The Case against Google Print: Understanding the Scope and Limits of Fair Use in the Digital Age

Anna Lisa L. Su[*]

> *The primary objective of copyright is not to reward the labor of authors, but to promote the progress of science and useful arts.*
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> *- Feist v. Rural*[1]

I. INTRODUCTION

Copyright is traditionally defined as a set of exclusive rights granted by government for a limited time to protect the particular form, way, or manner in which an idea or information is expressed. It may subsist in a

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[*] J.D. with honors '05, St. Thomas More awardee, Ateneo Law School. Member, Board of Editors, *Ateneo Law Journal*, volumes 47, 48 and 49. She is the author of *The Practical Implications of Ponce v. Alsons in Philippine Commercial Relations: A Closer Look at Section 63 of the Corporate Code*, 48 Ateneo L.J. 268 (2003) and co-author of *The Legal and Ethical Implications of Online Attorney-Client Relationships and Lawyer Advertising in the Philippines*, 48 ATENEO L.J. 774 (2003).

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1. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., Inc., 499 U.S. 340 (1991).

wide range of creative or artistic forms or works, including literary works, movies, musical works, sound recordings, paintings, photographs, software, and industrial designs.

The basis of copyright law in the United States is the Copyright Act of 1976.[2] This is a legislative exercise of the constitutional mandate "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."[3] It is for violations under this Title that the Authors Guild, the largest association of writers in the United States, and the Association of American Publishers, has sued Google Inc., the online search giant, over its Google Print Library project.[4]

The Google Print Library project is an ambitious effort by Google to digitally scan, initially,[5] the library collections of its university partners, namely: University of Michigan, Oxford, Stanford, and Harvard universities, and that of the New York Public Library, and store them into an online searchable database. In response to search queries, users will be able to browse the full text of public domain materials, but can read only a few sentences of text around the search term in books still covered by copyright.

The author contends that digitally scanning and uploading the copyrighted works without permission or consent violate their rights provided under the Copyright Act and constitutes "massive copyright infringement".[6] Google, on the other hand, counters that its use of the portions from the copyrighted works falls under the fair use doctrine described in the Act. However, the rejoinder from the Authors Guild notes that Google first copied the entire work in order to come up with the extracts, likewise violating the right to reproduction protected by the Act. The question to be resolved is whether there is copyright infringement on the part of Google.

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2. Copyright Act of 1976 [COPYRIGHT ACT] §§101-181, 17 U.S.C. (1976).

3. U.S. CONSTI. art. I, § 8.

4. Authors Guild Sues Google, citing "Massive Copyright Infringement," *available at* http://www.authorsguild.org/news/sues_google_citing.htm (last accessed Dec. 26, 2005).

5. Google plans to forge partnerships with other universities and libraries in the future.

6. Edward Wyatt, *Writers Sue Google, Accusing It of Copyright Violation*, *available at* http://www.nytimes.com/2005/09/21/technology/21book.html?ei=5090&en=0fac2a8661f7deba&ex=1284955200&partner=rssuserland&emc=rss&pagewanted=print (last accessed Dec. 26, 2005).

This article seeks to follow the trajectory of the fair use doctrine and how the advent of digital technologies must necessarily force us to reexamine this doctrine in a new light. The purpose is to advocate the need for a delicate balance between the interests of the copyright owners and the fundamental goals of copyright in this day and age. Part II lays the groundwork for the debate by using the case of the Authors Guild against Google as an illustrative example of the intermittent, yet inevitable, clashes between traditional notions of copyright, and an evolved notion of the concept as dictated by the necessities of new forms of innovation and technology. Part III discusses the evolution of the fair use doctrine and how it was applied in traditional forms of media, while Part IV takes the doctrine to the new frontiers of the Internet and the offspring technology it spawned. Finally, Part V presents a new paradigm with which to view the doctrine in the post-Napster, but right in the very middle of the Google era.

II. VERSUS GOOGLE: THE CASE AT A GLANCE

A. Noble Intentions

During the last quarter of 2004, Google Inc. announced partnerships with the libraries of Harvard, Stanford, the University of Michigan, and Oxford University, as well the New York Public Library, to digitally scan books from their collections so that users anywhere in the world can search them in Google.[7] The idea resembles that of an online Library of Alexandria. Users worldwide can search across different library collections including out-of-print books and titles that are not available anywhere but on a library shelf. For authors and publishers, the project will increase the visibility of books and consequently, boost sales via Internet links and advertising. To comply with copyright law, only texts in the public domain may be browsed in its entirety. Searches concerning books still covered by copyright will only show brief excerpts, or what are called "snippets" and/or bibliographic data of the copyrighted material.

Authors and publishers alike have expressed anxiety over the Print Library Project. In response, Google Inc. announced an opt-out route for publishers on 11 August 2005. If the publisher provided it with a list of titles it did not want scanned at the libraries, Google would respect such request, though the book may be in the collection of the participating libraries.

7. Google Press Release, *Google Checks Out Library Books* (Dec. 14, 2004), *at* http:// www.google.com/press/pressrel/print_library.html (last visited Apr. 8, 2005) [hereinafter Google Press Release]; Google Library Project FAQs, Google, *at* http://print.google.com/googleprint/library.html (last accessed Apr. 8, 2005) [hereinafter Google Library FAQs].

However, this announcement did nothing to allay the fears of both writers and publishers.[8] Instead, lawsuits were filed one after another to seek damages for individual plaintiffs and for injunctive relief against the continuous scanning of books. In its official web log or "blog," Google Inc. expressed regret upon learning of the Authors' Guild's lawsuit, saying that the suit is an attempt to stop an effort to make millions of books discoverable to everyone.[9]

B. Weighing the Arguments

A familiar tug-of-war runs through the two complaints. The authors and publishers assert that Google's reproduction of copyrighted works without prior permission from the copyright holders constitutes copyright infringement as it violates the right to reproduction afforded by the Copyright Act. As a result, it is contended that Google has reduced the value of those works to the rights holders, caused lost profits, and damaged the goodwill and reputation of those rights holders. Google, on the other hand, maintains that its Print Library Project is covered by the fair use exception of the same Act.

The debate has generated mixed reactions.[10] Copyright law reserves certain exclusive rights to copyright holders and their licensees. These rights include the right to reproduce in copies; to prepare derivative works based on the copyrighted work; to distribute copies to the public by sale or other transfer of ownership or by rental, lease or lending; and to perform and

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8. Patricia Schroeder, AAP President, stated that "Google's announcement does nothing to relieve the publishing industry's concerns." She claimed the Google's opt-out procedure "shifts the responsibility for preventing infringement to the copyright owner rather than the user, turning every principle of copyright law on its ear." The AAP expressed continued "grave misgivings about … the Project's unauthorized copying and distribution of copyright-protected works." China Martens, IDG News Service, *Google Hit with Second Lawsuit over Library Project, available at* http://www.macworld.com/news/2005/10/20/googleprint/index.php (last accessed Jan. 2, 2006); Susan Kuchinkas, *Authors Guild Gags on Google Library,* http://www.internetnews.com/bus-news/article.php/3550626 (last accessed Jan. 2, 2006).

9. Official Google Blog post, *at* http://googleblog.blogspot.com/2005/09/google-print-and-authors-guild.html (last accessed Jan. 3, 2006).

10. The debate has spawned a great number of articles. *See e.g.* Jonathan Band, *The Googleprint Project Analysis at* http://www.arl.org/newsltr/242/google.html (last accessed Dec. 27, 2005).

display the copyrighted work publicly.[11] To prove infringement, the copyright holder needs only to show the following: first, ownership of the copyright in the work, and second, original elements of the work were copied.[12] Once these elements are met, infringement has occurred and liability can only be avoided if a valid defense can be invoked by the infringer. It is interesting to note that the definition of a copy under Section 101 appears to be flexible enough to include fixation in any form, including the digital format.[13]

The fair use defense of Google is premised chiefly on the argument that "only snippets are being shown to the users."[14] The scanned copies are not made accessible in whatever form to the outside world. The case most cited in support of Google's position is *Kelly v. Arriba Soft*.[15] In this case, Arriba Soft operated a search engine for Internet images. Arriba compiled a database of images by copying pictures from websites, without the express authorization of the website operators. Arriba reduced the full-size images into thumbnails, which it stored in its database. In response to a user query, the Arriba search engine displayed responsive thumbnails. If a user clicked on one of the thumbnails, he or she is linked to the full-size image on the original website from which the image had been copied. Kelly, a photographer, discovered that some of the photographs from his website were in the Arriba search database, and he sued for copyright infringement. The lower court found that Arriba's reproduction of the photographs was fair use, and the Ninth Circuit affirmed.

In its decision, the court made use of four factors[16] in determining the applicability of the fair use exception. *First,* it held that although Arriba operated its website for a commercial purpose, the use of Kelly's images was not highly exploitative. Neither was it using Kelly's images to directly promote its web site nor trying to profit by selling Kelly's images. Instead, Kelly's images were among thousands of images in Arriba's search engine database.[17] Although Arriba made exact replications of Kelly's images, the thumbnails were smaller lower-resolution images that served an entirely

11. COPYRIGHT ACT, 17 U.S.C. § 106 (2000).

12. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., Inc., 499 U.S. 340, 361 (1991).

13. COPYRIGHT ACT, 17 U.S.C. §101 (2002) ("...fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.")

14. *Id.*

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

16. COPYRIGHT ACT, 17 U.S.C. § 107.

17. *Kelly,* 336 F.3d at 811.

different function than Kelly's original images.[18] Kelly's images are artistic works intended to inform and to engage the viewer in an aesthetic experience. Arriba's use of Kelly's images in the thumbnails is unrelated to any aesthetic purpose. Arriba's search engine functions as a tool to help index and improve access to images on the internet and their related web sites.[19] *Second*, published works are more likely to qualify as fair use because the first appearance of the artist's expression has already occurred, and since Kelly has already reproduced the pictures in his website, this factor weighs only slightly in his favor. *Third*, 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 web site. *Fourth*, Arriba's use of Kelly's images in its thumbnails does not harm the market for Kelly's images or the value of his images. By showing the thumbnails on its results page when users entered terms related to Kelly's images, the search engine would guide users to Kelly's web site rather than away from it.

Equally applicable in the Google Print debate is the often-overlooked case of *Universal Music Group v. MP3.com*.[20] In this case, the Recording Industry Association of America (RIAA) filed suit against the website MP3.com alleging copyright violations stemming from the company's new service that gives consumers access to digital copies of their music compact discs (CDs). The lawsuit sought to prohibit the company from providing the Instant Listening service, which offers customers instant access to digital copies of CDs that they buy through MP3.com partners. The RIAA suit also encompasses the "Beam-It" service that enables customers to put CDs in their computers and have MP3 versions put into their online accounts from MP3.com's database.

MP3.com proffered the space-shifting argument and claims that this service only permits the users to store and listen to their CDs from any location at which they can access the Internet. To operate this service, however, defendant purchased a large number of compact discs containing sound recordings, converted them to MP3 files and stored these files on its servers. A user wishing to access any of the songs contained in these files was first required either to demonstrate to defendant that it owned a CD

18. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994) (the more transformative the new work, the less important the other factors, including commercialism, become.).

19. *Id.* (users are unlikely to enlarge the thumbnails and use them for artistic purposes because the thumbnails are of much lower-resolution than the originals; any enlargement results in a significant loss of clarity of the image, making them inappropriate as display material.).

20. Universal Music Group v. MP3.com, 92 F.Supp. 2d 349 (S.D.N.Y. 2000).

containing the song in question by inserting the CD into its computer, or to purchase the CD from a designated online vendor. Once the user satisfies this requirement, he is then permitted free access to the MP3 file resident in MP3.com's server, which has been created from the CDs of the plaintiffs.

The court held that the defendant's act of converting the plaintiffs' compact discs into MP3 files — and providing access to these files to users in the manner outlined above — infringed plaintiffs' copyrights in these sounds recordings. It likewise rejected the fair use argument of MP3.com, stating that defendant's use was commercial and not transformative, and that the protected work was close to the core of those intended to receive copyright protection. Further, the defendant had copied virtually all of the plaintiffs' works, and by its actions, adversely impacted plaintiffs' ability to license their works in this fashion. The court, relying on *Infinity Broadcasting Corp. v. Kirkwood,*[21] stated thus:

> Although defendant recites that My.MP3.com provides a transformative "space shift" by which subscribers can enjoy the sound recordings contained on their CDs without lugging around the physical discs themselves, this is *simply another way of saying that the unauthorized copies are being retransmitted in another medium — an insufficient basis for any legitimate claim of transformation.*[22]

C. *Google Print and the Four-Factor Test*[23]

The four-factor test used in determining fair use of copyrighted works is found under Section 107 of the Copyright Act of 1976,[24] which states:

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

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21. Infinity Broadcasting Corp. v. Kirkwood, 150 F.3d 104 (2d Cir. 1998) (...rejecting the fair use defense by operator of a service that retransmitted copyrighted radio broadcasts over telephone lines).

22. *Id.* at 108 (emphasis supplied).

23. *See also* Jonathan Band, *The Google Print Library Project: A Copyright Analysis, at* http://www.llrx.com/features/googleprint.htm (last accessed 2 January 2006); Elisabeth Hanratty, *Google Library: Beyond Fair Use?*, 10 DUKE L. & TECH. REV. 30 (2005).

24. COPYRIGHT ACT, 17 U.S.C. § 107 (1976).

1. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
2. the nature of the copyrighted work;
3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
4. the effect of the use upon the potential market for or value of the copyrighted work.
5. The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

Various legal commentators have interpreted these factors as they apply to the Google Print debate with differing results. Ultimately, the outcome of the suits would largely depend on how the courts would apply these factors. This essay wishes to argue however, that the factors weigh against Google.

1. Purpose and character of the use

There is a two-prong test under the first factor. First, is the use commercial? And second, if so, is the use transformative?[25] In other words, the commercial aspect of the character of the use is largely offset by whether the use is transformative. The United States Supreme Court stated that a mere finding that the use is for commercial purposes does not end the inquiry.[26] Transformative use is that which adds to or changes the copyrighted work to give it new expression, meaning, or message.[27] The rationale behind the offsetting is that such transformation generally furthers the purpose of copyright protection, which is to promote science and the arts.[28]

In Google's case, the use is without a doubt commercial in nature. The search engine would earn from selling advertising space located beside the copyrighted works. However, testing this factor might take the route of the *Arriba* decision. Both Arriba and Google use the copies for their respective databases and neither uses the copy to promote their service. But the morel logical question is whether the service that Google is offering by scanning all of these books and making them searchable online will outweigh its

25. *Id.*
26. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994).
27. Kelly v. Arriba Soft, 336 F.3d 811 (9th Cir. 2003).
28. *Campbell*, 510 U.S. at 579; *see* Williams & Wilkins v. U.S., 487 F.2d 1345, 1354 (Ct. Cl. 1973), aff'd, 420 U.S. 376 (1975) (finding that "in general, the law gives copying for scientific purposes a wide scope" and since the instant case involved a non-profit institution seeking only to advance medical knowledge that supported a finding of fair use until the legislature acted.).

commercial exploitation of the works. The question would then be: Is Google's scanning effort transformative in nature?

One commentator posits that merely copying a book into digital format would not be deemed transformative because all that Google is changing is the medium, i.e. from print to digital.[29] But she concedes that the fact that the text of the copyrighted material is made searchable could also be considered transformative because it is adding something which is otherwise unavailable in the print version. Further, this service does not supplant the need for originals because the entirety of the work will not be available to a Google user, and he or she will still have to find the original at the library or purchase it after determining the work's relevance to the user's research.[30] The distinction between adding new expression and adding new functionality should still be observed. Thus, while the Google Print Library project may be new and useful, it may not be necessarily transformative.[31]

This essay is of the view that the new functionality of in-text searching added to the copyrighted materials is not transformative in nature. It is not a new expression which adds to the work's meaning or message, in accordance with the term's definition. Therefore, this factor would weigh against Google.

2. Nature of copyrighted work

The second factor concerns the nature of the copyrighted work. Time and again, it has been held that "works which are creative in nature are closer to the core of intended copyright protection than are more fact-based works."[32] In this case, Google copies both fact-based books and purely creative works, although the company has announced that most of the scanned books will be non-fiction.[33] Another important characteristic is whether the work is

29. Elisabeth Hanratty, *Google Library: Beyond Fair Use?*, 10 DUKE L. & TECH. REV. 30 (2005) [hereinafter Hanratty].

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

31. Hanratty, *supra* note 29. *See* Sanford G. Thatcher, *Fair Use in Theory and Practice: Reflections on Its History and the Google Case*, *available at* http://www.psupress.org/news/NACUA_thatcher.pdf (last accessed Jan. 15, 2006).

32. See *Kelly*, 336 F.3d at 820; *see also* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994).

33. Official Google Blog post, "Making Books Easier to Find," *available at* http://googleblog.blogspot.com/2005/08/making-books-easier-to-find.html (last accessed Jan. 2, 2006).

published.[34] An unpublished work is less likely to be subject to fair use.[35] Other elements factor into this analysis depending on the particular circumstances, such as in parody, where even pure creative uses can be fair.[36] Since Google is copying published works, this factor may possibly weigh in favor of Google.

3. Amount and substantiality of the portion used

In both *Kelly* and the *Napster* decisions, the court stated that "copying an entire work militates against a finding of fair use."[37] In fact, even making a copy that is not significant in terms of size might preclude fair use if the copy substantially captures the heart and essence of the protected work. Nonetheless, the extent of permissible copying varies with the purpose and character of the use. Thus, in the case of *Sony Corp. v. Universal City Studios,*[38] the court acknowledged the copying of the entire contents of a protected broadcast recording for later viewing as fair use.

In this case, Google is copying the entire text of the protected material for storage in its search databases. It cannot perform its inline search functions if there are incomplete texts. This is not unlike the thumbnail images in the *Kelly* case where an entire image has to be copied in order to serve its purpose as a visual search engine. It can be said therefore, as in *Kelly,* that Google's copying of the entire work is reasonable and necessary so that it can perform an effective search for the books in its database. Therefore, this factor may weigh in favor of Google.

4. Effect of the use upon the potential market for or value of the copyrighted work

It is considered that the fourth factor is the single most important factor in fair use analysis.[39] This factor relates to the effect that the potentially

34. Harper & Row Publ., Inc. v. Nation Enter., 471 U.S. 539, 563 (1985).

35. *Id.*

36. *See Campbell,* 510 U.S. at 586.

37. Kelly v. Arriba Soft, 336 F.3d 811, 820 (9th Cir. 2003); A&M Records, Inc. v. Napster, Inc., 114 F. Supp. 2d 896 (ND Cal. 2000).

38. Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 449-50 (1984) (...acknowledging that fair use of time-shifting necessarily involved making a full copy of a protected work.).

39. Harper & Row Publ., Inc. v. Nation Enter., 471 U.S. 539, 566 (1985). *See* Princeton Univ. Press v. Michigan Document Servs., Inc., 99 F.3d 1381, 1385 (6th Cir. 1996) (stating that the fourth factor is "primus inter pares," first among equals.).

infringing use has on the prospective market for, or value of, the copyrighted work. The markets considered are those currently in existence, as well as any potential markets for the original or derivative works that a creator might "develop or license others to develop." It does not include all imaginable derivative markets but rather it encompasses only those which a creator might foreseeably enter.[40]

The Print Library project is touted to increase both visibility and demand for books. Google's chief argument, that users will see only "snippets" of text around the search term, lies here. The project will expose users to books containing the desired information, and may consequently lead them to purchase these books or seek them out in libraries. Arguably, displacement of sales is unlikely in this scenario.

However, herein lies Google's copyright violations. Aside from violating the right to reproduction of the copyright holders by the mere scanning of the works, other violations markedly affect the potential market for digitized books.

First, there is a violation of the licensing right reserved to copyright holders. By digitizing these libraries, Google is preempting the copyright holders from licensing their books to search engines for inclusion in the searchable index. This right is potentially valuable if other search engines all determine they need to provide this kind of access to their users; licensing the digital, searchable copy from the copyright holders should be the only way to provide it.[41] Second, Google is also taking away the copyright holder's ability to control access to the work. The copyright holder, for instance, a large publishing house, might plan to establish a similar online library and use its exclusive library to draw online users to its site, where the publisher would then be able to sell advertisement space or perhaps would just be the exclusive online retailer for its works. With this foreseeable scenario in mind, Google is preempting this right without providing any consideration.[42]

The analysis in *Kelly* seems to be wholly inapplicable to this case, because in *Kelly*, there was no actual or potential market for the thumbnail images that competed with Kelly's images. The users were directed to Kelly's website to view the images in the proper format. In Google's case, however, there are both actual and potential markets for digitizing these books. This factor therefore would weigh heavily against Google.

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40. COPYRIGHT ACT, 17 U.S.C. §107(4) (2000); *Harper & Row*, 471 U.S. at 566; Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 590-92 (1994).

41. Hanratty, *supra* note 29, at 30.

42. *Id.*

III. TRADITIONAL FAIR USE: BACKGROUND AND APPLICATIONS

A. Background

Fair use is one of the pertinent limitations of the exclusive rights of copyright owners.[43]

The four factors of analysis for fair use set forth above is derived from the classic opinion of Justice Story in *Folsom v. Marsh*,[44] where the defendant had copied 353 pages from the plaintiff's 12-volume biography of George Washington in order to produce a separate two-volume work of his own. The court rejected the defendant's fair use defense with the following explanation:

> [A] reviewer may fairly cite largely from the original work, if his design be really and truly to use the passages for the purposes of fair and reasonable criticism. On the other hand, it is as clear, that if he thus cites the most important parts of the work, with a view, not to criticise, but to supersede the use of the original work, and substitute the review for it, such a use will be deemed in law a piracy... *In short, we must often... look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work*.[45]

This doctrine emerged as a response to the "tension in the need to simultaneously protect the copyrighted material and to allow others to build upon it."[46] Later on, the United States Congress incorporated previous fair use case law into the 1976 Copyright Act,[47] including the four factors used to determine whether the defense applies. Since then, the Supreme Court

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43. The other limitations are: 1) the first sale doctrine, 2) the idea/expression dichotomy, 3) specific exemptions for libraries, classroom teaching and nonprofit organizations. The first sale doctrine allows users to transfer their authorized copy, which is physical property, to another person. *See* 17 U.S.C. § 102(b) ("In no case does copyright protection ... extend to any idea, procedure, process ..."). *See* COPYRIGHT ACT, 17 U.S.C. § 108. This section contains very specific and narrow exemptions that allow certain types of reproduction or distribution by libraries and archives. However, libraries and archives are not limited to these exemptions; they may also utilize the more general fair use doctrine.

44. Folsom v. Marsh, 9 F.Cas. 342 (1841).

45. *Id.* (emphasis supplied).

46. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 575 (1994).

47. Act of Oct. 19, 1976, Pub. L. No. 94-553, §101 (codified as amended as 17 U.S.C.).

has handed down a line of major fair use decisions that provide a framework for the interpretation of these factors. In *Campbell,* the Court held that analysis of these factors "is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for a case by case analysis."[48] Necessarily, the factors must be viewed in light of the purposes of copyright in order to encourage creative activity.

B. Applications

The best way to understand fair use is to see how it was applied by the courts in different cases involving text, music, parodies and audiovisual works. Fair use is always a matter of fact and law. Guided with only the four-factor test found in statute, courts have employed various reasonings which have largely depended on the circumstances of the case as it was presented to them. The following is a survey of significant fair use jurisprudence.

CASE	FACTS & RULING	KEY FACTOR/S
Harper & Row v. Nation Enters., 471 U.S. 539 (1985)	*The Nation* magazine published excerpts from ex-President Gerald Ford's unpublished memoirs which was already contracted to be serialized in *Time* magazine. The publication in *The Nation* was made several weeks prior to the date of serialization of Mr. Ford's book in another magazine. Held: Not Fair Use	*The Nation's* copying seriously damaged the marketability of Mr. Ford's serialization rights.
Castle Rock Entertainment, Inc. v. Carol Publ. Group, 150 F.3d 132 (2d Cir. 1998)	A company published a book of trivia questions about the events and characters of the *Seinfeld*	Affected market for authorized Seinfield trivia books.

48. *Campbell,* 510 U.S. at 577.

	television series. The book included questions based upon events and characters in 84 *Seinfeld* episodes and used actual dialogue from the show in 41 of the book's questions. Held: Not Fair Use	
Campbell v. Acuff-Rose Music, 510 U.S. 569 (1994)	The rap group 2 Live Crew borrowed the opening musical tag and the words (but not the melody) from the first line of the song *Pretty Woman* ("Oh, pretty woman, walking down the street"). The rest of the lyrics and the music were different. Held: Fair Use	The group's use was transformative and borrowed only a small portion of the *Pretty Woman* song. The 2 Live Crew version was essentially a different piece of music and the only similarity was a brief musical opening part and the opening line.
Roy Export Co. Estab. of Vaduz v. Columbia Broadcasting Sys., Inc. , 672 F.2d 1095, 1100 (2d Cir. 1982)	A television news program copied one minute and 15 seconds from a 72-minute Charlie Chaplin film and used it in a news report about Chaplin's death. Held: Not fair use	The court felt that the portions taken were substantial and part of the heart of the film.
Video Pipeline v. Buena Vista Home Entertainment Inc., 342 F.3d 191 (3d Cir. 2003)	Video rental company uses motion picture trailers and creates its own clip previews which it then streamed to interested online customers. Held: Not fair use	Affects licensing market of movie trailers. Trailers have become more than advertising material for other products. They have valuable entertainment content in their own right.

Princeton University Press v. *Michigan Document Services, Inc.*, 99 F.3d 1381 (6th Cir. 1996)	An off-campus, for-profit photocopy shop makes coursepacks that include substantial portions of copyright protected books and sells them to students without paying copyright fees to publishers which allow copying of the materials contained in the coursepack. Held: Not fair use	Affects licensing market for selling of the permission to reproduce portions of the works for inclusion in coursepacks.
Salinger v. Random House, 811 F.2d 90 (2d Cir. 1987)	A biographer paraphrased large portions of unpublished letters written by the famed *Catcher in the Rye* author J.D. Salinger. Although people could read these letters at a university library, Salinger had never authorized their reproduction. In other words, the first time that the general public would see these letters was in their paraphrased form in the biography. Held: Not fair use	The letters were unpublished and were the "backbone" of the biography—so much so that without the letters the resulting biography was unsuccessful. In other words, the letters may have been taken more as a means of capitalizing on the interest in Salinger than in providing a critical study of the author.

IV. TESTING FAIR USE IN DIGITAL WATERS

A. In the beginning, there was Sony… :

The landmark case upon which modern legal battles over peer-to-peer software was built was decided in 1984. In *Sony v. Universal City Studios*,[49] Sony Corporation, makers of the Betamax home video tape recorder, was sued by Universal City Studios for copyright infringement. Consumers who bought the Betamax used its video recording functions to copy television programs over which Universal owns copyrights. Universal alleged contributory copyright infringement on the part of Sony and sought monetary damages and an injunction against manufacturing and marketing the Betamax. The District Court held that non-commercial use recording of the material broadcast over public airwaves was fair use of copyrighted works, and therefore does not constitute copyright infringement. The Court of Appeals reversed. The Supreme Court upheld the District Court decision. It held that the making of individual copies of complete television shows for purposes of time-shifting does not constitute copyright infringement, but is fair use. Justice John Paul Stevens, writing for the majority, stated that the sale of copying equipment does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes, or indeed, is merely capable of substantial non-infringing uses.[50] In other words, technology cannot be barred if it is capable of substantial non-infringing uses. This is what came to be known as the *Sony safe harbor principle*.

Time shifting, a classic instance of fair use is, under these circumstances, the recording of television shows to some storage medium to be viewed at a time more convenient to the consumer. The *Sony* court held that this was fair use of the copyrighted works because it "merely enables a viewer to see such a work which he had been invited to witness in its entirety free of charge, the fact…that the entire work is reproduced…does not have its ordinary effect of militating against a finding of fair use."[51] The fact that the use was also non-commercial bolstered the fair use argument.

For a time, *Sony* liberated innovators and users from the constrictions of copyright. Its value goes beyond the legalization of home-taping and time-shifting. What it granted is a certain amount of flexibility with respect to technologies that are already here and those which have yet to arrive. The doctrine met its acid test when Napster came along.

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49. Sony v. Universal City Studios, 464 U.S. 417 (1984).

50. *Id.* at 443.

51. Amici Brief filed with the Supreme Court for the MGM v. Grokster case, *available at* http://www.nyu.edu/classes/siva/mediagrokster.pdf (last accessed Jan. 12, 2006).

B. The Dawn of P2P

The *Napster* case brought copyright consciousness in the digital era to the fore. Napster was the first popular peer-to-peer (P2P) file sharing software. The Napster system enables a user to connect to a central database and tells it which mp3 files he is willing to share with other Napster users. The names of these files as well as their locations are then stored in Napster's central database. This list is continually updated as users log on or off the Napster network. Any Napster user can connect to this central database to search for a specific title. Within a few seconds, the user is told whether there are any hosts offering this title, and the locations from which he or she may wish to download the MP3 file. A message is then transmitted through Napster's servers to the appropriate host, which assumes the role of server and immediately begins transferring the file directly to the user through each party's respective Internet service provider.

The Napster system reached a peak usage of 26.4 million users worldwide. A few months after its release, several major recording studios filed suit for copyright infringement[52] against the company and its eponymous software. In July 2001, a court ordered Napster to shut down its file servers, which prevented further file sharing.[53] Subsequently, on 24 September 2001, Napster settled out of court, agreeing to pay $36 million in damages. Napster tried but failed to introduce a version of their software that was compatible with copyright controls.[54]

In the RIAA suit, Napster proffered the fair use argument and contended that its users do not directly infringe plaintiffs' copyrights because the users are engaged in fair use of the material. It identified three specific alleged fair uses: first, sampling, where users make temporary copies of a work before purchasing; second, space-shifting, where users access a sound recording through the Napster system that they already own in audio CD format and third, permissive distribution of recordings by both new and established artists.[55] The court, taking into consideration the four-factor test,

52. *See* A&M Records v. Napster, Inc., No. 99-5183 (N.D. Cal. filed Dec. 6, 1999) (in this lawsuit, the Recording Industry Association of America (RIAA) assisted the record companies A&M Records, Geffen Records, Interscope Records, Sony Music Entertainment, MCA Records, Atlantic Recording Corp., Island Records, Motown Record Co., Capital Records, La Face Records, BMG Music d/b/a/ The RCA Records Label, Universal Records, and Elektra Entertainment Group.).

53. A&M Records, Inc. v. Napster, Inc., 114 F. Supp. 2d 896 (ND Cal. 2000).

54. Napster was later bought by Roxio Inc. and rebranded as a paid music service in 2002.

55. *Napster*, 114 F. Supp. 2d at 896.

stated the following: *One*, retransmission of an original work into a different medium cannot be considered fair use.[56] Downloading MP3 files does not transform the copyrighted material. Further, the first "purpose and character" factor also requires a determination of whether the use is commercial or not. In this case, the use is clearly commercial. The court held that the host user sending a file cannot be said to engage in personal use when distributing that file to an anonymous requester, and they get for free something they would ordinarily have to buy.[57] *Two*, the court upheld the determination of the district court which held that plaintiffs' copyrighted musical compositions and sound recordings are creative in nature, and are therefore closer to the core of intended copyright protection. *Three*, while conceding that wholesale copying does not preclude fair use per se, copying an entire work militates against a finding of fair use.[58] In this case, Napster users are engaged in wholesale copying of copyrighted work because file transfer necessarily involves copying the entirety of the copyrighted work. *Four*, it concluded that Napster harms the market in at least two (2) ways: it reduces CD sales among college students and it raises barriers to plaintiffs' entry into the market for the digital downloading of music.[59]

Equally significant is the conclusion of the court with respect to Napster's space-shifting argument. Napster likewise maintains that space-shifting is another instance of fair use, clearly in analogy to the time-shifting argument in *Sony*. Space-shifting occurs when a Napster user downloads MP3 music files in order to listen to music he already owns on audio CD. The court however rejected this argument, and distinguished it from the shifting which occurred in the cases of *Sony* and *Diamond*.[60] Both cases were held to be inapposite because the methods of shifting did not simultaneously

56. Infinity Broadcast Corp. v. Kirkwood, 150 F.3d 104, 108 (2d Cir. 1994); UMG Recordings, Inc. v. MP3.com, Inc., 92 F. Supp. 2d 349, 351 (S.D.N.Y.) (finding that reproduction of audio CD into MP3 format does not "transform" the work), certification denied, 2000 WL 710056 (S.D.N.Y. June 1, 2000) ("Defendant's copyright infringement was clear, and the mere fact that it was clothed in the exotic webbing of the Internet does not disguise its illegality.").

57. *Napster*, 114 F. Supp. 2d at 912.

58. *Id.*

59. A&M Records, Inc. v. Napster, Inc., 114 F. Supp. 2d 896 (ND Cal. 2000).

60. *Id.* at 915-6. *See also* Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072, 1079 (9th Cir. 1999) ("Rio [a portable MP3 player] merely makes copies in order to render portable, or 'space-shift,' those files that already reside on a user's hard drive... Such copying is a paradigmatic noncommercial personal use."); *see generally* Sony v. Universal City Studios, 464 U.S. 417, 423 (1984) (holding that "time-shifting," where a video tape recorder owner records a television show for later viewing, is fair use.).

involve distribution of the copyrighted material to the general public, the shift exposed the copyrighted material only to the original user. In *Diamond* for instance, the music was transferred from the user's hard drive to the user's portable MP3 player. There was no concomitant exposure of the work to the general public, which is not the case with Napster. Once a user posts his material in Napster's online server for his use, it is equally accessible to all other users of the Napster network.

Although the *Napster* decision was not the first to apply copyright principles and, specifically, the fair use doctrine to computers and software, it augured the future of copyright in the Internet age.

C. Napster's Aftermath: Grokster and Fair Use

In Napster's wake, Grokster appeared, together with several other P2P software providers. The legal landscape created by the *Napster* decision led to the rise of an innovative new form of peer-to-peer network. The next generation networks became decentralized, permitting each user to share files with another user without ever transmitting information back to its software distributor. Unlike Napster, new services, led by companies like Grokster and Kazaa, did not require centralized servers to store user or file data. Instead, more like the VCR, once the technology was distributed, the user alone governed its use. This new design shielded the distributors from actually knowing which files were being swapped and cut them out of the users' file-sharing activities. In the face of burgeoning piracy with the second generation P2Ps, the motion picture and entertainment industry once again turned to the courts and filed a suit for damages and injunction for copyright infringement[61] against Grokster Inc. and Streamcast Networks, makers of the Morpheus file-sharing software.

In 2005, the Supreme Court in the case of *Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd,* [62] overturned two previous lower court decisions supporting Grokster and unanimously pronounced that Grokster could be held liable for inducing copyright infringement. Justice Souter who penned the majority opinion wrote:

> We hold that one who distributes a device with the object of promoting its use to infringe copyright, as shown by the clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.

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61. MGM v. Grokster, 243 F. Supp. 2d 1073 (C.D. Cal. 2003) (Kazaa Networks was initially included as a respondent but later on dropped from the suit because it was based in Vanatu, and could not be served with proper summons.).

62. Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd., 125 S. Ct. 2764 (2005).

The Court did not do away with the fair use precedent established by *Sony*. Rather, it went to great lengths to distinguish *Grokster* from *Sony*.[63] To the disappointment of practitioners and scholars alike however, the Court did not squarely address the issue of whether the fair use principles espoused in *Sony* still apply in the digital age. What it did is to establish the inducement rule to hold P2P distributors liable even if a device is capable of non-infringing uses. It held that Grokster and Streamcast were not "merely passive recipients of information about infringing use" of their software. Instead, they "each took active steps to encourage copyright infringement" and that the companies "promoted and marketed themselves as Napster alternatives." The rule however seems to raise more questions than what it is designed to answer. Just what sort of evidence is needed to prove culpable conduct?

V. A NEW PARADIGM FOR THE DIGITAL AGE

The fair use doctrine is the ultimate encapsulation of the basic goal of copyright law. Its emphasis is to protect existing work from misappropriation while not hindering the introduction of new works to the public. But the emergence of the Internet and other new technologies has made the task of defining the scope of this doctrine problematic, if not impossible. The publishing and entertainment worlds have been at the forefront of the landmark legal battles precisely because of how the Internet revolutionized the distribution and use of information, most notably books, music and movies. Several distinct characteristics of the Internet have contributed to the magnitude of the impact:

1. simple and quick distribution en masse
2. democratization of distribution and publication,
3. non-diminution of copy quality
4. inexpensive publication
5. fast and easy user access to copyrighted materials.[64]

As the P2P cases and the Google Print case illustrate, traditional notions of the scope and limitations of fair use may not apply when it involves the Internet as the medium of creation and exchange. At best, the rules become ambiguous because new technological realities fundamentally make the kind

63. There was disagreement on how the case was to be considered in light of the *Sony* decision. *See* concurring decisions.

64. Dan Thu Thi Pan, *Will Fair Use Function in the Internet?*, 98 COLUM. L. REV. 169, 189 (1998).

of copying that search engines and other web applications engage in different from the copying prohibited by traditional copyright law.

In the Google Print case, the authors and publishers principally base their complaint on the fact that Google is copying the entire work without permission in order to create the searchable index. But what does copyright law really regulate?[65] Is it the act of copying or the act of distribution? If it is both, it would be problematic for everyone who has a stake in the case. Google's entire business, for instance, is in peril. The whole point of the search engine business is to create complete copies of web pages in order to index the entire web for fast and efficient searching. The public interest, on the other hand, would suffer as well for the resultant stifling of an important innovation. It loses everything that relies on copying, including a significant portion of the World Wide Web. The problem that the digital world seems to create for traditional media producers and users alike is that the right to control copying becomes tantamount to a right to control access to a work for purposes of normal use, such as reading, viewing, and listening. In the digital world, the right to control copying means that actually reading an e-book is presumptively a violation of the copyright owner's rights because there occurs some unauthorized copying that goes on as the e-book is read.[66]

However, the advent of the Internet need not be a death knell for intellectual property rights. The entertainment and publishing industries can introduce alternative models to address the issues posed by new technologies. For instance, it can switch to a low-priced distribution with convenient purchasing.[67] This is akin to making Internet content follow a public utility model. It could be sold cheaply over the Internet because the low price would offset the incentive to engage in piracy. The iTunes music store of Apple Inc. follows this model, which prices individual song downloads at 99 cents per download. Or second, it can go by way of the technological protection avenue and introduce new digital rights management schemes in order to strengthen copy protection. But this is expected to meet stiff opposition from the consuming public at least in the initial stage until standards are achieved to provide consistent delivery of digital media.

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65. *See* Ernest Miller and Joan Feigenbaum, *Taking the Copy Out of Copyright*, *available at* http://www.cs.yale.edu/homes/jf/mf.pdf (last accessed Jan. 3, 2006) (they argue for the elimination of the right to control copying as a fundamental aspect of copyright and as an organizing principle of intellectual-property law by reason of sheer futility.).

66. *See Id.*

67. Ariel Berschadsky, RIAA v. Napster, A Window Onto the Future of Copyright Law in the Internet Age, 18 J. Marshall J. Computer & Info. L. 755, 786 (2000).

VI. CONCLUSION

Copyright law was developed largely in response to technological change, specifically the development of the printing press. The fair use doctrine provided the balancing act between authors' rights and the public interest. It has cleared a space within the strictures of copyright law to allow for publicly beneficial uses of copyrighted materials.[68] Numerous innovations have since then occurred. One commentator observes that the Google Print case should provide the impetus to clean up the copyright system.[69] A definitive court pronouncement on the issues at stake would give clear policy guidance for present and future market players. As illustrated in the *Sony* case, the court decision forced the copyright holders in film and television shows to stop fighting the new VTR technology and to embrace the ways that they could profit from it. In the same vein, a decision in the Google Print case would clear uncertainties for future players in the online library arena. Hopefully, it will provide some direction for the future of fair use, and ultimately, copyright in the digital age in a way that is in keeping with its original aims — that of the promotion of science and the useful arts.

68. *See* A&M Records v. Napster, Inc., No. 99-5183 (N.D. Cal. filed Dec. 6, 1999).

69. Lawrence Lessig, *Commentary: Let a Thousand Googles Bloom; Copyright Reform is Vital to the Spread of Culture and Information, at* www.law.stanford.edu/publications/lawyer/issues/72/Google.html (last accessed Jan. 9, 2006).