

# Publisher License Agreement

This License Sales Agreement is made between Canadian Electronic Library, a corporation located in Ontario, Canada, ("CEL") and "Publisher."

In consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

## **A. Definitions**

The following meanings shall apply to capitalized terms used herein:

"Authenticated Library" means an institution which has entered a Customer Agreement with CEL.

"Collection" means a grouping of Titles made available for licensing as a unit.

"Customer Agreement" means the standard Canadian Electronic Library Order Terms and Conditions, attached as Schedule A.

"Electronic Titles" consist of the Titles in digital format suitable for online viewing, printing and copying/pasting which have been licensed to CEL by Publisher.

"FTE" or "Full-Time Equivalent" is a measure of the number of people reasonably expected to be authorized by a customer to access an Electronic Title or collection of Electronic Titles. The specific method of measurement may vary from market to market (e.g., a foreign university purchasing an English-language Perpetual Access Title might estimate the number of its students and faculty proficient in English; an institution that limits access to use within a physical library might estimate anticipated users based on a multiple of the number of computers available in such library).

"Hosted Service" means a secure system providing access and viewing functionality as well as secure digital rights management functions sufficient to protect the Intellectual Property Rights of the Publisher, and providing, at a minimum, the level of security set out in Section 11. The Hosted Service operated by CEL bears the tradename

“desLibris.” A Perpetual Access Customer may also host its licensed Titles on such a service.

“License” has the meaning set forth in Section 1.

“Licensed Access Titles” are Titles that Publisher intends for distribution via CEL’s Licensed Access Business Model.

“Licensed Access Business Model” is a service designed to facilitate archiving, retrieving, viewing, copying/pasting and printing of Electronic Titles, also known as the Subscription Service. Through this model, Electronic Titles are posted by CEL and made accessible to its customers on a limited-term basis over the Internet through Web sites branded and/or operated by CEL or third parties. The model enables CEL to collect fees for individual transactions involving printing and copying/pasting, and/or to charge fees for limited-term online access to and use of the Electronic Titles.

“Multiple-institution Consortium Sale” is an arrangement to provide access to Perpetual Access Titles to more than one legally-distinct entities or institutions which have combined to license the Titles at reduced pricing based on a volume purchase.

“Perpetual Access” is a perpetual right, subject to certain terms and conditions, held by a Perpetual Access Customer, to make a Perpetual Access Title available to its authorized end-users through a Single Viewer Usage Model or a Multiple Viewer Usage Model.

“Perpetual Access Business Model” is the sale of a set of rights by CEL that includes Perpetual Access to certain Perpetual Access Titles, and may also include the right to access copies of such Perpetual Access Titles from a Secure Archive, in the event that the Service through which the customer had purchased Perpetual Access becomes unavailable to the customer.

“Perpetual Access Customers” are individuals or single corporations or institutions that have purchased access to Perpetual Access Titles through the Perpetual Access Business Model. Cooperative purchasing groups or consortia are not defined as customers for purposes of payment to publishers.

“Perpetual Access Titles” are Titles that Publisher has designated as approved for distribution under CEL’s Perpetual Access Business Model.

“Platform” is the hosted service under which Titles are made available for licensing to Customers, The Platform created and used by CEL bears the tradename “desLibris.”

“Publisher” is the owner of the Electronic Titles licensed under this Agreement.

“Publisher Retail Book Price” is the published price of a Perpetual Access Title, as determined by Publisher and communicated to CEL from time to time as described in this Agreement.

“Secure Archives” are archives maintained by CEL or a reputable third party under contract with CEL and subject to confidentiality and file-protection obligations comparable to CEL’s obligations to Publisher as set out in Section 11.

“Service” means the services provided by CEL to a customer, namely the distribution of Licensed Access Titles and Perpetual Access Titles, the provision of a Hosted Service and Secure Archives, and the provision of software enabling a customer to access Electronic Titles in accordance with the Customer Agreement.

“Titles” means the books, serials, or other literary work(s), graphics, cover art or other images distributed there with that are submitted to CEL by Publisher or Publisher’s agent.

## **B. Background and Purpose**

Publisher is the owner or rightful licensee of the electronic publication and distribution rights to the books, serials, or other literary work(s), graphics, cover art or other images distributed therewith that are submitted to CEL by Publisher or Publisher’s agent, and Publisher controls electronic publication and electronic distribution rights to the Titles.

CEL desires to acquire the right to market and license the Electronic Titles in digital format (pursuant to the terms of Exhibit B to this Agreement) suitable for online viewing, printing and copying/pasting on a Hosted Service through CEL's Licensed Access and Perpetual Access Business Models.

Publisher desires to grant CEL a license on the terms and conditions set forth below. Therefore, in consideration of the mutual promises set forth below, CEL and Publisher hereby agree as follows:

## C. Agreement

### 1. Grant of License

- a. **General.** Publisher grants to CEL a non-exclusive, worldwide, royalty-free (except as set forth herein) license (the “License”) (i) to market, publish, display, reproduce, distribute, and provide single-viewer and/or multiple-viewer access (as determined by the Publisher in each case) to the Electronic Titles (including without limitation all cover art and other graphics and images provided therewith) through the Service to customers who have first executed and delivered a Customer Agreement, (ii) to display and reproduce brief excerpts from the Electronic Titles in any material of CEL used to market or promote the Service, (iii) to make such other electronic copies and electronic file modifications as may be reasonably necessary for CEL to internally process and make such Electronic Titles available through its Hosted Services, and (iv) with the prior consent of Publisher, to use and display the trademarks, tradenames, service marks or logos used in or on the Titles both in the Electronic Titles and in any materials used to market or promote CEL’s products and services.
- b. **Perpetual Access Titles.** As to only those Titles that Publisher has designated as Perpetual Access Titles, the License shall include, in addition to the rights set out in subsection 1(a) and without limiting the foregoing, the right for CEL to: (a) grant its Perpetual Access Customers access to the Perpetual Access Titles on the terms and conditions set out in the Customer Agreement and b) place in a Secure Archive up to one electronic copy of each Perpetual Access Title per customer, and (c) grant Perpetual Access Customers the right to obtain a backup copy from the Secure Archive in the event that a Perpetual Access Title to which the customer has access is no longer available to such customer through the Service, provided that (i) Perpetual Access Customers will be obligated to take commercially reasonable steps to protect and secure such copies, and in any case must provide at least the level of protection and security as CEL is obligated to provide, and (ii) Perpetual Access Customers must have first executed and delivered the Customer Agreement before having any access to any Titles and their use of such copies will be limited to uses reasonably necessary to enable them to obtain the benefits of the Customer Agreement.
- c. **Customer Agreement.** CEL will not make any material changes to the Customer Agreement without the prior written consent of Publisher.
- d. **Territory and Formats.** Publisher will notify CEL with data submission of the territories in which Electronic Titles may be distributed, and CEL will respect and

- observe any territorial limits placed on Electronic Titles.
- e. **Duration.** The License shall be limited in duration to the term of this Agreement, except that the License shall be perpetual as to those rights reasonably required by CEL to service customers as to Electronic Titles to which such customers ordered Perpetual Access during the Term of this Agreement, including without limitation rights associated with archive maintenance and use.
  - f. **Acknowledgment.** CEL acknowledges and agrees that nothing herein shall preclude Publisher from displaying, publishing, distributing or transmitting editions of the Titles electronically, or authorizing others to do so, through systems and media other than CEL's distribution channels.

### 3. Deliveries and Sale

- a. Publisher may provide to CEL any Title to which it has the right to grant electronic license rights in the manner described in Exhibit B.
- b. Once CEL has sold a customer the right to access a Title under the Perpetual Access License, Publisher may not under any circumstances compel CEL to modify or withdraw such Title from such customer, except as set out in subsection 6(d) and subsection 9(b), and except in accordance with the Customer Agreement in the event a customer is in breach of its obligations thereunder.

### 4. Publisher's Proprietary Rights

- a. Subject to the rights licensed by this Agreement, as between the parties, Publisher shall retain all copyrights, trademarks and all other proprietary rights associated with the Titles, including but not limited to the text of the Title and any illustrations contained in the Title and including without limitation for performance and display (i) in any manner intended to make the Title available in visual form for reading (whether sequentially or non-sequentially and together with the accompanying sounds and images, if any), and (ii) by any electronic device or medium to include any device or medium for electronic reproduction, publication, distribution or transmission.
- b. CEL asserts and agrees that all digital files provided by Publisher under this Agreement are owned by Publisher. CEL may make modifications to the files necessary to render them compatible with its software system. However, CEL

shall ensure that no changes are made to the content of the Title files during the submission process and will promptly correct any errors or omissions in its electronic versions that may result from the submission process.

- c. Publisher acknowledges that users of the Service may view less than an entire Electronic Title. CEL does not guarantee that any user of the Service will access or use any of the Titles. CEL warrants that a page limit of 10% of the Title will be placed on the printing or copying/pasting of any Electronic Title by users and that this limitation will be strictly enforced by CEL.
- d. If requested by Publisher, CEL may act as its agent specifically to deposit copies of the Titles to an escrow or legal deposit site in order to fulfill any legal or archival obligations that may arise as part of the delivery of the Service.

## **5. Fees and Pricing**

- a. Fees Due. CEL will pay fees as set forth in Exhibit C.
- b. Publisher Library eBook Price. In the metadata submitted for each Perpetual Access Title, Publisher will specify the Publisher Library eBook Price for in Canadian Dollars. Publisher may change the Publisher Library eBook Price associated with a Perpetual Access Title upon sixty days' prior written notice to CEL. Except as otherwise agreed by CEL, changes to a Publisher Library Book Price will not affect CEL's payment obligations in connection with orders received by CEL from its customers before the 60 day notice period has elapsed.
- c. Competitive Prices and Fees. During the term of this Agreement, the Publisher Library eBook Price specified by Publisher for a particular Title will be equal to the lowest such price specified by Publisher in connection with any distribution of such Title to libraries through any digital medium.

## **6. Reporting and Auditing**

- a. CEL will provide a written statement to Publisher on a calendar semi-annual basis, specifying which portion of each payment to Publisher is attributable to which Title. The statement will accompany the payment, if any, due to the Publisher pursuant to Exhibit C, but CEL will provide a statement for each calendar period, regardless of whether any payment is due.

- b. Once annually, upon thirty (30) days' notice, Publisher shall have the right to have certified public or chartered accountants audit CEL's accounting records necessary to calculate fees due hereunder during normal business hours. Such audit shall be at Publisher's expense unless accounting errors amounting to ten percent (10%) or more of the total sums accruing to Publisher during the year in question shall be found to Publisher's disadvantage. For each such occurrence, CEL shall bear the cost of the audit, and payment of the amount due shall be made to Publisher within thirty (30) days' notice to CEL of the deficiency, provided there is no dispute regarding the audit.

## **7. Term and Termination**

- a. The term of this Agreement will commence on the Effective Date of this Agreement and shall continue for three (3) years after the Effective Date (the "Initial Term"). Upon the expiration of the Initial Term, this agreement will be automatically renewed for successive one (1) year terms ("Renewal Terms") unless either party gives the other notice of termination at least ninety (90) days prior to the expiration of the Initial Term or the then-current Renewal Term.
- b. Either party may terminate this Agreement immediately upon written notice to the other in the event the other party (a) becomes insolvent, (b) files a petition in bankruptcy, (c) makes an assignment for the benefit of its creditors, or (d) breaches any of its material obligations hereunder and fails to cure the breach within 30 days after receipt of written notice of such breach.
- c. CEL shall provide at least 30 days' prior written notice to Publisher in the event of a proposed change of control of CEL, or any assignment of this Agreement by CEL pursuant to Section 13 below, and Publisher shall then have a period of 30 days after receipt of such notice within which to choose to terminate this Agreement. If Publisher chooses to terminate this Agreement pursuant to this subsection 6(c), then Publisher shall give CEL written notice of termination within such 30-day period.
- d. CEL shall remove all Titles from the CEL database within thirty (30) business days after termination of this Agreement for any reason. However, subject to Section 9, CEL may continue to retain and use copies of Perpetual Access Titles

as reasonably necessary to permit CEL to continue servicing Perpetual Access Customers that ordered such Perpetual Access Titles prior to termination of this Agreement, provided that CEL is in compliance with Section 11.

- e. Sections 1(b) (provided however that no new Perpetual Licenses may be granted following termination of the Agreement), 2(c) 3, 4, 5, 6, 7, 8,9, 10, 11, 12 and 13 of this Agreement will survive termination of this Agreement. Termination of this Agreement under any provision of this Section 6 shall not relieve CEL of the obligation to pay any monies then due, or that become due, from CEL to Publisher in accordance with Exhibit C.

## **8. Warranties and Indemnity**

- a. Each party represents and warrants that it has all rights and corporate or other powers necessary to enter into this Agreement.
- b. Publisher represents and warrants that it has all rights necessary to grant all licenses granted under this Agreement including all rights to the electronic distribution of the Titles and that CEL may use the Titles as contemplated under this Agreement.
- c. Publisher hereby agrees to indemnify and defend CEL from and against third-party damages, expenses, and all costs arising from any claims (including reasonable attorneys' fees) relating to Publisher's warranties hereunder, including without limitation, copyright, trademark, or trade name infringement, defamation, libel, infringement of a proprietary right or a right of publicity, invasion of privacy or Publisher's failure to have sufficient rights to grant the licenses hereunder, provided that same is reduced to the status of a non-appealable judgment of a court of competent jurisdiction or settled with Publisher's prior written consent.
- d. CEL hereby agrees to indemnify and defend Publisher from and against third-party damages, expenses, and all costs arising from any claims (including reasonable attorneys' fees) relating to CEL's representations, warranties, covenants and agreements hereunder, provided that same is reduced to the status of a non-appealable judgment of a court of competent jurisdiction or settled with CEL's prior written consent.

## **9. Protection of Right**

CEL agrees that it will not use the content of any Title without crediting the Title by referring to the name and publisher of the Title, CEL will not, and will require that its customer and their authorized users do not, tamper with or remove the copyright notice for each Title that appears in the printed version of the Title.

## **10. Content of Titles and Termination of Access**

- a. CEL is under no obligation to review or edit the Titles or any other licensed materials, whether for accuracy of content or the presence of any infringing or libelous material, but CEL will promptly inform Publisher upon learning of any inaccuracy or infringing or libelous material.
- b. If Publisher discovers that any Title, portion thereof or other licensed material contains material errors, or is (or could be subject to a claim that it is) defamatory, obscene, invades the right of privacy, or infringes any right of any person or entity, Publisher may request that such Title, portion thereof or other licensed material be deleted, corrected or made inaccessible. In such event, CEL will use reasonable efforts to comply with Publisher's request within two (2) business days. In the event such Title is a Perpetual Access Title to which a customer has been previously granted a Perpetual License, then, at the option of Publisher, either Publisher must at its own cost provide a replacement copy of the Perpetual Access Title which CEL shall then provide to each such Perpetual Access Customer who acquired such Title, or each Perpetual License for such Title shall be terminated and Publisher shall pay to CEL all fees previously paid by CEL to Publisher with respect to such Title and CEL shall refund all fees to customers who previously acquired Perpetual Access to such Title.
- c. CEL shall immediately withdraw access to all Titles from, and demand return of all copies of Perpetual Access Titles (including without limitation those in Secure Archives) by any customer who is in breach of the Customer Agreement.

## **11. Security**

CEL will offer the Titles for access only through a Hosted Service, which will stream content to end users. CEL will also at all time use software which (i) effectively and

accurately monitors and regulates printing, copying, downloading and other functions, as well as how many users are permitted to access and are accessing a particular Title at once, and (ii) authenticates users, to make sure that unauthorized users (people from outside the licensed institution) cannot access the Title. CEL will also ensure that no person uses any Title in any digital format other than as provided by CEL, and that no person accesses or uses any Electronic Title other than through the CEL site. Electronic Titles as discrete files will never be provided to end users without digital rights management protection which will remove files from personal devices after a limited lending period. Electronic Titles as discrete files will be provided to institutional Perpetual Access licensees for archival purposes only. Where these are provided, they will be subject to a license agreement which requires the licensee to maintain the files only in a secure Hosted Service environment which provides commercially-acceptable security and detection capabilities to prevent unauthorized access to and reproduction of Titles. In the event its security or detection systems become violated to such an extent that Publisher's copyrights in the Titles are being infringed, CEL shall take immediate steps to correct this problem, and shall terminate such customers' rights to maintain the files if the problem is not immediately corrected. Nothing in this Agreement will be construed to prevent Publisher from pursuing any recourse or remedy available to it in the event of any infringement of its copyright in the Titles.

## **12. Limitation of Liability**

Except for third-party damages arising out of Section 7, damages arising out of breach of Section 11 and damages arising out of any deliberate breach of this Agreement by CEL, neither Party shall be liable to the other Party for any incidental, consequential, indirect or special damages or lost or imputed profits or royalties arising out of this Agreement or its termination, whether liability is asserted in contract or tort (including negligence) and irrespective of whether the Party has been advised of the possibility of any such loss or damage. In no event will either Party's cumulative liability under this Agreement (excluding CEL's obligation to pay fees under Exhibit C) exceed the amount paid by CEL to Publisher during the Initial Term. This limitation is an essential element of this Agreement, on which the fees agreed to herein are predicated.

## **13. Miscellaneous**

- a. Assignment. The Parties may not assign this Agreement without the express written consent of the other party, not to be unreasonably withheld or delayed, except as follows:

I Publisher may assign its rights and obligations hereunder as to any Title(s) to any assignee ("Assignee") that acquires from Publisher sufficient rights to grant the licenses and make the representations and warranties made by Publisher hereunder. CEL will begin sending payments and reports regarding such Title(s) to such Assignee within a commercially reasonable time after receiving written notice of the assignment and the affected Title(s); and

li Subject to subsection 6(c) above, CEL may assign this Agreement to a successor in interest (or its equivalent) of all or substantially all of its relevant assets, whether by sale, merger, or otherwise, except to an entity whose principal business competes with Publisher.

lii Any attempted assignment contrary to the provisions of this paragraph shall be null and void. This Agreement shall be binding upon and inure to the benefit of the Parties' permitted successors and assigns.

- b. Notices. Any notices or communications regarding breach or termination of this Agreement shall be in writing, delivered by hand, courier, or email with return receipt requested, to the Address for Notices set forth below, or such other address as either party may from time to time designate in writing. Notices shall be deemed effective when delivered.
- c. Governing Law; Disputes. This Agreement shall be governed by the laws of the Province of Ontario, without reference to conflicts of laws principles. All disputes arising under or related to this Agreement will be adjudicated exclusively in the Province of Ontario, and each party consents to personal jurisdiction and service of process in Ontario in connection with such disputes.
- d. Waiver. No waiver of any right under this Agreement will be valid unless in writing and signed by the waiving party. Neither party's failure to exercise any right or hereunder will operate or be construed as a continuing waiver.
- e. Severability. If any provision of this Agreement is unenforceable under applicable law, such term or condition shall be modified to the minimum extent necessary to conform to the law. The modified provision and all other provisions of the Agreement shall remain in full force and effect.
- f. Independent Contractors. It is expressly agreed that CEL and Publisher are and shall be independent contractors and that the relationship between the Parties

shall not constitute a partnership or agency of any kind. Neither CEL nor Publisher shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other, without the other party's prior written authorization.

- g. Entire Agreement: This Agreement and the Non-Disclosure Agreement (if any) referred to in Section 10 set forth the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior agreements and understandings between the Parties, whether written or oral. This Agreement may not be modified except in writing signed by the party against which its enforcement is sought.

#### 14. Signature

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement

Publisher	Canadian Electronic Library
	1-206 Stanley Ave
	Ottawa, ON, K1M 1P3
Signed	Signed
Date	Date

## EXHIBIT A

### Pricing/File Delivery Conditions and Licensing Options

#### 1. Customer Pricing

Pricing for access to Publisher's Electronic Titles will be set by CEL subject to the terms set forth herein.

#### 2. Publisher Delivery Obligations

Publisher will provide CEL with one (1) digital file for each Title, in an electronic format acceptable to CEL. For each Title delivered, Publisher will provide bibliographic metadata in either Onix or spreadsheet form, as well as additional data describing approved licensing terms for each title.

#### 3. Licensing Options

CEL offers several licensing models for Publisher consideration. Publisher may designate licensing model by title using the codes shown below in the metadata supplied. Publisher may subsequently change model designations with notice to CEL.

Code	Means
LD	Title is available only under Licensed Access model.
PA	Title is available only under Perpetual Access model.
B	Title is available under both Licensed Access and Perpetual Access models
OA	Title is available under the Creative Commons "Attribution-NoDerivs" license. This license allows for redistribution, commercial and non-commercial, as long as it is passed along unchanged and in whole, with credit to the copyright owner.

## 4. Single-Viewer and Multiple-Viewer Access

The Perpetual Access Business Model has the capacity to restrict the number of viewers who may view a Title simultaneously. Where a Title is offered for Perpetual Access distribution, the default option will be multiple-viewer access. But Publisher may designate certain Titles as “to be made available under single-viewer access only.” The single and multiple-user access designation may be changed by Publisher from time to time at its option, although this may not be changed retroactively for customers who have previously purchased titles under a particular option. Publisher may also stipulate concurrent user restrictions for any Title.

### EXHIBIT B

#### Publisher Compensation

For each calendar period after Publisher has met its delivery obligations under this Agreement, CEL shall pay Publisher (60) sixty days after the end of the period as follows:

##### 1. Licensed Access (Subscription) Sales

- 1.1 A Split Pool is created with 50% of revenue received for Limited Duration license sales. The Publisher will receive 50% of the portion of this Pool attributed to the value of the Publisher’s titles. Attribution of value is calculated by a weighting formula which takes into account both the number of Publisher’s Titles expressed as a percentage of the number of titles in the Service as well as the usage of the Publisher’s Titles expressed as a percentage of the total usage made of the Service. Full details of this calculation are provided in Exhibit D.

## 2. Perpetual Access Licenses

1.1 Except as set forth in Section 2.2 below, for each Title sold under the Perpetual Access Business Model, CEL will pay Publisher a percentage of the Published Retail Price for such Title, based on the usage model chosen by the customer as follows:

Usage Model	Compensation Due to Publisher
Single Viewer	70% of Publisher Library eBook Price
Multiple Viewers	105% of Publisher Library eBook Price

2.2. Multi-institution Consortium Sale: The compensation due Publisher for any Consortium Sale will be determined by mutual agreement between CEL and Publisher. For the avoidance of doubt, (i) the Parties will attempt in good faith to negotiate a fair price, and (ii) CEL may not include the Perpetual Access Titles in a Consortium Sale unless the compensation due Publisher for such form of arrangement has been specifically agreed to in writing (including facsimile or e-mail) by Publisher before CEL enters into the Consortium Sale.

## 3. Short-Term Loan (STL)

Institutional Customers may license the use of single Electronic Titles for the use of a group of authorized users for a period of time (a Short Term Loan.)

This model is intended to satisfy the need for online access to a single title by a group of authorized users for a limited period of time.

Pricing is calculated as follows: List price multiplied by 10 provides unlimited access to the title online for a period of 60 days. Upon receipt of payment, the title is placed in the "reserve shelf" of the institutional site.

Where this model is approved by the publisher, the option will appear on the site, and institutional purchasing may be done as it is with perpetual access licenses.

For each STL license granted, CEL will pay Publisher 90% of revenue received.

## 4. Open Access

Titles designated as Open Access on the platform will be made available without charge to the public and any authorized DL user for online reading and DRM-free PDF download. The PDF supplied will be unchanged with the exception of a watermark on each page showing copyright ownership.

Because they are not available for library licensing, they will not be eligible for royalty payments. But they will be included in usage reporting to the copyright owner.

## 5. Special Collections

Upon mutual agreement, publishers may elect to include their titles in a desLibris Special Collection.

Special Collection Publishers may establish their own pricing and terms of sale. Once established, the pricing and terms of sale applicable to a Collection are valid for one calendar year. Pricing and terms of sale may be changed once a year for the following calendar year between September 1 and October 31 of the previous year. Any changes made after that date will not be effective until the following calendar year. The same conditions apply to withdrawal of Special Collection; this may be done only annually between these dates.

Seventy percent (70%) of all revenues from sales of each Special Collection (net of any refunds) will be paid to the owner of the Collection.

## EXHIBIT C

### Split Pool Calculation Detail for Licensed Access Sales

Collections in the Canadian Electronic Library are sold to libraries, corporations, and other institutions for simultaneous online access to, copying/pasting of, and printing of electronic content in these collections for a defined period. Publishers contributing titles to CEL Collections are paid a share of revenue.

Publishers are paid on a semi-annual basis, as of June 30 and December 31. Payments are made within 60 days of the end of the period.

Each publisher's share of the Pool is based in part on the number of titles contributed to the collection expressed as a percentage of the total number of titles (the "Title Inclusion Pool"), and in larger part on the frequency with which users view, copy/paste, print or download pages from the publisher's titles expressed as a percentage of the total number of uses (the "Usage Pool").

## Example

This example shows how "Publisher A" would be paid in one period, given these assumptions

- Split Pool Amount in the period is \$100,000.
- Publisher A's contracted revenue share with CEL is 50%.
- There are 4,000 titles in the Collection as of the end of the period.
- Publisher A has contributed 400 titles to the Collection.
- The title inclusion factor is 25% and the usage factor is 75%.

a. Title inclusion portion. Publisher A's share of the title inclusion portion of the Pool is determined as follows:

$$((400 \text{ [titles contributed]} / 4,000 \text{ [total titles in Collection]}) \times (\$100,000 \text{ [Pool Amount]} \times 25\% \text{ [Inclusion Factor]}) \times 50\% \text{ [Royalty percentage]}$$

b. Title Usage portion. Assuming that there are 30,000 pages viewed, copied, printed or downloaded during the period and 5,000 of these uses are attributed to Publisher A's titles, Publisher A earns the following Usage payment:

$$((5000 \text{ [Publisher A pages used]} / 30,000 \text{ [total pages used]}) \times (\$100,000 \text{ [Pool Amount]} \times 75\% \text{ [Inclusion Factor]}) \times 50\% \text{ [Royalty percentage]}$$

Total Payment. Publisher A receives a total payment of \$7500 (\$1250 for Title Inclusion and \$6250 for Title Usage) for this period.

## Reports

Semi-annual reports to publishers provide full detail on the revenue attributed to each title contributed.