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DIGITIZED BOOK SEARCH ENGINES AND COPYRIGHT CONCERNS

Ari Okano[1]

Abstract

Internet companies, libraries, and archives increasingly are digitizing literary information and providing access to digitized content through Internet search engines. This Article compares digital book search engines from Google, Yahoo!, Amazon.com, and MSN and highlights the different approaches to each of these models. In the fall of 2005, two copyright infringement lawsuits were filed against Google for their new search engine, Google Book Search. At issue in both lawsuits is a component of Google Book Search, Google's Library Project, through which Google is digitizing the entire library content — including copyrighted material — of the University of Michigan library. This Article examines the limits of the fair use defense to copyright infringement in the Google cases to help establish what is permissible with respect to digitizing copyrighted materials and providing associated search features.

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INTRODUCTION

<1> In the fall of 2005, two copyright infringement lawsuits were brought against Google, [2] the online search giant, after Google launched an online digitized[3] search engine that will eventually allow users to search over 30 million books.[4] The service, Google Book Search,[5] allows people from all over the world to search *both* copyrighted and public domain materials. Because Google's effort is worldwide, in 2006, two foreign lawsuits were also filed against Google Book Search, one in Germany and one in France.[6] The German lawsuit for a preliminary injunction has since been dropped due to an informal opinion issued by the Copyright Chamber of the Regional Court of Hamburg. This informal opinion stated that the petition for preliminary injunction was unlikely to succeed.[7]

<2> Google is not the first entity to digitize literary material. Non-profit efforts to digitize literary material include Project Gutenberg,[8] the University of Pennsylvania's On-line Books Page,[9] and the Internet Public Library.[10] In addition, Amazon.com launched its Search Inside the Books feature in 2003.[11] Yahoo.com and MSN.com announced in the fall of 2005 their own efforts to create digitized book search engines and are collaborating together in the Open Content Alliance ("OCA"). The OCA is a coalition of college libraries, the Internet Archive, and the National Archive of England united to create high quality digitized copies of historical works of fiction along with specialized technical papers.[12] However, Google is the most controversial digitized book search engine because the company has taken the unprecedented steps of 1) digitizing the entire collections of selected libraries (including copyrighted materials),[13] and 2) requiring copyright holders and publishing houses to opt-out of Google's Library Program if they do not want their copyrighted materials included.

<3> This Article first examines the differences among digital book search engines currently available online. Second, the Article explores the value of digital book search engines as educational and marketing tools. Finally, the Article discusses current legal implications for Google

Book Search in the U.S., including, copyright infringement and whether Google may assert an affirmative defense of fair use.[14] This Article examines the limits of the fair use defense to copyright infringement in the Google cases to help establish what is permissible with respect to digitizing copyrighted materials and providing associated search features.

COMPARING DIGITAL BOOK SEARCH ENGINES

<4> The vision of Google Book Search is to organize millions of books by putting their content where it is most easily found – in Google search results.[15] Google Book Search is comprised of two separate programs, the Partner Program — which requires publishers and authors to consent before Google will digitize copyrighted material — and the Library Project.[16] Through the Library Project, Google has contracted with major research libraries, called library partners, to digitize public domain books, and in some cases, copyrighted material.[17] Despite the lawsuits filed against Google Book Search, many educational institutions are still contracting with Google to become Library Partners.

<5> Google sorts the materials from both the Partner Program and Library Program into various categories in order to protect copyright holder interests. If the book is in the public domain or the rights holder has given express permission through the Partner Program, Google displays a "full view" and the entire book will be displayed.[18] If the copyright holder has given Google express permission through the Partner Program, but does not want the full book displayed, Google displays a "limited preview" that consists of the page on which the search term appears and a few pages before and after that page.[19] If the book is still under copyright, not part of the Partner Program, and scanned through the Library Project, Google displays a "snippet view" where the viewer will see the search term and up to three snippets of text from the book showing the search term in context.[20] In some instances — such as with reference books or dictionaries — there is "no preview available" and Google will display only the bibliographic information and a link to help locate the book in a bookstore or library.[21]

<6> Google Book Search has been subject to two lawsuits in the U.S. and a lawsuit in France, because through certain Library Partners participating in the Library Project,[22] Google is digitizing copyrighted texts without prior express permission from the copyright holder.[23] U.S. copyright law gives a copyright owner the ability to control reproduction, display, and distribution of a protected work.[24] In order to use a copyrighted work, one typically seeks permission from a copyright owner and negotiates license terms for the use of the work.[25] Google permits copyright holders who do not wish to be part of the Library Project to opt-out of the program.[26] To opt-out, a copyright holder must verify that he/she holds the copyright to the material he/she wishes to exempt and provide Google with a list of books the holder does not want included in the program.[27] The opt-out approach avoids the need to obtain permission from every copyright holder. It also requires copyright holders to take affirmative steps to protect their work.[28] Google argues that the transaction costs of negotiating consent from all copyright holders would be prohibitive of amassing a comprehensive digitized book search engine. Whether the transaction costs of assembling a digitized book search engine of over thirty million books is truly prohibitive is an important factual issue which will play a key role in the fair use analysis of Google's case or in any potential settlement agreements.

<7> Copyright holders assert that the natural extension of Google Book Search's opt-out rule would lead to an overwhelming burden for copyright holders if and when others entities follow the same approach to digitizing.[29] Authors and publishers fear that if the courts deem the opt-out approach as acceptable, then copyright holders would have to police established and emerging search engines for possible violations of their copyright. The creation of a clearinghouse of copyright holder's consent for literary works is one proposed option that is meant to alleviate the supposed burden of obtaining a large number of consents. This approach has been considered since Google adopted their opt-out approach in the fall of 2005.[30]

<8> Amazon's Search Inside the Books feature has an opt-in policy for all copyrighted material.[31] Amazon launched the Search Inside the Books feature as a means to sell books in 2003. This feature initially allowed anyone to search the content of 120,000 books with a total of 33 million pages.[32] Like Google's limited preview and snippet policy, Amazon has limited the number of pages that a user may view to the page on which the search term(s) appear and two pages before and after that term.[33]

<9> Yahoo! and MSN are attempting to avoid controversy with their collaboration in the Open

Content Alliance ("OCA").[34] The OCA database is comprised of only public domain materials and materials available under licensing agreements.[35] Moreover, commercial publishers, such as O'Reilly Media and the University of Toronto Press, have agreed to make certain copyrighted content available to the OCA.[36] Due to Amazon, Yahoo!, and MSN's opt-in policy for obtaining copyright permission for their respective digitized copyright engines, their digitized collections are smaller than that of Google Book Search. The smaller collection sizes of Google's competitors provided support for Google's argument that obtaining licenses from all copyright holders is prohibitive for a company trying to develop a worldwide digital book search engine comprised of over thirty million books.

DIGITAL BOOK SEARCH ENGINES AS MARKETING AND EDUCATIONAL TOOLS

<10> Digital book search engines that access copyrighted material are beneficial to the public for several reasons. They create a point of reference to texts that enjoyed only limited success because of minimal distribution and or lack of market success. They also create reference for books that are out of print or difficult to locate. Potential buyers are able to browse an entire book for terms of interest within a digitized book collection, and locate more books than possible through a simple title search.[37] With this goal in mind, Amazon, in November of 2005, announced a plan to expand the Search Inside the Books feature to allow customers to purchase individual pages of an author's book through a new program, "Amazon Pages," or to purchase access to the entire book online through "Amazon Upgrade."[38]

<11> Google Book Search also emphasizes the marketing benefits to copyright holders, contending that the chief beneficiaries of the service are authors whose backlist, out of print and lightly marketed new titles will be introduced to countless readers.[39] Publishers that participate in Google Book Search are already reporting increased backlist[40] sales.[41] Several of the publishers who filed suit against Google's Library Project are at the same time participants in Google's Partner Program. These publishers recognize the benefits of Google Book Search as a vehicle for users viewing and buying books, but object to the "massive, wholesale, and systematic copying of entire books still protected by copyrights"[42] that occurs from participation in certain Library Partners in the Library Project.[43]

<12> Only two contracts between Google and each individual Library Partner has been made available to the public; those between the University of Michigan[44] and the University of California.[45] Under both contracts Google bears most of the costs of creating the digitized copies by providing both the Google employees to digitize the content, and the equipment necessary to digitize the content. Moreover, Google is providing each of the libraries with a "University Digital Copy,"[46] which is to be used by the libraries for preservation purposes.[47]

<13> Digital book search engines arguably transcend an individual copyright holder's interest by the public benefit derived from such engines.[48] Moreover, digital book search engines create digitized copies of literary works, preserving these works against loss, damage and decay.[49] Google is creating a research tool that, within ten years, plans to create an engine with over 30 million books available for users to search.[50] No other digitized book search engine approaches anywhere near the number of books Google plans to digitize, which should be a significant factor in determining whether Google is entitled to assert an affirmative defense of fair use.

THE GOOGLE PRINT LAWSUITS, COPYRIGHT INFRINGEMENT IN THE U.S.?

<14> In the fall of 2005, the Author's Guild ("AG") and the Association of American Publishers ("AAP") sued Google [51] for digitizing the entire collection of the University of Michigan's library. The focus of the lawsuits is entirely on the Library Project and its opt-out policy. The claims of copyright infringement by the AG and AAP do not include Google's Library Partner Program, because that program is conducted pursuant to express agreements between Google and the copyright holder and thus there is no infringement. Both sets of plaintiffs seek declaratory, preliminary, and permanent injunctive relief.[52] The plaintiffs in the Author's Guild case also seek damages for infringement of copyrighted materials included in the project.[53] However, both suits seek to obtain a permanent injunction against Google and to require Google to destroy its digitized copies.[54] In October of 2006, Judge John Sprizzo consolidated the two cases.[55] Motions for summary judgment have been delayed until January of 2008.[56]

<15> The key distinction between the digital book search engines is the way in which the

companies address obtaining permission from copyright holders.[57] At present, the digital search engines being developed and operated by Amazon, Yahoo, and MSN seem to be accepted as non-infringing uses, or as fair use. Google, Amazon, Yahoo, and MSN do not allow copyrighted materials to appear in their entirety absent express licensing agreements. Amazon, Yahoo, and MSN obtain permission from copyright holders to include their books in digitized search engines, or include only public domain materials.

<16> Copyright law was designed to protect original expression, such as literary works. A copyright holder has exclusive rights to display and perform a work publicly, to make and distribute copies of their work, and to prepare derivative copies of his or her work.[58] These rights do not protect ideas, but rather arise when the work is fixed in a permanent tangible form, such as a writing or recording, and under the 1998 extension the copyright exists for 75-years after the author's death.[59]

<17> To present a prima facie case of infringement, a copyright holder must show: (1) ownership of the copyrighted work in question, and (2) violation of one of the exclusive rights granted under 17 U.S.C. § 106 without the express permission of the copyright holder.[60] The exclusive rights at issue are the rights to copy, display, and license the protected works. In the Google library litigation, the district court will first consider the question of whether Google's wholesale copying of copyrighted texts in the University of Michigan's library is prima facie infringement of the AG and AAP's §106 right to copy. If the University of Michigan had simply contracted with Google to make digital copies for the purpose of preservation for the library, and Google had not received a copy for its own database, the act of copying itself would arguably have not been infringing under the Library Exception.[61] Google, however, does receive a digitized copy and thus the library exemption does not apply.

<18> If Google's wholesale copying is found to violate the AG and AAP's §106 rights, the district court will consider whether Google's opt-out procedure for copyright holders constitutes constructive permission to copy the copyrighted texts in the University of Michigan library. Google adopted the opt-out approach to the Library Project in response to the concerns of copyright holders, and provided copyright holders over two months to opt-out of the Library Project, arguably obtaining the express permission of copyright holders.[62] Again, whether the district court and appellate courts find Google's opt-out policy persuasive will depend on the strength of Google's argument that the cost of licensing would unduly limit the scope of the digital book search engine to the detriment of society.

<19> After considering whether wholesale copying violates the AG and AAP's § 106 right to copy, the district court will then turn to examine whether Google's display or distribution of copyrighted materials by way of the search engine display results prima facie infringement. The snippets arguably are like quotations, and the U.S. Supreme Court has found that even substantial quotations may qualify as fair use.[63] There is no specific number of words, lines, or notes that may safely be taken from a copyrighted work without permission.[64] In some cases, the amount of material copied is so small (or "*de minimis*") that the court permits the use of copyrighted material without conducting a fair use analysis.[65] To establish that the infringement of a copyright is *de minimis*, the alleged infringer must demonstrate that the copying of the protected material is so trivial "as to fall below the quantitative threshold of substantial similarity, which is always a required element of actionable copying."[66] The limited search results are Google's effort to discourage users from attempting to access an entire copyrighted text online for free. Ultimately, the district court will focus on both the act of copying and the display results, thus the *de minimis* defense is unlikely to apply to Google and the court will engage in an analysis of fair use.

<20> Both the AG and AAP have requested preliminary injunctions on Google from digitizing copyrighted material found in the University of Michigan library. A federal court in the Second Circuit will grant a preliminary injunction where the movant can show either: "(1) irreparable harm in the absence of the injunction, and (2) either (a) a likelihood of success, or (b) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly in the movant's favor."[67] The irreparable harm requirement can be met by proof of likelihood of success on the merits, which the defendant can rebut by demonstrating that its copying is protected by the fair use doctrine.[68] Judge Pierre Leval of the U.S. Court of Appeals for the Second Circuit, a noted copyright expert who has been cited by the U.S. Supreme Court,[69] emphasizes that there is no statutory preference for injunctive relief, and that "the tendency toward the automatic injunction can harm the interests of plaintiff copyright owners, as well as the interests of the public and the secondary user."[70]

<21> Google has raised procedural issues as grounds for dismissing the litigation, and has

questioned the validity of the AG and AAP class actions.[71] The AG and AAP represent copyright holders who own the copyright to a portion of the works in question at the University of Michigan Library.[72] In response to the AG complaint, Google contends that some, or all, of the eight thousand authors represented by the AG are barred from asserting copyright infringement because they do not own the copyright or electronic rights to the works in question.[73]

<22> Assuming that the district court finds that the Library Project has resulted in either infringement in the act of copying, display, or both, the determination as to whether Google will be held liable for copyright infringement depends on Google's ability to assert a valid affirmative defense of fair use for their alleged infringing acts. This analysis is important not simply to establish the likelihood of Google's success, but also for examining the legal boundaries for digitizing and search features that utilize copyrighted materials.

THE FAIR USE DOCTRINE: AN AFFIRMATIVE DEFENSE TO COPYRIGHT INFRINGEMENT

<23> If Google is found to have infringed the AG and AAP's copyrights by either wholesale copying or by the display of copyrighted texts, the district court will consider whether Google is entitled to a fair use defense. [74] The factors that the court will most likely emphasize are whether Google's use of copyright materials to enable digitized searches by third parties is a "transformative use," and whether the profit derived from advertisement revenues by Google undermines a fair use defense by depriving copyright owners of potential revenues from licensing this newly developed derivative market for displays of digitized copyrighted text.

<24> The fair use doctrine has been described as, "the most troublesome doctrine in the whole of copyright."[75] Despite the emphasis on Google's opt-out process, fair use is not about obtaining consent, but about balancing the public interest in the use against the interests of copyright holders. Essentially, the only way to predict whether the doctrine will immunize the particular use is to analogize the facts to past fair use cases.[76] In cases of new technology, like digitized book search engines, the lack of analogous cases may be problematic for parties involved in litigation.

<25> Google argues that its digitizing of copyrighted texts constitutes fair use.[77] The fair use doctrine permits courts to avoid rigid application of §106 when it would stifle the creativity that the law was designed to foster.[78] Fair use may encompass copying of copyrighted material done for a limited and "transformative" purpose such as criticism, commentary, parody, teaching, research, or news reporting.[79] However, courts have found that non-transformative works may also qualify as fair use.[80]

<26> In evaluating the fair use defense there is no bright line rule distinguishing fair use from copyright infringement.[81] Courts apply a balancing test between the interest in encouraging new creative works — which requires that the copyright holder maintain the ability to profit from his/her labor — and the interest in advancing knowledge through broad public access.[82]

<27> The test is compromised of the following four factors: (1) the purpose and character of use, where the court determines whether the use is commercial or for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion of copyrighted material used in relation to the work as a whole; and (4) the effect of the infringing use upon the potential market for or value of the copyrighted work.[83] In *Blake v. Google*, the court found that "while no one factor is dispositive, courts generally give the most weight to the first and fourth factors."[84] Leval notes that these factors are not a "score card that promises victory to the winner of the majority."[85] Leval further emphasizes that courts should "examine the issue from every pertinent corner and to ask in each case whether, and how powerfully, a finding of fair use would serve or disserve the objectives of the copyright."[86] The four factors are not exhaustive. In addition to the four factors, a court may also consider factors such as the nature of the public interest, presence of good faith/bad faith, artistic integrity, and privacy.[87]

<28> Several recent copyright cases provide a context for a fair use analysis of digitized search engines, *Kelly v. Arriba Soft Corp.*, [88] *Field v. Google*,[89] and *Perfect 10 v. Google.*[90] These cases analyze copyright infringement with respect to digital search engines. Since the Second Circuit recently adopted the reasoning and analysis in the first case, *Kelly*, it will be important in analyzing the cases against Google Book Search.[91]

<29> In *Kelly*, Arriba Soft Corp. operated an Internet search engine for Internet images. Arriba created its database of pictures by copying images from other web sites and reducing the images into thumbnail images of the full size images. Arriba created this database without the express

permission of the website operators.[92] Like Google's purpose, Arriba's purpose in creating the database was to sell advertising space. The plaintiff in the case, Kelly, was a professional photographer who contracted with websites for the use of his copyrighted images.[93] Kelly brought claims against Arriba for copyright infringement based on unauthorized reproduction. The lower court found that Arriba's reproduction constituted fair use, and the Ninth Circuit affirmed.

<30> The holding in *Kelly* has recently been complicated by two district decisions that ruled directly on various Google search engine and display functions. First, in *Field v. Google, Inc.*, the District Court of Nevada held that a Google caching mechanism qualifies as a fair use of copyrighted material.[94] The court rationalized that because, "the search engine served different and socially important purposes in offering access to copyrighted works through cached links and did not merely supersede the objectives of the original creations, its alleged copying and distribution of the author's copyrighted works was transformative."[95] Because of the transformative function, the court found Arriba's copying was protected under fair use.[96]

<31> In the second, more recent case, *Perfect 10 v. Google, Inc.*, the district court of the Central District of California in part granted Perfect 10's ("P10") request for a preliminary injunction against Google and Amazon.com. Google has filed an appeal with the U.S. Court of Appeals for the Ninth Circuit.[97] P10 publishes the adult magazine "Perfect 10" and operates the subscription website, "perfect10.com," both of which feature high quality photographs of nude models.[98] P10's complaint asserted various copyright infringement claims for copying, reproducing, distributing, publicly displaying, adapting, infringing, or vicariously contributing to infringement.[99] The district court rejected the notion that in-line linking of images directly infringes a copyright owner's public display right.[100] The district court also rejected the contention that Google was secondarily liable for creating the audience for the infringing website.[101] However, the district court found that P10 established a likelihood of proving that Google's creation and public display of thumbnails does directly infringe P10's copyrights.[102]

<32> The finding that Google's public display of thumbnails does infringe P10 copyrights conclusion appears inapposite to the Ninth Circuits findings in *Kelly*, but may be distinguishable on the basis of facts. Like Arriba, Google created thumbnail size images of P10's high quality nude photographs.[103] Unlike the photographer in *Kelly*, P10 licensed Fonestarz Media Limited in the United Kingdom for the worldwide sale and distribution of P10 reduced-size copyrighted images for downloads on cell phones.[104] Fonestarz sold an average 6,000 images per month in the U.K.[105] Thus, the facts in Perfect 10 differed from those in Kelly, because there was a derivative market for thumbnail size images that Perfect 10 had a §106 right to license.

<33> *Kelly*, *Field*, and *Perfect 10* help provide a basis for determining whether Google's digitized copies of literary materials likely qualify for the fair use defense, which is discussed below.

(1) The purpose and character of use

<34> The first factor to be addressed in a fair us analysis is the "purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes."[106] The Supreme Court asserts that most important to the court's analysis of the first factor is the "transformative" nature of the work.[107]

<35> A transformative use is one that adds to or changes the copyrighted work to provide something new—whether expression, meaning, or message.[108] Leval emphasizes that, "[t]he use must be productive and must employ the quoted matter in a different manner or for a different purpose from the original."[109] Google asserts that its use of copyrighted books obtained through the Library Project is transformative because its search engine allows people to find things in books via a complex search protocol program, which is different from reading the book.[110] If someone types in "Madame Defarge and knitting", for example, he will receive Charles Dickens's *A Tale of Two Cities* as well as several literary criticism novels analyzing how a common woman has knit together the threads of the French Revolution.

<36> A search of the Library Project material produces text exactly as the author created it, but the difference is that the text has been catalogued in an electronic medium within a copyrighted search engine that is likened to an enhanced version of a library card catalogue. In *Kelly*, the Court of Appeals for the Ninth Circuit found that the use of Kelly's images to create thumbnails searchable on Arriba's search engine was transformative because (1) the thumbnails were smaller and lower in resolution, and (2) served a different function than the originals.[111] Like the low-resolution thumbnails, Google's digitization of library texts produces low-resolution pages of the

original book, making some fine print difficult to read.[112] In *Kelly*, the original function of the images was to produce an aesthetic experience, whereas the use of the thumbnails within the search engine was to "…improve access to images on the internet and their related web sites." Google Book Search does not supplant the need for the original. The value of Google Book Search is the creation of a searchable index that exceeds the Dewey decimal system.[113]

<37> In *Field*, the district court emphasized that Google serves "different and socially important purposes in offering access to copyrighted works through 'cached' links and does not merely supersede the objectives of the original creations."[114] As in *Field*, the Library Project serves a socially important purpose and does not merely supersede the need for print books.

<38> The purpose of allowing transformative use of copyrighted works is to promote the sciences and arts, which in turn promote creativity and learning.[115] Google Book Search serves the public interest by providing limited access to and preservation of millions of books while protecting right holders' interests by limiting the amount of text displayed.

<39> Google's Library Project also serves commercial goals, which include the production of advertising revenue. When evaluating the purpose and character of use, one must consider whether the use is commercial.[116] The Library Project is commercial because Google gains a direct economic benefit from Google Book Search by selling advertising space. Google has pledged to show no advertising next to pages of library books.[117] However, a commercial purpose does not mean that use is automatically deemed infringing. The U.S. Supreme Court in *Campbell v. Acuff-Rose Music, Inc.*, recognized that "nearly all of the illustrative uses listed in the pre-amble paragraph of §107 … are generally conducted for profit."[118]

<40> As indicated by *Campbell*, the question of commerciality of a use is not a binary question, and if the use is commercial the court may still determine that it is fair.[119] For instance in the recent Second Circuit case, *Blanch v. Koons*, Jeff Koons a neo-pop artist known for incorporating images from popular media and advertising, incorporated Andrea Blanch's copyrighted photograph "Silk Sandals" taken for the fashion magazine Allure, into his visual artwork titled "Niagara."[120] The court found that the incorporation of a portion of a copyrighted photograph into an art collage was a transformative use that lessens the importance of commerciality for the purpose of determining whether the use was fair.[121] The Second Circuit held that copyright law's goal of promoting the progress of science and art would be better served by allowing Koon's fair use of Blanch's work then preventing it.[122]

<41> In *Kelly*, the Ninth Circuit found that while the purpose of Arriba's search engine was commercial, the images were neither used directly to promote the search engine nor did Arriba try to profit directly by selling Kelly's images. Instead the images were among thousands of images in Arriba's search database. The Ninth Circuit found the use of images was not highly exploitative and the commercial use factor weighed only slightly against Arriba in a finding of fair use.[123]

<42> As *Kelly* emphasizes, the factor of "purpose and character of use" in the Second Circuit is not merely of commercial gain, "but whether the user stands to profit from the exploitation of the copyrighted material without paying the customary price."[124] Google's use of the digitized material is arguably less exploitative in nature than traditional types of commercial use, because users cannot access an entire copyrighted book without paying the price. Google has also taken steps to ensure that in cases where materials could easily be exploited by users to avoid paying the customary price — such as reference materials or dictionaries — no text is displayed.

<43> However, in *Perfect 10*, the Central District of California found that Google's use of thumbnails was commercial, and weighed in favor of P10.[125] The court distinguished Google's search engine from Arriba's by focusing on Google's commercial benefit from its AdSense program.[126] The AdSense program allowed Google to share advertising revenues from the infringing sites that displayed P10's nude images and contributed to Google's bottom line.[127] It is important to note that the district court did not find that the thumbnails superseded P10's use of the full size images.[128] Moreover, the district court found that Google's thumbnail size images interfered with P10's licensing agreement with another company for the sale and distribution of P10's reduced-size images to download on cell phones.[129] The district court found that Google's derivative profits from selling advertising space to infringing websites and the restated impact on P10's right to license digitized copies to search engines tilted the commercial use factor against a finding of fair use.

<44> While commercialism may weigh against a finding of fair use, it is not conclusive. Moreover, Google Book Search does not usurp the need to pay for a book. The search engine is intended to

better help users locate the appropriate book.[130] The fact that Google Book Search is arguably creating transformative works with demonstrable public value may tilt the "purpose and character of use" factor in favor of a finding of fair use.

(2) The nature of the copyrighted work

<45> Creative works are the types of material intended for protection by the Copyright Act, and thus many of the books in question likely qualify as material protected by copyright.[131] Whether a work is published or unpublished is also critical to analyzing the nature of the copyrighted work.[132] A derivative work is more likely to fall within fair use if the original work has already been published.[133] The copyrighted materials at issue are books already published and catalogued in the University of Michigan Library.[134] In *Kelly*, the fact that the images were already displayed on the Internet resulted in the Ninth Circuit balancing this factor in favor of Arriba's search engine.

<46> The Library Project books are already in the collection of the University of Michigan Library and can be accessed by any member of the public who goes to the library.[135] However, not all of the books, if any, were previously published in digitized form. This is a factor that may weigh against Google in determining whether its actions qualify for the fair use affirmative defense.[136] A court may find it significant that *Kelly* dealt only with copyrighted material already accessible on the Internet, whereas Google is actively transforming copyrighted material from analog form into digitized form.

(3) The amount and substantiality of the portion used in relation to the copyrighted work as a whole

<47> Courts tend to weigh in favor of the copyright owner and against the defendant claiming fair use when that defendant has copied an entire work.[137] Here, Google is digitizing the book collection of the entire University of Michigan library, which should factor against a finding of fair use. However, in *Kelly*, the Ninth Circuit found that this factor neither weighed for or against Arriba, as it was necessary for Arriba to copy the entire image to "allow users to recognize the image and decide whether to pursue more information about the image or the originating website."[138] Like *Kelly*, Google must copy the entire work in order to allow users to locate books and decide whether to pursue more information about the books.[139] Unlike *Kelly*, the full text of a copyrighted work is never displayed. If Google copied only public domain works, the user would identify fewer books with the information they seek, thereby decreasing the effectiveness of the search engine.[140] Thus, the amount and substantiality of the portion used should not weigh against Google in a fair use balancing test.

(4) The effect of the use upon the potential market for or value of the copyrighted work

<48> When evaluating the effect of the use upon the potential market, the court must consider: (1) the extent of harm caused by an allegedly infringing act on a market, and (2) if widespread and unrestricted, the defendant's infringing conduct would create a substantial adverse impact on the potential market for the original material.[141] Leval argues that while the market effect is significant that the U.S. Supreme Court has overstated its significance.[142] The practical concept of copyright law is that authors are rewarded for creativity, and a secondary use that interferes excessively with the author's incentive is prohibited.[143] Google recently lost a copyright infringement case in Belgium where eighteen mostly French-Language newspapers filed a complaint that Google's cached links provided free access to articles that the paper sold on a subscription basis.[144] In this case, the court emphasized the importance of secondary markets.

<49> In the U.S., courts will consider markets that are not only currently in existence, but also any potential market that a creator may reasonably develop or license.[145] Depriving a copyright owner of income may violate copyright laws even if the adverse party is not competing directly with the original work.[146] However, federal courts have stated that if a court concluded in every case that potential licensing revenues were "impermissibly impaired simply because the secondary user did not pay a fee for the right to engage in the use, the fourth factor would always favor the copyright holder."[147] A court will examine the impact on potential licensing revenues for "traditional, reasonable, or likely to be developed markets."[148] Thus, some loss of royalty revenue or licensing revenue may be deemed acceptable as long as a market is not impaired because the material serves the consumer as a substitute or supersedes the original.[149]

<50> In *UMG Recordings, Inc. v. MP3.COM, Inc.*, the owners of copyrights to musical recordings sued MP3.COM for copyright infringement. [150] The district court found in *UMG Recordings* that

copyright holders had the exclusive right to control derivative markets by refusing to license a copyrighted work. [151] The website *MP3.COM* created a derivative market by *sharing* or *selling* to "subscribers converted versions of the recordings it [MP3.COM] copied, without authorization, from plaintiff's copyrighted CD's."[152] The court found that the record companies had a broad right to grant or withhold a license to share or sell music, despite the fact that MP3.COM allegedly had a positive impact on the sales of musical recordings.[153]

<51> In *Kelly*, the Ninth Circuit found that the effect of the use upon the potential market weighed in Arriba's favor. Arriba's search engine "guided users to Kelly websites licensed to display and sell Kelly's images rather than away from them."[154] Book search engines like Amazon's "Search Inside the Books" have not hindered sales of authorized copyrighted materials; instead the search engine has boosted sales.[155] Google Book Search is also likely to increase sales as more users will be able to discover works relevant to their interests.[156]

<52> However, *Perfect 10* emphasized not the effect of the thumbnails on the full-size P10 images, but on the market for P10 thumbnail size images. Publishers Random House and Harper-Collins intend to create similar digitized book search engines, which may prove problematic for Google.[157] However, such licensed systems would fail to include orphaned works, which are works where the rights holder is unknown or cannot be located.[158] There may be independent value in a comprehensive book search system, such as Google Book Search, which incorporates licensed and orphaned works instead of giving incomplete coverage.

<53> Google's Library Project also does not promote third party infringement of copyright, which is another concern when courts examine the effect of the copyright infringement upon a potential market. In *Metro-Goldwyn Mayer v. Grokster*, the United States Supreme Court examined the peer-to-peer networks of Grokster and StreamCast. [159] The court found that the software of Grokster and Streamcast was intentionally used to enable users to reproduce and distribute copyrighted music and videos without authorization. The court held that one who distributes a device with the object of promoting copyright infringement is liable for the infringement by third parties.

<54> On either Google Book Search or Amazon's "Search Inside the Books," a third party cannot access the entire copyrighted book, thus Google's interface does not contribute to third party infringement. An argument raised by copyright holders is the potential risk of breach to Google's security could endanger their works.[160] Google has taken steps to protect the digitized materials, and a security breach is unlikely. The threat posed by a security breach is arguably less significant in the realm of digitized books than in pirated MP3s or DVDs because the market for e-books is slowly growing and the quality of the digitized copies made by Google has not caused large numbers of readers to switch to e-books.[161] More likely, a person would attempt to assemble a print book from the Book Search Results. However, even if a person were to cut and copy part of the text that appears in a Google Book Search, under the fair use doctrine a person may use a portion of the text for purposes such as criticism, comment, news reporting, teaching, scholarship, or research.[162]

<55> In the *Grokster* case, while the court ultimately found Grokster and Streamcast liable, the court discussed the valuable benefit to society of efficient, secure, and cost effective peer-to-peer networks.[163] In *Sony Corp. of America v. Universal City Studios, Inc.*, the U.S. Supreme Court also emphasized the helpful nature of videotape recorders to society.[164] In *Sony*, the U.S. Supreme Court found that the sale of videotape recorders (VCRs) did not constitute contributory infringement of television program copyrights. Arguably where valuable technology does not promote contributory infringement by third parties, the courts are more likely to find fair use.

<56> P rofessor Wendy Gordon, a noted copyright scholar, has concluded that: "[a]n economic and structural analysis of the fair use doctrine and its place in the copyright scheme reveals that fair use is ordinarily granted when the market cannot be relied upon to allow socially desirable access to, and use of, copyrighted works."[165] The copyright holders seek to deny citizens worldwide access to a service that benefits advances in research in the Sciences and Arts, thus given market failure, the court should find for Google.

<57> Ultimately, when balancing the fair use factors, Google's use of copyrighted works on the Google Book Search index should result in a finding of fair use of copyrighted materials, because (1) the purpose and character of use is transformative, (2) copying the entire book is necessary for the search engine to function as in *Kelly*, and (3) Google Book Search does not provide derivative markets, or allow third party users to infringe on copyrights negatively affecting the literary market. However, the case law in the area of search engines offers conflicting precedent,

and the outcome will depend on a balancing of the facts, the copyright owners §106 rights, and the benefits of the public's greater access to information.

CONCLUSION

<58> Google may opt to settle the two cases and develop licensing agreements with copyright holders.[166] However, a settlement would preclude the development of precedents that would assist other parties interested in developing digital book search engines. If Google sets licensing fees with copyright holders, it may price other potential digitized book search engines out of the market if they are unable to pay copyright holders the same fees as those negotiated by Google.[167]

<59> Whether Google settles or the court reaches a decision, the outcome of the Google Book Search lawsuits will affect other efforts to digitize copyrighted material and display digitized material on the Internet, and influence the outcome of foreign cases. Google's actions in creating Google Book Search have caused much debate among copyright experts, publishers, authors, and the general public.[168] The Google lawsuits highlight the ambiguities in the fair use affirmative defense in the context of digital technology. What is at stake is not simply an individual's right to make and display copies of their own work, but the boundaries the government will place on efforts to make valuable information accessible to the public in digital form.

<60> What can be extrapolated from analyzing the various digitized book search engines is that the safest course is for search engine companies to always obtain permission from a copyright owner before using copyrighted material. When it is impracticable to obtain permission, use of copyrighted material should be avoided unless the doctrine of "fair use" would apply to the situation. The full text of a copyrighted material should never be displayed online unless by an express licensing agreement with the copyright holder.

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Footnotes

1. Ari Okano, University of Washington School of Law, Class of 2007. Thank you to Fred Von Lohmann, a senior staff attorney at the Electronic Frontier Foundation, Jonathan Band, Esq., Zac Hostetter, and Professors Kate O'Neill and Anita Ramasastry for providing helpful feedback on this Article.

2. *See* Complaint Author's Guild v. Google Inc., No 05 CV 8136, 2005 WL 3309666 (S.D.N.Y. 2005, filed Sept. 20, 2005); *see also* Complaint McGraw-Hill Co., Inc. v. Google Inc., No. 05 CV 8881, 2005 WL 2778878 (S.D.N.Y. 2005, filed Oct. 19, 2005).

3. *See* Google Cooperative Agreement with University of Michigan (Ann Arbor), *at* http://www.lib.umich.edu/mdp/um-google-cooperative-agreement.pdf (last visited March 16, 2007). To digitize is to convert content from a tangible, analog form into a digital representation of that content.

4. Jonathan Band, *The Google Library Project: The Copyright Debate*, OITP Technology Policy Brief, January 2006, 10, http://www.policybandwidth.com/doc/googlepaper.pdf (last visited March 16, 2007); Jeffrey Toobin, *Annals of Law: Google's Moon Shot*, NEW YORKER, Feb. 5, 2007, *available at* http://www.newyorker.com/printables/fact/070205fa_fact_toobin (last visited March 16, 2007).

5. Nancy Gohring, *Google Print Gets New Name*, INFOWORLD DAILY, Nov.17, 2005. On November 17, 2005, Google announced that they were changing the name of their Google Print search engine to Google Book Search.

6. *See* Lawrence J. Speer, *Foreign Laws: French Publisher Sues Google, Alleges Book Indexing Violates Copyrights*, June 19, 2006, PTD d14. The French publisher La Martiniere filed a lawsuit against Google on June 6, 2006, Editions du Seuil v. Google Inc. La Martiniere claims that Google's book indexing service amounted to "counterfeiting" and "breach of intellectual property rights." Damages are sought in form of an injunction backed by 100,000-euro daily penalties for each infraction, and damages in 1 million euros for intellectual property violations.

7. *See* David Drummond, *Germany and the Google Books Library Project*, GOOGLE BLOG http://googleblog.blogspot.com/2006/06/germany-and-google-books-library.html (last visited March 16, 2007). After the opinion, WBG, the German publisher, voluntarily

dropped its case against Google.

8. Michael Hart, Gutenberg: The History and Philosophy of Project Gutenberg (Aug. 1992), http://www.gutenberg.org/wiki/Gutenberg:The_History_and_Philosophy_of_Project_Gutenberg_by_Michael_ (last visited March 16, 2007). Project Gutenberg began in 1971 and contains 19,000 books that are in the public domain for free.

9. *See* John Mark Ockerbloom, *On-Line Books Page*, http://onlinebooks.library.upenn.edu (last visited March 16, 2007). On-Line Books began in 1993 and has 25,000 books available. These books are either in the public domain or the copyright holder has given permission for the books to be digitized.

10. Internet Public Library, http://www.ipl.org (last visited March 16, 2007). The Internet Public Library began in 1995 and as of 2002 had more than 20,000 public domain books online.

11. Jeff Bezos, *Books: Search Inside the Books*, Amazon.com, *at* http://www.amazon.com/gp/feature.html?docId=507108 (last visited March 16, 2007).

12. *See* Katie Hafner, *Microsoft to Offer Online Book-Content Searches*, NY Times, October 26, 2005, at C6. Yahoo.com and MSN.com have agreed to join the Open Content Alliance ("OCA"). The OCA has partnered with the University of California, Columbia, Rice, and the Internet Archive and National Archive of England to digitize historical works of fiction along with specialized technical papers. The Open Content Alliance is not digitizing copyrighted materials, and is making its digital copies accessible to any search engine. *See also* Katine Hafner, *In Challenge to Google, Yahoo Will Scan Books*, NY Times, October 3, 2005, at C1.

13. *See* Toobin, *supra* note 4. Several of Google's Library Partners are allowing for the scanning of copyrighted materials, including: the Universities of Michigan, California, Virginia, and Texas at Austin. A key factor is that the institutes that are allowing the scanning of copyrighted material are public institutes that have immunity from being sued. *See also*, Google Book Search: Library Partners, *at* http://books.google.com/googlebooks/partners.html (last visited March 16, 2007).

14. Copyright experts, law review writers, and publishers disagree as to whether Google Book Search qualifies as fair use. *See* Band, *supra* note 4; *see also* Jonathan Band, *The Google Library Project: Both Sides of the Story*, Plagiary: Cross-Disciplinary Studies in Plagiarism, Fabrication, and Falsification, 1 (2): 1-17 (2006), http://www.policybandwidth.com/doc/Google-Library-Project.pdf; *see also* Jonathan Band, *The Google Library Project: The Copyright Debate*, OITP Technology Policy Brief (January 2006), http://www.policybandwidth.com/doc/googlepaper.pdf; *see also* Dr. Michael Goldstein, *Google's Literary Quest in Peril*, 2005 B.C. Intell. Prop & Tech. F. 110301 (Nov. 3, 2005); Steven Hetcher, *The Half-Fairness of Google's Plan to Make the World's Collection of Books Searchable*, 13 Mich. Telecomm. & Tech. L. Rev. 1 (Fall 2006); *see also* Robin Jeweler, *The Google Book Search Project: Is Online Indexing a Fair Use Under Copyright Law?*, CRS Report RS22356 (December 28, 2005), http://opencrs.com/rpts/RS22356_20051228.pdf; *see also* Emily Anne Proskine, *Google's Technicolor Dreamcoat: A Copyright Analysis of the Google Book Search Library Project*, 21 Berkeley Tech. L.J. 213 (2006); *but see*, Elisabeth Hanratty, *Google Library: Beyond Fair Use?* 2005 Duke L. & Tech. Rev. 10 (April 15, 2005); *but see* Peter Givler, *Google and the Book Publishers: Testing the Limits of Fair Use in the Digital Environment*, NYSBA Bright Ideas, Vol. 14, No.2 (Fall 2005), http://aaupnet.org/aboutup/issues/pgbrightideas.pdf; *but see* Sanford G. Thatcher, *Fair Use in Theory and Practice: Reflections on its History and the Google Case*, Nov. 10, 2005, http://www.psupress.org/news/NACUA_thatcher.pdf;

15. About Google Book Search, http://books.google.com/intl/en/googlebooks/about.html (last visited March 16, 2007).

16. *Id.*

17. Google Book Search: Library Partners, http://books.google.com/googlebooks/partners.html (last visited March 16, 2007). These libraries include: Stanford University, the University of Michigan, Harvard University, Oxford University, the New York Public Library, the University of California, Spain's Universidad Complutense de Madrid, The National Library of Catalonia, the University of Virginia, the University of Wisconsin-Madison, the University of Texas at Austin, Princeton University, and the Bavarian State Library.

18. About Google Book Search http://books.google.com/googlebooks/about.html (last viewed March 16, 2007).

19. *Id.*

20. *Id.*

21. *Id.*

22. For a description of the library partners, *see* Google Book Search: Library Partners, *supra* note 13.

23. *See* Toobin, *supra* note 4.

24. 17 U.S.C. 106 (2000).

25. *See* Stanford University Libraries, *The Basics of Getting Permission*, Copyrights & Fair Use, *at* http://fairuse.stanford.edu/Copyright_and_Fair_Use_Overview/chapter1/1-b.html (last visited March 16, 2007).

26. *See* Band, supra note 4, at 2. *See also* Christine Mumford, *Google Library Project Temporarily Halted to Allow Copyright Owner Response*, BNA ELECTRONIC COM. & L. REP., Aug. 24, 2005, at 826, http://pubs.bna.com/ip/BNA/eip.nsf/is/a0b1h9w8q3 (last visited Feb. 27, 2007). In August of 2005, in response to angry publishers and authors, Google temporarily halted its efforts to scan copyrighted materials under its Library Project. However, Google resumed its efforts to digitize the copyrighted materials of the University of Michigan, Harvard, and Stanford libraries on November 1, 2005. Google temporarily halted digitization of copyright material in order to give copyright holders time to opt-out of the Print Library Project.

27. *See* Edward Wyatt, *Google Adds Library Texts to Search Database*, N.Y. Times, November 3, 2005, at C11, http://www.nytimes.com/2005/11/03/business/media/03google.html (last visited Feb. 27, 2007).

28. *See* Anandashankar Mazumdar, *Publishers: Google Project's Value Shows Scanning of Books Not Exempt As Fair Use*, Patent, Trademark & Copyright Daily, Nov. 23, 2005, at d16. *But see* Association of American Publishers, *Publishers Sue Google Over Plans to Digitize Books*, http://www.publishers.org/press/releases.cfm?PressReleaseArticleID=292 (last visited March 16, 2007). In attempting to digitize millions of volumes, Google contends that an opt-out approach requiring copyright holders to affirmatively request to remove their materials from Google Book Search is necessary. The Association of American Publishers disagrees, and proposed that Google utilize the ISBN numbering system to obtain permission. The AAP argues that Google's opt-out approach "shifts the responsibility for preventing infringement to the copyright owner rather than the user, turning every principle of copyright law on its ear." However, realistically there are situations where authors are not sure who the legitimate holder of the copyright is, making a muddle of obtaining permission from copyright holders. *See also* U.S. Copyright Office, *Circular 22: How to Investigate the Copyright Status of a Work*, http://www.copyright.gov/circs/circ22.pdf (last visited March 16, 2007). The cost of locating and retrieving copyright information from the U.S. Copyright Office is currently $80 per hour, unless the material is "in process" in which case the fee rises to $100 per hour. The fees for locating and requesting permission from even a portion of the millions of books that Google plans to digitize would be prohibitive.

29. *See* Thatcher, *supra* note 14.

30. *See* Michael Warnecke, *Copyrights: Clearinghouse for Literary Works Needed if Book Search 'Opt Out' Rules Becomes Norm*, Patent, Trademark, & Copyright Daily, Feb. 27, 2006, at d12.

31. Search Inside the Books: How it Works, http://www.amazon.com/exec/obidos/tg/browse/-/10197021/ (last visited March 16, 2007). For an in depth analysis of Amazon's Search Inside the Books feature, *see* Jonathan Kerry-Tyerman, *No Analog Analogue: Searchable Digital Archives and Amazon's Unprecedented Search Inside the Book Program as Fair Use*, 2006 Stan. Tech. L. Rev. 1, 1 (2006).

32. Doug Isenberg, *Perspective: Steal This Book Online*, Cnet News.com, Nov. 1, 2003, *at*

http://news.com.com/2010-1025_3-5105389.html.

33. *See* Kerry-Tyerman, 2006 Stan. Tech. L. Rev. at 15.

34. *See* Open Content Alliance, *What is the Open Content Alliance?*, *at* http://www.opencontentalliance.org (last visited March 17, 2007).

35. *See* Open Content Alliance, *Next Steps*, *at* http://www.opencontentalliance.org/nextsteps.html (last visited Dec. 1, 2006). *See also* Hafner, *supra* note 12, at C1.

36. *See* Jonathan B. Bengtson, *The Birth of the Universal Library: The Open Content Alliance is Our Opportunity to Shape the Future of Access to Information*, 4/15/06 NETCONNECT 2.

37. *See* Alison Bone, *Search Inside is Launched*, Bookseller, July 22, 2005, at 8; *see also* Paula Berinstein, *The Day of the Author Has Arrived*, 4/1/06 SEARCHER 26. During its two years of operation, Amazon's Search the Books feature claims a 7% sales lift in titles that are included in the program. Publisher HarperCollins has reported a 6% to 8% annual increase in sales from Search Inside the Book.

38. *See* Edward Wyatt, *Google and Amazon lift a page from I-Tunes playbook*, International Herald Tribune, November 5, 2005, at News 3. *See also* Edward Wyatt, *Want 'War and Peace' Online? How About Twenty-Pages at a Time?* N.Y. Times, November 4, 2005, at A1.

39. Tim O'Reilly, *Search and Rescue*, N.Y. Times, Sept. 28 2005, at A27; *see also Google Lawsuit*, *at* http://www.kottke.org/05/10/google-print-lawsuit (last visited March 17, 2007); *see* Megan Marco, *My Letter to Google*, *at* http://www.meghannmarco.com/comment.php?comment.news.350 (last visited March 17, 2007). Not all copyright holders are outraged by Google Book Search and the online movement to create digital search engines.

40. Backlist sales are sales of books kept in print, usually in paperback, because they continue to sale steadily over the years. For a discussion of backlist sales, *see* Rachel Donadio, *Backlist to the Future*, N.Y. Times, July 30, 2006, Section 7.

41. The Bookseller, *Publishers Discuss Google Book Search Project at LBF*, The Book Standard, 7 March 2006 *at* http://www.thebookstandard.com/bookstandard/news/publisher/article_display.jsp?vnu_content_id=1002117328 (last viewed on March 17, 2007). The publisher Blackwell's has included 5,000 titles in Google Book Search and has reported 57,344 "buy this book" click-throughs.

42. Complaint at 1, McGraw-Hill Co., Inc. v. Google Inc., No. 05 CV 8881, 2005 WL 2778878, (S.D.N.Y. 2005, filed October 19, 2005).

43. *See* Toobin, *supra* note 4.

44. *See* Google Cooperative Agreement with University of Michigan (Ann Arbor), *supra* note 3.

45. *See* Google Cooperative Agreement with the Regents of the University of California, *at* http://www.cdlib.org/news/ucgoogle_cooperative_agreement.pdf (last visited March 17, 2007).

46. The Google Books Library Project and the University of California, *at* http://www.cdlib.org/news/google.html (last visited Dec. 1, 2006). The University of California explains what they will do with their University Digital Copy, "UC will retain its digital copies of books protected by copyright in a dark archive – that is, in a digital preservation repository that is intended to ensure the longevity of its contents, but not to make its holdings accessible to end users."

47. *See* Band, *supra* note 4, at 3. *See also* Thatcher, *supra* note 14, at 10. Thatcher is concerned that the library will use the digital copies provided by Google for "an e-reserve system that functions as a course-pack producing facility."

48. Paul Andrews, *Google suit poses dilemma E-conomy*, Seattle Times, November 14, 2005, at C1, *available at* http://archives.seattletimes.nwsource.com/cgi-bin/texis.cgi/web/vortex/display?slug=paul14&date=20051114&query=Paul+Andrews (last visited March 17, 2007).

49. Heritage Preservation and the Institute of Museum and Library Services, *A Public Trust at Risk: The Heritage Health Index Report on the State of America's Collections*, at http://www.heritagepreservation.org/HHI/HHIsummary.pdf (last visited March 17, 2007). *See also* Mary Sue Coleman, "Google the Khmer Rouge and the Public Good." Keynote address to the Professional/Scholarly Division of the Association of American Publishers, February 6, 2006, at http://battellemedia.com/archives/MSC_AAP_Google_address.pdf (last visited March 17, 2007). 4.8 billion artifacts are held in public trust by archives, historical societies, libraries, museums, scientific research collections, and archeological repositories. Libraries have engaged in digitization projects for a number of years to protect damaged and decaying books. For instance, the University of Michigan Library — the library at the heart of the cases against Google Book Search — was digitizing 5,000 to 8,000 volumes every year in order to preserve portions of the collection. More than 1.5 million volumes in the University of Michigan Library are brittle, and another 3.5 million books are at risk because they are printed on acidic paper that will eventually break down.

50. *See* Band, *supra* note 4, at 10. *See also*, Toobin, *supra* note 4.

51. *See* Complaint, Author's Guild v. Google, Inc., No 05 CV 8136, 2005 WL 3309666 (S.D.N.Y. 2005, filed September 20, 2005); *see* Complaint, McGraw-Hill Co., Inc. v. Google Inc., No. 05 CV 8881, 2005 WL 2778878, (S.D.N.Y. 2005, filed Oct. 19, 2005).

52. *See* Complaint at 2, Author's Guild; *see also* Complaint at 6, McGraw-Hill.

53. *See* Complaint at 11, Authors Guild.

54. Complaint at 6, McGraw-Hill.

55. *See* Amended Case Management Order and Scheduling Order, McGraw-Hill Co., Inc. v. Google, Inc., 1.05-CV-08881 (signed by Judge John E. Sprizzo on October 12, 2006). *See also* Google Book Search: Copyright Infringement? November 2005 - December 2006, http://www.linksandlaw.com/google-print-timeline-3-book-search.htm (last visited Mar. 4, 2007). The court docket for *McGraw-Hill* notes that Authors Guild is the lead docket is *Authors Guild*.

56. *See* Amended Case Management Order Regarding Coordination for All-Pretrial Purposes. Motions for Summary Judgment, if any, shall be filed by Tuesday, March 11, 2008. Pretrial Conference Scheduled for 3/12/07, Authors Guild v. Google, Inc., 1:05CV08136 (signed by Judge John E. Sprizzo on Jan. 3, 2007).

57. *In Lawsuit Over Library Scan Plan, Google Subpoenas Their Rivals*, Library Journal, Oct. 12, 2006, http://www.libraryjournal.com/clear/CA6380712.html (last visited Mar. 4, 2007). Google subpoenaed Yahoo, Amazon, and MSN for information pertaining to content agreements with copyright holders, each company's analyses of copyright infringement and fair use, as well as fiscal forecasts, technical details, and digital rights management schemes. Yahoo and Amazon have refused to turn over the requested court documentation. Out-Law.com, *Yahoo! Joins Amazon in Literary Google Snub*, The Register, Dec. 4, 2006, http://www.theregister.co.uk/2006/12/04/yahoo_rejects_google_info_request/ (last visited Mar. 4, 2007).

58. 17 U.S.C. § 106 (2000).

59. See 17 U.S.C. §§302-305 (2000). For more information on determining the length of a copyrighted work, *see* William Fisher and William McGeveran, *Obstacles to Educational Uses of Copyrighted Material in the Digital Age*, The Berkman Center for Internet and Society, No. 2006-09, 15, Aug. 10, 2006, http://cyber.law.harvard.edu/home/uploads/823/BerkmanWhitePaper_08-10-2006.pdf (last visited March 16, 2007); *see also* Timothy K. Armstrong, *Copyright Duration and Renewal Guide*, http://cyber.law.harvard.edu/blogs/gems/tka/renewalflowchart2.pdf (last visited March 16, 2007).

60. 17 USC § 501 (2000). *See* Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., Inc., 499 U.S. 340, 361 (1991); *see also* NXIVM Corp. v. Ross Institute, 364 F.3d 471, 476 (2d Cir. 2004). *See also* Mary Minnow, *Library Digitization Projects and Copyright*, *at* http://www.llrx.com/features/digitization.htm (last visited March 16, 2007).

61. 17 U.S.C. § 108(a) (2000). To qualify for the library exemption, a library/archive must create only one copy (except where a work is unpublished or deteriorating, and the copy

must be made by employees of the library/archive acting within the scope of their employment. For a more in-depth discussion of the library exemption, see Elisabeth Hanratty, *supra* note 14.

62. *See* Google Cooperative Agreement with University of Michigan (Ann Arbor), *supra* note 3.

63. Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 564 (1985).

64. *See* United States Copyright Office, *FL-102: Fair Use*, Revised July 2006, *available at* http://www.copyright.gov/fls/fl102.html (last visited March 16, 2007).

65. The *de minimis* defense is a common law copyright doctrine. To establish that the infringement of a copyright is *de minimis*, the alleged infringer must demonstrate that the copying of the protected material is trivial and does not qualify as substantial similarity.

66. Sandoval v. New Line Cinema Corp., 147 F.3d 215, 217 (2d Cir. 1998) (quoting Ringgold v. Black Entertainment Television, Inc., 126 F.3d 70, 74 (2d Cir. 1997) (citing 4 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 13.03[A] at 13-27)) (in *Sandoval*, several copyrighted photographs appeared in the film, *Seven*, which prompted the copyright owner of the photographs to sue the producer of the movie. The court emphasized that the photos "appear[ed] fleetingly and [were] obscured, severely out of focus, and virtually unidentifiable." The court held that the use of the photographs in the film was "*de minimis*" and a fair use analysis was not required).

67. NXIVM Corp. v. Ross Institute, 364 F.3d 471, 476 (2d Cir. 2004) (citing ABKCO Music, Inc. v. Stellar Records, Inc., 96 F.3d 60, 64 (2d Cir. 1996)).

68. *Id*.

69. Campbell v. Acuff Rose Music, Inc., 510 U.S. 569, 586 (1994) (citing Piere N. Leval, *Toward A Fair Use Standard*, 103 Harv. L. Rev. 1105, 1116 (1990)).

70. Pierre N. Leval, *Toward A Fair Use Standard*, 103 Harv. L. Rev. 1105, 1131 (1990).

71. *See* Answer, Jury Demand, and Affirmative Defenses of Defendant Google Inc., Authors Guild v. Google Inc., No. 05 CV 8136, 2005 WL 5190674 (S.D.N.Y. 2005); Answer, Jury Demand, and Affirmative Defense, McGraw-Hill Co., Inc. v. Google, Inc., No 05 CV 8881, 2005 WL 3655631 (S.D.N.Y. 2005). Google contends that the cases fail to state a claim on which relief can be granted, lacks subject matter jurisdiction (since the books are digitized in Michigan, and Google's principle place of business is California), and that the AG's and AAP's complaint is unsuitable for class treatment pursuant to the Federal Rules of Civil Procedure, Rule 23.

72. Another issue raised by the copyright infringement action is whether Google in fact copied material without the express permission of the copyright holders. Google contends that the opt-out policy did create express permission to copy the works that were not opted-out of the Library Project.

73. *Google Defends Plans to Digitize Libraries*, 12 No. 19 Andrews Intell. Prop. Litig. Rep. 7 (Jan. 4, 2006).

74. 17 U.S.C. § 107 (2000).

75. *See* Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors*, 82 Colum. L. Rev. 1600, 1600 (1982) (citing Dellar v. Samuel Goldwyn, Inc., 104 F.2d 661, 662 (2d Cir. 1939) (per curiam)). The complexity of the issues underlying fair use has been recognized since its inception.

76. Fisher and McGeveran, *supra* note 58, at 51.

77. *See* Answer 1, Authors Guild v. Google Inc., No. 05 CV 8136, 2005 WL 5190674 (S.D.N.Y. 2005). *See also*, Susan Wojcicki, *Google Print and the Author's Guild*, Google.blog, http://googleblog.blogspot.com/2005/09/google-print-and-authors-guild.html (last visited March 17, 2007). *See also* Hiawatha Bray, *Publishers Battle Google Print Index*, Boston Globe, October 20, 2005, at E1. Google claims that creating an easy to use index of books is fair use under copyright law and supports the purpose of copyright.

78. *See* Kelly v. Arriba Soft Corp., 336 F.3d 811, 817 (9th Cir. 2003) (citing Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1399 (9th Cir. 1997)).

79. *See* United States Copyright Office, *supra* note 63.

80. *See* Sony Corp. v. Universal City Studios, 464 U.S. 417 (1984) (The Court found that the sale of Betamax video tape recorders was fair use and the petitioners could not hold Sony liable.).

81. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578 (1994). *See also* Leval, *supra* note 69, at 1110. Second Circuit Judge Leval states that fair use "must be of a character that serves the copyright objective of stimulating productive thought and public instruction without excessively diminishing the incentives for creativity."

82. *Kelly*, 336 F.3d at 817-18.

83. 17 U.S.C. § 107 (2000).

84. Blake v. Google Inc., 412 F.Supp.2d 1106, 1117 (D. Nev. 2006).

85. Leval, *supra* note 69, at 1110.

86. *Id*. at 1110-1111.

87. *See* 4-13 Melville B. Nimmer & David Nimmer, Nimmer on Copyright §13.05[B][4], (Dec. 2006) (citing Sony Comp. Entm't America, Inc. v. Bleem, LLC, 214 F.3d 1022, 1027 (9th Cir. 2000)). *See also* Leval, *supra* note 69, at 1125-1130. For an application of the factors of bad faith, *see* Blanch v. Koons, 467 F.3d 244, 254 (2d Cir. 2006).

88. Kelly v. Arriba Soft Corp., 336 F.3d 811 (9th Cir. 2003) (Kelly brought claims against Arriba for copyright infringement based on unauthorized reproduction. The lower court found that Arriba's reproduction of thumbnails was fair use, and the Ninth Circuit affirmed as to the reproduction of thumbnails.).

89. Field v. Google, Inc., 412 F.Supp.2d 1106 (D. Nev. 2006).

90. Perfect 10 v. Google, 416 F.Supp.2d 828 (C.D. Cal. 2006). Google has appealed the holding in this case to the Ninth Circuit. *See* Perfect 10 v. Google, Inc., *petition for cert. granted*, No. 06-55406 (9th Cir. 2006).

91. Bill Graham Archives v. Dorling Kindersley Limited, 448 F.3d 605, 611(2d Cir. 2006) (the copyright holder of seven posters of the Grateful Dead sued publishers of a biographical book on the Grateful Dead for publishing reduced size images throughout the book. The Second Circuit affirmed the district court's finding that the publishers had made fair use of the posters).

92. *Kelly*, 336 F.3d at 815.

93. *Id.* at 815.

94. *Field*, 412 F.Supp.2d at 1118.

95. *Id.* at 1119. Blake Field was an author and an attorney who published his writing on his personal website, www.blakeswritings.com. Google, like other search engines, uses an automated program — called a "Googlebot" — to continuously crawl the Internet and locate and analyze available web pages to catalogue in Google's searchable web index. As part of the cataloguing process, Google stores the HTML code from those pages in a temporary repository called a cache. Beneath the search results — where the full URL is provided for the webpage — in smaller font Google displays a link labeled cached. When a browser clicks on the link, the browser is directed to an archived copy of a web page that is prominently labeled as a "snapshot of the page." Field sued Google for caching his website and providing users with an alternate to his website.

96. *Id.* at 1123.

97. *See* Perfect 10 v. Google, Inc., *petition for cert. granted*, No. 06-55404 (9th Cir. 2006). For an analysis of the case and links to the briefs of the parties, *see* Electronic Frontier Foundation, Perfect 10 v. Google, Inc., *at* http://www.eff.org/legal/cases/Perfect10_v_Google (last visited March 17, 2007).

98. Perfect 10 v. Google, 416 F.Supp.2d 828, 831-32 (C.D. Cal. 2006).

99. *Id*. at 834-35.

100. *Id*. at 838-39. An "in-line link" refers to the process whereby a webpage can

incorporate by reference content stored on another website.

101. *Id*. at 851-58.

102. *Id*. at 851.

103. *Id*. at 832.

104. *Id*.

105. *Id.*

106. 17 U.S.C. §107(1) (2000).

107. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 580 (1994). *See also* Bill Graham Archives v. Dorling Kindersley Limited, 448 F.3d 605, 611(2d Cir. 2006) (citing Pierre N. Leval, *Toward A Fair Use Standard*, 103 Harv. L. Rev. 1105, 1111 (1990), *supra* Note 69).

108. Campbell, 510 U.S. at 579 (citing Folsom v. Marsh, 9 F.Cas. 342, 348 (No. 4,901) (CCD Mass. 1841)).

109. Leval, *supra* note 69, at 1111.

110. Toobin, *supra* note 4.

111. Kelly v. Arriba Soft Corp., 336 F.3d 811, 818 (9th Cir. 2003).

112. *See* Heidi Benson, *A Man's Vision: World Library Online Brewster Kahle hopes to realize his 25-year dream of an international book archive*, San Francisco Chronicle, November 22, 2005, A1.

113. *Kelly*, 336 F.3d at 818. The original function of the images was to produce an aesthetic experience, whereas the use of the thumbnails within the search engine was to "… improve access to images on the internet and their related web sites."

114. Field v. Google, 412 F.Supp.2d 1106, 1119 (D. Nev. 2006).

115. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994) (citing Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 455 (1984)). *See also* Field v. Google, 412 F.Supp.2d at 119-120. In *Field v. Google, Inc.,* for example, the district court emphasized that while Google is a for-profit corporation, that "[t]he fact that Google is a commercial operation is of only minor relevance in the fair use analysis. The transformative purpose of Google's use is considerable more important, and, as in Kelly…the first factor of the analysis weighs heavily in favor of a fair use finding."

116. 17 U.S.C. § 107 (2000). *See Campbell*, 510 U.S. at 570; *see also Kelly*, 336 F.3d at 818.

117. *See* Answer, Author's Guild v. Google, Inc., No. 05 CV 8136, 2005 WL 3309666 (S.D.N.Y. 2005). Google derives approximately 98% of its revenue from the sale of advertising. *See also* Toobin, *supra* note 4.

118. *Campbell*, 510 U.S. at 584.

119. *See* Suntrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1269-73 (11th Cir. 2001) (the court found that "The Wind Done Gone," a parody of the novel "Gone With The Wind," should not be subject to a preliminary injunction as the copyright owner would not be able to overcome a fair use defense because though the use was commercial it was also transformative. The court found that even if some portion of appropriated material was extraneous to the purpose of parody, parody generally transformed appropriated elements of copyrighted work for purpose of commentary, and there was no evidence that it acted as market substitute).

120. Blanch v. Koons, 467 F.3d 244, 247-49 (2d Cir. 2006).

121. *Id*. at 252-3.

122. *Id.*

123. Kelly v. Arriba Soft Corp., 336 F.3d 811, 818 (9th Cir. 2003). *See also* A&M Records, Inc. v. Napster, 239 F.3d 1004 (9th Cir. 2001). In *A&M Records, Inc. v. Napster*, the Ninth Circuit found that the commercial use factor weighs against a finding of fair use when use of copyrighted material is exploitative. Napster is an internet company that

facilitates the transmission of MP3 files between and among its users through Napster's MusicShare Software. In *Napster*, the Ninth Circuit emphasized that commercial use is exploitive when: "repeated and…unauthorized copies of copyrighted work were made to save the expense of purchasing an authorized copy." The Library Project does not encourage the repeated and exploitative use of unauthorized copies in order to save the expense of buying an authorized copy. Thus, the fact that Google sells advertising space does not rise to the level of commercial exploitation defined in *Napster* and should not weigh heavily against a finding of fair use.

124. Bill Graham Archives v. Dorling Kindersley Limited, 448 F.3d 605, 612 (2d Cir. 2006) (citing Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985)).

125. For in depth discussion of *Perfect 10 v. Google*, *see* Fred Von Lohmann, *Perfect 10 v. Google: More Smooth Than Crunchy*, Electronic Frontier Foundation: Deep Links, Feb. 22, 2006, http://www.eff.org/deeplinks/archives/004433.php (last visited Mar. 17, 2007). *See also* Jonathan Band, Perfect 10 v. Google, E-Commerce Law Reports 22 (2006), http://www.policybandwidth.com/doc/p10vgoogle.pdf (last visited Mar. 17, 2007).

126. Perfect 10 v. Google, 416 F.Supp.2d 828, 846-7 (C.D. Cal. 2006). AdSense allows third party websites "to carry Google-sponsored advertising and share revenue that flows from the advertising displays and clickthroughs."

127. *Id.* at 847.

128. *Id.* at 848-9.

129. *Id.* at 849.

130. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579.

131. *See* Kelly v. Arriba Soft Corp., 336 F.3d 811, 820 (9th Cir. 2003) (citing A&M Records, Inc. v. Napster, 239 F.3d 1004, 1016 (9th Cir. 2001)). *But see*, Answer, Author's Guild v. Google, Inc., No. 05 CV 8136, 2005 WL 3309666 (S.D.N.Y. 2005). Google contends that some or all of the texts are barred from a copyright infringement case due to failure to comply with copyright renewal procedures, or have been forfeited or abandoned. Furthermore, Google alleges that some or all of the works are not original, are in the public domain, and do not fall within the scope of the Copyright Act.

132. Leval, *supra* note 69, at 1118; *citing* Salinger v. Random House, Inc., 811 F.2d 90, 97 (2d Cir. 1986).

133. *See* Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 564 (1985).

134. *See* Complaint at 1, Author's Guild v. Google, Inc., No 05 CV 8136, 2005 WL 3309666 (S.D.N.Y. 2005, filed September 20, 2005); *see also* Complaint at 2, McGraw-Hill Co., Inc. v. Google Inc., No. 05 CV 8881, 2005 WL 2778878, (S.D.N.Y. 2005, filed Oct. 19, 2005).

135. Band, *supra* note 4, at 3.

136. *See Kelly*, 336 F.3d at 820.

137. *See Id*., at 820-1 (citing Worldwide Church of God v. Philadelphia Church of God, Inc., 227 F.3d 1110, 1118 (9th Cir. 2000)). *See also* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586-7.

138. *Kelly*, 336 F.3d at 821.

139. Band, *supra* note 4, at 3.

140. *See* Alison Bone, *Search Inside is Launched*, Bookseller, July 22, 2005, at 8. By comparing Google's options with another company, such as Amazon, it can be seen that allowing a search of only titles, and keywords provided by the publisher is not as useful as providing full book searches. Amazon's Search Inside the Books feature has caused a 7% increase in sales. Moreover, with only 20% of books in the public domain, allowing searches of only public domain books limits the knowledge accessible by users and thus the usefulness of the search.

141. *Campbell*, 510 U.S. at 590 (citing 4 Melville B. Nimmer & David Nimmer, Nimmer on Copyright §13.05[A][4], p. 13-102.61 (1993)).

142. Leval, *supra* note 69, at 1124.

143. *Id.*

144. Aoife White, AP Business Writer, *Belgian Papers Win Google Copyright Suit*, International Business Times, February 13, 2007, http://www.ibtimes.com/articles/20070213/add4-belgium-google-vs-newspapers.htm (last visited March 17, 2007).

145. *See* Bill Graham Archives v. Dorling Kindersley Limited, 448 F.3d 605, 613 (2d Cir. 2006) (citing Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 568 (1985)).

146. *See* Stanford University Libraries, *The Effect of Use on the Potential Market*, Copyright and Fair Use, http://fairuse.stanford.edu/Copyright_and_Fair_Use_Overview/chapter9/9-b.html (last visited March 17, 2007). For another analysis of the effect of Google Book Search on the potential market, *see* Hanratty, *supra* note 14, at 26-32.

147. Bill Graham Archives, 448 F.3d at 614 (citing Am. Geophysical Union v. Texaco, Inc., 60 F.3d 913, 929 (2d Cir. 1994)).

148. *Texaco*, 60 F.3d at 930.

149. *See Id*. at 614 (*citing* Leval, *supra* note 69, at 1125).

150. UMG Recordings, Inc. v. MP3.COM, Inc., 92 F.Supp. 2d 349(S.D.N.Y. 2000).

151. *Id*. at 350.

152. *Id*. MP3.COM created a system where subscribers could access MP3 files by proving that they owned the CD version by inserting the CD into the CD-Rom drive of his/her computer ("Beam-it Service"), or by purchasing the CD from one of defendants co-operating online retailers ("instant Listening Service").

153. *Id.* at 352.

154. Kelly v. Arriba Soft Corp., 336 F.3d 811, 821 (9th Cir. 2003). The court found that Arriba's low-resolution thumbnail images did not harm Kelly's ability to sell or license full size high-resolution images, because the low resolution of the thumbnails effectively prevented enlargement.

155. *See* Alison Bone, *supra* note 139, at 8.

156. Publisher's such as Blackwell's have reported increased sales in books from placing their copyrighted works on Google Book Search. *See* The Bookseller, *Publishers Discuss Google Book Search Project at LBF*, The Book Standard, 7 March 2006, http://www.thebookstandard.com/bookstandard/search/article_display.jsp?vnu_content_id=1002117328 (last viewed March 17, 2007).

157. Paula Berinstein, *The Day of the Author Has Arrived*, 4/1/06 SEARCHER 26, Volume 14, Issue 4.

158. For an in depth discussion on the Orphan Works problem, *see* Jerry Brito and Bridget Dooling, *An Orphan Works Affirmative Defense to Copyright Infringement Actions*, 12 Mich. Telecomm. & Tech. L. Rev. 75 (2005), *available at* http://www.mttlr.org/voltwelve/brito&dooling.pdf. *See also* Matthew K. Dames, *The Importance of Orphan Works and Section 108 Reform to Information Professionals*, 9/1/06 SEARCHER 21, Volume 14, Issue 8.

159. 545 U.S. 913 (2005). (copyright holders including songwriters, music publishers, and motion picture studios brought copyright infringement action against a peer to peer file sharing computer software distributor. The court held that one who distributes a device with the object of promoting copyright infringement is liable for the infringement by third parties.) In *Metro-Goldwyn Mayer v. Grokster*, 545 U.S. at 914, the United States Supreme Court unanimously held that "[O]ne who distributes a device with the object of promoting its use to infringe copyright, as shown by clear express or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties."

160. Ruth Allen, *Google Library: Why All the Fuss?* Copyright Reporter, Volume 23, No. 4 (2005), *available at* http://www.copyright.org.au/pdf/acc/articles_pdf/a05n24.htm (last visited March 17, 2007).

161. *See* Toobin, *supra* note 4. *See* Brian R. Hook, *Are the E-books 'Barbarians at the*

Gate', Book Business, Feb. 1, 2007, http://www.bookbusinessmag.com/story/story.asp?sid=45783&var=story (last visited February 17, 2007). Sales of E-books are slowly growing, but as Toobin notes, sales of E-books have been disappointing at best. Major carriers such as Barnes and Noble stopped selling E-books in 2003 due to low customer interest.

162. 17 U.S.C. §107 (2000).

163. 545 U.S. at 920.

164. 464 U.S. 417, 442-456 (1984).

165. Gordon, *supra* note 74, at 1657.

166. *See* Toobin, *supra* note 4. *See also* Randy Picker, *Google Book Search and the Transaction Costs of Consent*, The University of Chicago Law School: The Faculty Blog, January 13, 2006, http://uchicagolaw.typepad.com/faculty/2006/01/google_book_sea.html (last visited March 17, 2007)

167. *See* Toobin, *supra* note 4.

168. *See* Victor Greto, *Copyright's next test*, News Journal, November 28, 2005, E1; *see also* Katie Hafner, *At Harvard, a Man, a Plan and a Scanner*, New York Times, November 21, 2005, at C1.