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FROM BOOKS TO BYTES: SECOND CIRCUIT ENDORSES LIBRARY DIGITIZATION PROJECTS

It's been a very good stretch for digital libraries. As we reported in our KLIP Alert from November 2013, Second Circuit Judge Denny Chin, sitting as a Southern District of New York Judge, ruled that digital book scanning in the Google Books Project constituted a fair use of the authors' works and therefore did not infringe the authors' copyrights in the featured books. *Authors Guild v. Google Inc.*, 954 F. Supp. 2d 282 (S.D.N.Y. 2013)

Now, in a related development, the Second Circuit has just ruled in a 34-page opinion that a number of universities accused of copyright infringement were fairly using copyright-protected books by digitally scanning them for inclusion in the online HathiTrust Digital Library. *Authors Guild, Inc. v. HathiTrust*, No. 12 Civ. 4547 (2d Cir. June 10, 2014).

The HathiTrust Digital Library, or "HDL", was the brainchild of several major research universities, including the University of Michigan, the University of California at Berkeley, Cornell University, and the University of Indiana, in conjunction with the Google Books Project. These prestigious institutions wanted to make their library collections increasingly accessible to researchers and students around the world, as well as to persons with print disabilities, such as the blind, who might not otherwise be able to fully utilize books in their traditional format. To do this, the universities worked with Google to permit scanning of the books in their library collections, as well as the collections of HathiTrust's 80 member institutions, creating a digital database of over 10 million works covering almost every subject imaginable, in both text and image formats.

Stored on servers at the Michigan and Indiana university campuses and accessible for searching online, the books in the HDL collection provide a valuable research tool for Internet users worldwide, who can search the full catalog of text for specific terms. Unlike the Google Books Project, in which entire snippets of copyrighted text are made available online, a search of the HDL database only reveals the page numbers of a copyrighted work on which each search term appears. In this way, the HDL increases the awareness of individual titles and the accessibility of printed books to today's tech-savvy consumers. In addition, print-disabled users can also better enjoy the books digitally scanned into the HDL collection by using the database in conjunction with new software that can magnify text or convert it into spoken words.

However, the Authors Guild, several individual authors, and a number of other parties brought a lawsuit against HathiTrust and a group of its member universities in the Southern District of New York. They argued that by scanning and making available the text of the featured books, the HDL infringes the authors' copyrights. The District Court permitted the National Federation of the Blind along with three print-disabled students to intervene as parties to the case, seeking to protect their continued right of access to the HDL collections. The District Court, among other rulings, granted summary judgment to

HathiTrust and its member libraries, finding that the HDL uses of these books constituted fair use and therefore did not amount to copyright infringement. *Authors Guild, Inc. v. HathiTrust*, 902 F. Supp. 2d 445 (S.D.N.Y. 2012). The plaintiffs subsequently appealed to the Second Circuit.

The fair use defense to copyright infringement is found in Section 107 of the U.S. Copyright Act, Title 17 of the United States Code. The statute references four factors to be considered in applying the fair use defense: (1) the purpose and character of the use (including both whether the use is 'transformative', meaning that it adds something new to the original work or seeks to advance a different purpose, and whether the use is for commercial or educational purposes); (2) the nature of the copyrighted work (meaning whether the work at issue is of the type that the copyright laws seek to protect); (3) the amount of the copyrighted work being used; and (4) the effect of the use on the potential market or value of the copyrighted work. The fair use defense recognizes that the public should be allowed to freely draw upon copyrighted works in certain situations, including for criticism, comment, education, scholarship, and research, so long as that use is transformative and does not excessively harm the market for the original work.

On appeal, the Second Circuit unanimously upheld the District Court's holding that the full-text search function of the HDL was a fair use of the included books. The Court found that the creation of a full-text searchable database was "quintessentially transformative" enough to outweigh the fact that the books at issue are exactly the type of works that copyright law seeks to protect. Furthermore, the Court determined that showing only page numbers with search terms was neither an excessive use of copyrighted material, nor could it serve as a substitute for the books being searched, and therefore could not negatively impact the market value of any of the copyrighted works included.

Against the larger backdrop of the publishing industry and the world's move from print to digital media, the plaintiffs raised several arguments against this application of the fair use defense. They complained that making the books publicly available for internet search could theoretically deprive authors of the opportunity to collect royalties on a license to digitally search their books. Furthermore, the plaintiffs questioned how HathiTrust would protect against security breaches of the HDL databases, and shelter the enormous trove of copyrighted materials from hackers looking to profit from digital theft.

In response, the Second Circuit found that lost licensing revenue could only be considered if the use served as a substitute for the original work (which, in this case, it did not), and that HathiTrust has implemented sufficient and highly comprehensive security measures to protect its files, including use of firewalls, encryption keys, restricting employee access, and mass download prevention systems. These cutting-edge issues were unfathomable before the rise of digital library projects, and reflect concepts that courts will continue to grapple with as digital media proliferates.

Additionally, the Second Circuit held that HathiTrust's effort to make books accessible to the blind and other print-disabled populations was also a fair use. Although the Court found that this use was non-transformative, it looked to prior decisions and legislative history of the Copyright Act to support the finding that making copies of works accessible to print-disabled readers definitively constitutes fair use. Quoting the Americans with Disabilities Act, in which Congress stated that our "Nation's proper goals regarding individuals with disabilities are to assure quality of opportunity, full participation, independent living, and economic self-sufficiency for such individuals," the Second Circuit's decision embraces the ways in which technology can be utilized to achieve this goal of bettering the quality of life for all Americans. 42 U.S.C. §12101(7).

By reaffirming these precedents, the Second Circuit has confirmed another way in which the law can accommodate digital library projects like the HDL and Google Books, which signify the growing importance of digital media in our society. Yet even so, the Second Circuit still declined to decide

several remaining questions about the applicability of fair use in different situations due to lack of standing, or ripeness of the issues. The Court's opinion left open the possibility that the law, technology, and copyright might someday intersect in such a way that would warrant reconsideration of these issues.

Furthermore, authors and copyright holders still do not seem fully willing to yield their rights to the digital age. With the District Court's decision in the Google Books case currently pending on appeal to the Second Circuit, *appeal docketed*, No. 13-4829 (2d Cir. Dec. 23, 2013) the full impact of the current Second Circuit decision in *HathiTrust* remains to be determined. Nonetheless, the Court's opinion represents yet another affirmation that copyright ownership and internet accessibility will not remain mutually exclusive in today's increasingly technological world.

If you have any questions or would like copies of the decisions referred to, please feel free to contact the authors below or any one of your Kramer Levin attorney contacts:

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