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# **Authors Guild, Inc. v. HathiTrust**

## **755 F.3d 87 (2d Cir. 2014)**

REBECCA MCCLAIN\*

### BACKGROUND

Plaintiffs-appellants are twenty authors and authors' associations (collectively, the "Authors") who appeal the judgment of the district court granting summary judgment in favor of defendant-appellee. Defendant-appellee is the HathiTrust organization ("HathiTrust"), which consists of eighty member colleges, universities, and nonprofit institutions. The member institutions contributed their library collections to the HathiTrust Digital Library project ("HDL").

HathiTrust was founded to make the member-institutions' library collections available in digital format through the HDL. The HDL contains more than ten million written works in digital form. The HDL provides: (1) a full-text searchable database, (2) copyrighted works for print-disabled patrons, and (3) replacement copies of the written works for HathiTrust member institutions. Copies of the collected works are stored on a primary server in Michigan, a secondary server in Indiana, and two backup servers at the University of Michigan. All servers retain copies of the collected works as text-only files as well as digital image files.

HathiTrust argued that the functions of the HDL do not violate copyright law, because it is protected by the fair use doctrine.<sup>1</sup> First, HathiTrust claimed that the results produced from the HDL's full-text searchable database only reveals the page numbers that the searched for term is found on and does not show the whole text of the work. Second, print-disabled persons must provide a certification of disability prior to accessing the copyrighted works in the HDL. Also, the HDL provides access to these works that the print-disabled may otherwise not be able to receive. Third, obtaining replacement copies of the works is only permitted for member-institutions who owned an original copy of the work that was lost, destroyed, or stolen, and the replacement is no longer obtainable at a fair price.

Separate and apart from the HDL, the Authors' also asserted the same copyright infringement claims against the University of Michigan's Orphan Works Project (OWP), which attempted to identify copyright holders of works and if no copyright holder could be found the work was designated as a orphan work. After the complaint was filed in this case the University

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\*Rebecca McClain is a 2015 J.D. candidate at the University of San Francisco School of Law.

1. 17 U.S.C. § 107 (2012).

of Michigan suspended this project indefinitely.

### PROCEDURAL HISTORY

The Authors brought a copyright infringement suit against HathiTrust seeking declaratory and injunctive relief. HathiTrust moved for summary judgment on the three copyright infringement issues asserting the fair use defense. The National Federation of the Blind and three print-disabled students (collectively, the “Intervenors”), were permitted to intervene in order to defend their ability to continue using the HDL, and moved for summary judgment. The Authors cross-motivated for summary judgment.

The district court granted HathiTrust’s and the Intervenors’ summary judgment motions on the copyright infringement claims. The district court found that the HDL’s three functions were protected under the fair use doctrine. In its analysis, the district court concluded that the functions of the HDL were considered transformative, and that the HDL was an “invaluable contribution to the progress of science and cultivation of the arts.”<sup>2</sup> Additionally, the district court held that the Authors’ claims against the OWP were not ripe since the University of Michigan had suspended the program before trial, and there were no details regarding a new OWP. The Authors’ appealed to the Second Circuit Court of Appeal.

### ISSUE

On appeal, the Second Circuit Court of Appeals addressed three issues: (1) whether the district court erred in dismissing the Authors’ claims; (2) whether the district court erred in finding that the HDL functions constituted fair use by HathiTrust; and (3) whether the OWP claims were ripe for appeal.

### DECISION

The court affirmed the district court’s grant of summary judgment in favor of HathiTrust in part, holding that (1) three of the authors’ associations lacked standing to sue, (2) the full-text searchable database and print-disabled access features of the HDL were fair uses of the copyrighted works, and (3) the claims against the OWP were unripe. The court vacated the district court’s grant of summary judgment in favor of HathiTrust insofar as it adjudicated the issue of preserving the copyrighted works without first determining whether the Authors had standing to challenge the preservation use of the HDL.

### REASONING

The court began its analysis by recounting the purposes of copyright law. The purpose of copyright law is “to promote the Progress of Science

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2. *Authors Guild v. HathiTrust (Authors Guild I)*, 902 F. Supp. 2d 445, 464 (S.D.N.Y. 2012).

and useful Arts.”<sup>3</sup> However, the court noted that copyright protection grants an author a limited monopoly in the created work extending for the life of the author plus seventy years.<sup>4</sup> Additionally, the court recognized that it is important for the progression of knowledge to allow the public to draw upon copyrighted material for legitimately fair uses. Nevertheless, the court emphasized that fair use of copyrighted material yields to the owner’s rights when the subsequent use “excessively damage[s] the market for the original by providing a substitute.”<sup>5</sup>

The court applied the fair use test to each of the functions of the HDL. The fair use test examines: (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.<sup>6</sup>

Under the first factor, courts must inquire into the transformative nature of the use. To be transformative the creator must “add[] something new, with a further purpose or different character, altering the first with new expression, meaning, or message.”<sup>7</sup> The court criticized the district court’s assertion that a use is transformative when the subsequent work is an “invaluable contribution to the progress of science and cultivation of the arts,”<sup>8</sup> and stated the transformative use test asks whether there exists a new and different function rather than acting as a mere substitute for the original.<sup>9</sup> For the second factor, courts consider the nature of the copyrighted work. Here, the court stated that this factor is not dispositive in the fair use inquiry, and there is no dispute that the Authors’ works were the type that copyright law intended to protect. The third fair use factor addresses whether the subsequent work used more of the original copyrighted work than is reasonably necessary, or if the use was excessive in relation to the purpose of the copying. Finally, the fourth factor carries the most weight, and asks whether the subsequent work acts as a substitute for the original causing economic harm to the copyright holder.

The court then applied the fair use factors to each of the three functions of the HDL. First, the court analyzed the full-text searchable database. The court stated that the full-text search adds a new purpose and character to the originals making it transformative under the first factor. Additionally, the court found that the full-text search “adds a great deal more”<sup>10</sup> than the uses held as fair in the prior cases, *Cariou v. Prince*<sup>11</sup> and

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3. U.S. CONST. art. I, § 8, cl. 8.

4. 17 U.S.C. §§ 102, 106 (2012).

5. Authors Guild, Inc. v. HathiTrust (*Authors Guild II*), 755 F.3d 87, 95 (2d Cir. 2014).

6. 17 U.S.C. § 107 (2012).

7. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

8. Authors Guild, Inc. v. HathiTrust, 902 F. Supp. 2d 445, 464 (S.D.N.Y. 2012).

9. *Authors Guild II*, 755 F.3d at 96.

10. *Id.* at 97.

*Bill Graham Archives v. Dorling Kindersley Ltd.*<sup>12</sup> However, the court found that the second factor weighed in favor of the Authors. The third factor weighed in favor of HathiTrust, and the court determined that the HDL's copying of entire works was reasonably necessary to effectuate the full-text search service. Finally, pertaining to the fourth factor, the court found the Authors' claim of economic injury unpersuasive because the HDL's search function was sufficiently transformative and does not serve as a substitute for the original copyrighted work—making lost revenue from licensing irrelevant. The court concluded that HathiTrust's full-text searchable database fell under the fair use doctrine.

Next, the court addressed HathiTrust's archive, which it made accessible to print-disabled patrons. The court emphasized that providing access to print-disabled patrons is not transformative. However, the court noted that the Supreme Court's interpretation of this type of use in *Sony Corp. of Am. v. Universal City Studios Inc.*,<sup>13</sup> and the legislative intent in passing the Americans with Disabilities Act<sup>14</sup> supported its conclusion that the purpose of "providing access to the print-disabled is still a valid purpose under Factor One."<sup>15</sup> Again, there was no dispute factor two weighed against HathiTrust. For factor three, the Authors heavily argued against the necessity of the digital images retained by HathiTrust, but the court recognized that obtaining the image files was reasonably necessary because the original works contained pictures, charts, and diagrams, and the layout of the image assisted print-disabled readers. The court stated that print-disabled users need access to these images and may use assistive technology to view these works without resorting to the mere text version. In its analysis of the fourth factor, the court noted that many of the original copyrighted works were not published with the print-disabled in mind, and traditionally it was common practice in the publishing industry for the authors to forego royalties generated from selling books manufactured in specialized formats for the blind. Weighing all the factors, the court concluded that the HDL digital archive for print-disabled users also constituted a fair use.

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11. 714 F.3d 694 (2d Cir. 2013).

12. 448 F.3d 605 (2d Cir. 2006).

13. 104 S. Ct. 774 (1984).

14. Pub. L. No. 101-336, 104 Stat. 327 (1990) (codified as amended at 42 U.S.C. §§ 12101–12213 (2012)).

15. *Authors Guild II*, 755 F.3d at 102.