

# Second Circuit Rules Against Authors Guild In University Book-Scanning Case

June 12, 2014

In its recent opinion in *Authors Guild v. HathiTrust*, Slip. Op. No. 12-4547-cv (June 10, 2014), the Second Circuit affirmed that the creation of a full-text searchable database of copyrighted works of more than 10 million works from university library collections was protected by the fair use doctrine and is a quintessential transformative use.

The book-scanning project in *HathiTrust* was formed as an offshoot of the Google Books Project. In 2005, the Authors Guild sued Google for digitizing books in university library collections in *Authors Guild v. Google*, 954 F. Supp. 2d 282 (S.D.N.Y. 2013). While that case was pending, a consortium of universities who had shared their collections with Google to scan created their own book-scanning project, the HathiTrust Digital Library. The Authors Guild sued HathiTrust in 2011. The Authors Guild lost both cases at the district court level and appealed both rulings to the Second Circuit. The Second Circuit's *HathiTrust* opinion, the first of the two to be handed down, is a strong affirmation of the district court's findings that the book-scanning project at issue is transformative fair use.

## The Second Circuit's Opinion

In its recent decision, the Second Circuit unanimously affirmed that HathiTrust's copying of entire books in order to create a full-text searchable database was a fair use. The court held that such a use was "a quintessentially transformative use" that does not supersede the purpose of the original works, but "adds to the original something new with a different purpose and a different character."

Notably, unlike Google's original book-scanning project, which displays "snippets" of the underlying text surrounding the search terms, the Second Circuit pointed out that HathiTrust does not display to the user any text at all from the original work. Instead, it displays only the page number on which the search term is found and the number of times the term appears in the work. The Second Circuit observed it could discern "little or no resemblance" between the results of such a search and the original text. In short, the scanning project does not supersede or substitute for the original work. It remains to be seen whether the court will view Google's display of "snippets" in the same way.

The Second Circuit further held that copying the entirety of the works was "reasonably necessary" in order to enable the full-text search function. It further observed that the Authors Guild was unable to identify any



non-speculative harm to its members' potential market, stating that “any economic ‘harm’ caused by transformative uses does not count because such uses, by definition, do not serve as substitutes for the original work.” It rejected the Authors Guild’s argument that the HathiTrust’s project could impair the emergence of a potential market for digitally licensing books for search, which does not currently exist but potentially could be developed in the future, holding that lost licensing revenue from such a market did not count because the full-text search did not serve as a substitute for the original books. Therefore, the Second Circuit held that HathiTrust’s copying of entire works to make them full-text searchable was a fair use.

In addition, the Second Circuit held that making full versions of the works accessible to patrons with print-disabilities was also a fair use. It declined to determine whether HathiTrust could make preservation copies available to member institutions to replace a lost original copy, finding that the Authors Guild lacked standing to challenge HathiTrust’s preservation practices. It also declined to rule on HathiTrust’s program to identify and make available orphan works – out-of-print works for which no copyright owner can be located – holding that the issue was not ripe for adjudication, as the orphan works project had been abandoned.

### **What Copyright Owners Should Take Away**

The Second Circuit’s *HathiTrust* opinion is a strong affirmation of the fair use doctrine, continuing a string of recent cases which have upheld the use of entire copyrighted works for digitization and search purposes (e. g., *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007); *Cambridge University Press v. Becker*, 863 F. Supp.2d 1190 (N.D. Ga. 2012); and the district court decisions in *Authors Guild v. Google* and *Authors Guild v. HathiTrust*). Copyright owners should be aware that this trend is likely to further encourage the creation of other mass digitization projects and information location tools that “transform” copyrighted works by adding new functionality to them, and that such uses may be upheld by courts even if the entire work is copied. On the other hand, this case does not involve the use or incorporation of an individual copyrighted work into a subsequent work or establish standards for when such incorporation is a “transformation.” It should not be taken as *carte blanche* by those seeking to create subsequent works based on copyrighted materials – that is not the focus of the opinion. In its own context, the Second Circuit’s opinion in *HathiTrust* – and *Google Books* – may have wide-reaching implications not just on book scanning, but on secondary uses of other digitized media content as well.

For more information, please contact your Lathrop Gage attorney or either attorney listed above.