

Subj: **Jim Pickerell's article on the Greenberg and Ward Cases
against NGS**
Date: Friday, April 26, 2002 4:19:16 PM
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Story 475

WARD VS. NATIONAL GEOGRAPHIC

April 25, 2002

The saga of the National Geographic CD-ROM's continues. The big question: will Geographic ever pay photographers for the use of their images on these CD-ROM discs and how much?

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The first case to move forward was that of underwater photographer Jerry Greenberg. His case was heard in Federal Court in Miami and he later appealed the decision to the 11th Circuit Appeals Court in Atlanta. In March of 2001 that Court ruled that National Geographic Society (NGS) had infringed Greenberg's copyright by using his photos in "108 Years of National Geographic on CD-ROM." The Court stated, "... common-sense copyright analysis compels the conclusion that the Society, in collaboration with Mindscape, has created a new product ('an original work of authorship'), in a new medium, for a new market..." and also said that such copyright infringement "is not excused by the privilege afforded the Society under 201(c)" of the copyright law.

NGS appealed this decision to the Supreme Court, but in the Fall of 2001 the Supreme Court refused to hear the case allowing the 11th Circuit Court decision to stand. The 11th Circuit has sent the case back to Judge Joan A Lenard's court in Miami for the purpose of assessing

damages. This week both parties met with the judge in an attempt to negotiations the level of damages, but the discussions were unsuccessful and it appears a jury trial will be necessary to establish damages. It is expected that it may be another year or more before that trial will take place.

The Supreme Court decision in the Tasini case in June 2001 also knocked another leg out from under Geographic's very shaky arguments. NGS claimed that based on the original Tasini decision they had the right to re-publish the works that originally appeared in their publication without additionally compensating the authors. In a 7-2 decision the Supreme Court ruled that a compilation in an electronic database is different from other types of archival or library storage and that the copyright laws require big media companies to get permission from free-lancers before posting their work in digital databases.

When Tasini was overturned Geographic's lawyers changed their strategy claiming that their use was unlike that of the Tasini defendants because NGS had made "exact copies" and a "faithful archive" of the issues of the Magazine.

Ward's Case

Meanwhile Fred Ward's suit against Geographic is heating up. Over a period of three decades (actually 1964-1991) Ward had more than 850 images and the texts for 12 articles published in National Geographic Magazine.

During the period when he was producing the work Ward consistently made efforts to retain rights and when there were "copyright assignments" to get back as many of those assignments as possible from Geographic. This necessitated constantly prodding by Ward. He was able to get back all rights, including copyright, to five of his articles.

In the case of 370 of the images that were part of 13 different stories, Ward has either the copyright reassignment or letters and other documents from NGS clearly transferring any interest the Society might have had in the copyright back to him. And he had all of this prior to the release of the first CD set.

Ward has recently filed a motion with U.S. District Court in the Southern District of New York requesting "Partial Summary Judgment" for these 370 images and 8 related text articles. In effect, he has divided his claim into two sections. In the "Partial Summary Judgment" claim the court is being asked to make a decision without a trial on that part of the case where the evidence is clear and overwhelmingly in Ward's favor. He and his lawyer acknowledge that a trial may still be necessary to determine damages on the remaining 480 images that Geographic also used.

The documents filed with this request to the court reveal some very interesting facts relative to this case.

* To date there have been more than 1.4 million of the CD's sold and they have generated more than \$70 million in total revenue.

* This product is not a single disc set. There are more than 100 different CD-ROM products that re-use the material originally published in the National Geographic Magazines. (Because Ward's claim was filed later, it deals with a whole range of uses that have occurred since 1997, not the more limited use of the first CD-ROM set that the Greenberg's case focused on.)

* A new distributor, Encore Software, Inc. ("Encore") has agreed to distribute the information on the CD's electronically on the Internet.

NGS Knew They Had No Rights

The documents also cite numerous examples that demonstrate that NGS knew that they had no rights to reuse Ward's work without compensation. They include:

* After Geographic published his Fiber Optics article it paid Ward for reuses at least 12 times.

* With regard to his article on Tibet, Geographic wrote Ward saying, "Your understanding of the guarantee of exclusivity is correct; you are free to publish elsewhere 30 days after we do. ... In the end what we are buying is the right to publish your material first in the full knowledge

that you trip will produce many similar articles in other, competing journals and magazines. This is a high price to pay but we are willing."

* In 1988 the World Executive's Digest, Inc. sought permission from Geographic to republish Ward's Jade article. Geographic replied saying, "For permission to reprint our September 1987 article, "Jade: Stone of Heaven" please contact the freelance author, Fred Ward."

* On May 8, 1989 Geographic executed the first of five copyright transfers to Ward. It stated, "The National Geographic Society hereby assigns to you all right, title and interest, including copyright, in your article entitled, 'Jade' which appeared in the September, 1987 issue of National Geographic." (Later transfers used the same language regarding other articles.)

* On March 12, 1990, Charles McCarry, Editor-at-Large of Geographic, wrote to Wilbur Garrett, then Editor of the Magazine, seeking to ensure that Ward received all monies the Readers Digest paid to reprint his Computer Graphics article.

Mr. McCarry stated, "Where free-lancers are concerned we have no choice in the matter. All we buy is the right to publish the text in the National Geographic Magazine. All rights, and therefore all moneys paid for the assignment of such rights, belong to the author. In Fred Ward's case the copyright has been returned to him, but even if it had not been, the article and all rights are his by contract after first publication in the ...Magazine." He added, "It would be a breach of our contract...for the magazine to retain for its own use moneys which belong to the author--and under the terms of our standard contract, that definition embraces ALL fees for...other use of the text subsequent to initial publication."

Development Of The CD's

There are a number of examples outlined in the request for Partial Summary Judgment that indicate that senior staff at Geographic clearly understood they had no rights to reuse any of the material first published in the Magazine without additional compensation to the photographers and authors.

At a staff meeting in late 1996, prior to the first release of the product, Geographic announced that it would not pay freelancers for the further use of their work on the CDs on the grounds that the CDs were a faithful archive of the contents of the Magazine. Many staffers disagreed with this decision. A sampling of what they said:

* Ms. Maura Malvihill, the director of the Image Collection, emailed a fellow staff member on 12/31/96, stating that she had advised corporate counsel that the decision not to pay freelancers "was not the industry standard."

* Robert M. Poole, now the Associate Editor of the Magazine, wrote William Allen, the Editor of the Magazine, on 4/18/97, that "[s]ince we expressly returned copyright to many authors between 1983 and 1995, I do not see how we can now take the position that it's ours not theirs. We are republishing it [the CDs] in another form, for profit. Given if our legal position is sound (and I don't think it is) our ethical position is not." emphasis in original).

* Dennis Dimick, an Illustrations Editor at Geographic, attended a "copyright meeting" on March 18, 1997. He summarized the discussion there is a memo to Mr. Allen, stating: "I asked about the provision in the photographer contracts in effect from the late 1970s through recently though we held copyright to assignments photos, we would pay more for other editorial use. I asked was this not another editorial use? I said the original magazine does not come with a built-in search engine index, and the CD-ROM does."

"I said we had to COPY the magazine to create the CD-ROM. Is that not another use?... I attempted to point out the moral issues of not making good faith efforts to find and [sic] compensate all copyright holders."

* On March 20, 1997, Kent Kobersteen, then the associate director of photography at National Geographic wrote Mr. Allen, asking rhetorically, "In fact, if it is true that consideration is being given to obtaining rights for photographs originally obtained for one-time use, does this not suggest that we acknowledge that the CD-ROM is, in fact, a separate use? And would this not suggest that there is secondary-use payment due for the assignment photography, as well?"

Outside Counsel Expresses Similar Concern

Geographic's outside counsel, Paul Kilmer and Mark Radcliffe warned of the financial risks of going forward with the project. In a letter dated February 21, 1997, Mr. Kilmer said Geographic might have to pay statutory damages to stock houses alone of up to \$16,290,000.

After reviewing 17 license agreements from stock houses giving National one-time use to stock images, Mr. Radcliffe said none of the agreements "would permit the use of the stock photographs in the archival CD-ROM of prior National Geographic issues..." and he warned that "failure to obtain permission from stock houses could lead to litigation."

Geographic knew freelancers would sue. Mr. Allen emailed John Fahey, President and CEO of Geographic on 3/18/97 stating he was "terrified" about the monetary risk. He said, "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. ...

Exact Reproduction

Geographic would like the Court to believe that the CDs are the equivalent of microfilm, an "exact" reproduction of 1,200+ issues of the Magazine electronically stapled together. It was on this basis that Geographic had hoped the Supreme Court would see their situation with Greenberg as different from the Tasini plaintiffs. By refusing to hear the case the Supreme Court has rejected this claim.

However, in examining the CD's it has been shown that they contain at least 21 elements no user of microfilm at a local library will ever see. These are:

- * An animated globe logo with music;
- * A National Geographic Interactive visual montage with sound;
- * A Kodak advertisement with voice and music;
- * An electronically-morphed sequence of magazine covers with music;
- * A registered CDA search engine made by Dataware;
- * Advanced word-search capability with Boolean operators, wildcards and truncated words;

- * A save feature;
- * An interactive link with Geographic's web site;
- * A bookmark feature;
- * Print capability for printing any page displayed on the screen;
- * A registered PicTools compression/decompression tool made by Pegasus;
- * A box displaying trademarks and logos for Mindscape, Kodak, Microsoft, Macintosh, Quick Time, Dataware and AT&T WorldNet; and
- * Universal file format codes that provide an easy means for the user to open, edit, and copy pages for manipulation.

Later versions of the CDs have the following additional features:

- * The CD 109 and all later iterations of that product have sixty blackened pages where 60 images had once been displayed. On those sixty pages is the notation, "image not available;" (thus, clearly, these versions are no longer a "Complete" copy or a faithful rendition of the original Magazines.)
- * The CD 110 contains a new Kodak/Intel introductory promotional message;
- * The CD 110 contains a new moving cover sequence that is displayed with the program is opened;
- * The CD 110 contains a summary of each of the articles;
- * The CD 110 has a closing montage with music and sound;
- * The CD 110 included a button to darken the images on the screen;
- * The CD 111 displays images on a new 32-bit system; and
- * The CD 112 contains a new welcome message and a new brief promotional video from Encore.

It would seem clear that NGS has no solid claim that the CD uses are "exact copies" of the Magazine.

Summary

To the layman, it would appear from the Summary Judgment presentation that NGS has no right to use any of Ward's images or stories and that the only issue for the Court to decide is the amount of the damages. However, the Court has great flexibility in determining the amount of damages.

The Court can also still decide that the whole issue needs to go to trial. Despite overwhelming evidence the legal process has been exceedingly slow, laborious and unnecessarily costly and burdensome not only to NGS (who precipitated the lawsuit by using Ward's material without permission or compensation) but especially to Ward.

Nevertheless, the final result of the Ward and Greenberg cases will be of tremendous interest to all photographers and stock agents. It will surely set a standard for how ownership rights will be valued as we move forward in the digital age.

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