Google's Book Search Project: Searching for Fair Use or Infringement

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I. INTRODUCTION

In late 2004, Google partnered with Harvard, Oxford, Stanford, and Michigan universities and the New York Public Library to design Google's newest venture—the Library Project.[1] As part of this project, Google scans and stores copies of the universities' collections into its electronic database.[2] These collections are then searchable online by the general public through Google's search engine.[3] Within this "giant electronic card catalog," a user may enter a word or phrase from a book and retrieve an itemized list of works containing the relevant terms.[4] In

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1. *See* Complaint ¶¶ 25-28, McGraw-Hill Cos. v. Google Inc., 2005 WL 2778878 (S.D.N.Y. Oct. 19, 2005) (No. 05–CV–8881) [hereinafter Complaint]. Oxford and the New York Public Library subsequently decided to limit their contributions to books solely within the public domain, i.e., no longer protected by copyright. *Id.* ¶ 27.

2. *Id.* ¶ 25.

3. *Id.* ¶ 28.

4. *See* Eric Schmidt, *Books of Revelation*, WALL ST. J., Oct. 18, 2005, at A18; Jonathan Band, The Google Print Library Project: A Copyright Analysis, http://www.policybandwidth.com/doc/googleprint.pdf (last visited Sept. 8, 2006); Google Book Search, http://books.google.com/intl/en/googlebooks/about.html (last visited Sept. 13, 2006).

addition to displaying these suggested titles, Google's search engine displays several lines of the matching or similar text, possible places to locate the books, and a bibliographic summary.[5] If the copyright has expired, Google makes available the book's full text.[6]

Shortly after unveiling the Library Project in 2004, Google added the Publisher Program.[7] Through this program, a copyright holder authorizes Google to all uses involved in the Library Project.[8] Additionally, the holder agrees to display a limited number of pages surrounding the relevant text and the posting of links to purchase the book from retailers or the publisher directly.[9] Further, if the publisher so elects, advertisements are also placed alongside the book pages.[10] The copyright holders receive "the majority of the resulting revenues" and may leave the Publisher Program at any time.[11]

Google has combined its Library Project and Publisher Program to form *Google Book Search*.[12] Google announced in August 2005 that it would cease all scanning of the copyrighted works for three months because of complaints from the literary community.[13] During that time, copyright holders would need to decide whether they wanted to "opt-out" of the project by giving written notice to Google.[14] Google would then "respect that request," even if Google had already scanned the work.[15]

In late 2005, two major U.S. publishers filed suits in the United States District Court for the Southern District of New York alleging direct copyright infringement.[16] The Authors Guild (AG), the largest and oldest

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5. *See* Schmidt, *supra* note 4; Posting of Susan Wojcicki, Vice President of Prod. Mgmt., Google Print and the Authors Guild, http://googleblog.blogspot.com/2005/09/google-print-and-authors-guild.html (Sept. 20, 2005, 21:04 CST).

6. Band, *supra* note 4.

7. Schmidt, *supra* note 4; Band, *supra* note 4.

8. Band, *supra* note 4.

9. Schmidt, *supra* note 4; Band, *supra* note 4.

10. Band, *supra* note 4.

11. *Id.*

12. Google Book Search, *supra* note 4. In November 2005, Google changed the name of the predecessor program, "Google Print," to "Google Book Search" to avoid further confusion about the capabilities of the program. Posting of Jen Grant, Prod. Mktg. Manager, Judging Book Search by Its Cover, http://googleblog.blogspot.com/2005/11/judging-book-search-by-its-cover.html (Nov. 17, 2005, 2:49 CST).

13. *See* Complaint, *supra* note 1, ¶ 32; Class Complaint ¶ 31, Author's Guild v. Google Inc., 2005 WL 2463899 (S.D.N.Y. Sept. 20, 2005) (No. 05–CV–8136) [hereinafter Class Complaint].

14. Complaint, *supra* note 1, ¶¶ 32-33; Band, *supra* note 4.

15. *See* Band, *supra* note 4.

16. *See* Complaint, *supra* note 1; Class Complaint, *supra* note 13; Press Release, Ass'n of Am. Publishers, Inc., Publishers Sue Google over Plans To Digitize Books (Oct. 19, 2005), *available at* http://www.publishers.org/press/releases.cfm?PressReleaseArticleID=292.

society of published authors in the United States with more than eight thousand members, is seeking damages and injunctive relief from the $90 billion company.[17] The Association of American Publishers (AAP), after failed negotiations,[18] is seeking declaratory and injunctive relief.[19]

In its defense, Google claims that the scanning and storing of entire books is necessary to operate a fully functional and comprehensive database.[20] Google has adamantly defended its copying under the doctrine of "fair use," claiming that the Library Project is "consistent with the Copyright Act" and balances "the rights of copyright-holders with the public benefits of free expression and innovation."[21] Creative incentives will not cease to exist for authors and publishers, because any loss of copyright protection from Google's "fair use" will be more than offset by the increased sales, added publicity, and extra advertising revenues.[22]

Additionally, Google claims that Book Search will connect users with books that they would otherwise not be able to find, thereby creating new markets.[23] Google's management boasts that many publishers in the United States and the United Kingdom have already joined the program, excited about the prospects of expanding their consumer base.[24] Furthermore, Google protects copyright holders' current market demand by limiting the number of Book Search queries within the same source and preventing wholesale copying of a searchable document.[25]

The publishers and authors who oppose the Book Search program counter that Google's main objective in creating the service is to promote

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17. Press Release, Authors Guild, Authors Guild Sues Google, Citing "Massive Copyright Infringement" (Sept. 20, 2005), http://www.authorsguild.org/news/sues_google_citing.htm.

18. Press Release, *supra* note 16. AAP initially proposed that Google seek permission to scan their copyrighted works by compiling a list of sought-after titles using the unique ISBN numbers. *Id.* Google rejected this proposal, and the AAP president responded by saying, "If Google can scan every book in the English language, surely they can utilize ISBNs." *Id.*

19. Complaint, *supra* note 1; Press Release, *supra* note 17.

20. Schmidt, *supra* note 4; *Fair Use: Its Effects on Consumers and Industry: Hearing on H.R. 1201 Before the Subcomm. on Commerce, Trade, and Consumer Protection of the H. Comm. on Energy and Commerce*, 110th Cong (2005) (statement of Gigi B. Sohn, President, Public Knowledge) [hereinafter *Fair Use Hearing*].

21. Schmidt, *supra* note 4.

22. *See id.*; Band, *supra* note 4; Wojicki, *supra* note 5.

23. Schmidt, *supra* note 4.

24. *See id.*; Nikesh Arora, *The Ability To Google Books Is Just the Beginning*, FIN. TIMES U.K., Dec. 8, 2005, at 21 ("Thousands of publishers, such as Cambridge University Press and Blackwell Publishing, have joined the partner program[] to stimulate interest in their authors and increase sales.").

25. *Fair Use Hearing*, *supra* note 20.

the use of its search engine and increase its own advertising revenues.[26] Advertising revenues comprise ninety-eight percent of Google's gross earnings, estimated to be over $5 billion in 2005.[27] Many publishers, such as AG and AAP, do not want Google to use their works without authorization as a means of ultimately increasing its bottom line.[28] "It is the appropriation of material that they don't own for a purpose that is, however altruistic and lofty and wonderful, nevertheless a commercial enterprise."[29] While Google would not earn any revenues from mere referrals to online retailers, Google would receive a small portion of the Publisher Program advertising fees.[30] The agreements generating these fees, however, could be terminated by the advertisers at any time.[31]

Google Book Search's proposed 2006 debut sparks further controversy in light of recent proposals by publishers and other Web companies. In 2006, Amazon.com will introduce two programs that permit users to purchase online access to entire books, or to individual pages and chapters, through agreements with authors and publishers.[32] Sony announced in early 2006 the development of the "Librie," an electronic book reader with a paper-like screen that can download and store more than 400 books from a current library of 50,000.[33] Additionally, publishers such as HarperCollins are designing their own searchable, online libraries in an effort to maintain control over the digital content of their copyrighted works.[34] Other search engines, such

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26. Edward Wyatt, *Googling Literature: The Debate Goes Public*, N.Y. TIMES, Nov. 19, 2005, at B7.

27. Google, Inc., Quarterly Report (Form 10-Q), at 16 (Sept. 20, 2005) [hereinafter Form 10-Q]; Wyatt, *supra* note 26. In January 2006, Google announced that 2005 revenues were $6.139 billion, an increase of 92.5% over revenues in 2004. Press Release, Google, Inc., Google Announces Fourth Quarter and Fiscal Year 2005 Results (Jan. 31, 2006), http://investor.google.com/releases/200504_earnings_google.pdf [hereinafter Fiscal Year 2005 Results].

28. Wyatt, *supra* note 26; *see also* Form 10-Q, *supra* note 27, at 17 ("[I]nvestments in our business are generally made with a focus on our long-term operations . . . [and] . . . there may be little or no linkage between our spending and our revenues in any particular quarter.").

29. Wyatt, *supra* note 26.

30. Schmidt, *supra* note 4.

31. Form 10-Q, *supra* note 27, at 15.

32. Mylene Mangalindan & Jeffrey A. Trachtenberg, *Google This: Amazon Plans To Sell Portions of Books Online*, WALL ST. J., Nov. 4, 2005, at B1. Publishers such as Random House, a member of the AG, may participate in the Amazon program. *Id.* The program is open to other publishers as well. *Id.*

33. *Sony's 'Librie' Could End Libraries and Mean More Money for Authors*, CANBERRA TIMES, Jan. 14, 2006, at 1, *available at* 2006 WL 739836. The Librie is the size of a normal book and enables a user to search the text, much like Google Book Search. *Id.* The Librie is currently available only in Japan. *Book Ends: Library Facts and Statistics*, DESIGN WEEK, Jan. 26, 2006, at 20 [hereinafter *Book Ends*].

34. Edward Wyatt, *HarperCollins Is Set To Create Its Own Digital Library*, INT'L HERALD TRIB., Dec. 14, 2005, at Finance 3.

as Microsoft and Yahoo!, are teaming up with groups like the Open Content Alliance to offer 150,000 works as part of an online library, search-service prototype.[35]

In light of the controversy surrounding the Google Book Search project, this Comment will examine the current state of copyright law, focusing on the doctrine of fair use as an exception to copyright infringement. In the search to resolve the legality of this issue, the presiding court will need to determine whether Google's Book Search project is justifiable on fair use grounds.

II. COPYRIGHT INFRINGEMENT AND FAIR USE

Section 106 of the Copyright Act grants copyright holders exclusive rights of reproduction, adaptation, distribution, publication, performance, and display.[36] Section 107, however, creates exceptions to these exclusive rights.[37] The section begins with a preamble of specific fair use and then outlines four nonexclusive factors considered in determining whether a challenged use of a copyrighted work is permissible or "fair."[38] The courts may consider: (1) the purpose and character of the challenged use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the work copied, and (4) the effect upon the potential market for or value of the copyrighted work.[39] As the following cases demonstrate, courts often struggle in defining just how "exclusive" copyrights are, particularly when asked to apply the often convoluted § 107 exceptions to new and emerging technologies.

A. The Supreme Court

In a five-four decision, the United States Supreme Court held in *Sony Corp. of America v. Universal City Studios, Inc.* that videotape recorders (VCRs), commonly used to record television programs for later playback, did not contributorily infringe the production company's

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35. *Book Ends*, *supra* note 33; Press Release, *supra* note 16.

36. *See* 17 U.S.C. § 106 (2000). Section 106 provides in part:

> [T]he owner of copyright . . . has the exclusive rights to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies or phonorecords; (2) to prepare derivative works based upon the copyrighted work; (3) to distribute copies or phonorecords of the copyrighted work to the public . . . [and] (5) . . . to display the copyrighted work publicly . . . .

37. *See id.* § 107.

38. *See id.* The preamble states, "[F]air use . . . including . . . reproduction in copies or phonorecords . . . for purposes such as criticism, comment, news reporting, teaching . . ., scholarship, or research, is not an infringement of copyright." *Id.*

39. *See id.* § 106.

copyrights.[40] The VCRs were capable of legitimate, unobjectionable purposes, also known as "substantial noninfringing uses."[41] The VCRs qualified as a fair use because: (1) users of the VCRs had not made copies for a commercial or profit-making purpose; (2) Sony demonstrated that most copyright holders who agreed to broadcast their works on free television would not be opposed to having their programs "time-shifted" (i.e., recorded for later playback) by private viewers; and (3) Universal failed to prove that time-shifting would cause more than de minimis harm to the potential market for, or the value of, the copyrighted works.[42] In regard to the purpose of the copying, the Court found that if the intended use was for commercial gain, which was not the case in this instance, the likelihood of market harm could be presumed.[43] Further, the fact that the entire work had been copied did not have its usual preclusive effect on a finding of fair use.[44] The television broadcasts could have been viewed in real-time without charge and "time-shifting" merely enabled a viewer to watch a prerecorded broadcast he would not have otherwise seen.[45]

Writing for the dissent, however, Justice Blackmun examined the doctrine of fair use with less emphasis on the "equitable rule of reason" balancing test.[46] The dissent prefaced its analysis by noting that before one could consider whether the fair use exemption applied to VCRs, one must first determine whether the use violated § 106 rights.[47] Finding no general statutory exception for "time-shifting" under § 107, Justice Blackmun held that the limitations on the statutory exceptions would be "wholly superfluous if an entire copy of any work could be made by any person for private use."[48]

The dissent also noted that neither the Court nor Congress had given explicit guidance regarding the application of the § 107 exemption, finding that "[t]he doctrine of fair use has been called, with some

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40. 464 U.S. 417, 456 (1984).

41. *Id.* "Substantial noninfringing uses" means that the VCRs were used for much more than recording copyrighted television programs. *See id.*

42. *Id.* at 449-56.

43. *See id.* at 451. On the other hand, if the alleged infringer copied the work for a noncommercial purpose, the complainant would have to *prove* either market harm or an adverse effect on the potential market should the use become widespread. *Id.*

44. *Id.* at 449-50. The Court noted that the "time-shifting" did not deprive the copyright holder of any benefits because a live viewer would be no more likely to purchase a recording than would a "time-shifter," particularly if the live viewer did not have access to a VCR. *Id.*

45. *See id.*

46. *See id.* at 476-86 (Blackmun, J., dissenting).

47. *See id.* at 463.

48. *Id.* at 469-70. Justice Blackmun arrived at this conclusion while discussing the § 108 exception pertaining to libraries and other archives. *See id.* at 464-71.

justification, 'the most troublesome in the whole law of copyright.'"[49] Accordingly, to constitute a fair use, an act must be "a *productive* use," creating some additional public benefit beyond that created by the original work.[50] If the use is not productive, however, but is considered to be de minimis in its effect on the author's monopoly, the use may still be deemed fair.[51] Concluding that the VCRs were neither productive nor de minimis, the dissent contended that infringement would be found where a copyright holder proves a reasonable possibility that harm will result from an unproductive proposed use that does not benefit the public at large.[52]

A decade later, the Supreme Court revisited fair use and its application in *Campbell v. Acuff-Rose Music, Inc.*[53] In an appeal challenging a rap music parody of a classic song, a unanimous Court found that the commercial nature of the parodied song, which contained "transformative elements," did not render the parody presumptively unfair.[54] The Court defined "transformative" as adding "something new, with a further purpose or different character, altering the [original] with new expression, meaning, or message."[55] Here, the parody copied only what was necessary, adding a creative and unique interpretation.[56] Additionally, the parody did not serve as a market substitute for the original.[57] The Court reversed the appellate court's finding of infringement, remanding the case for a determination of the potential harm, if any, to the copyright's derivative market.[58]

In applying each of the four "fair use" factors listed in § 107, the *Campbell* Court elaborated on the relative importance of these considerations.[59] While the challenged use need not necessarily be transformative to qualify as fair, increased qualitative and quantitative input tends to decrease the significance of other factors, like

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49. *Id.* at 475-76 (citations omitted).

50. *Id.* at 478.

51. *Id.* at 481-82. Justice Blackmun cautioned the courts, however, that simply because a challenged use has little or no economic impact on a copyright holder's rights today does not mean the use cannot become troublesome tomorrow, particularly when considered in the aggregate. *See id.* at 482.

52. *Id.*

53. 510 U.S. 569 (1994).

54. *See id.* at 584-94.

55. *Id.* at 579 (citation omitted).

56. *See id.* at 589.

57. *Id.* at 591.

58. *See id.* at 590-94. The derivative market in this case would have been any potential recording licenses from the rap music market, the genre in which the alleged infringers recorded the parody. *Id.* at 593.

59. *See id.* at 579-94.

commercialism.[60] Moreover, the commercial character of a challenged use cannot be an absolute bar against a finding of fairness; otherwise, very few uses in our capitalistic society would fall outside the presumption.[61] Following this commercial inquiry, the Court concluded that "[m]arket harm is a matter of degree" and that the relative importance of this fair use factor will vary.[62] While the "licensing of derivatives [remained] an important economic incentive" to creation, the potential derivative market included only those uses that copyright holders or their licensed counterparts would generally develop.[63] The issue of whether the copyright holder would have made such developments in the rap music market was left to the circuit court on remand.[64]

B. The Circuit Courts of Appeals

During the same year in which the Court decided *Sony*, a financial reporting company appealed to the United States Court of Appeals for the Second Circuit in *Financial Information, Inc. v. Moody's Investors Services, Inc.*, alleging that another financial reporting company illegally copied and reprinted their municipal-bond call details.[65] While the court sidestepped the question of whether the factual compilations were ultimately copyrightable, it did conclude that the copying of an estimated forty to fifty percent of the published material qualified as infringement.[66] The equitable considerations inherent in the four fair use factors were not "simply hurdles over which an accused infringer may leap to safety."[67] The commercial use of the copied financial information was presumptively unfair.[68] Moreover, "fair use '[was] not a license for corporate theft, empowering a court to ignore a copyright whenever it determine[d] the underlying work contain[ed] material of possible public

60. *Id.* at 579, 587.

61. *See id.* at 584 ("[N]ews reporting, comment, criticism, teaching, scholarship, and research . . . 'are generally conducted for profit in this country.'" (quoting Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 592 (1985) (Brennan, J., dissenting))).

62. *Id.* at 590-92.

63. *Id.* at 592-93.

64. *Id.* at 592-94.

65. 751 F.2d 501, 501-03 (2d Cir. 1984), *cert. denied*, 484 U.S. 820 (1987). The denial of certiorari is significant in light of the Second Circuit's presumption against fair use when the challenged use is commercial. *See id.* at 508. *Campbell*, decided seven years after the Court denied certiorari for *Moody*'s, reiterated that a finding of commercial use under the first factor did not create a conclusive presumption against fair use. *See Campbell*, 510 U.S. at 584.

66. *Moody*'s, 751 F.2d at 507, 509-10. The complainant proved the estimated "copy rate" by intentionally and inadvertently planting errors in its financial reports. *Id.* at 503.

67. *Id.* at 508.

68. *Id.*

importance.'"[69] The court considered the copying "non-creative" and purely commercial, as well as "wholesale" copying of minimally creative financial reports.[70] The court also presumed potential market harm because of the commercial use's possible detriment to the probable license market if the reports were found copyrightable.[71]

Another extension of *Sony* occurred in *A & M Records, Inc. v. Napster, Inc.*, where the United States Court of Appeals for the Ninth Circuit decided the issue of whether the free computer program, Napster, which facilitated the copying, sharing, and downloading of users' music files over the Internet, constituted copyright infringement.[72] Before considering the recording company's contributory and vicarious infringement claims, the court examined the defense of fair use.[73] While agreeing with *Campbell* that a commercial use is not per se unfair, the court found that such a use may indicate infringement.[74] Moreover, the copying does not have to create direct economic benefit to evidence a commercial use.[75] The court reasoned that the "repeated and exploitative unauthorized copies of" the copyrighted songs, made to "save the expense of purchasing authorized copies," constituted a commercial use.[76] While the copying of an entire work would not always render the use unfair, in this case the court agreed that the "wholesale" copying of entire songs, which were creative in nature, operated against a finding of fair use.[77]

In discussing the market harm factor, the court went into considerably more detail, examining the alleged "fair uses" of "sampling" (in which users sampled music to decide whether to purchase) and "space-shifting" (in which users downloaded previously owned music).[78] Agreeing that Napster likely reduced sales of audio CDs to students, the court concluded that the lack of harm to an established market could not divest the record company of the right to develop

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69. *Id.* (quoting Iowa State Univ. Research Found., Inc. v. Am. Broad. Co., 621 F.2d 57, 61 (2d Cir. 1980)). This quote is particularly significant given the fact that the Book Search issue may be decided by a district court within the Second Circuit.

70. *Id.* at 508-10.

71. *Id.*

72. 239 F.3d 1004, 1011-13 (9th Cir. 2001).

73. *See id.* at 1013-14.

74. *See id.* at 1015.

75. *Id.*

76. *Id.* This description could also be called a "consumptive" use. *Id.*

77. *See id.* at 1015-16.

78. *See id.* at 1015-19.

alternative markets for the music.[79] Napster hindered the record company's development of digital download programs.[80] Further, the sampling adversely impacted the primary and derivative markets because increased sampling led to lower probabilities of eventual CD sales.[81] The sampling also reduced royalties that were typically charged for music samples available on Internet retail sites.[82] The court added that any increased sales resulting from the unauthorized copying would not "'tip the fair use analysis conclusively in favor of defendant.'"[83] Thus Napster would not likely succeed in its fair use defense.[84]

More recently, however, the Ninth Circuit held in *Kelly v. Arriba Soft Corp.* that an Internet search engine's creation and use of thumbnails in its search results constitutes fair use of copyrighted works.[85] Thumbnails are small, low resolution copies of larger pictures displayed on Web sites.[86] The search engine copies the larger images and then displays the smaller versions as a result of a search inquiry.[87] Although a viewer may copy and save the thumbnails, the viewer cannot increase their size without losing clarity.[88] While the court considered other features of the search engine program, it focused its fair use analysis on the thumbnails.[89]

Balancing the four factors "in light of the objectives of copyright law," the court deemphasized the commercial significance of the thumbnails.[90] The use did not directly promote the search engine's Web site or attempt to sell the copied images.[91] Further, the much smaller, lower resolution copies served a transformative function.[92] While the original photos were created for aesthetic purposes, the copies functioned

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79. *See id.* at 1016-17 ("Having digital downloads available for free on the Napster system necessarily harms the copyright holders' attempts to charge for the same downloads.").

80. *Id.* at 1018-19.

81. *Id.* at 1018.

82. *Id.*

83. *Id.*

84. *Id.* at 1019. The court considered the likelihood of success on the merits only because the merits were determinative in the appeal of the preliminary injunction. *See id.* at 1011.

85. 336 F.3d 811, 815 (9th Cir. 2003).

86. *Id.*

87. *Id.*

88. *Id.*

89. *See id.* at 817.

90. *Id.* at 818.

91. *Id.*

92. *Id.* In discussing an earlier Second Circuit decision, the court did note that if consumers could use the copy for the same purpose as the original, the copy would not be transformative. *See id.* at 819 (citing Infinity Broad. Corp. v. Kirkwood, 150 F.3d 104, 108 (2d Cir. 1998)).

to improve access to information on the Internet.[93] The search engine copied only as much of the images needed to create a fully functional index.[94] The court concluded that the thumbnails did not cause market harm because they did not guide users away from the original images, substitute for the original full-size photos, or hinder the copyright holder's ability to sell or license his original works.[95]

C. The Latest Developments

Two recent district court cases directly relate to Google's Internet search engine and alleged copyright infringement. In *Field v. Google, Inc.*, the United States District Court for the District of Nevada held that the "cached" copies of Web sites, accessible and downloadable by users, qualified as fair use.[96] The copyright holder, having posted his works on a Web site, claimed Google's creation and distribution of the "cached" copies of his works violated copyright.[97] The court held that Google was not liable for the plaintiff's *sole* claim of direct infringement because the users, not Google, had "create[d] and download[ed] a copy of the cached Web page."[98] Notwithstanding the lack of direct infringement, the court discussed Google's fair use defense.[99] The court began by noting that "[w]hile no one factor is dispositive, courts traditionally have given the most weight to the first and fourth factors."[100]

Concerning the first factor, the court found that the cached pages added something "new" and did not merely supplant the original works.[101] The cached links allowed users to find otherwise unavailable information, compare updated Web sites with the archived copies, and locate search terms more easily through the highlighting function on the cached pages.[102] More importantly, the fact that the Web site owner chose

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93. *Id.* The court also noted that the thumbnails did not hinder artistic creativity because they were not used for artistic purposes and thus did not displace the need for the originals. *See id.* at 820.

94. *Id.* at 821.

95. *Id.* at 821-22.

96. 412 F. Supp. 2d 1106, 1118 (D. Nev. 2006). A cache is a Web site copy that is stored on Google servers and appears next to the original site's link. *See id.* at 1110-11.

97. *Id.* at 1111-13.

98. *See id.* at 1115. The court went on to note that the fair use analysis applied to the "extent that Google itself copied or distributed Field's copyrighted works by allowing access to them through 'Cached' links." *Id.* at 1118. The copyright holder asserted only one claim: that Google copied and distributed his works. *Id.* at 1109-13.

99. *See id.* at 1117-18. The court also considered the defenses of implied license and estoppel. *See id.* at 1115-17.

100. *Id.* at 1118.

101. *See id.*

102. *Id.* at 1118-19.

not to prohibit Google from initially caching his Web pages or subsequently request that the cached pages be disabled affirmed that he did not view the caches as a substitute for his own works.[103] While the court acknowledged that Google was a for-profit entity, it quickly dismissed this factor, noting that Field presented no evidence that Google profited from the use of his copyrighted works.[104] Field's works were an infinitesimally small portion of Google's database and no advertisements were placed on the cached pages.[105] Further, the transformative nature of Google's use considerably outweighed any commercial aspect.[106]

The court found that the remaining fair use factors tipped in favor of a finding of fair use.[107] Although the copyrighted writings were creative in nature, the works had been published on the Internet, available at no cost to the world through Field's Web site.[108] Thus, Field sought to offer his works to the largest possible audience.[109] Additionally, Google had copied no more of the works than needed.[110] If it had not copied all of Field's Web pages, the search engine would not have properly functioned or served its archival purpose.[111]

The court further reasoned that presumably no market for Field's works existed because Field displayed his works, free of charge, through his Web site.[112] He also admitted that he had never sold or licensed the writings.[113] Likewise, the record presented no evidence of any derivative market for licensing the right to make cached links to search engines.[114]

Introducing a fifth factor, "Google's Good Faith in Operating Its System Cache," the court concluded that Google honored all industry protocols in the prevention and removal of unwanted cached links.[115] Google promptly removed the relevant cached pages upon learning of Field's objection to the pages in his filed complaint.[116] In sum, the five factors weighed in Google's favor.[117]

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103. *Id.* at 1117-19.
104. *See id.* at 1120.
105. *Id.*
106. *Id.*
107. *See id.* at 1122-23.
108. *Id.* at 1120-21.
109. *See id.*
110. *Id.*
111. *Id.*
112. *Id.*
113. *Id.*
114. *Id.*
115. *Id.*
116. *Id.* at 1120-21, 1123.
117. *Id.* at 1118.

The United States District Court for the Central District of California arrived at a contrary conclusion in *Perfect 10 v. Google, Inc.*, finding that Google's use and display of thumbnail images of copyrighted photos constituted direct copyright infringement.[118] Google's search engine, Image Search, had scanned the images from unauthorized third-party Web sites.[119] When a user ran a search for one of the photos, Image Search would return links to both the full-size images on the third-party sites and the scaled-down, low resolution thumbnail copies.[120] Relying primarily on the Ninth Circuit's decision in *Kelly*, the *Perfect 10* court found Google's use of the photos to be commercial in nature.[121] Google "unquestionably" derived significant financial benefits by way of greater user traffic and increased advertising revenues.[122] Plus, the thumbnails directed users to Web sites containing Google-sponsored ads, which directly increased Google's revenues.[123]

Upon examination of the remaining fair use factors, the court noted that simply because a use is commercial does not necessarily preclude fair use, particularly if an alleged infringer proves that a use is "transformative" as opposed to "consumptive."[124] Whether the use qualifies as "transformative depends in part on whether it serves the public interest."[125] The court found that the use of the thumbnails facilitated quicker and easier access to information on the Internet, as opposed to purely aesthetic purposes.[126] Google's use was consumptive at the same time, however, because the thumbnails were of the same size and quality as Perfect 10's currently licensed, reduced-size images.[127] While the court found that Google copied no more of the "creative" images than necessary to achieve "effective image search capabilities," the court found that this factor favored neither party.[128] Although the thumbnails did not likely affect the market for the full-sized images, they did harm the potential market for reduced-size images on cell phones.[129]

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118. 416 F. Supp. 2d 828, 831 (C.D. Cal. 2006).

119. *Id.* at 831-34.

120. *Id.*

121. *See id.* at 845-47.

122. *Id.*

123. *Id.* The court noted that Google had a "strong incentive to link as many third-party websites as possible—including those that host [Google-sponsored] advertisements." *Id.*

124. *See id.* As mentioned before, a use is consumptive if the use supersedes the purpose of the original work. *Id.*

125. *Id.*

126. *Id.* at 847-50.

127. *Id.*

128. *Id.* at 850-51.

129. *Id.* The court noted that the probable expansion of the cell phone download market did not signify that Image Search had not impeded the overall growth of this derivative market. If

In conclusion, the court emphasized that "despite the enormous public benefit that search engines such as Google provide," existing case law does not "allow such considerations [as the advance of Internet technology] to trump a reasoned analysis of the four fair use factors."[130]

III. GOOGLE BOOK SEARCH IN CONTEXT

The Southern District of New York will likely analyze the Google Book Search project in light of the above precedent and fair use factors.

A. The Fair Use Factors

As previously discussed, the Copyright Act outlines four nonexclusive factors to consider in determining whether an alleged infringing use should be deemed "fair" and thus exempted from an infringement classification.[131] The courts have repeatedly held that the following factors should be equitably balanced, taking into full account the objectives of copyright law.

1. Purpose and Character

Although in most respects Google does not *directly* profit from Google Book Search, presumably most courts would find that the scanning, storing, and indexing of the copyrighted books qualifies as commercial in nature. Google is a $90 billion, for-profit, publicly traded corporation.[132] No large corporation, maintaining fiduciary obligations to its shareholders, would endeavor to scan the entire collections of three major libraries without an ultimate profit motive in mind. Google's 2005 financial reports make clear that almost all of its $6 billion in revenues were derived from advertising fees.[133] Even if Google places no ads on the Publisher Program pages, Google will likely generate revenues from the sponsored ads displayed on the library, retail, and other linked Web sites. Further, while Google may be planning to allocate the majority of advertising fees to publishers under the present arrangement, these contractual agreements are subject to amendment and their fee schedules may change.

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users could download the thumbnail photos from Image Search free of charge, "[c]ommonsense dictates that such users [would] be less likely to purchase the downloadable [Perfect 10] content licensed to Fonestarz." *Id.*

130. *Id.*

131. *See* 17 U.S.C. §§ 106-107, 501 (2000). Section 501 states that anyone who violates one of the "exclusive" rights granted under § 106 infringes the creator's copyright.

132. *See* Form 10-Q, *supra* note 27.

133. *See id.*

As it stands, the advertising contracts are currently negotiated between Google and the advertisers, and most of these advertisers are free to terminate the agreements at any time.[134] If publishers subsequently become dependent upon the advertising revenues as a source of income or a substitute for the use of copyrights, Google could manipulate its bargaining power and intermediary position to demand greater percentages of the advertising fees. And, if publishers choose to contract with Google, a "public domain" argument could arise. Publishers who, at one time, freely consented to Google's continual use of their titles on the World Wide Web would have more difficulty later arguing that they had not implicitly consented to the books becoming part of the public domain.

A transformative purpose, however, can sometimes outweigh the commercial nature of the use.[135] As some courts have recently held, Google's incorporation of the copyrighted works into a public, worldwide searchable index is likely to be found transformative in nature.[136] Although Google adds no literary or other talent to the copied books, its project transforms the purpose of the books from entertainment or research to archiving and access. The Book Search project is not likely to supplant the need for the original works because only a few lines of the text are typically displayed within any given search result.[137] As the copyright holder successfully argued in *Perfect 10*, however, the publishers may be able to contend that Book Search is equally consumptive in that it replaces the need for the originals in the derivative markets.[138] HarperCollins, a member of AG, is already designing its own digital library database for an Internet debut.[139] An excerpt from a scanned copy of the original creates the same cite or quote as does an excerpt from a publisher's database.

The publishers' and Google's uses really do not differ in purpose. If the libraries initially purchased and archived the books for general research and reading by the public, Google's use of the texts is no different. The only exception is that Google did not purchase the books

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134. *See id.*

135. *See generally* Campbell v. Acuff-Rose Music, 510 U.S. 569 (1994); Kelly v. Arriba Soft Corp., 336 F.3d 1004 (9th Cir. 2003); Field v. Google Inc., 412 F. Supp. 2d 1106 (D. Nev. 2006).

136. *See generally* Perfect 10 v. Google, Inc., 416 F. Supp. 2d 828 (D. Cal. 2006); *Field*, 412 F. Supp. 1106.

137. Perhaps the argument could be made, however, that Google's display of literary excerpts is analogous to the display of sports game highlights, which do not qualify as fair use. Would readers purchase a book if they already knew the ending or the best part?

138. *See Perfect 10*, 416 F. Supp. 2d at 850-51.

139. Wyatt, *supra* note 34.

and its program may not display the full text to the inquirer. If courts permit the Book Search program to proceed, search engines may attempt to incorporate other copyrighted works, such as songs and movies. But in *Napster*, the Ninth Circuit held that "sampling" qualified as infringement.[140] Arguably few differences exist between displaying several textual lines of a book and playing a few seconds of a movie or song. A conflict between Book Search and *Napster* would thus seem to be created.

Ultimately, despite the immense social benefit derived from allowing Google to copy gratuitously thousands of copyrighted books into its files, the commercial aspects of this undertaking should outweigh any transformative use. Much like Napster, if Google wants to profit from its public offer of copyrighted works, Google should be required to make a greater capital investment. To say that publishers have rights to works and that use of these rights must be bargained for is not to say that the Book Search project is an innovative concept that cannot become a reality. This argument simply places the onus on Google to pursue its next money-making endeavor. Justifiably, the $90 billion, publicly traded company should not be entitled to appropriate, under the guise of fair use, those constitutionally protected rights that lawfully belong to others.[141]

2. Nature of the Copyrighted Work

While the fiction and nonfiction books copied from the libraries tend to exhibit various degrees of creativity, the nature of the work alone should not be the only aspect considered. The Book Search program intends to upload and index these books, previously made public through the library system, on the Internet. Distinguishable from the cases involving thumbnail images, VCRs, or cached Web pages, Book Search would involve the defendant altering the medium. Google is attempting to take the books from a physical to a digital state. Despite these arguments, this factor would likely have minimal influence on the outcome of the Book Search Project.[142]

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140. *See* A&M Records v. Napster, Inc., 239 F.3d 1004, 1015-19 (9th Cir. 2001).

141. If Google did not agree with an unfavorable court decision, it could always lobby Congress for a change in copyright law. Google has much greater resources with which to petition Congress than any author or conglomerate of publishers.

142. *See* Schmidt, *supra* note 4; Band, *supra* note 4.

3. Amount and Substantiality Copied

This factor is twofold. Google intends to copy the entire collections of three major institutions by wholesale. Google will copy, however, only as much of the books as needed to compile a fully functional database.[143] All of the defendants in *Sony*, *Kelly*, *Napster*, *Perfect 10*, and *Field* "wholesale" copied the plaintiffs' works.[144] Yet in each of the cases, even those finding in favor of the plaintiffs, the court did not deem this aspect of the use to be significant.[145] Nevertheless, Google has been sued in the Southern District of New York, where the Second Circuit is the controlling authority. The Second Circuit in *Moody's* held an unfavorable view of substantial copying, particularly if the copying was commercial.[146] Google may distinguish *Moody's* by arguing that Book Search necessarily requires entire books to be copied and that the subsequent *Campbell* decision reduced the influence of commercialism.[147] This factor could weigh in either side's favor.

4. Market Harm

The effect on the potential market for and value of the copyrighted work tends to be one of the most significant considerations in the fair use analysis. Google may argue that not only does Book Search cause no harm to the publishers' current consumer base, but that the program also increases market demand by guiding users to previously undiscovered titles.[148] Book Search also links users directly to retailers' and publishers' Web sites and offers information about out-of-print works.[149] Not all courts are persuaded, however, by this "market benefit" argument. The *Perfect 10* court noted that increased sales did not necessarily mean the

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143. *See* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 449-50 (1984); Kelly v. Arriba Soft Corp., 336 F.3d 811, 820 (9th Cir. 2003); *Napster*, 239 F.3d at 1016; *Perfect 10*, 416 F. Supp. 2d at 832-34; Field v. Google Inc., 412 F. Supp. 2d 1106, 1121 (D. Nev. 2006).

144. *See Sony*, 464 U.S. at 450 ("[T]he fact that the entire work is reproduced . . . does not have its ordinary effect of militating against a finding of fair use."); *Kelly*, 336 F.3d at 821 (holding that the amount copied weighed in neither party's favor because the amount copied was reasonable); *Napster*, 239 F.3d at 1016 (concluding that the file transfers necessarily involved copying of the entire songs); *Perfect 10*, 416 F. Supp. 2d at 850-51 (finding that this factor weighed in neither party's favor); *Field*, 412 F. Supp. 2d at 1121 (qualifying the third fair use factor as neutral, despite copying of the entirety of plaintiff's works).

145. *See* Schmidt, *supra* note 4; Band, *supra* note 4.

146. *See generally* Fin. Info., Inc. v. Moody's Investors Serv., Inc., 412 F. Supp. 2d 501 (2d Cir. 1984), *cert. denied*, 484 U.S. 820 (1987).

147. *See generally* Campbell v. Acuff-Rose Music, 510 U.S. 569 (1994).

148. *See* Schmidt, *supra* note 4; Band, *supra* note 4.

149. Band, *supra* note 4.

infringing use had not diminished overall sales growth.[150] Any reference to decreased sales by the publishers may be difficult in light of *Sony*.[151] Like VCR users, if a reader could have read a book, free of charge, in a library or, more importantly, would not have known of a book but for the Book Search program, the publishers cannot plausibly allege that they have suffered market harm.[152]

But the publishers could respond that an increase in publishers' book sales does not necessarily preclude a decrease in derivative markets. Several publishers and search engines have announced that they are planning the release of similar library projects. If Google allowed users to search the same texts, free of charge, no logical person would pay a fee to access duplicate information. Publishers would effectively be hindered or altogether excluded from profiting from their own works' derivative markets. Further, the fact that Google is, so far, the only search engine to design such a program without the cooperation of copyright holders may be indicative of the industry's stance on this issue.[153] In light of these arguments, it is unclear whether the factor of market harm would be weighed in favor of or against Google.

B. Other Considerations

The *Field* court considered a fifth factor, in this instance whether Google acted in good faith in copying the books.[154] Certainly one could ask why a company as powerful as Google, with market capitalization greater than the entire American motor industry, would tediously scan thousands of books but not seek permission for doing so.[155] Even if the court required Google to enter into license agreements with usage fees, Google could negotiate these contracts to the benefit of all parties and still meet its overall objective—a respectable return on its investment. Negotiation would likely have been less expensive than defending suits in the Southern District of New York.

Another thought—if minimizing costs was the sole objective, Google could have avoided the lawsuits and found a way to work with the publishers. If profit alone was the objective, Google would have logically retained most of the advertising fees and additional referral

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150. *See* Perfect 10 v. Google, Inc., 416 F. Supp. 2d 828, 847-50 (C.D. Cal. 2006).
151. *See generally* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984).
152. *See id.*
153. *See id.*
154. Field v. Google, 412 F. Supp. 2d 1106, 1123 (D. Nev. 2006).
155. *Google Suffers a Week from Hell*, CANBERRA TIMES, Feb. 4, 2006, at 3, *available at* 2006 WLNR 1935831.

charges. But the fact that Google never considered negotiations, except under their terms or with third parties, suggests that Google's primary objective was control over the usage rights.[156] This strategy simply does not indicate good faith.

In terms of the consequences of this project, publishers and authors cannot be assured of Google's future plans or what might happen to their copied works. Google has not publicized its strategy to secure the digital copies from hackers. Nor has Google revealed what happens to the scanned copies once a copyright holder declines further participation in the Book Search program. At this point, publishers have no guarantees if they do not "*opt-out*" of this project.

IV. CONCLUSION

The resolution of this issue will hinge on how the presiding court applies the first and fourth factors to Google's use of the copyrighted materials in its Book Search program. The court may find that the public benefit so greatly outweighs any diminution in publishers' and authors' exclusive rights that equitable considerations dictate a finding of fair use. The court could easily balance the factors in Google's favor by minimizing the commercial aspect of the activity—finding no more economic benefit to Google than any other capitalistic endeavor—and emphasizing the transformative use and potentially increased sales.

On the other hand, the presiding court could distinguish between publishers selling copies to libraries for public use and a multimillion-dollar search engine scanning and storing copies in a database, searchable by the entire Internet world. The AG and AAP never posted copies of their works on Web sites. Thus Google never had the opportunity to produce thumbnails or caches—it had to copy actual books. Google should not now force these plaintiffs to "opt-out" of its program, as if they were Web site owners, when in reality it should be asking them to "opt-in."

If all ventures in our society are profit driven and commercial in nature, then Congress should have excluded the first factor from § 107. If everything could be justified as commercial, the nature of the use inquiry would become superfluous. Even the "public benefit" inherent in the Book Search program could lead to increased contracting for

156. *See* Press Release, *supra* note 17; Complaint, *supra* note 1, ¶¶ 32-35.

consumers, forcing publishers to include license agreements with every new book.[157]

In conclusion, the Google Book Search program is a close call. While on the one hand the project is a creative and exciting new idea, a finding of fair use would significantly diminish authors and inventors "exclusive" § 106 rights. Simply because a court fails to find fair use does not mean the project is forever lost. Google can negotiate with publishers. Google can lobby Congress. Google can modify its program. But Google should not be able to appropriate that which it does not rightfully own.

157. Like software publishers, authors may be forced to insert "shrink-wrap" licenses with their books to prevent Google from acquiring new books to copy into its database. The courts are split, however, as to the enforceability of shrink-wrap licenses. Moreover, the Supreme Court has held that copyright may still preempt contractual terms under 17 U.S.C. § 301. *See* ProCD v. Zeidenberg, 86 F.3d 1447, 1453-55 (7th Cir. 1996).