

See attached article in NY Times Money and Business section
Aug 3, 1997 "Seeing Green in a Yellow Border"

The Parties

¶ 1 The National Geographic Society is the world's largest nonprofit scientific and educational organization, with 9.5 million members, and is dedicated to the increase and
¶ 2 diffusion of geographic knowledge in its broadest sense.² See Declaration of Thomas Stanton at ¶ 2 (hereinafter "Stanton Decl."). The Society and its subsidiaries produce periodicals, television programs, maps and atlases, educational games, and like products. Id. The Society's flagship publication, National Geographic Magazine (the "Magazine"), is the monthly journal of the Society containing articles and photographs which explore the cultural, geographical and organic richness of the world around us.

N.Y. TIMES

The changes at National Geographic started slowly but are now in overdrive. First came the switch from not-for-profit status to a partly taxable institution in 1994, when the society created National Geographic Ventures, the for-profit arm that includes its television, on-line and map-making businesses. Society executives set up the dual structure to avoid jeopardizing National Geographic's tax-exempt status as it competed in other media. Except for the flagship magazine, which is sent monthly to anyone who pays the \$27 annual membership fee, just about anything that becomes a high-volume business or is sold in commercial venues where it vies with products from tax-paying competitors can fall under the for-profit division.

← Maps moved over to NG Ventures for-profit division of NGS!

From their masthead
NATIONAL GEOGRAPHIC VENTURES
National Geographic Enterprises: *Interactive:* Lawrence Development; *Online:* Mark R. Holmes, Editor; Chris Thomas J. Stanton, Director. *Maps:* Allen Carroll, Mar Lownds, Finance; Daniel J. Ortiz, Map Ventures; John F. Golden, Juan Valdés, Project Managers

N.Y. TIMES

"National Geographic isn't non-profit — it's simply nontaxpaying," says Dean Hammond, chairman and chief executive of Hammond Maps, which for decades has considered National Geographic a competitor. "As a small family-owned business, we have paid thousands of times the taxes they have ever paid, and yet they have this self-polished halo and the reputation of being good guys."

Hammond now competing in the commercial market against NGS maps produced as non-profit + transferred to NG Ventures.

Statement of Material Facts

In 1997, the Society (through Enterprises) and Mindscape produced and began to sell "The Complete National Geographic," a CD-ROM product containing all issues of the Magazine published between 1888 and 1996 (hereinafter "CD-ROM 108") (attached as Exhibit A to the Stanton Decl.). Stanton Decl. at ¶ 3. CD-ROM 108 reproduces each issue of the Magazine exactly as it appeared in print. Id. at ¶ 5. There are no changes to the content, format or appearance of the Magazine in CD-ROM 108. Id. Each page of each issue remains perfectly intact, including all articles, photographs, graphics, advertising, notices of copyright, and attributions. Id.

Not intact. Map supplements referred to on Mag cover when included are not on the CD rom. Now available by purchase only.

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At the beginning of each of the 30 disks in CD-ROM 108, there is a short promotional message for Kodak, which participated in marketing the product, and a multimedia sequence (the "Moving Cover Sequence"). Id. at ¶ 6. This sequence displays a series of images representing the covers of ten issues of the Magazine which transition from one into another, vividly illustrating the broad range of topics and issues that CD-ROM 108 and the Magazine address. Id. at ¶ 6. One of the images is the cover of the January 1962 issue, containing a photograph taken by the plaintiff Jerry Greenberg (the "Cover"). The Cover appears in this sequence for less than one second. Id. at ¶ 7.

These ten covers were chosen, from about 1,296 covers spanning 108 years, for their iconic value, "Vividly illustrating the broad range" etc. They appear each time a CD is opened, on each of the 30 disks. They are preceded by the NGS yellow-border logo and denote the beginning of the program. It is possible to bypass each of the advertisements before this sequence by individually clicking on each section at a time. Less likely to be bypassed after the NGS logo.

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Reply to Defendants' Motion to Dismiss

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~~complaint~~ Prior to the release of CD-ROM 108, the Society sent a letter to each individual who had made a contribution to the Magazine. Stanton Decl. at ¶ 10 and Exh. B thereto. The letter notified the contributors of the pending release of CD-ROM 108 and explained the Society's belief that its continuing copyrights in the Magazine entitled it to publish CD-ROM 108 without making further payments for the use of individual contributions. Stanton Decl. at ¶ 10 and Exh. B thereto. "All contributors thus had the opportunity to come forward and claim any contractual rights to repayment which they may have had."

J.G. never received any such letter. He had Norman write to Suzanne McDowell on April 23, 1997, before Stanton's "white paper" referred to above was sent to other contributors at May 21, 1997, after the letter to McDowell. See below (incorrect)

The plaintiffs then contacted the Society, claiming that the Society had no right to reproduce their photographs in CD-ROM 108 without their consent and that they did not consent to such use. They did not, however, assert that they had entered into any contract with the Society limiting its rights in this regard.

contacted them before that date.
No reply was made to our letter. So much for "All contributors thus had the opportunity to come forward and claim contractual rights to repayment which they may have had."

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2. CD-ROM 108 makes "transformative" use of the Cover, which weighs in favor of finding fair use.

The Supreme Court's most recent pronouncement on the fair use defense emphasizes that the "central purpose" of the first fair use factor is to determine whether the new work merely replaces the original, or whether it makes "transformative" use of the original by adding further creative expression or meaning to it.

6 • THE ART LAW PRIMER

THE EXCLUSIVE RIGHTS

The property rights of a copyright owner under the United States copyright law actually consist of a group of five separate rights known as the "exclusive rights." They are: 1) the right to reproduce copyrighted work; 2) the right to create derivative works based on the copyrighted work;

The right to make derivative works, also known as the adaptation right, generally overlaps with the reproduction right. The copyright law defines a derivative work as one "based upon one or more pre-existing works, such as translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be

recast, transformed or adapted." The possible forms which adaptations of an artist's work may take are limited only by the imagination. Returning to the contemporary sculpture mentioned above, a second sculptor who attempts to produce his own original copy of the first sculptor's work infringes both the reproduction and the adaptation rights. The reproduction right is infringed because the copyright owner (the artist) did not give his permission for the work to be copied in any manner. The adaptation right is infringed because the copy is not an exact duplicate.

Infringements of the adaptation right might also occur when a work of art, or a portion of that work, is incorporated in any form into another work. For example, a collage which incorporates original painting by an artist along with a copyrighted photograph by another artist very well may constitute an infringement of copyright where permission to utilize the photograph has not been obtained. Even the incorporation of a well-known detail from one work of art into a second work of art without permission may constitute an infringement.

As an example, with work prepared for CD-ROM's or computer on-line use, artists should add language which limits the user's right to make electronic alterations in the downloaded art or engage in color and image shifts, electronic retouching, image enhancement, image flopping, electronic cutting and pasting, or collaging with other images. The contract also should provide that any such unauthorized alteration and manipulation shall constitute additional uses of the artwork which the artist has the right to bill for accordingly.

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The defendants do not exploit the Cover for commercial gain
 in the Moving Cover Sequence.

of the ten iconic covers, one, not
 ours, is used on the box and other
 visible literature not only in the CD Rom 108

The photo is of a blue-eyed Kurdish
 girl wearing a reddish shawl on her head.

✂ Detach here and keep this top portion for your records.
 Return this bottom portion with your payment.

JEROME GREENBERG
 SEAHAWK PRODUCTS
 6840 SW 92ND ST
 MIAMI FL 33156

Invoice 792299
 Customer 6740106

Payment Method

- VISA MasterCard American Express
 Discover Check/Money Order
PAYABLE TO MINDSCOPE DIRECT

Account Number _____

Expiration Date _____

Signature (required for credit card purchases) _____

For faster service simply call 1-800-888-9078
 or FAX this form to 1-800-933-0571.

Thank you for ordering your FREE, 10-day preview of National Geographic: The '90s! If you
 are not completely satisfied, simply call 1-800-888-9078 to arrange for the product to be
 returned at our expense. If we've not heard from you by 10/15/97, your acceptance of this
 product will be assumed, your credit card will be charged the amount indicated below and
 you'll be sent the next decade in the series for another FREE, 10-day preview.

PS. Enjoy the Complete National Geographic 30 CD-ROM set and save \$69.10 right now,
 by returning this form with one payment of only \$149.95 plus S&H charges. And as with all
 National Geographic products, your satisfaction is 100% guaranteed!

Check the box to indicate your purchase choice and payment amount — Thank you!

Here's my payment. Please send me the next decade in the National Geographic series.

NOTE: If we don't hear from you, your previously provided credit card will be charged the amount indicated below.

OR

Subtotal	Sales Tax	Shipping	Total	Balance Due
9.95	0.00	3.95	13.90	13.90

YES, rush me all remaining decades of the Complete National Geographic 30 CD-ROM set!

Subtotal	Sales Tax	Shipping	Total	Balance Due
149.95	0.00	9.95	159.90	159.90

This is an offer by Mindscope to promote CD-ROM 108
 for 9.95 you get the '90s for free preview. The '90s has
 the moving picture sequence in the 3 disks. Whets
 the appetite for more of the CD-ROM 108. Note
 special offer of \$149.95 for entire set—a bargain.

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Motion to Dismiss

P. 13 The defendants do not contest that CD-ROM 108 is sold for a profit. However, that fact does not affect the core educational purpose of the Society's mission to further the diffusion of geographic knowledge. The Society's primary motivation in republishing the Magazine in CD-ROM 108 was to bring the convenience of digital archiving to educators, librarians, students and families. Stanton Decl. at ¶ 3 and Exh. B thereto. In light of the significant educational value of the Magazine, the fact that CD-ROM 108 is offered for sale carries little or no weight in the first factor analysis.

These purposes could have been better served if the Society had put out the CD-ROM 108 from their non-profit base. The 9.5 million membership is a core market composed of educators, librarians, students & families. The product would then sidestep Mindscape's added-on profits and sell for a lot less than \$199.

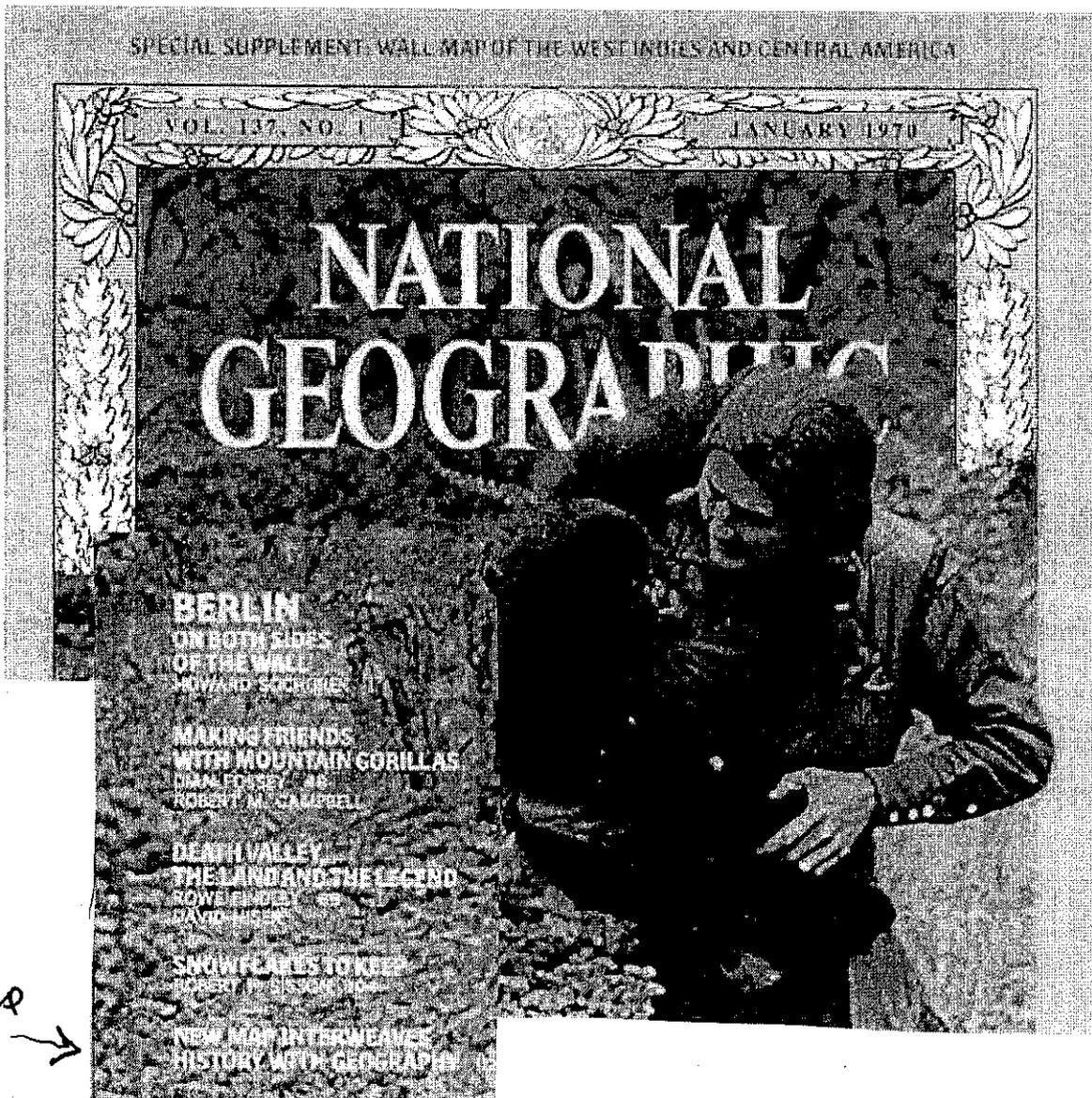
Mindscape does not have the same not-for-profit altruistic aims as the Society. In fact, NG is selling the set for \$199 and Mindscape will ship it for only \$149.95. Geographic is making \$50 more than Mindscape when selling direct - a substantial profit.

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MOTION DISMISS

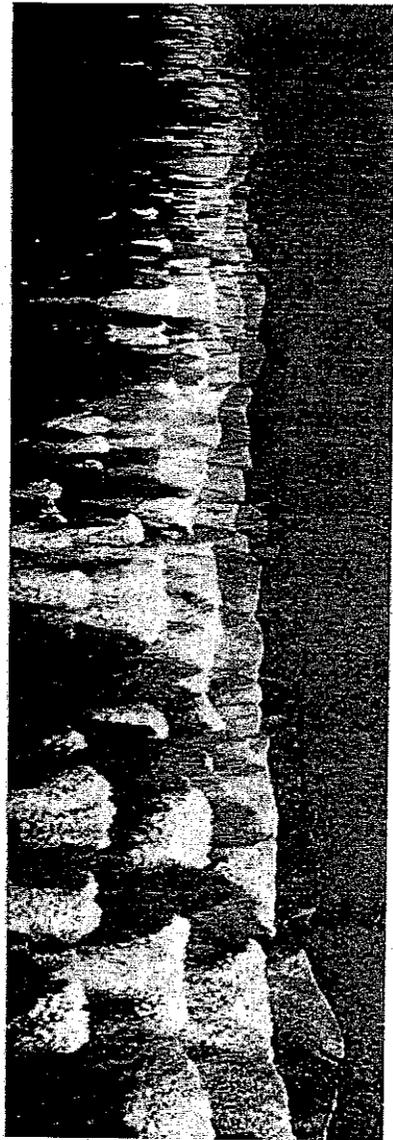
The Magazine's mission is to educate its readership about the cultural, geographical and organic richness of the world around us. Stanton Decl. at ¶ 2. The collection of 1,200-plus issues of the Magazine, spanning 108 years, is a remarkable educational resource which reflects the unique history of our world in this century. Articles such as "Making Friends with Mountain Gorillas" (January 1970); "New Map Interweaves History with Geography" (January 1970); "Lebanon, Little Bible Land in the Crossfire of History" (February 1970); and "Starfish Threaten Pacific Reefs" (March 1970) enrich the reader's knowledge of the incredibly varied and complex world around us. The Magazine

Big time mistake by Sugarman - The new map is a supplement to the magazine listed twice on cover but not included in the CD Rom. The two page article describes the importance of the map!
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← Special Supplement wall map

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a.



Map Weaves

SEVEN SQUARE FEET of tropic geography, with notes interweaving rich threads of the New World's earliest history—this is your Society's latest map, **West Indies and Central America**, a special supplement to the January *Geographic*.

To meet the needs of the Society's mounting membership, 7,224,000 copies have been produced—the largest print order for a map in National Geographic history.

For those who can set out to roam "the American Mediterranean" in person, this up-to-date and colorful chart will become a prized traveling companion. Others will find it a magic carpet to waft them to the Caribbean on imagination's wings.

The sun-drenched world unfolded here encompasses all the nations of Central America and a generous slice of South America, as well as the entire Caribbean with its storied Isles and most newly independent island countries.

Cruise Ships Replace Bygone Gallions

Although the gleam of Spanish gold is gone—much of it to the bottom of these seas in sunken galleons—millions of dollars pour into this region from the pockets of eager tourists pursuing sunshine and tranquility. By jet and cruise ship more than 6,700,000 travelers visited the islands and countries of the Caribbean last year, nearly triple the number of visitors a decade ago.

Framing the new map, 38 insets enlarge popular vacation goals—Puerto Rico, the Virgin Islands, Jamaica, the Bahamas, and many others. Detailed maps of the cities of Nassau, Charlotte Amalie, San Juan, and Kingston anchor the four corners in scales as large as 1:48 inches to the mile.

Fifty-six notes in red span the full range of Western Hemisphere history. Near the top of the map, midway down the steppingstone Bahamas, a note points out the sandy cays of

Strangled by surf, the world's second longest coral reef—after Australia's Great Barrier—fringed British Honduras for 1,600 miles. Dark seaward side shows depth, to great depths, pale waters to landward to only 1 to 15 feet deep.

MAP BY JOHN W. WILSON, NATIONAL GEOGRAPHIC SOCIETY

special
← supplement

History With Geography

San Salvador, believed to be the Isle where Columbus first waded ashore in 1492. Close by appear symbols of today's great era of exploration—two red parachutes marking splashdown points of Mercury, Gemini, and Apollo astronauts who scouted the way through space for man's first landing on another world.

The symbol for ruins—three dots stacked pyramid-style—speckles the Yucatán Peninsula and Guatemala, where archeologists slowly expose a Maya empire swallowed by jungle for centuries. The map pinpoints historic cataclysms: Jamaica's Port Royal, where a 17th-century earthquake slid a city into the sea; Mont Pelée, on Martinique, whose eruption in 1902 killed all but one man in a city of 30,000.

Along the great arc of the old Spanish Main and the infant neckline of the West Indies, one hears mostly the steech of Spain, later spersed with English. Here and there are accents of France and the Netherlands, and, in the southern Netherlands Antilles, a unique mélange known as Papiamentu (page 115).

The political spectrum of the region ranges from Western democracy to despotic rule, as in Haiti, and the New World's only Communist regime, in Castro's Cuba.

Here at the middle of the Americas begins a benevolent 6,000-mile voyage. The Gulf Stream system, born in the Yucatan Channel west of Cuba, lavishes warmth and greenery on shores as distant as Norway. Here, too, in waters around the Lesser Antilles, breed black killer tempests like Hurricane Camille; last August it slammed 150-mile-an-hour winds into the U.S. Gulf Coast to earn dubious fame as a billion-dollar disaster.

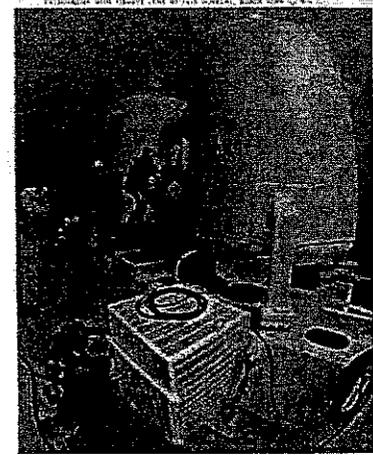
Among scores of soundings, the map depicts the profundity of the Puerto Rico Trench—at 28,374 feet the Atlantic's greatest known depth—as well as the eye-balled shallows of the hemisphere's longest barrier reef outposts.

Additional copies of the map, West Indies and Central America, and other wall maps of the Society, may be ordered by mail from Dept. 50, National Geographic Society, Washington, D.C. 20045. Prices, including postage and handling of 13¢ per piece, \$1.95 in plastic, \$2.95 folded. A booklet index to place names is available for \$1.75 (booklet only).



Greenstone burial mask, more than 2,000 years old, was unearthed at Monte Alto, Guatemala, last year by a National Geographic Society-Peabody Museum, Harvard, expedition.

Hotic, sweet home—50 feet under, off the Virgin Islands. Four aquanauts of Tekitte I—sponsored by the U.S. Navy, NASA, the Department of the Interior, and General Electric Company—lived continuously on the sea floor for a record 60 days in 1970. One aquanaut removes a shield from a window of the habitat. Another approaches the sharkproof main entrance.



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The facts of this case are even more compelling than those in Tasini. In Tasini, some of the reproductions eliminated advertisements and photographs and changed layout and like elements. For example, the NEXIS service immersed all of the articles in a database including articles from other publications, thus eliminating the sequence and organization of the original articles. Tasini, 974 F. Supp at 823-4. In addition, NEXIS did not reproduce the photographs, captions and layouts of the original publications. Id. at 824. By contrast, CD-ROM 108 displays an image of each page of the Magazine *exactly* as it appeared in hard copy, including all articles, photographs, graphics, advertising, notices of copyright, and attributions. Stanton Decl. at ¶ 5. CD-ROM 108 thus retains all of the elements of the original Magazine.

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The House Report summarized the compromise as follows:

The magazine contributors, while strongly supporting the basic presumption in their favor, suggested that the last clause be deleted as unduly restrictive. However, the committee considers this clause, under which the privilege of republishing the contribution under certain limited circumstances would be presumed, as an essential counterpart of the basic presumption. Under the language which has been retained a publisher could reprint a contribution from one issue in a later issue of his magazine, or could reprint an article from a 1970 edition of an encyclopedia in a 1980 revision of it; he could not revise the contribution itself or include it in a new anthology or an entirely different magazine or other collective work.

H.R. Rep. No. 2237, 89th Cong., 2d Sess 117 (1966) (later summarized in the final report on the 1976 Act, H.R. Rep. No. 1476, 94th Cong., 2d Sess. 122-23 (1976)).

Revising the cover photograph is covered by this phrase - they cannot do it. They made a derivative work of JG's © photo. (© assigned to him in 1985 by NGS)

They also joined JG's © photo permanently to the ship photo before it and the dancer photo after it. JG gave them no permission to do it. They are irretrievably entwined. You cannot separate them from the CD

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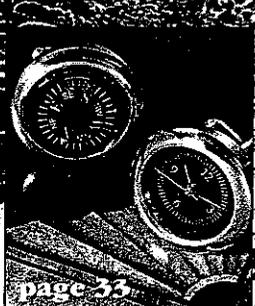
NATIONAL GEOGRAPHIC SOCIETY



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1997 HOLIDAY GIFTS

Order as late as Dec. 19 for Christmas delivery!
(with express shipping)

See P. VI

THE SEASON'S BEST



NEW NIKON® COMPACT ZOOM BINOCULARS

◀ Get closer to the natural world.

The problem with most powerful binoculars is that you can't use the strongest magnification for long—the image is just too "jumpy."

The zoom feature on this powerful (8-through-20-power) viewing instrument remedies that: You can fine-tune the image for the perfect balance of maximum magnification and stability. Compact and lightweight, it's ideal for travel and features a rubber-coated nonslip grip, and unsurpassed Nikon quality. Objective lens measures 25 mm. Includes detachable strap and carrying case. 4 1/4" W x 4 1/4" L x 1 1/2" D. 3/8 lb.

#83009 \$187.50 (Members \$168.95)

NEW 108 YEARS OF NATIONAL GEOGRAPHIC ON CD-ROM

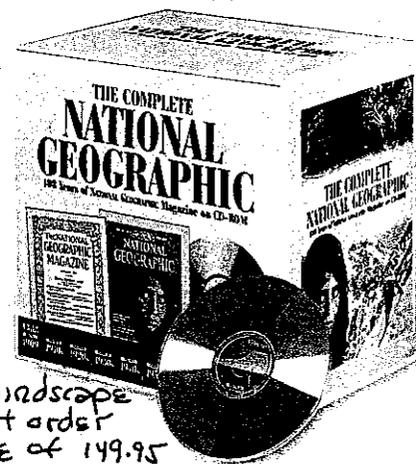
Every article, photo, and map—even classic ads!

The numbers alone are amazing: more than 175,000 pages, 155,000 images, 7,500 articles... spanning 1888-1996! Relive great explorations, scientific discoveries, and world events. You can easily search for articles, photographs, page maps, and more by date, issue, topic, key word, or title. Great for travel, general, or school reference. For Macintosh® and Windows® 3.1 or 95.

#83201 \$199.95 (Members \$179.95)

non members direct sale

still 30 more to members than Mindscape direct order price of 149.95



NEW AFRICAN ELEPHANT WATER GLOBE

◀ Beautiful "ecosphere" plays music too!

Created for National Geographic, our Water Globe depicts an accurately scaled and detailed rendition of the world's largest living land mammal. Able to live for up to 60 years (80 years in captivity), the Savanna or Bush elephant still roams wild through grasslands and forests. Shake the glass sphere to set off a spectacular shower of iridescent glitter.

Plays the popular *Lion King* song, "Circle of Life." Resin figurine and wood base. 6 1/2" H.

#83010 \$37.00 (Members \$33.50)

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