NOTE

THE ROLE OF THE E-BOOK IN THE LIBRARY SYSTEM: A COMPARATIVE ANALYSIS OF U.S. FAIR USE AND U.K. FAIR DEALING IN THE E-LENDING UNIVERSE

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I. INTRODUCTION

Copyright law is an invaluable tool for the protection of authors' rights in most countries around the world. Digital technology has fundamentally changed the way in which copyright law protects authors and rights holders, as well as the way in which the general public may

use this protected material.[1] These new technologies have resulted in a great deal of copyright litigation.[2] One burgeoning area of contention is the field of electronic book publishing,[3] especially given its meteoric proliferation in the publishing industry over the last three years.[4] The rapid emergence of books in electronic format implicates one way in which people around the world have accessed books throughout history: the library system. The success of electronic book publishing raises a specific question concerning the library system: if and when will readers have access to the e-book format of the same books that they currently have access to in print form in libraries?[5] This question regarding electronic book lending raises several potential copyright legal issues.[6]

This Note will focus on electronic book lending in the United States and the United Kingdom. To provide context for the discussion of copyright law implications in electronic book lending, this Note will explore the origins of copyright law in each country. Copyright law is

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1 *See, e.g.*, Digital Millennium Copyright Act, 17 U.S.C. § 1201(a)(1)(A) (2012) (stating that "[n]o person shall circumvent a technological measure that effectively controls access to a work protected under this title").

2 *See, e.g.*, Authors Guild v. Google, 770 F.Supp.2d 666 (S.D.N.Y. 2011) (concerning whether Google's library scanning project is fair use); Random House v. Rosetta Books, 283 F.3d 490 (2d Cir. 2002) (concerning e-book rights in book publishing contracts).

3 *See, e.g.*, Random House, 283 F.3d at 490 (concerning e-book rights in book publishing contracts).

4 Devereux Chatillion, *Ebook Rights 2012*, *in* INFORMATION TECHNOLOGY LAW INSTITUTE 2012: INNOVATIONS IN APPS, E-BOOKS, CYBERSECURITY, MOBILE TECHNOLOGY, PRIVACY AND SOCIAL MEDIA 87 (PLI Patent, Copyright, Trademark, and Literary Property, Course Handbook Ser. No. 34218, 2012) (stating that e-book consumption has been doubling each year the past four years).

5 *See* Andrew Albanese, *ALA Officials Ask for 'Equitable Access to E-Books at Fair Prices'*, PUBLISHERS WEEKLY (Sept. 27, 2012), http://www.publishersweekly.com:8080/pw/by-topic/digital/content-and-e-books/article/54148-ala-officials-ask-for-equitable-access-to-e-books-at-fair-prices.html.

6 Claire Elizabeth Craig, *"Lending" Institutions: The Impact of the E-Book on the American Library System*, 2003 U. ILL. L. REV. 1087, 1087 (2003) ("In recent years, however, the circulation of e-books—text in electronic format read via specialized equipment and software—has created a potential challenge to traditional notions of copyright protection. . . . [E]-books still possess some potential in American libraries if the technology becomes more focused on readers and if electronic publishers relax some of the use restrictions currently afforded to them by law.").

governed by statute in both the United States and the United Kingdom.[7] One of the central purposes of the statutes in both countries is to protect the rights of authors in the works that they create.[8] However, this central purpose must be balanced by the countervailing public interest concern in allowing the public reasonable access to these works.[9] This tension pervades the issue of electronic book lending and will be the main problem this note seeks to solve. One way that both the United States and the United Kingdom approach this problem is through statutes that promulgate affirmative defenses to copyright infringement claims for certain uses of copyrighted works. These statutory defenses are called fair use in the United States and fair dealing in the United Kingdom.[10]

Fair use in the United States and fair dealing in the United Kingdom both concern the ways in which the public may make limited use of copyrighted material without being liable for copyright infringement.[11] Libraries in the United States and the United Kingdom should use these statutory defenses to make more books available to their patrons, especially in light of both countries' current e-lending environments, which are quite hostile to libraries and their patrons.[12] One current central concern for libraries is the availability, or lack thereof, of electronic library books given the rapid pace in which the electronic book publishing industry is currently growing in both countries. For example, consumer e-book sales in the United Kingdom

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7 *See, e.g.*, U.S. Copyright Act, 17 U.S.C. §§ 101-1332 (2012) (governing copyright law in the United States); Copyright, Designs, and Patents Act, 1988, c. 48 (governing copyright law in the United Kingdom).

8 ALEXANDER LINDEY & MICHAEL LANDAU, LINDEY ON ENTERTAINMENT, PUBLISHING AND THE ARTS: AGREEMENTS AND THE LAW § 1:72 (3d ed. 2004) (discussing the balance of the rights of the copyright owner with the public's interest in information access).

9 *Id.* ("Fair use balances the rights of a copyright owner with the public's interest in the dissemination of information.").

10 *See, e.g.*, 17 U.S.C. § 107 (2012) (governing U.S. fair use); Copyright, Designs, and Patents Act, 1988, c. 48, §§ 29-30 (governing U.K. fair dealing).

11 *Id.*

12 *See, e.g.*, Andrew Albanese, *Going Public: Frustrated Librarians Begin Taking Their E-Book Case to the Masses*, PUBLISHERS WEEKLY (Sept. 24, 2012), http://www.publishersweekly.com/pw/by-topic/digital/copyright/article/54069-going-public.html (this article quotes the director of Douglas County Libraries as stating: "'[S]ome e-books we can't buy at all and others are so much more expensive than print that it doesn't make good business sense to invest in them.'"); Alun Williams, *British Library Shouts Out Against Unfair DRM*, PC PRO (Sept. 26, 2006, 12:46 PM), http://www.pcpro.co.uk/news/94639/british-library-shouts-out-against-unfair-drm ("The British Library is tackling the undefined nature of IP rights in the digital age, as embodied in UK law, with DRM implementations being increasingly unforgiving for libraries and public bodies.").

increased by 366% from 2010 to 2011.[13] The same trend can be seen in the United States where one-fifth of American adults read at least one e-book in 2011.[14] Although printed books "still dominate the world of book readers,"[15] the aforementioned figures indicate that the "prevalence of e-book reading is markedly growing."[16] However, this extensive proliferation of e-books has not yet been matched with a vast addition of e-books to libraries.[17]

The e-lending situation is similar in both the United States and the United Kingdom. The American Library Association (ALA) indicates that "[s]ome major trade publishers will not sell ebooks to libraries under any terms; others do so only at inflated prices or with severe restrictions."[18] For example, "Penguin will sell any [e-]book to the libraries for lending six months after its release date, each [e-]book may be lent to only one patron at a time and at the end of a year the library must buy each book again or lose access to it."[19] Under these strict restrictions, libraries will not be able to afford access to all the titles they wish to possess in electronic format.[20] This creates a problem for readers who would like access to the same books in both electronic and print format from public libraries. Publishers also argue that their profits may be curtailed if their e-books are available for rent in public libraries.[21] Most importantly, for this Note's purposes, copyright infringement concerns can be significant, because Data Rights Management software (DRM), which "actively prevents content from

13 Alison Flood, *Huge Rise in E-book Sales Offsets Decline in Print Titles*, THE GUARDIAN (May 2, 2012, 7:04 AM), http://www.theguardian.com/books/2012/may/02/rise-ebook-sales-decline-print-titles.

14 Lee Rainie et al., *The Rise of E-Reading*, PEW INTERNET (Apr. 4, 2012), http://libraries.pewinternet.org/2012/04/04/the-rise-of-e-reading/.

15 *Id.*

16 *Id.*

17 *See* Albanese, *supra* note 12.

18 E-BOOK BUSINESS MODELS FOR PUBLIC LIBRARIES, AM. LIBRARY ASS'N 1 (2012), *available at* http://americanlibrariesmagazine.org/sites/default/files/EbookBusinessModelsPublicLibs_ALA.pdf.

19 Leslie Kaufman, *Penguin to Expand E-Book Lending*, N.Y. TIMES (Nov. 18, 2012, 8:08 PM), http://mediadecoder.blogs.nytimes.com/2012/11/18/penguin-to-expand-e-book-lending/?pagewanted=print.

20 *Id.*

21 Ginnie Graham, *Library E-Book Lending Hurt by Publisher Restrictions*, TULSA WORLD (Apr. 30, 2013, 12:00 AM), http://www.tulsaworld.com/news/local/library-e-book-lending-hurt-by-publisher-restrictions/article_a6677bee-b32e-5125-bead-583ebdbad340.html ("Publishers have expressed concern about losing profits and royalties for authors. Librarians argue publishers are not losing sales . . . . As part of a project by the Library Journal, a study found fifty percent of library users buy books by an author they were first introduced to at the library.").

being read or copied to unauthorized devices," is not particularly difficult to circumvent.[22] This is where concepts of fair use and fair dealing come into play in helping libraries facilitate access to a greater number of e-books.[23] A library could claim that breaking an e-book's DRM so that it can lend multiple electronic copies to its patrons is a fair use or dealing of that particular work. However, if libraries lend content that is not adequately protected, authors and publishers will be much less likely to make their e-books available to libraries.

The concerns both of libraries and readers on one side, and of authors and publishers on the other, must be balanced to reach an effective solution. Given the widespread proliferation of e-books, they should be made more widely available in libraries in both the United States and the United Kingdom, while taking heed of concerns of rights holders. If publishers continue offering over-restrictive and expensive contractual terms to libraries in return for use of their e-books, libraries in the U.S. and U.K. should assert their respective countries' defenses to copyright infringement to accomplish this goal. Neither the U.S. fair use doctrine nor the U.K fair dealing doctrine ideally addresses the concerns of all parties involved. The basic critique of U.S. fair use is that it is too vague and subject to manipulation, whereas U.K fair dealing is considered too rigid and non-adaptive to new technologies. Each doctrine should be modified to address concerns of rights holders while still allowing e-books to make a significant and widespread entry into the library system. This Note asserts that e-books should be as widely available in libraries as print books are. Additionally, this Note proposes the following solution: that in both the United States and the United Kingdom, libraries should be allowed to break active DRM technology so that they may distribute their books to multiple delivery platforms, such as Amazon Kindle, iBooks, et cetera.[24] This would be much more difficult in the United Kingdom due to the rigid nature of the fair dealing doctrine. In the United States, this would mean clear dominance of fair use over the anti-circumvention provision of the Digital Millennium Copyright Act (DMCA) for this purpose.[25]

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22 Christopher Harris, *E-books 101: DRM (Digital Rights Management)*, AM. LIBRARIES MAG. (Apr. 3, 2012, 5:44 AM), http://almag.lishost.org/e-content/ebooks-101-drm-digital-rights-management.

23 *See, e.g.*, 17 U.S.C. § 107 (2012) (governing U.S. fair use); Copyright, Designs, and Patents Act, 1988, c. 48, §§ 29-30 (governing U.K. fair dealing).

24 *See* Rainie et al., *supra* note 14, at 3 ("Libraries should have an option to effectively own the e-books they purchase, including the right to transfer them to another delivery platform and to continue to lend them indefinitely.").

25 17 U.S.C. § 1201 (2012).

Part II of this Note will initially give a general overview of the regimes of U.S. fair use and U.K. fair dealing. Part II will then provide a more specific history of both U.S. fair use and U.K fair dealing and a discussion of relevant case law that provides a useful background for this topic. It will also provide a summary of the current state of both e-book publishing and e-lending in the United States and the United Kingdom. Part III will provide a brief description of the background of DRM technology in reference to e-books. It will then lay out a legal analysis of a potential solution to the e-lending problem using both U.S. fair use and U.K. fair dealing. Part IV will set out the conclusion of this note.

II. BACKGROUND OF U.S. FAIR USE AND U.K. FAIR DEALING IN THE DIGITAL ENVIRONMENT

A. U.S. Fair Use

Fair use in the United States is a statutory defense that limits the exclusive rights of authors.[26] This limitation provides that "the fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching . . . scholarship, or research, is not an infringement of copyright."[27] The determination of whether such a use is fair is governed by the balancing of four different factors:

> (1) [T]he purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
> (2) [T]he nature of the copyrighted work;
> (3) [T]he amount and substantiality of the portion used in relation to the copyrighted work as a whole;
> (4) [T]he effect of the use upon the potential market for or the value of the copyrighted work.[28]

"Not all these factors are equally important in every case, but all are considered by the courts in deciding whether a use is fair."[29] Because fair use is ultimately a fact-based balancing test, it is difficult to achieve

26 *See* 17 U.S.C. § 107.

27 *Id.*

28 *Id.*

29 STEPHEN FISHMAN, THE COPYRIGHT HANDBOOK: WHAT EVERY WRITER NEEDS TO KNOW 254 (11th ed. 2011).

uniform case results.[30] However, this weakness is also one of the fair use approach's greatest strengths.[31] The four factors of fair use can provide a great deal of flexibility, which is beneficial in the context of new technologies such as electronic books, which were not yet developed when the statute was drafted.[32] However, as mentioned previously, such flexibility may also result in a lack of clarity and consistency in fair use decisions.[33] This becomes even more prominent in cases dealing with digital technology issues.[34]

The rise of digital technology has brought about a great deal of litigation concerning the U.S. fair use defense to copyright infringement.[35] Therefore, the cases that have concerned e-books, thus far, frame the context of fair use concerns in e-lending. One of the first cases regarding electronic book publishing was *Random House v. Rosetta Books*.[36] This case examined the question of whether "authors [who] had granted [Random House the] exclusive right to publish, print, and sell [their] copyrighted novels 'in book form'" had also granted the publisher the right to sell that work in e-book format.[37] The Southern District of New York decided that the license did not give publishers the right to reproduce the work as an e-book.[38] Although this case did not specifically mention fair use, it was a milestone by being the first to address the growing industry of electronic book publishing.[39]

30 Martin Brenncke, *Is "Fair Use" an Option for U.K. Copyright Legislation?*, *in* BEITRÄGE ZUM TRANSNATIONALEN WIRTSCHAFTSRECHT, at 12 (Martin Luther Univ. of Halle-Wittenberg, Research Ctr. for Transnat'l Bus. Law, Ser. No. 71, 2007), *available at* http://www.wirtschaftsrecht.uni-halle.de/sites/default/files/altbestand/Heft71.pdf ("Due to this open-ended approach, the contours of the fair use doctrine remain vague and the outcome of fair use cases is said to be hardly predictable.").

31 *Id.* at 9 ("A fair use test offers much greater flexibility than the fair dealing defences in the CDPA which are limited to a specific set of purposes of the use.").

32 *See id.* ("Through its flexibility a fair use test accommodates the challenges posed by rapid technological developments because judges can determine the existence of additional purposes to which fair use can apply.").

33 *Id.* at 12 (stating that fair use has a "reputation as the most troublesome doctrine in U.S. copyright law.").

34 *See, e.g.*, Authors Guild v. Google, 770 F.Supp.2d 666, 670-71 (S.D.N.Y. 2011) (the Authors Guild claimed that Google reproduced digital copies of their work without the copyright holders' permission. Google claimed that this is a fair use of the copyrighted material. This massive undertaking by Google shows how dramatically far the fair use doctrine could potentially be stretched in the digital environment.).

35 *See id.* at 666; Authors Guild v. HathiTrust, 902 F.Supp.2d 445, 447 (S.D.N.Y. 2012).

36 Random House v. Rosetta Books, 150 F. Supp.2d 613, 621 (S.D.N.Y. 2001).

37 *Id.*

38 *Id.* at 621.

39 Joshua A. Tepfer, *The Policy Considerations of New Use Copyright Law As It Pertains to EBooks*, 4 MINN. INTELL. PROP. REV. 393, 401 (2003) ("Random House v. Rosetta Books was the first court to address the copyright issues of print books online.").

A particularly important case dealing with fair use in electronic book publishing is currently ongoing. This is the *Authors Guild v. Google*.[40] The central issue in *Authors Guild v. Google* concerns Google's library scanning program.[41] According to the complaint, "Google has contracted with several public and university libraries to create digital 'archives' of the libraries' collections of books . . . . [T]he agreement entitles Google to reproduce and retain for its own commercial use a digital copy of the libraries' archives."[42] The Authors Guild claimed that by doing so, Google was engaging in infringement of the electronic copyrights of those who held copyright to the works being scanned.[43] Google countered by claiming that its library scanning program falls under fair use.[44]

The *Authors Guild v. Google* suit was certified as a class action on May 31, 2012.[45] On September 17 of that year, the U.S. District Court for the Southern District of New York granted Google's motion to stay District Court proceedings pending appeal of the class certification order.[46] On July 1, 2013, there was further development regarding the class certification from the Second Circuit Court of Appeals.[47] The Second Circuit vacated the order certifying the class and remanded the case to the District Court for consideration of the fair use issues.[48] As justification for its decision, the Second Circuit stated:

> Putting aside the merits of Google's claim that plaintiffs are not representative of the certified class —an argument which, in our view, may carry some force—we believe that the resolution of Google's fair use defense in the first instance will necessarily inform and perhaps moot our analysis of many class certification issues.[49]

When and if the courts decide the merits of this case, the results will

40 Authors Guild v. Google, 770 F.Supp.2d 666 (S.D.N.Y. 2011).

41 *Id*. at 669.

42 Class Action Complaint at ¶ 2, Authors Guild v. Google, 770 F.Supp.2d 666 (S.D.N.Y. 2011) (No. 05 CV 8136), 2005 WL 2463899.

43 *Id*. ¶ 3.

44 *Authors Guild*, 770 F.Supp.2d at 666.

45 Andrew Albanese, *After Ruling, Google and Authors Guild Appear Headed for Trial*, PUBLISHERS WEEKLY (June 1, 2012), http://www.publishersweekly.com/pw/by-topic/digital/copyright/article/52189-after-ruling-google-and-authors-guild-appear-headed-for-trial.html.

46 Order to Stay District Court Proceedings, Authors Guild v. Google, 721 F.3d 132 (2d Cir. 2013) (No. 12-3200).

47 Authors Guild v. Google, 721 F.3d 132 (2d Cir. 2013).

48 *Id*. at 133.

49 *Id*. at 134.

likely prove determinative for future fair use cases involving e-books.[50]

The Association of American Publishers settled its case against Google in early October 2012, releasing only limited details as to the settlement.[51] The released details show that Google asserted, "U.S. publishers can 'choose to make available or choose to remove their books and journals digitized by Google for its Library Project.'"[52] This settlement is a significant victory for Google, partially because according to publishers, the "opt-out" policy puts the burden to act on the copyright owners, rather than on Google to seek permission for scanning a particular book.[53] The Google case does not specifically deal with the issue of e-lending. However, one of the central concerns in this litigation is the general public's interest in electronic access to content that individuals would like to read.[54] Google's incentive in trying to provide access demonstrates the increasing demand for print content in electronic format, which libraries are attempting to address through making more e-book titles available to their patrons.[55] Furthermore, a potential victory for Google in this case could be advantageous for libraries and enable them to more easily assert the fair use defense in breaking active DRM software to make more titles available to the public.[56]

Although the *Authors Guild* fair use litigation against Google is still pending, another recent decision may provide some guidance as to how the courts will decide this matter. On October 10, 2012, a federal judge for the U.S. District Court for the Southern District of New York dismissed a lawsuit filed by the Authors Guild against several universities whose libraries had participated in Google's book

50 The topic of the *Authors Guild v. Google* case and its potential impact on U.S. fair use is vast and beyond the scope of this Note. However, it should be noted that Google's making library books available online for the public could affect how patrons use electronic content in libraries. This question is important to acknowledge, but for purposes of this Note's central argument, it will not be addressed further.

51 Andrew Albanese, *Google, Publishers Settle Lawsuit over Book Scanning*, PUBLISHERS WEEKLY (Oct. 4, 2012), http://www.publishersweekly.com/pw/by-topic/digital/copyright/article/54220-google-publishers-settle-lawsuit-over-book-scanning.html.

52 *Id.*

53 *Id.*

54 Brief of Amici Curiae American Library Association et al. in Support of Defendant's Motion for Summary Judgment at 5, Authors Guild v. Google, 770 F.Supp.2d 666 (S.D.N.Y. 2011) (No. 05 CV 8136) [hereinafter ALA Amicus Brief].

55 *See* Albanese, *supra* note 5; *see also supra* note 46.

56 *Id.*

digitization project.[57] The universities had scanned books and placed them into the HathiTrust Digital Library.[58] Focusing on the "transformative use" prong of the defense, the judge stated that the universities' libraries were protected by fair use.[59] The decision here seems to indicate the potential vulnerability of the Authors Guild in its case against Google. This case is analogous to *Authors Guild v. Google*, and when the Southern District of New York reaches the merits of *Authors Guild v. Google*, the result surely will have a significant impact on the fair use doctrine in the realm of e-books. Both of these cases involve Google claiming that fair use allows it to scan books and offer their contents online for free.[60] A decision in Google's favor could set a strong precedent encouraging other providers to do the same, thus revolutionizing the way we view books and conduct research.

A crucial piece of legislation that concerns fair use and digital technology is the Digital Millennium Copyright Act (DMCA), which was passed by Congress in 1998.[61] Although this statute was not meant to limit or eliminate the fair use defense, the early litigation concerning the DMCA resulted in just that.[62] The DMCA states, "No person shall circumvent a technological measure that effectively controls access to a work protected under [the Copyright] title."[63] This language presents a serious problem for fair use. According to a strict interpretation of the statute, circumventing a technological protective measure to access an e-book even for the purpose of fair use would still be deemed a violation of the DMCA. For example, under a strict reading of DMCA, it would be a violation to circumvent DRM software to access a properly acquired e-book on more than one e-reading device, i.e., on both Amazon's Kindle and Apple's iBooks software.[64] This is contrary to the DMCA's legislative history, which reveals that Congress intended fair use to limit the scope of the DMCA, not the other way

57 David Kravets, *Judge Says Fair Use Protects Universities in Book-Scanning Project*, WIRED (Oct. 10, 2012, 8:05 PM), http://www.wired.com/threatlevel/2012/10/fair-use-book-scanning/.

58 *Id.*

59 *See id.*

60 *See, e.g.*, Authors Guild v. Google, 770 F.Supp.2d 666 (S.D.N.Y. 2011); Authors Guild v. HathiTrust, 902 F.Supp.2d 445, 447 (S.D.N.Y. 2012).

61 Digital Millennium Copyright Act, 17 U.S.C. § 1201 (2012).

62 *See* Steve P. Calandrillo & Ewa M. Davison, *The Dangers of the Digital Millennium Copyright Act: Much Ado About Nothing?*, 50 WM. & MARY L. REV. 349, 355 (2008) ("Worse, early litigation dramatically expanded the definition of what constitutes a technological protection measure deserving of the law's respect."); *id*. at 350.

63 Digital Millennium Copyright Act, 17 U.S.C. § 1201(a)(1)(A) (2012).

64 This will be discussed in greater detail *infra*, in Part III of this Note.

around.[65]

The Northern District of California confirmed this theory regarding congressional intent in *United States v. Elcom*, a case analogous to the e-lending problem discussed in this Note.[66] The defendant, Elcom, was accused of violating the DMCA's anti-circumvention provision when it developed and sold a program that allowed the purchaser of an Adobe Reader e-book to "convert the format to one that is readable in any PDF viewer without the use restrictions imposed by the publisher."[67] This is what this note proposes libraries could have the right to do under the fair use or the fair dealing doctrine. The *Elcom* court clearly held that the DMCA does not eliminate the fair use defense: "Although certain fair uses may become more difficult, no fair use has been prohibited."[68] The court even went so far as to say, "Making a back-up copy of an e-book, for personal non-commercial use, would likely be upheld as a non-infringing fair use."[69] These statements show the Northern District of California moving away from a strict interpretation of the DMCA that would invalidate fair use to one that allows for fair use. More than any other case, *Elcom* highlights the DMCA and fair use issues that plague not only e-lending, but also the entire e-book publishing industry in the United States.

B. U.K. Fair Dealing

The doctrine of fair dealing in the United Kingdom is parallel to the fair use doctrine in American law. The main distinction between U.S. fair use and U.K. fair dealing is that the U.K. fair dealing statute delineates the specific categories into which the use in question must fall to even reach consideration for a rendering of fairness.[70] "[A] person is not liable for copyright infringement, if his act amounts to fair dealing for the purposes of non-commercial research or private study, for the purposes of criticism or review, or for the purpose of reporting current events."[71] In addition to fair dealing, the Copyright, Designs, and Patent Act (C.D.P.A.) also allows librarians to "make and supply from a published edition a copy of part of a literary . . . work without

65 Calandrillo & Davison, *supra* note 62, at 355.

66 United States v. Elcom, 203 F.Supp.2d 1111, 1119 (N.D. Cal. 2002).

67 *Id.* at 1118.

68 *Id.* at 1131 ("Defendant has cited no authority which guarantees a fair user the right to the most technologically convenient way to engage in fair use.").

69 *Id.* at 1135.

70 *See* Copyright, Designs, and Patents Act, 1988, c. 48, §§ 29-30.

71 Brenncke, *supra* note 30, at 7 (quoting Copyright, Designs, and Patents Act, 1988, c. 48, §§ 29-30) (citations omitted).

infringing any copyright in the work," provided that those copies are only being used for non-commercial research or private study.[72] This language clearly indicates a stricter and more rigid approach because, before a dealing's fairness can even be considered, the dealing must fit into one of the statute's aforementioned categories.[73]

If a dealing does embody one of the C.D.P.A.'s permitted purposes, then "its fairness must be shown."[74] This fairness determination is "a question of degree and impression" that is developed in U.K. case law.[75] Upon a basic comparison of the two statutory frameworks, one can tell that fair dealing is a more rigorous mechanism than fair use. Fair dealing requires a use to fall into a particular category before its fairness can even be evaluated.[76] Fair dealing's rigid list of categories also makes this approach less conducive to dealing with new technology issues, such as electronic books.[77] However, fair use's central weakness is also fair dealing's central strength: unlike fair use, fair dealing does not suffer from lack of clarity.[78] Due to fair dealing's rigid statutory structure, this regime has a difficult application in the new digital environment. The strict list of categories does not easily lend itself to technological inventions that were not yet contemplated when the statute was initially drafted.[79] The current absence of a private copying exception in U.K. copyright law is an example of this.[80]

Gowers Review of Intellectual Property gives a good example of how this could affect the legitimate use of new technology: in the United Kingdom, it would be illegal "to copy music from a CD that one has purchased onto a computer or MP3 player that one has also legitimately purchased."[81] This is an example of format shifting; that is, the concept of a legitimate owner "shifting" a work into a more convenient format, which is also prohibited as a copyright infringement

72 Copyright, Designs, and Patents Act, 1988, c. 48, § 39.

73 *See id*. §§ 29-30.

74 Brenncke, *supra* note 30, at 7.

75 *Id*. (citing BBC v. British Satellite Broadcasting Ltd., [1992] Ch. 141 at 149).

76 *See* Copyright, Designs, and Patents Act, 1988, c. 48, §§ 29-30.

77 Brenncke, *supra* note 30, at 5 ("In his review *Gowers* identified the current fair dealing provisions as being of low flexibility.").

78 *Id*. at 9 (comparing the flexibility of fair use versus the rigidity of fair dealing).

79 *See id*. ("[I]t can be argued that the limited scope of s. 29(1) CDPA does not appropriately represent the increasing importance of non-textual media for study and research.").

80 ANDREW GOWERS, GOWERS REVIEW OF INTELLECTUAL PROPERTY 62 (Dec. 2006), *available at* http://www.official-documents.gov.uk/document/other/0118404830/0118404830.pdf.

81 *Id.*

under current U.K. law.[82] In turn, this implicates the concept of a library breaking DRM software so that it can distribute e-books to its patrons on multiple e-reader platforms.

It is important to note that the United Kingdom is showing signs of changing its stance on the prohibition against private copying.[83] The U.K. Intellectual Property Office has published draft amendments to the C.D.P.A for technical consideration.[84] One component of these amendments is a new exception that will allow individuals to copy content that they own, and which they acquired lawfully, onto other mediums or devices for their own personal uses.[85] This copy would then only become infringing if transferred to another person, or if the copy from which it was made is so transferred.[86] This amendment also addresses the DRM issue:

> If the content which a person has acquired includes a technological protection measure to prevent the making of a copy, a person may not circumvent that in order to make a copy. They may, however, complain to the Secretary of State, who may order that the protective measure be removed.[87]

Since this proposed change is not yet law, however, this Note will presume a lack of a private copying exception in the United Kingdom. The weaknesses of fair dealing will be discussed in greater detail in Part III of this note, but it is worthwhile to address them initially because they are central to fair dealing issues in e-lending.

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82 *Legalising Format-Shifting*, LEGAL PIRACY (May 10, 2011), http://legalpiracy.wordpress.com/2011/05/10/legalising-format-shifting/.

83 *See* Stephen Edwards, *Modernising the Exceptions to Copyright: The Government Consults on the Draft Amendments*, REED SMITH (June 25, 2013), http://www.reedsmith.com/Modernising-the-exceptions-to-copyright-the-government-consults-on-the-draft-amendments/ (discussing the United Kingdom's consideration to allow a new private copying exception).

84 *Id.*

85 *Id.*

86 *Id.*

87 *Id.*

Unfortunately, from a case law perspective, analyzing fair dealing in the digital environment is a bit more difficult than applying the same analysis to fair use. Fair dealing in the United Kingdom does not have a body of case law as strongly applicable to e-books as fair use does in the United States. Nevertheless, there are several cases that provide a strong background for analyzing fair dealing in the digital environment.[88] As mentioned earlier, for a party to successfully assert the fair dealing defense to copyright infringement, the dealing must fall into one of the purposes enumerated by the statute: it must be for purposes of non-commercial research or private study, for criticism or review purposes, or for the purpose of reporting current events.[89] After this initial determination is made, "[t]he dealing must be fair in accordance with common-law criteria; and . . . there must be sufficient acknowledgement of the original work in cases of criticism/review and reporting current events."[90] The second step, the determination of a dealing's fairness, is where U.K. case law applies the most. Similar to fair use in the United States, U.K. courts consider several factors in determining the fairness of a dealing:

1. The nature of the work;
2. How the defendant obtained the work;
3. The amount taken from the work;
4. Purposes of the use;
5. Effect of the use to the market;
6. Alternatives to the dealing.[91]

These factors were further expounded upon in *Ashdown v. Telegraph Ltd*.[92] In that case, the appellate court laid out a specific hierarchy of factors for consideration in the fairness determination. These factors are as follows:

1. Commercial competition, e.g. whether the new work was competing with the proprietor's exploitation of the copyrighted work;

88 *See, e.g.*, Ashdown v. Telegraph Group, [2001] EWCA (Civ) 1142, [2002] Ch. 149; Universities U.K. v. Copyright Licensing Agency, [2002] R.P.C. 36, [2002] E.M.L.R. 35.

89 Copyright, Designs, and Patents Act, 1988, c. 48, §§ 29-30.

90 Seagull Haiyan Song, *Reevaluating Fair Use in China—A Comparative Copyright Analysis of Chinese Fair Use Legislation, the U.S. Fair Use Doctrine, and the European Fair Dealing Model*, 51 IDEA 453, 469 (2011).

91 *Id*. at 469-70.

92 Ashdown v. Telegraph Group, [2001] EWCA (Civ) 1142, [2002] Ch. 149 (involving a suit for copyright infringement wherein the plaintiff, Lord Ashdown, sued a U.K. newspaper for copyright infringement for publishing the confidential minutes of a meeting between the Prime Minister and him).

> 2. Prior publication, e.g. whether the work was published or previously exposed to the public. . .;
> 3. The amount and importance of the portion of the original work taken.[93]

As can be seen from the hierarchy of elements in the fairness determination, commercial competition is the most important factor in the view of U.K. courts. This is analogous to the most important factor in American courts' evaluation of fair use: market competition.[94]

The emphasis on commercial and market competition can also be seen in *Universities U.K. v. Copyright Licensing Agency*.[95] This case involved a blanket license issued to the university that included photocopying books and journals and supposedly excluded the production of course packs.[96] A course pack is "a usually photocopied collection of materials used in the classroom, distributed in either book format or as class handouts."[97] The United Kingdom's Copyright Tribunal found that the restriction on course pack copying should be removed from the license.[98] The Copyright Tribunal articulated the following several useful points which help to clarify the doctrine of fair dealing in relation to e-lending. The court stated, "[T]he fair dealing defence of [research] and private study is a personal one, and will not normally extend to the making of multiple copies for others."[99] Additionally, the Tribunal stated that sections 38 to 40 of the C.D.P.A. "take out of the scope of infringement copying by librarian of an article, or a reasonable proportion of a book if the librarian is satisfied that the person requiring the copies requires them for the purposes of his research or private study."[100] These two statements show the court's effort to balance (1) the commercial interests of copyright holders (by typically limiting fair dealing to the party using the work in question); and (2) the interests of the general public (by affording librarians the power—albeit limited—to copy portions of a given work). This balancing act is crucial to both the doctrines of fair use and fair dealing,

93 *See* Song, *supra* note 90, at 472 (quoting Ashdown, [2002] Ch. 149).

94 Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 567 (1985) (stating that the final fair use factor—"the effect of the use upon the potential market for or value of the copyrighted work"—was "undoubtedly the single most important element of fair use.").

95 Universities U.K. v. Copyright Licensing Agency, [2002] R.P.C. 36, [2002] E.M.L.R. 35.

96 *Id*. at 752.

97 *Academic Coursepacks*, STANFORD UNIVERSITY LIBRARIES (Apr. 19, 2014), http://fairuse.stanford.edu/overview/academic-and-educational-permissions/academic-coursepacks/.

98 Universities U.K. v. Copyright Licensing Agency, [2002] R.P.C. 36, [2002] E.M.L.R. 35.

99 *Id*. at 763.

100 *Id*. at 762.

but given the latter's inherently stricter structure, it appears fundamentally harder for the average consumer of a copyrighted work to prevail under fair dealing.

Consider the potential outcome of *Authors Guild v. Google* under U.K. copyright law. This is an issue that Martin Brenncke addressed.[101] He notes that "under U.K. copyright law . . . Google's Book Search is unlikely to satisfy any of the purposes given in the fair dealing provisions."[102] Brenncke's statement indicates that the outcome of *Authors Guild v. Google* case would not be difficult to decide under the fair dealing defense. In contrast, the *Google* case will likely be seminal for U.S. fair use in the digital environment due to the fact that it would decide an unsettled aspect of fair use relating to new technologies.[103] On the other hand, the fair dealing's rigid structure, coupled with its emphasis on author and publisher commercial interests, makes the e-lending problem difficult to solve in the United Kingdom under the current law.[104]

C. Current State of E-books and E-lending in the United States and the United Kingdom

To provide context for the analysis of fair use and fair dealing in e-lending, it is necessary to address the current state of the e-book industry and the e-lending situation in both the United States and the United Kingdom. The electronic book publishing industry has been growing with increasing rapidity: "Ebook consumption has been going up by double or more each year since the Kindle arrived a little over four years ago."[105] Moreover, "the rise of e-books in American culture is part of a larger story about a shift from printed to digital material."[106] According to the Association of American Publishers, in October 2010, e-books made up approximately seven percent of the total trade publishing market in the United States.[107] In October 2011, that share

101 *See* Brenncke, *supra* note 30, at 10 (discussing the likely negative outcome of the Authors Guild v. Google case under the U.K. fair dealing regime).

102 *Id.* (Brenncke also says: "Since neither the fair dealing defences nor any other defence to copyright infringement would apply, Google's Book Search would infringe U.K. copyright law from the very outset.").

103 *See, e.g.*, Authors Guild v. Google, 770 F.Supp.2d 666, 669 (S.D.N.Y. 2011).

104 *See* Brenncke, *supra* note 30, at 10 ("Google's Book Search would infringe U.K. copyright law from the very outset.").

105 Chatillion, *supra* note 4, at 87.

106 *See* Rainie et al., *supra* note 14, at 1.

107 *See* Chatillion, *supra* note 4, at 87.

increased to seventeen percent.[108] The massive growth of the e-book industry in the U.S. is also occurring in the United Kingdom, in a similar fashion. "Consumer e-book sales in the [United Kingdom] increased by 366% last year helping to offset a decline in the market for printed books, with the value of consumer e-book sales at £92 million in 2011."[109] To summarize the current situation in both countries simply: "[T]he movement toward e-books and reading on mobile devices is changing the book market more dramatically and with more speed than anyone contemplated."[110] The mass proliferation of e-books shows that e-reading is becoming an ever more popular method for reading books.[111] Given the high demand for e-books as shown by these figures, it is reasonable to expect that library patrons will want a wider range of accessible books in electronic format. If consumers are not given this access, it is certainly possible that the role of libraries could diminish accordingly.

> There have been some efforts to distribute e-books in libraries in both the United States and the United Kingdom.[112] For example, [Seventy] per cent of UK libraries currently provide some form of e-lending service . . . . However, the number of books available varies widely from library to library. Several leading publishers refuse to make their titles available as e-loans, and Amazon does not license the use of its Kindle e-readers for libraries.[113]

The situation is fairly similar in the United States. A significant number of American libraries provide some sort of e-lending service, but the variety of books provided is less than stellar.[114] About three-quarters of American public libraries offer e-books, according to the ALA.[115] However, only five percent of recent library users have tried to borrow an e-book in 2012.[116] A report published by the ALA indicated that "many books on *New York Times* lists are not available to libraries at all in e-book format, and, of those that are available, markups for libraries

108 *Id.*

109 Flood, *supra* note 13.

110 *See* Chatillion, *supra* note 4, at 87.

111 *Id.*

112 Anita Singh, *Libraries Urged to Embrace E-Lending*, TELEGRAPH (Sept. 27, 2012), http://www.telegraph.co.uk/culture/books/booknews/9569241/Libraries-urged-to-embrace-e-lending.html.

113 *Id.*

114 Albanese, *supra* note 12 (stating that many current best-sellers are not available to libraries as e-books).

115 *Libraries and E-Lending: The 'Wild West' of Digital Licensing?*, NPR (Dec. 27, 2012, 4:00 PM), http://www.npr.org/2012/12/27/167649198/libraries-and-e-lending-the-wild-west-of-digital-licensing.

116 *Id.*

are up to six times the consumer price for the same title."[117] To quantify this statement in the context of major publishing houses, only two publishers, HarperCollins and Random House, sell their most popular books to libraries in digital form, but even these publishers offer fairly strict terms.[118]

Authorities in both the United States and the United Kingdom are making concerted efforts to rectify the current situation. The United Kingdom launched a government review in September 2012 to establish a nationwide lending policy.[119] In the same month, the ALA published an open letter addressing this very debate.[120] ALA President Maureen Sullivan stated, "Libraries can no longer stand by and do nothing while some publishers deepen the digital divide, or wait passively while some publishers deny access to our cultural record."[121] The ALA also released a report entitled "E-book Business Models for Public Libraries," wherein it recommended:

> [T]hree basic attributes that should be included in any business model for e-books:
>
> 1. Inclusion of all titles: All e-book titles available for sale to the public should also be available to libraries;
> 2. Enduring rights: Libraries should have the option to effectively own the e-books they purchase, including the right to transfer them to another delivery platform and to continue to lend them indefinitely;
> 3. Integration: Libraries need access to metadata and management tools provided by publishers to enhance the discovery of ebooks.[122]

This information suggests that the e-lending issue is increasingly gaining momentum and attention, which is something that publishing companies may need to pay attention to in the future.

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117 Albanese, *supra* note 12.

118 *See Libraries and E-Lending: The 'Wild West' of Digital Licensing?*, *supra* note 115 (HarperCollins licenses a book to a library and that library has twenty-six circulations for that individual book, but after twenty-six people read that book, the library must pay a fee of $25-$35 to renew the license; with Random House, new titles may cost up to $100 to license.).

119 *See* Singh, *supra* note 113.

120 *See* Albanese, *supra* note 12.

121 *See id*.

122 Beverly Goldberg, *ALA Releases "E-book Business Models for Public Libraries"*, AM. LIBRARIES MAG. (Aug. 8, 2012), http://www.americanlibrariesmagazine.org/blog/ala-releases-"ebook-business-models-public-libraries".

III. LEGAL ANALYSIS OF FAIR USE AND FAIR DEALING IN ELECTRONIC BOOK LENDING

A. Analysis of Data Rights Management and Its Applicability to E-Lending

This portion of the Note will show how a library breaking DRM could be considered fair use, and how the fair dealing doctrine needs modification to achieve the same result in the United Kingdom. This solution directly applies to the second suggestion in the ALA's aforementioned report.[123] To clarify, it would be ideal for libraries and publishing companies to agree to this contractually, as the ALA suggests.[124] What this Note seeks to discover is whether this proposal could be justified under either U.S. fair use or U.K. fair dealing even in the absence of publisher consent. Before commencing this comparative legal analysis, however, a short discussion of DRM and its applicability to the current e-lending situation is necessary.

Broadly speaking, DRM refers to a technology that protects digital content.[125] Active DRM is technology used on many e-books to "actively [prevent] content from being read or copied to unauthorized devices."[126] Active DRM does this by encrypting the e-book's content so that the only way to access said content is through an authorized reader.[127] One of the most prevalent examples of active DRM on e-books is Adobe Digital Editions, which only allows attachment of a total of six devices to an individual user license.[128] In contrast to active DRM, "[p]assive DRM usually uses watermarks to subtly alter the content to show ownership or to allow identification of the original source in the case of infringement."[129]

The most important current issue with DRM is its actual effectiveness in protecting the content of e-books. One of the practical effects of DRM concerns the way in which a consumer may read a purchased e-book. For example, if a consumer purchases a copy of George R.R. Martin's *Game of Thrones* in the Apple iBookstore on his or her iPad, that person will not be able to read that same book on an Amazon Kindle, even though the consumer has rightfully purchased the

123 *Id.*
124 *Id.*
125 Harris, *supra* note 22.
126 *Id.*
127 *Id.*
128 *Id.*
129 *Id.*

book.[130] This creates a problem for consumers, because users generally want e-books free of these constraints.[131] Most importantly, users who wish to view their e-books on different platforms can easily circumvent DRM.[132] In other words, "[t]hose intent on misconduct are not stopped by DRM, while honorable consumers are punished by complicated DRM solutions."[133]

Because of this, many authorities in the publishing field want to dispense with DRM.[134] For example, in April 2012, Tor Books, the world's largest science fiction publisher, and its U.K. sister company, Tor UK, announced that they would eliminate DRM from all of their e-books by summer's end.[135] However, while some people break DRM for the sheer purpose of copyright infringement, other consumers simply want to read lawfully purchased e-books on platforms of their choice.[136] As publishing executive Laura Hazard Owen expressed it when discussing how she breaks DRM on her e-books, "Do I feel 'evil'? No, not really. If I was giving these books away, I would, but I'm the only person using them."[137]

Libraries would definitely toe this line since they would not be breaking DRM solely for their own "personal" use. Libraries would be breaking DRM so that their patrons could have access to a greater number of e-book titles. However, libraries also do not lie on the other side of the spectrum: that is, those who break DRM for the sheer purpose of copyright infringement. It is this fragile balance that will be a constant issue for legislatures and judiciaries to consider, and on which this note will focus in the next section.

130 *Id.*

131 Dana B. Robinson, *Digital Rights Management Lite: Freeing E-Books from Reader Devices and Software: Can Digital Visible Watermarks in Ebooks Qualify for Anti-Circumvention Protection under the Digital Millennium Copyright Act?*, 17 VA. J.L. & TECH. 152, 152 (2012).

132 *Id.*

133 *Id.*

134 *See, e.g.*, Laura Hazard Owen, *"Why I Break DRM on E-books": A Publishing Exec Speaks Out*, GIGAOM (Apr. 24, 2012), http://gigaom.com/2012/04/24/breaking-drm-publishing-exec/.

135 Cory Doctorow, *Why the Death of DRM Would Be Good News For Readers, Writers, and Publishers: The Decision by Tor Books to Ditch Digital Rights Management Signals the Beginning of the End of the Ebook Format War*, THE GUARDIAN (May 3, 2012, 10:25 AM), http://www.guardian.co.uk/technology/2012/may/03/death-of-drm-good-news.

136 Owen, *supra* note 134.

137 *Id.*

B. Fair Use and the Breaking of DRM by Libraries

This Note advocates for the ultimate goal of providing library patrons with similar access to e-books in libraries as to print books in libraries. Although some progress has been made toward this goal, it has not been realized yet.[138] The proposition this Note examines as a potential solution to this problem is as follows: allowing libraries in both the United States and the United Kingdom to break active DRM technology on library books in order to distribute said books on multiple delivery platforms. This solution falls in line with one of the ALA's proposed solutions to the current problem of e-lending: "Libraries should have the option to effectively own the e-books they purchase, including the right to transfer them to another delivery platform."[139] The intent of this Note is to analyze this solution under the lens of both fair use and fair dealing, with the objective of determining if either doctrine would support this proposition. For the solution this Note proposes, fair use is a far more amenable doctrine than fair dealing because of its inherently flexible nature, especially in light of recent court decisions on fair use, such as the *Authors Guild v. HathiTrust* case.[140] If the United Kingdom does, however, incorporate the proposed private copying exception into law, it would increase the amenability of fair dealing for this note's proposed solution.[141] Having concluded that this solution falls under fair use, then this Note argues that it should not be prohibited by the DMCA, because the doctrine of fair use was meant to limit the scope of the DMCA.[142] However, as mentioned earlier, the ideal solution would be for publishing companies to grant the ALA's proposed solution outright in specific license agreements. Even so, this is not the legal analysis this Note seeks to perform.

The first factor a court considers when assessing fair use is "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes[.]"[143] An additional consideration under this first factor is whether the particular

138 *See* Albanese, *supra* note 12 (noting a library director's statement: "[S]ome e-books we can't buy at all and others are so much more expensive than print that it doesn't make good business sense to invest in them.").

139 Goldberg, *supra* note 122.

140 Authors Guild v. HathiTrust, 902 F.Supp.2d 445 (S.D.N.Y. 2012) (allowing Google's book digitization project as a fair use of the copyrighted works in question).

141 Edwards, *supra* note 83 (discussing the proposed private copying exception.).

142 Calandrillo & Davison, *supra* note 62, at 355.

143 Copyright Act, 17 U.S.C. § 107(1) (2012).

use is transformative.[144] The transformative use inquiry asks if the use in question adds something new to the work.[145] The more transformative the use, the more the commercial nature of the use will be alleviated under the first factor, and the commercial nature of a use is a strong factor weighing against a determination of fair use.[146] The transformative use component was instrumental in the *Authors Guild v. HathiTrust* decision, because the HathiTrust digital library provided "full-text access for readers with 'certified print disabilities.'"[147] More specifically, "HathiTrust's uses of the works are transformative because the use and purpose of the copying was entirely different, and clearly distinguishable from, the original work."[148]

In applying these standards to this Note's proposed solution, it seems unlikely that libraries would be able to claim transformative use in breaking active DRM on library e-books. All that the library would be doing is transferring the exact replica of the book in question to another platform or media. The transformative nature of the book digitization in *Authors Guild v. HathiTrust* lay in its addition of advantageous features for those users who had difficulty reading regular text.[149] The transformative use component would have been a strong weapon for libraries to have in their arsenals. However, libraries have a different strong advantage under the first factor: the use is not of a commercial nature. Presumably, libraries would be lending, and not selling, the electronic copies of these books. In fact, the very purpose of a library in general falls under the description codified in the language of the fair use statute: non-profit educational purposes.

This same consideration weighed in favor of fair use on the first factor in *Righthaven v. Hoehn*, a case involving a Georgia State University professor posting excerpts in the University's e-reserve section for students to download.[150] The first factor was found to weigh

144 LINDEY & LANDAU, *supra* note 8.

145 *Id.* (citing Campbell v. Acuff-Rose Music, 510 U.S. 569 (1994)) (discussing how, in this case, "[t]he Court injected the concept of transformative use into the first factor.").

146 FISHMAN, *supra* note 29, at 255.

147 Kravets, *supra* note 57. Judge Baer also stated that "I cannot imagine a definition of fair use that would not encompass the transformative uses made by defendants . . . and would require that I terminate this invaluable contribution to the progress of science and cultivation of the arts." *Id*.

148 Brief of Amici Curiae of 133 Academic Authors in Support of Defendants-Appellees and Affirmance at 22, Authors Guild v. HathiTrust, No. 12-4547-CV (2d Cir. June 4, 2013) [hereinafter Academic Authors HathiTrust Amicus Brief].

149 Authors Guild v. HathiTrust, 902 F.Supp.2d 445, 461 (S.D.N.Y. 2012) ("The use of digital copies to facilitate access for print-disabled persons is also transformative.").

150 LINDEY & LANDAU, *supra* note 8 (citing Righthaven LLC v. Hoehn, 792 F.Supp.2d 1138 (D.Nev. 2011)).

in favor of fair use because Georgia State University was a nonprofit educational institution.[151] The same reasoning should apply to the issue at hand. Additionally, there are more arguments set forth in the *Authors Guild v. Google* case that prove useful for the first factor analysis. In its Brief of Amici Curiae, the ALA claimed, "Even in cases where the user has a commercial motive, courts give precedence to a significant public benefit."[152] The ALA cited *Blanch v. Koons* in support of this statement, noting that "courts are more willing to find a secondary use fair when it produces a value that benefits the broader public interest."[153] This would be extremely advantageous for libraries, because even one library patron's use of an e-book for a commercial purpose could be mitigated by the significant public benefit that libraries generally offer.

ALA President Maureen Sullivan echoed this sentiment in responding to Penguin Vice President Tim McCall's criticism of the ALA's open letter.[154] Mr. McCall took issue with the ALA's statement that libraries wanted the same access for e-books that is available for print books.[155] Mr. McCall claimed that "same access" does not exist because of the distinctly different issues involved with each type of book media.[156] Ms. Sullivan clarified that she didn't mean libraries should insist on the same access to e-books and print.[157] Instead, it was the readers who deserved that same access, even if that access was achieved under different purchase terms for libraries (so long those terms were reasonable).[158] Libraries should argue that having access to the same books via electronic format as they would have in print benefits the public's interest. Since this goal could be achieved through allowing libraries to break DRM on their e-books, this would be a strong argument in favor of fair use.

The second factor analyzes the nature of the copyrighted work.[159] This factor mainly focuses on whether the work is something that would be protected by copyright law.[160] To qualify for copyright protection, a

151 *Id.*

152 ALA Amicus Brief, *supra* note 54, at 11.

153 *Id.*

154 Albanese, *supra* note 5.

155 *Id.*

156 *Id.*

157 *Id.*

158 *Id.*

159 Copyright Act, 17 U.S.C. § 107(2) (2012).

160 FISHMAN, *supra* note 29, at 257 (noting that less copyright protection is given to "factual works than to works of fancy").

work must possess a low threshold of originality.[161] For this reason, works of fiction are at the core of what copyright law protects, but facts are not.[162] For example, in the *Righthaven v. Hoehn* case mentioned above, this factor favored the university professors because all of the books copied were of an informational nature.[163] This factor is somewhat difficult to analyze for the issue at hand, because the e-books in question would likely be of all different kinds, due to the basic nature of libraries. Therefore, this factor would probably need to be analyzed on a case-by-case basis.

This would be difficult in practice for the libraries if they were simply going to break DRM on all of their e-books. For example, this factor would probably weigh against a finding of fair use in the case of a library breaking DRM for a copy of Martin's *Game of Thrones* or one of the *Harry Potter* books, since these are popular works of fiction. This factor may lean toward a finding of fair use for a history book, because such a book would contain mostly facts, which do not fall under the protection of copyright.[164] The same could be said for works in the public domain. This second factor would tend to favor a finding of fair use for these works because they are also not protected by copyright.[165] Therefore, if this factor were to be of any assistance to libraries, it would need to be analyzed on a case-by-case basis. If the analysis is limited to this second factor, the conclusion seems to be that libraries may need to consider seeking actual permission to break DRM from the authors and publishers for works of fiction.

The third factor of fair use asks about "the amount and substantiality of the portion used in relation to the copyrighted work as a whole."[166] When analyzing this factor, the court must consider how much of the plaintiff's work the defendant took in relation to the whole of the plaintiff's work, not the percentage of the plaintiff's work in

161 Copyright Act, 17 U.S.C. § 102 (2012) ("Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.").

162 FISHMAN, *supra* note 29, at 257.

163 *See* Righthaven v. Hoehn, 792 F.Supp.2d 1138 (D.Nev. 2011); *see also* Academic Authors HathiTrust Amicus Brief, *supra* note 148, at 23 ("Most of the books scanned in the HathiTrust corpus are non-fiction scholarly works, which also supports a finding of fair use.").

164 FISHMAN, *supra* note 29, at 257 ("[A]uthors have more leeway in using material from factual works than from fanciful ones, especially where it's necessary to use extensive quotations to ensure the accuracy of the factual information conveyed.").

165 *Id.* (stating that works in the public domain are not covered by copyright.).

166 Copyright Act, 17 U.S.C. § 107(3) (2012).

relation to the whole of the defendant's work.[167] For example, in the *Righthaven v. Hoehn* case, the court stated that ten percent or less taken from the plaintiff's work was almost always considered fair use.[168] In addition to this quantitative analysis, the third factor also involves a qualitative determination.[169] The qualitative determination asks whether the defendant took the "heart" or the "core" of the plaintiff's work.[170] This question is distinct from the quantitative determination because the defendant may not have taken much of the plaintiff's content in relation to the plaintiff's work as a whole.[171] However, if the defendant took the most important part of the plaintiff's work, i.e., the work's core, then this third factor would still weigh against a finding of fair use.[172]

Unfortunately, in our hypothetical situation, this third factor will not be of much help for a finding of fair use in favor of libraries. In breaking DRM on the e-book, the library would be taking the quantitative entirety of the work. In doing so, the library would inevitably also be taking the qualitative "heart" or "core" of the work. Unlike the second factor of fair use analysis, this third factor wouldn't particularly depend on a case-specific determination, because in every case the whole of the work would be taken. Therefore, this third factor, taken in isolation from the rest of the factors, would not favor a finding of fair use in this case. However, since American fair use is analyzed under a balancing test, one factor's negative influence can be alleviated by the positive influence of other factors.[173] One can look to the *HathiTrust* case to see how unfavorable factors can be overcome: "Although HathiTrust has made copies of entire works, because its uses are transformative, the third factor is not dispositive, and also favors fair use."[174]

The fourth factor of fair use concerns "the effect of the use upon the potential market for or value of the copyrighted work."[175] Although

167 FISHMAN, *supra* note 29, at 259 ("The more material you take, the more likely it is that your work will serve as a substitute for the original and adversely affect the value of the copyright owner's work, making it less likely that the use can be a fair use.").

168 LINDEY & LANDAU, *supra* note 8.

169 FISHMAN, *supra* note 29, at 259 ("The *quality* of the material you want to use must be considered as well as the quantity.").

170 *Id.* ("The more important it is to the original work, the less likely is your use a fair use.").

171 *Id.*

172 *Id.*

173 *Id.* at 254 ("Not all these factors are equally important in every case, but all are considered by the courts in deciding whether a use is fair.").

174 Academic Authors HathiTrust Amicus Brief, *supra* note 148, at 23.

175 17 U.S.C. § 107(4) (2012).

fair use does require a balancing of four different factors, this fourth factor is often considered the most important one.[176] Under this factor, the court is mainly concerned with direct market substitution, both in the market for the original work and in the market for derivative works.[177] In regard to the instant issue, the inquiry under this factor would be whether people who suddenly had access to a particular e-book via an e-loan on multiple delivery platforms would then refrain from buying that particular e-book. This question strikes at a critical issue publishing companies have with respect to making their e-books available as e-loans in libraries: the fear of losing revenue.[178]

For example, in *Righthaven v. Hoehn*, the fourth factor favored the university because the court found that "students would not buy the book if they could not download it for free."[179] This factor is a bit difficult to analyze, because e-lending is still in its infancy, so we do not have a great deal of concrete data of market harm.[180] A previously mentioned argument, regarding "lost" publisher profits, however, should be considered here: libraries can actually increase sales for authors. "As part of a project by the Library Journal, a study found [fifty] percent of library users buy books by an author they were first introduced to at the library."[181] Therefore, the publishers' argument that making e-books available in libraries will result in lost profits may not be strong enough to prevail on this fourth, and most important, factor. Additionally, just like the second fair use factor, this fourth factor would probably also involve a very case-specific determination. A library may wish to break DRM on a copy of the seventh *Harry Potter* book and on a copy of a law school casebook so that the library can transfer the books to different platforms. However, the markets for these two e-books differ; the market for *Harry Potter* books is likely far larger in scope.[182]

176 Harper & Row Publishers v. Nation Enterprises, 471 U.S. 539, 566 (1985) ("Finally, the Act focuses on 'the effect of the use on the potential market for or value of the copyrighted work.' This last factor is undoubtedly the single most important element of fair use.").

177 FISHMAN, *supra* note 29, at 260-61 ("[T]he effect of use on the market for derivative works must also be analyzed.").

178 *AAP Disappointed by ALA Open Letter on E-Books*, PUBLISHERS WEEKLY (Sept. 25, 2012), http://www.publishersweekly.com/pw/by-topic/industry-news/publisher-news/article/54105-aap-disappointed-by-ala-open-letter-on-e-books.html.

179 LINDEY & LANDAU, *supra* note 8.

180 *See* Albanese, *supra* note 5 (discussing the relative newness of e-lending).

181 Graham, *supra* note 21.

182 Time Staff, *Because It's His Birthday: Harry Potter By the Numbers*, TIME.COM (Apr. 19, 2014), http://entertainment.time.com/2013/07/31/because-its-his-birthday-harry-potter-by-the-numbers/ (stating that, as of July 31, 2013, the Harry Potter brand was worth $15 billion).

This difference is enhanced when we consider the potential effect on derivative work markets. This market effect would probably have a bigger impact for the *Harry Potter* book than for the scholarly textbook, because the amount of derivative works that could be created based on the former is vastly more extensive.[183] When the director of the White Plains Public Library was asked whether loosening up e-lending rules (i.e., allowing libraries to transfer their e-books to multiple delivery platforms) would ultimately hurt book sales, Brian Kenney stated that was not necessarily the case.[184] Mr. Kenney argued that

> publishers have an opportunity here to be creative in their licensing agreements with libraries: since the concept of e-lending is new and uncharted territory, this current environment is an opportunity for publishers and librarians to work together to figure out how to sustain readers, while allowing publishers and libraries to thrive.[185]

Due to this lack of concrete data regarding lost profits from e-lending, it is difficult to determine whether this factor would favor a finding of fair use, and even if it did, it would have to be a case-specific determination. As mentioned earlier, libraries have a strong weapon for this factor in their arsenals. This weapon is the ability of libraries to promote awareness of authors among their patrons, potentially resulting in increased sales for both authors and publishers alike.[186] Along these same lines, certain types of authors may even take the libraries' side on this issue, as they did with the *HathiTrust* case.[187] "Indeed, academic authors . . . who create the scholarly works that form the majority of the HathiTrust corpus benefit from the greater accessibility to their works made possible by HathiTrust."[188] This demonstrates that author support could potentially be a tremendous asset to the libraries' case.

To sum up the analysis of U.S. fair use, there are certain factors that would not help libraries claiming fair use for breaking DRM to shift e-books to multiple delivery platforms. The third fair use factor, the amount of the work copied, is an example of this.[189] The second fair use factor, the nature of the copyrighted work, could support a finding of fair use in certain circumstances and hinder that same finding in

183 Sherwin Siy, *Harry Potter and the Derivative Work: Translations and Tribulations*, PUB. KNOWLEDGE (Aug. 14, 2007), http://www.publicknowledge.org/news-blog/blogs/harry-potter-and-derivative-work-translations ("Creating a stage play, a comic book, or a movie from Deathly Hallows would likewise be a derivative work.").

184 *Libraries and E-Lending: The 'Wild West' of Digital Licensing?*, *supra* note 115.

185 *Id.*

186 Graham, *supra* note 21.

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

188 Academic Authors HathiTrust Amicus Brief, *supra* note 148, at 24.

189 Copyright Act, 17 U.S.C. § 107(3) (2012).

others, depending upon the nature of the e-book.[190] One possible way to have this factor favor fair use would be for courts to consider the "nature" of all the books in question to simply be library books in this context. This would remove the case-specific confusion and could be justified based upon the non-commercial nature of libraries: for the most part, libraries will not be selling the books in question.[191] On the other hand, existing case law appears to indicate that this solution is likely unworkable; this is based on case precedent that examines the second factor in terms of the distinction between factual and fiction works.

Like the second factor, the fourth factor, market effect, would be very case-dependent.[192] This factor is also difficult to analyze without further concrete information about the effect of e-lending on direct market substitution. This fourth factor would be an extremely powerful weapon for libraries to have in their favor, since it is considered the most important factor.[193] Even so, the libraries still has a very strong weapon in its favor: the first factor, the purpose and character of the use.[194] The non-profit, non-commercial motive will work strongly in favor of a finding of fair use, as illustrated by the case law mentioned earlier in the discussion of this factor.[195] This first factor may also alleviate some of the uncertainty posed by the case-specific nature of the second and fourth factors.[196]

Fair use may be an effective defense for breaking DRM on some library e-books, but perhaps not for all e-books, as shown by the case-dependent nature of some of the fair use factors. Furthermore, the DMCA's anti-circumvention provision should not prohibit a possible finding of fair use. This situation is analogous to the aforementioned *Elcom* case, where the Northern District of California clarified that the doctrine of fair use was intended to limit the scope of the DMCA.[197]

190 *Id.* § 107(2).

191 Cecilia Hogan, *Library Book Sales: Cleaning House or Cleaning Up*, INFOTODAY.COM (Apr. 19, 2014), http://www.infotoday.com/searcher/mar08/Hogan.shtml (stating that occasionally libraries will hold book sale events.)

192 *Id.* § 107(4).

193 *See* Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 566 (1985).

194 Copyright Act, 17 U.S.C. § 107(1) (2012).

195 *See, e.g.*, Righthaven v. Hoehn, 792 F.Supp.2d 1138 (D.Nev. 2011); Authors Guild v. HathiTrust, 902 F.Supp.2d 445 (S.D.N.Y. 2012).

196 *See* Academic Authors HathiTrust Amicus Brief, *supra* note 148, at 23 ("Making copies of entire works does not weigh against fair use if it was necessary to do so in order to make the transformative use at issue.").

197 Calandrillo & Davison, *supra* note 62, at 379.

C. Fair Dealing and the Breaking of DRM by Libraries

In comparison to fair use in the United States, the United Kingdom's fair dealing defense to copyright infringement is certainly less amenable to the proposal that libraries break DRM on e-books in order to distribute those books to different platforms. As mentioned earlier, this is because a dealing must fall into a list of rigidly determined categories before any determination of "fairness" can even be made.[198] If a dealing reaches the fairness determination, the factors that U.K. courts consider are relatively similar to those that are considered under the U.S. fair use doctrine. For example, one thing the two doctrines have in common is an emphasis on whether the use of a particular work is commercial.[199] Therefore, if a U.K. copyright infringement claim was brought against a library for breaking DRM in this context, and this attempt to distribute e-books to different platforms was found to constitute a dealing that fits into one of the strict enumerated categories, the discussion at the fairness determination stage would be very similar to the U.S. fair use factors. This Note argues that a library in this situation is less likely to pass the initial determination of fair dealing than it would be to prevail under the fair use doctrine's balancing test, especially in light of the U.K.'s prohibition of format shifting.[200] As mentioned earlier, this prohibition may be altered, according to drafts of amendments released by the U.K. Intellectual Property Office.[201] This note will assume that these proposed changes are not yet law.

The various categories in the U.K. fair dealing statute must be analyzed to determine whether this Note's solution would fall within the purview of these categories. The first section of the statute would be the most advantageous for libraries in this situation: "Fair dealing with a literary . . . work for the purposes of research for a non-commercial purpose does not infringe any copyright in the work[.]"[202] Similar to the first fair use factor, a library could argue that it is breaking DRM on an e-book for a purely non-commercial purpose, allowing patrons access to e-books on whichever platforms they choose. The very purpose of libraries is a non-commercial one: to provide the general

198 Copyright, Designs, and Patents Act, 1988, c. 48, § 29.

199 *See* Copyright Act, 17 U.S.C. § 107(1) (2012); Ashdown v. Telegraph Group, [2001] EWCA (Civ) 1142, [2002] Ch. 149.

200 *See* Tovey, *supra* note 82.

201 *See* Edwards, *supra* note 83 ("Last December in the document Modernising Copyright the government set out its decisions to amend some of the current exceptions to copyright protection and to add some new ones.").

202 Copyright, Designs, and Patents Act, 1988, c. 48, § 29(1).

public with access to different works that they do not have to purchase in order to use. Therefore, it could be argued that the breaking of DRM on an e-book owned by the library would fall into this first category of fair dealing.

The second category of fair dealing would not be as advantageous to libraries. "Fair dealing with a literary . . . work for the purposes of private study does not infringe any copyright in the work."[203] It would be difficult for a library to argue that it broke DRM on one of its e-books for the sole purpose of private study. The very fact that the library would be distributing the e-book to the public probably means that this particular use would not be considered "private study." It could be argued that library patrons use e-books purely for private study, but this would be a difficult argument to substantiate. It would be troublesome and impractical for libraries to be able to track the activities of all their patrons. Because of this, it is highly unlikely that the library breaking DRM on e-books would fall into the "private study" statutory category of fair dealing.

The other statutory purposes would most likely also be unhelpful in this situation.[204]

> Fair dealing with a work for the purpose of criticism or review . . . does not infringe any copyright in the work . . . . Fair dealing with a work . . . for the purpose of reporting current events does not infringe any copyright in the work.[205]

The library's purpose in breaking DRM on e-books would be to provide access to e-books via a greater amount of delivery platforms. This is not remotely similar to criticism, review, or the reporting of current events. Therefore, these last two statutory purposes would also be unhelpful to libraries.

Even though this particular dealing may fall under the non-commercial purpose category of fair dealing, there is another section of the statute that may cancel out any advantage given by the library's non-commercial purpose. "Copying by a person other than the researcher or student himself is not fair dealing if—(a) in the case of a librarian . . . he does anything which regulations under section 40 would not permit to be done under section 38 or 39."[206] If breaking DRM for the purpose of shifting to a different e-book platform is considered making a reproduction, this is where we might run into a problem.

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203 *Id.* § 29(1C).

204 *Id.* §§ 30(1), 30(2).

205 *Id.*

206 *Id.* § 29(3)(a).

Section 40 delineates a restriction on the production of multiple copies of the same material: "[A] copy shall be supplied only to a person satisfying the librarian that his requirement is not related to any similar requirement of another person."[207] Additionally, Section 39 states, "The librarian of a prescribed library may, if the prescribed conditions are complied with, make and supply from a published edition a copy of part of a literary . . . work . . . without infringing any copyright in the work[.]"[208] The statute also enumerates the aforementioned prescribed conditions:

> [T]hat copies are supplied only to persons satisfying the librarian that they require them for the purposes of—(i) research for a non-commercial purpose, or (ii) private study . . . (b) that no person is furnished with more than one copy of the same material or with a copy of more than a reasonable proportion of any work[.][209]

Although we have established that the innate purpose of libraries is a non-commercial one, libraries may not be able to say the same for all of their patrons' uses of e-books. Additionally, if the library is breaking DRM on an e-book to transfer it to another delivery platform, it is potentially making more than one copy of the book. The library would also be making a copy of the entire book, which probably would be considered a copy of "more than a reasonable proportion of any work." Therefore, this section of the fair dealing statute may end up cancelling out any advantage gained from the library's non-commercial purpose. This diminished advantage would make it far more difficult for the library to claim fair dealing, as opposed to fair use.

It is worthwhile to go into the "fairness" factors mentioned earlier, in case the library's non-commercial purpose would be untainted by Section 29(3).[210] Just as with fair use, due to the balancing nature of the fairness evaluation, this will be an extremely case-specific determination. For example, one of the factors considered is the effect of the use on the market.[211] This is similar to the fourth fair use factor,[212] and given the current environment, this factor under fair dealing will also be very speculative. Also, the various markets of different books will be distinct, and so the market effect will also be variable. Another case-dependent factor is the nature of the work,

207 *Id.* § 40(1).
208 *Id.* § 39(1).
209 *Id.* § 39(2).
210 *Id.* § 29(3).
211 Song, *supra* note 90, at 469.
212 *See, e.g.*, 17 U.S.C. § 107 (2012) (governing U.S. fair use).

which is analogous to the second fair use factor.[213] Likewise, akin to its fair use counterpart, this factor is much more favorable towards work of a factual nature than work of a fictional nature in supporting a finding of fairness under fair dealing.[214] Just as with the third factor of fair use, the amount taken from the work would probably work against a finding of fairness, because the library would be taking the entire work in breaking DRM to transfer that e-book to a different platform.[215]

The factor that would work in favor of a finding of fairness is analogous to the first fair use factor: the purpose of the use.[216] As discussed earlier, the libraries' purpose in breaking DRM would be a non-commercial one, and purely for the benefit of library readers. *Ashdown v. Telegraph Ltd.* set forth the proposition that this "commercial competition" aspect was first in the hierarchy of importance in a fair dealing determination.[217] Therefore, this factor is very advantageous for libraries in supporting a finding of fairness. This balancing test may come out much the same as fair use: it may work for some books but not for others. The initial roadblock of the fair dealing categories that an activity must fall into, however, makes it less likely that the breaking of DRM on e-books by libraries would pass this test when compared with fair use. The proposed amendments to the C.D.P.A. represent the United Kingdom's taking a step away from its more restrictive copyright policies by allowing for a new private copying exception.[218] If adopted, these drafted amendments would likely still prohibit the circumvention of DRM for format shifting on e-books, so it is unclear how helpful their enactment would be in effectuating this note's proposed solution.[219] Therefore, in order to promote the more widespread use of e-lending in the United Kingdom, libraries should be allowed to break the DRM on e-books under the non-commercial purpose prong of fair dealing.

213 *Id.*

214 Copyright, Designs, and Patents Act, 1988, c. 48, §§ 29-30 (governing U.K. fair dealing).

215 *Id.*

216 *Id.*

217 Ashdown v. Telegraph Group, [2001] EWCA (Civ) 1142, [2002] Ch. 149.

218 *See* Edwards, *supra* note 83 (discussing the new potential private copying exception to be codified in the C.D.P.A.).

219 *Id.* ("If the content which a person has acquired includes a technological protection measure to prevent the making of a copy, a person may not circumvent that in order to make a copy.").

IV. CONCLUSION

The U.S. fair use and U.K. fair dealing defenses to copyright infringement have faced many new legal challenges with the arrival of digital technology. The arrival of the e-book has been an important part of these legal challenges. The emergence of e-books has resulted in the possibility of making e-books available for rent in libraries.[220] Although libraries in the United States and the United Kingdom have made some progress toward making e-lending a reality, there are still severe restrictions on library access to e-books.[221] Libraries have proposed that they should be allowed to transfer their e-books to alternative delivery platforms.[222] This Note has analyzed whether this solution could be justified under either the U.S. fair use or U.K. fair dealing exceptions to copyright infringement. While this solution may fall into fair dealing's non-commercial use category, fair use is still a more amenable doctrine in allowing libraries to break DRM for format shifting due to its flexible nature. Cases such as *Authors Guild v. HathiTrust*[223] only provide further support for the solution this note proposes.

The inherently flexible nature of fair use makes it much more adaptable to the legal problems that technology brings. The extremely rigid structure of fair dealing, on the other hand, makes it far less adaptable to the legal issues spurred by digital technology. Even so, allowing libraries to break DRM for format shifting under fair use would likely still need to be qualified by the type of book in question, given the character of some of the fair use factors. The strongest argument that libraries have in their favor, under both U.S. fair use and U.K. fair dealing, is that the central purpose of a library is a non-profit and non-commercial one. This central purpose should serve as an encouragement for publishing companies to work together with libraries to find an equitable solution so that library patrons can receive similar access to e-books as they would have with print books.

220 *See* Singh, *supra* note 113 (discussing the current state of e-lending).

221 *See id*. (discussing the restrictions that publishing companies place on libraries with regard to e-lending).

222 Goldberg, *supra* note 122.

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