

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
Miami Division

CASE NO. 97-3924-CIV-SIMONTON

JERRY GREENBERG, individually,  
and IDAZ GREENBERG, individually,

Plaintiffs,

vs.

NATIONAL GEOGRAPHIC  
SOCIETY, a District of Columbia  
corporation, NATIONAL GEOGRAPHIC  
ENTERPRISES, INC., a corporation,  
and MINDSCAPE, INC., a  
California corporation,

Defendants.

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**PLAINTIFFS' MEMORANDUM IN OPPOSITION TO DEFENDANTS'  
MOTION IN LIMINE TO EXCLUDE EVIDENCE AS TO WILLFULNESS**

Plaintiffs, JERRY GREENBERG and IDAZ GREENBERG (together "Greenberg"), submit this memorandum in opposition to Defendants' Motion in Limine or for Summary Judgment to Limit the Scope of the Trial on Statutory Damages and to Preclude the Introduction of any Evidence Regarding Willfulness, served by Defendants, NATIONAL GEOGRAPHIC SOCIETY, NATIONAL GEOGRAPHIC ENTERPRISES, INC., and MINDSCAPE, INC. (together "the Society").<sup>1</sup>

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<sup>1</sup> The time for a dispositive motion under Rule 56 is long past. The remaining calendar provides only for pretrial motions.

The defendants concede in their papers that they have continued to utilize the Greenberg photographs in the Complete National Geographic on CD-ROM product ("CNG") notwithstanding a clear finding that such conduct is infringing. The Society wants the Court to deny Greenberg a chance to convince a jury as to whether the defendants' infringement was, and still is, willful and deserving of exemplary damages. The motion is meritless and presumptuous. It badly distorts the underlying facts, omits numerous relevant facts, and directly ignores the law of the case. "It would be impossible," say the defendants, "for any reasonable jury to conclude that Defendants acted willfully." Mem. at 1. That is wrong. It is not only possible, but virtually certain, that the jury will do just that.

**A. Introduction**

The Society essentially makes two arguments here. First, the defendants contend that they received advice of legal counsel, before publication, that justified the unauthorized use of the Greenberg photographs in the CNG. Second, they argue that legal guidance based on a subsequent decision in the case of Tasini v. New York Times, 533 U.S. 483 (2001), excuses their continued use of the Greenberg photographs in their products. Both factors, they urge, negate any suggestion of willful infringement. The first is deeply flawed as a matter of fact. The second is flawed egregiously as a matter of law.

As the defendants concede, "willfulness may be found if the defendant 'knows his actions constitute an infringement; the actions need not have been malicious.'" Mem. at 13. The standard is simply whether the defendant had knowledge that its conduct represented infringement or perhaps recklessly disregarded the possibility. Twin Peaks Productions, Inc. v. Publications Int'l, 996 F.2d 1366, 1382 (2d Cir. 1993) (citation omitted). See also N.A.S. Import Corp. v. Chenson Entertainment, Inc., 968 F.2d 250, 252 (2d Cir. 1992) (reckless disregard of

the copyright holder's rights suffices to warrant enhanced damages for willful infringement). The defendants' memorandum mentions the "reckless disregard" standard, but generally ignores it. "Willful infringement need not be proved directly but may be inferred from the defendant's conduct." *Id.*

The owner of copyright has the exclusive right "to reproduce the copyrighted work in copies . . . ." 17 U.S.C. § 106(1).<sup>2</sup> "It is the act of copying that is essential to, and constitutes the very essence of, all copyright infringement." Nimmer, NIMMER ON COPYRIGHT § 8.02[A] at 8-27 (2002). Actionable copying can occur in a different medium, as here. Atari, Inc. v. North American Philips Consumer Electronics Corp., 672 F.2d 607 (7<sup>th</sup> Cir. 1982).

**B. Willfulness After the Greenberg Decision**

In 2001, the Eleventh Circuit found that the defendants had infringed Jerry Greenberg's copyrights. The Court said:

We conclude that the unauthorized use of the Greenberg photographs in the CNG compiled and authored by the Society constitutes copyright infringement . . . . We also find that the unauthorized use of Greenberg's diver photograph in the derivative and collective work, the Sequence, compiled by the Society, constitutes copyright infringement . . . . Upon remand, the district court should ascertain the amount of damages and attorneys fees that are due, if any, as well as any injunctive relief that may be appropriate.

Greenberg v. National Geographic Society, 244 F.3d 1267, 1275-76 (11<sup>th</sup> Cir. 2001). The defendants petitioned the Supreme Court for a writ of certiorari, relying principally on Tasini, and on October 9, 2001, the Court denied the petition.

On remand, the defendants proposed in various filings that additional liability issues existed. In an order dated May 29, 2002, the Court put that proposition to rest, stating that "[t]he

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<sup>2</sup> Section 106 provides other exclusive rights, including the right to distribute copies to the public by sale, rental or otherwise.

Eleventh Circuit has clearly held that Defendants are liable for copyright infringement,” and that a minor addition by the Eleventh Circuit of two words in a corrected opinion was “not intended to reopen the case for a fresh determination of liability.” Order at 5-7.

The defendants ignored all of that, and consciously and deliberately continued to infringe the copyrights. No stronger evidence of willful infringement could exist. Here is how the defendants explain their conduct:

Even after the Eleventh Circuit reversed this Court’s grant of summary judgment in favor of Defendants, Defendants had a good faith belief that the creation, distribution, and sale of CNG did not infringe Plaintiff’s copyrights and was permitted by Section 201(c) of the 1976 Act<sup>3</sup> based on the virtually simultaneous decision of the Supreme Court of the United States in Tasini. That belief was based on the opinions of Mr. Adamson, Mr. Sugarman and Judge Starr. Indeed, that is the position the Defendants have advanced in their motions for summary judgment in three cases now pending before Judge Lewis Kaplan in the Southern District of New York.

Mem. at 12. “As a matter of law,” says the memorandum, “Defendants cannot have acted willfully . . . .” Id.

As a matter of law? The defendants have scoffed at the law, setting themselves up as a private panel of jurists with the power to override a decision by a federal appellate court. Does that mean that any party receiving an adverse ruling by the Eleventh Circuit Court of Appeals has the right to decide “in good faith” based on another court’s decision that the ruling by the Eleventh Circuit was incorrect, and act accordingly? Does the question require an answer? “Ours is a hierarchical judiciary, and judges of inferior courts must carry out decisions they believe mistaken. A district judge who thinks new evidence or better argument ‘refutes’ one of

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<sup>3</sup> The Eleventh Circuit’s opinion in Greenberg reflected a detailed analysis of Section 201(c) of the Copyright Act. The Court concluded that the unauthorized use of the Greenberg photographs in the CNG “is not excused by the privilege afforded the Society under Section 201(c).” 244 F.3d at 1275. The defendants have unilaterally declared that that holding is erroneous.

our decisions should report [her] conclusions while applying the existing law of the circuit.”

Gacy v. Welborn, 994 F.2d 305, 310 (7<sup>th</sup> Cir.), cert. denied, 114 S.Ct. 269, 126 L.Ed.2d 220

(1993). If this Court is bound by Greenberg, can parties in this case who are affected adversely by Greenberg assert that they are not bound?

The defendants, at page 11, quote from 4 NIMMER ON COPYRIGHT § 14.04[B][3] for the proposition that where a defendant has been notified that his conduct is infringing, but reasonably believes in good faith to the contrary, a finding of willful infringement may be inappropriate. But all of the cases listed by Professor Nimmer have to do with notification from some third party; in none did the defendant disregard a binding finding of infringement. Where a court decision is involved, no defendant can ignore it in “good faith.”

In Kepner-Tregoe, Inc. v. Vroom, 186 F.3d 283, 288 (2d Cir. 1999), the court affirmed a finding by the district court of willfulness and enhanced damages because the defendant “continued to use the MPO program even after a Texas district court and the Fifth Circuit found that the MPO program infringed K-T’s copyrights . . . .” Even more forceful on the point was the court in National Football League v. PrimeTime 24 Joint Venture, 131 F.Supp. 2d 458 (S.D.N.Y. 2001), where the defendant had been accused of sending, during a two-month period in 1999, unauthorized broadcasts of NFL games to subscribers in Canada. In a discussion quite relevant to this matter, the court explained:

(1) PrimeTime knew the NFL game telecasts were copyrighted by the NFL, (2) PrimeTime is a sophisticated corporation and was represented by experienced copyright counsel, and (3) PrimeTime continued to infringe after not only the NFL’s cease and desist letters but also after a judicial decision denying PrimeTime’s motion to dismiss that completely rejected PrimeTime’s legal defense, and further after the Court’s summary judgment decision.

Id. at 480. The court found such conduct to be willful infringement and awarded the maximum statutory damages for each broadcast infringed. Id. The court said further:

While PrimeTime obviously had the right to continue the litigation and appeal to the Second Circuit . . . it knew or recklessly disregarded that Judge McKenna's decision on the motion to dismiss sounded the death knell for PrimeTime's legal defense. PrimeTime was obliged to adjust its business conduct accordingly (i.e., stop transmissions to Canada) or pay the price. PrimeTime's conduct in this time period clearly was willful.

Id. at 479. Knowledge of an infringement in itself supports a finding of willful infringement, without regard to whether a court has ruled. See, e.g., Castle Rock Entertainment v. Carol

Publishing Group, 955 F.Supp. 260, 267 (S.D.N.Y. 1997), aff'd, 150 F.3d 132 (1998)

(defendants had notice that they were using copyrighted matter, defendants were sophisticated as to copyright, and they continued to publish infringing work after receiving letter demanding that publication cease); Twin Peaks Productions v. Publications International, 996 F.2d 1366, 1382 (2d Cir. 1993) (affirming a district court determination of willful infringement; lower court had rejected a contention by defendant that it "believed in good faith" its actions were lawful).

The National Geographic Society protects great quantities of intellectual property with copyrights. If an infringer of its copyrights was legally found to have infringed, but continued doing so because the infringer believed in "good faith" that the court was wrong, is it imaginable that the Society would passively stand by?

The defendants' outright assertion that they have a right to ignore a court decision adverse to them gives new meaning to the word hubris.<sup>4</sup> The Court should hold that the continuing infringements are willful as a matter of law.

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<sup>4</sup> Two pending motions filed by Greenberg are interconnected. In one motion, Greenberg seeks permanent injunctive relief to preclude further uses of his photographs. In another, Greenberg seeks to exclude all evidence that would challenge the validity of the Eleventh Circuit's decision.

**C. Willful Infringement Before Sale of the CNG**

**(1) The Untimely, Infirm Legal Advice**

The Society unquestionably solicited guidance from legal counsel prior to offering the CNG for sale in the marketplace. Very much in question, however, is (a) whether the legal opinions had any relevance to Jerry Greenberg, (b) whether the counsel were provided with adequate information about the CNG, and (c) whether infringements had occurred before the legal opinions were obtained. All of these are jury questions.

As discussed above, long before the Society ever conceived the CNG project, it transferred back to Jerry Greenberg "all right, title and interest, including copyright" to his photographs. The written conveyances, in 1985 and 1990, were unequivocal. On their face, they reserved nothing to the Society. These facts are undisputed. The conveyances are discussed in Greenberg's pending Reply Memorandum in Support of Motion for Permanent Injunctive Relief.

In early 1996, as the Society's memorandum states, it set the CNG project in motion. Because the Society no longer owned copyright in the 64 Greenberg photographs -- no interest whatsoever -- it could not exploit them until it first determined whether it had any right to do so. The Society claims it obtained legal advice from inside and outside counsel.<sup>5</sup> But as Greenberg will demonstrate to the jury, the Society never asked any of its counsel, at any time, whether it

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<sup>5</sup> The Society also relied, it says, on the concurrence of Judge Higginbotham, a board member now deceased, and Terrence Adamson, then an attorney in private practice. The memorandum repeatedly quotes advice given by Judge Higginbotham, but it is all hearsay and must be disregarded. Adamson's affidavit in support of the instant motion says that he relied on hearsay statements by attorney Sugarman and attorney Kenneth Starr, and on the Supreme Court's Tasini decision, which is legally irrelevant as discussed above. Moreover, Adamson claims to have provided his oral guidance in or near the month when the CNG went on sale; the jury can decide whether Mr. Adamson's guidance was meaningless because it arrived too late.

had any rights to the Greenberg photographs that it might exploit. Crucial facts, notably absent from the defendants' memorandum, are as follows:

In January 1996, Suzanne Dupre, the Society's corporate counsel, sought advice from outside counsel Paul Kilmer. She never asked him to opine on whether the Society had the right to use copyrights it no longer owned. The Kilmer opinion dealt only with issues arising from a standard photographer's agreement.<sup>6</sup> The opinion had nothing to do with the Greenberg copyrights.

Based on the Kilmer opinion, the Society prepared a Business Plan dated March 8, 1996, which summarily concluded that there would be no liability, based on a "recent decision" by corporate counsel Dupre.<sup>7</sup>

Thus, based solely on an opinion that had nothing to do with the Greenberg copyrights, the Society admits that it proceeded with the development of the product. As Greenberg will show at trial, the Society by agreement dated January 1, 1996, gave a license to its for-profit subsidiary, NGV, Inc., to use all copyrighted material in the monthly magazines, including the Greenberg copyrights, and authorized NGV to include them in various "Multimedia Products."

With no additional legal guidance, the Society authorized Dataware Technologies, Inc. in an agreement dated August 15, 1996, to digitally scan the pages of the Magazine. The agreement authorized Dataware to "develop a custom CD-ROM template, including integration of a custom set of interfaces to display magazine pages . . . and JPEG images of the scanned

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<sup>6</sup> The opinion letter is Exhibit A to the Declaration of Suzanne Dupre filed in Support of Defendants' Motion in Limine or for Summary Judgment to Limit the Scope of the Trial on Statutory Damages and to Preclude the Introduction of any Evidence Regarding Willfulness.

<sup>7</sup> The defendants' memorandum, at page 2, says "It was [Dupre's] view, based on her experience, that the contracts between the Society and its photographers and writers allowed the republication [in the CNG]." But Greenberg's photographs were never a contract issue because the Society had conveyed to him all rights in the photographs, including copyright and contract rights.

pages.” Greenberg will show, in addition, that in September 1996, the Society’s for-profit subsidiary, National Geographic Enterprises, Inc., contracted with defendant Mindscape, Inc. to manufacture the CDs and market them around the world. Each of these acts was a separate act of infringement of the Greenberg copyrights. The 1996 Kilmer opinion is totally irrelevant to the Greenberg copyrights, and the Society could not and did not rely on it in committing the infringements here.

A second opinion by Mr. Kilmer arrived in a letter dated February 21, 1997.<sup>8</sup> It responded to an inquiry by the Society as to potential damages if stock photo agencies or independent photographers were successful in copyright infringement actions. The letter contained no discussion as to the Society’s rights. It, too, is completely irrelevant to the Greenberg copyrights.

Willful infringement can be found despite the presence of an opinion of counsel in situations where the opinion was incompetent. Comark Communications, Inc. v. Harris Corporation, 156 F.3d 1182, 1191 (Fed.Cir. 1998). The court explained:

Obtaining an objective opinion letter from counsel also provides the basis for a defense against willful infringement. In order to provide such a prophylactic defense, however, counsel’s opinion must be premised upon the best information known to the defendant. Otherwise, the opinion is likely to be inaccurate and will be ineffective to indicate the defendant’s good faith intent.

Id. (Emphasis added.) The Society did not share with any of its outside counsel the central fact about Jerry Greenberg: all rights to his photographs had been conveyed to him by the National Geographic Society. As the court said in Comark, a counsel’s opinion must be premised on the

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<sup>8</sup> Kilmer’s second letter is Exhibit B to the Suzanne Dupre declaration referenced in footnote 6 above.

best information known to the defendant. A great deal of relevant information was not given to counsel.

That was also true in the only guidance of outside counsel that dealt with copyright -- an opinion provided by Robert Sugarman on July 21, 1997, approximately two months prior to the first sales of the CNG.<sup>9</sup> The opinion was based on "the facts as I understand them," Ex. D at 1, but the Society provided Sugarman with virtually no facts as to the CNG beyond telling him that every page in the magazines would be digitally replicated in the CNG. In deposition testimony in a parallel case,<sup>10</sup> Sugarman acknowledged that he was not given wide-ranging information as to the CNG before he prepared his legal opinion. See Exhibit A attached hereto. Sugarman never saw the CNG product itself. Moreover, he was not told:

- the CNG would include an opening visual montage with moving covers
- the CNG would include a Kodak advertisement with music
- the CNG would have a link to the Internet
- the CNG would include an animated globe with music
- the CNG would have a feature for saving search results
- the actual copying of the Greenberg photographs (and other material in the magazines) took place long before Sugarman's opinion
- the CNG had been displayed and reviewed for outside parties, and for the Society's board, before Sugarman's opinion

Exhibit A, pages 98-103. In his opinion letter in 1997, Sugarman wrote: "As I understand the CD Rom Project, each issue of the magazine will be scanned, page-by-page, and placed on CD Rom." But the features listed above, and others, were added to each CD-ROM, turning the Complete National Geographic product into much more than slavish copies of pages from the monthly magazines. Indeed, the Eleventh Circuit's finding of infringement turned on precisely

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<sup>9</sup> The Sugarman letter is Exhibit D to the Suzanne Dupre declaration referenced in footnote 6 above.

<sup>10</sup> Sugarman gave deposition testimony on December 4, 2001, in Psihoyos v. National Geographic Society, et al., pending in the Southern District of New York, where the rights of a different photographer in the CNG are being litigated. Relevant pages are attached hereto in Exhibit A. Greenberg will file the complete transcript as the Court may direct.

that fact. 244 F.3d at 1273. The jury has a right to weigh that information to determine whether the Society provided Sugarman with adequate information. Mr. Sugarman may very well testify that the additional information would have made no difference in formulating his opinion, but the jury can decide that for itself.

Asked at his deposition whether he ever considered whether the Society had the right to use copyrights or other rights that it didn't own, Sugarman replied "I don't recall considering it in those terms." Exhibit A, at page 157.

Moreover, as discussed above, the Sugarman opinion -- the only one that discussed copyright -- was rendered long after the Society had licensed the unlawful use of the Greenberg photographs and after unlawful copying of those photographs had taken place. The CD-ROMs themselves contain proof that the discs containing the Greenberg photographs were made long before the Sugarman opinion arrived.

Among other things, Sugarman was not told of the licenses and contracts with third parties, committing the Society to infringing conduct, that existed.

These are fact issues that are entirely appropriate for a jury to consider. The jury can be asked to determine whether Sugarman had been given adequate information, and whether the Society had committed to the distribution and sale of the CNG prior to the Sugarman opinion. See Nimmer, NIMMER ON COPYRIGHT § 14.04[B][3] at 14-57 (2002) (one may not avoid a finding of willfulness by the assertion of a reasonable legal defense if such defense was determined only after the act of infringement occurred). Cf. Hospital for Sick Children v. Melody Fare Dinner Theatre, 516 F.Supp. 67 (E.D.Va. 1980) (justification discovered after commencement of lawsuit insufficient for a finding of good faith).

(2) **Other Reckless Disregard of Greenberg's Copyrights**

Greenberg has significant additional evidence on which a jury could conclude that the Society recklessly disregarded his rights as a holder of copyright. That evidence includes the following:

- Prior unauthorized use of Greenberg's photographs by the Society, in 1975, 1994, 1995 and 1996.
- In April 1997, Greenberg's counsel wrote to warn the Society not to use his photographs in the CNG product without his consent. The Society never responded. The CNG was placed on sale in September 1997 with the Greenberg photographs contained in it.
- In May 1997, Thomas Stanton on behalf of the Society sent a letter regarding the CNG product to 2500 contributors to the monthly magazine. The letter was not sent to Greenberg, although his name was on the contributors' mailing list.
- When a page containing a Greenberg photograph is printed in hard copy from the CNG product, the copyright notice on the copy says "© [year] National Geographic Society." The implication is that the Society owns the copyright in the photograph(s), and the notice invites a user to assume that Greenberg has no copyright interest.
- High-level managers and editors at the Society had grave doubts about copyright abuse, notwithstanding legal guidance, after the CNG was committed.<sup>11</sup>
- The defendants made it extremely easy for an end-user to unlawfully copy photographs from the CNG, transmit photographs to others, and modify protected material such as the Greenberg photographs. The photographs, for example, can be e-mailed to others from the digital images in the CNG with no ownership indicated. The defendants unlawfully copied themselves; they also made it easy for countless others to copy.

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<sup>11</sup> See, for example, a memo from editor Bill Allen to John Fahey, then Chief Operating Officer of the Society, dated March 19, 1997, attached hereto as Exhibit B: "You asked me last night how worried I was about the rights issues for the CD-ROM of 108 years of NGM, and I said 'terrified' . . . . [W]e are so far down the road at this point that we probably just have to keep smoothing as many bumps as possible and drive like hell with our fingers crossed. I just wanted to let you know more than just the simple 'I'm terrified' that I gave you last night."

- The Moving Covers Sequence in the CNG,<sup>12</sup> which contains a Greenberg photograph and which was found by the Eleventh Circuit to unlawfully infringe that photograph, was not addressed in any legal guidance sought and obtained by the Society.
- The defendants failed to resolve a rights dispute with certain stock photo agencies, but republished the disputed photographs anyhow.

A jury could consider these matters to amount to reckless disregard of the rights of creative artists generally and Greenberg's rights in particular, and could find willfulness as a consequence.<sup>13</sup> The defendants, of course, are free to suggest otherwise to the jury.

**E. Conclusion**

The defendants' proposal that the Court foreclose the presentation by Greenberg of any evidence as to willful infringement is out of touch with legal and factual reality in this case. The defendants can prevail in their motion only if the law is turned on its head. The motion should be denied.

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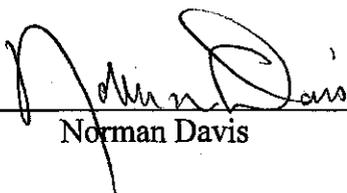
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<sup>12</sup> The Moving Covers Sequence is the basis for Greenberg's claim in Count V of the Amended Complaint.

<sup>13</sup> One or more of the matters in the list above is addressed in other pending motions served by the defendants. Greenberg's opposition to those challenges is set forth in memoranda opposing those motions.

Certificate of Service

I hereby certify that a copy of the foregoing memorandum was served by mail on Edward Soto, Esq., Weil, Gotshal & Manges LLP, 701 Brickell Avenue, Suite 2100, Miami, FL 33131; and on Stephen N. Zack, Boies, Schiller & Flexner LLP, 2800 Bank of America Tower, 100 Southeast Second Street, Miami, FL 33131; and by facsimile and mail on Robert G. Sugarman, Esq., Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York NY 10153 this 10th day of January, 2003.

  
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Norman Davis

# **EXHIBIT A**

1  
2 Q. Would you know what it means to  
3 digitize a picture?  
4 Let me withdraw that question.  
5 At the time you gave your opinion did  
6 you know what it means to digitize a picture?  
7 A. I don't recall.  
8 Q. You don't know whether you know that?  
9 MS. GRAY: Objection.  
10 Asked and answered.  
11 THE WITNESS: I don't recall whether  
12 I knew that.  
13 BY MR. SCHADEN:  
14 Q. Did you ever discuss with any of the  
15 defendants or their representatives what it  
16 means to digitize a picture, as compared to  
17 copy it on film?  
18 A. No.  
19 Q. Did you understand at that time what  
20 digitizing means?  
21 A. I don't recall.  
22 Q. Do you understand the concept of  
23 binary code?  
24 MS. GRAY: Are you asking him about  
25 his opinion today?

1  
2 MR. SCHADEN: No, I just --  
3 BY MR. SCHADEN:  
4 Q. At the time you gave your opinion did  
5 you understand the concept of binary code?  
6 A. I don't believe I had any information  
7 about that.  
8 Q. Did anyone discuss with you at  
9 National Geographic, before you gave your  
10 opinion, the difference between something  
11 that is in binary code as compared to  
12 something that's on film?  
13 A. No.  
14 Q. And nobody discussed with you then I  
15 assume the different capabilities?  
16 MS. GRAY: Objection to form.  
17 BY MR. SCHADEN:  
18 Q. That is, binary code versus film.  
19 MS. GRAY: Same objection.  
20 Objection to form.  
21 You can answer.  
22 THE WITNESS: Not in those terms, no.  
23 BY MR. SCHADEN:  
24 Q. Did you examine the logos of other  
25 defendants in the National Geographic product

1  
2 before you gave your opinion?  
3 A. No.  
4 Q. Did you know that Kodak was involved,  
5 one of your other defendants, that is, in the  
6 product?  
7 A. No.  
8 Q. When you gave your opinion, did you  
9 know that Kodak was going to have a display  
10 in the product?  
11 A. No.  
12 Q. Do you know today?  
13 MS. GRAY: Objection.  
14 I instruct the witness not to answer.  
15 (Instruction Not to Answer.)  
16 BY MR. SCHADEN:  
17 Q. Did you know that the product was  
18 going to contain music?  
19 A. I don't recall.  
20 Q. Did anybody in National Geographic  
21 tell you that they had information on the  
22 difference between a digital product as  
23 compared -- the capabilities of a digital  
24 product compared to a film product?  
25 A. No.

1  
2 Q. Did anyone at National Geographic  
3 tell you there was going to be music in the  
4 product?  
5 A. I don't recall.  
6 MS. GRAY: You're talking about  
7 before he gave his opinion, is that right?  
8 MR. SCHADEN: Yes.  
9 BY MR. SCHADEN:  
10 Q. Did anyone at National Geographic  
11 tell you that the Kodak logo and there was  
12 going to be a Kodak picture in the product?  
13 MS. GRAY: Objection to form.  
14 THE WITNESS: No.  
15 BY MR. SCHADEN:  
16 Q. Did you compare the product CD-108,  
17 the CD-ROM, to the magazines from which it  
18 was represented to be taken from?  
19 A. No.  
20 Q. Did Suzanne Dupre or anyone else at  
21 National Geographic explain to you the  
22 differences in this product as compared to  
23 the magazine -- or magazines I guess would be  
24 the appropriate word?  
25 A. We discussed the -- what would be put

1 onto the CD-ROM vis-a-vis what was on the  
2 magazines.  
3 So if that's your question, yes.  
4 Q. But did they discuss with you the  
5 things that were going to be in the CD  
6 product that weren't in the magazine?  
7 A. In the CD product, no.  
8 Q. Such as music, Kodak, et cetera?  
9 A. I - as I said, I had no discussions  
10 about Kodak.  
11 I don't recall any discussions about  
12 music.  
13 Q. Did they express to you the  
14 capability of printing portions of the  
15 magazine, that is, the capability by the user  
16 of the CD?  
17 A. I believe there was some discussion  
18 of that, yes.  
19 Q. And you gave your opinion in light of  
20 that discussion?  
21 MS. GRAY: Objection to form.  
22 THE WITNESS: I gave my opinion  
23 having had the information that was given  
24 to me on that subject.  
25

1 BY MR. SCHADEN:  
2 Q. Did anybody show you or display to  
3 you the print capabilities?  
4 A. No.  
5 Q. Did anybody make a demonstration for  
6 you of the print quality?  
7 A. No.  
8 Q. Did anybody show you the word search  
9 capability in the CD product - CD-108?  
10 MS. GRAY: This whole line of  
11 questioning is before he gave his opinion,  
12 is that right, his initial opinion?  
13 I just want to be clear.  
14 MR. SCHADEN: Yes, or contiguous  
15 with - or, you know, contemporaneous with  
16 his opinions.  
17 MS. GRAY: Well, yes, if you could  
18 just be really clear about what the time  
19 frame is.  
20 MR. SCHADEN: I'm not talking about  
21 today.  
22 I'm talking about in the spring and  
23 the summer of '97.  
24 MS. GRAY: Okay.  
25

1 THE WITNESS: No.  
2 BY MR. SCHADEN:  
3 Q. Did anybody explain to you the  
4 capability of an interactive link with the  
5 National Geographic website?  
6 A. No.  
7 Q. And, again, it's in that same period  
8 of time.  
9 A. I'm assuming that all your questions  
10 now are based on that period.  
11 Q. Okay. Did you see or was it  
12 displayed to you the search capability that  
13 people who understood Boolean algebra or  
14 Boolean analytical methods could use?  
15 MS. GRAY: Objection to form.  
16 THE WITNESS: No.  
17 BY MR. SCHADEN:  
18 Q. At that time that you gave your  
19 opinion did you understand the concept of  
20 Boolean algebra?  
21 A. I don't recall.  
22 MS. GRAY: Objection to form.  
23 BY MR. SCHADEN:  
24 Q. At the time you gave your opinion did  
25

1 you understand the concept of binary code?  
2 A. I don't believe I was familiar with  
3 the term.  
4 Q. And so I assume that you didn't know  
5 what the capabilities of binary code were  
6 compared to film or analog code?  
7 A. I think I've said before that I did  
8 not.  
9 Q. Do you understand the relationship  
10 between binary code - strike that.  
11 Did you at that time understand the  
12 relationship between binary code and the  
13 concept digitizing?  
14 A. No.  
15 Q. Before you gave opinions to National  
16 Geographic or any of the other defendants did  
17 you ask any experts about that relationship  
18 between binary code and digitizing?  
19 A. No.  
20 Q. Did you seek my expert opinion  
21 before giving advice to National Geographic  
22 about the capability of a product that  
23 contained binary code?  
24 A. No.  
25

1  
2 BY MR. BERGER:  
3 Q. Did you consider whether NGS had the  
4 right to make any use of copyrights that  
5 didn't belong to them?  
6 A. In the terms you phrase it, I don't  
7 think that was an issue.  
8 Q. No, I'm not asking you whether it was  
9 an issue.  
10 Did you ever consider whether NGS had  
11 the right to make any use of copyrights that  
12 didn't belong to them?  
13 A. I don't recall considering it in  
14 those terms.  
15 Q. Did you ever ask Ms. Dupre how many  
16 copyrights had been turned over to  
17 photographers?  
18 A. Not that I recall.  
19 Q. Did she ever tell you of all the  
20 copyrights that were going to be used in the  
21 CD how many belonged to someone else?  
22 A. Are you talking about the copyrights  
23 in the individual images?  
24 Q. Yes. Thank you.  
25 A. No.

1  
2 the first one.  
3 It says, "summary of photographers  
4 contracts."  
5 And the top paragraph refers to pre  
6 July 1994.  
7 And the second sentence states:  
8 "No right in NGS to use in  
9 third-party products."  
10 Did Ms. Dupre ever tell you that the  
11 CD-108 was a product that was being published  
12 by National Geographic Enterprises?  
13 A. Not that I recall.  
14 Q. And she never told you about a  
15 Mosaic agreement that National Geographic  
16 Enterprises had entered into in 1996, did  
17 she, before you issued your opinion in  
18 response to Exhibit 237?  
19 A. I don't recall.  
20 Q. Now, how many -- let's see,  
21 Well, let me -- we're going to mark  
22 some time records that, Mr. Sugerman, you've  
23 produced to us as Exhibit 238.  
24 And what I've done is I've taken the  
25 first two pages --

1  
2 Q. Did she ever tell you that NGS and a  
3 company called NGV Inc. had entered into a  
4 trademark and license agreement dated as of  
5 January 1, 1996 before you issued your  
6 opinion in response to Exhibit 237?  
7 A. Not that I recall.  
8 Q. Had Ms. Dupre ever mentioned a  
9 company called NGV Inc. to you before you  
10 issued your opinion in response to Exhibit  
11 237?  
12 A. I don't recall.  
13 Q. Had she ever referred to a for-profit  
14 or a taxable entity called National  
15 Geographic Enterprises to you before you  
16 issued your opinion in response to Exhibit  
17 237?  
18 A. I don't recall.  
19 Q. Did Ms. Dupre ever tell you that she  
20 worked on the drafting of the license  
21 agreement between National Geographic Society  
22 and NGV Inc. before you issued your opinion?  
23 A. Not that I recall.  
24 Q. Now take a look, if you will, at one  
25 of the attachments to Exhibit 237 -- actually

1  
2 If you don't mind, just keep those  
3 documents in front of you. Thank you.  
4 I've taken the first two pages of  
5 some time records that you have produced to  
6 us and pulled them out of the file.  
7 And we'll mark those two pages as  
8 Exhibit 238.  
9 (Plaintiffs' Exhibit No. 238 was  
10 marked for identification.)  
11 BY MR. BERGER:  
12 Q. Now placing those time records in  
13 front of you, is it fair to say that by the  
14 time you received Ms. Dupre's letter of June  
15 19, which is the second letter I believe that  
16 she sent you, you had spent approximately  
17 seven or eight hours on this matter?  
18 A. That's what the document in front of  
19 me suggests.  
20 Q. Had anyone else in your firm worked  
21 on this matter, of an opinion to NGS, up to  
22 the time that you received Ms. Dupre's letter  
23 of June 19?  
24 A. No.  
25 Could you read back the question

# **EXHIBIT B**

Printed By: Allan Royce 03-19-97 02:26 PM  
From: Bill Allen (03-19-97) John Fahey (03-19-97) Bill Allen (03-18-97)  
To: John Fahey  
CC:  
BCC:  
Priority: Normal

Page: 1

Date sent: 03-19-97 02:17 PM



Reply to: RE>>CD-ROM

John,

//////

Bill

-----  
Date: 3/19/97 12:51 PM

To: Bill Allen

From: John Fahey

Bill- I'm continuing to do some work on this with Suzanne and outside counsel. I think we will be on strong legal ground. All those other cases that are referenced may be entirely irrelevant since our specific contracts are not involved. I do understand you and your colleagues are concerned about relationships with many important, talented journalists. I think it's critical for everyone to remember that although this project is clearly a commercial undertaking we are budgeting no profits from its sale. Sleep well. JF

-----  
Date: 3/18/97 4:49 PM

To: John Fahey

From: Bill Allen

John,

You asked me last night how worried I was about the rights issue for the CD-ROM of 108 years of NGM, and I said "terrified." I really do hope that I am paranoid and just plain wrong. However, as the old expression goes, "Just because I'm paranoid doesn't mean they're NOT after me."

I'm glad that I'm not a lawyer these days (other than for the huge fees that a lot of them are going to earn over these issues) and have to figure out how to advise my clients. Again, I am relieved that you have focused the attention of some of the Interactive folks attention on this serious problem of purchased one-time rights. Thank you. You have noted that we will negotiate for the rights to the pieces specifically exempted from electronic uses. That and the material produced before 1975 and after 1995 on the photographic side and before 1983 and after 1995 on the text side probably clear most of the material.

- more -

NGS 027/0068

Printed By: Allan Royce 03-19-97 02:26 PM  
From: Bill Allen (03-19-97) John Fahey (03-19-97) Bill Allen (03-18-97)  
To: John Fahey  
CC:  
BCC:  
Priority: Normal

Date sent: 03-19-97 02:17 PM

What I'm still concerned about is the opinion that indicates we don't have a problem as long as we are simply reproducing the entire page of NGM and not making a separate editorial use of the material -- just a different storage form, as it were.

If this position is upheld in the courts (and it is there now, as you know) then we're probably in a strong legal position. I just hate the thought of seeing a group of photographers, writers, and agents in a class action suit filed against Geographic. Talk about headlines! I think the Washington Post would make sure that our name was spelled right in those stories!

Bottom line, I'm very worried about the real monetary risk for the Society and the hard feelings such a confrontation would leave with the photographers and writers who make the Magazine possible. Sure they'll continue to work for us -- most of them anyway-- but a bunch of unhappy campers doesn't make for a great crew. It's also obvious that if we tried to make payments for all of the years between 1975 and 1995, we would have to sell 400,000,000 of the damn things to make the money back.

As we discussed briefly, we are so far down the road at this point that we probably just have to keep smoothing as many bumps as possible and drive like hell with our fingers crossed. I just wanted to let you know more than just the simple "I'm terrified" that I gave you last night.

I really hope I'm wrong. I also wish I had a brilliant idea, but no such luck.

Bill

NGS 027/0069