

# A DEBATE ON FAIR USE

CHARLES CLARK MEMORIAL LECTURE 2017

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*JON BAUMGARTEN, ESQ AND THE HON. PIERRE LEVAL*

*INTRODUCED AND MODERATED BY BBC BROADCASTER PETER DAY*

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## A Debate on Fair Use

### SARAH FAULDER

Good afternoon and welcome to all of you, and to our very distinguished speakers from the US who will be introduced in a few minutes. As one of the constant sponsors of the Charles Clark memorial lecture, it's my duty to welcome you to this event; I'm Sarah Faulder, Chief Executive of the Publishers Licensing Society, and we're delighted to have been sponsoring this event for a number of years. We do have an additional array of sponsors this year as this is a larger event and our guests are from far afield, so I'd like to thank all our sponsors—I won't list them all by name, but we're really very grateful to all of you.

I'd also like to express huge thanks to Paul Doda of Elsevier who helped us to put this together, and to Emma House of The PA, without whom this would not have happened. She is phenomenal.

This is the ninth Charles Clark lecture, and I think you'll all agree the subject's incredibly topical and of pressing importance. Those of you who knew Charles Clark I'm sure will agree that he would have found this of intense interest. Charles had his own very distinguished career in the publishing industry, with Sweet & Maxwell, Penguin, Hutchinson, and, of course, very importantly, as legal advisor to The Publishers Association. He was deeply involved in copyright issues in Britain, Europe, Geneva, across the world—and particularly closely involved in the 1998 Copyright Act, the WIPO treaties; and he actually helped form the Copyright Licensing Agency, the joint venture licensing body of my organisation, PLS, and ALCS. I'm also delighted to announce that the tenth edition of his tome on publishing agreements will be published in July. Many in this room have contributed to that, and the editor Lynette Owen is also here. Finally I'd like to thank Charles' widow Fiona and his daughter Rachel for being with us today; we're delighted that you're able to be here (applause).

I'm going to hand you over now to someone who's far more capable of presenting and introducing than I am—Peter Day is a long-serving broadcaster with the BBC, although he's now retired after some 40 years. He's done a lot of business programmes and has touched on copyright from time to time, so this debate drew his attention immediately—I'm now handing over, and we're in his hands—Peter.

### PETER DAY

Thank you, Sarah. I'm thoroughly pleased to be here.

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As a humble radio person I'm rather proud to be a member of the Venerable Stationers Company in London, close by St Pauls. These City of London livery companies are derived from the medieval guilds, traders and craftsmen banding together to keep out unlicensed competition. The stationers originally sold parchment, pens, ink and handwritten books from carts in old St Pauls Churchyard—and the carts were tethered, not taken away at the end of the working day, hence the word stationery. The Company was established around the beginning of the fifteenth century, more than 600 years ago by my maths, and its members underwent their first digital disruption some 70 years later when an upstart textile merchant called William Caxton, a mercer by trade, set up the first English press printing from movable type just up the river Thames from the City of London, in the parish of Westminster.

If you started printing like this in the City of London, the boys from the Stationers would have been round in about half an hour to break up your presses and preserve their monopoly, though they came round to the idea of printing. Caxton was never a member, but his foreman Wynkyn de Worde was; there's an astonishing sense of history in the Stationers' Hall just off Ave Maria Lane, the old centre of the publishing industry in London. Now, I mention this for a particular reason—as printing began to redefine everything in society, the new book publishers had to keep track of what they published officially, to help them fight piracy in places like Edinburgh and Dublin. The stationers have wonderful historic records which are now being digitised. If you're lucky on a visit there, the librarian will take you up the narrow staircase to the inner sanctum of the archives, and reach down one of the registers of the company for, let's say, 1607, and turn to the entry for 29<sup>th</sup> November, and there among the housekeeping entries about wine ordered for company feasts, you will see in the register John Busby and Nathaniel Butter asserting their rights to publish a book called Meister William Shakespeare's His History of King Lear as it was played before the King's Majesty at Whitehall upon St Stephens night at Christmas Mass by his Majesty's servants playing usually at the Globe on Bankside. And the hair stands up on the back of your neck, because the invention of intellectual property is taking place in front of your eyes.

Importantly to publishers, Messrs Busby and Butter are now a vital engine of the world economy—perhaps the vital engine, and that's why this afternoon is so important. We'll be hearing from the US about ideas which are still in flux, but may change the way copyright works everywhere. Eventually what those stationers evolved by jealously guarded practice became the British Copyright Act of 1710, and then right from the start America, that self-invented nation, took the concepts of

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copyright and patentry to its heart. There in 1789 in the first US constitution is set out the right of the inventor or author to benefit from a time-limited monopoly on his or her new work of art or invention. The 'time-limited' is of course very important, because the purpose of the constitution is to encourage the dissemination of knowledge, so that writers and inventors will eventually build and innovate on previously invented ideas.

And as we all know now, 200 years later digital has changed everything, including the ideas of ownership, accessibility and availability. What happens to copyright in this disrupted universe? In particular what happens to the doctrine of Fair use in a digital environment? It's the limited use of copyright material without first having get the agreement of the copyright owner, something very much involved in custom and practice and law in the USA; and that's what our two distinguished and extremely experienced speakers are going to address. I'm not going to trespass on their time or expertise any more by talking about Fair use, or fair dealing in other countries, except to note that it's a concept that has been very much a matter of concern in this digital era when many copyright owners have felt their property threatened by for example by a change of companies. There's a huge tension which has been there from the very beginning between the ownership of information and access to it, leading of course to the limited term provisions which define the extent of copyright ownership.

These speakers are going to present their views one by one; then they'll interact, but this is a joint lecture, not a debate. First up is Judge Pierre Leval. He's been at the heart of the historical development and the interpretation of Fair use; and is the author of the Google Books decision, culmination of ten years of intense activity in the US courts. He served on the US Court of Appeals for the Second Circuits from 1993, and was formerly was a Judge of the US District Court of the southern district. Judge Leval (applause).

### JUDGE PIERRE LEVAL

Thank you so much. For starters, let me say that it's wonderful to be in England now that April's nearly here, and New York is buried under twenty inches of slushy snow. I am immensely grateful to the London Book Fair, to The Publishers Association, to Paul Doda, and to Emma House for inviting me to speak to you on the American approach to fair use and my Google Books opinion. I gather it has been distributed to you. I am flattered to share the programme and podium with Jon Baumgarten, who is a distinguished copyright scholar, and a passionate protector of author rights who deplores my Google Books ruling. But this is not a debate (laughter).

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No question this is a scary time for content owners. Digital technologies can easily make protected matter freely available to the world. At the same time, however, new technologies can considerably improve the utilization of copyright matter without significant impairment of the rights protected by the copyright. The mission of fair use is to make the appropriate distinctions. My mission here is to demonstrate to you that fair use is not the enemy of content owners—not your enemy.

When I attended Harvard Law School I was told that the most entertaining course was copyright, taught by the great Professor Ben Kaplan. I contemplated taking it, but decided not to. That would be self-indulgent and immature; I should take a course that would be useful to me in the future (laughter). When I became a judge nearly 40 years ago, one of my first copyright cases involved British literary historian Ian Hamilton's biographical book quoting from the letters of the reclusive J D Salinger. Armed with my well-earned ignorance I wrote what I now consider to be a poor opinion, without any explanation of standards. I was reversed by the Court of Appeals. My second case involved a biography of a religious leader; it quoted from letters and diaries to reveal personality—bigoted phrases to reveal bigotry, cruel words to reveal cruelty, lies to reveal dishonesty. How else does one reveal such things than by quoting the words? I wrote what I think was not a bad opinion at all, but it was overturned again. It was exhilarating to find myself at the cutting edge of the law, even though assigned to the role of a salami (laughter).

The US approach to fair use has advantages and disadvantages. A major advantage is that our approach gives judges flexibility—flexibility to produce decisions that will fulfil the objectives of copyright. The disadvantage of our approach is that it gives judges flexibility (laughter)—flexibility to mess up. Flexibility is of course a two-way street.

Whether the advantage of flexibility outweighs the disadvantage depends really on two things. The first is the quality of the judging. If the judges work with a good understanding of the fundamental objectives of copyright law, their decisions should sustain those objectives. If, on the other hand, the judges don't, too much flexibility may be regrettable. In this regard I think the flexibility of our approach would be admirably suited to the courts of England—the courts that invented common law that invented fair use, and whose judges I understand represent the *crème de la crème* of the Bar.

The second factor that affects the desirability of flexibility is the nature of the subject matter. Is the subject matter one for which inflexible and bright line rules

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will produce acceptable results? There is much to be said for predictability in preference to flexibility, but the value of predictability disappears to the extent that bright line rules will produce bad results.

The fair use question is not amenable to clear, bright line rules. The shape of tomorrow's dispute in this area is not predictable today. The factors that affect an intelligent resolution are far too numerous, and small and subtle variations of fact have very big consequences for good decisions in the field.

Part of the reason for this difficulty results from the bifurcated objectives of copyright. These are reflected in the opening passage of the great Statute of Anne which in 1710 first granted authors the sole liberty to control copies of their work. The statute stated that the goal to be achieved was "the encouragement of learned men (they didn't think much about learned women in those days) to write useful books." The near-range objective was to enable authors to make a living from writing; the far-range objective was to benefit society by expanding knowledge. Incentivised authors would produce useful writings, writings that would educate society. Within a few years English courts recognised that, if one objective is the advancement of learning, author control cannot be absolute. As one judge explained, one cannot put manacles on science. And so fair use was born, a few years after copyright was created. Relaxation of author control does not necessary deprive authors of the revenues copyright law intended them to have. In many circumstances, copying will serve a broad objective of enrichment of public knowledge without significant harm, or indeed any harm, to the legitimate copyright interests of authors not to have copiers competing with them by offering substitutes in the market for their works. This is the ideal zone for fair use.

To be sure we're on the same page, let's talk about a few clear, hypothetical examples of what is fair use. Suppose a political or a religious leader who has boasted publicly of his unimpeachable virtue, and that person was found to have passed a note to a counterpart in an earlier business dealing saying, "If you don't come aboard this deal, you may find yourself with broken kneecaps" Or suppose a politician who gave a speech before an audience of workers in which he gave strong support to worker protections, and then gave a speech before an audience of industrialists opposing those very same worker protections. Without question those materials are the copyrighted property of the person who uttered them, but it seems equally clear that political writers and communicators should be free to quote them for public edification—and that doing this would not cause the authors to lose revenues from exploitation of their talent as writers. The public education objective showing the subjects' dishonesty, viciousness, or two-facedness would be

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served by such copying in an important way, without any real-world impairment of the author's opportunity to earn revenues for the exploitation of authorial skills.

Book reviews are a familiar and universally accepted field for fair use. When book reviews quote sufficiently sparingly, they serve the educational purpose of the copyright laws (giving a taste of the book) without interfering with the legitimate commercial expectations of the book's author. But if a book review quotes too much, the review might effectively offer readers a low-priced alternative to buying the book, and should not be entitled to the fair use privilege. Fair use should lie in the circumstance where the educational value of the quotation or copying does not realistically or significantly diminish the author's legitimate expectation of exclusive control of distribution in order to earn revenue.

Let's look at how fair use has evolved in the United States. Until 1976, fair use was not recognised at all in our copyright statutes, and could be found only in court decisions. In 1976, Congress recognised that such an important doctrine should be reflected in the governing statute. It added a section which states that fair use is not an infringement. As to how to recognise fair use, the statute tells little. It lists four factors, but some of those, the purpose and character of the secondary use, and the nature of the original, are so opaque that they give no guidance whatsoever. Congress furthermore made clear in its legislative report that it had no intention to dictate the contours of fair use; its only intention was to recognise such an important doctrine as developed by the courts, and to leave it to the courts to continue to develop it through the cases that came before them—and that was a wise choice.

So how have our courts done this? At first gropingly, and little by little. Early decisions tended to rule from the gut, declaring the winner but without explaining what standards led the court to that conclusion, if indeed there were standards other than instinctive gut feelings. In the last 40 years our Supreme Court has more helpfully undertaken to explain. In *Harper & Row vs The Nation* in 1985, *The Nation* (which is a periodical) had published an unauthorised 300-word extract from President Ford's as yet unpublished memoir, just before *Time* magazine was to publish the first serialisation of the book. The short passage that was published by *The Nation* was the part of the book that the public was most eager to read—Ford's explanation of his pardon of President Nixon. The Supreme Court described it as "the heart of the book." *Time* had been scooped, and cancelled its contract; the rightsholder Harper & Row lost a substantial royalty payment. Harper & Row sued *The Nation*, which invoked the fair use defence. *The Nation* argued that the public importance of the passage it took, and the small amount of text taken, justified the

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taking. The Supreme Court rejected the defence, and established some important principles to help define fair use.

The Court explained that harm to the rightsholder's legitimate expectation of copyright revenues was the most significant factor in the fair use evaluation. That harm was unquestionably present in that case and determinative of the outcome. The importance to the public of the defendant's revelation was rejected as a justification, at least for the circumstance where the book was on its way to publication and the taking deprived the owner of substantial revenues. It was not so clear how this factor would have been treated if the rightsholder had instead been intent on suppressing the original text rather than publishing it. And the fact that the defendant's taking was of only 300 words out of a whole book could not justify the taking when those 300 words were what the public was the most eager to read.

A decade later the Supreme Court decided the case of *Campbell vs Acuff-Rose*, with a magnificent opinion, giving broad, systematic guidance on how to approach the subject. The explanation the Court gave focused on copyright's two basic objectives; the enrichment of public knowledge and financial incentivisation to authors to create. *Campbell* essentially explains that the fair use zone lies in the circumstance where those two objectives are not at cross-purposes; the enrichment of public knowledge should not justify the fair use defence if it is accomplished by significant impairment of the rightsholder's legitimate entitlement to profit from the distribution of the work. The opinion refines the issue of purpose and character of the copying work, which the statute specifies as the first factor. The more the copying work exhibits what the Supreme Court called a transformative purpose—in other words, the more it seeks to communicate a message different from the message of the original such as criticism of the original author or of the original author's work or serves a different sort of a purpose from an original—the more likely it is that the copy serves public knowledge without interfering with the author's exclusive entitlement to market their work. So, reflecting back on the case of the religious leader that I mentioned earlier, quoting a few bigoted phrases written in a diary in order to show bigoted personality serves public edification, but does not interfere with an author's entitlement to earn revenues from those works. On the other hand, the more the copying simply republishes the author's original message without other objectives or serves the same purpose as the original—the more it offers itself as a market-place substitute for the original—the more likely that it would derogate from the commercial entitlements of the rightsholder and the less likely that it should qualify for the fair use effects.



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That Campbell decision came just before the dawning of the digital age, which confronted courts with a burgeoning new set of challenges for fair use analysis. In the digital sphere, anything one does involves making a copy—and the rightsholder sometimes have argued that if you made a copy without permission, that fact alone is sufficient to show that you have infringed. Well, it's not that simple. Without doubt as I've said, digital copies can be deployed in a manner that seriously harms or destroys a rightsholder's market. At the same time a digital copy can serve extraordinarily valuable informative purposes without any in way harming the author's legitimate commercial interest to profit from distribution.

Courts have focused on those differences. Programmes that permitted widespread sharing of music for example were rejected as fair use because they diminished and destroyed the rightsholders' markets. On the other hand digitised copies that served useful purposes were accepted as fair use when they offered no realistic threat to the author's legitimate copyright interests. In other words they did not offer a realistic substitute.

A couple of examples: Schools made a digitized database of huge numbers of student papers submitted for credit. Why? For the purpose of detecting plagiarism. Out of the enormous database, the programme could immediately identify papers copied from other papers. Students who had submitted papers brought a lawsuit claiming infringement of their copyrights because their papers had been copied. No-one had access to the digitised copies except for the particular purpose of detecting plagiarism, a valuable educational social purpose that did not interfere with the rightsholders' market. Ergo, the suit failed. This copying was fair use.

In another case, search engines were sued for exhibiting tiny thumb-nail copies of works of art. These thumb-nails served a way-finding purpose of furnishing a link or internet pathway to a website where the work appeared. Because of their tiny size and low resolution, the thumb-nails were not usable as reproductions; they did not serve the function of being a substitute for the original art-work, and fair use was accepted.

Against this background Google launched its book project, which led to unauthorised digital copying of literally millions of copyrighted books submitted to it by its library partners, those being a dozen or so of the world's largest libraries. A good deal of misinformation has circulated about the project. For example I have read in the press that Google posted millions of copyrighted books on the internet. That is simply not so. It is true that Google does at times post entire digitised books on the internet, but that is done only when Google has the consent of the

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rightsholders. The suit before us did not involve any such thing. Where Google did not have consent of rightsholders, it did not publish any significant portion of any books on the internet.

Using the digitized copies as a database, Google created a search facility, accessible for free by the general public from which a searcher can obtain very limited information about the books. A searcher interested in learning about Isaac Newton, or the Titanic, Henry VIII or the beautiful Emma Hamilton (who, we learn, captured the heart of Admiral Nelson) can simply type those words into the search box, and the programme will identify instantly which of the 20 million books contain those words, and tell also how many times the searched word appears in the book. It also identifies libraries where the book can be found, and at times booksellers where the book can be purchased. None of this remotely offers a substitute for the book.

In addition, unless the rightsholder objects, for each word searched the search engine page will show a maximum of three snippets containing that word. A snippet is a horizontal eighth of a page, usually consisting of two to four lines of text that contained the word. A variety of technical precautions instituted by Google prevent searchers from seeing any continuous passages of text by putting in multiplied word searches. The snippet view is designed to show just enough to help the searcher make an informed judgement whether the book is of interest. For example, the searcher who has entered the term "Isaac Newton," can discern from a snippet whether the book examines Newton's scientific investigations, or whether Isaac Newton appears in the book because that is the name of the author's cat (laughter). Google does not make snippets available for books that consist of short entries such as dictionaries or cookbooks or short poems. The snippet feature, furthermore, is largely irrelevant to the whole enquiry, because, as I have said, Google will not deploy it if the rightsholder objects.

Another interesting feature of the Google programme is its N-gram feature, which supplies an interesting category of information derived from the huge database. This feature shows historical development of forms of language that enables a searcher to compare the frequency of occurrence of word patterns, comparing decade to decade.

The plaintiffs in our case contended essentially that, because Google made unauthorised digital copies of their books, that was necessarily infringement. It was abundantly clear however to the court that none of the information the Google website provided offers a substitute for the book or competes with the rightsholders' exclusive market.

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If, instead of making digital copies, Google had employed six million elves to scour the texts of the books and furnish to searchers the same information as they can get by a keystroke, there would have been no question of infringement. The mere fact that Google supplies that information through making a digital copy, as opposed to employing six million elves, does not convert the lawful provision of information into infringement.

Our opinion recognised that on some occasions facts revealed in a snippet might result in the loss of a sale. For example, if the searcher's objective was to find out the year of Isaac Newton's death, with luck the searcher might find that fact in a snippet view, eliminating the need to search further for the book and possibly acquire it. But the copyright does not give authors ownership of the facts revealed in their books; or even of the ideas revealed in the books. The copyright protects only the author's particular manifestation of expression, and the snippet view does not reveal any meaningful consecutive quantity of author expression.

It became clear that the information provided to the world by Google Books in no way impaired the value of the copyrights, or offered any sort of a substitute for the books. This was a case where the potentially divergent objectives of copyright are in harmony, thus favouring a finding of fair use. Our opinion made clear that if Google had effectively offered the public a substitute for buying a book, it would have been a different case. The facts, however, showed that while the Google programme conferred gigantic benefits on authors and on the public equally, by helping readers find the books that they want, it did not offer a substitute or interfere with authors' exclusive right to control the distribution. In conclusion I say to you, to an audience which I assume to be an audience of content owners and rightsholders, fair use is not your enemy. It is solicitous of your rights. In cases like Google Books indeed I would say that it is your very good friend, because it brings your books to the attention of the people who want to read them.

I yield to Jon Baumgarten—who will tell you how wrong everything I have said is (laughter). Thank you (applause).

### PETER DAY

Thank you, Pierre. Jon Baumgarten is one of the leading domestic and international intellectual property lawyers in the US, with particular emphasis on copyright. He had 30 years at Proskauer Rose LLP specialising in the evolution of copyright law related to new technologies, and before that he was General Counsel of the US Copyright Office and, earlier, copyright counsel to major publishers and in those

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capacities played a major part in the creation and implementation of the Copyright Act of 1976. Jon Baumgarten.

### JON BAUMGARTEN

Thank you, Peter—and thank you to the organisers of this programme for extending me the privilege of appearing with Judge Leval. We have occasionally differed in our views of fair use, as you will hear, but I have long admired Judge Leval’s scholarship, the analytic depth of his rulings and his courtroom demeanour. I am not the only one. Judge Leval just spoke of our Supreme Court’s decision in *Campbell vs Acuff-Rose*; he did not mention that an article on fair use he had written in the Harvard Law Review was repeatedly cited favourably in the court’s opinion.

Let me say one thing quickly in immediate rebuttal of Judge Leval’s opening. I do not believe that the publishing community in the United States considers fair use to be its enemy. As only one example, publishers of historical fiction, histories, biographies and the like thrive in and require a healthy fair use environment. In fact the publishing community was largely responsible for the legislative *expansion* of fair use in the United States with respect to unpublished works.

This programme honours Charles Clark. Charles and I worked closely together over many years. At first Charles was a guide along the path of international publishing to a then young lawyer (I said it was a long time ago.) (Laughter). He grew quickly into a cherished friend, wise colleague and generous mentor. I think of him often—I do miss him, and thank Fiona and Rachel for sharing him with us.

Many years ago Charles and I visited the British Library Lending Division in Boston Spa. Those of you who recall the Photocopying Wars can imagine what took place. For much of that meeting, what our team hoped would be a constructive dialogue over domestic and cross-border document delivery, rights clearance and collective licensing, was instead a technology Show and Tell—an enthusiastic demonstration by the British Library of what its massed photocopying machines were capable of doing and were in fact doing, minute upon minute, day upon day, reaching deep within and far across the borders of the United Kingdom. I will resist for the moment the temptation to draw a parallel with Google’s daily assembly of its digital corpus of copies of millions of books.

I have always thought that on that day, in that meeting, Charles first conjured up his famous admonition that “the answer to the machine is in the machine”; an adage that has since echoed in the evolution of technical protection measures, copyright management data, facilitated permissions systems, and anti-circumvention laws and

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directives. We are all well aware—as was Charles—that these approaches are imperfect and require continued adjustment to meet technical change, consumer preference, and author and publisher needs; yet Charles’ proclamation that copyright law and technology can and must serve together in the public interest remains a potent message.

I suspect that the growing fair use gulf between the creative and technology sectors would disappoint Charles, but I am confident that he would lead the search for mutually beneficial, public interest resolution in both law and business practice.

Ladies and gentlemen, I am now going to truncate and combine and quote a few passages ---- in the interest of time, far fewer than the six or seven full statements I’d initially accumulated --- that were *not* uttered by Charles Clark.

I quote: “The defendant seeks to characterize... publishers as greedy abusers who sell their [works] at high profit... and seek to stifle scientific research by exploiting tribute for [copying]. *Virtually every segment of this construct is flawed, illogical, and contrary to the principle on which copyright is founded.* [Defendant’s] attempt to deprecate the interest of the copyright owner... is directly contrary to the theory on which the copyright law is premised... The copyright law *celebrates the profit motive*, recognising that the incentive to profit from the exploitation of copyrights... is the engine that ensures the progress of [learning]. Defendants’ demagogic effort to undermine the publisher’s rights by tarring them as wealthy profiteers carries no force in copyright analysis...”

These words and others to like effect were written by then District Court Judge Leval in 1993 in his famous *Texaco* decision, holding intra-corporate photocopying of journal articles to be infringing. It is apparent that the decision (later affirmed by the Court of Appeals on which Judge Leval now sits) reflects strong respect for copyright law and publishers’ rights in face of technologic onslaught. It rightly first brought Judge Leval’s name prominently to the attention of the international publishing community.

Today you will hear me voice considerable concern over Judge Leval’s opinion for the Court of Appeals in the more recent *Google Books* case. I do not believe that the authority or reasoning of his *Texaco* decision has been abandoned by its author or will in the end be diminished by the courts. I do think however that some of the basic principles of fair use, including those reflected in *Texaco* and derived from many other decisions, have been misapplied and overlooked in *Google Books*. Importantly, I think that as a matter of *doctrine* going well beyond the Google Books

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dispute, fair use is being taken in new and unfortunate directions. In other words I think the law of fair use is undergoing unwise systemic change.

I do view the result in *Google Books* and some other cases as a rather stunning retrenchment of American copyright protection. But is not simply particular decisions on their facts that concern me; I am also troubled by the percolation of unwarranted doctrinal change through many future disputes, whether involving dramatic new technology or more prosaic contention far simpler than and far removed from *Google Books*. Additionally, I fear that some aspects of *Google Books* and other decisions will be co-opted by low protectionist interests and in contorted fashion filter through user communities under a false flag of credibility and authority. Similarly I fear that aspects of the *Google Books* opinion may be driven well beyond their intent by other judges.

Perhaps these twin fears are not responsibilities to be fairly laid at the feet of Judge Leval and his colleagues. Judge Leval has made plain in his writings that judges can and have erred in copyright disputes and that there is only so much that writing judges can do to avoid misapprehension, misconstruction or distortion of their opinions. But my concerns are real ones, based firmly on both past history and recent example. Unwarranted extension of and misplaced reliance on *Google Books* will certainly surface in many venues---- ongoing and future “mass digitization” deliberations, treaty and trade agreement negotiations and dispute settlements, and national and regional attempts to review, revise and otherwise restate copyright laws. You must remain alert to discover, pre-empt, and counter them.

For the foregoing reasons I have not dismissed the *Google Books* decision, as some others have, as simply a one-off or as *sui generis*. Similarly I am not much comforted by so-called opt-out privileges that Google has reportedly offered to publishers. They are not material to the court’s decisions or to those aspects that trouble me, and raise their own concerns as well. Opt-outs turn copyright law upside down, encouraging widespread unauthorised reproduction in many contexts, subject only to *post-hoc* discovery, objection and removal; they do not promise compensation, but do hinder continued development of collective licensing and enhanced individualized permissions methods; and they invoke and reinforce the unfortunate but well-known attitude of “take first and negotiate later, *if caught*” --- a recognized tactic of mass infringers.

I will turn now to some specific instances of doctrinal change and seeds for misconstruction that I see in the *Google Books* decision. You should understand that similar faults lie --- and in some cases were founded --- in other decisions as well;

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still other cases have declined to follow their lead. An important marker (*Fox News v. TV Eyes*) for good or ill depending upon your perspective (and involving television, demonstrating that these issues are not limited to mass copying of books but will extend and should be of concern to music, motion pictures, phonorecords, video programming, art works, photographs and so on) was argued in Judge Leval's Court of Appeals just the other day --- Judge Leval is not on the panel in that case --- and is awaiting decision.

However one feels about my judgement that certain decisions are faulty and emerging doctrinal changes unwelcome, many of you here are from jurisdictions that are considering adopting the so-called flexible system of American fair use in lieu of or adjacent to your existing regimes of fair dealing or specific exemption. In this country I understand that separation from European Community directives under Brexit may hasten or reinforce that approach. At the very least you should understand developments in the United States so you can assess the American system as it is, or as its vaunted flexibility may permit it to morph into; not simply as it has been.

First, copyright law has traditionally been premised fundamentally on the reproduction right—a distinct exclusive right to make copies, from which other rights --- distribution, performance or display --- are separated and accreted, and others such as adaptation are largely duplicative. *Google Books* and some other US decisions now wholly subordinate unauthorised reproduction of copies to the question of whether the infringing copies are publicly distributed or otherwise publicly exposed. I do not think fair use analysis traditionally has or should now minimize the core fact of unauthorised reproduction. Courts should not skip over the fact that the copying itself enables all uses that follow from it, and all the benefits accrued to the copier. And they should not discount the context of the unauthorised copying as exemplified by Google's purposeful, massive, regular, systematic, concerted and industrial level making of entire copies of millions of copyrighted books. Now, that is certainly a lot of adjectives and I would never get away with it, nor even try to, in Judge Leval's courtroom (laughter). But the point is substantive and not sophistry; this kind of enterprise copying is very far outside the sense, spirit, design and intendment of fair use as I have known and practiced it for over forty years.

Some would dismiss the fact that these cases involve the copying of entire works on the ground that computers must operate by making digital copies; but that largely incidental characteristic has no pertinence to the issue at hand in *Google Books* and like cases. Copies made in these cases are very far from situations of copies quickly

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made and physically or practically discarded in computers only from technical necessity. And what some would dismiss as infringement based upon the “merely intermediate” nature of the *Google Books* copies to later uses is an entirely inapt characterization, as Google’s collection of copied books remains permanently in place in Google’s custody, perpetually conferring its utility upon Google’s commercial search business but neither compensated for nor constrained by the court’s ruling. (Similarly, with respect to Judge Leval’s interesting analogy a few minutes ago, Google simply did not engage an army of millions of elves to extract or accumulate *data or information* either for itself or its search customers; it did reproduce and make a *permanent, repeatedly reference-able collection or library of entire copyrighted expressions*. The difference in copyright principle is fundamental. Because the unlicensed collection might be later used for data, “information” or snippet extraction or analytics should not exculpate the making of the collection or copying of works any more than one or a legion of scholars’ use of data or information from published or closely held pirated textbooks would bless the actions of the pirate. Indeed, even if the elf army had gathered and accumulated not discrete data, but a collection of entire copyright works or meaningful segments for later exploitation by Google and its customers, it would have no more relevance to what Google Books actually does than the long-rejected analogy between copying or scanning of works and a scholar’s making of handwritten notes. And at least if coordinated, it would remain infringing notwithstanding dispersal of the copying.)

Other situations where copying of entire works is said to be treated as fair use in the United States have also been cited as justification in support of the *Google Books decision*, but for the most part are not anywhere as systematically involved as in *Google Books* and other cases of concern. Many are characterised by very contrary aspects, such as irregularity, spontaneity, isolation or *de minimis* effect or are best described as uses tolerated by choice of copyright owners, a form of *de facto* or implied *gratis* licensing that is hardly uncommon in business life. And in many cases those that are properly fair use are certainly not “transformative”, a key element of *Google Books* and similar opinions that I will return to shortly.

*Google Books* and like cases have also underscored that the complete copies were not made available to the public. (However, Google did make digital copies available to the participating libraries that enabled the scans of their analogue collections, an issue the court paid little if any attention to, excusing it solely on grounds that the libraries’ downstream use would itself be non-infringing This itself was a notable rejection of considerable precedent that requires direct infringers to justify their



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activity on its own fair use merits, not based on the nature of use by their customers or others downstream.) But these courts' subordination of the astonishing level of outright copying to the question of public exposure of the copies is not consistent with the fact that as a matter of legislative text and long standing commentary and jurisprudence, the reproduction right in American law is conspicuously and fundamentally *not* bounded by requirement that the copies be publicly exposed or exploited (as is the case, *per contra*, of the performance, display and distribution rights). It is simply not the case that the value of the reproduction right is measured or its exclusivity infringed only by distribution or other exploitation of the copies made. One can readily see that this approach does represent a meaningful change, one that will be misapplied by others and argued to support previously infringing internal copying in businesses, groups, clubs and institutions, and copying in still-contentious areas such as private, semi-private and intermediate contexts.

To a considerable extent these cases justify their scant treatment of the reproduction right on grounds that the unexposed, entire copies do not supplant the sale of books and hence do not cause monetary harm. However, this no-harm (or "no harm/no foul") conclusion may be unwarranted in fact. In *Google Books* the court arguably paid too little attention to or too easily distinguished and dismissed considerable structural evidence of potential licensing markets for the uses in question, a conventional form of injury that usually weighs significantly against fair use. And there was perhaps little evidence in the record or available to plaintiffs at the time of viable markets for engagement (by licensees or the publisher itself) in large-scale text-digitisation and mining. Too, the court did not consider the impact of Google's making available entire digital copies to the participating libraries—common, important publisher markets—that enabled the scans of their analogue collections. Importantly, apart from these fact questions, the court did not explore an issue which conventional fair use law usually pays emphatic attention to; namely, the impact of the defendant's conduct *if it were to be widely adopted by others*.

Apart from these questions of harm and its proof, I believe that at least in cases of such manifest intrusion on copyright owners' reproduction right as is the case of *Google Books*, copyright holder monetary injury from substitution for the sale or licensing of its works should not be essential to or even overwhelmingly determinative of claims of infringement. Albeit an important consideration, injury is only one of four factors our statute and Supreme Court command attention to when considering a fair use defence. Similarly, and without implicating additional questions of moral rights or personal privacy, I believe that copyright law does serve ends other than avoiding product substitution or conferring compensation. These

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include both objectives of commerce, preference, and taste, such as according control over sequencing and windowing and avoidance of market saturation; and more abstract notions of fairness, justice, unfair enrichment, and property. I suspect that in this area Judge Leval and I have a rather basic disagreement; and I concede that in the United States the judicial pendulum swings rather strongly in his direction. But the nice thing about pendulums is that at some point, they swing back (and lack extraterritorial effect).

Another point—*Google Books* and some other opinions seems to rest overwhelmingly on a finding that the copying is “transformative”. Transformational use has long been an important exculpatory factor in American fair use analysis; however, that notion commonly pertained to the creation of new works of authorship—that is, to changes or adaptations of content or expression, or the use of a limited portion of such content in newly created works, such as biographies, parodies, criticism, reporting, commentary and the like. In some cases courts have unfortunately gone surprisingly far in concluding that the defendant did make a sufficient change in content to be favourably treated; but at least the principle of transformation in the creation of new works was maintained. In *Google Books* and a few other cases, however, courts have gone much further, extending the notion of transformative use to one favouring the defendant’s new “purpose” in copying, where neither a new or changed work was created.

I believe that this expansion of fair use is flawed as a matter of policy because it ignores copyright law’s inherent focus on and encouragement of original creative expression. It opens the fair use doctrine far too broadly, and is too indefinite and susceptible to manipulation and contrivance. It will inevitably dilute the value of adaptation and derivative work rights of copyright owners; and it has already been demonstrated to swallow even the damage criterion of fair use as some courts tend toward the conclusion that a new “purpose” must fall outside the copyright owner’s legitimate market. (Judge Leval has himself criticized this assumption and in *Google Books* did look at but I believe undervalued or underestimated plaintiff’s potential market for Google’s use.) This approach may encompass as fair use a great range of variations in the use of unauthorised outright copies of works differing from the creator’s original intent (as with the duplicative Google copies that the courts apparently considered newly purposed to indexing, mining and the like rather than to reading), or with new utility, or presentation to a new audience, or with differing aesthetic or in varied context. However, I believe there is little reason in copyright policy or Constitutional design to turn unauthorized copies of creative works into conscripted, uncompensated, raw material or fodder for such dealings. With today’s

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commercial premium and entrepreneurial emphasis on technological utility to present and exploit “new business models” and new ideas for “repurposing” what has gone before, it is not at all difficult to see the objective of copyright law being undone rather than enhanced by this change in focus.

In concluding, I note that this question of transformative and fair use were well and lyrically put on Broadway and here in the West End many years ago, in a famous soliloquy from the great musical *The King and I*. With apologies to Oscar Hammerstein and Yul Brynner:

“I offer that my users take a license  
If rights are strong I’ll see my business grown  
But if rights are weak and others can repurpose  
*Might I be repurposed out of all I own*  
*...Is a puzzlement”*

Thank you.

### PETER DAY

Unfair use, fair use; unwise, systematic change. What do you make of that?

### JUDGE PIERRE LEVAL

Well—where do I begin? As Jon began to read those words from an unnamed source talking about the importance of financial incentivisation of authors to creation, I was thinking to myself—that is absolutely correct—I couldn’t have said it better myself (laughter). Jon says that there is a great distance between what I wrote in *Texaco* and what I wrote in the *Google* case. I don’t think there is any distance or change. The cases are decided on the same basis. It is the facts that changed. I remain firmly committed to authors’ right to profit from their writings. That is central to copyright law. Jon suggests that I focused excessive attention on whether the use by Google was transformative. But the *Google* opinion focused even more on whether there was harm to the author’s economic interest in the copyright. The Supreme Court said in the *Nation* case that the fourth factor—the effect of the copying on the author’s legitimate interest to profit—is the most important thing, and we absolutely adhered to that with *Google’s* book case. We reached our position because we found there was no negative impact on the legitimate entitlement of authors or rights owners to profit that resulted from *Google’s* copying. Jon takes the position that because the copying was wide scale and massive that makes it an infringement. But you must look at what the copying is

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used for and whether it interferes with the author's market. Of course everything one writes in this area, as Jon says, is susceptible to misinterpretation in future opinions. He's absolutely right about that. There is nothing one can write that will not be susceptible to future misinterpretation and misuse. Tiny changes make big differences. We made very much of the fact that Google keeps its digital copies guarded as closely as it guards the most intimate secrets of its business. If this had been a case in which Google allowed the copies it made to be freely accessible to the world, we said explicitly that would have been a different case.

Jon also speaks of the possibility of licensing. He says we ignored the possibility of licensing, and there was evidence that the rightsowners could have made money out of licensing what Google Books was doing. To the extent that there was such evidence it was about a very different thing than Google was doing. The evidence showed that one could license the substantial digital reproduction of entire books or substantial portions of books. That's a totally different case. More importantly, the issue of whether a use can be licensed is really a canard, or kind of a bogus issue. Rightsholders, have an absolute monopoly only to the extent of the monopoly that the copyright law gives them. One can get licensing revenue under any circumstances. If a book publisher offers a deal with BBC, to the effect that, if BBC pays £100 a year, it can have talk shows discussing the publisher's books, but if it doesn't agree, the publisher will sue for millions, BBC will simply pay a small royalty to avoid a huge mess of litigation, even though it is entitled by law to talk about books without paying. The fact that someone will pay for clarity and freedom from challenge does not extend the scope of the copyright.

Jon spoke of Texaco. The facts were very different from Google. Texaco involved a large corporation which employed 80 or 90 scientists had two subscriptions to technical scientific journals. The scientists were making multiple Xerox copies for their own files. This was exactly what the copyright law says one may not do. By photocopying, they were creating substitutes for buying more subscriptions or copies. Furthermore, they could have made photocopies without needing to open costly, inefficient negotiations—simply by paying CCC a modest price noted on each article. So that was a case of multiplying the copies, and substituting for additional purchases. Google Books in contrast, is a case in which the massive copying was done solely to provide information about the books. Providing information about the books is not an infringement of copyright. I recognize that the copyright statute speaks in terms of the right to control the making of copies; but what that really means is the right to distribute copies. If one makes a copy and throws it away so that the world remains exactly as if no copy had been made, is that an

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infringement? Much less so if one makes digital copies and uses them for extraordinarily productive purposes that benefit, both the authors and the public without offering any significant opportunity of substitution. These are issues that can, and will be, debated forever. As for the Google opinion, I submit that it was decided according to the same principles as the Texaco opinion which Jon has told me he very much admired. He appeared as Counsel in that case, and he was very happy with the result (laughter) and I was happy with his arguments! Google Books was decided on the same principals, but its different facts required a different result.

JON BAUMGARTEN

Thanks!

But as I indicated earlier, I certainly do not agree with your view that the reproduction right “really means... the right to distribute copies”. Moreover, I submit that “[i]f one makes copies” and derives benefit therefrom (as Google certainly does) and then “throws them away” (as Google certainly does not), infringement is far from an unwarranted conclusion.

PETER DAY

You’re worried about the potential of this, aren’t you, Jon, particularly its extension; that fair use may be taken up and brought much more into play in other parts of the world as well?

JON BAUMGARTEN

That’s part of it. It is notable that elements of the tech industry are promoting foreign countries’ adoption of the US system for the very purpose of expanding their ability to use content without authorisation. If I could just briefly respond now to two things Pierre said. On licensing, I did say that there was record evidence that the kind of copying that Google engaged in was licensable. And I think it was far from speculative and well within the ambit of the usual judicial formulation that looks at not only existing markets, but also at those that are reasonable or likely to be developed, including for licensed and derivative uses. We can argue that up here, but to me the fact that the record examples were for broader licenses did not detract from a structure which could reasonably emerge for less, especially taking into account that it was the copying of entire works that should have been, I believe, the principal issue. Moreover the record apparently did not and perhaps could not at the time reflect a major development in copyright licensing since then -

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-- the evolution of text and data mining licensing which does focus on the kind of individual data or information that the *Google Books* court considered to be the principal issue. As far as *Texaco* is concerned, yes, as much as I dislike the Google Books decision for the reasons I've described, , I love the *Texaco* case (laughter). I did not mean to suggest—in fact I believe I said to the contrary—that the decision in *Google Books* changed or betrayed the *Texaco* decision. I meant to say, and hope I did say, that I did not think your decision in *Texaco* has changed, and I do not think at the end of the day courts will change the principles of that case. But I do think that measured by *Google Books*, fair use doctrine generally has changed in several respects. And I do admit to an extra tinge of discomfort at your discussion of licensing a moment ago. While I think that your treatment of that issue in the *Google Books* opinion is arguably a matter of fact and proof, I have some concern that your discussion today seems somewhat at odds with established law that injury to existing, reasonable, and potential licensing markets does weigh against fair use and may be taken to return to a long rejected notion that any consideration of impaired licensing royalties for fair use purposes must be dismissed as “circular” because it assumes a right to license. I hope that is not the case.

### PETER DAY

Now, most of the time, fair use disputes are about published works, aren't they; in the UK today one type of fair dealing in unpublished works is prohibited. How are unpublished works treated in the USA, and what's the best approach? Both of you have experience of this, haven't you?

### JUDGE LEVAL

Yes, it was the same experience—we were both involved in appearing before Congress and explaining to Congress the fact that, if a work is unpublished, that should not make fair use unobtainable. The answer to unpublished works is the same as the answer to practically any question about fair use, and that is, 'it depends' (laughter). It is one thing if the work is unpublished in the circumstance of the *Nation* case where, although unpublished, the work was about to be published when the defendant scooped it, thereby depriving the owner of substantial copyright revenues. That is bad, no, no! (laughter). Those facts argued very strongly against fair use. But then consider other unpublished circumstances. Suppose that the quoted work is a secret diary of a prominent person in which he says bigoted things or reveals himself to be a crook. The work will never be published by the rightsholder. The author's objective is to suppress what he wrote. There is no issue with depriving the rightsholder of copyright revenues as he has no intention to

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publish. In such circumstances, where the copying of unpublished matter reveals to the world valuable important stuff that would otherwise be suppressed, such copying does not deprive the author of copyright revenues. Those facts strongly favour fair use. And so, it depends.

PETER DAY

Depending how it was taken though...

JUDGE LEVAL

No, you're getting to the next question! (Laughter) Depending how it was taken—we'll talk about that

JON BAUMGARTEN

On the unpublished question as Judge Leval indicated we've been very much of the same mind. Indeed the US publishing community was on the same side; that's who I represented when we succeeded in amending the Copyright Act to broaden fair use by allowing for fair use of unpublished works as long as all the various factors have been taken into account.

In my opinion the question of fair use of unpublished work is just one element of a broader complex of issues that we don't have time to discuss, although I think it would be fascinating and you'd probably find a lot of agreement between us.

Pierre has already mentioned the question of unpublished-but-about-to-be-published works.

As another example, in the District Court opinion in *Google Books* Judge Chin concluded that because the copied books were "published", that made them more susceptible to fair use. Judge Leval's opinion for himself and his colleagues in the Court of Appeals did not pass upon that notion. To me the point is inapt. At the time fair use was developed in our Federal courts, Federal copyright protection was limited for the most part to published works. It makes no sense I think to suggest that those works were born into an inferior position immediately upon being published and copyrighted. I suspect it was simply a misconstruction based upon a comparison to unpublished works. In Europe I understand the issue is more commonly put as to whether a work is "commercially available" And I understand there are arguments being made both ways. If it is commercially available it is said that weighs against fair use or fair Dealing since there is no justification for self-help copying. Yet some I am told have argued that commercial availability weighs in

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favour of fair use or fair Dealing as the copyright owner will have gained its marketplace rewards. I doubt the latter argument will prevail. But I think negative implications of the former position have concerned some American copyright owners who worry that in cases of windowing or sequencing content for reasonable and customary business purposes there may be some disadvantage because a work will deliberately not be commercially available for some markets, times or other circumstance.

Then there is the question of out of print books, assuming for the moment that things still go out of print in the electronic environment. Some of you may remember the Kinkos copy shop case. In that case the publishers I represented deliberately put some out of print books (as well as others that were well in print) into issue, because we wanted to see if we could get the court to say that out of print books were not *overly* fair game for fair use as that would deprive publishers of the opportunity to detect demand for and service the reprint or reissue market. The court did hold for us on that point. On the other hand there is legislative history which suggests that out of print works may be more susceptible to fair use.

As Judge Leval said, it depends. And then another important question today is the treatment of orphan works—those that have been published, may be out of print, but the copyright owner is difficult or impossible to find. You will have to invite us back to London to hear our views about this (laughter).

### JUDGE LEVAL

I'll just say a few more words about the instance where Jon and I both appeared before Congress to get it to amend the Statute. This arose from my first case about Salinger. I told you that armed with my ignorance I wrote a poor opinion and was reversed—and I deserved to be reversed because there were things I'd said in my decision that were wrong and appropriately called for reversal. But the Court of Appeals wrote an opinion that was even worse than mine (laughter). It went much too far in justifying the refusal to find fair use. As I told you, Ian Hamilton's book had quoted or closely paraphrased many of J D Salinger's letters which he had found in libraries after Salinger's correspondents had died. None of these letters had been published. The Court of Appeal's opinion reversing me said that the fact that a work is unpublished ordinarily makes it immune to fair use, and that this was not a concern for history as history can always tell the facts as they are not protected by copyright. What the court overlooked was that the facts are very often the words. Often the historian must quote the words in order to communicate what the facts are. You can't simply say, "Take it from me, this person was a liar or a very bad and



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evil person.” You have to substantiate it, which often requires quotation from copyrighted material. Anyway, the publishing community rose up in arms at these problems created by the Court of Appeals opinion. Congress convened hearings at which both Jon and I testified. Jon representing the publishing community played a much larger role than I. Congress added a sentence to the statute saying that the fact of nonpublication does not prevent a finding of fair use so long as all factors are considered.

### PETER DAY

Well—a lot of talk about whether a piece of copy is fair use or an infringement of it, that’s what this is largely about, but there seems to be little debate about what the remedy should be if the fair use defence fails. Do American courts always order the defendant to stop infringing copyright, or do they sometimes allow the activity to continue with compensation to the rightsowner?

### JON BAUMGARTEN

I’m going to take advantage of being given the microphone to tell one little *Texaco* war story, because it’s worth telling. I was a very young lawyer at the time of the *Texaco* case, and had changed firms. I went to a senior litigation partner at my new firm, Proskauer, explained the case, and said the worst thing about this is we’ve got Leval. He’s been reversed by the Court of Appeals twice on fair use so if he goes with us we’re in trouble; on the other hand he has very liberal views of fair use so he may well not agree with us. My partner, the late Stephen Kaye, told me to sit down and shut up—there could be nothing better for us, he explained, than to have a trial judge who will not just react or listen to the very common wisdom of the day—that since everybody in the world including judges, their clerks, their spouses, their children, their professors, representatives, and children’s teachers, etc, photocopies it cannot and will not be considered an infringement. Judge Leval, Steve explained, will look carefully at the facts including those pertaining to how and why the copies were made and used, alternatives available to serve the defendant’s needs, and the effect upon publishers, and render a decision based on the law as applied to those facts. That’s what we did—the fact development in the case was detailed, extensive and ultimately productive—and it turned out successful.

Now to answer your question, the legal and the behavioural history of injunctive relief in American copyright cases is quite interesting. Before 2006, both preliminary and final injunctive relief were virtually automatically granted to successful

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copyright plaintiffs. Very little had to be proven other than likelihood of success in the case of a preliminary injunction, or success in the case of a permanent one. Irreparable injury and inadequacy of money damages were largely presumed. In a 2006 decision involving EBay our Supreme Court announced that that approach in copyright and patent cases must stop—that the courts were required to give a full remedies analysis as traditionally directed to the issue of preliminary and final injunctive relief. But even before the *EBay* decision, noted commentators like Mel Nimmer and jurists like Judge Leval and others had suggested that in particular cases where the fair use issue was very close, and where the public benefit was very great, it could indeed be appropriate to withhold injunctive relief and remit the plaintiff to damages or profits.

The immediate reaction of the copyright community in many cases was to bemoan what we condemned as “judicial compulsory licensing”. In part that reaction was intuitive, reflexive, political or even copyright absolutist in nature, but it also had reasonable underpinnings. For example, there was a well-grounded concern that in the absence of injunctive relief, proof of damages in the nature of lost sales or licensing opportunities adequate to meet case law standards of avoiding speculative awards would be difficult, and that defendant’s profits attributable to the infringement might be inadequate or similarly difficult to prove with required certainty. Indeed, similar concerns were a common basis for the courts’ pre-*EBay* tendency to issue injunctions as a matter of course. Similarly, there was little confidence, based upon the then-limited legislative area of compulsory licensing, that judicial awards would reasonably resemble marketplace levels.

However, over time or circumstance, in a number of cases authors and publishers did accept the notion of withholding injunctions. In *Texaco* the publishers let Judge Leval know in no uncertain terms that we were not seeking injunctive relief to stop corporate photocopying, but were seeking to be paid for the copies. In *Google Books* I do not know what position the publishers took to their settlement, but the authors I understand made it plain to the court that they were not seeking injunctive relief against the Google project itself. (In fact, at least one amicus brief on behalf of prominent authors argued that the Supreme Court should review the decision in order to make clear that an injunction need not be granted.)

### JUDGE LEVAL

I’m sorry—they *were* seeking injunctive relief.

### JON BAUMGARTEN

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Well, I imagine the prayer for relief in the complaint probably included it in some form. Perhaps the strategic decision to pass on injunctive relief came later. In any case, I think even if you wanted compensatory relief only you might seek a contingent injunction in the event the defendant does not pay—but they at least said that they didn't want to stop the project, they wanted to get paid.

JUDGE LEVAL

I guess I wasn't listening! (Laughter).

JON BAUMGARTEN

There have been other instances where copyright owners have been more tolerant of withholding injunctive relief. In some cases there is little choice. If you sue the United States government or its contractor for copyright infringement, our Federal Claims Court is the only available forum and injunctive relief is not possible; recovery would be limited to "reasonable and entire" compensation. (That was the framework for the first publisher photocopying case many years ago, when the Williams and Wilkins Company sued the government's National Institutes of Health and National Library of Medicine for copyright infringement in the 1970s. The Trial Commissioner found against fair use but the Court of Claims reversed; the Supreme Court split 4-4 on the issue, leaving the fair use holding technically intact, but without meaningful precedential effect.) Suits for any form of relief against individual state and municipal entities for copyright infringement are generally barred under principles of sovereign immunity (a matter of concern to authors in *Google Books* because several major participating libraries that were provided digital copies were state institutions), though some injunctive relief may be had against state officers going forward in their individual capacities.

Notwithstanding some apparent relaxation of concern, I think one nagging worry of content owners with withholding injunctions is this. In the United States, other than injunctive relief, we have basically three remedies for copyright infringement—defendant's profits, actual damages to the plaintiff, and statutory damages. There is no explicit general authority (outside the Federal Claims Court) to award reasonable compensation or a reasonable royalty as such. Statutory damages are an amount of money that the court can award without proof of actual damages, and there are statutory guidelines; that could provide a route for a court to set up a system of reasonable licensing in lieu of injunctive relief. The problem with it is that most of the houses in this audience and many plaintiffs in the United States are not eligible for statutory damages because they do not register their copyright claims in our

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Copyright Office prior to infringement, an explicit statutory condition on recovering statutory damages applicable to domestic and foreign copyright owners alike. So that leaves actual damages or profits, and hence the old, lingering concern of meeting standards of non-speculative proof and over emulating marketplace standards. Moreover, there long has been some question as to whether a court has authority to award a continuing royalty to the plaintiff based not upon proof of lost sales or third party licensing opportunities, but upon the value of the use that the defendant obtained from its infringement. In 2001 Judge Leval, in another copyright context, wrote an opinion in *On Davis Publishing vs The Gap* which carefully explored that question and answered “yes; the courts do have that authority”. I imagine that can become a productive precedent if this issue of withholding injunctive relief goes further.

### JUDGE LEVAL

This is a complicated issue, and I don't really have very strong views on it. The history of Anglo-American law is basically to the effect that compensation is what the law gives, unless the harm is irreparable and compensation would not compensate adequately for the harm. The terminology often used by those who oppose the idea of damages in place of an injunction is “compulsory licenses.” The court is compelling us to grant a licence. That is strategic rhetoric. In a contract dispute, when a defendant has breached a contract, the remedy that courts will give is damages to compensate the plaintiff for the loss; rarely do courts order performance of the contract, and only when damages would be an inadequate remedy. We do not refer to this rule as a compulsory license to breach contracts.

Why it should be different in the case of copyright I'm not really sure. I completely agree with Jon that the history has been perfunctorily, automatically to award an injunction. But I'm not so sure that that's the best idea, or that there's a good reason for it other than historic practice. After all, the copyright is a commercial doctrine. The first purpose of the doctrine is to give authors the financial incentive to create—to give them the opportunity to earn money. It is about money. And so I'm not sure there's a terribly good reason in all cases to require an injunction rather than giving the rightsholder money. I have envisioned a circumstance where the defendant is arguing fair use, and has a strong argument for fair use because the copying providing something of great value to society, but, perhaps because the defendant has taken a little bit too much, the court decides that it is not fair use. Is it necessary in those circumstances to grant an injunction killing the valuable publication? Wouldn't it be adequate as in virtually every other issue of Anglo-

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American law to give the plaintiff money—to compensate for the loss, while allowing fulfilment of the second objective of the copyright law, the public edification, through the publication of the copy.

### PETER DAY

Does it follow from what we've been talking about that the fair use case should include inquiry as to whether the parties have acted fairly? If there's shown to be bad faith by the defendant, the copier or by the sources from which the copyright material comes, ought that to preclude the normal defence of fair use?

### JUDGE LEVAL

I think absolutely not; I think it is a bad thing for everyone for the bad faith of either party to be seen as a pertinent issue. This is essentially a property dispute. If the defendant has done something that violates the plaintiff's property rights, the ruling should be against the defendant. If the defendant has not violated the plaintiff's property rights, then the ruling should be in favour of the defendant, regardless of whether the defendant had evil thoughts in his mind, and acted badly. As with trespass, if I do not go on your land I have not trespassed, regardless of whether I had evil motives or thought about going on your land. Similarly, if I didn't infringe your copyright, whether I had bad motives or acted badly should be irrelevant.

Now why do I say everybody loses if bad faith is taken into account? Put yourself in the position of a publisher. Many of you are publishers. You are presented by an author with a work that quotes from someone's letters and you are faced with the question, "Do I publish this or not? Does it infringe on copyright?" You should be able to decide in most cases—with the help of your lawyer—by examining the texts, comparing the plaintiff's original text to the defendant's copying, and discerning what were the objectives and consequences of the copying. If you need to worry about whether the secondary copying author, or that author's source, whispered sweet nothings into a widow's ear to get access to the letters, or behaved in a manner that a court might find inappropriate, you cannot make a decision of the basis of the texts. Even when it is clear from the texts that the use made in the new book should be considered a fair use, you would nonetheless need first to investigate the history of the quoted letters and how they came into the quoting author's possession. The same considerations would apply when the court considers a fair use dispute. The court in most instances should be able to decide based on examination of the two texts, and to make its decision economically on summary judgement. Google Books was decided on summary judgement; Texaco was decided

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on summary judgement, without needing elaborate expensive trials. But, if the decision can turn on whether the copier or the copier's source acted unethically to gain access to the letters or had bad motives, then you must have a trial, and it's going to cost everyone millions of dollars. Everyone loses. Bad faith should be completely irrelevant. It can be relevant to remedy if the defendant violated the plaintiff's rights. But if the defendant's actions did not violate the plaintiff's rights, the fact that there was bad faith in the picture should not convert non-infringing conduct into an infringement.

### JON BAUMGARTEN

If I were a politician, I would stand up and say, I am the person in this room who will stand up for morality, good faith, and fairness. And then I would sit down (laughter). That, by the way, is an entirely non-partisan statement. Do not draw any implications from it.

However, I am not a politician; I am a lawyer, and I think there is much to be said for Judge Leval's views. The interesting thing to me is that he bases it not only on the objectives of the Copyright Act, but also on the practical burdens on publishers and trial counsel. In most of my professional life my view of the question is based on whether I have in front of me a good or bad actor as client—so I don't get to decide it as a matter of principle very often. I think you should heed what Judge Leval said, and make up your own mind. And recall that there is the question of just what counts as "bad faith": is a dissembling but hardworking researcher guilty of it; what of a content owner or heir who would prefer to suppress unfavourable private facts?

By the way, there are a number of situations in which bad faith certainly is relevant to copyright law determinations. A company and its lawyer can be sanctioned by the court for bringing a bad faith action. As Judge Leval indicated, monetary remedies could be affected by it. Under the our Digital Millennium Copyright Act a content owner who sends a bad faith take down notice can be subject to a specific action for monetary penalties.

### PETER DAY

Gentlemen, thank you very much. That concludes this formal part of the Charles Clark memorial lecture; our lecturers will be available for consultation or to continue the debate at the drinks reception immediately outside, and they will not be billing by the six minutes. Thank you very much indeed (applause).