

H I G H E R E D U C A T I O N

## A L E R T

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## OPENING THE LIBRARY DOORS TO THE WORLD: SECOND CIRCUIT FINDS UNIVERSITIES' BOOK SCANNING PROJECT CONSTITUTES "FAIR USE" OF COPYRIGHTED MATERIALS

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On June 10, 2014, the United States Court of Appeals for the Second Circuit issued its decision in *Authors Guild, Inc. v. HathiTrust*, No. 12-4547, 2014 U.S. App. LEXIS 10803 (2d Cir. Jun. 10, 2014), a case in which a group of authors and author associations sued a consortium of universities for copyright infringement based on the consortium scanning its members' libraries' collections, and retaining the scanned images and searchable text renderings for several uses. The Court of Appeals held that the consortium did not infringe the authors' copyrights because creation of electronic images and searchable text for the intended purposes were "fair uses" of the copyrighted works.

The facts from which this litigation arose are familiar to many in higher education, and reflect the challenges and opportunities of the digital age. In October 2008, a group of 13 universities announced the creation of HathiTrust, an entity whose purpose was to create and operate the HathiTrust Digital Library. The Library was to contain digital copies of the library collections of all the HathiTrust participants. As of June 2014, there were 80 universities, colleges and other non-profit organizations participating in HathiTrust, and over 10 million works — of various ages, languages and subject matters — available in the Library. The Library makes its combined digital collection available for three purposes: (1) full-text word searching of the works by the public; (2) access to the works by those with certified "print disabilities" (for example the blind or those with severe visual impairments); and (3) under certain circumstances, creation of replacement copies of works.

On a side note, one member of HathiTrust, the University of Michigan, planned a separate so-called "Orphan Works Project" in which the University would try to identify copyright holders for aged works and, if no copyright holder could be identified, the work would be made available to the public in digital form. The Court of Appeals did

not reach the merits of plaintiffs' claims on this conduct because the University of Michigan announced it was indefinitely suspending the Orphan Works Project.

Plaintiff individual authors and author groups sued HathiTrust and several of its constituent members for copyright infringement, seeking a declaratory judgment that the Library infringed their exclusive rights as owners of copyrighted works and injunctive relief to stop the Library's conduct. The parties both moved for summary judgment in the district court, which was granted to HathiTrust and its members in 2012 based on the district court's conclusion that the Library's activities were a protected "fair use" of the copyrighted materials. See *Authors Guild, Inc. v. HathiTrust*, 902 F. Supp. 2d 445 (S.D.N.Y. 2012). The authors and author groups appealed the district court's ruling to the Second Circuit Court of Appeals.

The Court of Appeals began its analysis by reviewing the scope of copyright protections, one limitation of which is the "fair use" doctrine, which was incorporated into the Copyright Act in 1976. When deciding whether the use of a copyrighted work is "fair," courts consider four non-exclusive factors: (1) the purpose of the allegedly infringing use (commercial, educational, etc.); (2) the degree to which copyright is intended to protect works like the copyrighted work (for example, creative fiction is protected more than factual reporting); (3) the amount of the copyrighted work that is included in the allegedly infringing use; and (4) the impact of the allegedly infringing use on the potential market for the copyrighted work.

As to the first factor — the "purpose" of the use — the Court of Appeals noted the importance of examining whether the allegedly infringing use is "transformative;" that is, whether it "adds something new, with a further pur-

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pose or different character, altering the first with new expression, meaning or message[.]”

The Court of Appeals considered each of the four factors with respect to HathiTrust’s full-text search use and its use of providing access to electronic text and scanned images of the copyrighted works to those with “print disabilities”, and concluded that these uses were indeed “fair.” The Court of Appeals did not reach the merits of the authors’ and author groups’ claims as to the creation of replacement copies because the record before the court did not indicate that any of the plaintiffs had an interest in any copyrighted work that met the criteria for replacement.

Among the highlights of the court’s analysis, as to the searchable text, the court concluded that HathiTrust’s use was “transformative,” pointing in particular to the fact that members of the public searching the Library’s digital copies would not receive search results that contained any portion of the copyrighted works; instead, the search returns only the name of the work, the page number(s) on which a search term appears, and the number of times a search term appears on each page, which is fundamentally “different” in purpose and expression than the original work.

(In a related issue, in another appeal currently pending before the Second Circuit, authors and author groups are suing Google, Inc. for its own book scanning project. In contrast to the Library’s search function, Google’s search of copyrighted works returns snippets of text surrounding the search terms in the relevant works. It remains to be seen whether this difference is material to the Court of Appeals’ analysis of “fair use.”)

The court also concluded that the full-text search use would not negatively impact the potential market for the copyrighted works because, under copyright law, only “harm that results because the secondary use serves as a substitute for the original work” is considered a harm on the potential market. The authors’ argument that the Library’s searchable text use foreclosed the authors from themselves licensing their works for purposes of making the works searchable did not so qualify because any searchable text version of a work would not be a “substitute for the books that are being searched.”

As to the Library offering electronic text and scanned image versions of the copyrighted works to those who are

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“print disabled,” the Court of Appeals found that although the use is not “transformative” — rather it is more analogous to creating a translation of a copyrighted work — the “purpose” of the use still is protected. The court noted that both the United States Supreme Court and the legislative history of the 1976 amendments to the Copyright Act expressly used making a copy of a copyrighted work for use by the blind as a prototypical example of “fair use.”

For universities, colleges and other academic institutions that have significant collections of copyrighted materials, the decision in *Authors Guild, Inc. v. HathiTrust* reinforces the notion that copyright protections do not necessarily prevent taking steps to make such materials more accessible to faculty, students, or the general public. Under the Second Circuit’s reasoning, converting a copyrighted work into a searchable format, and making the search function and results available to the public, almost certainly is immune to a copyright infringement claim. And, within certain limitations, even creating and making available complete electronic scanned images of copyrighted works may be considered a “fair use” of such works. ♦

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