

No. \_\_\_\_

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IN THE  
**Supreme Court of the United States**

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THE AUTHORS GUILD, *ET AL.*,  
*Petitioners,*

v.

GOOGLE, INC.,  
*Respondent.*

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**On Petition for a Writ of Certiorari  
to the United States Court of Appeals  
for the Second Circuit**

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**PETITION FOR A WRIT OF CERTIORARI**

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December 31, 2015

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## QUESTIONS PRESENTED

Google made full digital copies of millions of books it obtained from libraries' shelves without the authors' consent. As payment, Google gave the libraries digital copies of the books. Google makes the books' full text searchable on its revenue-generating search engine, and displays verbatim excerpts in response to users' searches. The questions presented are:

1. Whether, in order to be “transformative” under the fair-use exception to copyright, the use of the copyrighted work must produce “new expression, meaning, or message,” as this Court stated in *Campbell* and as the Third, Sixth, and Eleventh Circuits have held, or whether the verbatim copying of works for a different, non-expressive purpose can be a transformative fair use, as the Second, Fourth, and Ninth Circuits have held.

2. Whether the Second Circuit's approach to fair use improperly makes “transformative purpose” the decisive factor, replacing the statutory four-factor test, as the Seventh Circuit has charged.

3. Whether the Second Circuit erred in concluding that a commercial business may evade liability for verbatim copying by arguing that the recipients of those copies will use them for lawful and beneficial purposes, a rationale that has been flatly rejected by the Sixth Circuit.

4. Whether a membership association of authors may assert copyright infringement claims on behalf of its members.

**PARTIES TO THE PROCEEDING**

The Plaintiffs-Appellants below, who are Petitioners before this Court, are the Authors Guild, Betty Miles, Jim Bouton, and Joseph Goulden, individually and on behalf of all others similarly situated.

The Defendant-Appellee below, who is the Respondent before this Court, is Google, Inc.

**CORPORATE DISCLOSURE STATEMENT**

Pursuant to Rule 29.6, Petitioner Authors Guild states that it has no parent corporation. As a nonprofit corporation it has issued no stock. No publicly held corporation owns ten percent or more of the corporation.

## TABLE OF CONTENTS

QUESTIONS PRESENTED .....	i!
PARTIES TO THE PROCEEDING .....	ii!
CORPORATE DISCLOSURE STATEMENT.....	iii!
TABLE OF AUTHORITIES .....	vii!
OPINIONS BELOW .....	1!
JURISDICTION.....	1!
CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED .....	1!
STATEMENT OF THE CASE.....	1!
I.! The Fair-Use Exception to Copyright Protection .....	4!
II.! Factual Background.....	7!
III.! Procedural Background.....	9!
REASONS TO GRANT THE PETITION .....	14!
I.! The Court Should Resolve the Conflict over Whether a Use of a Copyrighted Work that Adds No New Creative Content Can Nevertheless Be “Transformative” for Fair- Use Purposes. ....	18!
A. The Third, Sixth, and Eleventh Circuits Properly Employ the “Transformative Use” Test to Identify New Creative Expression Warranting Protection from Liability.....	19!

B.!	The Second, Fourth, and Ninth Circuits Interpret “Transformative Use” To Refer to Secondary Uses that Alter No Original Content and Whose Purposes Are Not Creative Expression.....	22!
C.!	The Court Should Grant Certiorari to Resolve this Issue.....	25!
II.!	The Second Circuit’s Singular Focus on Transformative Use Overrides the Express Statutory Factors.....	27!
III.!	The Second Circuit’s Holding that Google is Not Liable for Using Digital Copies of Books To Pay Libraries Is Contrary to the Statute and the Holdings of the Sixth Circuit.....	32!
IV.!	The Court Should Also Grant Certiorari To Decide Whether Associational Standing Applies in Copyright Cases. ....	36!
	CONCLUSION .....	37!
	Appendix A	
	<i>Authors Guild v. Google, Inc.</i> , 804 F.3d 202 (2d Cir. 2015) .....	1a
	Appendix B	
	<i>Authors Guild v. Google, Inc.</i> , 954 F. Supp. 2d 282 (S.D.N.Y. 2013) .....	56a
	Appendix C	
	<i>Authors Guild v. Google, Inc.</i> , 721 F.3d 132 (2d Cir. 2013) .....	79a

Appendix D	
<i>Authors Guild v. Google, Inc.</i> , 770 F. Supp. 2d	
666 (S.D.N.Y. 2011) .....	84a
Appendix E	
Constitutional and Statutory Provisions .....	123a

## TABLE OF AUTHORITIES

## CASES

<i>A.V. ex rel Vanderhye v. iParadigms, LLC</i> , 562 F.3d 630 (4th Cir. 2009).....	24
<i>Authors Guild, Inc. v. HathiTrust</i> , 755 F.3d 87 (2d Cir. 2014) .....	22, 23
<i>Cambridge University Press v. Patton</i> , 769 F.3d 1232 (11th Cir. 2014).....	21, 22, 29
<i>Campbell v. Acuff-Rose Music, Inc.</i> , 510 U.S. 569 (1994) .....	3, 5, 6, 7, 14, 18, 19, 25-26, 28, 29, 30
<i>CBS Broadcasting, Inc. v. Echostar Communications Corp.</i> , 450 F.3d 505 (11th Cir. 2006).....	36-37
<i>Fox News Network, LLC v. TVEyes, Inc.</i> , Case No. 13-cv-05315-AKH, __ F. Supp. 3d __, 2015 WL 5025274 (S.D.N.Y. Aug. 25, 2015).....	24
<i>Harper &amp; Row Publishers, Inc. v. Nation Enterprises</i> , 471 U.S. 539 (1985).4, 6, 17, 25, 26, 27	
<i>Infinity Broadcast Corp. v. Kirkwood</i> , 150 F.3d 104 (2d Cir. 1998) .....	23
<i>Kelly v. Arriba Soft Corp.</i> , 336 F.3d 811 (9th Cir. 2002) .....	24
<i>Kienetz v. Sconnie Nation LLC</i> , 766 F.3d 756 (7th Cir. 2014).....	15, 28, 32
<i>Perfect 10, Inc. v. Amazon.com, Inc.</i> , 508 F.3d 1146 (9th Cir. 2007).....	24

<i>Princeton University Press v. Michigan Documents Services, Inc.</i> , 99 F.3d 1381 (6th Cir. 1996) ( <i>en banc</i> ).....	21, 35!
<i>Sony Corp. of America v. Universal City Studios, Inc.</i> , 464 U.S. 417 (1984) .....	27
<i>Stewart v. Abend</i> , 495 U.S. 201 (1990) .....	4
<i>United States v. Menasche</i> , 348 U.S. 528 (1955) .....	28
<i>Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.</i> , 342 F.3d 191 (3d Cir. 2003).....	19, 20, 21, 25
<i>Zomba Enterprises, Inc. v. Panorama Records, Inc.</i> , 491 F.3d 574 (6th Cir. 2007) .....	36

**STATUTES**

U.S. Const. art. I, § 8, cl. 8.....	4
17 U.S.C. § 101 .....	33
17 U.S.C. § 106(1).....	4, 33, 34
17 U.S.C. § 106(2).....	4, 33
17 U.S.C. § 106(3).....	4, 33, 34
17 U.S.C. § 106(4).....	4
17 U.S.C. § 106(5).....	4
17 U.S.C. § 107 .....	5
17 U.S.C. § 107(1).....	5, 11, 27
17 U.S.C. § 107(2).....	5, 11, 29
17 U.S.C. § 107(3).....	5, 29
17 U.S.C. § 107(4).....	5

17 U.S.C. § 108(c) .....	34
17 U.S.C. § 108(g).....	34
17 U.S.C. § 501(b).....	36

#### OTHER AUTHORITIES

2 Paul Goldstein, <i>Goldstein on Copyright</i> § 12.2.2 (3d ed. Supp. 2016).....	32
3 Melville B. Nimmer & David Nimmer, <i>Nimmer on Copyright</i> § 12.02[B] (Rev. Ed. 2015) .....	37
4 Melville B. Nimmer & David Nimmer, <i>Nimmer on Copyright</i> § 13.05[A][1][b] (2013) .....	32
<i>Orphan Works and Mass Digitization Roundtables</i> , Library of Cong. (Mar. 10, 2014), <a href="http://copyright.gov/orphan/transcript/0310LOC.pdf">http://copyright.gov/orphan/ transcript/0310LOC.pdf</a> .....	32
Fred von Lohmann, Google Book Search Settlement: A Reader’s Guide, Electronic Frontier Foundation Deep Links Blog (Oct. 31, 2008), <a href="http://www.eff.org/deeplinks/2008/10/google-books-settlement-readers-guide">http://www.eff.org/ deeplinks/2008/10/google-books-settlement -readers-guide</a> .....	8

## OPINIONS BELOW

The opinion of the Second Circuit affirming the district court's grant of summary judgment to Respondent Google, Inc. ("Google") is reported at 804 F.3d 202, and is reproduced at Appendix to the Petition ("Pet. App.") 1a.

The opinion of the district court is reported at 954 F. Supp. 2d 282 (S.D.N.Y. 2013), and is reproduced at Pet. App. 56a.

## JURISDICTION

The Second Circuit issued its opinion on October 16, 2015. The jurisdiction of this Court is properly invoked pursuant to 28 U.S.C. § 1254(1).

## CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves Article I, Section 8, Clause 8 of the Constitution and 17 U.S.C. §§ 101, 106, 107-108, and 501. These provisions are reproduced in the Constitutional and Statutory Addendum.

## STATEMENT OF THE CASE

In 2004, Respondent Google began operating a program, in cooperation with university libraries, of mass copying and digitization of millions of books. Pet. App. 56a. Rather than buy or license the books, Google backed up moving vans to the libraries, took essentially all the books off the shelves, and scanned them. Ultimately, it copied more than twenty million books. At least four million of those books were still protected by copyright, but Google never got permission for their reproduction. Pet. App. 56a-57a. In exchange for

getting unlicensed, unpaid access to a library's books, Google provided the library with unlicensed digital copies of the books it had copied. Pet. App. 60a. Next, Google ingested the scanned copies into its databases so that it could make what it called "non-display" uses of those books—*e.g.*, internal research and development that allowed Google to improve its general search business.<sup>1</sup> In addition, Google created the Google Books search engine.

Using Google Books, any internet user can conduct a word search and obtain a list of books that contain those search terms. Pet. App. 61a. The user can then click on a single search result and view excerpts from that book. Pet. App. 61a.

Google's very large investment in the project reflects its huge commercial value. Google has managed to gain for itself a competitive edge in the search business by acquiring and data-mining the text in millions of books, while also providing a convenient, highly profitable system for indexing and disseminating expression authored and owned by others.

Petitioners—individual authors and the Authors Guild—brought a class action challenging what they viewed as copyright infringement on an epic scale. Pet. App. 66a. The Second Circuit held that this verbatim

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<sup>1</sup> See Objection of Yahoo! Inc. to Final Approval of the Proposed Class Action Settlement at 25-26, *The Authors Guild, Inc. v. Google, Inc.*, No. 05-CV-8136, (S.D.N.Y. Sept. 8, 2009), ECF No. 288; see also Settlement Agreement § 1.94, *The Authors Guild, Inc. v. Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Oct. 28, 2008), ECF No. 56.

copying and display—undertaken by a commercial business for its own commercial reasons and producing no new expression whatsoever—constitutes permissible “fair use” under the Copyright Act. It did so by focusing almost entirely on the limited amount of text that Google is currently choosing to display in response to any one search request, thus giving little or no weight to the fact that Google had copied and exploited millions of books in their entirety, used copyrighted materials to enhance its highly commercial search engine, made nearly the entire book available for display, and provided free digital copies to libraries that otherwise would have had to pay for them. The Second Circuit excused these facts because it believed that Google Books is socially beneficial, and thus has a “transformative” purpose as a research tool. Pet. App. 7a-8a, 26a, 33a. The Second Circuit thereby upended the meaning of the phrase “transformative use” employed by this Court in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994). Whereas this Court said that the touchstone for identifying fair use was whether the defendant produced a new and creative work that built upon but “transformed” the original, the Second Circuit has now held that *verbatim* copying and display, involving *no* new expression, is immunized as “transformative” if it provides sufficient social benefits of a different sort—like helping people find books or information.

The court’s analysis effectively nullified the four statutory fair-use factors set forth by Congress, including any real analysis under the fourth factor of the market harm to rightsholders caused by Google

Books and by its many likely imitators. The Second Circuit’s refusal to give real weight to any factor other than the perceived transformative purpose also contradicts the approach mandated in other circuits. More fundamentally, it threatens to undermine protection of copyrighted works in the digital age to an extraordinary extent. Such a radical rewrite of copyright law should not be allowed to stand without this Court’s consideration.

### **I. The Fair-Use Exception to Copyright Protection**

The Constitution empowers Congress “[t]o promote the [p]rogress of [s]cience and useful [a]rts, by securing for limited [t]imes to [a]uthors and inventors the exclusive [r]ight to their respective [w]ritings and [d]iscoveries.” U.S. Const. art I, § 8, cl. 8. Accordingly, Congress has granted authors “the exclusive right[]” to “reproduce the copyrighted work in copies,” “to prepare derivative works,” “to distribute copies,” “to perform the copyrighted work publicly,” and “to display the copyrighted work publicly.” 17 U.S.C. § 106(1)-(5).

Fair use is an exception to these exclusive rights that exists because “rigid application of . . . copyright” could “on occasion, . . . stifle the very creativity which that law is designed to foster,” *Stewart v. Abend*, 495 U.S. 207, 236 (1990) (quotation marks omitted), by “inhibit[ing] subsequent writers from attempting to improve upon prior works,” *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549 (1985) (quotation marks omitted). Congress codified the fair-use exception in 1976, providing as examples of non-

infringing fair uses “criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research.” 17 U.S.C. § 107.

Four non-exclusive factors guide the fair-use determination:

- (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.

17 U.S.C. § 107(1)-(4).

This Court last explored the contours of fair use in *Campbell*. The Court explained that the first factor, the “purpose and character of the use,” should be “guided by the examples given in the preamble of § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like,” 510 U.S. at 578-79 (internal quotation marks omitted). “The central purpose . . . is to see . . . whether the new work merely supersede[s] the objects of the original creation, or instead adds something new, with further purpose or different character, *altering the first with new expression, meaning, or message.*” *Id.* at 579 (internal quotation marks and citations omitted) (bracket in original) (emphasis added). This inquiry thus “asks . . .

whether and to what extent the new work is transformative.” *Id.* Additionally, if a use is commercial, that weighs against a finding of fair use. *Id.*

The second factor, the “nature of the copyrighted work,” requires a court to consider “the value of the materials used,” recognizing that “some works are closer to the core of intended copyright protection than others.” *Id.* at 586 (internal quotation marks omitted). Purely factual works are further from the core of copyright protection, although there are gradations, for example, between “directories” and “elegantly written biograph[ies].” *Harper & Row*, 471 U.S. at 563 (quotation marks omitted).

The third factor, the “amount and substantiality of the portion used,” requires a court to analyze “not only . . . the quantity of the materials used, but . . . their quality and importance, too.” *Campbell*, 510 U.S. at 586-87 (internal quotation marks omitted).

Finally, in assessing the fourth factor, courts must “consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also whether *unrestricted and widespread* conduct” like that of the defendant “would result in a substantially adverse impact on the potential market for the original.” *Id.* at 590 (internal quotation marks omitted) (emphasis added). Moreover, “[t]he enquiry must take account not only of harm to the original but also of harm to the market for derivative works.” *Id.* (internal quotation marks omitted).

“Fair use is an affirmative defense, so doubts about whether a given use is fair should not be resolved in favor of the [alleged infringer].” *Id.* at 599 (Kennedy, J., concurring).

## II. Factual Background

Google operates the largest and most profitable internet search engine in the world. Pet. App. 58a. In 2011, Google’s ad revenue was \$36.5 billion. Pet. App. 58a. In 2004, Google began its Google Books enterprise, ultimately making full digital copies of over twenty million books. Although Google obtained licenses from certain publishers to copy and display their works, Google chose to copy at least four million other copyrighted books without obtaining a license. Pet. App. 56a-57a, 68a-69a.

Google profits from Google Books in a variety of ways. First, placing this enormous amount of new material into its database enhances its search engine, resulting in increased advertising revenue. *See supra* note 1. Second, Google Books enables Google to collect data about individual user activity for use in targeted advertising.<sup>2</sup> Third, Google can use the data to refine

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<sup>2</sup> *See* Privacy Authors and Publishers’ Objection to Proposed Settlement at 8-9, *Author’s Guild, Inc. v Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Sept. 8, 2009), ECF No. 281; Objections of Arlo Guthrie, Julia Wright, Catherine Ryan Hyde, and Eugene Linden to Proposed Class Action Settlement Agreement at 19-20, *Author’s Guild, Inc. v Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Sept. 2, 2009), ECF No. 209; Memorandum of Amicus Curiae The Internet Archive in Opposition to Amended Settlement Agreement

its search algorithm, gaining a commercial advantage against other search providers, and otherwise enhancing its operations. As one commentator has explained, “[i]magine the kinds of things that data mining all the world’s books might let Google’s engineers build: automated translation, optical character recognition, voice recognition algorithms. And those are just the things we can think of today.”<sup>3</sup>

Google obtained the books to scan from large institutional libraries. Pet. App. 60a. As payment for the access, Google gave the libraries electronic copies of their books after the scanning was completed. Pet. App. 60a. No specific restrictions were placed on the libraries’ use of these copies, other than the general requirement that they be used in a manner consistent with copyright law. Pet. App. 60a.

Google maintains multiple electronic copies of each book it scanned. Pet. App. 60a. It indexed the words and phrases in the books, and when a user of its search engine enters search terms, Google returns a listing of the most relevant books. Pet. App. 61a. Many

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at 7, *Author’s Guild, Inc. v Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Jan. 27, 2010), ECF No. 811.

<sup>3</sup> Fred von Lohmann, *Google Book Search Settlement: A Reader’s Guide*, Electronic Frontier Foundation Deep Links Blog (Oct. 31, 2008), <http://www.eff.org/deeplinks/2008/10/google-books-settlement-readers-guide>.

webpages on which the search results are listed include advertisements that generate revenue for Google.<sup>4</sup>

When users select a search result, Google directs them to a webpage which displays three relevant unaltered, verbatim excerpts from the book. Pet. App. 62a. The size of the excerpt varies with the physical size of the page of the book: each excerpt includes one-eighth of a page. Pet. App. 62a. By performing multiple searches with different search terms, users can view many more excerpts. Pet. App. 62a. If a search term appears more than once on a page, only the first usage is displayed. One out of every ten pages is unavailable for display. Pet. App. 62a. Google also displays information about the book, including links to where the book may be purchased. Pet. App. 6a.

### **III. Procedural Background**

In 2005, Petitioners filed a putative class action against Google in the United States District Court for the Southern District of New York, alleging copyright infringement. Pet. App. 66a. Following protracted negotiations, the parties entered into a proposed class-wide settlement. Pet. App. 66a. The settlement would have entitled Google to digitize more books, and to sell subscriptions to an electronic books database, online access to individual books, and advertising on Google Books pages. Pet. App. 89a. In exchange, rightsholders whose books had been digitized by

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<sup>4</sup> Google Books' Director of Engineering confirmed this fact in his deposition, and it can be verified by any user conducting a search today.

Google could claim a one-time payment of at least \$60 per book, or \$5 to \$15 for partial works, plus 63% of all revenues Google earned with their works, including subscription and advertising revenues. Pet. App. 89a-90a. Google committed to provide at least \$45 million for a Settlement Fund for this purpose. Pet. App. 90a.

The district court rejected the settlement as too generous to Google. Pet. App. 89a. It stated that the settlement “would simply go too far” because it “would grant Google significant rights to exploit entire books, without permission of the copyright owners.” Pet. App. 84a-85a. The court was especially concerned that copyright owners who were unaware of the settlement would be deprived of the “right to exclude others from using [their] property”—a right the court deemed “fundamental and beyond dispute.” Pet. App. 111a (citing *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)). As the court explained, “it is incongruous with the purpose of the copyright laws to place the onus on copyright owners to come forward to protect their rights when Google copied their works without first seeking their permission.” Pet. App. 112a-113a. The court also expressed other concerns about the settlement, including that it would run afoul of antitrust laws, privacy laws, and international law. Pet. App. 114a-121a.

After rejecting the settlement, the district court granted class certification. Pet. App. 80a. The Second Circuit vacated that order, directing the district court to first adjudicate Google’s motion for summary judgment on its fair-use defense, which it stated could moot the class-certification issue. Pet. App. 81a-82a.

On November 14, 2013, the district court granted summary judgment, finding that Google’s copyright infringement constituted fair use, Pet. App. 56a-57a, as the Second Circuit had suggested. Petitioners appealed, and the Second Circuit affirmed. Pet. App. 1a-4a.

The Second Circuit’s finding of fair use was largely controlled by its analysis under the first fair-use factor—the purpose and character of the use. It held that “Google’s making of a digital copy of Plaintiffs’ books for the purpose of enabling a search for identification of books containing a term of interest to the searcher involves a highly transformative purpose.” Pet. App. 24a. The court stated that “such copying is essential” to effectuate this search function; however, it did not explain why Google needed to make unauthorized copies, as opposed to licensing these rights. Pet. App. 25a.

The court then concluded that Google’s display of excerpts of the books “adds importantly to the highly transformative purpose of identifying books of interest to the searcher.” Pet. App. 27a. The court dismissed the commercial nature of Google’s use—a factor explicitly included in the statute, *see* 17 U.S.C. § 107(1)—as unimportant in light of Google’s “highly convincing transformative purpose.” Pet. App. 30a.

Rather than independently analyze the second factor, the “nature of the copyrighted work,” 17 U.S.C. § 107(2), as the statute directs, the Second Circuit conflated it with the first factor, asking whether the *copy* had a different “objective” than the original. It held that “because the secondary use transformatively

provides valuable information,” the factor favors fair use. Pet. App. 33a.

In discussing the third factor, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, the Second Circuit again ignored the statute and gave no weight to Google’s “[c]omplete unchanged copying,” concluding it was “reasonably appropriate to achieve the copier’s transformative purpose and was done in such a manner that it did not offer a competing substitute for the original.” Pet. App. 34a.

The Second Circuit also concluded that the fourth factor, market harm, weighed in Google’s favor. Pet. App. 42a. First, the court again highlighted the primacy of the “transformative” determination, stating there was a “close linkage between the first and fourth factors.” Pet. App. 39a. The court focused only on direct loss of sales from the display of excerpts, giving no weight to potential and existing secondary licensing markets for inclusion of works in digital databases. Having adopted such a narrow focus, the court concluded:

We recognize that the snippet function can cause *some* loss of sales. . . . But the possibility, or even the probability or certainty, of some loss of sales does not suffice to make the copy an effectively competing substitute that would tilt the weighty fourth factor in favor of the rights holder in the original. There must be a meaningful or significant effect “upon the potential market for or value of the copyrighted work.”

Pet. App. 40a-41a (quoting 17 U.S.C. § 107(4)) (emphasis in original).

Moreover, the court speculated that “the type of loss of sales envisioned above will generally occur in relation to interests that are not protected by the copyright.” Pet. App. 41a. The court explained that a student searching for “Roosevelt polio” would reveal a book stating the year President Roosevelt caught polio, but the loss of the sale of that book would result from the student learning a fact that could not be copyrighted. Pet. App. 41a-42a. The court cited no evidence to indicate that readers only enjoyed the facts and not the expression in the text, nor did the court explain how its speculation was relevant to whether Google’s conduct had affected the market for the original—*i.e.*, the statutory test.

The Second Circuit further concluded that it was a fair use for Google to pay its library partners by distributing to them complete electronic copies of the books. Pet. App. 51a. The court did not undertake a fair-use analysis based upon the four statutory factors, Pet. App. 50a-53a; instead it summarily concluded that “[i]f the library had created its own digital copy to enable its provision of fair use digital searches, the making of that digital copy would not have been infringement,” Pet. App. 51a. The court concluded that, if the libraries (many of which are state-run institutions immune from damages suits in federal court) violated copyright, they could be sued. Pet. App. 52a.

Finally, the Second Circuit held that the Authors Guild lacked standing to sue, because (unlike the individual author plaintiffs) it was proceeding on a

theory of associational standing, representing its members. The court applied the Second Circuit's rule that copyright claims can only be pursued by rightsholders and that this precludes associational standing. Pet. App. 5a n.1.

### REASONS TO GRANT THE PETITION

This case represents an unprecedented judicial expansion of the fair-use doctrine that threatens copyright protection in the digital age. The decision below authorizing mass copying, distribution, and display of unaltered content conflicts with this Court's decisions and the Copyright Act itself. This case also presents important issues on which the circuits are split, highlighting the need for this Court to act.

*First*, the decision below fundamentally remakes the fair-use doctrine by eliminating any focus on whether the use involves the creation of "*new expression, meaning, or message.*" *Campbell*, 510 U.S. at 579 (emphasis added). The Second Circuit held that a work need not be altered at all, so long as the copies of it are used for a different and valuable purpose that can be labeled "transformative." This revision of the doctrine goes far beyond anything contemplated by this Court's precedent, and conflicts directly with decisions of the Third, Sixth, and Eleventh Circuits. The Second Circuit's approach, which also finds support in decisions of the Fourth and Ninth Circuits, raises serious concerns. By divorcing the fair-use inquiry from the traditional goal of promoting creativity, the approach empowers judges to approve any reuse of copyrighted works that those judges deem socially beneficial. And judges will undertake this essentially legislative task

on an after-the-fact, case-by-case basis, judging each new use that emerges in the marketplace. As a result of the *ad hoc* nature of this approach, the actual boundaries of copyright protection will be both unknowable and constantly expanding.

*Second*, the decision below substitutes a single “transformative use” test for meaningful application of the four statutory factors. The Seventh Circuit has pointedly rejected this approach, noting that the “Second Circuit has run with [its approach] and concluded that ‘transformative use’ is enough” to establish fair use. *Kienetz v. Scennie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014). According to the Seventh Circuit, the Second Circuit’s singular focus on transformation not only “replaces the list in § 107 but also could override 17 U.S.C. § 106(2), which protects derivative works. . . . We think it best to stick with the statutory list. . . .” *Id.* The result of the Second Circuit’s shift to a one-factor test is a decision that blesses a commercial company’s decision to engage in copyright infringement on a massive scale to enhance its own profitability, despite the court’s recognition that Google’s infringement itself will cause some amount of market harm. The decision also disregards the inevitable additional harm that will come from widespread imitation of Google’s conduct, especially by those lacking Google’s data security. Such an outcome defies both the words and will of Congress.

*Third*, in holding that Google is protected from liability for its unauthorized distribution of copies to libraries, the Second Circuit has disregarded the statutory text. The Second Circuit held Google

immune because the libraries promised to use the copies in a non-infringing manner, and the court predicted they would be shielded by fair use had *they* engaged in the copying. This holding is in direct conflict with holdings of the Sixth Circuit and represents a substantial and unwarranted expansion of the fair-use doctrine.

*Fourth*, by holding that the Authors Guild lacks standing to bring copyright infringement claims on behalf of its members, the Second Circuit split with the Eleventh Circuit, which has rejected efforts to carve out a copyright exception to associational standing. Nothing in Article III nor the Copyright Act warrants such an exception where an associational plaintiff meets the usual requirements to assert a claim on behalf of its members.

These issues, and the fundamental disagreements among the circuits in these areas, warrant this Court's plenary consideration. The decision below holds that infringement can be "fair use" even without altering the content of a copyrighted work so long as the infringement supports a different purpose that a court deems sufficiently beneficial. The stunning result of this approach—where fair use is measured in accordance with a service's perceived usefulness—is that the more massive the infringement, the more likely it is to be upheld as "fair," and, as a result, *de facto*, compensation-free compulsory licenses are created. This analysis also eradicates the author's ability to exploit new derivative markets that others got to first—at a time when new markets are constantly supplanting old ones.

Moreover, the Second Circuit gave no weight to the fact that its decision will turn loose countless others to build their own databases by making verbatim copies of copyrighted works, whether they be books, movies, or music, with or without the kinds of security that Google says it provides. In a digital age when technological barriers to mass infringement have become minimal, this is no small matter.

Ultimately, this case is about whether classic infringing behavior—copying for profit—should be excused by courts based upon the perceived social benefit of ignoring creators’ exclusive rights. Digitizing twenty million books may well be a good idea, and Google Books may well benefit society. But that kind of policy judgment provides “no warrant for judicially imposing . . . a ‘compulsory license’” *Harper & Row*, 471 U.S. at 569.

Nor should the fair-use doctrine be judicially “transformed” to bless Google’s decision to bypass copyright law. Google could have sought permission and paid authors a reasonable royalty (if requested) for making multiple copies of their books and making 78% of the books available for display. Google and Petitioners had already agreed upon a means to do so, in a class settlement that was eventually rejected as too favorable to Google. Pet. App. 84a-85a. If Congress believes Google’s actions are socially beneficial, it can enact a statutory licensing scheme. But the Second Circuit may not fundamentally alter copyright laws in order to immunize copyright infringement on a massive scale—just because it believes it to be useful. This

Court must intervene to correct the Second Circuit's errors and harmonize this important area of law.

**I. The Court Should Resolve the Conflict over Whether a Use of a Copyrighted Work that Adds No New Creative Content Can Nevertheless Be “Transformative” for Fair-Use Purposes.**

When this Court introduced the phrase “transformative use” to guide consideration of prong one of the statutory fair-use analysis, it made clear that a transformative fair use must alter the copyrighted work with new expression, meaning, or message. The inquiry turned on whether the *work itself* was sufficiently transformed to escape liability for copyright infringement.

In *Campbell*, this Court examined whether a parody of the song “Oh, Pretty Woman” had a purpose and character favoring fair use. 510 U.S. at 571. The Court found guidance in “the examples given in the preamble to § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like.” *Id.* at 578-79. Elaborating further, the Court explained that

[t]he central purpose of this investigation is to see . . . whether the new work merely supersede[s] the objects of the original creation, or instead *adds something new*, with a further purpose or different character, altering the first with *new expression, meaning, or message*; it asks, in other words, whether and to what extent the new *work* is transformative.

*Id.* at 579 (internal citations omitted) (brackets in original) (emphasis added).

Consistent with this explanation of “transformative use,” this Court concluded the parody “reasonably could be perceived as commenting on the original or criticizing it, to some degree.” *Id.* at 583. “Transformative use” was coined as a way for courts to identify expressive uses that constitute *new works*, with added original expression in the nature of commentary or criticism. This accords with the intent of the fair-use exception: to afford “breathing space within the confines of copyright” in order not to stifle the very purpose of copyright, “to promote science and the arts.” *Id.* at 579.

**A. The Third, Sixth, and Eleventh Circuits Properly Employ the “Transformative Use” Test to Identify New Creative Expression Warranting Protection from Liability.**

Consistent with *Campbell*, the Third, Sixth, and Eleventh Circuits employ the “transformative use” test to identify works that add new creative expression or meaning to the original.

In *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, 342 F.3d 191, 195 (3d Cir. 2003), a company created, without authorization, two-minute video clips from Disney movies. Much like Google in this case, it then stored the clips in its database, and made the database searchable on its website. *Id.* at 195-96. A user could view a clip and was then presented with links to retailers from whom the movie

could be purchased. *Id.* at 195. Video Pipeline sought a declaratory judgment that this was fair use, arguing “that its use of the clip previews substantially transforms the full-length films from which they derive because the clips and the movies have different purposes.” *Id.* at 198. It added that “the original works have an aesthetic and entertainment purpose while the clip previews serve only to provide information about the movies to internet users.” *Id.*

The Third Circuit disagreed, highlighting the lack of added creative expression by Video Pipeline. “Video Pipeline’s clip previews—to reiterate, approximately two-minute excerpts of full-length films with movie title and company trademark shown—do not add significantly to Disney’s original expression.” *Id.* The court contrasted Video Pipeline’s clips with a movie reviewer displaying two-minute clips. “The movie reviewer does not simply display a scene from the movie under review but as well provides his or her own commentary and criticism. In so doing, the critic may add to the copy sufficient ‘new expression, message, or meaning’ to render the use fair.” *Id.* at 200 (quoting *Campbell*, 510 U.S. at 579). The court concluded:

Here, in contrast, the fact that a substantial portion, indeed almost all, of the infringing work was copied verbatim from copyrighted work with no added creative activity reveal[s] a dearth of transformative character or purpose. Consequently, rejecting the fair use defense in this case will not likely stifle the very creativity that the Copyright Clause is designed to foster.

*Id.* (internal quotation marks and citations omitted) (bracket in original). Moreover, the Third Circuit also was not persuaded that Video Pipelines’ links to authorized retailers warranted a fair-use finding. “[A] link to a legitimate seller of authorized copies does not here, if it ever would, make *prima facie* infringement a fair use.” *Id.*

The Sixth Circuit likewise focuses its “transformative use” assessment on the presence of added creative expression. In *Princeton University Press v. Michigan Documents Services, Inc.*, 99 F.3d 1381 (6th Cir. 1996) (*en banc*), a commercial copyshop made unauthorized copies of book excerpts for “coursepacks” it sold to students, *id.* at 1383. Regarding the first factor, the court concluded the coursepacks were not transformative:

If you make verbatim copies of 95 pages of a 316 page book, you have not transformed the 95 pages very much—even if you juxtapose them to excerpts from other works and package everything conveniently. This kind of mechanical ‘transformation’ bears little resemblance to the creative metamorphosis accomplished by the parodists in the *Campbell* case.

*Id.* at 1389.

The Eleventh Circuit follows the same approach. In *Cambridge University Press v. Patton*, 769 F.3d 1232 (11th Cir. 2014), a university allowed professors to digitally scan excerpts of books and upload them to an internal website for student use. *Id.* at 1239. The court

rejected the argument that this was a transformative use:

Defendant’s use of excerpts of Plaintiffs’ works is not transformative. The excerpts of Plaintiffs’ works posted on GSU’s electronic reserve system are verbatim copies of portions of the original books which have merely been converted into a digital format. Although a professor may arrange these excerpts into a particular order or combination for use in a college course, this does not imbue the excerpts themselves with any more than a *de minimis* amount of new meaning.

*Id.* at 1262 (internal citation omitted). The Eleventh Circuit concluded that “[a]lthough an electronic reserve system may facilitate easy access to excerpts of Plaintiffs’ works, it does nothing to transform those works.” *Id.* at 1263.<sup>5</sup>

**B. The Second, Fourth, and Ninth Circuits Interpret “Transformative Use” To Refer to Secondary Uses that Alter No Original Content and Whose Purposes Are Not Creative Expression.**

In the decision below, the Second Circuit applied a sharply conflicting approach. Substituting a “transformative purpose” test for the “transformative

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<sup>5</sup> The court also noted the contrary approach of the Second Circuit in this regard. *See id.* (citing with a “but see” reference the Second Circuit’s holding in *Author’s Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97 (2d Cir. 2014)).

work” requirement described in *Campbell*, the Second Circuit “ha[d] no difficulty concluding that Google’s making of a digital copy of Plaintiffs’ books for the purpose of enabling a search” had “a highly transformative purpose, in the sense intended by *Campbell*.” Pet. App. 24a. According to the court, copying whole books and displaying unaltered excerpts aids the searcher in “evaluat[ing] whether the books falls within the scope of her interest[,] . . . add[ing] importantly to the highly transformative purpose of identifying books of interest to the searcher.” Pet. App. 27a. Thus, Google “transformatively provides valuable *information about* the original.” Pet. App. 25a (emphasis added).

This was not a new idea in the Second Circuit. *See, e.g., Author’s Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97 (2d Cir. 2014) (holding that the libraries that jointly formed a search engine using the electronic copies of books provided by Google had a transformative purpose because “[t]here is no evidence the Authors write with the purpose of enabling text searches of their books”).<sup>6</sup>

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<sup>6</sup> The Second Circuit previously has taken the contrary position, noting in *Infinity Broadcast Corp. v. Kirkwood*, 150 F.3d 104 (2d Cir. 1998), that “difference in purpose is not quite the same thing as transformation, and *Campbell* instructs that transformativeness is the critical inquiry under this factor.” *Id.* at 108; *id.* (where “[t]here is neither new expression, new meaning nor new message . . . there is no transformation” (internal quotation marks omitted)).

District courts in the Second Circuit have followed these precedents in upholding the copying and distribution of other types of copyrighted works as fair use, including one service that records television news broadcasts around-the-clock and turns them into a word-searchable database of clips. See *Fox News Network, LLC v. TVEyes, Inc.*, No. 13-cv-05315-AKH, \_\_\_ F. Supp. 3d \_\_\_, 2015 WL 5025274, at \*4 (S.D.N.Y. Aug. 25, 2015) (finding the service transformative “because it serves a different purpose than the original”).

The Fourth and Ninth Circuits have also found a transformative purpose in the absence of any creation of new expression. See *A.V. ex rel Vanderhye v. iParadigms, LLC*, 562 F.3d 630, 639 (4th Cir. 2009) (addressing a database of college papers used to detect plagiarism) (“The use of a copyrighted work need not alter or augment the work to be transformative in nature. Rather, it can be transformative in function or purpose without altering or actually adding to the original work.”); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818 (9th Cir. 2003) (concluding that search engine could copy images from websites and display smaller, low-resolution copies because these images “served an entirely different function than [the artist’s] original images”); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (finding indexing of images and display of thumbnail copies in response to search queries to be “highly transformative” because “a search engine transforms the image into a pointer directing a user to a source of information”).

There is thus a clear conflict, with three circuits arrayed on either side. And that conflict is stark. What the Second Circuit called a “highly convincing transformative purpose” in this case, Pet. App. 30a, would, in the Third Circuit, demonstrate “a dearth of transformative character or purpose,” *Video Pipeline*, 342 F.3d at 200 (quotation marks omitted).

**C. The Court Should Grant Certiorari to Resolve this Issue.**

The Court’s review of this issue is warranted not only to resolve the circuit split, but also because the test applied by the Second, Fourth, and Ninth Circuits turns the fair-use doctrine on its head.

The copyright laws are intended to promote new expression, not just the consumption of creative works. “[I]t should not be forgotten that the Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one’s expression, copyright supplies the economic incentive to create and disseminate ideas.” *Harper & Row*, 471 U.S. at 558. If fair use now covers infringements undertaken for a useful but non-expressive purpose, then the more massive and widespread the infringement, the more likely it is to be found useful and therefore fair. That cannot be what Congress intended when it codified the fair-use exception into law, nor what this Court meant when it emphasized the “central purpose” of testing “whether the new work merely ‘supersede[s] the objects’ of the original creation” or whether it “*adds something new*, with a further purpose or different character, altering the first with *new expression, meaning, or message*.” *Campbell*,

510 U.S. at 579 (citation omitted) (bracket in original) (emphasis added). Massive infringement with zero altered content could not be further from what the Court described as transformative in *Campbell*.

Furthermore, this Court has made clear that fair use ought not turn on the social utility of the infringing work or act: “[T]o propose that fair use be imposed whenever the social value [of dissemination] . . . outweighs any detriment to the artist would be to propose depriving copyright owners of their right in the property precisely when they encounter those users who could afford to pay for it.” *Harper & Row*, 471 U.S. at 559 (quotation marks omitted) (alterations in original).<sup>7</sup> Google could have produced the same product by licensing the copyrighted works instead of taking them without authorization. The Second Circuit ignored that fact and found Google’s infringement was justified by the “social value” of its product.

The ability of the internet to improve access to information and content is a good thing. But since its founding, this nation—like most nations across the world—has committed to encourage artistic and scientific progress through incentives for creators. To be effective, those incentives must entitle creators to

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<sup>7</sup> Google can certainly afford to pay authors to use their books to improve its profit-making search engine. *See e.g.*, Pet. App. 58a. And as counsel for Petitioners made clear at oral argument in the Second Circuit, Petitioners in this case merely seek to require Google to obtain a license, just as anyone else would be required to do. Petitioners are not seeking to shut Google Books down.

control their works—with limited exceptions. *See Harper & Row*, 471 U.S. at 568 (“If defendant’s work adversely affects the value of any of the rights in the copyrighted work[,] . . . the use is not fair.”). Whether the arrival of the digital age should radically alter that decision is a profound policy question exclusively in Congress’s purview. As this Court has stated:

From its beginning, the law of copyright has developed in response to significant changes in technology. Indeed, it was the invention of a new form of copying equipment—the printing press—that gave rise to the original need for copyright protection. Repeatedly, as new developments have occurred in this country, it has been the Congress that has fashioned new rules that new technology made necessary. . . . Sound policy, as well as history, supports our consistent deference to Congress when major technological innovations alter the market for copyrighted materials.

*Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 430-31 (1984) (footnotes omitted).

## **II. The Second Circuit’s Singular Focus on Transformative Use Overrides the Express Statutory Factors.**

The decision below also merits review because its flawed “transformative use” approach wholly displaced the statutory fair-use factors. The statute does not use the word “transformative.” Rather, this Court used the phrase to describe the type of new creative works whose “purpose and character,” 17 U.S.C. § 107(1),

weighed in favor of fair-use protection from liability, *see Campbell*, 510 U.S. at 578-79; *see also Sconnie Nation*, 766 F.3d at 758 (noting that transformative use is “not one of the statutory factors, though the Supreme Court mentioned it in [*Campbell*]”). Critically, this Court explained that “[a]ll [factors] are to be explored, and the results weighed together, in light of the purposes of copyright.” *Campbell*, 570 U.S. at 578; *see United States v. Menasche*, 348 U.S. 528, 538-39 (1955) (“It is our duty to give effect, if possible, to every clause and word of a statute.” (internal quotation marks omitted)).

But the Second Circuit focused on just one thing in addressing each of the four statutory factors—Google’s supposed “highly convincing transformative purpose.” Pet. App. 30a. In doing so, it discounted the rest of the statutory considerations.

Thus, the court dismissed Google’s commercial purpose—an express statutory consideration—treating it as irrelevant in light of the supposedly transformative purpose. Pet. App. 27a-31a.<sup>8</sup>

Then, the court effectively held that the second factor will always be satisfied when the use is sufficiently transformative. Although the statute calls

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<sup>8</sup> Although this Court has noted that many fair uses are commercial, it did so by reference to the “criticism” and “comment” examples in the preamble to the Section 107. *See Campbell*, 510 U.S. at 584. Google’s action was motivated by none of the preamble’s purposes. Instead it engaged in “verbatim copying of the original in its entirety for commercial purposes.” *Id.* at 591.

for consideration of the “nature of the *copyrighted work*,” 17 U.S.C. § 107(2) (emphasis added), the Second Circuit instead asked “whether the copying work has an objective that differs from the original,” concluding that because Google’s use had a transformative purpose, the second factor favored fair use. Pet. App. 31a.

The court also decided that the third factor—the “amount and substantiality” of the portion used, 17 U.S.C. § 107(3)—did not affect the outcome. Although Google copied *entire* books, the court concluded that this did not matter. Instead, it held that the wholesale copying “was reasonably appropriate to achieve the copier’s *transformative purpose*.” Pet. App. 34a (emphasis added). Creating a new rule, the court stated that “[w]hat matters” is not the portion actually used, as the statute provides, but “the amount and substantiality of *what is thereby made accessible* to [the] public.” Pet. App. 35a-36a (emphasis in original). By adding this new element to the third factor, the court ignored the myriad ways Google profits from having copied the entire book without a license. *See supra* 2, 7-8. Moreover, the Second Circuit did not even bother to assess the authors’ individual books to determine whether the “heart,” *Campbell*, 510 U.S. at 587, of any could be accessed through displays of excerpts, *see Cambridge*, 769 F.3d at 1259 (“Fair use must be determined on a case-by-case basis, by applying the four factors to each work at issue.”).

The fourth factor—market harm—was similarly neutered. The Second Circuit acknowledged that Google’s display of excerpts “can cause *some* loss of

sales.” Pet. App. 40a (emphasis in original). “But the possibility, or even the probability or certainty, of some loss of sales does not suffice to make the copy an effectively competing substitute that would tilt the weighty fourth factor in favor of the rights holder in the original.” Pet. App. 40a.

The court minimized the harm based on its own speculation that it would be a “rare case” in which a searcher would be satisfied by the excerpts. Pet. App. 42a. Google introduced no evidence—and certainly no undisputed evidence—to support this assertion.<sup>9</sup> *Contra Campbell*, 510 U.S. at 590 (“Since fair use is an affirmative defense, its proponent would have difficulty carrying the burden of demonstrating fair use without favorable evidence about relevant markets.” (footnote omitted)).

The Second Circuit’s unsupported conclusion about market harm is wholly inconsistent with the presumption of market harm this Court reaffirmed in *Campbell*. This Court explained that in “a context of verbatim copying of the original in its entirety for commercial purposes,” 510 U.S. at 591, such a presumption “makes common sense: when a commercial use amounts to mere duplication of the entirety of an original, it clearly supersede[s] the objects of the original and serves as a market replacement for it,” *id.* The Second Circuit avoided this by analyzing only the

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<sup>9</sup> For example, Google presumably possesses data showing the percentage of people who click the links to purchase books after viewing the excerpts, but has never produced that evidence.

excerpts displayed to the public, ignoring that Google copied millions of books in their entirety rather than purchase digital copies from each author.

The Second Circuit's market analysis also improperly limited potential, and even existing, markets for licensed distribution of books. Petitioners had offered evidence of existing or potential markets for inclusion in licensed databases that authors would readily accept. But the Second Circuit ruled that evidence irrelevant simply because the licensed services typically display larger excerpts. Pet. App. 45a. That is beside the point: Google copied authors' works many times over and deprived Petitioners of licensing revenue. The court's single-minded focus on Google's so-called "transformative" purpose caused the court to disregard this market harm along with the myriad additional harms that will likely arise as countless other companies and individuals start to build large unlicensed databases, with whatever data-security arrangements they choose to install.

Prior to the decision below, the Seventh Circuit had warned against the Second Circuit's myopic focus on transformativeness:

We're skeptical of [the Second Circuit's] approach, because asking exclusively whether something is 'transformative' . . . replaces the list in § 107 . . . .

We think it best to stick with the statutory list, of which the most important usually is the fourth (market effect).

*Sconnie Nation*, 766 F.3d at 758.<sup>10</sup> This case proves the Seventh Circuit’s skepticism to be well founded.

**III. The Second Circuit’s Holding that Google is Not Liable for Using Digital Copies of Books To Pay Libraries Is Contrary to the Statute and the Holdings of the Sixth Circuit.**

This Court should also review this case to resolve a conflict between the circuits as to whether a commercial enterprise may evade copyright liability by claiming its non-commercial business partners would only use the copies in non-infringing ways and would be protected by the fair-use doctrine had *they* engaged in the original reproduction.

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<sup>10</sup> Leading copyright scholars have likewise warned against perceived transformativeness overtaking the statutory test. For instance, Nimmer has cautioned that “more consideration must be paid to ‘transformation’ as an ingredient of fair use. . . . ‘[T]he transformative use standard has become all things to all people.’” 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.05[A][1][b] at 13-171 (Rev. Ed. 2015) (citation omitted); see also *Orphan Works and Mass Digitization Roundtables*, Library of Cong. 39 (Mar. 10, 2014), <http://copyright.gov/orphan/transcript/0310LOC.pdf> (statement of June Besek) (“[F]air use has incredibly expanded over the past several years and I think it’s expanded to the point that it is distorting the law.”); 2 Paul Goldstein, *Goldstein on Copyright* § 12.2.2, at 12:34.1 (3d ed. Supp. 2016) (noting “hazards implicit in the transformative use doctrine,” including that it “can be applied to excuse virtually any use that a court decides is socially beneficial, without regard to section 107’s limiting first sentence or its prescribed four factors”).

Section 106 grants authors the exclusive right to “distribute copies . . . of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.” 17 U.S.C. § 106(3). Google distributed to its library partners, as payment for access to twenty million books, digital copies of those books—in other words, books “transformed” into a “derivative” digital “form.” 17 U.S.C. § 101; *see also* § 106(2).

In rejecting Petitioners’ claims as to this distribution, the Second Circuit did not conduct a fair-use analysis. Rather, the court noted that the libraries had agreed to comply with copyright law in using the digital copies, Pet. App. 51a, and excused the distribution because of the court’s view that

[i]f the library had created its own digital copy to enable its provision of fair use digital searches, the making of the digital copy would not have been infringement. Nor does it become an infringement because, instead of making its own digital copy, the library contracted with Google that Google would use its expertise and resources to make the digital conversion for the library’s benefit.

Pet. App. 51a. The court recognized “the possibility that libraries may use the digital copies Google created for them in an infringing manner,” Pet. App. 52a, and “the additional possibility that the libraries might . . . mishandle” or “fail[] to protect[] their digital copies, leaving them unreasonably vulnerable to hacking,” Pet. App. 52a. But it dismissed these as “nothing more than a speculative liability.” Pet. App. 52a.

This reasoning defies the statutory text. Google “reproduce[d] the copyrighted work[s],” and “distribute[d] copies . . . of the copyrighted work to [libraries] by sale or other transfer of ownership,” 17 U.S.C. § 106(1), (3). Moreover, Congress explicitly regulated the conditions under which libraries may make digital copies of published books: they may make no more than three digital copies *only* if the existing books are “damaged, deteriorating, lost, or stolen,” or if the existing format is obsolete, 17 U.S.C. § 108(c), *and* if the books are unavailable at a fair price and the digital copies are only made available for viewing inside the library premises, *id.* Congress cabined this right to “isolated” instances of copying, specifically prohibiting “concerted reproduction or distribution of multiple copies” and “systematic reproduction or distribution” of copies. *Id.* § 108(g). Despite the obvious violations of these statutes, the Second Circuit concluded that Google could not be held liable because the libraries *might* make fair use of the digital copies at some point in the future. And if it turns out that they do not, then the *libraries* could be sued. Pet. App. 52a.

But Google is the infringer here, not the libraries; Google made the copies and distributed them. This alone was infringement. Google’s “use” of Petitioners’ copyrighted works in this regard was as a form of currency to obtain unlicensed access to physical copies of the books. This usurped the authors’ market for digital copies of their books, and Google did it to expand its dominant market position and resultant ad revenue. Whatever can be said about the scope of the fair-use doctrine, surely it cannot be that using copyrighted

works without authorization as a form of currency to maximize corporate profits is a fair use.

The Second Circuit's approach has been rejected by the Sixth Circuit, which holds that a commercial enterprise cannot evade copyright liability by asserting its customers would be protected by the fair use doctrine had they engaged in the infringing behavior themselves.

In *Princeton*, the copyshops that made unauthorized copies of book excerpts they then sold to students contended that "the copying at issue here would be considered 'nonprofit education' if done by the students or professors themselves." 99 F.3d at 1389. The Sixth Circuit rejected this argument: "[T]he courts have . . . properly rejected attempts by for-profit users to stand in the shoes of their customers making nonprofit or noncommercial uses." *Id.* (quotation marks omitted) (alterations in original). It noted that the legislative history supports this view:

[I]t would not be possible for a non-profit institution, by means of contractual arrangements with a commercial copying enterprise, to authorize the enterprise to carry out copying and distribution functions that would be exempt if conducted by the non-profit institution itself.

*Id.* (quoting H.R. Rep. No. 94-1476 at 74 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5687-88); see also *Princeton*, 99 F.3d at 1386 ("[T]he use of the materials by the students is not what the publishers are challenging, [but rather] the duplication of copyrighted

materials for sale by a for-profit corporation that has decided to maximize its profits . . . by declining to pay the royalties requested by the holders of the copyrights.”).

Likewise, in *Zomba Enterprises, Inc. v. Panorama Records, Inc.*, 491 F.3d 574, 582-83 (6th Cir. 2007), the Sixth Circuit made clear that “the end-users’ utilization of the product is largely irrelevant; instead the focus is on . . . [the] alleged infringer’s use.” *Id.* It held that where the infringer’s use is “performed on a profit-making basis by a commercial enterprise,” *id.* at 583 (quotation marks omitted), how others later use the copies is irrelevant.

The Second Circuit’s dismissal of Google’s use of copies as currency is premised on a legal principle the Sixth Circuit has expressly rejected and that is wholly inconsistent with the plain text of the statute.

#### **IV. The Court Should Also Grant Certiorari To Decide Whether Associational Standing Applies in Copyright Cases.**

This case presents yet another circuit split over whether groups like the Authors Guild may assert associational standing on behalf of their members in copyright cases. The Second Circuit said no, Pet. App. 5a n.1, applying that circuit’s distinctive rule that Section 501 of the Copyright Act—by requiring that a plaintiff be “the owner” of exclusive rights, 17 U.S.C. § 501(b)—precludes any form of representative standing. But that rule conflicts with the rule applied in the Eleventh Circuit, which has upheld associational standing under the Copyright Act. *See CBS Broad.*,

*Inc. v. Echostar Commc'ns Corp.*, 450 F.3d 505, 517 n.25 (11th Cir. 2006) (allowing associations to assert copyright infringement claims on behalf of members and citing *Hunt v. Washington State Apple Advertising Comm'n*, 432 U.S. 333 (1977)); see also 3 *Nimmer on Copyright* § 12.02[B] (Rev. Ed. 2015) (noting that performing rights societies may have associational standing to assert copyright claims).

Moreover, the Second Circuit's rule makes no sense. It is true that section 501(b) of the Act only authorizes suits by legal or beneficial owners of exclusive rights under a copyright. But when an association asserts an infringement claim on behalf of members who fit that description, the situation is no different from any other associational standing case. The parties with individual standing are always the individual members, but the law allows the association to aggregate their claims under appropriate circumstances. There is nothing unique about copyright law that exempts member associations like the Authors Guild from this principle. The Court should resolve this conflict in favor of associational standing.

### CONCLUSION

The petition for a writ of certiorari should be granted.

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December 31, 2015

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