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District Court: Final Order (2020)

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FILED IN CHAMBERS

U.S.D.C. - Atlanta

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SEP 29 2020

James M. Hatten, Clerk

By *AMC*

CAMBRIDGE UNIVERSITY PRESS;
OXFORD UNIVERSITY PRESS,
INC.; SAGE PUBLICATIONS,
INC.,

Plaintiffs,

v.

CIVIL ACTION NO.
1:08-CV-1425-ODE

MARK P. BECKER, in his
official capacity as
President of Georgia State
University; RISA PALM, in her
official capacity as Senior
Vice President for Academic
Affairs and Provost of
Georgia State University;
J.L. ALBERT, in his official
capacity as Georgia State
University Associate Provost
for Information Systems and
Technology; NANCY SEAMANS, in
her official capacity as Dean
of Libraries at Georgia State
University; ROBERT F.
HATCHER, in his official
capacity as Vice Chair of the
Board of Regents of the
University System of Georgia;
KENNETH R. BERNARD, JR.,
LARRY R. ELLIS, W. MANSFIELD
JENNINGS, JR., JAMES R.
JOLLY, DONALD M. LEEBERN,
JR., WILLIAM NESMITH, JR.,
DOREEN STILES POITEVINT,
WILLIS J. POTTS, JR., C. DEAN
ALFORD, KESSEL STELLING, JR.,
BENJAMIN J. TARBUTTON, III,
RICHARD L. TUCKER, LARRY
WALKER, RUTLEDGE A. GRIFFIN,
JR., C. THOMAS HOPKINS, JR.,
NEIL L. PRUITT, JR., and
PHILIP A. WILHEIT, SR., in
their official capacities as
members of the Board of
Regents of the University
System of Georgia,

Defendants.

ORDER

This is a copyright infringement case involving application of the fair use defense.¹

In an Opinion entered March 2, 2020 [Doc. 563], this Court ruled on 48 remaining infringement claims in accordance with the Court of Appeals' remand Order [Doc. 546]. This Court found Plaintiffs prevailed on 10 of the 48 claims; Defendants prevailed on the remaining claims.² It also directed the parties to file the proposed text of any injunctive or declaratory relief they want the Court to consider, together with the rationale supporting their request [Doc. 563]. The parties were also directed to confer with a view toward resolving disputed issues pertaining to taxation of costs and an

¹A reasonably short capsule of undisputed facts is found at Doc. 235, pp. 6-11.

²The case was tried nonjury from May 17 until June 7, 2011. At the beginning of trial 99 infringement claims were at issue. Plaintiffs voluntarily dismissed 25 claims at the close of their case, leaving 74 claims to be addressed by Defendants. In this Court's post-trial findings of fact and conclusions of law this Court found that 26 of the 74 claims failed for a variety of reasons, including lack of a prima facie case, that the taking was de minimis (and therefore not an infringement) and that digital permissions were not available, causing factor four to favor fair use, thereby causing the overall fair use assessment to favor Defendants [Doc. 423]. These findings were affirmed on appeal [Doc. 483]. As to the remaining 48 infringement claims, this Court originally found five infringements [Doc. 423]; the appeal resulted in a remand for further findings on the 48 claims (the Court of Appeals reversed, vacated and remanded with instructions [Doc. 483]. The further findings [Doc. 510] established six infringements. Plaintiffs appealed and the Court of Appeals reversed, vacated and remanded with instructions for further findings [Doc. 546]. This Court made further findings as to the 48 infringement claims [Doc. 563], yielding a finding of 10 infringements.

award of attorneys' fees, and if agreement was not reached both sides were directed to file briefs addressing "which party (or parties) is (or are) the prevailing party (or parties) and whether the Court should exercise its discretion to award costs" [Doc. 563].

Both sides state they were unable to reach agreement on the matter of awards of costs and attorneys' fees.

Plaintiffs contend they are the prevailing party, but also state they do not intend to seek an award of attorneys' fees "given the vigorously disputed nature of the copyright issues that were raised in this case for the first time in the context of digital course readings" [Doc. 567]. Defendants assert they are the prevailing party. They seek an award of attorneys' fees and costs. Both sides have filed memoranda which the Court has considered. See Docs. 567, 571, 572.

The Court turns first to Defendants' request for an award of attorneys' fees and costs. The relevant statute is 17 U.S.C. § 505, which is entitled "Remedies for infringement: Costs and attorney's fees." It provides:

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

As the parties recognize, there are two decisions of the United States Supreme Court which inform the Court's consideration of awards of attorneys' fees and costs. They are Fogerty v. Fantasy, Inc., 510 U.S. 517 (1994) (holding that prevailing plaintiffs and prevailing defendants should be

treated alike under § 505) and Kirtsaeng v. John Wiley & Sons, Inc., 136 S. Ct. 1979 (2016) (holding that § 505 is intended to encourage defendants "to litigate meritorious copyright defenses to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement").

Plaintiffs argue they are the prevailing party because they prevailed on two significant legal issues in this case. First, Plaintiffs cite the Court of Appeals' rejection of Defendants' argument that "there is no higher valued purpose in a fair use analysis than teaching, and teaching usage should accordingly be given great weight in the fair use analysis." The Court of Appeals held that although Georgia State's nonprofit educational purpose in copying favors fair use, it does not strongly favor fair use [Doc. 567]. Second, Plaintiffs cite the Court of Appeals' ruling that where licenses to permit copying of copyrighted digital excerpts are available, but Georgia State does not obtain licenses, factor four (market harm) does not merely disfavor fair use; it strongly disfavors fair use [Doc. 567].

Plaintiffs next argue "the scorecard of individual claims is not an appropriate measure of which party prevailed for purposes of section 505 . . . the work-specific claims were understood by the parties and the Court to be merely a vehicle to test the legality of GSU's copyright policy, and that test has resulted in multiple rulings by this Court that an injunction constraining GSU's copyright policy should be entered on the premise that the copyright violations are attributable to GSU's copyright policy" [Doc. 567 at 7]. Plaintiffs argue it

does not matter that they prevailed on only 10 of the 99 infringement claims which went to trial.

Plaintiffs also argue that given the unsettled state of the law prior to this case, and their good faith in bringing this suit, even if they were to be deemed not to be the prevailing party, under Kirtsaeng the Court must give substantial weight to the objective reasonableness of their position in litigation. They point out that the instant case is the first fair use case involving digital course readings. They argue that the claims they brought were reasonable and implicated an unsettled area of copyright law. They argue that under Fogerty, the unsettled nature of fair use law should foreclose a fee award to Defendants. Plaintiffs state: "An award of attorneys' fees and costs would be especially unwarranted in view of the fact that Plaintiffs could not reasonably have anticipated, inter alia, that this Court and the Eleventh Circuit would impose an unprecedented 'digital license availability' requirement to establish market harm or that this Court would engage in a novel analysis of historical permissions revenues in evaluating factor four." Plaintiffs argue that all of the infringement claims they asserted were reasonable and in good faith. Plaintiffs point out what they believe to be an implicit assumption of this Court that "presumptive 'deep pockets' on the part of funders AAP and CCC is such that they can afford to absorb fee shifting." Plaintiffs also liken this test case to early actions of various litigants who pursued landmark cases in the areas of "civil rights, school desegregation, abortion rights, and freedom of the press, among others." Finally, Plaintiffs

argue that earlier orders of this Court incorrectly found Plaintiffs' failure to narrow their individual infringement claims significantly increased the cost of defending the suit. Plaintiffs assert "at every stage of the case, Plaintiffs sought to try a small number of representative claims so as to adjudicate the legality of GSU's copyright policy in the most efficient manner, only to be stymied by Defendants and the Court." Plaintiffs argue that this Court's action in designating three 2009 academic terms as representative of ongoing practice under Georgia State's revised 2009 policy unfairly pressured Plaintiffs to identify "a comprehensive list of all claimed infringements of their copyrights that had occurred at Georgia State during the three full semesters postdating enactment of the new Copyright Policy." Plaintiffs state they completed that task in good faith based on internal records available to them at the time, and based on that process, they "winnowed the work to be tried from an initial list of 126 to 99, then further narrowed the list to 75 before the trial began." Plaintiffs state the bottom line is that "it was Defendants' litigation strategy that necessitated a protracted, three week trial involving all of the alleged infringements, not an 'overly aggressively' assertion of copyrights by Plaintiffs."

Defendants' memorandum in support of their request for an award of attorneys' fees and other costs [Doc. 571] asserts that "Defendants are a prevailing party because the industry-funded Plaintiffs failed to prove a sufficient number of infringements to demonstrate that Georgia State University was misusing the

fair use defense." While Defendants assert that a greater fee award would be appropriate, they state they only request the fees and costs this Court already awarded Defendants after its first decision [Doc. 462] plus the additional fees Defendants accrued between the first remand by the Eleventh Circuit and this Court's second decision. Defendants argue these fees and costs are reasonable, "particularly considering the ever changing and massive number of infringement allegations made by Plaintiffs in this case." Defendants seek a declaration that they are the prevailing party and that the award should be in the amount of \$3,094,196.48 in attorneys' fees and \$85,746.39 in costs. Defendants state that whereas the amended complaint identified only 15 works and 31 allegations of infringement related to Plaintiffs' works, "after the close of discovery and during summary judgment briefing, Plaintiffs sought to rescue their overly broad allegations by adding 270 allegations of infringement [Doc. 142-3 paras. 267-69]."³ Defendants assert that "such belated allegations precluded Defendants from being able to conduct meaningful discovery of such claims."

Defendants further state [Doc. 571] that "in order to address such sharp litigation tactics, the Court entered its Order of August 11, 2010 and August 12, 2010 directing that the parties were to focus on three academic terms in 2009. While Plaintiffs now contend that they only had ten days to identify all alleged infringements during that time period, they fail to

³Defendants' memorandum cites Doc. 142-3; the correct cite is Doc. 142-2.

recount that they had already done the work to expand their allegations to add 270 new allegations before the Court issued that deadline (see Docket 142-2 paras. 267-69). And even after Plaintiffs had finally submitted a list of 126 claimed infringements [Doc. 228] pursuant to the Court's August 11 and August 12, 2010 Orders (Dockets 226; 227), Plaintiffs' claims were still not finalized. Instead, Plaintiffs added another claim of infringement and dropped others resulting in a final total of 99 that were the subject of trial [Doc. 571]. Defendants then go on to correctly state that it was during the trial--indeed at the close of Plaintiffs' case in chief--that Plaintiffs dropped 25 claims. Thus, Defendants state they were required to prepare and defend against all 99 claims. They note the Court ultimately considered on the merits 74 individual infringement claims [Doc. 571].

Defendants state they also prevailed on numerous significant overarching issues in this case. They name the Court of Appeals' rulings that: "fair use must be determined on a work-by-work basis"; the prior "coursepack" cases were not controlling; factor one favors fair use; the determination of an excerpt's size must be determined based on the length of the entire work; the Classroom Guidelines do not control the fair use analysis; the small excerpts Defendants used do not substitute for the full books from which they were drawn under factor four; Plaintiffs have the burden of establishing evidence of digital licenses; and factor four favors fair use when there is a lack of digital licensing availability.

Defendants argue the fact that they prevailed on 89 of 99 individual infringement claims supports a finding that they are the prevailing party.

Finally, Defendants note that in two prior Orders of this Court, they were named the prevailing party; the Court determined they were entitled to attorneys' fees and costs.

The Court makes the following findings and conclusions.

Plaintiffs are correct (and Defendants do not disagree) that when this case began, the law in this Circuit regarding educational institutions' use of unlicensed copyrighted excerpts was unsettled. When the case began in 2008, there was widespread uncertainty concerning the extent to which the fair use statute, 17 U.S.C. § 107, permitted schools to copy small unlicensed excerpts of copyrighted works for use in teaching students. The practice of copying unlicensed excerpts was widespread in many schools across the country at that time.

The Court is convinced that in creating and applying its 2009 Copyright Policy, Georgia State tried to comply with the copyright laws. After this lawsuit was filed in 2008 Georgia State revamped its then existing copyright policy in an attempt to formalize the process of determining when fair use applies. This produced the 2009 Copyright Policy which is the subject of this litigation. Group instruction on the 2009 Copyright Policy was provided to professors; checklists were prepared and distributed to assist in determining whether fair use applied and library personnel were given further instruction on the topic of fair use. But the unsettled state of fair use law made it difficult to fashion a compliant policy.

The Court agrees with Plaintiffs that the individual infringement claims arising from Georgia State's use of Defendants' copyrighted works were a vehicle to test the legality of Georgia State's 2009 Copyright Policy. In that respect, this case is different from a typical copyright infringement case. The fact that Defendants prevailed on 89 out of 99 claimed infringements help Defendants, not Plaintiffs.

The Court does not accept Plaintiffs' argument that they did not have adequate time to determine which of Defendants' uses infringed Plaintiffs' copyrights. This Court's initial order directing preparation of such a list was entered on August 11, 2010 [Doc. 226]. It did require a response within 10 days. Plaintiffs duly responded on August 20, 2010 [Doc. 228]. However, on November 5, 2010 the Court met with counsel [see Doc. 261--Transcript of November 5 Conference] and discussed with them the pretrial list of claimed infringements. Neither side expressed disagreement with the idea of limiting infringement claims to the three 2009 semesters immediately following Georgia State's adoption of the 2009 Copyright Policy. Plaintiffs did not ask for additional time to vet their list. However, Plaintiffs in fact had additional time because Defendants sought and received permission to make the parties' joint filing as to individual infringement claims; the joint filing was made on March 15, 2011 [Doc. 266].

The Court finds the Court of Appeals' disposition of the two significant legal issues identified by Plaintiffs, in their favor, is more important than Plaintiffs' loss of 89 out of 99 infringement claims. That is because the legal rulings on these

issues will apply to future cases in this Circuit. Having said that, Defendants also have identified at least two legal rulings in their favor that are quite significant: (1) the Classroom Guidelines do not apply to fair use of copyrighted materials (if they did, Plaintiffs would have won hands down); (2) factor four favors fair use when there is a lack of digital license availability. The fact that Plaintiffs only prevailed on 10 of 99 claimed infringements is a relevant consideration in determining the prevailing party issue, though it is not dispositive. Taking all of the foregoing considerations into account, the Court again finds that Defendants are the prevailing party.

The Court does believe and again finds that Plaintiffs' failure to narrow their infringement claims prior to trial unnecessarily increased the work of Defendants' counsel. The Court, upon reconsideration, finds it unclear whether Plaintiffs' failure to limit their infringement claims "significantly" increased the work of Defendants' counsel. It did unnecessarily increase the work of Defendants' counsel.

The Court has considered Defendants' assertion that Cambridge could not be considered a prevailing party because it did not prevail on any of its twenty infringement claims. The Court need not pursue this inquiry because Cambridge is not seeking an award of attorneys' fees and costs. All of Plaintiffs' attorneys' fees and costs have been paid by Copyright Clearance Center and the American Association of Publishers. The Court notes it does not assume as Plaintiffs

fear that these two entities are "deep pockets." Further, this consideration is irrelevant in any event.

As previously stated, 17 U.S.C. § 505 provides that the Court "may" award a reasonable attorney's fee to the prevailing party as part of the costs. The Court, in exercising its discretion, determines not to award attorneys' fees even though it has determined that Defendants are the prevailing party.

The Court now turns to the matter of declaratory and injunctive relief. Both sides have filed briefs addressing injunctive relief [Docs. 566, 570]. Both sides have submitted the proposed text of orders granting or denying injunctive relief [Docs. 566, 570].

A. DECLARATORY RELIEF

The Court declares that Plaintiffs have prevailed on the copyright infringement claims involving these works in these Georgia State classes:

Maymester 2009:

- *The Sage Handbook of Qualitative Research (Third Edition)* (Professor Kaufmann, EPRS 8500 Qualitative/Interpretive Research in Education I)
- *Handbook of Critical and Indigenous Methodologies* (Professor Kaufmann, EPRS 8500 Qualitative/Interpretive Research in Education I)

Summer 2009:

- *The Sage Handbook of Qualitative Research (Second Edition)* (Professor Kaufmann, EPRS 8510 Qualitative Research in Education II - Data Collection)
- *The Sage Handbook of Qualitative Research (Second Edition)* (Professor Esposito, EPSF 8280 Qualitative Research in Education II - Data Collection)

Fall 2009:

- *The Sage Handbook of Qualitative Research (Third Edition)* (Professor Kaufmann, EPRS 8500 Qualitative/Interpretive Research in Education II)
- *Theoretical Frameworks in Qualitative Research* (Professor Esposito, EPRS 8520)
- *The Slave Community* (Professor Dixon, AAS 3000)
- *The Power Elite* (Professor Harvey, SOCI 8030 Social Theory I)
- *The Sage Handbook of Qualitative Research (Second Edition)* (Professor Ohmer, SW 8200 Evaluation & Technology)
- *Utilization-Focused Evaluation (Third Edition)* (Professor Ohmer, SW 8200 Evaluation & Technology)

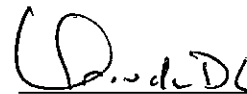
With respect to all other infringement claims (89 claims) the Court declares that Defendants have prevailed.

B. INJUNCTIVE RELIEF

While the Court finds the number of proven infringements (10) is sufficient to warrant injunctive relief, the regimented program of oversight called for by Plaintiffs' proposal is not warranted. The Court enters the following injunction: Defendants are ORDERED AND DIRECTED to maintain copyright policies which are not inconsistent with the rulings of the United States Court of Appeals for the Eleventh Circuit in this case. Defendants are ORDERED AND DIRECTED to inform all Georgia State professors and other instructors in writing of these rulings.

The Clerk is DIRECTED to enter final judgment accordingly. Costs (this does not include attorneys' fees) to be taxed against Plaintiffs and in favor of Defendants.

SO ORDERED this 29 day of September, 2020.



ORINDA D. EVANS
UNITED STATES DISTRICT JUDGE