

The Google Library Project: an Economic Analysis



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What is it?

- Google Book Search
 - Partner program: publishers submit books, Google shows a few pages in response to queries
 - Library program: Google scans in library books, shows a few lines. Rights holder can opt out.
- Controversy is about Library program
 - Publishers say: violates copyright, want opt-in
 - Google says: fair use, want opt-out



Summary of programs

	Partner program	Library program
Content source	Publishers	Libraries
Participation	Opt in	Opt out
Type of books	In print	In and out of print
Displayed	A few pages	A few lines
Links to	Booksellers	Booksellers and libraries



Search all books [Advanced Book Search](#) [Google Book Search Help](#)

True Stories of Pioneer Life
by Mary C. Moulton - James Watson & Co, Chicago

Search within this book



136 references to **pioneer life** in this book Page 1

True Stories of Pioneer Life

Page 3

modest triumphs of pioneer life,
these stories are lovingly dedicated.

Page 6

were people of education and influence, and they held
important offices where they lived. The Browns were
pioneer farmers, and were noted for their upright con-
duct and piety. Many of the women were teachers.

[Where's the rest of this book?](#)

Buy this Book

- [Abebooks](#)
- [Alibris](#)
- [Froogle](#)
- [About Google Book Search](#)

Related information

- [Web search for reviews of True Stories of Pioneer Life](#)
- [Other web pages related to True Stories of Pioneer Life](#)

Bibliographic information

Title	True Stories of Pioneer Life
Author(s)	Mary C. Moulton
Publisher	James Watson & Co, Chicago
Publication Date	1924
Pages	124

snippet

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links

biblio



Types of works involved

- Out of copyright: public domain (~15%)
- In copyright:
 - In print: available for sale via normal retail channels (~20%)
 - Out of print: available via used book sellers, libraries, document delivery and print-on-demand (~65%)



Fair use in US copyright law

- Purpose and character of use including whether use is commercial
 - Google's ad model tied to queries not content
 - Transformative nature of use
- Nature of work
 - Fact rather than fiction
- Amount and substantiality
 - Tiny selection of content
- Effect of use on potential market
 - Not a substitute for entire work, instead is potentially a complement



Kelly v Arriba Soft, 9th circuit 2003

- Arriba Soft was image search engine made thumbnails of Kelly's photographs
- Purpose of use: commercial, but Arriba did not try to sell works, use was transformative
- Nature of work: already published
- Amount of work copied: thumbnail, not a substitute for work, was necessary to copy entire image to produce thumbnail
- Effect on potential market: guide users to work



Opt in v Opt out

- Transactions costs
 - A transaction is valuable when the gains to one party exceed the cost to another
 - Transactions costs can destroy otherwise valuable deals. Guiding principle: assign property rights to minimize transactions costs.
- Transactions costs associated with opt-in model
 - Search costs to find rights holder
 - Negotiation costs with rights holder
- Costs associated with opt-out model
 - Publisher sends email to Google



Search costs

- Finding the rights holder
 - Publisher? But what if out of business? Moved? Acquired? Changed name? Assigned to author?
 - Author? But what about estate?
 - Contractual modifications affecting rights? (Out of print clause.)
- Costs of finding rights holders
 - US Copyright Office: “orphan works problem is real and warrants attention”
 - CMU study: 22% of publishers could not be found



Negotiation costs of opt-in

- Size of collection ~25 million books
- Imagine bargaining with all the publishers and authors represented in collection over a highly uncertain revenue stream!
- Especially since bargaining can only occur after rights holder has been found
 - Sunk cost of search
- Huge transactions costs to opt-in model
- Imagine what web search would be like with opt in model!



Negotiation costs of opt-out

- Send Google an email or call an 800 number with book identification



Whose behavior changes?

- What is economic impact of Google Library Project?
 - Publishers and authors
 - Fewer books?
 - Lower quality?
 - Lower profits?
 - Readers
 - Easier to find relevant books?
 - Better search experience?



Summary

- Google's mission: "organize the world's information and make it universally accessible and useful"
 - Includes information in libraries
 - Library Project uses same model as web: fair use + opt out
 - Provides valuable user service
 - Imposes minimal costs on publishers
 - In contrast, an opt-out model would be very costly and benefit no one



Broader issue

- Who will make the catalogs?
- Parties themselves have poor incentives and skills
 - Why we have Books in Print, TV guides, Amazon catalog, library catalogs, etc. Sabre example.
 - In future have to minimize human intervention
 - Computers have to scan or copy works
- If you need prior search and negotiation would place huge transactions costs on the cataloging industry