The Google Library Project: an Economic Analysis

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This presentation represents my personal views only and does not reflect the views of Google.
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

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True Stories of Pioneer Life

by Mary C. Moulton - James Watson & Co, Chicago

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136 references to pioneer life in this book

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.

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
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
  - 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