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### **E-book and copyright law**

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More than 40 years have passed since the launching of the project Gutenberg in 1971, the first collection of free electronic books of literary works belonging to the public domain<sup>1</sup>. Since then the market of e-books has dynamically flourished, while new media of communication, such as the Internet, smart phones and tablets created new user practices as regards the accessibility of e-books by the large public.

The research of the position of e-books in the legal landscape is a delicate issue. The main challenge starts from the very first step, this of the legal definition of e-books. The definition is the cornerstone of every legal enterprise, since it delineates the main features of the assets and the interests which are regulated by law. This question of definition is dynamically present in the debate about the legal regime of e-books. Indeed, the answer to the focal question whether the e-

book and the book in the traditional paper form are identical legal assets is decisive for the determination of the legal rules applying to the creation of e-books (I) and of the contractual framework applying to the commercialization of e-books (II) .

### **1. E-books: a new cultural asset or an extension of the printed book?**

Before starting analyzing the legal status of the creation of e-books, a preliminary remark is imposed. The term “e-book” represents a legal paradox from the point of view of copyright law. Indeed, the multiple categories of works which are be protected by copyright law comprise literary, artistic and scientific works<sup>2</sup>, whose subcategories do not include the classification of “books”, either in their classic form or in the form of electronic, digital or digitalized books. Describing an intellectual asset by focusing on the basis of the medium of communication, the physical carrier which incorporates the work, is heretic at least under the prism of fundamental principle of the strict separation of the protected work from its medium of incorporation<sup>3</sup>.

Does this unorthodoxy reflect the real nature of e-books, in the sense that they constitute a particular category of works where the medium of incorporation determines the qualitative features of the protected subject matter? The two sections of the first part of this paper (1, 2) analyze the main legal issues relating to the creation of e-books under the light of this critical doctrinal interrogation.

#### **1.1. The economic rights of the author**

E-books can be both electronic books created and distributed exclusively in digital form and paper books which have been digitalized and distributed electronically. Copyright issues related to the question of digitalization emerges only in the case of books in paper format which are digitalized and potentially enriched with additional features in order to be transformed to e-books.

Indeed, it is well settled in copyright law doctrine and case law that converting a printed book to an e-book through scanning is an act of reproduction, that requires the consent of the author or other right holder. Google's judicial adventures relating to its "Google book" project both in the USA<sup>4</sup> and in Europe<sup>5</sup> are illustrative of the challenges to digitization of books created by copyright law. While the legal issues related to Google's digitization activities differ considerably in Europe and in the USA, where it is still controversial whether the reproduction could be covered by fair use, the Googlebooks' saga clearly demonstrates that the respect of copyright law is an indispensable prerequisite for the harmonious development of the sector of e-books.

Nonetheless, it might be difficult to define the person who may consent to such a reproduction, since it may be not possible to identify or trace the copyright owner (case of orphan works) or incertitude may remain whether the author retained the right to consent to digitization or transferred or licensed this right to the publisher<sup>6</sup>. The question of format shifting is raised here from the point of view of the publisher who wishes to commercialize the work in a new market. While modern publishing contracts contain specific terms about the digital exploitation of works, older publishing contracts did not specifically address e-books, as they did not exist at the time. More specifically, if the contract was concluded before the emergence of digital technologies, the publisher does not have the right to proceed to the digitization without the author's specific new consent, since even if the right of reproduction was transferred to the publisher the transfer does not normally encompass the digital reproduction of the work.<sup>7</sup>

The acquisition of a specific consent for the creation of e-book from the right holder appears as a necessity in continental law jurisdictions where the principles of the strict interpretation and of specialty in copyright contracts prevail<sup>8</sup>. It has been also solemnly affirmed in the copyright law

tradition. A remarkable example from the US case law is the “Rosseta Books” case. In a dispute between Random House, a publishing house which published the works of several authors in paper form, and Rosseta Books, an electronic publishing house who contracted directly for these authors for the publishing of e-books, the Court rejected Random House’s argument that because the authors granted it the exclusive right to publish their various works “in book form,” it implicitly had the exclusive right to publish them in any form that “faithfully reproduced” their work as “a reading experience and affirmed that the authors retain the right to publish their works in electronic form<sup>9</sup>.

From the above it is clear that as a general principle electronic publication subsequent to traditional publication may not constitute simply a revision of the earlier form of publication<sup>10</sup>. Thus, the authors may renegotiate with the initial publisher of the book in paper form the digitization and digital exploitation of the works or use the opportunity offered by the lacunae to enter new arrangements with new publishers.<sup>11</sup> In the last case, however, transferring the rights for the creation of the e-book to another publisher may be scrutinized under the specter of the law of unfair competition.<sup>12</sup>

Consequently, from the view of copyright law the e-book is not considered as a simple extension of the printed book, but as a new way of exploitation of the work in paper format and as a new commercial product which is destined to reach a new market. Nevertheless, could the e-book be considered as a new cultural asset?

The answer is affirmative in certain cases if specific circumstances are met. Indeed, except for the respect of the right of reproduction, the creation of an e-book may also activate the right of adaptation, if the e-book presents new essential qualitative features in a way that it constitutes a derivative work. Indeed, even if the literary form of the work does not change, the work might be

enriched with text, images, videos, music, hyperlinks, social media applications or enable the user to interact with the story<sup>13</sup> in a way that we are in front of a new complex work<sup>14</sup>. Albeit there is no case law on this specific issue, in the case of “hyper books” the degree of interactivity offered to the reader may alter the nature of the work itself in a way that the work in its printed form differs substantially from the e-book. Taking advantage of the medium might end up in a new cultural asset where the qualities of the medium express new elements of creativity. Consequently, we are in the presence a derivative complex work whose additional features combined with the new format of the work and the new possibilities offered to the users<sup>15</sup> differentiate it substantially from the work incorporated in the printed book.

Nonetheless, interactivity is not the only value adding feature that might alter the nature of the creative work which is incorporated in the e-book format. The text –to – speech Kindle 2’s functionality which allows users to download software to the device that will read e-books aloud has been a source of legal controversy, since publishers and the Author’s Guild claimed that this feature created derivative works, and more specifically unauthorized audiobooks, in violation of copyright law because it creates a market-replacement for an audiobook derived from an e-book<sup>16</sup>. While the argument seems attractive from an economic point of view, the lack of the creation of a fixed copy of the audio data advocates against the existence of copyright infringement, since in countries following the common law tradition copyright protection requires the fixation of the work. Furthermore, the conversion from text to speech does not modify the creative elements which constitute the essence of the protected work and it cannot be considered as a public performance.

But even so, the requirement of fixation is not a universally accepted copyright principle<sup>17</sup>. Moreover, it has been argued that the act of preparing a derivative work may infringe upon a

copyright holder's exclusive rights regardless of whether the derivative work itself is granted protection<sup>18</sup>. In any case, the act of converting the text to speech and potentially the subsequent fixing the audio performance and further distributing are initiated by the e-book users and, consequently, Amazon could be sued only on the grounds of contributory liability<sup>19</sup>.

## **1.2. The limitations put to the digitization by the moral right**

The digitization of a work in paper form may also be scrutinized under the provisions covering the protection of the author's moral rights. Even if moral rights are not granted the same level and scope of protection in common law and continental law jurisdictions, alterations of the form of the work due to the application of digitization techniques may be considered as an infringement of the moral right of the respect of the integrity of the work. In the continental author's rights tradition the alteration of the way the work is presented to the public may as such infringe the right of integrity, while in the common law tradition it might be further required that the modification of the form of the work is prejudicial to the author's honor or reputation<sup>20</sup>.

The main challenge posed by the digitization of works in paper form is the problem of loss of quality which is varying according to the kind of work. Indeed, there is a high risk of loss of quality essentially for photographs and designs, since the digital form of the work might not provide the same quality of image as the original paper form.<sup>21</sup> Moreover, the whole conception of the work may be subject to significant adjustments in order to make the work fit to the digital format<sup>22</sup>. For example, in the case of comics the adaptations made to the work may lead to modifications of size which alter essential features of the work. Indeed, boxes that were larger than others, -a basic process of the narrative comics-, can be found standardized to match the new format and lose the evocative power of the original work<sup>23</sup>.

Infringement of the right of integrity may also occur when the original work is enriched with additional content, such as images, texts, audiovisual content, music, hyperlinks, advertisements etc. In that case, if the additions are made without the author's consent they may alter the essence of the work and provide to the public a false or misleading view of the author's perception of the work.

## **2. The legal challenges of the commercialization of e-books : the revision of the publishing contract**

Except for the stage of creation of e-books their commercialization raises also significant copyright issues. Here the main challenge is the shaping of the contractual frame of the exploitation of the e-books and the definition of the terms of licensing of the e-books to the users. As it will be demonstrated, classic publishing contracts conceived for printed books do not correspond to the reality of the exploitation of e-books.

The first crucial question is the determination of the economic rights which are necessary to be transferred to the editor of the e-book by the author. As it will be shown it is necessary that the publishing contract specifically delineates the way the electronic rights are defined and the scope with which they are granted<sup>24</sup>.

Indeed, even if new technologies offer to the authors the opportunity to publish their works without the intervention of intermediaries, the role of the publisher still remains significant, since in addition to the creation of the e-book the publishers undertake a vital role of pre-selection of and of promotion of the works.<sup>25</sup>

Publishing contracts conceived in the analog era main refer to the fabrication and distribution of a specific number of tangible copies of the works. On the contrary, the commercialization of e-books entails the creation of intangible copies which are communicated to the public. While the

right or reproduction is defined broadly enough to cover digital reproductions, even temporary ones<sup>26</sup>, the right of distribution refers only to the distribution of tangible copies of the works and cannot cover the dissemination of works via Internet<sup>27</sup>.

Therefore, when the e-book is not downloaded but it is accessed via streaming, such as in the cloud, it is also necessary that the publishing contract and the user license contain specific terms for the right of making available too. If the publishing contract does not include this right the renegotiation of the publishing contract is required even if the author transferred or licensed to the publisher the right of reproduction in any form and the right of distribution.

Another particularity of the publishing contracts relating to e-books is how the concept of “copy” of the work is perceived. Since no fabrication of physical copies takes place, in practice the creation of the e-book ends up to the production of a single digital copy of the work which can be further downloaded, thus reproduced, by the users in a specific format<sup>28</sup>. Hence, instead of defining the number of tangible copies which can be manufactured by the publisher, the contract may refer to the number of copies made by the downloading of the work by the end-users on the basis of which it will be calculated the remuneration of the author instead of calculating the compensation of the author on the basis of every hardcover or paperback sold. Nonetheless, compensating an author based on “units” sold is much more difficult in an online world, since the number of “units” sold in the form of downloads is not always a truthful accounting of how many copies are actually distributed.

Consequently, publishers should review the traditional schemes for the compensation of authors which were designed in the analog era and propose alternative models. For example, rather than basing royalty payments on the number of copies sold, authors could be paid a per diem rate for the period of time her book was available electronically<sup>29</sup>.



### **3. Conclusion**

Are e-books a new category of protected works or do they simply represent an enhanced version of the traditional printed books? Certain qualitative features of e-books advocate the view that e-books have their own distinct and special legal identity which imposes significant changes in the legal determination of the framework of their creation and commercialization. Nevertheless, it might still be too early to debate in terms of a new sui generis copyright regime for e-books.

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1 M. Lebert, Project Gutenberg, (1971-2008), available on line at: <http://www.gutenberg.org/ebooks/27045>.

2 See article 2 of the Berne Convention. For an analysis of article 2, see: S. Ricketson/J. Ginsburg, *International Copyright and Neighbouring Rights, The Berne Convention and Beyond*, OUP, 2010, p. 399.

3 For this principle, see: A. Lucas/H.J. Lucas, *Traité de la propriété littéraire et artistique*, Lexis Nexis, Litec, 3e édition, 2006, p .135, n°152.

4 On September 20, 2005, the Authors Guild brought a class action suit against Google alleging copyright infringement relating to the copying of books from the Michigan library and one month later five publishing companies brought a similar action against Google. An initial settlement to these lawsuits was announced on October 2008 (Settlement Agreement, Authors Guild, Inc. v. Google, Inc., Case 1:05-cv-08136-JES, October 28, 008,) and an amended settlement on 2009 ( Amended Settlement Agreement, Case No. 05 CV 8136-DC, November 13, 2009, available on line at: <http://www.authorsguild.org/advocacy/articles/settlement-resources.attachment/amended-settlement-agreement/Amended-Settlement-Agreement.pdf>). The

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court held a Fairness Hearing on February 18, 2010. On March 22, 2011 the settlement was rejected by supervising judge Denny Chin. The case is still pending since the parties have to proceed to an “opt-in “settlement instead of the imposition of an opt-out system of assumed consent on copyright owners. See:

[http://en.wikipedia.org/wiki/Google\\_Book\\_Search\\_Settlement\\_Agreement#cite\\_note-22](http://en.wikipedia.org/wiki/Google_Book_Search_Settlement_Agreement#cite_note-22). See also: M. Sang, *The Google Book Settlement and the Fair Use Counterfactual*, *New York Law School Law Review*, Vol. 55, 2010 · R. Picker, *The Google Book Search Settlement: A New Orphan-Works Monopoly?* U of Chicago Law & Economics, Olin Working Paper No. 462, July 2009, available on line at: <http://www.law.uchicago.edu/Lawecon/index.html> and at the Social Science Research Network Electronic Paper Collection ([ssrn.com](http://ssrn.com)).

5 TGI Paris 3e ch., 18 décembre 2009, *Sté Editions du Seuil et autres c/ Sté Google Inc. et autres*, *Propriétés Intellectuelles* 2010, n°34, p. 644, obs. A. Lucas.

6 Agnès Lucas-Schloetter, *Digital Libraries and Copyright Issues: Digitization of contents and the economic rights of the author*, in: Iglezakis/Synodinou/Kapidakis, *E-publishing and Digital Libraries: Legal and Organizational Issues*, IGI Global, Hershey, New York, 2011, p. 161-162.

7 Agnès Lucas-Schloetter, *op. cit.*, p. 162.

8 Nonetheless, in certain cases the Courts adopt a more flexible interpretation of copyright contracts under the light of the application of general principles of contract law, such as this of good faith, as regards the digital reproduction and the communication of works through Internet. See: Cour Cass, 1re civ., 30 mai 2012, pourvoi n° 10-17.780, *Sté Corbis sygma c/ M. X: CA Paris, 4e ch. A, 28 févr. 2007, Propr. intell. n° 24, p. 327, obs. A. Lucas.*

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9 Random House, Inc. v. Rosetta Books LLC, 150 F. Supp. 2d 613 (S.D.N.Y. 2001). See also: New York Times Co., Inc. v. Tasini, 533 U.S. (2001)·National Geographic v. Greenberg, 244 F.3d 1267 (11th Cir. 2001).

10 N. Vermylen, Book publishing in the age of ebook, 4 Vand. J. Ent. L. & Prac, p. 199.

11 I. Silver/H. Anderson, Gutenberg odyssey - the advent of e-books and some implications for the world of publishing, Ent.L.R. 2010, p. 226.

12 J.M. Bruguière / V. Fachoux, Le livre numérique, Quel statut juridique ?, Revue Lamy Droit de l'Immatériel, juillet 2011, n°73, p. 90.

13 For example, Richard Dawkins' "The Magic of Reality", where you interact with the storyline through interactive demonstrations and games that allow you to get hands-on with the science discussed in the book by, for example, letting you simulate the effects of heat, pressure, and gravity on different states of matter. See: A. Itzkovitch, Uxmagazine, article 816, April 12, 2012, available on line at: <http://uxmag.com/articles/interactive-ebook-apps-the-reinvention-of-reading-and-interactivity>.

14 J.M. Bruguière / V. Fachoux, op.cit. According to Silver and Anderson, publishers have started offering enhanced books. For example, in addition to the hardcopy and standard e-book version of David Baldacci's latest thriller Deliver Us From Evil, the publisher, Hachette, released an enhanced version, which included passages cut from the final text, research photos and an audio interview for only one dollar more than the standard e-book. The example was taken from the article "Enhanced E-books: A Boon for Readers, a Headache for Agents" available at <http://www.dailyfinance.com/story/media/enhanced-e-books-a-boon-for-readers-a-headache-for->

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agents/19400500/ [Accessed May 26, 2010.] See: Silver/Anderson, Gutenberg odyssey - the advent of e-books and some implications for the world of publishing, *op.cit.*, p. 227.

15 See the US Copyright Act: 17 U.S.C. § 101 (2006).

16 J. Francis, The Kindle controversy: An economic analysis of how the Amazon Kindles' text – to-speech feature violates copyright law, 13 *Vand. J. Ent. & Tech. L.* 407.

17 For a comparative analysis of the requirement of fixation see: Y. Gendreau, Le critere de fixation en droit d'auteur, janvier 1994, 159 *R.I.D.A.* 111.

18 Francis, *op.cit.*, with reference to : Galoob II, 964 F.2d 965, 968 (9th Cir. 1992).

19 Francis, *op.cit.*

20 This the minimum protection provided by article 6bis of the Berne Convention: “(1) Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation”.

21 A. Papadopoulou, The digitization of contents in digital libraries: moral right and limits, in: Iglezakis/Synodinou/Kapidakis, *op.cit.*, p. 186.

22 N. Borg, Régime juridique du livre : de l'imprimé au numérique, mémoire, Septembre 2010, p. 47.

23 <http://blog.slate.fr/des-bulles-carrees/2010/03/29/2010-ne-sera-pas-lannee-de-la-bd-numerique/>.

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24 J.K. Reed, Securing electronic rights in a post Tasini world, Practising Law Institute Patents, Copyrights, Trademarks, and Literary Property Course Handbook Series, PLI Order No. G0-00VJ February - March, 2002, 1055.

25 N. Borg, *op.cit.*, p. 35.

26 See art. 2 of the Directive 2001/29 of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.

27 Article 4 of Directive 2001/29 and recital 28 of this Directive recital which refers to “the exclusive right to control distribution of a work incorporated in a tangible article”.

28 B. de Roquefeuil/ B. Amaudric du Chaffaut, Remous juridiques autour de l'édition numérique, *Gazette du Palais*, 17 juillet 2001 n° 198, p. 7.

29 Vermylen, Book publishing in the age of ebook, *op.cit.*, p. 200.