

The Google Book Project Is Here to Stay

By Joel L. Hecker

The long, long road to block the Google Library and Book Projects may finally have come to an end, as the projects are now formally entrenched fixtures of our digital landscape. The death knell for the opposition came in the form of a Second Circuit Court of Appeals decision upholding Southern District Court Judge Denny Chin's¹ grant of summary judgment to Google, Inc. on the grounds of fair use² and the Supreme Court's denial of the Authors Guild's petition for certiorari.

The Second Circuit opinion written by Judge Leval is an extensive analysis of the law.³

The Parties

The plaintiffs fell into two categories—three individual authors with a legal or beneficial copyright ownership for their books, and the Authors Guild, a membership organization of published authors, which was seeking injunctive and declaratory relief on behalf of its members.

In a separate closely related but not identical case, *Authors Guild v. Hathi Trust*,⁴ the Second Circuit previously ruled that the Authors Guild lacked standing to sue for copyright infringement on behalf of its members. However, since the individual plaintiffs did have standing, the suit and appeal were determined to be properly before the Court. The defendant was, of course, Google Inc. (Google).

The Google Library and Book Projects

Google's announced intent, in creating these projects, was to digitize the entire world's body of knowledge. Google's Library Project began in 2004 with bi-lateral agreements with a number of the world's major research libraries. Under these agreements, participating libraries selected books from their individual collections to submit to Google. Google then made a digital scan of each book, extracted a machine-readable text, and created an index of such text. Google retained the original scans.⁵

From 2004 until the appeal, Google had scanned, rendered machine-readable, and indexed more than 20 million books. This included both copyrighted works (some with consent and others without) and public domain works. This digital information is stored on Google servers and protected by the same security systems used to protect Google's own confidential information.

The resulting digital copies, available through the Google Books search engine, permit the public to search words or terms of their own choice, which results in receiving a list of all books in the database in which the searched terms appear, as well as the number of times the

term appears in each book. Additional useful information is also made available. It further permits a researcher to identify books that do, or do not, use the selected terms. Google maintains, probably correctly, that this identifying information instantaneously supplied would not otherwise be obtainable in lifetimes of searching.

In what turned out to be an important factor in the fair use analysis, there is neither advertising displayed to a search function user, nor does Google receive any payment as a result of any searcher's use of Google's link to purchase the books.

This project has resulted in new search forms, and added to the English language such terms as "text mining," "data mining" and "n-grams," and all that these concepts entail. Probably, in an attempt to fall within the fair use requirements, Google's search function was built to only allow the user to have a limited view of the text, called a "snippet." A maximum of these snippets—a horizontal segment comprising ordinarily an eighth of a page—is permitted. The result is that only a small portion of information is made available on a search, which would not be sufficient to constitute a substitute for purchasing the book. Where a single snippet might be likely to serve as a substitute, such as dictionaries, cookbooks, or short poems, the snippet function is disabled.

Google went one step further in 2005, by deciding to exclude any book from snippet view if the rights holder requested such deletion.

Procedural History

The underlying action was commenced on September 20, 2005 as a class action. Before the case was litigated in earnest, there were extensive negotiations held over several years, resulting in a proposed far reaching settlement that would have resolved the class action issues. This proposed settlement would have given Google substantially more usage rights than it would have obtained in the absence of the litigation. There was extensive discussion in the industry as to the merits and detriments of the proposed settlement, as well as numerous comments submitted to the court by interested parties. Ultimately, on March 22, 2011, Judge Chin rejected the proposed settlement as being unfair to the class members.⁶

On October 14, 2011, the plaintiffs filed a fourth amended complaint and the District Court certified the case as a class action on March 31, 2012.⁷ Google appealed this certification, arguing that its fair use defense should be decided prior to any class certification. The Second Circuit agreed, and provisionally vacated the class certification without addressing the merits, concluding that a resolution of Google's fair use would necessarily inform

and perhaps even moot the Second Circuit's analysis of many of the class certification issues.

The litigation then proceeded in the District Court, culminating in Google's Summary Judgment motion, which was granted by Judge Chin on the basis of fair use. Judge Chin held that Google's uses were transformative, its display was properly limited, and the program was not a market substitute for the original works. This was the decision that was affirmed by the Second Circuit.

Fair Use Analysis

The Circuit panel first analyzed the history of copyright going as far back as the birth of copyright in England in the 1710 Statute of Anne, and culminating in the U.S. Copyright Act of 1976, as well as the fair use defense. It concluded that "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."⁸

The Search and Snippet View Functions Fair Use Defense

A. Factor One (Purpose and Character of Use)

This factor focuses on whether the new work merely supersedes the objects of the original creation or instead adds something new with a further purpose, the latter of which is called the transformative effect. A transformative use tends to favor a fair use finding because it communicates something new and different from the original or expands its utility, thus serving copyright's overall objective of contributing to public knowledge. However, it does not mean that any, or all, changes will necessarily support a finding of fair use.

The panel had no difficulty in concluding that Google's making digital copies of the plaintiffs' books for the stated (and actual) purpose of enabling a search for identification of books containing a term of interest to the searcher involved, was a highly transformative purpose.

The panel reasoned that this copying of original copyrighted books was for the purpose of making available this information, including significant information about those books, the identification or absence thereof and frequency of uses concerning a word or term of interest contained in the books. The panel buttressed its opinion by referring to Google's division of each book page into tiny snippets, designed to show the searcher just enough content surrounding the searched term to help evaluate whether the book fell within the scope of the searcher's interest without, however, revealing enough to threaten the author's copyright interests. The panel rejected the plaintiffs' contention that Google's commercial motivation in these projects should override their transformative aspects, because the Second Circuit has repeatedly

rejected such contention in the absence of significant substitutive competition with the original.⁹

Based upon the above, the panel had no difficulty in finding factor one to be in favor of Google.

B. Factor Two (Nature of the Copyrighted Work)

The courts have previously concluded that this factor has rarely played a significant role in the fair use analysis, and the panel concluded that the same was true in this case.

C. Factor Three (Amount and Substantiality of Use)

This factor concerns the combination of the amount taken and how substantial the taking is in relation to the work as a whole. The smaller the taking, and the less important the passages taken, the more likely it will be that the taking will be considered as a fair use. Inversely, the larger the amount or the more important the passages copied, the greater is the likelihood that the copy can serve as an effectively competing substitute for the original, resulting in the possible diminishing of the original rights holder's sales and profits.

Once again the panel had no trouble in finding in favor of Google. First of all, it concluded that, although Google makes a digital copy of the entire book, it does not reveal it to the public. To the contrary, only limited selected snippets are disclosed, thereby limiting the amount and substantiality made available to the public for which it could conceivably serve as a competing substitute.

The panel did qualify its finding in favor of Google on this factor to Google's actual current practice, stating it "conclude(s) 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."¹⁰

It is not difficult to read between the lines that the panel might very well reach a different conclusion in a new litigation if Google changes its snippet policies.

D. Factor Four (Effect Upon Market of the Original)

This factor focuses on whether the copy, or its derivative, would deprive the rights holder of significant revenues because the copy would become a significantly competing substitute.

The panel concluded that the snippets, with their transformative purpose, were not significantly competing substitutes. This finding was subject, again, to the caveat also found in factor three, that it was limited to the viewing of snippets as presently constructed by Google. The panel did recognize that the snippet function can cause *some* loss of sales, but that did not tilt the fourth factor in favor of the plaintiffs, because there must be a meaningful or significant effect upon the potential market for or value of the original work, and that just was not happening here.

Derivative Rights

The plaintiffs also contended that they had a derivative right under the Copyright Act in the application of the search and snippet functions and that Google has usurped the plaintiffs' exclusive market for these derivative uses. The panel made short shrift of this argument, holding that the plaintiffs' copyrights did not include an exclusive right to furnish the kind of information about the works provided to the public through Google's programs. In other words, the plaintiffs' copyrights did not include an exclusive derivative right to supply such information through query of a digitized copy.

The panel juxtaposed this with segments taken from copyrighted music, such as ringtones, where the most famous and beloved passages of a particular piece are taken. In that situation, the value of the ringtone to the purchaser, explained the panel, is not in providing information, but rather in providing a mini-performance of the most appealing segment of the expressive content. That would presumably constitute copyright infringement.

Risk of Hacking Exposure

The plaintiffs further argued that Google's storage of its digitized copies exposed the plaintiffs' books to hackers who could make the books widely available, thus destroying the value of their copyrights. While finding that the claims had a theoretically sound basis based upon prior judicial holdings, such as the *Arriba Soft*¹¹ and *Perfect 10*¹² Ninth Circuit decisions, the panel also found the claims not to be supported by the evidence. This was based in part because Google made a sufficient showing of protection, including its own security expert who praised its security systems and that Google had ample resources and top-notch technical talents that enabled Google to protect its own, as well as the Book Project, data. This evidentiary showing was sufficient to shift the burden of proof to the plaintiffs, whose efforts fell short, in part because they were unable to identify any thefts from the Google Projects.

Digital Copies Distributed to Participant Libraries

The plaintiffs' final contention was that distribution of digital copies to the participating libraries jeopardized their copyrights because such distribution exposed the books to risk of loss if any of the libraries used the digital copy in an infringing manner, or failed to maintain sufficient security that might lead to the books becoming freely available if hacked.

The panel rejected this argument as well, holding that each library could have created its own digital copy for fair use purposes, and that such digital copy would not have constituted copyright infringement. Therefore, the contractual arrangements with Google, which provided that each library committed to use the digital copy only in compliance with copyright law, and to take precautions to prevent unlawful dissemination of their digital copies

to the public at large, was sufficient protection. Accordingly, the panel concluded that on the present record, the possibility that libraries might misuse their digital copies was sheer speculation. This determination was, once again, based upon present record, with the panel leaving open the possibility of a different result if Google altered its current business model.

Summary

The Second Circuit panel affirmed Judge Chin's District Court opinion granting summary judgment to Google. It concluded that 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, since the purpose is highly transformative, and the public display is limited and does not provide a significant market substitute for the protected aspects of the originals. Since the Supreme Court denied certiorari in April, this decision is only binding in the Second Circuit, so we may not have heard the last of the fair hearing issue.

Given the now almost universal nature of the use of the Google Projects, as well as the advances in technology since the case was first commenced 12 years ago, the result was certainly not unexpected. However, perhaps as a warning to Google and others who might try to rely upon the Second Circuit's holding, the panel on several occasions very carefully limited itself to the specific facts of the case as contained in the record on appeal, and in particular, to the then current business practices employed by Google. Perhaps this very specific finding was critical to the Supreme Court's denial of certiorari.

This is yet another example of the problems inherent in applying the 1976 Copyright Act to the state of the art of copyrighted works some 40 years later.

Time does march on, except perhaps when Congress fails to take the hint!

Endnotes

1. Judge Chin was elevated to the Second Circuit but he retained this case through decision on the district court level.
2. District Court Opinion: *Authors Guild Inc. v. Google, Inc.*, 954 F. Supp. 2d 282 (S.D.N.Y. 2013).
3. Second Circuit Docket No. 13-4829-cv, decided Oct. 16, 2015, ("Opinion"). The Opinion may be found at www.unitedstatescourts.org/federal/ca2/13-4829/230-0.html. A petition for certiorari was filed by the plaintiffs with the Supreme Court on December 31, 2015.
4. 755 F. 3d 87, 94 (2d Cir. 2014).
5. Opinion, at 6.
6. *Authors Guild v. Google, Inc.*, 770 F. Supp. 2d 666, 670-80 (S.D.N.Y. 2011).
7. *Authors Guild v. Google, Inc.*, 282 F.R.D. 384 (S.D.N.Y. 2012).
8. Opinion, at 13.
9. See *Cariou v. Prince*, 714 F. 3d 694, 708 (2d Cir. 2013), *cert. denied*, 134 S. Ct. 618 (2013).

10. Opinion, at 31.
11. *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir. 2003).
12. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007).

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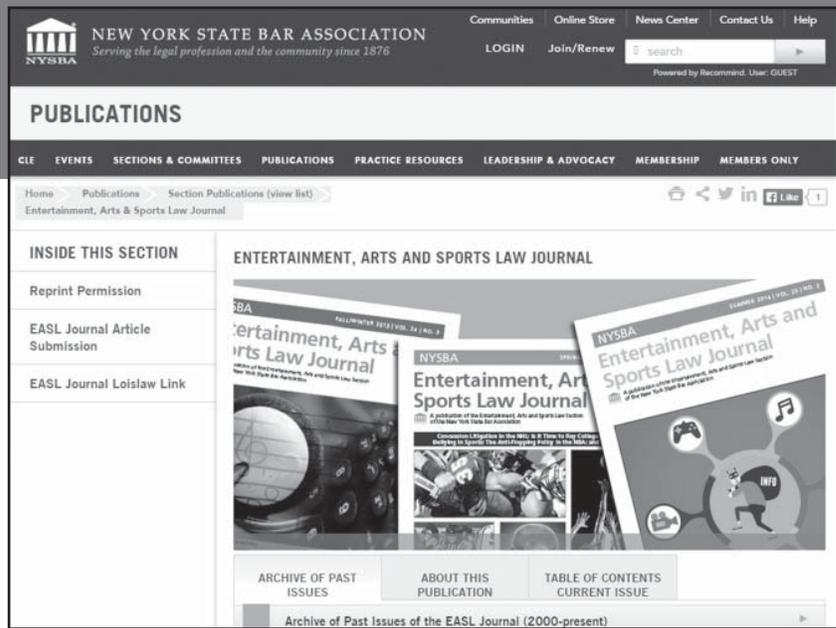
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