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Academic Libraries as Unlikely Defendants: A Comparative Fair Use Analysis of the Georgia State University E-Reserves and HathiTrust Cases

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ABSTRACT

Academic libraries rely on fair use for key functions in support of education. Among these functions are electronic reserves, mass digitization, providing access for print-disabled students, and preservation. These were the practices at issue in the 2008 Georgia State University e-reserves case and the 2012 HathiTrust case. This article explores the two lawsuits where libraries were sued for alleged copyright infringement. We explore how the courts in each case applied fair use to the facts of the case, compare and contrast the courts' analysis, and explain the role that transformative use plays in distinguishing the outcomes. Finally, the article applies lessons learned from the two cases to common library activities.

INTRODUCTION

The story of fair use as a legal doctrine is part of the story of the United States as a new nation. In 1839, Jared Sparks published a twelve-volume biography of George Washington including Washington's letters and correspondences, not previously published. There was a presumption of significant public interest in a first published work on the life of the relatively new nation's first president. Sparks' copyright interest in Washington's biography had eight more years of protection under the 1790 Copyright Act. But in October 1841, Sparks' printer and publisher Charles Folsom sued Massachusetts bookseller Bela Marsh for copyright infringement for publishing a two-volume biography of George Washington that took pages of Washington's letters and correspondences from the Sparks book. Although Marsh was found to be infringing, in considering the case, Judge Story formulated the basis of fair use: "the question of piracy, often depends upon a nice balance of the comparative use made in one of the materials of the other; the nature, extent, and value of the materials thus used; the objects of each work; and the degree to which each writer may be fairly presumed to have resorted to the same common sources of information, or to have exercised the same common diligence in the selection and arrangement of the materials. Thus, for example, no one can doubt that a reviewer may fairly cite largely from the original work, if his design be really and truly to use the passages for the purposes of fair and reasonable criticism. *Folsom v. Marsh*, 9 F. Cas. 342, 344 (1841).

U.S. courts have been deciding fair use cases for close to two hundred years of American legal history. Between 1841 to 1976, U.S. courts decided whether specific uses of works under copyright protection were fair, relying on Story's fair use statement. Congress finally codified fair use as Section 107 of the 1976 Copyright Act. The scope of uses implicating the fair use doctrine over the centuries is broad and varied. In 1984, the U.S. Supreme Court considered whether time-shifting or recording a television show for later viewing was fair use (*Sony Corp. of America v. Universal*, 1984). In 1994, it considered whether a rap song by 2 Live Crew sufficiently transformed Roy Orbison's 1964 song "Oh, Pretty Woman," into a new work to be fair use (*Campbell v. Acuff-Rose Music, Inc.*). And in 2007, a 9th Circuit California court considered whether Google's transmission of Perfect 10's images of nude models constituted fair

use (*Perfect 10, Inc. v. Amazon.com*). The courts in each of these instances concluded fair use prevailed.

Since 1841, there are only two substantial legal cases involving libraries as parties named in major litigation making it to U.S. courts' dockets. This paper explores the contours of the fair use defenses in *Cambridge UP, et al. v. Becker, et al.*, popularly known as the Georgia State University eReserves case (GSU), and *Authors Guild v. HathiTrust*, (HDL).

Electronic reserves and mass digitization are two of many functions that academic libraries perform as a matter of course in serving their educational missions. The fact that these activities end up in the court system is noteworthy on several fronts. It indicates that libraries employ the kinds of technologies that require courts to define the scope of what is legal under the Copyright Act of 1976, passed well before current technologies existed. Additionally, it challenges librarians to become savvier in their knowledge of copyright, and other bodies of law, including contract, that inform how we do our work.

By providing a foundational overview of copyright law and fair use, this paper aims to inform librarians of and contextualize core activities as electronic reserves and mass digitization, within the American legal tradition. To what end? Numerous library activities implicate fair use, not just as a defense to a potential copyright infringement suit, but as a right articulated in the Copyright Act itself. By comparing and contrasting how the courts analyze the four factors in the two cases, we can gain a fuller understanding of how courts decide what constitutes fair use, and are thus better able to anticipate how courts may respond to a potential copyright infringement litigation.

PUTTING FAIR USE IN CONTEXT

Copyright ownership confers the legal right to exclude others from “reproducing, distributing, creating derivative works, displaying the work publicly, performing the work publicly, or performing the work by digital audio transmission” (17 U.S.C. § 106) without permission or license from the owner. But suppose a teacher needs to show portions of or an entire film in the classroom or upload it to a secure online platform for students to view it for an assignment¹. A print-disabled student might need a whole book digitized for a course.² At the end of a semester, a student plans to resell used textbooks to a bookstore.³ Libraries buy books so they can lend them and often send journal articles to other libraries.⁴ These scenarios implicate exclusive rights of copyright owners. In each of these instances, would the user then have to ask permission of the copyright owner each time he or she needs to perform everyday activities that are essential to scholarship and teaching? What if the owner refuses permission, would that foreclose the public from using copyrighted works?

Approved in 1787, the Copyright Clause of the U.S. Constitution aimed to balance the rights of authors and inventors with public needs to use protected works. “Congress shall have Power... To promote the Progress of Science and useful Arts, by securing for limited Times, to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries” (U.S. Const. Art. I, § 8, cl. 8.). Sections 107-122 of the Copyright Act set exceptions to owner's exclusive rights that allow public use of copyrighted works without requiring the owner's permission to do so.

The 1976 Copyright Act laid out the fair use exception to the exclusive rights of copyright holders in section 107 of the act:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (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.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors. 17 U.S.C. § 107.

Added to the legislative record of the 1976 Copyright Act, the Agreement on Guidelines for Classroom Copying in Not-For-Profit Educational Institutions with Respect to Books and Periodicals (“Classroom Copying Guidelines”) was not part of the Act itself. Partisan groups developed the guidelines (*Cambridge Univ. Press v. Patton*, 769 F.3d 1232, 1235 f.12 (11th Cir. Ga. Oct. 17, 2014) which not only blatantly diverge from the four factors in the fair-use statute and replace them with three different mandates, but also add blanket prohibitions that cannot be overcome by any balancing of factors or equities (Crews 2001, 618). However, in litigation publishers cite the Classroom Copying Guidelines as if the Guidelines have legal authority. (Crews 2001, 639-656). Accordingly, the guidelines are not law.

THE COPY SHOP CASES AS PRECEDENT FOR GSU AND HATHITRUST

While lawsuits against academic libraries for copyright infringement is novel before the GSU and HathiTrust cases, there is precedent for courts to consider. The GSU case follows a line of cases tracing back to *Williams & Wilkins Co. v. United States*, 487 F.2d 1345 (Ct. Cl. November 27, 1973) where the National Institute of Health’s photocopying of articles for researchers was found to be fair use. The copy shop and *Texaco* cases followed. Most analogous to the GSU case were the copy shop cases, *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522 (S.D.N.Y. Mar. 28, 1991), and *Princeton Univ. Press v. Mich. Document Servs.*, 99 F.3d 1381 (6th Cir. Mich. Nov. 8, 1996).

In each case, the issue was whether a copy shop creating coursepacks from copyrighted material, without paying license fees, was infringing on copyrights held by the publishers. In both cases, the commercial nature of the use weighed against fair use. The courts focused on the purpose of the copy shop in selling the coursepacks, not the educational purpose of the professors or students. The court in *Princeton* explicitly declined to consider whether it would be

fair use for students or professors to make their own copies. (Princeton 1389). Both courts also deem the purpose of the use non-transformative, so weighing against fair use.

Addressing the Defendant's argument that academic authors do not need economic incentive to publish, the *Princeton* court concluded that it is publishers who own the copyrights and obviously need economic incentives to publish scholarly works, even if the scholars do not need direct economic incentives to write such works. (Princeton 1390). The *Princeton* court further rejected Defendant's argument that only book sales should be considered. It reasoned that when a copyright holder has an interest in exploiting the licensing market, especially when they have already done so, potential licensing revenues should be considered in a fair use analysis (*id.*). Both courts found the fourth factor weighs against fair use.

Decided between the two copy shop cases, the issue in *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, (2d Cir. N.Y. Oct. 28, 1994) was whether Texaco infringed the publisher's copyrights when it allowed researchers to make copies of journal articles. Physical copies of journals were circulated to the researchers, who made copies of articles for later use. (Am. Geophysical 926). The court did not consider the research purpose of the scientists as opposed to the sales purpose in *Kinko's*, finding that the purpose of the copies was to avoid paying for additional copies, and the researcher's use of the articles was ultimately to the benefit of Texaco, and therefore commercial. (Am. Geophysical 922).

In considering the fourth factor, the court noted there was an existing workable market for institutional users to obtain licenses through the Copyright Clearance Center. (Am. Geophysical 930). Rejecting the notion that a license market destroys the possibility of fair use, the court found this danger only arises if the availability of payment is conclusive against fair use. (Am. Geophysical 931) The court nonetheless found that the fourth factor also weighed in favor of the Plaintiffs, and ultimately found Texaco liable for copyright infringement.

These three cases raise issues that will be prominent in the Georgia State case, including the status and authority of the Classroom Copying Guidelines. In each case, the court found the purpose of the use non-transformative and commercial, so weighing against fair use, and did not address library or noncommercial copying. The courts also examined the place of licensing revenue in the fourth factor consideration of market impact.

In contrast, the HathiTrust case followed a line of transformative use cases where the nature of the use is different from the creator's intended use. The U.S. Supreme Court case *Campbell v. Acuff-Rose* first defined transformative fair use, asking whether a use supersedes the original use, "or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is "transformative"." (*Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579). The legal question in the HathiTrust case turned on the first factor analysis of whether HDL's full-text search engine was transformative and thus a fair use.

CAMBRIDGE UP, ET AL. V. BECKER, ET AL. (GSU CASE)

In April 2008 Cambridge University Press, Oxford University Press, and Sage Publications, Inc. sued Georgia State University for copyright infringement for making works

available on its electronic reserve system without paying permissions or licensing fees. Among other defenses, GSU, a unit of the University System of Georgia (USG), claimed the affirmative defense of fair use. In 2009, USG implemented a new fair use policy and checklist. This checklist provided instructors with a method of determining whether their use of a particular work in electronic reserves or a course management system was a fair use. It was similar to checklists used by many universities, in particular that created at Columbia University. (<https://copyright.columbia.edu/basics/fair-use/fair-use-checklist.html>). Following many competing motions, the court determined that the trial would proceed based on works published by the three Defendants and used during the spring, summer, and fall semesters of 2009, the semesters immediately following the implementation of the new checklist.

A non-jury bench trial was held in 2011, and in 2012 the North Georgia District Court issued the first opinion. The court found five instances of infringement among 76 alleged instances and declared GSU the prevailing party. The Publishers appealed, and in 2014 the Eleventh Circuit Court of Appeals overturned the District Court decision and sent the case back to the District Court to reconsider. A minority opinion strongly disagreed with the majority's fair use analysis.⁵ The District Court issued a new ruling in 2016, finding only four instances of infringement. The publishers again appealed to the Eleventh Circuit. As of this writing, a new ruling from the Eleventh Circuit is pending.

In this paper, the GSU cases are referenced as follows.⁶ The first District Court case, *Cambridge Univ. Press v. Becker*, 863 F. Supp. 2d 1190 (2012) will be Cambridge 2012. The Eleventh Circuit Appeals Court decision, *Cambridge Univ. Press v. Patton*, 769 F.3d 1232 (2014) will be Cambridge 2014, and the second District Court decision, *Cambridge Univ. Press v. Becker*, U.S. Dist. LEXIS 118793 (2016) will be Cambridge 2016. Since much of the 2012 decision was affirmed by the 2014 decision, sections of both opinions are cited.

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In 2004, a group of research universities permitted Google to digitize books in their collections, known as the Google Books Project. In 2008, led by the University of Michigan Libraries, thirteen research libraries announced their launch of the HathiTrust Digital Library (HDL), a collection of over ten million digitized works, including works digitized by Google, from 80 member libraries. The scope of the digital collection is vast. It comprises books from different languages, published in different time periods, and in different genres and topics. In the HathiTrust Digital Library (HDL) project, the digitization of in-copyright books involves three distinct uses. First, HDL allows users from the general public to search for terms within a specified work, and the output displays the page numbers where the word is found within the work and the number of times the word is on each page. The search results do not include any text from the works searched. Second, HDL allows users with certified print disabilities to access the full-text of digitized works. Print disability is evaluated and certified by qualified experts and includes conditions such as a visual impairment, learning disability, physical disability, or other disability – that impedes a person's ability to access print in the standard way. Third, HDL digitized in-copyright books for preservation purposes. A member university library or archive, or one open to the public can make a replacement copy of a book if the library already owns a copy, and the library's copy is lost, destroyed, or stolen, and the replacement copy is not

available at a fair market price. HDL stores copies of the in-copyright books at four different campuses as backup.

The University of Michigan also worked on a digitization plan for orphan works under the Orphan Works Project (OWP). Orphan works are out of print books that are still under copyright protection whose copyright holder is not known or readily found to ask permission to make certain uses of the work. The University of Michigan, however, suspended the OWP roll out due to concern that it's filtering between orphan works and in-copyright books may not be adequately stringent to rule out in-copyright books from the digitization process.

In 2012, the Authors Guild brought suit against university officials associated with the HDL, alleging the Defendants infringed the copyright of the Plaintiffs' works by digitizing, distributing, and storing books in the Defendants' collections without obtaining permission or having a license from the copyright owners to do so. On behalf of individuals who have print disabilities, the National Federation for the Blind intervened in the lawsuit. HDL moved for summary judgment, asking the court not to send the case to a jury trial because there was no dispute over the facts. The court granted summary judgment to HDL, and subsequently, Plaintiffs appealed the decision.

The Second Circuit Court of Appeals for the Southern District of New York considered the decisions of the District Court. The Second Circuit affirmed the District Court's holding that it was fair use for HDL to digitize in-copyright works for full-text searching, allowing access to digitized full-text content to certified print-disabled users.

In this paper, the HathiTrust cases are referenced as follows. The District Court Decision, *Authors Guild, Inc. v. HathiTrust*, 902 F. Supp. 2d 445 (2012) will be Authors Guild 2012. The Second Circuit Appellate Court decision, *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87 (2014) will be Authors Guild 2014.

ANALYSIS OF THE FOUR FAIR USE FACTORS

Both the Georgia State and HathiTrust lawsuits involve academic libraries. They both revolve around digitization of print books. The GSU case is about mirror-image copying, while HathiTrust is a transformative use. This section explores how the courts do or do not vary in their application of the four fair use factors.

In the GSU case, the Eleventh Circuit Court of Appeals stated the intended purpose of copyright, "which is to promote the creation of new works for the public good by providing authors and other creators with an economic incentive to create" *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975). Further, "some unpaid use of copyrighted materials must be allowed in order to prevent copyright from functioning as a straightjacket that stifles to the very creative activity it seeks to foster," and that fair use helps a court find the appropriate balance. (*Cambridge Univ. Press v. Patton*, 769 F.3d 1232, 1238 (2014)).

Factor 1 - The Purpose and Character of the Use, Including Whether Such Use Is of a Commercial Nature or Is for Nonprofit Educational Purposes

In analyzing the first factor, the courts ask whether the use “transforms” the material taken from the copyrighted work by using it for a broadly beneficial purpose different from that of the original, or if the use of the work is for the same intent and value as the original. Transformative uses are considered to be more fair. In contrast, “mirror image” copying where the use of the material is the same as the author’s intent is considered less fair. Also considered under the first factor is whether the use is for a commercial or nonprofit purpose and whether the use is educational. These factors derive from the preface to the fair use statute, which calls out examples of the types of purposes that may be fair use “such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research.” 17 U.S.C. § 107.

In considering the first factor, the purpose and character of the use, the GSU courts diverged from the findings of the copy shop and *Texaco* courts. While those courts put great weight on the commercial nature of the use, the GSU courts put equal emphasis on the non-profit educational use. “Because Georgia State is a purely nonprofit, educational institution and the excerpts at issue were used for purely nonprofit, educational purposes, this case is distinguishable from *Kinko’s*, *Michigan Document Services*, and *Texaco*.” (*Cambridge Univ. Press v. Becker*, 863 F. Supp. 2d 1190, 1224 (2012)). The court also found that even though transformative uses are more likely to be fair uses, that was not a bar to finding that factor one favored fair use, noting that the Supreme Court stated that “the obvious statutory exception to this focus on transformative uses is the straight reproduction of multiple copies for classroom distribution.” *Campbell v. Acuff-Rose Music, Inc.* 510 U.S. 569, 579 at n.11 (1994). The court found that since the uses are included in the preamble to factor one and GSU is a nonprofit educational institution; factor one favored fair use for all excerpts. (Cambridge 2014, 1267). The minority opinion argued that the analysis should focus primarily on the use, not on the user, and found GSU’s use the same as the use in the Coursepack Cases and that rather than the focus being on the distinction between commercial and non-profit (or educational and non-educational), the focus should only be on the distinction between transformative use and non-transformative use that supersedes the original work. (Cambridge 2014, 1289).

Analyzing the first factor, the HathiTrust court looked at each of three uses -- full-text searching, preservation, and access for the print-disabled. The court found the full-text search transformative, finding that “there is no evidence that the Authors write with the purpose of enabling text searches of their books. Consequently, the full-text search function does not “supersede[] the objects [or purposes] of the original creation. (*Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97 (2014)). The District Court found that access for the print-disabled was not transformative but, citing the legislative history of the Copyright Act, found that it was a favored use under the first factor. “The House Committee Report that accompanied codification of the fair use doctrine in the Copyright Act of 1976 expressly stated that making copies accessible “for the use of blind persons” posed a “special instance illustrating the application of the fair use doctrine . . .” H.R. REP. NO. 94-1476, at 73 (1976).” (Authors Guild 2014, 102). Finally, although not affirmed by the Circuit Court, the District Court also found preservation to weigh in favor of fair use under the first factor, due to its non-commercial purpose. (*Authors Guild, Inc. v. HathiTrust*, 902 F. Supp. 2d 445, 459 (2012)).

Factor 2 - The Nature of the Copyrighted Work

Under the second factor, courts determine whether the work being used is creative or fact-based. The District Court in the GSU case found that since the books were all factual in nature, the second factor always favored fair use. The Eleventh Circuit appellate court found the all-encompassing approach to be erroneous, holding that where the excerpts contained “evaluative, analytical, or subjectively descriptive material that surpasses the bare facts necessary to communicate information, or derives from the Authors experiences or opinions” (Cambridge 2014, 1270) the District Court should have found the second factor neutral or weighing against fair use. But the court added that the second factor is of relatively little importance in this case. (*id.*). On remand, the District Court considered whether the excerpts go beyond mere facts, and found a mix of outcomes with the second factor neutral or weighing against fair use, but the factor does not impact the overall analysis of each excerpt. The HathiTrust court did not give much weight to the second factor, noting that “this factor may be of limited use usefulness where, as here, the creative work is being used for a transformative purpose.” (Authors Guild 2014, 98, *citing Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 612 (2006)).

Factor 3 - The Amount and Substantiality of the Portion Used In Relation to the Copyrighted Work

The GSU District Court first said that determining the permissible amount requires looking at factors one and four, observed the danger that mirror-image copies can lead to market substitution, and noted that the threat is reduced when the amount used is small. The court rejected any role for the Classroom Copying Guidelines in determining the appropriate amount for fair use and went on to note that while the works at issue are similar to those in the copy shop cases, the nonprofit educational use allows for a greater amount than the commercial uses. (Cambridge 2012, 1232). The District Court created a metric whereby as long as the excerpt fills a legitimate educational purpose and is narrowly tailored to accomplish that purpose, if a book is not divided into chapters or is fewer than ten chapters, copying of no more than 10% weighs in favor of fair use, and when a book has ten or more chapters, copying of one chapter weighs in favor. The Eleventh Circuit Court of Appeals found that the District Court’s ten percent/one-chapter rule was improper, and approved of the District Court’s consideration of whether individual instances were excessive in relation to the pedagogical purpose. (Cambridge 2014, 1275). The minority opinion argued that the Classroom Guidelines should be given weight since they “provide, inter alia, strict word count limits on allowable copying, such as the lesser of an excerpt from a prose work of not more than 1,000 words or 10 percent of the work.” (Cambridge 2014, 1290). This is a surprising argument since the Classroom Guidelines themselves begin “[t]he purpose of the following guidelines is to state the *minimum and not the maximum* standards of educational fair use under Section 107.” (emphasis added). (Classroom Guidelines).

The HathiTrust court agreed that there is no bright-line rule as to how much can be copied (Authors Guild 2014, 98) and still remain a fair use, and that “for some purposes it may be necessary to copy the whole work, in which case Factor Three does not weigh against a finding of fair use” (*id.*). Considering the HDL purposes, the court found that it was reasonably necessary to copy the entire works, so the copying was not excessive (*id.*).

Factor 4 - The Effect of the Use Upon the Potential Market for or Value of the Copyrighted Work

The GSU court reasoned that the adverse market effect to consider is that of market substitution, always a threat of mirror image copying, and concluded that decidedly small excerpts do not substitute for the book as a whole so do not threaten the actual or potential sales of books, even if the practice is widespread. (Cambridge 2012, 1236). The court proceeded to focus not on the book market, but the market for licensed excerpts, stating that “a book’s ability to command permission fees has a relationship to the value of the copyrighted, book, i.e., to the value of the copyright.” (*id.*, 1237). Citing *Texaco*, the court stated, “where excerpts are reasonably available, at a reasonable price, it is only fair for this fact to be considered in determining whether Defendants’ unpaid uses of excerpts constitutes a fair use” (*id.*). The court found that where no license was available, the use caused no actual or potential damage to the value of the copyrights (*id.*, 1238), but the fourth factor weighs heavily against fair use when a license is readily available. The Eleventh Circuit supported this finding, noting that a copyright holder can always find an impact on potential licensing revenues, but “the goal of copyright is to stimulate the creation of new works, not to furnish copyright holders with control over all markets. Accordingly, the ability to license does not demand a finding against fair use.” (Cambridge 2014, 1276). However, a use can be “more fair” when there is not a license and “less fair” when a license or means of payment exists. The minority opinion argued that the majority was in error in considering the availability of the license since “establishing market harm does not require a showing of lost profits, nor is it dependent on the availability of a digital license. Rather, what counts is whether some meaningful likelihood of future harm exists.” (Cambridge 2014, 1291 quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451).

The HathiTrust court initially noted that “[f]actor four analysis is concerned with only one type of economic injury to a copyright holder: the harm that results because the secondary use serves as a substitute for the original work” (Authors Guild 2014, 99). The court dismissed the Plaintiff’s argument that every digitized book represents a lost sale, noting that purchase of an additional copy would not allow for full-text searching or access for the print-disabled. (Authors Guild 2012, 462), and found Plaintiff’s argument about the potential for widespread piracy unsupported. The court found that the fourth factor weighs in favor of fair use for full-text searching, since “a use that falls within a transformative market does not cause the copyright holder to suffer market harm due to the loss of license fees”(*id.* at 463), and weighs in favor for access to the print-disabled since this access does not significantly impact a market (*id.* at 464). The court further noted that development of a license market for full-text searching or development of a market for print-disabled access is speculative at best and the harm identified minimal. (*id.*, 464 fn. 30).

Balancing the factors in the GSU case, the Eleventh Circuit began by approving of the case-by-case analysis done by the District Court, stating that otherwise “courts would have no principled method of determining whether a nebulous cloud of alleged infringements purportedly caused by a secondary user should be excused by the defense of fair use” (Cambridge 2014, 1258 fn. 20). It further stated that the factors are not to be treated in isolation but weighed together in light of the purposes of copyright. (See *Campbell*).

In balancing the factors, the HathiTrust District Court held that “[t]he enhanced search capabilities that reveal no in-copyright material, the protection of Defendants’ fragile books, and, perhaps most importantly, the unprecedented ability of print-disabled individuals to have an

equal opportunity to compete with their sighted peers in the ways imagined by the ADA protect the copies made by Defendants as fair use.” (Authors Guild 2012, 464).

DISCUSSION

HathiTrust moved for summary judgment, arguing that the libraries' uses of the works are protected fair uses. The court granted this motion (while denying a contrary motion from the Authors Guild), finding that the full-text and print-disabled uses were fair uses as a matter of law, so the case did not go to trial and there was no work-by-work analysis. The Second Circuit Court of Appeals affirmed summary judgment. In contrast, the GSU case did not stop at the summary judgment stage and proceeded to trial. Therefore, there is a much more in-depth fair use analysis for the works at issue in the GSU case.

Under the first factor, the N.D. Ga. District Court and the S.D.N.Y District Court both considered the nature and purpose of the use. This is a two-part factor. The nature of the use in the cases is similar - digitization of print copies of copyrighted works. The difference is the purpose of the use, which is where the question of whether the use was mirror-image copying or transformative is relevant.

In the GSU case, the court found the purpose to be the same purpose for which the book was published - for reading in a university setting. In contrast, the court in HathiTrust found that creating a full-text search capability was different from the purpose for which the works were published. The full-text search does not expose a text for reading, which is the original purpose. The court also found that access for the print-disabled was different from the original - since the works were not available in an accessible format, the court found that original purpose was for reading by sighted persons (Authors Guild 2012, 461).

Since the purposes in the HathiTrust case are transformative, the first factor weighed in favor, and the impact of the fourth factor, the market effect, is attenuated since it is not competing with the intended market.⁷ The mirror-image copying in the GSU case weighs in favor under this factor because it is non-commercial, educational use, even though it is not transformative. Therefore the fourth factor has more weight since there is a threat of market substitution. When courts find a use transformative under the first factor, the alleged infringement is far more likely to be found fair use than when a use is not transformative. A 2011 study of fair use case history concluded that “[i]f the use is transformative and the Defendant has not copied excessively in light of the transformative purpose, the use will most likely be held to be a fair use. This is so even if the copyright holder might enter or already has entered a licensing market for similar uses, and indeed even if the copyright holder would have been willing in principle to license the use in question.” (Netanel 2011), 768).

Both courts concluded that the second factor, the nature of the copyrighted work, has little weight in the analysis, but reach that conclusion via different paths. The HathiTrust court followed the precedent of other transformative use cases, finding that “where a use is transformative, the nature of the copyrighted works is not likely to “separate the fair use sheep from the infringing goats.” (Authors Guild 2012, 461, *citing Campbell*, 510 U.S. at 586). The court concluded that because the use is transformative, the second factor is not very relevant to their analysis. (*id.*). The GSU court cited Harper & Row, “the law generally recognizes a greater

need to disseminate factual works than works of fiction or fantasy, and so it is more likely that the use of a factual or informational work will be fair use” (Cambridge 2014, 1268 *citing Harper & Row, Publs. v. Nation Enters.*, 471 U.S. 539, 563 (1985), but then went on to examine other precedent where the work was both factual and creative, ultimately finding that the District Court was in error when it held that since none of the works are fictional, the second factor always favored fair use. The Eleventh Circuit calls for a more nuanced analysis, stating that “where the excerpts of Plaintiffs’ works contained evaluative, analytical, or subjectively described material that surpasses the bare facts necessary to communicate information, or derives from the Authors own experiences or opinions” (Cambridge 2014, 1270) the second factor is neutral or against where such material dominated the work. However, the court concluded “[t]hat being said, the second fair use factor is of relatively little importance in this case” (*id.*) since the works are neither fictional nor unpublished. For the second factor, the outcome of the two cases is similar even though transformative use means the paths are different.

The third factor, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, demonstrates the importance of the first factor in third factor analysis. The HathiTrust court began its discussion “[t]he third fair-use factor considers whether the amount of copying was reasonable in relation to the purpose.” (Authors Guild 2012, 461, *citing Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) at 449-50). The court readily concluded that entire copies of the works were necessary for both full-text searching and access for the print-disabled. (Authors Guild 2012, 461). By finding the purpose under factor one transformative, the factor-three analysis became straightforward. In GSU, the nonprofit, educational use resulted in factor one always weighing in favor. However, the purpose does not as easily define the fair amount used in the mirror-image copying context, since the court must consider the effect on the market under the fourth factor. Still, the Eleventh Circuit found that the proper approach was to ask whether the amount used is excessive in light of the pedagogical purpose. (Cambridge 2014, 1275).

The effect of the use upon the potential market for or value of the copyrighted work is the fourth factor and is the factor where the divide between transformative and non-transformative fair use cases is most evident. In HathiTrust, the transformative nature and purpose of the use meant there was no market impact. “Courts consider only those markets that the creators of original works would in general develop or license others to develop.” (Authors Guild 2012, 462, quoting *Campbell*, 510 U.S. at 591 at 592.) The Plaintiffs in HathiTrust argued harm to a *potential* licensing market that would allow for the HathiTrust activities. The court rejected this argument since it is always possible to argue a potential market, stating, “courts should consider only traditional, reasonable, or likely to be developed markets.” (Authors Guild 2012, 463, quoting *Texaco*, 60 F.3d at 614), and concluded that “a use that falls within a transformative market does not cause the copyright holder to suffer market harm due to the loss of market fees.” (Authors Guild 2012, 463 *citing Bill Graham*, 448 F.3d at 615).

The courts consideration in the GSU case started with a different approach, stating that the court must consider “(1) the extent of the market harm caused by the particular actions of the alleged infringer, and (2) whether unrestricted and widespread conduct of the sort engaged in by the Defendant would result in a substantially adverse impact on the potential market”(Cambridge 2014, 1276, *citing Peter Letterese & Assocs. v. World Inst. of Scientology Enters.*, 533 F.3d

1287, 1315), going on to state since the use is nontransformative, and the works are published for educational purposes, the threat of market substitution is large. The court recognized the danger of allowing a market impact always to militate against a finding of fair use but states that as long as the availability of license doesn't demand a finding against fair use, the market impact should carry significant weight. While in *HathiTrust* the court refused to consider a potential licensing market, in *GSU* the actual licensing market is determinative for the fourth factor analysis. Where a license is available the use is 'less fair' than when there is not a license available. (Cambridge 2014, 1276). Transformative uses are not contemplated by the original use, whereas nontransformative uses are by definition using the work in the way it was originally contemplated, so a license market is likely to be a "traditional, reasonable, or likely to be developed market." (citing *Texaco*, 60 F3d at 614).

The courts evaluated each fair use factor in a similar way. The finding of transformative or mirror-image under the first factor drove the rest of the analysis. Each court considered precedent from cases with transformative or mirror image findings under the first factor. The transformative use found in *HDL* led the court to grant summary judgment. The rest of the factors are far less important once the court labels the use transformative. The nontransformative use holding in *GSU* meant that every use had to be analyzed with all four factors, even though factor one was always weighing in favor. The pedagogical purpose, the amount used, and the effect on the market must all be considered to determine if a use is fair.

LESSONS FOR FAIR USE IN LIBRARY SERVICES

In 2012, based on dozens of interviews with academic librarians and a series of small group discussions held with library policymakers around the country, a research team developed a consensus approach to applying fair use, and ARL released the Code of Best Practices in Fair Use (Code) (Association of Research Libraries 2012). The Code discusses seven library activities that rely on fair use: Supporting teaching and learning with access to library materials via digital technologies; using selections from collection materials to publicize a library's activities, or to create physical and virtual exhibitions; digitizing to preserve at-risk items; creating digital collections of archival and special collections materials; reproducing material for use by disabled students, faculty, staff, and other appropriate users; maintaining the integrity of works deposited in institutional repositories; and creating databases to facilitate non consumptive research uses (including search). Four of the activities are explicitly found to be fair use in the two cases.

Supporting teaching and learning with access to library materials via digital technologies describes the sharing of materials in e-reserves and course management systems, the practice at issue in the *GSU* case. While the Code argues that many of these uses can be transformative, it also recognizes what was key to fair use findings in *GSU* - "materials should be made available only when, and only to the extent that, there is a clear, articulable nexus between the instructor's pedagogical purpose and the kind and amount of content involved." (Code 14). While the *GSU* court did not find any of the uses to be transformative, the Eleventh Circuit court did not rule out a use ever being transformative, stating that "[w]e need not rule on whether such uses could ever be transformative, because the question is not before us." (Cambridge 2014, 1263 fn. 21; see also Butler 2015). When relying on fair use for e-reserves, libraries should ensure that the use is

either clearly transformative or is only of an amount that is carefully tailored to the pedagogical need and considers the impact on the market.

Digitizing to preserve at-risk items is one of the three activities the court considers in HathiTrust. While section 108 of the copyright act provides some ability to libraries to digitize works, the current language requires the works be “damaged, deteriorating, lost, or stolen, or if the existing format in which the work is stored has become obsolete,” (17 U.S.C. § 108(c)) limiting the ability to save works. The S.D.N.Y. HathiTrust court found that while preservation on its own was not transformative, the preservation purposes of the HDL are noncommercial in nature (Authors Guild 2012, 458 fn. 19). The Second Circuit Court of Appeals did not affirm this as fair use but sent it back to the lower court for Plaintiffs to show actual damage. As the Plaintiffs did not pursue the case after the Second Circuit decision, the question of relying on fair use for digitizing to preserve at-risk items is still undecided in the courts.

Reproducing material for use by disabled students, faculty, staff, and other appropriate users is a use identified in the Code that was strongly affirmed in HathiTrust, where the court concluded that providing access to the print-disabled is a valid purpose under the first factor even though it is not transformative. (Authors Guild 2014, 102). The court recognized that the activity is also covered under section 121 of the Copyright Act (The Chafee Amendment, 17 U.S.C. §121), but after doing a full fair use analysis determined it is also fair use. Libraries should feel confident providing access to in-copyright works to print-disabled patrons.

Finally, creating databases to facilitate nonconsumptive research uses (including search) was analyzed in HathiTrust. The court found this activity to be transformative, noting that “the result of a word search is different in purpose, character, expression, meaning, and message from the page (and the book) from which it is drawn.” (Authors Guild 2014, 97). Libraries engaging in activities to create databases of copyrighted works for nonconsumptive purposes should be confident.

CONCLUSION

Copyright law aims to provide economic incentive to creators and to encourage the development of culture. To that end, the law sets limits on exclusive rights of copyright owners to allow uses that advance societal needs and spread knowledge. Fair use is among the most powerful legal doctrines within the set of exceptions to owner rights that allows educators and other members of society to reap the benefits of creative works. Fair use consists of four factors that courts weigh together to determine whether a disputed use is fair and thus non-infringing on an owner’s rights. Part of the power of fair use is that no single factor solely determines the outcome and it does not contain bright-line rules. The hallmark flexibility of the fair use statute allows courts to exercise complex interpretive analysis according to each set of facts arising from a given dispute.

The GSU and HathiTrust cases are the first significant lawsuits to take libraries to court as defendants. Each case follows a different path of interpretation within fair use jurisprudence. Whereas the GSU courts follow case law that emphasizes the commercial and market effect embodied in the fourth factor, the HDL courts follow case law that focuses on the purpose and character of the work to determine a finding of fair use. The availability of digital licenses for the

excerpts weighs heavily in GSU, as does the amount used in light of the purpose. But using a reasonable, helpful, fair use checklist to make decisions, GSU instructors make proper determinations about fair use. Through two rounds at the District Court, the vast majority of the uses of copyrighted material made by GSU instructors for pedagogical purposes, and supported by the University Library electronic reserves system, are fair use. The HDL courts placed a higher significance on whether the use is transformative in its four-factor analysis. There, the court reasoned the more transformative the uses, the more they counted as fair. While the HDL was declared the prevailing party with a successful fair use defense, and the District Court has twice found GSU the prevailing party, the GSU lawsuit is still pending in the Eleventh Circuit Court of Appeals as of April 2018. These two cases inform and contextualize activities that libraries perform on a daily basis to meet their educational and research missions within the legal landscape. Coupled with the ARL Code of Best Practices in Fair Use for Academic and Research Libraries, they should help librarians understand and anticipate how courts apply the four-factor test of fair use.

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NOTES

¹ 17 U.S.C. § 110, Exemption of certain performances and displays

² 17 U.S.C. § 121, Reproduction for blind or other people with disabilities

³ 17 U.S.C. § 109, Effect of transfer of particular copy or phonorecord

⁴ 17 U.S.C. § 108, Reproduction by libraries and archives

⁵ The minority opinion was a concurrence since the judge agreed with the majority that the case should be reversed and remanded, but reads like a dissent since it disputes the majority's reasoning in doing so.

⁶ Since the defendants in the GSU case were sued in their capacity, not individually, the GSU case is referred to as both Patton and Becker, the two presidents of GSU during the course of this litigation.

⁷ The HathiTrust court did not consider the preservation purpose to be transformative, but still fair under the first factor since it was for a noncommercial use.

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