Long Arm of the Law - 2019: Same old, Same old

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The Long Arm of the Law 2019

Moderated by Ann Okerson, Senior Advisor, Center for Research Libraries (CRL) Presented by Michelle M. Wu, Associate Dean for Library Services and Professor of Law, Georgetown University Law Center; and William M. Hannay, Partner, Schiff Hardin LLP. Video of this session can be seen at https://youtu.be/7iyHmOJJlUE.

Part One: Controlled Digital Lending, ReDigi, Georgia, and Accessibility / Michelle M. Wu

Controlled Digital Lending (CDL)

Controlled digital lending (CDL) can be accomplished in a variety of ways, but any implementation has three elements: the library must own a legitimate copy of the work, the library owns an own-to-loan ratio, and any digital copy circulated in place of the print copy is controlled through digital rights management (DRM). Essentially, CDL is a version of format shifting, where libraries aim to meet the same lending goals of the original acquisition, simply in a different format.

Each of the elements becomes easily understood in the context of format shifting. The library must own a legitimate copy of a work, which typically means purchased but could also mean a gift from someone who has purchased the item themselves. Since the library is seeking only to use works that it has legitimately acquired, it will never use more copies than it owns. A library owning 5 copies of a title, then, could choose to circulate all 5 online and none in print, 3 online and 2 in print, or any other combination so long as the total number of copies never exceeds the 5 that it owns. Last, any digital item circulated must be controlled by DRM—a technology already widely experienced by any user who has checked out an e-book through their public library—so that the item cannot be copied wholesale or redistributed.

This conference session will focus primarily on providing a brief look at the legal underpinnings of CDL, but for a deeper dive or insight to the nonlegal aspects of CDL, conference-goers can visit https://controlleddigitallending.org/readings.

The legal justification for CDL falls squarely within a fair use analysis. The text of the fair use statute, 17 U.S.C. §107, reads:

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

Fair use is a broad exception, intended to be flexible enough to accommodate changes in customs and technologies. While it does require that these four factors be considered, these factors are not exclusive and courts are free to examine any other relevant information in their analysis. But since the four factors feature heavily in case analyses, we will talk about each in relation to CDL here.

The character and purpose of CDL use is identical to the use of the original, so lending online does not appear to be a transformative use. Though it is not transformative, many nontransformational uses have been determined to be fair use, so we take the inquiry further. Since the purpose of CDL duplicates the purpose of the exhaustion doctrine—to be able to use items that a person or entity has acquired—and the library has actually acquired a copy of the work, it would appear that the purpose of the use

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is in harmony with copyright laws writ large. The character of use is noncommercial, and combined with the CDL purpose of lending, appears to fall well toward a favorable fair use assessment.

As in all cases, factors two and three cannot be viewed in isolation. It is true that the works lent by libraries comprise both fiction and nonfiction, and that the full text of the works have been copied in any CDL initiative. However, it would also be true that there have been cases—such as Perfect 10, Google Books and HathiTrust—where the entirety of a work has been copied and fair use was still found. Given the general consensus that these factors cannot be viewed in isolation and are themselves not determinative, these factors are neutral and will be reviewed only in the context of the first and fourth factors.

Fair use, then, seems to rest primarily on the fourth factor, as it does in most cases. Since this is not a transformative use, the question is: does the lending of a digitized copy of a work affect "the potential market for or value of the copyrighted work" (emphasis added)? The key part of this test is the definition of the market. It is the market of the copyrighted work that is relevant, not any other market. In the case of CDL, this becomes complicated as two (or more) markets may be involved: the market for the copyrighted work and the market of a given technology.

First, it is important to note that not all market harm is protected by copyright laws. Copyright is not intended to protect against scathing reviews that damage sales, for example, or the activities of used booksellers, which could also impact sales of works. The market harm that the fourth factor considers is whether or not illegitimate copies of the work are replacing copies in the marketplace.

Second, copyright is medium neutral, a concept that has been used both offensively and defensively in litigation. An author of a work cannot claim a new copyright if all he does is transfer an existing work to a new medium, and a defendant cannot fight a charge of infringement by claiming that converting a work to a new format removes the work from the protection of the original copyright. In other words, copyright protects the work, not a format.

Market impact, then, is measured on the overall market for the work, not by any change in any of the individual markets for the different formats of the work. In CDL, libraries would still buy titles in print representing the actual number of copies needed by their communities. At its heart, the question that has to be asked and answered is this: if a library has one lendable copy before digitization and one lendable copy afterward, can market harm (if any) be attributable at all to infringing the work? Or is it entirely attributable to technology, which copyright does not protect? The library's digitized copy replaces the library's purchased copy and not an unsold copy on the market. For that reason, any market damage should not be the type protected by copyright laws.

ReDigi

ReDigi is a used digital music resale service that claimed to move a music file from the devices of the original buyer to its own servers and then eventually to the new purchaser. It believed that its functionality was protected by both fair use and first sale. Both the district and appeals courts disagreed and determined that ReDigi's process made reproductions, not transfers, making the actions ineligible to claim the protections of first sale, and simultaneously determined that ReDigi had no fair use claim.

After the most recent ruling, CDL proponents were asked if they felt that the decision influenced CDL's fair use analysis. For two reasons, ReDigi is so easily distinguishable from CDL that the court's reasoning simply would not apply to any CDL instance. First, and most important, the court and both parties to the suit agreed that ReDigi actually had no control over the copy. The original purchaser and the new purchaser could indeed listen to the same music simultaneously after resale. Second, ReDigi was a commercial operation and had explicitly stated that it had entered into the resale market to compete directly with the copyright owners' market.

CDL is undertaken by not-for-profit libraries for noncommercial services, and since libraries acquire the works, apply DRM to any digitized copies, determine which patrons check out the materials, and set the length of time users are authorized to use the materials checked out, they have control in a way that ReDigi (a nonowner of a copy) simply did not. Further, as noted above, the library's digitized copy is not intended to compete with any market; it is intended to replace the print copy already on the library's shelf.

Interestingly enough, though, if the ReDigi case were to be cited in CDL, it would be for its definition of

transformative, which expanded transformativeness to include uses that improve efficiency. Since CDL uses digital copies that are more easily checked out by users, especially those who are disabled or who live in remote areas where libraries have shortened hours, this new definition of transformativeness should apply to CDL.

Georgia v. Public.Resource.Org

This case, currently before the Supreme Court, is the most recent in a line of cases designed to understand what rights individuals have to access the laws that govern them. Georgia's only official version of its statutes are an annotated code, where the statutes themselves are free from copyright but the annotations continue to be protected. The circuit court determined that even the annotations should be free from copyright protection.

Accessibility

I was asked to highlight one or two cases or issues that are likely to see significant developments over the next year. Both of the issues that I will flag are about accessibility, though admittedly, one of them is about accessibility writ broadly as opposed to accessibility as related to those with print disabilities.

Litigation surrounding accessibility of websites for those with print disabilities has been growing over the last few years, and in the coming year, we expect at least one appeals court to consider how responsible a library should be for the accessibility of external information (e.g., licensed databases). One district court has already determined that a library must make sure that such information is fully accessible or discontinue use entirely, which means that their entire community would lose access to the materials. Providing ad hoc accessibility workarounds was not considered acceptable to the court.

The second issue of interest is the continued narrowing of access by publishers in providing materials to libraries. As covered by ALA's report to Congress on digital markets, recent publisher action includes Amazon's refusal to license digital books to libraries at all and Macmillan's decision to limit how many copies of an e-book a library can acquire and when acquisition can take place. Congress and libraries are likely to continue examining this type of anticompetitive behavior, and I list it under "accessibility" because such limitations have the most impact on poorer populations. If the only way to read a book is to buy it, then those without resources will never have access to them.

Both of these issues are fairly new so there is not sufficient information to discuss either in depth, but expect to hear more on both by next year's conference.

Part 2: "Same Old, Same Old" / Bill Hannay, Schiff Hardin LLP

Topic One: The Right to Be Forgotten . . . Revisited . . . Again

Did the ECJ "forget" what it ruled?

On 9/24/19, the European Court of Justice ruled that EU privacy law cannot be enforced beyond the European Union.

Thus, the EU's "right to be forgotten" is restricted to the EU.

On 10/3/19, the ECJ ruled that Facebook can be forced to delete content worldwide. The court held that individual countries can order Facebook to take down posts globally.

Why the different results? The 9/24 decision re: Google.

The ruling to limit the geographical reach of the right to be forgotten is a victory for Google over the French privacy agency.

The decision is intended to prevent international disputes over the reach of the EU's laws. The court said Europe could not impose the right to be forgotten on countries that do not recognize the law.

In a related case, the ECJ held that individual privacy rights must be weighed against the public's right to know about some categories of personal information.

The ECJ's 10/3/19 Ruling

On 10/3/19, the court held that individual countries can order Facebook to take down photos, videos, and posts globally. Why different from the ECJ's 9/24 ruling? Because courts have broader power if the content is found to be defamatory or otherwise illegal.

The case involved social network comments calling an Austrian politician a "traitor," "corrupt," and a "fascist."

Pause . . . switch screen to the U.S.

California Adopts New Privacy Law

California has adopted a new Consumer Privacy Act (CCPA) that is the toughest in the U.S. It includes a "right to delete" similar to the EU right.

The right to delete in the CCPA (which goes into effect on 1/1/20) grants consumers the right to request deletion of their personal information.

But unlike the EU right, the CCPA right is limited to a request that a business delete personal information about the consumer "which the business has collected from the consumer."

Privacy Fight in the U.S. Is Growing

Spurred by the enactment of the CCPA, U.S. tech companies have begun to push for federal privacy legislation rather than be subjected to 50 different state privacy regimes.

Naturally they would prefer that the federal law be much softer than the California (or EU) model. But consumer organizations in other U.S. states are beginning to push for CCPA-style laws. So the fight goes on.

What's the Significance to Libraries?

A global take-down order (that is valid under the ECJ's 10/3 decision) would theoretically reach a library's databases. Though, as a practical matter, the database company would be the first line of action, so the library may not have to do anything.

A library or other institution in California may have responsibilities under the CCPA in case of a request to delete "personal information" about a patron or student.

Topic Two: Pornography Is Not Education v. EBSCO

You may recall that last year, a group of Colorado parents sued EBSCO and the Colorado Library Consortium, claiming that the companies "knowingly provide sexually explicit and obscene materials to school children." (The parents were represented by the Thomas More Society, a conservative nonprofit law firm.)

In February 2019, the plaintiffs voluntarily dismissed their lawsuit. Why? Apparently because they were concerned about what would happen if they lost the case. In Colorado, a prevailing party can recover its attorney's fees if the trial judge determines that the other party's claims or defenses were frivolous, groundless, or prosecuted in bad faith.

The Thomas More Society vows to continue its campaign.

Topic Three: ACS and Elsevier v. ResearchGate

Update: Judge won't make ACS and Elsevier bring in authors.

Remember how, last year, the American Chemical Society and the publisher Elsevier sued ResearchGate GmbH in Maryland federal court for copyright violations, alleging "massive infringement of peer-reviewed, published journal articles"? What's the status?

ResearchGate defended, claiming that when the plaintiffs' publications appear on the defendant's website, it is often because a co-author (who has not personally signed an agreement with the publishers) is the one who uploaded the material.

In early 2019, ResearchGate filed a motion to require the publishers to serve these co-authors with a notice under § 501(b) of the Copyright Act because they "have an interest" in the copyrights asserted by the plaintiffs and their rights are "likely to be affected" by the outcome.

In June 2019, the court denied ResearchGate's Motion for Notice. The court pointed out that ResearchGate did not offer even one specific example of a co-author who uploaded an article believing that he or she had the right to do so. The court found that the defendant had not met its burden to prove that evidence in the record casts doubt upon the validity of the publishers' copyrights. Accordingly, the case will proceed.

Topic Four: If It Quacks Like a Duck . . . Great American Duck Races v. Kangaroo

When does one duck-shaped pool float infringe copyright on another? (By the way, what do you call a duck that steals? A robber ducky!)

Great American Duck Races Inc. is a company that runs fundraising “races” using small rubber ducks (like the one on *Sesame Street*).

Then it decided to make a giant one as a pool float. Great Am’s success led Kangaroo Mfg. to enter the market with its own giant rubber duck.

This led to a copyright lawsuit.