Why Google® Might Lose The Library Project In Court

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This article was prepared for the 2006 State Bar of Texas Intellectual Property Law Annual Meeting CLE and should be read in conjunction with the other materials provided in this section. The materials include a factually and legally detailed article by Jonathan Band, Esq.,[1] and the complaint and answer in *The Author's Guild v. Google, Inc*.[2]

Mr. Band graciously agreed to a gratis reprint of the referenced article in these CLE materials. After reading Mr. Band's article, I felt I would be "recreating the wheel" by even attempting to draft such a comprehensive review of the facts and legal issues.

This article will first provide a brief summary of the facts (again, please review Mr. Band's article for detailed information) and my legal perspective on where the law may not be on Google's side.

A. WHAT IS THE LIBRARY PROJECT?

The following excerpt is from Google's December 14, 2005 press release regarding the Library Project:[3] "As part of its effort to make offline information searchable online, Google, Inc. today announced that it is working with the libraries of Harvard, Stanford, the University of Michigan, and the University of Oxford as well as The New York Public Library to digitally scan books from their collections so that users worldwide can search them in Google." The press release further stated, "users searching with Google will see links in their search results page when there are books relevant to their query. Clicking on a title delivers a Google Print page where users can browse the full text of public domain works and brief excerpts and/or bibliographic data of copyrighted material. Library content will be displayed in keeping with copyright law."[4]

Google is not the only entity undertaking the task of scanning and indexing large quantities of written materials. The U.S. Library of Congress (with a $3 million donation from Google) announced in November 2005 a plan to create a world digital library of public domain works and selected licensed materials still protected by copyright.[5] Additionally, the European Commission is undertaking a European Digital Library of

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[1] Jonathan Band, *The Google Library Project: The Copyright Debate*, American Library Association Office for Information Technology Policy Brief (Jan. 2006) http://www.policybandwidth.com/doc/googlepaper.pdf.

[2] *The Author's Guild v. Google, Inc*, No. 05 CV 8136, (S.D.N.Y. Sep. 20, 2005).

[3] In addition to the Library Project, Google offers the "Partner Program." The "Partner Program" is not addressed in this article.

[4] Google Checks Out Library Books, Dec. 14, 2005 press release, http://www.google.com/press/pressrel/print_library.html (cited visited May 22, 2006).

[5] "Library of Congress Launches Effort To Create World Digital Library," Nov. 22, 2005, http://www.loc/gov/today/pr/2005/05-250.html (cite visited May 18, 2006).

public domain works.[6] Not to be outdone, Yahoo!® and Microsoft® search engines launched their own programs for digitizing and searching the digitized content.

The primary distinction between all the projects listed and Google's Library Project is that Google plans to scan works protected by copyright and public domain works. The other projects will only scan works clearly in the public domain, unless they have permission to scan the copyrighted works.

Under the Library Project, Google will scan the book into its searchable database. By typing key search terms as a database query, users can review the full text of public domain materials and "snippets"[7] of works under copyright. Google claims they will limit the content that can be viewed of copyrighted works and they plan to direct traffic toward the libraries and booksellers that offer the books for sale.

B. WHAT'S ALL THE FUSS? SURELY GOOGLE IS ASKING PERMISSION:

Herein lies the beginning, but not the end, of the legal debate that I believe Google will lose.

Google is not asking permission to scan the copyrighted materials but is offering an "opt-out" provision to copyright holders. The "opt-out" provision was only instituted after push back from groups representing copyright owners.

Although an "opt-out" clause flies in the face of the exclusive rights granted a copyright holder under the U.S. Copyright Act,[8] it is not a novel idea. In a pending class action before the Central District of California[9] (the "Record Club Litigation") regarding the unauthorized reproduction by record clubs of musical compositions and payment at three-quarters of the mechanical statutory rate without consent, the defendants proposed settling the case by providing owners of the musical compositions a notice of "opting-out." The class rejected this settlement provision. The parties have a proposed agreed settlement scheduled for approval by the court in June 2006. Within the settlement, the class members agreed to enter into a license with the defendants for a specified rate for a two-year period.

In the Record Club Litigation, the defendant record clubs knew that a royalty payment was required prior to distribution of the sound recordings. Historically, record clubs have paid the owner of the musical composition three-quarters of the statutory mechanical rate. Yes, the facts of this dispute also differ in that the record clubs mass produced the sound recordings and sold them for profit. Google plans to scan the book, allow searches of

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[6] "European digital libraries: Frequently Asked Questions," Sept. 30, 2005, http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/05/347&format=HTML&aged=1&language=EN&guiLanguage=en (cite visited May 18, 2006).

[7] "Snippet" is a non-legal term used by Google to describe a few sentences of text.

[8] 17 U.S.C. § 106 (2003).

[9] *Ory v. Columbia House Music Club*, 2:02-cv-02342-SJO-AJW (C.D. Cal. Mar. 21, 2002).

their database and then display a "snippet" of the book. Google will make money from this venture from their advertising revenue. I reference the Record Club Litigation because it is a voice of copyright owners saying no to a dilution of the rights granted under the Copyright Act by refusing an "opt-out."

C. THE PLAINTIFFS' CAUSE OF ACTION:

In response to Google moving forward with the Library Project, two lawsuits were filed in the Southern District of New York in the fall of 2005. The suits, brought by The McGraw-Hill Companies[10] and The Author's Guild,[11] allege copyright infringement by Google's actions of "reproduc[ing] for its own commercial use a copy of some of the literary works contained in the University of Michigan library, which contains the Works that are the subject of this action, and intends to copy most of the literary works in the collection of that library."[12] "Google will infringe the copyrights of Publishers' books by unlawfully reproducing and publicly distributing and displaying copies of such works in violation of the Copyright Act."[13]

D. GOOGLE'S AFFIRMATIVE DEFENSES:

Any party familiar with copyright litigation is never surprised to find multiple affirmative defenses asserted by the defendant. I will not address each of the 16 asserted in *The Author's Guild* or 13 asserted in *McGraw-Hall*. I do wish to address specific issues surrounding the defense of fair use and combine several of the defenses asserted surrounding the validity of plaintiffs' copyrights.

i. FAIR USE:

Section 107 of The Copyright Act states that a work used "for purposes such as criticism, comment, news reporting, teaching, scholarship or research is not an infringement of copyright." The section goes on to set out the four fair use factors[14] which have been interpreted through judicial opinions.

Before analyzing the four factors, I propose Google's use of the materials does not in and of itself rise to the level for "teaching, scholarship or research." Do not misunderstand me here. There is no question that Google's database[15] is designed in such a fashion that the database contents could potentially be used for "teaching, scholarship or research." Google's use, however, looks less like fair use and more like infringement when you

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[10] *The McGraw-Hill Companies v. Google, Inc*., 05 CV 8881, (S.D.N.Y. Oct. 19, 2005).
[11] *The Author's Guild v. Google, Inc*, 05 CV 8136 (S.D.N.Y. Sep. 20, 2005).
[12] *Id* , Plaintiff's Complaint, page 11, ¶ 39.
[13] *McGraw-Hill*, Plaintiff's Complaint, page 13, ¶ 38.
[14] 17 U.S.C.A § 107 (2003) ((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.)
[15] There is no question that the underlying method of the database and the code designed by Google may by protected by patent or copyright laws.

view it from the perspective that Google is not building upon the foundation created by the original work to create a new work. Google is moving the work from one media (print) to a new media (digital). This sounds like reproduction of a work without a license.

Under the first prong of the four-factor test for fair use, the court must analyze the purpose and character of the use by the defendant. The courts analyze this process under a discussion of transformative use. The court should be looking for the defendant to add something new to the work. There should be an alteration to the work with new copyrightable expression – the work should be transformative.[16] "Although it 'is not absolutely necessary' for a fair use to be transformative, 'the more transformative the new work, the less will be the significance of the other factors, like commercialism, that may weigh against a finding of fair use.'"[17]

Mr. Band's article[18] sets forth a thorough discussion of transformative use as found in *Kelly v. Arriba Soft.*[19] In *Kelly*, the defendant indexed photographic images owned by the plaintiff for purposes of allowing users of his search engine to locate the pictures. The defendant only displayed the images in low-resolution thumbnail prints whereas the plaintiff maintained high-resolution images on its website. The court held the defendant's use was transformative because the defendant's use "created a new purpose for the images and is not simply superseding [the plaintiff's] purpose."[20]

I disagree with the court in *Kelly* and find holdings issued by the Second Circuit more on point with the intent of the law in regards to what does not rise to the level of a transformative use of a work. The Second Circuit held retransmission of an identical radio broadcast over telephone lines is not transformative.[21] In *Infinity Broad. Corp. v Kirkwood*, the defendant retransmitted copyrighted radio programs owned by the plaintiff via telephone lines. Defendant raised the defense of fair use and asserted the end users of the transmission used the broadcasts for factual purposes not entertainment, thus a transformative use. The court stated "it is [Defendant's] own retransmission of the broadcasts, not the acts of his end-users, that is at issue here and all [Defendant] does is sell access to unaltered radio broadcasts."[22] Defendant's actions were not transformative.

The Second Circuit also ruled that copying a compact disc to a computer in an MP3 format does not transform the work.[23] The court held that using plaintiff's copyrighted sunglass design in third party's advertisement was not transformative when the sunglasses were used for their intended purpose of eyewear.[24]

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[16] *Campbell v. Acuff-Rose Music, Inc*., 510 U.S. 569, 579 (1994); *see generally*, MELVILLE B. NIMMER ET AL, 4 NIMMER ON COPYRIGHT § 13.05[A][1][b] (2005).
[17] *See Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104, 108, (2d Cir. 1998) (citing *Campbell* at 579.
[18] *Supra*, fn 1.
[19] 336 F.3d 811 (9th Cir. 2003).
[20] *Id*. at *17.
[21] *See Infinity Broad. Corp.* at 108.
[22] *See id*.
[23] *See UMG Recordings, Inc. v. MP3.com, Inc*., 92 F. Supp. 2d 349, 351 (S.D.N.Y. 2000).
[24] *See Davis v. The Gap, Inc*., 246 F. 3d 152, *59-60 (2d Cir. 2001).

Another example of change in media that in my mind rises closer to the level of a transformative use is the live performance of such programs as the Grand Ole Opry which is then rebroadcast via satellite and other transmissions for television and radio. The "Opry" program is edited for television broadcast and arguably with the edition of hosts and deletion of segments the work has been transformed. Yet, licenses are paid for the use of the copyrighted content in the program and the program itself. This use example may not be completely analogous because the programming is arguably entertainment.

The final use of Google's database may serve a potential greater purpose, but the manner in which a book is copied from one media to another media does not transform the underlying work. Google's actions are no different than the cases involving the radio re-transmission or the copying of the compact disc. As with the example of the "Opry," Google is media shifting, not transforming the underlying work. "Merely repackag[ing] or republish[ing] the original is unlikely to be deemed a fair use."[25]

ii. AFFIRMATIVE DEFENSES SURROUNDING PUBLIC DOMAIN ISSUES:

Google asserted several affirmative defenses springing from claims that Plaintiffs' works are no longer protected by copyright but are in the public domain.

For purposes of this paper we are solely discussing U.S. Copyright Laws. Works created and published prior to January 1, 1978 or created and registered prior to January 1, 1978, are subject to the 1909 Copyright Act and revisions. Works created after January 1, 1978 or created prior to January 1, 1978, and neither published nor registered prior to January 1, 1978, are subject to the 1976 Copyright and revisions.[26]

A work can fall into the public domain in several different ways. The first way is simply because the term of copyright expired. Under the 1909 Act there is a two-term system of protection. The original term was 28 years from registration or publication and the renewal terms was 28 years. If there had not been revisions to the 1909 Act, all works would have become public domain 56 years after registration or publication. Under the 1909 system, works created prior to 1923 are in the public domain.

Under current revisions to the 1976 Act, works created after January 1, 1978 are protected for the life of the author plus 70 years. Works created, but not published or registered prior to January 1, 1978 are protected for life of the author plus 70 years, but shall not expire before December 31, 2001.

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[25] *See Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104, 108, (2d Cir. 1998) (*citing* Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990).

[26] *See* 17 U.S.C. §§ 302-305 (2003) (These sections address the various terms and length of copyright protection)

Works existing in their first term of copyright under the 1909 Act on January 1, 1978 shall last for the initial 28 years and then shall be renewed for 67 years. Works in their renewal term on January 1, 1978 shall be protected by copyright for 95 years from publication.

There are various other ways a work can fall into the public domain under the 1909 Act including publication without a copyright notice[27] and failure to timely file a renewal. Even the 1978 Act carried forward the publication with notice requirement until the U.S. joined the Berne Convention in 1989. In a study prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, it was found that less than ten percent (10%) of all copyrights were renewed and fewer than five percent (5%) of copyrighted books and pamphlets were renewed prior to the completion of this 1961 Copyright Office study.[28]

With all these different factors coming into play in determining whether or not a work is still protected by copyright or has actually fallen into the public domain, you can see why Google has raised this affirmative defense. There is a high likelihood that some books copied by Google are public domain because of failure to renew and publication without notice. For Google to guarantee the work is in the public domain, the work must have been published before 1923.

Even if the work was properly renewed under the 1909 Act, there is often difficulty in tracking down the owner of the work. Not only are the works often licensed to third parties, but for the pre-1978 works, it is highly probably the heirs of the author may have exercised certain rights to reclaim either the renewal term of the copyright or asserted the right to terminate certain grants made by the author.[29]

Yes, Google has its job cut out for it when tracking down the appropriate licensor. Why should Google be placed in any easier or better position than any other potential licensee of a work? I do not believe that Google gets a free ride simply because its database could arguable change the way we perform research or bring "snippets" of the world to our home computers.

E. CONCLUSION:

It will be interesting to see if the cases against Google will end in a negotiated settlement for use of the works protected by copyright, will end with Google agreeing to only scan works clearly in the public domain, or if the case will reach a judicial opinion.

In reaching such an opinion, the court will work through all factors in the fair use analysis and cannot solely rely on whether or not the new work is transformative. I

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[27] *See* 17 U.S.C. § 405 (2003).

[28] James J. Guinan Jr. *Duration of copyright In Copyright law revision*. Studies prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, United States Senate, 86th Congress, first [-second] session, 8. Washington, D.C.: U.S. Govt. Print. Off.: 1961.

[29] 17 U.S.C. § 304(c) (2003).

believe the court will not find the work transformative because the work will simply be switched from one media to another. This conclusion is further supported by case law from the Second Circuit.

If Google goes down the path of challenging the plaintiffs' copyrights in the materials, I hope I can get in on the work … there should be more than enough to go around.