LOS ANGELES (Reuters) - Amazon.com Inc, responding to criticism that a text-to-speech feature on its new Kindle book reader helps it sidestep royalty payments, plans to allow the audio function to be disabled.

The online retail giant pledged to modify the Kindle 2 so that authors, publishers or any holders to a novel's rights can choose whether to turn on the feature, which takes written text and converts it to human speech.

"Kindle 2's experimental text-to-speech feature is legal: no copy is made, no derivative work is created, and no performance is being given," the firm said in a statement on Friday. "Nevertheless, we strongly believe many rightsholders will be more comfortable with the text-to-speech feature if they are in the driver's seat."

In an editorial titled "The Kindle Swindle" that appeared in the New York Times Wednesday, the president of the Author's Guild, Roy Blount Jr., took Amazon to task for the function on the new Kindle, which began shipping this week.

The new Kindle can read books aloud, but unlike with audio books, royalties are not paid to authors. Blount argued the technology Amazon uses to turn text into a human voice is quickly improving, and authors need to be "duly vigilant" about this novel means of transmitting their work.

The guild, which is studying the issue, has called the Kindle's speech function a "significant challenge to the publishing industry." It has recommended its members bring up the issue of the Kindle when negotiating book contracts.

On Friday, Amazon said rights-owners will be allowed to decide - title by title -- whether to enable the function.

Though a tiny fraction of Amazon's business, the Kindle draws strong, regular interest from investors and gadget aficionados, amid speculation the device might eventually be enhanced to compete with all-rounded, hand-held devices like Apple's iPod.

(Reporting by Edwin Chan; Editing by Bernard Orr)