

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. 97-3924 CIV-LENARD

Magistrate Judge Simonton

JERRY GREENBERG, individually  
and IDAZ GREENBERG, individually,

*Plaintiffs,*

v.

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

*Defendants.*

**Defendants' Reply Memorandum In  
Support Of Their Combined  
Supplemental Memorandum For  
Motion For Judgment As A Matter Of  
Law, Motion For New Trial And  
Motion For Remittitur And Their  
Memorandum In Opposition To  
Plaintiff's Motion For Judgment As A  
Matter of Law On The Issue of  
Willfulness**

Defendants, NATIONAL GEOGRAPHIC SOCIETY (the "Society") and NATIONAL GEOGRAPHIC ENTERPRISES, INC. (collectively the "Geographic Defendants"), and MINDSCAPE, INC. ("Mindscape"), file their reply memorandum in support of their combined supplemental memorandum for directed verdict and/or for judgment as a matter of law pursuant to Rule 50(a) of the Federal Rules of Civil Procedure, and for new trial and remittitur, and memorandum in opposition to Plaintiff's Motion For Judgment As A Matter Of Law On The Issue Of Willfulness<sup>1</sup>, and state:

<sup>1</sup> This memorandum serves as Defendants' consolidated reply in support of its Motion for Judgment as a Matter of Law pursuant to Rule 50, Motion for New Trial pursuant to Rule 59 and Motion for Remittitur and as its memorandum in opposition to Plaintiff's Renewed Motion For Judgment As A Matter of Law On The Issue Of Willfulness.

**I. Introduction**

*"When you have the facts on your side, argue the facts. When you have the law on your side, argue the law, When you have neither, holler."*<sup>2</sup>

In an understandable effort to avoid an adverse ruling, Greenberg not surprisingly "hollers" quite a bit. The fact remains, however, that neither the record below nor the law support the verdict. Greenberg's suggestion that this Court is like a "potted plant" that must sit idly by and rubber stamp a jury's verdict is simply incorrect. Such a neutered judicial role is in direct contravention to the law in this and every other jurisdiction. Whether one categorizes this Court as a "ninth juror" or a "final super juror", the law requires this Court to enter a judgment as a matter of law in favor of the Geographic Defendants and Mindscape because no reasonable jury evaluating the evidence could have arrived at the verdict here, even after drawing all inferences in favor of Greenberg.<sup>3</sup> Empty rhetoric cannot take the place of evidence and there can be no rational debate that Greenberg presented no evidence that Defendants acted willfully when they infringed the copyrights at issue. As such, judgment as a matter of law should have been entered in Defendants' favor at the close of Greenberg's case in chief. Regardless, the evidence presented in the defense case--none of which supported a willfulness finding--went un rebutted, warranting that, at a minimum, judgment as a matter of law be entered in favor of Defendants now. In short, even using the higher burden imposed by Rule 50, Fed.R.Civ.P., it is clear that the willfulness finding and the damage award cannot stand.

Nor can it be legitimately questioned that Defendants satisfied the lower threshold attendant to the granting of their motion for new trial and remittitur. By smoke and mirrors (and misstating the

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<sup>2</sup> Albert Gore, Jr., *Washington Post* 23 Jul 82, "The World: Law: Attorneys & the Practice of Law."

<sup>3</sup> Incredibly, in response to Defendants' assertion that emotion may well have played a substantial role in the jury verdict, Greenberg baldly asserts "The trial was sapped of any emotion...". Greenberg Memo, p.4. At one point Greenberg presented such an emotional display to the jury that this Court had to dismiss the jury while he composed himself, and the Court directed counsel to "find a way to publish these exhibits that's not overly emotional." Tr.3.68-69.

evidence and the law), Greenberg attempts to obfuscate the issues and the record. Indeed, unlike Defendants who quoted directly from the trial transcripts using the exact testimony of witnesses and specific language of documents, Greenberg incorrectly paraphrases and otherwise misdirects this Court from the unadulterated evidence presented below. The record provides the only allowable refuge for this Court, not sympathy, fear or the possibility that a higher court will reverse this grave injustice at some later time. In granting a motion for new trial, the law requires that a verdict be set aside to prevent injustice, even if there was substantial evidence to support it (and here there was not). This Court "is not required to take that view of the evidence most favorable to the verdict-winner" and "is free to weigh the evidence," when presented with a motion under Rule 59 Fed.R.Civ.P.<sup>4</sup> In applying this standard, the motion for new trial and remittitur should be granted as the verdict was against the weight of the evidence and the damage award was excessive.

## II. Argument

*"The basic tool for the manipulation of reality is the manipulation of word...if you can control the meaning of words, you can control the people who must use the words."*<sup>5</sup>

As a predicate for denying Defendants' motions (or, alternatively, granting his own motion), Greenberg suggests that the following supposed evidence supports his position: (1) the Society was committed to proceed with the CD-ROM project by the time it sought and obtained legal advice from counsel; (2) the legal advice obtained from counsel was incompetent and unreliable; (3) when the Eleventh Circuit concluded that the Society infringed by distributing this "educational product", the Society continued to use Greenberg's copyrighted works; and, the "catch all" that, (4) that the Society generally acted in reckless disregard for Greenberg's rights.

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<sup>4</sup> 11 Charles A. Wright, Arthur R. Miller & Mary K. Kane, Federal Practice and Procedure § 2806, at 65-66; *King v. Exxon Co., U.S.A.*, 618 F.2d 1111, 1115 (5<sup>th</sup> Cir. 1980) (citing *Bazile v. Bisso Marine Co.*, 606 F.2d 101, 105 (5<sup>th</sup> Cir. 1979).

<sup>5</sup> Philip K. Dick, *"How to Build a Universe That Doesn't Fall Apart Two Days Later"*, (1986).

Each of Greenberg's arguments not only fails to state, but also fails to consider, the obvious rule of law: it was Greenberg's burden of proof to show willfulness, a burden which he failed to meet. Section 504(c)(2), by its very language, places the burden of proof of willfulness upon the plaintiff, and allows for increased damages only where the plaintiff "sustains the burden of proving, and the court finds, that infringement was committed willfully." 17 U.S.C. 504(c)(2). Courts have repeatedly recognized that "[t]he burden of showing 'willfulness' is with plaintiffs." *Wow & Flutter Music v. Len's Tom Jones Tavern, Inc.*, 606 F.Supp 554, 556 (W.D.N.Y. 1985); *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, 677 F.Supp. 740, 764 (S.D.N.Y. 1988). This burden can not be met by *innuendo* or a mere scintilla of evidence, but, rather, requires the affirmative introduction of clear and convincing evidence to establish a predicate for a such a finding. *Versa Products Co., Inc. v. Bifold Co. (Mfg.) Ltd.*, 50 F.3d 189, 207 (3<sup>rd</sup> Cir. 1995) ("the plaintiff must prove by *clear and convincing evidence* that the defendant had the relevant bad intent.") (emphasis added). This, Greenberg indisputably failed to do. As more fully set forth below, Greenberg distorts the record to support his tortured conclusion as there is no factual or legal basis on which the jury could have reached the conclusion that Defendants acted willfully.

**A. No Evidence Was Presented That The Society Was  
"Committed To Proceed With The CD-ROM Project At  
The Time Relevant Legal Guidance" Was Obtained And,  
In Fact, The Contrary Is True.**

By ignoring the record, Greenberg attempts to present, at first blush, a superficially plausible argument; upon closer inspection, however, the argument withers. Not only the weight of the evidence, but the only evidence, presented at trial demonstrated unequivocally and without contradiction that, had the Society reasonably believed that it did not have the rights to move forward with the CD-ROM project, it would have stopped immediately, regardless of whether such doubt arose at the product's inception, on the day of the its launch or at any time thereafter.

Greenberg's opening salvo on this point is that the Society and NGV, Inc. ("NGV") entered into a Trademark and Copyright Agreement on December 16, 1996 (the "Licensing Agreement"), with an effective date of January 1, 1996. This agreement gave NGV, a wholly owned taxable subsidiary of the Society<sup>6</sup>, the right to "distribute, exhibit, publicize, and license to others use of the monthly magazines" and other protected materials for ten years. Greenberg's Memo, pp.5-6; *see also* TE 323. The record reflects--although Greenberg neglects to mention it--that the Licensing Agreement: (1) does not require NGV to move forward with an archive of the Magazines, but, rather, provides an unlimited license to NGV to use some or all of the Society's intellectual property to develop unidentified "Multimedia Products" in cooperation with the Society and/or third parties to be engaged in the future (*Id.*, p. 2-6 and Attachment B and B-1)<sup>7</sup>; (2) does not reference Greenberg's copyrighted works or provide any evidence that Greenberg's copyrighted works have been infringed or any intention on the part of the Society or NGV to infringe such works in the future (*Id.*); and, (3) expressly preserves the Society's right to

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<sup>6</sup> *See* TE 323.

<sup>7</sup> The Licensing Agreement does not require or otherwise obligate NGV to use any of the licensed materials, including the Magazine archive, but, instead, grants it a license to use the Society's intellectual property "for development, production, distribution, exhibition, performance, licensing, promotion, publicizing and advertising of Multimedia Products and Cartographic Products" as the parties agree in the future. *Id.*, p.5. Multimedia Products are defined as "audiovisual works produced or acquired by NGV where a significant characteristic of such work is that it utilizes information storage, retrieval and management techniques, including computer technology, to present and integrate text, graphics, images, sounds, music, animation and/or other visual or audio matter, and by which the user can interact and control output using data input device or any other interactive technology now known or hereafter developed, including without limitation CD-ROM, CD-I, pre-recorded laserdiscs, and other linear non-interactive or interactive prerecorded audiovisual works, or any on-line service however transmitted, as well as the delivery of any Multimedia Product (e.g., CD-ROM) to an end user via electronic transmission whereby such Multimedia Product is delivered without transporting a physical object incorporated the Multimedia Product." *Id.*, p.3. There is no penalty to NGV if it does not use the licensed materials nor any obligation on the part of NGV to develop, produce or distribute any specific Multimedia Product. In sum, the Licensing Agreement does not evidence any "commitment" by the Society to proceed with the CNG, much less a "commitment" to proceed if it did not have the necessary legal rights. Any suggestion to the contrary is not well taken.

approve or reject any product suggested for development, or any company proposed to produce, distribute or manufacture such products (*Id.*, pp.13-15).<sup>8</sup>

Furthermore, the only parties to the Licensing Agreement are the Society and its wholly-owned subsidiary, NGV. There was no evidence introduced by Greenberg showing that the Society would be sued by its own subsidiary if it decided not to proceed with any electronic reproduction of the Magazine archive. Clearly, that is not the case. Rather, in referencing the Magazine archive, the Licensing Agreement expressly provides that it must be "in archival form only, without manipulation or alteration," which is totally consistent with the testimony of Ms. Dupre, who stated that her advice to Mr. Stanton before the project began was that the Society could proceed under §201(c) of the Copyright Act by scanning each of the pages of the Magazines, exactly as they appear. TE 323 (Attachment B); *see also* Tr.5.125-126 and Tr.5.98. It is also important to note that this agreement was executed in December of 1996, which is almost a year *after* the Society received the legal opinions of both Ms. Dupre and Mr. Kilmer. Tr.5.12-28; Tr.5.132; Tr.5.137; Tr.5.140; and, Tr.5.141. In sum, the Licensing Agreement provides no factual leg for Greenberg to stand on and there is nothing in the document that evidences an irrevocable intention by the Society to proceed blindly with any product or the infringement of Greenberg's works.

Greenberg next references a Distribution Agreement dated September 13, 1996 between Mindscape and National Geographic Interactive ("NGI"), but, again, his thesis is not supported by the evidence. Greenberg Memo, p. 6-7; *see also* TE 332. This agreement was executed many months after the Society obtained its first two legal opinions confirming its right to proceed and before the Magazines

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<sup>8</sup> *See, i.e.*, paragraph 5(b)(1)(".....NGV shall not enter into any agreements for the publication, production, distribution, exhibition, manufacture, performance, display, advertising, promotion or other use....without the prior written consent of NGS...) and paragraph 5(b)(2)("...NGV shall not publish, transmit, distribute, display or perform, or license, sell, aid, abet, authorize, or cause to be published, transmitted, distributed, displayed or performed any Multimedia Product...in whole or in part, which has not been previously approved, in its entirety, in writing, by NGS."). *Id.*, pp. 13-14.

were copied or the product was even in existence. Tr.4.229-30. The Distribution Agreement provides that Mindscape will develop at least eleven different products identified in Schedule A, which products include a "Magazine Archive, GeoQuest, Swingin' Safari, Revision of GeoBee, Geographic of Title to be determined" and six other unnamed products. *Id.*, pp. 1-2 and 20. None of the details of the to-be developed products are set forth in the Distribution Agreement and, thus, there is no evidence that Greenberg's works were to be included in any of the products, what the specific nature of the products will be or whether such products will in any way infringe upon Greenberg or anyone else's copyrighted materials. TE 332. This agreement further gives NGI the right to preview, change and/or reject any of the proposed Titles set forth in Schedule A and requires the parties to mutually agree to develop and market the Titles described in Schedule A. *Id.*, pp. 2 (¶2.1), 4 (¶2.6), 15 (¶10.1) 19 (¶14.17). Thus, NGI had the right to review all products and, if it deemed it necessary or was advised by counsel that it was appropriate, the Society or NGI could pull the plug.

Importantly, the Distribution Agreement expressly contemplates that NGI may not deliver to Mindscape each of the eleven Titles and expressly provides that in the event of such a failure, the guaranteed advances will be reduced accordingly. TE 332, p. 14 (¶9.2). The failure to deliver a Title would not be a breach of the agreement because it expressly contemplates that some or all of the Titles might not come to fruition. The remedy for such failure would simply be a decrease in amounts to be paid. The parties were also free to develop and distribute other products, which would result in an increase in the guaranteed amounts if more than eleven Titles were ultimately produced. Regardless, the failure to produce one or more of the Titles would not be a breach of the agreement.

Neither the License Agreement [TE 323] nor the Distribution Agreement [332] contain language from which a reasonable juror could have concluded that Mindscape or the Geographic Defendants: (1) were committed to proceed with the CNG at all costs; (2) that they intended to include Greenberg's works in any of the products that would emerge; (3) that they would have done so in an infringing

manner; (4) that they intended to include any other features in the product, *e.g.*, a moving cover sequence or advertisements; or, (5) that they would not have halted the production at any time, if need be. TE 323 and TE 332. A plain reading of these documents destroys the rubric of Greenberg's argument.

Additionally and most fundamentally, the undisputed record evidence was that the Society would have stopped the production of the product immediately if it believed that the continued development or publication would have infringed on the contributors' intellectual property rights. Specifically, Mr. Fahey testified:

Q. Now, at any time between the time you came to National Geographic and the publication of the Complete National Geographic, could you or the board of trustees stopped its publication if you determined that you did not have the legal right to do so?

A. Absolutely.

Q. And did there ever come a point in time that you thought you should, based on any legal advice you got from anybody who was an attorney?

A. It never came a point in time that I thought that we did not have the right to do this, that we should stop. I cared a great deal about it and worried about it, but all the attorney's advice internally and externally was in our—behind what we were doing.

Tr.4.168-69; *see also* Tr.4.155 (the Board of Trustees had the ability and duty to stop any of the projects at any time); Tr.4.187 (the Society could have stopped production of CNG if necessary and developed other products with Mindscape under the parties' agreement without a problem); Tr.4.236 ("...we could always go back to Mindscape and say we need to do something differently."); Tr.4.237 ("...we could have changed that if need be [referring to the agreement with Mindscape to distribute the CNG]"). The testimony on this point was totally consistent.<sup>9</sup> *Cf.* Tr.5.143; Tr.6-67-68 and Tr.6.82. The weakness of

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<sup>9</sup> Greenberg mischaracterizes Mr. Fahey's testimony as follows: "The Society could have altered that [the inclusion of CNG among the Titles to be distributed under the Distribution Agreement] he [Mr. Fahey] said, but would have been in breach of the contract if it had done so." Greenberg Memo, p.6. In fact, as demonstrated above by the terms of the Distribution Agreement, elimination of the CNG from



Greenberg's case is easily observed by his desperate attempt to misstate and improperly paraphrase Mr. Fahey's testimony.

Greenberg did not introduce evidence that these witnesses were not telling the truth and offered no evidence to impeach their testimony in any way. Nor did he introduce contrary evidence demonstrating that the Society would not have stopped production of the product. Thus, the evidence that the Society would have stopped production of the CNG went un rebutted by Greenberg and, therefore, no reasonable jury could have concluded to the contrary. The same is true with regard to the Society's testimony that it was totally satisfied with the opinions that it obtained regarding the CNG. Tr.4.186.

Greenberg misrepresents other elements of the record as well. By example, contrary to Greenberg's suggestion, the Society had distinct legal opinions from two different lawyers stating that it

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the Titles to be distributed would not have breached the agreement, but was specifically contemplated by the parties. Moreover, Greenberg unfairly misstates Mr. Fahey's testimony in that Mr. Fahey never testified that eliminating the CNG would have been a breach of the agreement. After conceding that he was not a lawyer, Mr. Fahey testified that he did not know whether eliminating the CNG would constitute a breach:

A. Yes. But we could have changed that if need be.

Q. Okay. You're not a lawyer, though?

A. Pardon me?

Q. You're not a lawyer, though?

A. I'm not a lawyer.

Tr.4.237. As noted above, eliminating the CNG would not have been a breach of the agreement. In any event, NGI could have worked with Mindscape to find a mutually agreeable solution to pulling the CNG product, were that necessary. Deciding to eliminate the product and dealing with Mindscape's response was a risk that NGI could chose to take at any time, even if it believed it would result in a breach of the agreement. And, as testified throughout the trial by Defendants' witnesses, it was clearly a risk that they were willing to take if at any time they were advised that proceeding would infringe on the copyrights of the Society's contributors.

had the right to proceed with development of the CD ROM 108 product prior to the execution of the Distribution Agreement in September of 1996. *See*, Tr.4.167-69 and 173; Tr.5.53-55, 66 and 68 (Fahey testified that he obtained an oral opinion from both Suzanne Dupre and Paul Kilmer shortly after he joined the Society in early 1996, which opinions provided that the Society had the right to proceed with the CD-ROM 108 product under 201(c) of the Copyright Act); Tr.5.127-132 and 166-68 (Ms. Dupre testified that she individually concluded, and obtained a like opinion from Paul Kilmer in early 1996, that the Society had the right to proceed with the product under 201(c) of the Copyright Act; she testified that she conveyed these opinions to John Fahey). This evidence also went un rebutted. The implication by Greenberg that the Society entered into agreements for the development of the magazine archive prior to obtaining any legal opinion is simply false and is in direct contravention to the record evidence.<sup>10</sup>

In an attempt to buttress his stance, Greenberg also cites to a CD-ROM Marking Plan and an internal memo dated February 4, 1997 regarding a proposed advertising program. TE 51 and TE 52. Neither of these trial exhibits, however, lend an ounce of support to Greenberg's argument. On the face of the documents it is clear—as with the Distribution Agreement—that they were each generated more than a year after the Society obtained two separate legal opinions (that of Ms. Dupre and that of Mr.

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<sup>10</sup> Indeed, Greenberg concedes that the scanning of monthly magazines did not occur until after the legal opinions of Ms. Dupre and Mr. Kilmer and after the execution of the Distribution Agreement. Greenberg Memo, p.6 (“Asked when the copying of the monthly magazines was accomplished, Fahey said “through the rest of 1996 and into 1997.”) Tr.4.230. Thus, had Ms. Dupre or Mr. Kilmer opined that the Society did not have such rights, it could have avoided entering into the Distribution Agreement, which was not executed until eight months after these opinions were conveyed. TE 332.

Greenberg also argues that a memorandum dated April 16, 1997 from public affairs indicating that the Magazine was now scanned in page by page and one dated May 12, 1997 from M.J. Jacobsen indicating that Larry Lux has shown the beta of the CD-ROM to “more than a dozen reviewers for long-lead publications” bolster his position. By the time these memos were written, however, the Society indisputably had obtained the legal opinion of Suzanne Dupre, Paul Kilmer and Robert Sugarman. The Society was not proceeding blindly, as implied, but, rather, was moving forward with the development and planning of the product in a very usual and normal way based on its good faith belief that it had the lawful right to manufacture and distribute the CD-ROM 108 product.

Kilmer), which opinions provided that the Society had the right to reproduce the Magazines because it held the collective work copyright. It is hardly surprising that the Society would proceed with the normal business planning for development of the CNG, including any preliminary planning of its marketing efforts, given it believed it had the legal right to do so. These facts are simply not evidence that the Society was "committed" to the project in contravention of its legal rights; the steps taken by the Society are those that would be taken during the development of any new product, even if such product would ultimately be scrapped. Greenberg's argument puts the cart before the horse, so to speak.

Because the testimony and documents mandate the grant of Defendants' motions, Greenberg summons an even weaker argument: the fact that a handful of employees of the Society, none of whom had any legal background or expertise in the area of copyright, believed that the Society should pay its contributors for the use of their works in the CNG. *See, i.e.*, TE 301, 314 and 354. "Opinions have vested interests just as men have," however.<sup>11</sup> In fact, the evidence showed that despite their lack of legal expertise in this area, the Society nonetheless allowed its employees to freely express their views on the subject, interact with the senior managers charged with whether to proceed with the project and to sit in on meetings with lawyers and others to hear their views during the extensive consideration given to the CNG, which not only included the Society's legal right to proceed, but also various other non-legal factors, such as its relationship with contributors. Tr.4.169, 174, 240-41 and 248-49. Regardless, there was simply no evidence introduced by Greenberg that these individuals were qualified to form, or had the information necessary to form, legally sound opinions as to whether the Society could proceed with the project or that they had any direct personal knowledge as to what steps the Society took to determine its legal rights in connection with the CNG. And, as importantly, none of these employees ever said—in writing or otherwise—that the Society did not have the right to proceed under §201(c) of the Copyright Act.

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<sup>11</sup> Samuel Butler, *Samuel Butler's Notebooks*, p.221 (1951).

Greenberg, left without any evidence of willfulness, uses these memoranda for purely inflammatory purposes and in a blatant effort to prejudice the jury, which is exactly why Defendants' moved *in limine* to keep these documents out of the trial as they have no probative value. The fact that three or four employees (out of thousands) had concerns regarding whether the Society possessed the contractual right to distribute the CD-ROM 108 or the moral duty to pay its contributors is simply irrelevant to the issue of whether the Society had the legal right to reproduce its magazines on CD-ROM under copyright law or whether the Society reasonably relied upon the advice of its lawyers in making this uniquely legal determination.<sup>12</sup> Greenberg goes to great effort not to mention the fact that the District Court granted summary judgment in the Society's favor in this case on the issue of infringement. That decision was in effect for almost three years. That the opinions of people untrained in the law could impart some suggestion of willfulness on the Society's part in the face of all of the legal opinions that were sought *and* a federal court decision holding to the contrary is simply preposterous.

There was nothing in these internal memos, nor any other documentary evidence, that suggests, directly or indirectly, that the Society could not have killed the project if it learned that it did not have the right to proceed, that the legal advice obtained was unreliable or inaccurate or that the legal professionals engaged by the Society were not competent to opine on the issues presented.<sup>13</sup> The only evidence on this point was the unrebutted testimony of Messrs. Fahey, Adamson and Collins and Ms.

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<sup>12</sup> The Spanish proverb, "Three Spaniards, four opinions," comes to mind.

<sup>13</sup> Ironically, Greenberg references the words of Bill Allen, the Editor-in-Chief of the Magazine, who stated that, "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," for the proposition that the Society was committed to the project. In doing so, Greenberg takes quantum leaps in logic. He introduced no evidence that Mr. Allen was a decision maker in whether the project would proceed or that he was doing anything other than expressing his non-legal opinion on the subject. That fact that he believed at the time that the Society *probably* has to keep smoothing bumps is nothing more than rank conjecture and on its face clearly speaks to public relations concerns rather than the substance of the law for which he admits he is not qualified. This is particularly true given the Herculean efforts of the Society to obtain multiple opinions to assure itself that it had the legal right to develop the Magazine archive.

Dupre, each of whom testified that the Society would not have proceeded with the product if it learned that it did not have the right to do so, that the Society relied upon the legal advice obtained and that they, to this day, believe that such legal advice was correct. Tr.5.102; Tr.5.143; Tr.5.168-69. Greenberg offered no contradictory evidence. In sum, the internal memos have no probative value on the issue presented and a plain reading of them confirms they do not evidence any intention on the part of the Society to proceed in the face of sound legal opinions to the contrary. Again, the opposite is true.

Greenberg next misuses the deposition testimony of John R. Murphy, the former President of the Society, to imply that he was opposed to the project because he did not believe the Society had the legal right to proceed. Greenberg Memo, p. 7. That, however, was not the case. Mr. Murphy's only testimony on this point was that he did not want the company to be sued and entangled in protracted litigation, which he expected would happen regardless of whether it had the legal right to proceed with the product. Specifically, Mr. Murphy testified by deposition:

Q. You testified before the break, Mr. Murphy, that you were against the project. Tell me why.

A. Well, because of exactly what's happening. I figured somebody would bring a suit. And I just dreaded the idea of bringing a suit. You couldn't model the amount of economic gain or loss. And it was a---I didn't want to get into the courts.

Tr.2.233; *see also* Tr.2.235 ("I just didn't like it. It just—it eventually turned out to be exactly what I had feared it would be.").<sup>14</sup> That was the basis for his opposition to the project, not, as Greenberg's

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<sup>14</sup> Throughout his brief, Greenberg overstates or completely misstates altogether the evidence in an effort to create some factual predicate upon which the jury could have reached the verdict here. By example, on page 18, Greenberg states that the Society knew about the infringements from "its own President, editors and employees." Mr. Murphy, the former President never testified that he believed that the Society was infringing Greenberg's or anyone else's copyrights. Rather, he testified that he was opposed to the project because, regardless of whether the Society had the right to proceed, he knew that there are litigious people out there who will sue the company and besmirch the good name of the Society through protracted litigation. And, as far as the "editors and employees", only one believed that the Society might not have the rights to distribute the CNG from a contract perspective (although he conceded that he was not a lawyer and not trained in the law)(TE 301 and 314), the rest just believed

that it was politically more expedient to pay the contributors than deal with the resulting firestorm. *See, i.e.*, TE 354 (concern expressed not over legal rights, but over the fact that no one had contacted the contributors as of March of 1997; the memo goes on to commend Mr. Fahey for dealing with the issues and ensuring through outside counsel that the Society had the legal rights to proceed); TE 313 (concern expressed over failure of goodwill and trust of photographers if the Society does not pay them, not over whether the Society has the right to proceed under §201(c) of the Copyright Act); TE 314 (concedes that the Society is probably in strong legal position, but he “hates the thought of seeing a group of photographers, writers and agents in a class action suit filed against the Geographic. Talk about headlines” and the “hard feelings” it might engender); and TE 301 (Kobersteen memo evaluating whether, in his opinion, the Society should pay the photographers using his interpretation of its contracts with the contributors). None of the authors of the memos that Greenberg oft mentions opined, directly or indirectly, on the Society’s right to reuse the materials under §201(c) of the Copyright Act or Greenberg’s specific agreements and, thus, none are relevant to the issue presented at the trial here. Rather, these internal memos from the Magazine photographic staff are used in an inflammatory manner to prejudice the jury and confuse this Court.

And, in fact, the evidence showed that at least one of these authors later changed his mind after learning the facts. Mr. Kobersteen, the author of TE 301, testified that his first opinions were formed at “a time when I at least did not really know what the product was ultimately going to be, in that I did not realize it would be a faithful reproduction of every page and every spread of the National Geographic magazine over, at that point, 108 years. And so I had and raised some concerns over the use of the photographs vis-à-vis the secondary use clauses of the contract.” Tr.4.78. Thus, at the outset that Mr. Kobersteen (and, perhaps, each of the other employees) did not object on the basis of the Society’s rights under §201(c) of the Copyright Act, but, rather, limited their comments to contractual interpretation issues. Mr. Kobersteen went on to concede that his assumptions at the time may have been inaccurate (Tr.4.85), that he was not a lawyer, giving a legal opinion (Tr.4.86), and that the objections or reservations stemmed from the idea of “sharing revenues with the photographers,” rather than fine points of legal issues.” Tr.4.92. Finally, Mr. Kobersteen testified his concerns were satiated by the Society:

- A. They were answered in really two ways, to my mind and recollection. One is I stated earlier that I was not really very familiar with how the product—when I read—when wrote this memo. I came to become more familiar with the product and realized that it was, indeed, a true and faithful reproduction of every spread of 108 years of the magazine. And, in fact, I learned that 108 years copies of the magazine had been taken apart, disassembled and literally scanned spread for spread.

So that one was the thing that made me feel more comfortable with it. The other thing that made me more comfortable with it was my lay understanding of the Tasini decision, which suggested to me that if the publication is a true and faithful reproduction of the true and faithful copy of the original printed version of the publication in some other medium, that’s—that’s permitted, because my lay reading of that decision said that in addition to the copyright to each individual element, there is a copyright to the edited works. And my reading of that decision, coupled with my understanding of our product and

suggests, that the Society did not have the legal right to proceed. Likewise, there was no testimony introduced through this witness that the Society would have proceeded with the CD-ROM product if it learned that it did not have the legal right to do so.

What is obvious after a careful review of the evidence is that Greenberg's position is contrary to the record. The evidence introduced at trial demonstrates that the Society, had it believed that it did not have the right to proceed, could have—and would have—put the brakes on the project. Although one legal opinion would have sufficed, the Society sought opinion after opinion to ensure that it was proceeding appropriately. The testimony of Messrs. Fahey, Adamson and Collins and Ms. Dupre went unrebutted in this regard. And, indeed, this evidence is totally consistent with the documentary evidence introduced at trial. This is not a matter of weighing the evidence, as Greenberg offered no evidence in his case in chief on this point and offered no rebuttal or impeachment evidence to the testimony of Defendants' witnesses. That being the case, this argument falls of its own weight as Greenberg's mandatory burden of proof was not sustained.

B. **No Evidence Was Introduced That The Legal Advice Obtained From Counsel Was Incompetent Or Unreliable.**

As with his first argument, Greenberg's second is equally devoid of merit. Greenberg introduced no evidence that the legal advice obtained by the Society was unreliable or incompetent; neither he, nor his wife, testified about the legal advice obtained or the correctness of those legal opinions and, quite

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how those two dovetailed made me comfortable with the direction we were going.

The fact of the matter is that even though the Society already had substantial and reasonable legal opinions, it did not stop, but continued to ensure that these opinions were legally sound by continuing to obtain legal advice as it believed appropriate. Tr.4.179-86. That the federal district judge later agreed with the Society and its various legal advisors is an important confirmation of the reasonableness of the Society's actions. The fact that these opinions were obtained over the course of two years and *before* the product was ever distributed underscores and accentuates the reasonableness of the Society's reliance upon the various legal opinions, all of which were in harmony.

frankly, they could not have as neither is qualified to render such an opinion. In that same vein, it is equally beyond dispute that no documents or other testimony were introduced in Greenberg's case in chief regarding the competence of the attorneys retained by the Society, their experience in the area of copyright law, or the timing or reliability of their opinions. Indeed, Greenberg had every opportunity to offer an expert witness in his case to testify that the lawyers' opinions were unreasonable or were from individuals who were otherwise unqualified to render them. He did not. That, however, is not the fault of Defendants, who did not have the burden to prove that they were willful infringers. Greenberg did.<sup>15</sup>

One need not go far to deflate this already lifeless argument. Both the sitting judge in this case, Judge Lenard, and the trial judge in *Tasini*, Judge Sotomayor, agreed with the legal positions proffered by each of the lawyers engaged by the Society. This Court granted a summary judgment at the outset of the case, having all of the material facts and arguments before it and, thereafter, concluded that the Society had the absolute right to manufacture and distribute the CD-ROM 108 under §201(c) of the Copyright Act.<sup>16</sup> And, although the facts were slightly different in that the electronic products in *Tasini*

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<sup>15</sup> The question of willfulness is raised by the provision in Section 504(c)(2) of Title 17 to the U.S. Code that provides that "[i]n a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than \$150,000." 17 U.S.C. 504(c)(2). While the Eleventh Circuit has explained that in the context of copyright infringement "willfully" means that the defendant "knows his actions constitute an infringement," *Cable/Home Communication Corp. v. Network Productions, Inc.*, 902 F.2d 829, 851 (11<sup>th</sup> Cir. 1990), the mere existence of a dispute over certain rights does not make infringement willful. Otherwise, "[t]o hold that willfulness must be inferred whenever an alleged infringer uses an intellectual property in the face of disputed title would turn every copyright claim into willful infringement and would improperly discourage many legitimate, good faith transactions." *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 959 (9<sup>th</sup> Cir. 2001). The Copyright Act itself requires something much more; it requires Greenberg to affirmatively prove that Defendants acted willfully, which he failed to do. This fact is obvious from merely reading the transcripts, which contain the only testimony and evidence introduced in this case.

<sup>16</sup> The contractual issues involving Greenberg's letter to the Society [TE 18] stating unambiguously that the Society would have the continued right to reuse the photographs if it agreed to transfer its copyrights to Greenberg were not before Judge Lenard on the summary judgment motion. The basis for the grant of summary judgment was solely that Defendants were privileged to republish under Section 201(c) of the Copyright Act. Because the Society's answer and affirmative defenses was stricken following the



were not full image-based reproductions of the original print publications as here, the trial judge in *Tasini* drew the exact same conclusion in that case. Defendants strongly believe that the United States Supreme Court decision in *Tasini* affirms the ruling by this Court, as it expressly stated that an exact image based reproduction, page by page, such as in microfilm or microfiche, is permissible under §201(c) of the Copyright Act. That decision was not available to the Eleventh Circuit at the time it rendered its decision here, but was available just days later to Defendants. Defendants firmly believe that its ruling is dispositive of the issue presented. In light of this precedent, it can hardly be said that the opinions rendered by counsel were unreliable or incompetent. This is particularly true given that at the time they were rendered there was not a single case interpreting §201(c) of the Copyright Act.<sup>17</sup> Cf.

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Eleventh Circuit's reversal of Judge Lenard, the Society never had the opportunity to litigate the issues surrounding its contractual rights to reuse the photographs. These rights were not an after thought, as Greenberg contends in his brief, but one of the factors material to the issue of the reasonableness of the Society's state of mind in believing that it had the right to reproduce Greenberg's photographs as they appeared in the Magazine in the CNG.

<sup>17</sup> Despite being decided before the Supreme Court's decision in *Tasini*, and the only other appellate case interpreting this provision of the Copyright Act, neither the majority nor minority opinions of the United States Supreme Court in *Tasini* cited the Eleventh Circuit opinion here. Indeed, in addition to the Register of Copyrights criticism of the Eleventh Circuit's opinion, law review articles and other sources have been equally disapproving. See, e.g., Digital "Revision": Greenberg v. National Geographic Society, 70 U. Cin. L. Rev. 1419, 1441-42 (Summer 2002) ("Simply put, Greenberg II [referring to the Eleventh Circuit opinion] makes for bad law. The decision is based on improper legal assumptions and devises a test that is without support in either the literal language or the legislative history of section 201(c). Greenberg II and *Tasini* III make it all but impossible for publishers to create digital archives of their collective works under the privilege granted in section 201(c)-a result that most certainly violates copyright laws bedrock principal of media neutrality. In the name of authorial rights, the proprietary model of copyright law embraced by Greenberg II and *Tasini* III compromises the ultimate constitutional objective of 'promot [ing] the progress of Science and useful Arts.' The time has come for Congress to intervene and resolve the constitutional conflicts created by Greenberg II and *Tasini* III. Read together, these two decisions illustrate how very ill-equipped courts are to deal with the burgeoning technology issues of a new millennium."). Other than Greenberg himself, Defendants have found no independently published commentary that has had anything positive to say about the Eleventh Circuit's decision in *Greenberg*.

*Hearst Corp. v. Stark*, 639 F.Supp. 970, 979 (N.D.Cal. 1986) (refusing to enter summary judgment on willfulness of infringement because the facts raised a question of first impression).<sup>18</sup>

Greenberg steps through the looking glass to formulate the only basis for his theory, which is that the legal opinions are unreliable because some of them were oral, rather than written. It is reasonable and expected for a client to rely on an attorney's oral advice and, quite frankly, that is the principle way attorneys' advise their clients. Attorneys orally advise clients all the time, on a multitude of matters, and clients reasonably rely on their attorney's spoken advice, even in infringement cases. See *Radio Steel & Mfg. Co., v. MTD Products, Inc.*, 788 F.2d 1554, 1559 (Fed. Cir. 1986) (upholding district court's conclusion that infringement was not willful where the company obtained an opinion from outside counsel that "was oral and not based upon even a cursory study of the patent's prosecution history or the prior art."); see also Tr.5.68 and Tr.5.77 (Mr. Fahey testified that "[f]rom my perspective

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<sup>18</sup> The judge explained his reasoning:

"[p]laintiffs argue that defendants' familiarity with copyright law raises an inference that they had knowledge that their activities were infringing. Plaintiff cites defendant's deposition testimony that defendants had read section 602 and that defendants had received legal advice on their importation activities. Defendants also received a letter from a publishing house attorney in 1983 which charged that defendants' importation of certain books constituted copyright infringement. While the record discloses that defendants' importation has been extensive, and that they may have been on notice that their importations might contravene the Copyright Act, the court is reluctant to find on summary judgment that there has been a willful infringement of section 602. This case raises questions of first impression, such as the applications of section 602 and section 109 to the importation of books. While defendants had sufficient knowledge of copyright law to conclude that they should consult an attorney about their importations, the application of section 602 had not then been established. And Professor Nimmer has stated that, " ... one who has been notified that his conduct constitutes copyright infringement, but who reasonably and in good faith believes the contrary, is not "willful" for these purposes." 3 *Nimmer On Copyright*, § 14.04[B][3] at 14-28 (1984). On the present record, the court cannot now find that defendants "were or should have been aware" that their activities were infringing, *Fallaci*, 568 F.Supp. at 1173, or that they acted in "reckless disregard" of plaintiff's rights. *Wow & Flutter Music*, 606 F.Supp. at 556." *Hearst Corp. v. Stark*, 639 F.Supp. 970, 979 (N.D.Cal. 1986)."

in terms of making the right decision, oral opinions are very valuable. A lawyer tells me something and I think that's extremely valuable...").

The importance of oral communications between clients and their attorneys and the expectation that clients will rely on their content is evident, for example, in the lack of distinction drawn by the attorney-client privilege between written and oral communications, and is of long pedigree. *See, e.g., Chahoon v. The Commonwealth*, 62 Va. 822, 832 (1871) (explaining that "[t]o force from the party himself . . . the production of communications made by him to professional men, seems inconsistent with the possibility of an ignorant man safely resorting to professional advice."). Greenberg failed to introduce any authority or other support for his position and, in fact, that is simply not the case.

Reliance on the advice of counsel is a standard defense to a charge of willful copyright infringement. "An opinion of counsel, of course, need not unequivocally state that the client will not be held liable for infringement. An honest opinion about a statutory provision that has never been judicially interpreted is more likely to speak of probabilities than certainties. A good test that the advice given is genuine and not merely self-serving is whether the asserted defenses are backed up with viable proof during trial...." *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 829, fn.9 (Fed. Cir. 1992); *Superior Foam Builders, Inc. v. Dan Chase Taximdermy Supply Company, Inc.*, 74 F.3d 488, 495 (4<sup>th</sup> Cir. 1996) ("...evidence of reliance on the advice of counsel is generally probative of a party's lack of willfulness infringing a copyright."); *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.*, 609 F.Supp. 1325, 1330 ("...the defendants throughout this dispute between the parties, relying in no small measure upon competent legal advice, sincerely believed that they were legally entitled to take the actions which they took, at least as to the copyright infringement claims."). To that end, to establish

such a defense, Defendants need only prove that their reliance was reasonable; there is no requirement that such opinion must be in writing to be reasonable, however.<sup>19</sup>

To establish reasonableness, it "is necessary to look at the totality of the circumstances presented in the case." *Radio Steel & Mfg. Co., v. MTD Products, Inc.*, 788 F.2d 1554, 1559 (Fed. Cir. 1986) (internal quotations omitted). Having a legal opinion standing alone can be enough. *RCA/Ariola Intern., Inc. v. Thomas & Grayston Co.*, 845 F.2d 773, 779 (8<sup>th</sup> Cir. 1998); *see also* Tr.5.136-37 (Ms. Dupre's testimony regarding the lack of any cases interpreting §201(c) of the Copyright Act). In looking at the totality of the circumstances, it is clear that Defendants' reliance here was reasonable. By example, as set forth below, the Society obtained an oral opinion of its in-house lawyer, Suzanne Dupre and an outside attorney who specializes in the area of copyright law, Paul Kilmer, prior to ever embarking on the project in early 1996. *See, e.g.*, Tr.4.179-80 (Mr. Fahey testified of the oral opinions received from Mr. Kilmer and Mr. Sugarman); Tr.5.126-27 (Ms. Dupre testified that she and Mr. Kilmer conveyed their legal opinions in early 1996). Despite having received two opinions that it was appropriate to proceed, the Society, prior to ever bringing the product to market, obtained three additional legal opinions: that of Robert Sugarman in April of 1997 and those of Judge Leon Higginbotham and Terry Adamson, both in July of 1997. Tr.4.180-86; Tr.4.193-95; Tr.5.135-37; Tr.5.189. These opinions were all obtained prior to ever distributing the product and caused the Society to conclude that it had the legal right to proceed. Tr.5.74. The trial judge then granted Defendants' motion for summary judgment, effectively affirming the correctness of those opinions. Tr.4.189 (Mr. Fahey testified that the trial judge was presented with all relevant information prior to ruling in the

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<sup>19</sup> Greenberg cites *Comark Communications, Inc. v. Harris Corp.*, 156 F.3d 1182, 1191 (Fed. Cir. 1998) for the proposition that "only 'an objective opinion letter from counsel....provides the basis for a defense against willful infringement.'" Greenberg Memo, p. 25. The *Comark* opinion specifies that the opinion of counsel must be objective. That clearly was the case here, as confirmed by the opinion of the District Court. *Comark* does not state or otherwise suggest that such opinion need be in writing. The reference to a "letter" in the quote selected by Greenberg is not restrictive, and Greenberg's addition of the word "only" in front of the quote does not alter the court's ruling.

Society's favor). These events must be considered in light of the underlying fact that this section of the Copyright Act had never been interpreted and, thus, the law was, and arguably still is, unsettled.<sup>20</sup>

After the Eleventh Circuit reversed the trial court's ruling, the Society did not boldly violate or defy the law, as Greenberg asserts. Rather, only days after the Eleventh Circuit's ruling, the Supreme Court ruled in *Tasini*, which opinion Defendants' believe reaffirms the correctness of the opinions they received. Tr.4.193-94. Additionally, the only record evidence showed that the Society again spoke to Robert Sugarman, an expert in the area of copyright law, in deciding how to proceed and he advised that the Society could continue to distribute the product. Tr.4.193-95; Tr.5.97. The same advice was received from Judge Kenneth Starr, a former appellate judge and Solicitor General of the United States. *Id.* These opinions were fully affirmed by the Register of Copyright, the highest federal official delegated responsibility for the copyright law, who expressly stated that the Eleventh Circuit got it wrong. Tr.4.195-97. Adding to the mix is the fact that the Eleventh Circuit's opinion is not yet "final",<sup>21</sup> the fact that the Eleventh Circuit urged the lower court to consider every alternative to injunctive relief so that the product could be kept on the market, (Tr.5.96-7; *Greenberg v. National Geographic Society*,

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<sup>20</sup> Greenberg argues that because the Society's various counsel did not see the product in advance of rendering their opinions (because it was not yet prepared), and were not advised of the Moving Cover Sequence or the Kodak commercial, their advice is incompetent. Greenberg Memo, p. 27. But the very decision by the District Court granting summary judgment in favor of Defendants confirms that it was not unreasonable to view such features as immaterial to the legal analysis. The District Court certainly found them to be immaterial and it had the complete product before it and heard all of Greenberg's arguments.

<sup>21</sup> "Ordinarily, a judgment of reversal rendered by an intermediate appellate court which remands the cause for further proceedings in conformity with the opinion of the appellate court is not final and, therefore, not appealable to the higher appellate court, so long as judicial action in the lower court is required." 4 Am.Jur.2d Appellate Review S. 93. See Also *Trustees of Pension, Welfare, and Vacation Fringe Benefit Funds of IBEW Local 701 v. Pyramid Elec.*, 223 F.3d 459, 463 (7<sup>th</sup> Cir. 2000) ("...orders that 'specifically contemplate[ ] further activity in [the district] court' are generally not final."); *Waiialua Agr. Co. v. Christian*, 52 F.2d 847 (9<sup>th</sup> Cir. 1931); 36 C.J.S. Federal Courts §290(32) ("The decision of the intermediate appellate court is not final and appealable where the judgment of the lower court is reversed and the necessity for further proceedings appears from the record, or where the cause is expressly remanded for further proceedings, especially where the intermediate appellate court passed on only one branch of the case.").

244 F.3d 1267, 1276 (11<sup>th</sup> Cir. 2001)), and the fact that Greenberg never moved for injunctive relief until the eve of trial, long after the Eleventh Circuit ruled and more than five years after the initiation of this lawsuit (Tr.5.100-02), it is clear that Defendants' reliance was reasonable and they did not act willfully.

In connection with the above, it is important to emphasize that Greenberg failed in his burden to offer any countervailing evidence. Specifically, although each of Defendants' witnesses testified fully and consistently to the above circumstances, Greenberg introduced no evidence showing that the oral opinions obtained by the Society were never rendered, that Defendants did not rely upon them, that the opinions were unreasonable or that they received other contradictory opinions. In short, Greenberg introduced no rebuttal evidence and, thus, the only evidence before the jury was of Defendants' innocence. A jury is not entitled to weave evidence out of whole cloth or from emotions they may feel towards Greenberg after he broke down sobbing before the jury. Rather, as noted above, Greenberg had the affirmative burden of proving willfulness by "clear and convincing evidence," which he failed to do.

Throughout his memorandum, Greenberg disingenuously states that the Society's defense of reliance upon the advice of counsel is weakened by the fact that they did not introduce the testimony of Mr. Kilmer or Mr. Sugarman, which he claims would have "verified" the opinions received. That testimony is wholly irrelevant to the issue presented: Defendants' state of mind. *See* 3 Nimmer on Copyright, 14.04[B][3] (1984)("It seems clear that as here used "willfully" means with knowledge that the defendant's conduct constitutes copyright infringement...This seems to mean, then, that one who has been notified that his conduct constitutes copyright infringement, *but who reasonably and in good faith believes the contrary, is not "willful" for these purposes.*")(emphasis added); *see also Dive N'Surf, Inc. v. Anselowitz*, 834 F.Supp. 379, 382 (M.D.Fla. 1993)("To determine the appropriate level of statutory damages, the court should generally consider the expenses defendant saved and profits defendant reaped

in connection with infringements, the revenues plaintiff's lost as a result of defendant's conduct *and defendant's state of mind—whether willful, knowing or merely innocent.*") (emphasis added).

There was and is no dispute that the opinions testified about at trial were actually received by the principal decision makers at the Society, each of whom testified. Even if there was a doubt, Greenberg, who had the burden to prove otherwise, introduced *no evidence* showing that they were not or that it was unreasonable for Defendants to rely upon them.<sup>22</sup> Even if Greenberg's argument held water--and it does not--he completely ignores the fact that Ms. Dupre testified not only that Mr. Kilmer rendered an opinion that the Society had the right to proceed under §201(c) of the Copyright Act, but that she, an experienced copyright lawyer who had previously worked as an attorney for the Smithsonian Institution before joining the Society, separately drew that same conclusion. Ms. Dupre further testified that she expressly advised Mr. Stanton that the Society could proceed with the project as long as each page of the Magazine was scanned in exactly as they appear in each issue. Tr.5.125-26; *see also* TE 323.

Specifically, Ms. Dupre testified:

Q. And how did you become aware of the product?

A. In late 1996, or perhaps very early 1997, a gentlemen named Tom Stanton, who was head of the team that was putting together this product, came up with the idea of doing all of the National Geographic on CD-ROM. And he came to see me in my office to tell me about what they were planning on doing and to talk to me about legal issues.

Q. Now, when was that?

A. I don't remember exactly whether it was—it was either very, very late—yeah, very late—very late in the year, very early of the next year.

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<sup>22</sup> The arguments of counsel are not evidence. *See Felker v. Turpin*, 83 F.3d 1303 (11<sup>th</sup> Cir. 1996); *O'Rear v. Fruehauf Corporation*, 554 F.2d 1304 (5<sup>th</sup> Cir. 1977); *see also* 11<sup>th</sup> Cir. Pattern Jury Instr. (Civil Cases) 2.1 ("Remember that anything the lawyers say is not evidence in the case."). Thus, among other frailties, the fact that Greenberg's counsel implied various deficiencies to the jury through empty rhetoric, the fact remains that Greenberg offered no evidence to support any of his contentions including, without limitation, the unreliability of any opinions or the qualifications of counsel or the creation of any doubt that the opinions were actually rendered. To do so, Greenberg was required to introduce affirmative proof, not the meaningless and insupportable words of his lawyers.

Q. Of 95/96?

A. I'm sorry. Of 95/96. Yes, it was definitely late in the year, early next year.

Q. Take a moment and think about it. Do you know when the Complete National Geographic was published?

A. Yes. It was published in late '97. I clearly too constricted the time there. It was late '95 early '96. Either December or January of j'96.

Q. How can you be sure of that?

A. Because he had just come onboard [sic]. And because shortly thereafter I talked to outside counsel about it.

Q. Okay. And did Mr. Stanton describe the product to you?

A. Yes, he did.

Q. And did you give him any legal advice at the time?

A. Yes.

Q. And what was that legal advice?

A. That he—and he wasn't quite sure how much he was going to copy. So my strict legal advice was that they should scan every page of every issue of the magazine, leaving out nothing.

What I mean by that is, for example, he was thinking maybe they would cut out the ads. And I said, no, no, no, if you cut out anything we couldn't say that we were republishing that issue of the magazine. It must be every page, cover to cover, so that we can rely on our copyright in that issue of the magazine.

Q. Does each issue have its own copyright?

A. Yes. That's the collective copyright we were referring to.

Q. Now, you mentioned to the jury that you also sought advice of outside counsel after you spoke to Mr. Stanton, is that correct?

A. Yes.

Q. Who was that?

A. His name is Paul Kilmer.

Q. Now, who is Paul Kilmer?



A. He is a copyright trademark lawyer in Washington, D.C. He's now with the firm named Gatsby and Hanna [sic]. He was at that point, and I think still is, the National Geographic's outside copyright trademark legal expert.

Q. And did you have both oral communication with him, talk to him, and have communication from him?

A. Yes, to him and from him.

Q. And what did he say to you in the oral and written communications about the rights of National Geographic to publish the Complete National Geographic?

A. Okay. There were two separate legal issues here. The first one was whether in coming out with this same issue of the magazine but in a different format in an electronic format, whether we could rely on our copyright in the collective work, our copyright in each issue of the magazine.

The second issue was a contract issue. And that was with many of the freelance photographers that contract said that if we used the images in any additional editorial product or in any advertisement, that we would pay that photographer a fee.

So that was a different issue. It was very much a related issue, but it was a different issue as to whether we would have contractual obligations to pay the outside photographers; not whether we had the right to do it, whether we would owe them a fee for doing it.

Tr.5.125-28; *see also* Tr.5.184-85; *see also* Tr.5.132 (Ms. Dupre testified that she advised Mr. Fahey of her opinions and those of Mr. Kilmer in early 1996 and the product was not produced until 1997); and Tr.5.137 (Ms. Dupre testified that Robert Sugarman orally advised her that the Society had the right to publish the CNG); Tr.5.140 (Ms. Dupre testified that Judge Higginbotham advised her that he believed that the Society had a very good legal position and that it could proceed); Tr.5.141 (Ms. Dupre testified that she provided Terry Adamson with relevant information and that he too agreed that the Society had the legal right to publish the CNG); Tr.5.141.42 (Ms. Dupre testified regarding the import of Judge Sotomayor's decision in August of 1997 that the publishers in that case were permitted under §201(c) of the Copyright Act to republish in electronic format the prior issues of their respective magazines).<sup>23</sup>

<sup>23</sup> *See Also* TE 323 (Attachment B)(the licensed materials from the Society to NGV included the "Archive of National Geographic Magazine for reproduction in archival form only, **without**

Thus, prior to ever entering into any contract with Mindscape, prior to the development of any business plan or the creation of any Betas or prototypes of the product, the Society had two legal opinions, both of which indicated that it had the right to proceed with the CNG project.

Moreover, despite having obtained two sound legal opinions, the Society thereafter turned to others to ensure that it had the rights it believed it had; specifically, the Society then obtained three additional legal opinions and relied upon the trial court's ruling in *Tasini* before publishing the product. Greenberg brushes past these facts and focuses only on the opinions that came later (*i.e.*, that of Mr. Sugarman, Mr. Adamson and Judge Higginbotham)<sup>24</sup> or on Mr. Kilmer's opinions relating to the contractual interpretation (TE 29).<sup>25</sup>

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**manipulation or alteration.”**). The Licensing Agreement is dated December 16, 1996, and comports exactly with Ms. Dupre's testimony as to when she first spoken to Mr. Stanton and expressed her views regarding how the Magazines must be copied to comply with Section 201(c) of the Copyright Act, *e.g.*, late in 1995, early in 1996, before she ever spoke with Mr. Sugarman. Tr.5.125-28.

Her testimony was in accord with that of Mr. Fahey, who testified that Mr. Kilmer provided the Society with an oral opinion regarding its rights under §201(c) of the Copyright Act (Tr.4.179), and so did Mr. Sugarman. Tr.4.180; Tr.5.76 and 80-1. He further testified that prior to the publication of the product, both Judge Higginbotham and Terry Adamson concurred with those opinions (Tr.4.181), and that the Society was totally satisfied that it had the right to proceed. Tr.4.186.

<sup>24</sup> Candidly, it is a distinction without difference in that each of these five opinions were obtained prior to the sale and distribution of the product and, as noted above, the only evidence in the record is that the Society would have not taken the CNG to market if at any time it learned that it did not have the right to move forward. Thus, Greenberg's emphasis is misplaced in light of the record here. Regardless, the un rebutted evidence is that the Society had two legal opinions in hand by early 1996 that without reservation confirmed its right to continue. The evidence likewise demonstrated that the Society relied upon these legal opinions, which were later affirmed by the trial court in granting summary judgment. Greenberg forgets that the Eleventh Circuit only held that the actual sale of the CNG infringed his copyrights, not any preproduction copying or other activities. *Greenberg*, 244 F.2d at 1725.

<sup>25</sup> Greenberg misuses the second opinion of Mr. Kilmer (TE 31) to suggest that he, after learning of the Kodak commercial and moving cover sequence, determined that the “risks of the CD-Rom project have clearly increased.” Greenberg Memo, p. 9, Compare with TE 31. Mr. Kilmer's February 21, 1997 letter and his earlier February 3, 1996 letter are expressly limited to his opinions on the interpretation of the freelance photographers' agreements, not his opinion relating to §201(c) of the Copyright Act. There was no evidence in the record that Mr. Kilmer ever qualified or limited, in any way, his opinion that the

Greenberg attempts to change the evidence by misquoting Ms. Dupre's testimony to suggest that she believed the existence of a moving cover sequence or a 30 second Kodak commercial relevant to her opinion. Her testimony was exactly the opposite. Ms. Dupre testified at length that the addition of these features was not germane to her opinion as long as the Magazine's were scanned in page by page and presently in context, exactly as she advised, and, in fact, equated the same to the rental of video, which also contains commercials or preview materials before the feature film. Tr.5.185-86; Tr.5.190-91. She testified as follows:

Q. Now, before the publication of the Complete National Geographic, did you learn that there was going to be a moving cover sequence and a Kodak commercial?

A. Yes to both.

Q. And you did not initially know that, is that correct?

A. No. I think it was decided later on in the thinking out of what they wanted to do with this product.

Q. Now, when you learned about it before the publication, did you change your mind in any way? Did that suggest to you that your opinion would be different as to the rights of the Complete National Geographic to go ahead and publish?

A. No, because the product remained exactly the same. What they were doing was kind of—kind of putting on book ends. They were putting on a flashy, interesting moving introduction, and they were putting on an ad at the end.

In my mind's eye, it's not unlike going to a movie theatre and the previews of upcoming attractions you see. Once the movie starts, you see the whole movie. They don't interrupt the movie, the copyrighted product, the movie, with any of this other stuff. The book ends are at the beginning and at the end.

And this—what they were planning on doing with the Kodak ad and the moving sequence at the beginning was the same.

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Society had and has the absolute right to publish the CNG under §201(c) of the Copyright Act. The only evidence presented was that Mr. Kilmer opined orally to both Mr. Fahey and Ms. Dupre that the Society had the right to publish under §201(c) of the Copyright Act; having failed to impeach or otherwise rebut this testimony at trial, Greenberg cannot do so now. Tr.4.179, Tr.5.53-4;

Q. Now, at any time if your opinion would have changed, would you have immediately gone to Mr. Fahey, the board, whoever you needed to talk to, to tell them not to publish the Complete National Geographic?

A. Absolutely, I would have.

Tr.5.142-43; *see also* Tr.4.130-31 (Mr. Fahey testified that the Society chose to scan the Magazines in page by page relying upon the advice of counsel). The testimony of Ms. Dupre, who has not been employed by the Society for over five years and currently serves as a senior lawyer with the federal government, was unequivocal and went un rebutted. Thus, Greenberg's lawyers' attempt to recreate history is not well taken. Ms. Dupre expressly testified that after she learned of the addition of these features, which was well in advance of publication, her conclusion about the Society's rights under §201(c) of the Copyright Act did not change. In reaching the same conclusion, Judge Lenard took these same features into consideration and granted summary judgment in favor of Defendants on liability. Under the circumstances, to question the reasonableness of the advice of counsel based on these features is to question the reasonableness of this Court.

Greenberg also misstates the evidence regarding when Mr. Sugarman first rendered his opinion and attempts to coerce this Court into believing that the first time he opined on the subject was after June 20, 1997, when he provided a written opinion at Judge Higginbotham's request and for his review. Greenberg Memo, p. 9. Ms. Dupre clearly testified that Mr. Sugarman provided an oral opinion on this subject in April of 1997, more than six months before publication. Tr.5.137. As did Mr. Fahey. Tr.4.180. This testimony also went un rebutted. Both at trial and throughout his memorandum, Greenberg improperly attempts to fashion evidence through the arguments of his lawyers; that, however, is not evidence and cannot be considered by a jury or this Court.<sup>26</sup>

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<sup>26</sup> Greenberg attempts to impugn Mr. Sugarman's opinion because he subsequently became counsel to the Society in connection with litigation brought by Greenberg and other contributors, albeit long after his opinions were rendered. As with all of Greenberg's arguments, the position is all fluff and no

Although rapt with insinuation, Greenberg's entire case as well as his memorandum are devoid of evidence. The fact remains that Greenberg offered no evidence to support his newly minted contention that the opinions obtained were unreliable. Defendants, on the other hand, introduced significant evidence of their state of mind and the opinions they received from counsel, which evidence went un rebutted. Once Defendants introduced such evidence, the burden shifted to Greenberg to introduce evidence showing or tending to show that the defense was not viable because the opinions obtained were not competent or that the attorneys engaged were not qualified. He failed to introduce any evidence whatsoever on these points, a fact which cannot be disputed. Under the circumstances then, Greenberg cannot create a negative inference through his lawyers' words. This argument must be dismissed.

C. **No Evidence Was Introduced That The Continued Publication Of The Complete National Geographic After The Eleventh Circuit's Ruling Was Willful.**

Greenberg's perception of the rule of law and the evidence is equally skewed when evaluating the post-Eleventh Circuit conduct of Defendants. There is clearly no dispute that Defendants continued to publish the CNG after the Eleventh Circuit's reversal of Judge Lenard's grant of summary judgment.

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substance. First, Greenberg did not introduce any evidence that, at the time Mr. Sugarman provided his opinion, he was promised or assured any additional work from the Society whatsoever.

Rather, the record testimony was solely that Mr. Sugarman was engaged by the Society in April of 1997 for one reason and one reason only: to provide an opinion on the Society's rights under the Copyright laws. Mr. Fahey expressly testified that Mr. Sugarman was told of the seriousness of the issues and that the Society would be relying upon his opinion in determining how to move forward. Tr.4.180-82. Second, Greenberg offered no evidence that Mr. Sugarman's opinion was incorrect or that it was in any way biased or affected by the promise of future work, assuming such occurred. And, third, Greenberg's argument fails to consider the fact that had his client not brought this lawsuit, Mr. Sugarman would not have been retained. Greenberg, yet again, offered no evidence that Mr. Sugarman knew that the litigation would be filed or that he was assured any role in the litigation in the event it was. Innuendo of counsel does not take the place of evidence and both the jury and this Court must evaluate only the evidence in reaching a conclusion. The fact that the sole jury question was whether there was any correspondence of Mr. Sugarman and Judge Starr illustrates the jury's confusion on this issue.

Greenberg, however, again takes a quantum leap from this fact alone to the establishment of willful behavior. There is no factual or legal basis for this supposition and, in fact, the law expressly requires the trier of fact to consider "the totality of the circumstances" in determining whether Defendants' conduct was reasonable. Greenberg blithely ignores the following facts in taking his fanciful leap in logic here: (1) he failed to introduce any evidence in his case in chief regarding the circumstances surrounding Defendants' state of mind either before or after the Eleventh Circuit's opinion and, therefore, was unsuccessful in meeting his burden of proof establishing willfulness; and, (2) the record evidence introduced by Defendants demonstrates that they took all necessary steps to ensure that they had the legal right to proceed and continued to do so even after the Eleventh Circuit's decision, which evidence went un rebutted. Again, it is Defendants' state of mind that is the issue and Greenberg failed to introduce any evidence that their state of mind was anything other than innocent.

The record is replete with the steps taken by the Society to ensure that it had the right to proceed after the Eleventh Circuit's opinion. Specifically, Mr. Adamson testified:

- A. Well, we did a number of things. And it may be useful to—it's a little bit confusing, because there was a continuum of time here. The first person [sic][opinion] of the Eleventh Circuit came out from Judge Birch came from—in April, I think it was, or late March of 2001. We filed papers for reconsideration.

And then there was a new opinion put out sometime later that corrected some mistakes that we had pointed out to them in the case. But his opinion was essentially the same but made some corrections. So there was a second opinion.

But we also had filed and asked the Court to reconsider the final decision denying the motion for reconsideration, which took place in June of 2001. So there was several things that took place within that same time period.

Within four days of that final decision in June of 2001, the Supreme Court of the United States decided and gave its opinion the Tasini case. We had known that the Court had agreed to hear Tasini. That was very important, of course, because the Supreme Court is the highest court in the land. And this was going to be the first time that the Supreme Court of the United States had ever talked about this section of the Copyright Code.

And what they had to say was very important to us, because they held that the particular products at issue in Tasini were [sic] pieces of newspaper articles were put on an electronic database but not an exact image base reproduction. That was not proper under 201C.

**But Justice Ginsberg's opinion in Tasini explicitly said that if you show the prior collective work, the prior magazine, exactly in the same context in which it appeared originally, so you could tell if it was a in a newspaper above the fold or below the fold of the front page, or if you can see the articles that surrounded it, that that was appropriate. And Justice Ginsberg's opinion for the Court said that microfilm and microfiche were perfectly appropriate under 201C, and it didn't matter that the microfilm instrument compressed the photo or that the images were on film. Those things didn't matter to Justice Ginsberg.**

And that was directly contradicting the Eleventh Circuit's opinion that had come down four days before the Supreme Court ruled.

So we thought that was highly significant, the Tasini case.

We also wanted to consult other experts. Obviously I asked Mr. Sugarman for his opinion.

Q. What did he tell you?

A. He said the Eleventh Circuit was wrong and got it wrong.

We also retained specialized appellate counsel to help us with the case, since we were obviously in an appeals context, not a trial context. And we hired Judge Kenneth Starr. Judge Starr had clerked here in Miami for Judge David Dyer. He had clerked for the Chief Justice of the United States. He was a senior official at the Justice Department. He had been appointed by Ronald Reagan as a judge on the U.S. Court of Appeals for the District of Columbia, where he served for five years. And he served under George Bush, 41, as Solicitor General of the United States, which is the highest legal officer that appears before the courts in the country.

**And Judge Starr gave us an opinion, as well, that the Eleventh Circuit was wrong, and that it was perfectly appropriate at this stage of the proceeding, since it was hardly a final judgment in the case, for us to continue manufacturing the product.**

In addition, the Registrar of Copyrights of the United States, which is who is [sic] the highest federal official that deals with copyright law in the federal government, Mary Beth Peters, she had filed an opinion—a letter in the Tasini case. And that—she had supported the Plaintiffs in that case because of the nature of the products.

But what she said suggested to us, that if you show the product, the prior collective work, like we did, an image base exact reproduction page by page, the whole magazine page by page, that they would that would [sic] be permissible under 201C.

**So we had a meeting Judge Starr, myself, had the Registrar of Copyrights talk about her views. In fact, we had two meetings in her office. And she told us that the Eleventh Circuit had it dead wrong, that she strongly disagreed.**

And then later she made those same comments published in forums to various legal seminars.

So that was very, very important to us.

In addition of the process of appealing this decision and seeking the Supreme Court to hear the case, which we did after the Eleventh Circuit opinion, another group that came —got in contact with us. It was a group of four library associations, the American Library Association, the American Historical Research Library Association, the American Law Libraries Association, the American Medical School, Law [sic] Libraries Association.

They, too, had filed a brief in the Tasini case favoring the Plaintiffs in that case because of the nature of those products where you disassembled the prior collective work.

But they indicated to us that your product is exactly what 201C contemplates. And they filed a brief with the Supreme Court supporting our product under Section 201(c) of the copyright law.

**We also had the—we, of course, looked at the specific contracts with respect to Jerry Greenberg. And we knew as to three of the works we had given those copyrights of the individual photos back to him based on his representation to us that we had all rights to further use, which is what he told us in the letter seeking the representation.**

**And we knew that as to the fourth work, the one that was in 1990, that he retained the—that will have the copyrights reverted to him by the contract, that we had the right to do that under Section 201(c) as all of our lawyers and all of the opinions told us at that particular point in time.**

Q. Sir, if the Eleventh Circuit told you to stop publishing the product, would you have?

A. Oh, of course.

Q. If this Court, the court where are in today, had told you, the National Geographic, to stop publishing the product, would you have continued to publish it?



A. No, we would not have.

Q. Did you continue, you, the Society, did the Society continue publishing the product based upon advice it received from its lawyers?

A. From all the things I just mentioned. There are eight different factors that I counted last night that I tried to touch. Those were all important factors discussed at length that went into our decision to continue, including the fact, of course, that the litigation process is a continuum. This Order, this ruling by the Eleventh Circuit, was not the final judgment in the case.

We knew that it was going to continue. It's continuing here today, and perhaps it will continue tomorrow. But until there's a final ruling in the case, I mean, this is a novel cutting edge area of the law. There was only the Tasini case by the Supreme Court of the United States. There's this ruling in the Eleventh Circuit, and we believed we were proceeding under the best view of the law, the best advice that we could possibly get that we are correct.

We may end up being wrong, but it's going to ultimately be the Supreme court of the United States that's going to sort this out.

Q. Sir, did the Society try and follow the law, or what it believed the law was?

A. We have a 114-year reputation, and none of us—Gil Grosvenor brought me here, entrusting me with that reputation. He brought me there, entrusting me with that reputation. He brought John Fahey there, entrusting us with that reputation. That is the most significant thing to us is not to blemish the quality of that product and what the mission of the organization is, or to blemish that reputation. That is everything to us. That's why I made the move from what I was doing before in January to what I'm doing now.

Tr.6.46-52 (emphasis added); Tr.6.62 ("We believe that we have a right in good faith under the law to do it, yes sir."); Tr.6.68-9. Mr. Adamson testified that, without a doubt, had the trial court or the Eleventh Circuit ruled that Greenberg's photographs should be blacked out or otherwise removed from the CNG, the Society would have done that. Tr.6.67-8. This was consistent with Mr. Fahey's testimony and that of Mr. Collins. Cf. Tr.4.168-69 and Tr.6.82. Thus, the only evidence before the

jury was that Defendants were acting under the good faith belief that they had the right to continue to publish the product even after the Eleventh Circuit's ruling.<sup>27</sup>

This good faith conduct is only solidified by the fact that the Eleventh Circuit's opinion is not a final order<sup>28</sup>, Greenberg failed to move for injunctive relief until a month or so before this trial and the language in the Eleventh Circuit's opinion that all alternatives to injunctive relief should be considered in order to keep this valuable educational tool on the market. Since all of the record evidence shows that Defendants acted in good faith and reasonably believed they had the right to proceed, when looking at the totality of the circumstances here, it is clear that a willfulness finding cannot exist on this record.

The cases cited by Greenberg for the proposition that it is *per se* willful infringement when a party continues to infringe after its legal defenses are rejected by a court of law, "*even in cases where an injunction has not yet been entered*" are inapposite. Greenberg Memo, p. 31. Ironically, contrary to Greenberg's suggestion, injunctions were entered in every one of the cases cited by him. The case reported as *Kepner-Tregoe v. Vroom*, 186 F.3d 283 (2<sup>nd</sup> Cir. 1999) ("Kepner-Tregoe II") was the second phase of litigation concluded in *Kepner-Tregoe, Inc. v. Leadership Software, Inc.*, 12 F.3d 527 (5<sup>th</sup> Cir. 1994), ("Kepner-Tregoe I"), to which defendant Vroom was not a party only because the district court in Texas lacked personal jurisdiction over him. *Kepner-Tregoe v. Vroom* at 285. In *Kepner-Tregoe I*, the

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<sup>27</sup> As with his entire brief, Greenberg misrepresents the findings of the Eleventh Circuit as well. On page 19 of his brief, Greenberg states that the Eleventh Circuit rejected the Society's defense of reliance upon the advice of counsel. This defense was not even presented, much less ruled upon, by the Eleventh Circuit, as the defense only arises in the context of a willfulness determination, which did not become relevant until the trial on damages, given the improper striking of Defendants' pleadings.

<sup>28</sup> See, footnote 21 *supra*.

district court in Texas did in fact enter an injunction against further infringement (which the Fifth Circuit modified slightly). *Kepner-Tregoe, Inc. v. Leadership Software, Inc.* at 540.

Likewise, in *New York Chinese TV Programs, Inc. v. U.E. Entreprises, Inc.*, 1991 WL 113283 (S.D.N.Y. June 14, 1991), the magistrate judge notes that the trial court ruled against the defendants and provided injunctive relief more than two years earlier. *Id.* at 1. And, in further contradistinction to the procedural history of this case, the court in *National Football League v. Primetime 24 Joint Venture*, 131 F.Supp.2d 458 (S.D.N.Y. 2001), also entered an injunction against the defendants, which was entered at the same time it granted summary judgment for the plaintiffs. *Id.* at 462.

As importantly, none of the cases cited by Greenberg raised novel issues of law. In *Kepner-Tregoe I*, the main issue was whether the allegedly infringing program had copied copyrighted materials. *Kepner-Tregoe, Inc. v. Leadership Software, Inc.*, 12 F.3d at 532. The primary question in *Kepner-Tregoe II* was the interpretation of the licensing agreement. *Kepner-Tregoe v. Vroom* 186 F.3d at 286. The court in *New York Chinese TV Programs* dismissed the defendants' contention that their case raised new issues of law by pointing out that there was no evidence that they relied upon a novel legal argument *prior* to the commencement of the lawsuit, and that at the time the lawsuit had commenced, two courts had already rejected the proposed "novel argument." *New York Chinese TV Programs, Inc. v. U.E. Entreprises, Inc.*, at 14. And, as with the other cases cited, the NFL case did not raise any new issues of law; the only authority the defendants had for their position was demolished at the earliest possible moment, during a motion to dismiss. *National Football League v. Primetime 24 Joint Venture* at 461. There is no question that the issue presented here is one of first impression.

And, were the above not enough, the facts in each of the cases cited by Greenberg are clearly distinguishable from the instant case. The transgression in the *Kepner-Tregoe* cases was "wholesale plagiarism." *Kepner-Tregoe, Inc. v. Leadership Software, Inc.* at 535. The defendants in *New York Chinese TV Programs* "engaged in a massive counterfeiting scheme." *New York Chinese TV Programs,*

*Inc. v. U.E. Entreprises, Inc.* at 14. And, Primetime 24 involved an interloper whose retransmissions into Canada violated exclusive licenses that the NFL had sold to Canadian broadcasters. *National Football League v. Primetime 24 Joint Venture* at 465. These cases simply have no bearing or application to the facts presented here.

The Society does not suggest that the mere act of entering an injunction disposes of the issue of willfulness, or that willfulness may never be found absent an injunction. Rather, it has tried to point out that in cases alleging copyright infringement, a trial court's injunction has significance both (1) as a court order, and (2) as a clear and unmistakable signal of the court's opinion of the merits of the case. In this case, such a signal was lacking, not simply because this Court initially ruled in the Society's favor on summary judgment, or because no injunction was entered against the Society, but because the very language of the Eleventh Circuit's mandate contemplates the continued marketing of the CNG. *Greenberg* at 1276. When these mixed signals were almost immediately compounded by the Supreme Court's *Tasini* decision, the Society reasonably sought competent legal advice regarding its rights, and under those circumstances a finding of willfulness cannot be sustained.<sup>29</sup>

**D. There Was No Evidence Introduced That Defendants Acted In Reckless Disregard Of Greenberg's Rights.**

Greenberg, cannot by slight of hand create the illusion of willful conduct; that could only have been accomplished through the introduction of affirmative evidence. In a final attempt to resurrect his case, Greenberg posits that that the testimony of Idaz Greenberg somehow furthers his cause. It does not. The only evidence introduced through Idaz Greenberg—a fact that is evident from a plain reading of her testimony—is that *she* willfully infringed Greenberg's copyrights by cutting and pasting his

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<sup>29</sup> Greenberg argues that one of the bases for the jury's finding of willfulness was the Supreme Court's denial of the Society's petition for certiorari. Plaintiff's Motion in Opposition 35-36. Making such an inference is contrary to long-established precedent. The Supreme Court has repeatedly held that "a denial [of a certiorari petition] carries with it no implication whatever regarding the Court's views on the merits of a case which it has declined to review." *State of Maryland v. Baltimore Radio Show*, 338 U.S. 912, 919 (1950).

photographs from the CNG using a software program that she owned and which was not included with the product by the Society. Tr.2.161 and Tr.2.180-81. In fact, the record evidence demonstrated that the Society went out of its way to ensure that third parties could not misuse the copyrighted materials, as that would harm the Society as much as it would its contributors.

Specifically, Mr. Fahey testified that the quality of the images on the CD ROM product was inferior to the pictures in the magazine or a scanned image of a photograph from the magazine, (Tr.4.184 and Tr.4.252), and that the product was intentionally designed so that you could not cut, paste or crop photographs, but, rather, required users to print an entire page from the Magazine, exactly as it appears, Tr.4.185. He further testified that the Society made a conscious decision not to include software, such as that used by Mrs. Greenberg, so that users could not manipulate, cut or crop photographs using the CNG product. Tr.4.184-86. To that end, the product does not contain any instructions or guidance for finding the page-image files, much less cutting, pasting or cropping photographs. TE 1; *see also* Tr.4.184-86.<sup>30</sup>

Ironically, Greenberg now argues that Idaz Greenberg's testimony demonstrates that the Society made it "far more possible for other parties to..infringe Greenberg's copyrights and make unauthorized copies of his pictures." Greenberg Memo, p. 11. This disregards the testimony of both Greenberg and his wife, each of whom testified that they are not aware of a single instance where someone used the CNG in the manner suggested by Idaz Greenberg or of any instance of infringement through the use of the product, period. *See* Tr.2.126 and Tr.2.175. Furthermore, given that it was

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<sup>30</sup> The fact remains, however, that Mrs. Greenberg could have accomplished the same photographic manipulations demonstrated at trial with a hard copy of the Magazine or by using the microfilm/microfiche versions. Tr.2.181-82. Indeed, in virtually the same number of steps, a user can merely make a color photograph of any picture from the magazine (the quality of which will be significantly better than the scanned low resolution version on the CD-ROM product) by copying, scanning or photographing it, and then scan it into the computer. *Id.* By then using the software in the same manner as she did with the CNG, Mrs. Greenberg would have accomplished the same task. This whole line of testimony was and is a red herring and has no bearing on Defendants' state of mind, only that of Mrs. Greenberg, who knowingly infringed her husband's copyrights.

Greenberg's burden of proof on the issue of willfulness, he could have offered expert testimony showing that the manner in which the Society scanned the Magazines or manufactured the product made it more susceptible to infringement by third parties; he could have likewise offered expert testimony showing that the product itself produces a higher quality photograph (although it does not), but, alas, he did not do that either. It was Greenberg's burden of proof on the issue of willfulness and Idaz Greenberg's testimony simply carries no weight in establishing that burden.<sup>31</sup>

**E. The Record Evidence Confirmed That, As A Matter Of Law, Defendants' Use Of Three Of The Four Copyrighted Works Could Not Have Been Willful.**

In a classic example of inconsistent reasoning, Greenberg argues both for and against a strict construction of the parties' written agreements. On the one hand, Greenberg argues that because the December 18, 1985 letter from Ms. Dupre to Greenberg states that "all right, title and interest, including copyright" is assigned to Greenberg, without expressly repeating the language of Greenberg's earlier letter, Greenberg is not bound by his promise in his November 15, 1985 letter that the Society is free to reuse the copyrighted works. *Cf.* TE 18 and TE 19. Putting aside for a moment that Ms. Dupre's December 18, 1985 letter expressly incorporates Greenberg's earlier letter dated November 15, 1985<sup>32</sup>, Greenberg admonishes this Court to do that very thing. Specifically, Greenberg

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<sup>31</sup> The only other evidence that Greenberg tenders under this "catch all" category is the fact that Greenberg's lawyer, Mr. Davis, wrote to the Society on April 23, 1997 indicating that any use by the Society of Greenberg's copyrighted works would be deemed to be a willful infringement. TE 35. The fact that Mr. Davis believes that such use would be an infringement, however, does not make it so. And, as more fully set forth in the Motion, the fact that a copyright owner gives such a notice does not make any subsequent use willful. The evidence was uncontroverted that the Society received Mr. Davis' letter of contention and that it was reviewed by Ms. Dupre and Mr. Fahey. Tr.5.71.. The Society knew of Mr. Davis' arguments, which paralleled those raised by others during the same period, and prepared a written response that was sent to the photographer contributors, which delineated the Society's position under §201(c) of the Copyright Act. Greenberg testified that he promptly was provided a copy of that letter from a photographer friend. Tr.3.108-9.

<sup>32</sup> Ms. Dupre's letter states: "In reply to your letter of November 15<sup>th</sup> to Mr. Garrett,..." TE 19.

references portions of his trial testimony where he states that he would always let the Society use the copyrighted works as it chose, but that the Society should let him know when it intended to use them. Greenberg Memo, p 12; Tr.4.26 (“All they would have to do, since I owned the copyright, is to come back and ask me for permission”). Importantly, there is no language, direct or ambiguous, in the November 15, 1985 letter that requires the Society to ask his permission before its “reuse of this material” and the words used by Greenberg should be applied as written, not as he has rewritten them after the fact. Greenberg’s letter provides in pertinent part:

This re-assignment would have no effect on the Society’s reuse of this material as this provision was covered in the original contracts for each assignment.

TE 18. There is no language in the November 15, 1985 letter requiring that the Society ask Greenberg’s permission before using the copyrighted works; nor is there any such language in the “original contracts” between the parties and referenced in his letter. Thus, regardless of whether Greenberg’s testimony ever varied on this point, the plain language used by him in his November 15, 1985 letter and that contained in the “original contracts” do not impose such a requirement on the Society.

Greenberg also conveniently ignores the vast majority of his testimony on this subject. By cutting and pasting snippets of his testimony, Greenberg attempts to excise the import of his words:

Q. What did you intend the language to mean if they conveyed the copyrights to you?

A. Once they conveyed the copyrights to me, they would come to me, since I owned the copyright, let me know they’d like to use this material again, and I would go along with the same prices and usage. I’d keep the relationship in tact. I never meant to deny them this material. I wanted to keep—I wanted to keep—I wanted to still be part of the Geographic family.

Tr.3.91 (emphasis added); Tr.3.170 (the Society could pay Greenberg or not at its discretion); Tr.3.171 (same and concedes that the Society’s rights were not affected by assignment of copyrights to him);

Tr.3.207 (assignment by the Society to Greenberg would not affect the Society's rights to reuse the materials); Tr.3.209-10 (Greenberg admits that he wanted to keep the relationship in tact and that he would accept whatever the Society determined was reasonable, including nothing at all—"on the reuse of those items there, absolutely, always."). In sum, Greenberg's testimony was that the Society had the absolute right to reuse the three works and it could determine, in its sole discretion, what, if anything, to pay Greenberg.

Putting aside for a moment the fact that neither the November 15, 1985 letter nor the "original contracts" required the Society to ask Greenberg's permission to use the works at issue, Greenberg acknowledged that he would never refuse the Society its reuse of the copyright materials. That being the case, it is factually and legally irrelevant whether the Society requested his permission. The law simply does not require a person to perform a useless act, as would be the case if the Society were to ask permission given that Greenberg admitted that he would not and could not have said no. *Alliance Metals, Inc. of Atlanta v. Hinely Industries, Inc.*, 222 F.3d 895 (11<sup>th</sup> Cir. 2000)("The futility doctrine flows out of the principle that 'the law does not require the performance of vain or useless things.'"); *Wolff & Munier, Inc. v. Whiting-Turner Contracting Co.*, 946 F.2d 1003, 1009 (2d Cir. 1991)(a party to a contract may be excused from complying with a notice requirement if notice would be a "useless gesture"); *Craddock v. Greenhut Constr. Co.*, 423 F.2d 111 (5<sup>th</sup> Cir. 1970)(same). Thus, even if there was some requirement that the Society advise Greenberg of its intent to reuse the works—and there was not—the Society is excused from providing such notice given that Greenberg testified that he would not and could not refuse its request.<sup>33</sup>

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<sup>33</sup> Greenberg waxes on about how the jury could consider the timing of the Society's payment of the \$2,834 to Greenberg after the Eleventh Circuit's ruling as an attempt to end the case and could conclude that the Society acted willfully, but that would be in contravention of the evidence. Greenberg testified that the Society had no obligation to pay him for the reuse of the photographs and, therefore, no reasonable juror could infer willfulness from the failure to pay Greenberg for such use. The Society expressly made it clear in providing this payment that it was not conceding that it had a legal obligation to do so. Tr.5.92-3.



Greenberg similarly fails to explain how, as he conceded in his testimony and as is confirmed by his November 15, 1985 letter, the Society willfully infringed his copyrights when it had the absolute right to "reuse the materials" under the same conditions as set forth in the parties' "original contracts", *i.e.*, the Society had a license to use the copyrighted works, without the necessity to make payment or obtain permission. Even if permission were required, however, if the Society failed to seek Greenberg's permission, at worst its state of mind was that of breaching party to a contract, not a willful copyright infringer. *See MCA Television Ltd. v. Public Interest Corp.*, 171 F.3d 1265, 1275-76 (11<sup>th</sup> Cir. 1999); *Sun Microsystems, Inc. v. Microsoft Corp.*, 188 F.2d 1115, 1122 (9<sup>th</sup> Cir. 1999) and *Graham v. James*, 144 F.3d 229, 236 (2d Cir. 1998)(Generally, a "copyright owner who grants a nonexclusive license to use his copyrighted material waives his right to sue the licensee from copyright infringement" and can only sue for breach of contract.). Given Greenberg's admissions regarding the Society's right to reuse the copyrighted works, which admissions are merely an acknowledgement of the representations Greenberg made to induce the Society to assign him its valuable copyrights, and the Society's un rebutted testimony that it relied upon these representations and at all times believed it had the right to reuse the copyrighted materials as it had in the past, Greenberg's arguments in this regard ring hollow.

**F. There Is No Evidence In the Record To Support A Willfulness Verdict And Defendants Are Entitled To Judgment As A Matter Of Law Or, Alternatively, A New Trial.**

It was Greenberg's burden to prove willfulness and he was required to meet his burden through the introduction of "clear and convincing evidence". *See* 17 U.S.C. 504(c)(2); *see also Wow & Flutter Music.*, 606 F.Supp at 556; *Warner Bros.*, 677 F.Supp. at 764; *Versa Products Co.*, 50 F.3d at 207. Indeed, this burden required Greenberg to affirmatively introduce evidence that showed that Defendants

acted willfully in infringing his copyrights. As more fully set forth in the Motion and Defendants' supplemental memorandum, there is no competent substantial evidence in the record to support the jury's verdict and judgment as a matter of law should be entered in favor of Defendants under Rule 50, Fed.R.Civ.P.

Here, there was no conflicting evidence introduced.<sup>34</sup> Greenberg offered nothing in his case in chief in the form of evidence on this issue except, arguably, the reading of certain internal memoranda prepared by laypeople, who had no experience or expertise in the area of copyright law and were not opining on the issue presented, *i.e.*, whether the Society had the rights under §201(c) of the Copyright Act. This is not credible evidence of willfulness necessary to sustain his burden of proof, particularly when such internal memoranda are juxtaposed with the very real opinions of leading copyright lawyers throughout the country, each of whom opined that the Society had the right to move forward with and then continue publishing the CNG. Given their lack of expertise or educational predicate, the memoranda were highly inflammatory and prejudicial, as they had no reasonable relationship to Defendants' state of mind. The defense to willfulness cannot be sustained, as a matter of law, by presenting the opinions of a few untrained employees in the area of copyright law, whose relationships with the Magazine contributors is their primary focus; rather, a defense to willfulness is the reasonable and good faith reliance upon the opinions of counsel.

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<sup>34</sup> Greenberg repeatedly states that the jury was entitled to "weigh the evidence", but this concept assumes that contrary or even conflicting evidence was introduced. The jury is not entitled to *create* evidence. By example, on page 20 of his brief, Greenberg states that the jury could weigh evidence and determine that the Society did not intend to "abandon" the project. Greenberg disregards the fact that he introduced no evidence in his case that the Society did not intend to "abandon" the project if it determined that it did not have the right to proceed. Furthermore, all of the evidence introduced in Defendants' case demonstrated that the Society indisputably would have abandoned the CNG if it learned that it did not have the right to proceed. *Cf.* Greenberg Brief, p. 21 ("Indeed, the jury heard *no* evidence that the Society ever actually and seriously considered stopping the project or taking other remedial measures..."). Neither the documentary evidence nor the transcripts support Greenberg's version of the facts.

Under those circumstances and appreciating the prejudicial effect the memoranda would have, this Court should have granted Defendants' motion *in limine* regarding the same. Even in light of their admission, however, there was no evidence in the record—much less substantial evidence—from which a reasonable and fair-minded juror could conclude that Defendants acted willfully. To sustain the verdict here, there must have at least been some support for the jury's award. There was not. *Accord Rosenfeld v. Weillngton Leisure Products, Inc.*, 827 F.2d 1493 (11<sup>th</sup> Cir. 1987); *Boeing Co. v. Shipman*, 411 F.2d 365 (5<sup>th</sup> Cir. 1969).

Regardless, as the jury instruction agreed to by the parties' provides: the Society cannot be a willful infringer if it consulted in good faith with an attorney and "made a full and accurate report to that attorney of all material facts of which the Defendants had the means of knowledge, and then acted in accordance with the advice given by the attorney." Tr.7.117 (emphasis added). Thus, although they believed these facts to be immaterial when they did learn of them<sup>35</sup>, there can be no dispute that the Society did not have "the means of knowledge" of a moving cover sequence or Kodak commercial, the concept of which had not even been considered, much less prepared, at the time the initial opinions of Ms. Dupre and Mr. Kilmer were rendered. *See* Tr.5.79 (Mr. Fahey testified that Mr. Kilmer did not see the actual CD ROM product because it was not in existence, but that he was aware of the features); Tr.5.99 (Ms. Dupre knew at the time she rendered her opinion that the product was to be marketed primarily to consumers).

An analysis under the *Comark*<sup>36</sup> case cited by Greenberg derives the same result. To prevail on a defense of advice of counsel, a defendant must only show that counsel's opinion was "*premised upon the best information known to the defendant.*" *Id.* at 1191 (emphasis added). *Comark* requires the

<sup>35</sup> And the evidence is clear that Ms. Dupre and Mr. Adamson did learn of these facts before the product was initially developed, and of course, all of these facts were before Judge Lenard, who granted the Society's motion for summary judgment based on §201(c) of the Copyright Act.

<sup>36</sup> *Comark Communications, Inc. v. Harris Corporation*, 156 F.3d 1182 (Fed.Cir. 1998).

introduction of evidence that “material information is intentionally withheld, or the best information is intentionally not made available to counsel...” to defeat this defense to a charge of willful infringement.

*Id.* Greenberg did not introduce any evidence that the Society knew about these features, that they were in existence at the time these legal opinions were rendered or that the Society intentionally failed to provide relevant information to its counsel. Again, Greenberg was required to introduce affirmative proof that Defendants acted willfully and the jury is not entitled to create such inferences where no evidence was introduced.<sup>37</sup>

Moreover, the record evidence showed that after these features were created and included in the product, the Society obtained additional legal opinions (as well as an order from this Court granting summary judgment), none of which were any different from the earlier opinions obtained. Tr.4.189. Greenberg also attempts to make much of the fact that, at the time Ms. Dupre and Mr. Kilmer’s opinion were rendered, they were not aware that the developers of the product would later include a moving cover sequence or a Kodak commercial. The argument totally fails given that Ms. Dupre expressly testified that the inclusion of these features was and is irrelevant to her opinion and that their inclusion does not in any way effect her opinion.

There simply was no “sharp disagreement” in this record as Greenberg suggests. The unrefuted evidence directly contradicted Greenberg’s claim of willfulness here and, candidly, should have resulted in a judgment as a matter of law in favor of Defendants at the close of Greenberg’s case. To do otherwise would to place the burden of proof on Defendants to show that they were not willful, where the opposite is true. Having failed to introduce any credible evidence, Greenberg—who had every

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<sup>37</sup> Greenberg failed to introduce any evidence that Mr. Sugarman or Mr. Starr were not aware of these features at the time they rendered their opinions after the Eleventh Circuit opinion, which features did not in any way alter their view that the Society was privileged to distribute the CNG under §201(c) of the Copyright Act.

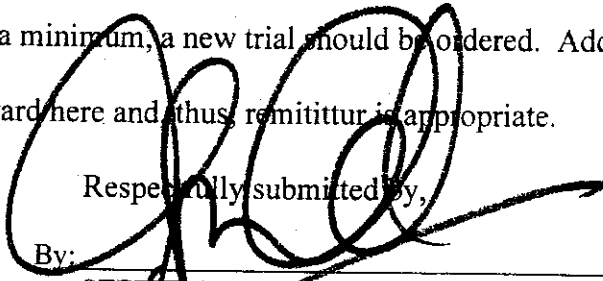
opportunity to try his case in the manner that he deemed appropriate to meet his burden of proof—is left with a result he may not like, but one which is compelled by the law.

**III. Conclusion**

Based upon the foregoing, Defendants' Motion should be granted and judgment as a matter of law should be entered in their favor or, at a minimum, a new trial should be ordered. Additionally, there was no record support for the damages award here and thus, remittitur is appropriate.

Respectfully submitted by,

By:



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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that the foregoing has been sent via facsimile and U.S. Mail this 2nd day of June, 2003 to **Norman Davis, Esq.**, Steel Hector & Davis LLP, 200 South Biscayne Boulevard, 40th Floor, Miami, Florida 33131-2398, attorneys for Plaintiffs.

By:



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