyright or other license to transmit or perform the

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same version of that work shall, for purposes of subsection (b) of this section, be treated as a legal or beneficial owner if such secondary transmission occurs within the local market of that station.

(2) A television broadcast station may file a civil action against any satellite carrier that has refused to carry television broadcast signals, as required under section 122(a)(2), to enforce that television broadcast station's rights under section 338(a) of the Communications Act of 1934.