PAUL KILMER'S DEPO.

Jerry,

Here are about 60 pages of excerps from Paul Kilmer's deposition. Andy and two others deposed him in Dec. There is a lot of material in here of interest to you so I read through the whole 175 pages to pull out the gems for you.

Read it on screen if you like or print out what you like.... you will find many areas of interest I'm sure. The thing is huge, even this portion of it, but the NGS direction is so clear that you will gain enormously by digesting it all.

Fred

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Q. Did you, when you turned the program on, notice any opening messages or any opening videos?

A. Yes, there was an opening sequence.

Q. Which sequence are you referring to?

A. I think there may have been two. I think there was one that I would call an

advertisement by, I think, Kodak. And there was a second one that has subsequently been referred to by some as a montage. And it's, I believe, some covers of prior National Geographic magazines.

Q. How do you refer to it?

A. We can call it the montage. That seems to be a common way to talk about it.

Q. You'll agree with me that microfilm or microfiche do not have opening montages?

MR. SUGARMAN: I object to the form.

A. They don't have opening montages. They do have occasional opening bits, if you will.

Q. Okay. And you'll also agree with me that microfilm or microfiche don't have Kodak advertisements with music and sound?

MR. SUGARMAN: I object to the form.

A. It would be a physical impossibility, so you are right.

Q. In fact, microfilm or microfiche does not have music or sound, correct?

A. It's the nature of the medium, it could not.

Q. And do you know whether the CD 108 that you used had a link to the Internet?

A. I don't recall.

Q. Or a link to National Geographic's

website?

A. I don't recall. If it does, it's nothing that I ever had occasion to use, but I do not, you know, recall.

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Q. And were you aware as well at that time that stock images would be used in the CD

Kilmer

108?

A. I was not advised of that at that time, no.

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Q. Before I ask you questions about the business plan in front of you, let me just jump ahead, if I could, and ask you about just one aspect of your second opinion, which is dated February 21st, 1997, which I hand you now. We'll come back to more questions about this opinion later.

Take a look, if you will, at the last paragraph of this -- or the next to the last paragraph of this opinion, on the second page, and see if that helps you remember or refresh your

recollection as to when you learned that the CD 108 was going to be marketed to consumers as opposed to institutions that traditionally use microfilm?

A. My testimony would be the same. I believe this -- the statement here, that we were not aware it would be a consumer product, is in error, as I reflected on my notes.

Q. Is in error?

A. Is in error.

Kilmer

Q. In other words, you did know back in 1996 that the CDs would be distributed to consumers as opposed to educational institutions?

A. Yes.

Q. Now, did you tell National Geographic, after you sent this February 1997 opinion, that you had made that error?

A. No. I didn't realize the error had been made until I was preparing for this deposition.

Q. Now you said, reflecting on your

notes. What notes are you referring to?

A. Specifically, the exhibit we just discussed from Ms. Dupre prior to my finalization of the January/February 1996 letter.

Q. And where in that exhibit does it refer to the commercial or consumer aspect of the product?

A. In the final paragraph it states, "The user will be able to print the screen and apparently color printers are now available at a price that can attract the home user." The home user.

Q. I see. So did that -- did you

discuss that aspect of what Ms. Dupre said with her?

A. No, I did not. It really was not a focus of my initial analysis in the January/February 1996 time frame.

Q. So is it fair to say that you assumed, based on what she said, that this product would be sold to consumers?

A. As I say, I really didn't focus on that language and I didn't realize I was even aware of the home use of the product until the February 1997 time frame. I had not focused on that particular sentence that I just read from Exhibit 219 until I was preparing for this deposition.

Q. Now, having prepared for this deposition, having seen other documents, having prepared a second opinion we just referred to briefly, do you believe that any of the conclusions that you reached in your initial opinion were incorrect?

A. No, I don't.

Q. Are you aware of the Greenberg decision?

A. Yes, I am.

Q. And I assume you've read that?

A. Yes, I have.

Q. And that hasn't changed your view at all about the correctness of your opinion?

NOT PUBLICATION QUALITY REPRO

A. Of course, I didn't have the benefit of Greenberg when I was forming my opinion.

Q. So having had that benefit, have you now changed your opinion?

A. No, I have not.

Q. And I assume you read other decisions, including the Supreme Court's determination in the Tasini case. That hasn't changed your opinion either, has it?

A. That has not.

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Q. I think we went through before that Ms. Dupre gave you the memo which was 219 in which she did tell you that -- she says here, "As yet unclear is the quality of the image that will be available." And then she continues, "No way will it be publication-quality reproduction."

So is that where you got the information that you referred to here on the

Kilmer

bottom of the page 2?

A. No. I recall having a conversation

prior to writing the February 3rd letter, February 3rd, 19 -- 1996 letter. And it may have been with Ms. Dupre, but it certainly was confirmed to me that it was not going to be a publication-quality reproduction.

Q. Have you ever printed anything from the CD 108?

A. Yes, I have.

Q. And is it your view, having done so, that the reproduction is not publication quality?

A. Yes, it's not reproduction publication quality.

NOT REPRODUCTION PUBLICATION QUALITY!

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A. No, I have never seen this document.

Q. Now this is a memo from a Charles McCarry, who was, I believe, the text editor at National Geographic, and he says in his first paragraph, "Our invariable practice has been to hand over the entire fee for Readers Digest reprints of the Geographic articles to the author."

Did Ms. Dupre tell you that that was the invariable practice at the time you wrote your 1996 letter?

25 A. I don't believe so, no.

Kilmer

Q. Now, Mr. McCarry goes on in the second paragraph and says, "Where freelancers are concerned, we have no choice in the matter."

Ms. Dupre didn't tell you that either, did she?

A. She didn't allude to that, no.

Q. Taking a look at your opinion, again, on page 4, you say in the first full paragraph, "On balance," and then go on to say, "the fact that NGS is adding nothing new to the articles," et cetera.

A. Uh-huh.

Q. Do you still believe that to be true?

A. Yes.

Q. I thought we discussed before that there are at least three or four introductory messages that you and I see when we turn the product on that are added to the product.

A. It's not added to the product. I'm discussing here specifically the articles. Having

22 flipped through the 108 years in several parts, I
23 have found nothing new added to any of the
24 articles.
25 Q. But the articles are contained in a

53

1 Kilmer
2 piece of software, are they not?
3 A. Contained in -- well, they are
4 contained on a CD-ROM.
5 Q. Which is, would you say -- okay, they
6 are contained on a CD-ROM. And the CD-ROM has
7 elements that were never present in the magazine,
8 correct?
9 A. Correct.
10 Q. And those elements added are not
11 referred to in your letter, are they?
12 A. No.

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3 Did Ms. Dupre ever tell you that with
4 respect to electronic products, "included but not
5 limited to CD-ROMs, NGS shall seek permission and
6 pay a negotiated fee for such use"?
7 A. I have never seen this provision
8 before nor have I had it discussed with me by

Ms. Dupre.

Q. Now did Ms. Dupre tell you that -- this is back in 1996 -- that photographers, including the outside photographers whose contracts you reviewed, and I'm focusing on paragraph 13B, had in some cases received an assignment of their copyright back?

A. Yes. Not an assignment of their copyright but an assignment of National Geographic's copyright.

Q. An assignment of the copyright work that they had created, which they had given to Geographic was then returned to the creator?

A. Right. The copyright in which National Geographic was the author had been assigned to the photographer who had originally taken the work, yes.

Q. So you were aware that in some cases National Geographic had assigned copyright back to the photographer at the time that you wrote your 1996 opinion?

A. Yes.

MR. SUGARMAN: I object to form.

A. As to form, that would be inaccurate, but National Geographic had assigned to photographers copyrighting works that the photographers had taken, yes.

Q. And did you express any opinion on whether National Geographic could reproduce works whose copyright it had assigned back to the photographer?

MR. SUGARMAN: I object to the form.

Q. When you wrote your 1996 letter?

A. Not as to any product other than the 108 year CD-ROM.

Q. Let's deal with the 108. Let's assume that a photographer had created a photograph for the 108, National Geographic owned the copyright, and then assigned it back to the photographer.

MR. SUGARMAN: You used the word

Kilmer

"back."

Q. Assigned it to the photographer.

Did you express an opinion in 1996 whether Geographic could use that copyright in the CD 108?

A. Not as to all photographers I didn't, no.

Q. I'm just speaking about the photographer who had received an assignment of copyright from National Geographic.

A. The only opinion I delivered was in regard to section 13 of one of the photographers' agreements. That was the only thing I reviewed and the only thing I provided an opinion regarding.

Q. Now, were you aware of any industry standard in 1996 with respect to whether repayment should be made when photographers' works were reused in the CD 108?

A. I was not, no.

Q. Let me show you what was marked in an earlier deposition as Plaintiffs' 51 and ask you if you've ever seen it before.

Now this is a memo from a Maura

Kilmer

Mulvihill. I assume you know her?

A. Yes, I met her, yes.

Q. Did you speak with her in 1996 before you wrote your opinion?

A. No.

Q. So you were not aware of the conclusion that she reached in this document that appears in the next to the last sentence of this paragraph, where she states, "I told them that this was not the industry standard"?

A. I was not aware of her opinion, no.

Q. Have you ever seen this document?

A. No, I have not.

Q. Were you aware in 1996 whether Geographic, when it licensed works that it owned copyright to, to others for use in CD-ROM, charged for that CD-ROM use?

MR. SUGARMAN: I object to the form.

THE WITNESS: You have to read that one back to me, I'm sorry.

(Record read)

A. I don't recall.

24 Q. Let me show you another memo from

25 Ms. Mulvihill, which is Plaintiffs' 52, and ask

1 Kilmer

2 you if you've ever seen it before.

3 A. No, I have not.

4 Q. Now just focus, if you can, on the

5 second paragraph. It's the third sentence, which

6 begins," I routinely refuse publishers..." Read

7 that sentence to yourself, please.

8 A. Yes.

9 Q. Ms. Mulvihill states there. And I'm

10 paraphrasing, "I routinely," and then she goes on,

11 charge for use of images on CD even if it is the

12 same title and product as the print version.

13 Were you aware of that practice in

14 1996?

15 A. No, I was not.

16 Q. Are you aware of it today, other than

17 having seen this memo?

18 A. No, I'm not.

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12 Q. So let's turn our attention now to

1997. When was the first time that the subject of the CD 108 reappeared?

A. In January of 1997.

Q. What happened then?

A. I was asked at that point in time to do an assessment of whether if National Geographic were successfully sued for copyright infringement, what the nature and extent of their monetary and -- I guess just monetary exposure might be. I believe that was all.

Q. And who gave that request to you?

A. Again, I believe -- I know it came from the offices of general counsel. I can't

remember whether it was Susan Dupre or someone else.

Q. What was said other than, give me an assessment of statutory damages?

A. I was provided with some numbers, a number of photographs that might be involved in a damage assessment if National Geographic were to be found guilty of copyright infringement over the

10 108-year CDs.

11 Q. Why was Geographic seeking this

12 information from you?

13 A. They wanted to know what their

14 monetary exposure might be in the event they were

15 successfully sued for copyright infringement. It

16 was part of a risk analysis that they were

17 conducting.

18 Q. Why did Geographic think they would

19 be sued about this project?

20 MR. SUGARMAN: I object to form.

21 A. My understanding, they had received

22 either telephone calls or written communication of

23 some kind from photographers, raising questions,

24 issues and even, I would say, objections to the

25 prospect of the 108-year CD-ROMs being created and

THEY RECEIVED CALLS & LETTERS FROM PHOTOGRAPHERS

1 Kilmer

2 distributed.

3 Q. But I take it that you did not look

4 into the bona fides of those claims? Instead you

5 were simply focused on determining what the

6 exposure might be, correct?

A. That's correct.

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Q. The next page refers to various numbers. Now, I take it your reference on the right to Maura is a reference to Ms. Mulvihill, and I guess is what she's saying there, "If 150,000 units are sold, it's a hit in multimedia." Is that what she's saying?

A. I'm a little lost as to where you are.

Q. Right on the top of the page.

A. Yes, that was her comment.

Q. Did anybody disagree with that?

A. Did anyone --

Q. Disagree with that?

A. Disagree. No.

Q. Further on on page 3 there is a reference to possible suits from Jerry Greenberg and Fred Ward. Did anyone indicate why those persons might sue?

A. To the best of my recollection, they were persons who had contributed articles or photographs, I believe photographs, to the National Geographic magazine and they were

JERRY GREENBERG + FRED WARD

Kilmer

questioning whether the CD-ROM could be produced, distributed and sold without their consent or payment to them. That's the best of my recollection.

Q. Did anyone comment on the merits of their possible claims at that meeting?

A. Not that I recall. Because here again, my focus in this meeting was the nature and extent of damages, really, if there were going to be damages. So I don't recall a discussion of a liability issue.

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Q. Now, next there is a reference there to CD-ROM for textbooks. What's that refer to, if

Kilmer

you know?

A. My recollection is that I was advised and the group was advised, and I can't recall by whom, that if images that National Geographic Society controlled were used in textbooks, that

were also available in part or in whole on CD-ROM containing the same image, that there was an additional fee charged for the CD-ROM used in that context.

Q. Was any information given as to what Geographic charged for that CD-ROM use per image?

A. Not that I recall.

Q. The top of page 5 refers to the danger period for text. What did you mean by that?

A. Apparently, what I was told was that the National Geographic's contracts for text usage of independent contractors had changed over time, and that there was a period of 20 to 25 years where there was at least a question in some people's minds as to the exact extent of National Geographic's rights and use of articles that had been created for the magazine by independent contractors.

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Q. I know you weren't asked to opine on that subject, but when you saw those contracts, you realized that because they provided for assignment of copyright to the author of the

article after a 60-day period, that there was a risk that Geographic was running if it used those articles in the CD, correct?

MR. SUGARMAN: I object to the form.

A. Yes.

Q. And you conveyed that feeling or that opinion to Geographic after you looked at those contracts?

A. Yes.

Q. What did Geographic say in response?

A. Well, after I delivered my thoughts to them, they were, I believe, under the impression that they -- that those contracts were much -- were going to be treated much like the photographers' contracts, and my impression was that it didn't alter their view that they could lawfully proceed with the 108-year CD-ROM.

Q. Why did Geographic belief that text contracts would be treated like the photographers'

contracts?

A. I'm not certain.

Q. And who said this to you, that they would be treated the same?

A. I believe it was Susan Dupre with whom I had that discussion.

Q. But she gave you no basis or reason why she felt those two kinds of contracts, text and photography, would be treated the same?

A. I can't recall. I'm sorry. I can't recall.

Q. Continuing on the memo here we've got in front of us, you say, "Up to 1976 we appear to have all rights in text," and then you go on, "to 1996 contracts we have electronic rights."

What about the period between 1976 and 1996?

A. I believe this was the period of time referred to as the quote-unquote danger period in the preceding paragraph.

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Q. Now did Ms. Dupre ever tell you about Geographic's past practices in 1996 with respect to its payment for additional use?

A. Not that I recall.

Q. Did she ever tell you that there had been a long series of payments to photographers

PREVIOUS PAYMENTS ?

when their photographs had been additionally used for editorial purposes or advertising purposes by National Geographic or third parties?

A. I was advised at some point in time, and I can't tell you whether it was Ms. Dupre or

someone else, but I had been advised prior to January of 1996 that some payments were made to some photographers when their works were licensed to others, other than National Geographic Society.

Q. What about when Geographic used their products, were you ever advised whether it made payment to photographers?

A. At some point in time, and I believe it was in 1996, probably early '96 but I can't give you a date, I was advised that if a photograph -- depending on the contract that the photographer entered into, on occasion photographers will be reimbursed if the same photograph were to appear in National Geographic World, for example, as it appeared in the magazine. I remember having a discussion about

that, but I can't give you a time frame, I'm afraid.

Q. And that discussion was with Ms. Dupre?

A. I believe so. But it probably was not in the context of the 108-year CD-ROM.

Q. It was some other context?

A. Yes.

Kilmer

Q. Now let me show you a letter that was written by a Robert Gilka. Did you ever have any contact with Mr. Gilka?

A. Not that I recall.

Q. Let me show you --

MR. BERGER: Actually, let's mark this as the next exhibit, which would be Plaintiffs' 228.

(Whereupon, letter from Robert Gilka marked Plaintiffs' Exhibit 228 for identification, as of this date.)

Q. I take it you have never seen 228 before?

A. No, I haven't.

Q. Going back to your notes of the 2/7 meeting, just a couple of questions on page 5, I believe -- page 6.

The middle of the page, you refer to clearing rights payment and then there is, I think, a number of $15 million.

A. Uh-huh.

Q. What is after that number?

A. I think 40,000 units gross is what that says.

Kilmer

Q. And what does that mean?

A. Would you mind if I reviewed the preceding content, just to see if it helps to refresh my recollection? Because I don't immediately recall.

Q. Okay.

A. I really don't immediately recall. I know it was in the context of trying to assess actual damages as opposed to statutory damages, but I can't tell you what precisely the reference

12 is to.

13 Q. Are you saying here that if the

14 product sold 40,000 units, that there might be an

15 actual damage payment assuming liability of $15

16 million?

17 A. I don't believe that was what

18 Ms. Mulvihill had indicated. But I am just too

19 hazy right at the moment to tell you what exactly

20 she meant by that.

21 Q. Well, did she mean that if rights

22 were to be cleared, that the payment might have to

23 be as much as $15 million to clear those rights?

24 A. Although a possibility, I can't

25 definitively tell you at this moment.

==========

3 Q. Which are stock photos?

4 A. That's what I was told, all stock

5 photos, as it says there.

6 Q. So why, if you know, were the

7 one-time use images purchased separately

8 categorized here?

9 A. There was a concern at the Society

10 that they might have some copyright exposure on

11 the 108-year CD-ROM for a certain number of stock

12 photo images, which they had indicated to me were

1629 in number, of which Ms. Dupre advised me were licensed for quote-unquote one-time use.

Q. Well, did you share that concern?

A. I had not reviewed the agreement, so I had no idea if the concern was legitimate or not.

Q. Well, you had opined before that the CD-ROM was not another use, correct?

MR. SUGARMAN: I object to the form.

A. Right, yes, that's correct.

Q. And --

A. Not a further use.

Q. Not a further use.

Kilmer

A. Right. I don't know that I ever opined as to whether it was another use or not, because that was not the contract language I was looking at.

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Q. So you determined that the CD-ROM was not a further use, correct?

A. Right.

Q. And so if images had been purchased for one-time use and there was not going to be a further use, as you opined, in the CD-ROM, then those images were not deserving of further payment, correct?

MR. SUGARMAN: I object to the form.

A. Are you asking me how would I believe

Kilmer

now or what was said then?

Q. Well, let's talk about then and then we'll talk about now.

A. I didn't render an opinion on that at the time that I recall. I was not asked to review those agreements, so I didn't have the precise language in front of me. All that was said to me was there was concern about this number of images and if, if the Society were to be found to have infringed copyright in this number of images, what was the potential exposure in terms of damages, as I indicate down here, and attorneys' fees. That's all I was asked and that's all I remember giving an opinion regarding.

Q. Now with respect to -- you said then and now. Let's talk about now.

Knowing what you know now and knowing that these are images purchased from stock houses for one-time use that were reused in the CD-ROM project, were those images deserving of further payment?

A. I don't believe so.

Q. Did Mr. Radcliffe agree with you?

A. I believe he took a very conservative

Kilmer

position and I have seen, at least as written, one of his written opinions, I don't know if there is more. I have seen one of his written opinions and if I recall correctly, he was concerned that the Society did have infringement liability exposure as to the stock photographs. I can't remember exactly his rationale at this point, though.

Q. The question was did he agree with you that the images purchased for one-time use were not deserving of further payment?

MR. SUGARMAN: I object to the form.

A. I think he took a contrary view.

Q. So he disagreed?

A. I think so.

Q. Now, sitting here today and examining, let's assume a hypothetical license agreement in front of you from a stock house that says, we license to you, Mr. Kilmer, an image to use in your magazine for one-time use, and then you decide you're going to use that image in a CD-ROM project of the kind you have here, are you telling me, sitting here today, that you believe that such a CD-ROM product is not a further use?

A. Yes.

Kilmer

Q. Why is that?

MR. SUGARMAN: He certainly can answer, but I object because I don't believe that this basic line of questioning is relevant to anything. Because what Mr. Kilmer might believe, sitting here today, is irrelevant. The judge will decide, sitting here today,

what is or isn't the law of this case.

Mr. Kilmer is here to talk about his advice to Geographic and the basis for that advice. But cognizant of the dangers of directing witnesses not to answer, I won't, but that's my position and view.

MR. BERGER: Also since Mr. Kilmer, I assume, still represents National Geographic --

Correct?

THE WITNESS: Yes.

MR. BERGER: -- he may have at some point in time passed on his rationale to Geographic and that would then go to Geographic's conduct, possible willful conduct in the course of its continuing

Kilmer

sales of its product. So I'm not going to get involved too much more, but I think it's relevant for lots of reasons.

Since we don't have an instruction, and I appreciate that --

Q. Tell me why, Mr. Kilmer, you believe that in my hypothetical, that use in your CD-ROM project of a license -- of an image licensed to you for one-time use is not a further use?

A. I believe under section 201C of the Copyright Act, that use of that image in the context of the original publication would be merely use for quote-unquote that work and would not be a work -- a use beyond the context permitted by Section 201C of the Copyright Act.

MR. BERGER: Could I have the answer read back, please?

(Record read)

Q. Have you so advised National Geographic, at any point in time after you wrote your second opinion, of the opinion you just gave me?

MR. SUGARMAN: You can answer the question.

A. No.

NATIONAL GEO. ENTERPRISES

Q. Let me show you what was marked at an earlier deposition as Plaintiffs' 118 and ask you if she ever gave that to you. That's a 1997 Geographic Mindscape marketing plan?

A. No, she did not.

Q. You conclude that the risks of the project "have clearly increased."

Is it fair to say that they increased for the reasons that you set forth in this paragraph on page 2, or were there other reasons that also increased the risk of the CD-ROM that you didn't cover in this paragraph?

A. My statement that it was perceived the risk had increased was based solely upon the stock photo issue.

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Q. Now, were you aware that Geographic had transferred any rights in the magazine to its for-profit subsidiary, National Geographic Enterprises?

A. No.

Q. Did anyone ever show you a license

agreement between the two? Let me show you what's been marked as Plaintiffs' 20, a trademark and copyright license agreement, and ask you if you've ever seen it before?

A. No, I do not believe I have ever seen this or a copy of this previously.

Q. Had anyone ever told you at any time that National Geographic had transferred whatever rights it had in the copyrights in the magazine to a for-profit subsidiary?

A. No.

Q. So you're learning about that for the first time today?

A. That's correct.

Q. Had you ever seen a distribution agreement between the for-profit subsidiary, National Geographic Enterprises, and a company called Mindscape?

A. No.

TRANSFER OF © TO NGEM.

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Q. Well, then give me a fair characterization instead.

A. It was my impression that National Geographic had received, already, letters of concern and objection from photographers, also

from stock photo houses, as to the idea of creating, distributing and selling 108-year CD-ROM. And Geographic wanted to know at this time if they were found guilty of copyright infringement, what the statutory damage exposure

would be in that situation.

Q. Would you characterize your opinion as kind of an in terrorem letter as to possible damages?

A. Could you explain that? I'm sorry.

Q. Well, in terrorem means a warning.

A. My letter I don't think was intended as a warning so much as an explanation of the extent of the potential damage risk. There were those at Geographic who had obviously a concern that if they were facing hundreds of thousands or millions of dollars in damages, that that might be a factor going into -- whether or not the project was completed.

Q. Let me show you Ms. Dupre's letter to Mr. Sugarman which was marked at another

deposition as Plaintiffs' 71. Take a look at the second point in that letter.

A. Okay.

Q. Do you disagree with Ms. Dupre's characterization of your letter as kind of an in terrorem letter re possible damages?

A. As a warning letter of possible damages, I wouldn't disagree with that

Kilmer

characterization. I think it was a warning letter as to possible -- the possible amount of damage they might be facing.

Q. I take it that you know a Ms. Hohenlohe?

A. Yes. Nora Hohenlohe.

Q. I guess it's spelled H-o-h-e-n-l-o-h-e. And Ms. Hohenlohe sent you some documents at some point in time, did she not?

Let me show you what's been marked as Plaintiffs' 64 and ask you if these are the documents you received from Ms. Hohenlohe in April 1997?

MR. SUGARMAN: I don't see Mr. Radcliffe's reply in the package.

MR. BERGER: Correct. It was not part of the document, but I have it as well to give you.

A. This is part of what she sent me, yes.

Q. Other than Mr. Radcliffe's response, everything else that she faxed to you is there, correct?

A. Yes. It is, yes.

Kilmer

Q. I didn't mean to confuse you on that. I agree it's not there.

My question was simply did she send you these documents.

Now why did Ms. Hohenlohe do so?

A. I think because -- if I remember correctly, it was because of the complaint -- a complaint that had been received, not a legal complaint, I should take that back. An objection the Society had received, and I can't just

remember from whom, but I think it was an objection they had received or an inquiry they had received from a stock photo house as to how stock photos were going to be treated in the 108-year CD-ROM.

Q. She's sending you here writers' contracts. That's what she indicates in her fax cover sheet. So does that help you remember why you received these documents?

A. It's my recollection that at this point in time, in April of 1997, they had advised -- Geographic -- National Geographic Society, through Susan Dupre, had advised me they had retained Mark Radcliffe of the Gray Cary firm

to render a further opinion on some of the copyright issues. Nora felt that I should have in front of me some of the materials relevant to what they were going to ask Mark Radcliffe and also wanted to specifically ask me about the writers' contracts and what my opinion of those was in terms of using certain writings in the 108-year

CD-ROM.

Q. So was National Geographic asking for another opinion from you?

A. They really weren't, other than an impression, if you will. Not a written opinion but they wanted an impression or opinion given to them orally, over the phone, as it turned out.

Q. They wanted further advice?

A. Right.

Q. And you read the writers' contracts?

A. Uh-huh.

Q. And as a result, what advice did you give?

A. My recollection is that I indicated it would require a 201C analysis that I had not done. And I said basically, sitting there, with 201C and these contracts with -- I think it is

Mr. Theroux and Mr. Conniff, C-o-n-n-i-f-f.

Q. Is Mr. Theroux the same name you mentioned before?

A. Right, Paul Theroux, the writer on

China, and in particular on this instance, that off the cuff -- and here again, without the benefit of very much judicial decision-making at the time, I thought these would fit within 201C, but I did not perform any extensive legal research on that issue.

Q. What was your reasoning for why they would fit?

A. That the project as it had been described to me, 108-year CD-ROM project as it had been described to me, was a purely linear page-for-page reproduction of the magazine, and that as a consequence, it was either the work or a revision of the work as stated in 201C.

Q. And the fact that the CD had a number of additions that we discussed before, the opening montage and the opening global video and the Kodak message, et cetera, that didn't change your analysis at all as to whether this was a linear reproduction?

A. No, it did not change my analysis.

Q. Did you ever talk to Mr. Radcliffe about this opinion?

A. About this opinion, I don't believe so, no. I talked to Mark about other things, but I don't think I ever talked to him about this opinion.

Q. You know Mr. Radcliffe?

A. Yes.

Q. And you've had professional dealings with him of some kind?

A. Occasionally, yes.

Q. Now he concludes on the second page, the first full paragraph, next to the last sentence, "As discussed above, none of the agreements," which were sent to him, "or any reviewed appear to permit this use in the CD project."

Did you disagree with that opinion?

A. I don't know that I ever assessed

that question. Do I now disagree with that

opinion?

Q. Weren't you asked to assess that opinion when you received this letter?

A. I may have been.

Q. Isn't that why Geographic sent it to you, so you could look at it and give Geographic your advice about the bona fides of that opinion?

A. And I have to admit by the time I received the April 9th communication, I had been advised I was basically out of the loop on this project. I can't say my advice was being sought any longer in terms of using my advice on a going forward basis.

My recollection is I did not review this in any great detail. As indicated in my earlier letter in February of '97, there was already concern about the stock houses at the time I wrote that. I was certainly aware of that, but I don't recall reviewing this in any great detail. The only thing I recall saying is, as I indicated before, that I believed that based on my reading of 201C, that National Geographic, despite Mark's letter, had a defense. And that's really all I

Kilmer

remember.

Q. Did you tell Geographic that Mr. Radcliffe was wrong?

A. I don't -- no, I don't believe I said it in so many words. As I said, my recollection is that I simply said, I don't think Mark took into consideration 201C. I think the Society has a defense, do you want me to look at that issue? And they said no, hold off on that. And that -- I mean that's my recollection.

Q. Why were you out of the loop?

A. I'm not altogether sure. It was never -- it really was never explained to me.

Q. Who told you that you were out of the loop?

MR. SUGARMAN: I object to the form.

A. I'm trying to think. No one said, you're actually out of the loop.

MR. BERGER: What's wrong with the form?

MR. SUGARMAN: You are assuming someone told him that.

Q. How did you learn that you were out of the loop?

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A. I think in --

MR. SUGARMAN: The same objection.

You can answer the question.

A. It's fair to say that in April, when I learned that Mark had been brought in and I had not been consulted since February of '97, that I concluded at that point that I was no longer leading the charge, as it were, in analyzing the copyright on the 108-year CD-ROM project.

Q. Did you know that as of early February, that Mr. Sugarman was about to be brought in?

A. No, I did not.

==========

Q. Let's just walk through these notes for a second, if we could.

I notice there is a reference here to breakeven product. What do you mean by that?

A. My recollection of that is that at the time of this discussion on April 10th, the

Society had actually scaled back its expectations for the sale of this product, on an 108-year CD-ROM. Although it still felt the product was important, they were crossing their fingers that the product would break even, if that.

Q. Uh-huh. Later on or actually right below that, you refer to reassignment upon request. Reassignment of what?

A. This would be reassignment of copyright upon request, and it would have been a

request of the photographer or the writer. I can't recall which. It was probably the writer's because the Theroux agreement and so forth were in the package that she had faxed me.

Q. So are you saying here that between May of 1989 and sometime in 1995, there were, to use your words, reassignments of copyrights to creators of content for the magazine?

A. That's my recollection.

Q. And you are not sure whether that includes both writers and photographers or just

writers?

A. I can't recall at this time, but I -- I believe we may have been discussing writers at that point in time.

Q. And then below that, from '83 to '89, what do you mean by one-time rights and On Assignment?

A. Okay. One-time rights is a reference to, I believe, the stock photo agreements where some of them, there again, refer to granting of one-time publication rights, and I can't remember why I wrote '83 to '89 there, but it must be a comment that applied to just, at least in Nora's

view, certain of the contracts.

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Q. Let me ask it again.

Geographic licenses and images from a stock house, the stock house says on it's agreement, no electronic use. What opinion did you have, then, as to whether Geographic could use that image in the CD product?

MR. SUGARMAN: Objection.

A. My opinion at the time was that 201C offered a defense. I do not recall opining, because I had not done research on the issue as to how strong I thought the defense was, as it were, but I said that it offers the Society a defense.

Q. Did the Society tell you what they intended to do with respect to stock houses who had so restricted use of photographs by providing no electronic use?

A. All that I was told about that was that they had contacted someone in California, I believe it was, to carry on some negotiations or discussions on behalf of the Society with the stock houses. That's all I recall being told.

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Q. Now the next two lines below refers to "our adversary" or "our ADV." What is that?

A. I'm not sure. It's ADV. She may have meant adversary, I'm not sure.

Q. Okay. And there's a reference there to -- what follows that?

A. It looks like "Reagan and Bush appointees." I'm not sure what's after that.

Q. Is that something that you said?

A. I may have, but I have no current

Kilmer

recollection.

Q. And if you said it, you were referring to Reagan and Bush appointed judges on the lower courts?

A. As I say, I have no current recollection of what that was about.

Q. Well --

A. I don't even recall that being discussed, Reagan and Bush appointees being discussed.

Q. Well, is that something that Ms. Dupre brought up?

A. I don't know that this conversation was with Ms. Dupre.

Q. With whom was it?

A. I have it in my head it was with Ms. Hohenlohe, but I could be mistaken.

Q. Is Ms. Hohenlohe a litigator?

A. Not at the time she was at

notes. What notes are you referring to?

A. Specifically, the exhibit we just discussed from Ms. Dupre prior to my finalization of the January/February 1996 letter.

Q. And where in that exhibit does it refer to the commercial or consumer aspect of the product?

A. In the final paragraph it states, "The user will be able to print the screen and apparently color printers are now available at a price that can attract the home user." The home user.

Q. I see. So did that -- did you

discuss that aspect of what Ms. Dupre said with her?

A. No, I did not. It really was not a focus of my initial analysis in the January/February 1996 time frame.

Q. So is it fair to say that you assumed, based on what she said, that this product would be sold to consumers?

Geographic. I can't recall whether she was previously.

Q. Now there is a reference after the Reagan and Bush appointees to "80 percent gives us better than 50 percent." What does that mean?

Kilmer

A. Here again, this harkens back, apparently, to something we talked about in terms of the Reagan and Bush appointees. As I said, we may well have talked about it, but I have absolutely no present memory of what in the world we were talking about there.

Q. Well, wasn't the reference here that if this case went to court and it was assigned to a Reagan or Bush-appointed judge in the lower courts, that because they would take a more pro business stance, you stood an 80 percent rather than 50 percent chance of winning? Isn't that a fair interpretation --

A. Of what this says?

MR. SUGARMAN: I object to that.

Whether it's a fair interpretation is

really not what's relevant here.

A. It could have been what was in Nora's mind, but I'm sorry, I just have no present recollection of this.

Q. Wasn't that also in your mind?

A. I don't -- as I say, I don't even recall this part of the discussion. It may well have taken place but I honestly don't recall this

part of the discussion.

Q. Well, if the case did go -- I mean you have been practicing in Washington for many years, correct?

A. Since 1980, yes.

Q. So that's 20 years plus, right?

A. Yes.

Q. And you are familiar with the lower courts, the district courts in Washington, are you not?

A. I have to say I brought two cases in the lower courts in Washington in the last eight years, and that's it. Most of the time I litigate

outside of Washington. Very few cases are brought in this field in the copyright field in D.C. or in the intellectual property field in D.C.

Q. But you do litigate?

A. Yes.

Q. So you have some general sense of the pro business stance of certain judges, correct?

A. Yes. Yes, I think that's fair to say.

Q. And it's also fair to say that if a lower court judge had been appointed by President

Reagan or President Bush, they might be more pro business, correct?

A. I think that's a fair statement.

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Q. Did there come a time when you registered the CD 108 with the Copyright Office?

A. There came a time I was pulled into the registration process, yes.

Q. Who pulled you in?

NGS VA © FORM

A. I was asked by Angelo Grima to field an inquiry from the Copyright Office. I cannot tell you the date, but the Copyright Office had requested that for purposes of the collection of the Library of Congress, the 108-year CD-ROM be deposited.

Q. And they wanted as the deposit the entire CD-ROM?

A. That's correct.

Q. And is that why Mr. Grima called you?

A. There was some confusion at National Geographic as to whether a request from the Library of Congress for a deposit constituted a request for registration of a work. As a result of that confusion, the Society had prepared and filed a copyright application, which I believe was prepared by a secretary of Ms. Dupre, and in conjunction with the required requested deposits or contribution of the work to the library, an application for copyright registration was submitted. And the Copyright Office had apparently advised Geographic in a conversation, I did not participate in, that there were some

25 difficulties with the application.

Q. So I understand your testimony, what you are saying is that before an application of registration had been prepared, the Library of Congress asked for a deposit?

A. Correct, that's my understanding of the situation.

Q. Why would the Library of Congress seek a deposit of a work that was not under registration?

A. It is done from time to time to complete the collection of the library, which is really the reason the U.S. copyright has a registration system, oddly enough, which is to provide free works to the Library of Congress.

Q. So in response to the Copyright Office's request for a deposit, a registration application was prepared by a secretary of someone?

A. That's my recollection, yes. I think it was Sheila Hawken, I believe.

LET'S SEE THE L OF C REQUEST!

Q. And after that application was filed, was there some question that Mr. Grima asked you to get involved in?

A. They, the Society, had received a

Kilmer

call from the Copyright Office as to the nature of any copyrightable elements, if you will, in the 108-year CD-ROM, and Mr. Grima asked me to respond to that.

Q. Copyrightable elements that belonged to Geographic or copyrightable elements in general?

A. Present in the work of the 108-year CD-ROM.

Q. Owned by anybody?

A. Owned by anybody.

Q. Including stock houses?

A. That was never raised. When I talked to the Copyright Office, that was not the concern at all.

Q. Including photographers to whom assignments had been made of copyrights?

A. That was not one of the issues that the Copyright Office raised.

Q. And it wasn't raised that certain contracts, including the one that you did look at, that Ms. Dupre gave you in 1996, provided for the transfer of copyright to the photographer within 60 days of publication? That was not raised as

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well?

A. Not raised much.

Q. And the fact that this company that we referred to before as Pegasus or Pegasus Imaging owned a registered copyright and decompression tool, that was not something that the Copyright Office raised at that time?

A. There was mention of software in my discussion with the Copyright Office.

Q. There was mention of software?

A. Yes.

Q. And were you aware of Pegasus' ownership of a registered copyright used in the CD 108 during that discussion?

A. No.

Q. Mr. Grima didn't tell you about that?

A. It wasn't necessary for him to tell me there was software on the CD-ROM project product.

Q. He didn't tell you about that?

A. No, he didn't.

MR. BERGER: Let's mark the registration as Plaintiffs' Exhibit 231.

(Whereupon, copyright registration

Kilmer marked Plaintiffs' Exhibit 231 for identification, as of this date.)

Q. What was Geographic attempting to register by this form?

MR. SUGARMAN: I object to the form.

Q. Or what was Geographic registering by this form?

A. The only element that they were seeking to register here was material other than the contents of the magazine for the 108-year period.

DID KILMER EVER LOOK @ 108 CDROM?

13 Q. How do you know that?

14 A. That's what I was advised by the

15 Copyright Office when I spoke with -- I'm not sure

16 exactly who I spoke with at this point in time.

17 I'm not sure. I know I didn't make any notes

18 about it, but it was examined -- it was an

19 examiner at the Copyright Office.

20 Q. And the examiner told you what was

21 being registered, or did you tell him?

22 A. Oh, the examiner told me what they

23 were willing to register.

24 Q. Which was?

25 A. Which was you are not going to

WHY DID THEY PLACE © 1997 ON EVERY PAGE?

1 Kilmer

2 register software because we know that every

3 CD-ROM we get has got driver software of some kind

4 or another and display software of some kind or

5 another, and we don't register those as separate

6 elements, so forget about that. The magazine

7 itself is a pre-existing work, you can't register

8 that in and of itself. So the only thing, as it

9 indicates here, that we're going to let you

register is the brief introductory materials and the audiovisual montage to which you earlier referred.

Q. The top of the second page refers to an amendment per telephone conversation with you. What was amended?

A. Which makes it look volitional. What was amended was in space 6B as in boy, where there is an amendment from a brief introductory, I think it was graphic material to a brief introductory audiovisual montage. I think that was the only change that we made.

Q. Why was graphical material taken out?

A. Because it wasn't a static image and if I remember correctly, the examiner's interpretation of graphic material was that it

would have to be a static image to qualify as what the Copyright Office would call graphic material. But if it was a moving image, it would be considered audiovisual as opposed to graphic, and therefore, had to be called something else.

Q. There is also or at least there appears to be a change in space 2 on the first page.

A. Uh-huh.

Q. Where --

A. Yes.

Q. Where photographic and text are taken out and something is inserted?

A. Right. Again, it's introductory audiovisual montage. The same authorship.

Q. Were those the changes that you authorized?

A. Right, yes. There are two places that say introductory audiovisual montage.

Q. Did you get involved, if at all, in registration of any CD-ROM 108 progeny?

A. No, I did not.

Q. Do you know whether Geographic registered the CD 109 or the CD 110?

A. I have no idea.

Q. So I take it you had only one

conversation with the Copyright Office with respect to this registration?

A. That's correct.

Q. And changes were made as reflected on it?

A. Yes.

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Q. Now, in answering the question as to whether additional compensation is required, what did you do to ensure that you were fully up to speed on what the use was going to be?

A. The only things that came into my possession are what we discussed. And that is I needed to know what the intent of the product was, how it was going to be, as it were, executed on the CD-ROM. I knew it was going to go onto a

CD-ROM. And what I was advised, as I testified earlier, is that it was going to be a page-for-page reproduction of the magazine from the beginning of time until a certain point in the 1990s and that it was going to have a search

engine and an index, and that's what I was advised was the current contemplated product at the time of my review.

Q. So at the time that you wrote your opinion letter in 1996, that's all you knew about the use?

A. That's correct.

Q. And that's all you had been told about the use?

A. That's correct.

Q. When did you first obtain a copy of the CD-ROM yourself, in your own personal physical possession?

A. I believe it was at some point in 1998.

Q. So it was after you wrote your first letter in '96?

A. Yes.

Q. It was after you wrote your second

NO INFO FROM NGS ABOUT ENHANCED (C)

letter in 1997?

A. Yes.

Q. So when you wrote both of those letters, you didn't have a product available to you at all?

A. That's correct.

Q. Now, if somebody at National Geographic was to say in testimony that we went ahead on this project because Paul Kilmer told us we were okay from a copyright standpoint, would that be a proper characterization of your opinions in '96 and '97, from your viewpoint?

A. No.

MR. SUGARMAN: I object to the form.

THE WITNESS: Sorry.

Q. You never gave that opinion, did you?

A. That's correct.

Q. You never told National Geographic or your contacts at National Geographic that you signed off on this project from a copyright standpoint, did you?

A. No.

Q. When you were looking at the 13B issue, Exhibit 222, did you have a copy of the

NEVER GAVE HIS OK ON 108!

freelance photographer's contract?

A. Unless that is the other four-page contract, I did not, no.

Q. And you've already told Mr. Berger you didn't have a copy of the stock house contracts?

A. Correct.

Q. So at best, you could only have given opinion as to the 13B issue in 222 and the contract you had in 223?

A. In 1996, right, and that's all I was asked to do, yes.

Q. I mean you could only analyze what you were given?

A. Exactly.

Q. And that's all you did do?

A. At some point in time, yes.

Q. At some point did you get the feel that National Geographic was utilizing your opinion beyond its intent?

A. No.

Q. You went to several meetings with National Geographic people. And here in this

25 deposition today, you've seen the internal

struggle between the various groups in National Geographic?

A. I was aware of that, yes.

Q. You were aware of that at the time?

A. Yes.

Q. You made some references to that, correct?

A. Yes.

Q. You've seen in the documents provided to you by Mr. Berger several references to the fact that "our independent counsel okayed the project." Have you seen those references?

A. I have seen reference to corporate counsel and copyright counsel. As to corporate counsel, I think I testified I'm not exactly sure who they are referring to. As to copyright counsel, there is some confusion, because of overlapping representations, as to whether I'm the only one being referred to. But yes, I mean I'm aware of that.

Q. Up to the time that they sought the second opinion from Mr. Radcliffe in California, you were the copyright counsel?

A. I was the copyright counsel.

Kilmer

Q. I'm not a copyright lawyer, Mr. Kilmer, like everybody else in this room is, but what is the purpose of a publishing entity or society like the National Geographic going outside their own legal counsel to get an independent opinion?

A. You mean going outside of their in-house counsel?

Q. Yes.

A. I was just going to say National Geographic's in-house counsel did not claim any great copyright expertise at that point in time.

==========

Q. When you issued your 1997 letter, it was an analysis of potential exposure, liability damages, was it not?

A. Damages, right.

Q. And when Mr. Radcliffe issued his

opinion, he also was very strong in urging National Geographic to get clearance of rights prior to publication, was he not?

MR. SUGARMAN: I object to the form.

A. My impression of his memo, which is the only thing I can go from, was that he had concerns, certainly, about liability exposure vis-a-vis the stock photo houses.

Q. And with your analysis of damages and Mr. Radcliffe's concerns, you are aware that National Geographic went ahead and published anyway?

MR. SUGARMAN: I object to the form.

A. They went ahead and published anyway, yes.

Q. Now, you said that in reviewing

Mr. Radcliffe's memo, you felt that National Geographic, your client, had a defense. Do you recall that testimony?

A. Yes.

Q. Now, when a lawyer who is a litigator

says that his client has a defense, that doesn't necessarily mean it's a good defense, does it?

A. That's correct.

Q. And most good litigators can come up with a defense to almost any issue, can they not?

MR. SUGARMAN: I object to the form.

A. They do, yes.

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Q. When did you first become aware of the fact that these products were being marketed

by for-profit subsidiaries of National Geographic Society?

A. Today.

Q. This is the first time?

A. Yes.

Q. When your bills were submitted to National Geographic Society for the consulting work that you did regarding your '96 and '97 opinion letters, were those bills, to your knowledge, paid by the Society or someone else?

A. They were paid by the Society, to the

13 best of my knowledge.

==========

24 Q. My name is William Gardner. I'm with

25 Weingrad & Weingrad and I represent other

2 plaintiffs in related cases.

3 You mentioned earlier that you

4 disagreed with the Greenberg opinion, Greenberg

5 versus National Geographic. What is the

6 foundation for your disagreement?

7 A. It's severalfold.

8 MR. SUGARMAN: I object to the form.

9 But you can answer.

10 A. It's severalfold. Firstly, the

11 position that the software elements, if you will,

12 of the CD-ROM should have been revealed to the

13 Copyright Office. The Copyright Office, as I

14 indicated in my prior testimony, was well aware of

15 the software drivers. And in fact, the Copyright

16 Office, in one of its own circulars, has taken the

17 position that underlying software for multimedia

18 products need not, should not, will not, according

to them, be claimed in the registration certificate as a pre-existing work or otherwise.

That is one element of the Greenberg decision that I find absolutely wrong, quite honestly.

The position that the 108-year CD-ROM, which is how we're referring to the

Kilmer product today, is not covered by 201C of the Copyright Act, I believe it's an incorrect analysis by the court and I think it is contrary to the Supreme Court's decision in Tasini.

That the opening montage somehow makes the reproduction of the magazine on a CD-ROM a new product, I also disagree with.

Q. This may be a related question.

With regard to the copyright registration, which I believe is Plaintiffs' Exhibit 231, which you assisted in amending, to your knowledge, does this copyright only register the montage?

A. That's correct.

Q. Do you know if the National Geographic Society sought to register the 108-year CD-ROM as a compilation?

A. No, they did not want to register the 108 years of the magazine as a compilation.

MR. GARDNER: That's all I have.

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EXAMINATION BY MR. SUGARMAN:

Q. Let me put before you, Mr. Kilmer,

Kilmer

what's been marked as Exhibit 222 and ask you your understanding of what this is an excerpt.

A. My understanding is this is an excerpt from the independent contractor photographers agreements used by National Geographic Society between 1975 and 1995.

Q. Okay. When you say independent contractor, what do you mean by that?

A. That is, there were some photographers during that period of time who were on staff at National Geographic and it would not cover those individuals because they were regular employees, for example.

GARDNER: JERK!

Q. And it would cover the other photographers that took photographs for National Geographic?

A. Right, that were retained by National Geographic to take photographs, correct.

Q. Are those photographers, to your knowledge, sometimes referred to as freelancers?

A. Yes.

Q. So that the contract that you were reviewing covered freelance photographers; is that correct?

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Kilmer

A. That's what I was advised, yes.

MR. SUGARMAN: I have no further questions.

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Q. Did you, when you turned the program on, notice any opening messages or any opening videos?

A. Yes, there was an opening sequence.

Q. Which sequence are you referring to?

A. I think there may have been two. I

25 think there was one that I would call an

advertisement by, I think, Kodak. And there was a second one that has subsequently been referred to by some as a montage. And it's, I believe, some covers of prior National Geographic magazines.

Q. How do you refer to it?

A. We can call it the montage. That seems to be a common way to talk about it.

Q. You'll agree with me that microfilm or microfiche do not have opening montages?

MR. SUGARMAN: I object to the form.

A. They don't have opening montages. They do have occasional opening bits, if you will.

Q. Okay. And you'll also agree with me that microfilm or microfiche don't have Kodak advertisements with music and sound?

MR. SUGARMAN: I object to the form.

A. It would be a physical impossibility, so you are right.

Q. In fact, microfilm or microfiche does not have music or sound, correct?

22 A. It's the nature of the medium, it

23 could not.

24 Q. And do you know whether the CD 108

25 that you used had a link to the Internet?

29

1 Kilmer

2 A. I don't recall.

3 Q. Or a link to National Geographic's

4 website?

5 A. I don't recall. If it does, it's

6 nothing that I ever had occasion to use, but I do

7 not, you know, recall.

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24 Q. And were you aware as well at that

25 time that stock images would be used in the CD

41

1 Kilmer

2 108?

3 A. I was not advised of that at that

4 time, no.

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5 Q. Before I ask you questions about the

6 business plan in front of you, let me just jump
7 ahead, if I could, and ask you about just one
8 aspect of your second opinion, which is dated
9 February 21st, 1997, which I hand you now. We'll
10 come back to more questions about this opinion
11 later.
12 Take a look, if you will, at the last
13 paragraph of this -- or the next to the last
14 paragraph of this opinion, on the second page, and
15 see if that helps you remember or refresh your
16 recollection as to when you learned that the CD
17 108 was going to be marketed to consumers as
18 opposed to institutions that traditionally use
19 microfilm?
20 A. My testimony would be the same. I
21 believe this -- the statement here, that we were
22 not aware it would be a consumer product, is in
23 error, as I reflected on my notes.
24 Q. Is in error?
25 A. Is in error.

1 Kilmer
2 Q. In other words, you did know back in

1996 that the CDs would be distributed to consumers as opposed to educational institutions?

A. Yes.

Q. Now, did you tell National Geographic, after you sent this February 1997 opinion, that you had made that error?

A. No. I didn't realize the error had been made until I was preparing for this deposition.

Q. Now you said, reflecting on your notes. What notes are you referring to?

A. Specifically, the exhibit we just discussed from Ms. Dupre prior to my finalization of the January/February 1996 letter.

Q. And where in that exhibit does it refer to the commercial or consumer aspect of the product?

A. In the final paragraph it states, "The user will be able to print the screen and apparently color printers are now available at a price that can attract the home user." The home user.

Q. I see. So did that -- did you

discuss that aspect of what Ms. Dupre said with her?

A. No, I did not. It really was not a focus of my initial analysis in the January/February 1996 time frame.

Q. So is it fair to say that you assumed, based on what she said, that this product would be sold to consumers?

A. As I say, I really didn't focus on that language and I didn't realize I was even aware of the home use of the product until the February 1997 time frame. I had not focused on that particular sentence that I just read from Exhibit 219 until I was preparing for this deposition.

Q. Now, having prepared for this deposition, having seen other documents, having prepared a second opinion we just referred to briefly, do you believe that any of the conclusions that you reached in your initial opinion were incorrect?

A. No, I don't.

Q. Are you aware of the Greenberg

25 decision?

A. Yes, I am.

Q. And I assume you've read that?

A. Yes, I have.

Q. And that hasn't changed your view at all about the correctness of your opinion?

A. Of course, I didn't have the benefit of Greenberg when I was forming my opinion.

Q. So having had that benefit, have you now changed your opinion?

A. No, I have not.

Q. And I assume you read other decisions, including the Supreme Court's determination in the Tasini case. That hasn't changed your opinion either, has it?

A. That has not.

==========

Q. I think we went through before that Ms. Dupre gave you the memo which was 219 in which she did tell you that -- she says here, "As yet unclear is the quality of the image that will be

22 available." And then she continues, "No way will
23 it be publication-quality reproduction."
24 So is that where you got the
25 information that you referred to here on the

50

1 Kilmer
2 bottom of the page 2?
3 A. No. I recall having a conversation
4 prior to writing the February 3rd letter, February
5 3rd, 19 -- 1996 letter. And it may have been with
6 Ms. Dupre, but it certainly was confirmed to me
7 that it was not going to be a publication-quality
8 reproduction.
9 Q. Have you ever printed anything from
10 the CD 108?
11 A. Yes, I have.
12 Q. And is it your view, having done so,
13 that the reproduction is not publication quality?
14 A. Yes, it's not reproduction
15 publication quality.

==========

14 A. No, I have never seen this document.
15 Q. Now this is a memo from a Charles

NOT TRUE. IN THE EYE OF THE BEHOLDER.

McCarry, who was, I believe, the text editor at National Geographic, and he says in his first paragraph, "Our invariable practice has been to hand over the entire fee for Readers Digest reprints of the Geographic articles to the author."

Did Ms. Dupre tell you that that was the invariable practice at the time you wrote your 1996 letter?

A. I don't believe so, no.

Q. Now, Mr. McCarry goes on in the second paragraph and says, "Where freelancers are concerned, we have no choice in the matter."

Ms. Dupre didn't tell you that either, did she?

A. She didn't allude to that, no.

Q. Taking a look at your opinion, again, on page 4, you say in the first full paragraph, "On balance," and then go on to say, "the fact that NGS is adding nothing new to the articles," et cetera.

A. Uh-huh.

Q. Do you still believe that to be true?

A. Yes.

Q. I thought we discussed before that there are at least three or four introductory messages that you and I see when we turn the product on that are added to the product.

A. It's not added to the product. I'm discussing here specifically the articles. Having flipped through the 108 years in several parts, I have found nothing new added to any of the articles.

Q. But the articles are contained in a

piece of software, are they not?

A. Contained in -- well, they are contained on a CD-ROM.

Q. Which is, would you say -- okay, they are contained on a CD-ROM. And the CD-ROM has elements that were never present in the magazine, correct?

A. Correct.

Q. And those elements added are not referred to in your letter, are they?

A. No.

==========

Did Ms. Dupre ever tell you that with respect to electronic products, "included but not limited to CD-ROMs, NGS shall seek permission and pay a negotiated fee for such use"?

A. I have never seen this provision before nor have I had it discussed with me by Ms. Dupre.

Q. Now did Ms. Dupre tell you that -- this is back in 1996 -- that photographers, including the outside photographers whose contracts you reviewed, and I'm focusing on paragraph 13B, had in some cases received an assignment of their copyright back?

A. Yes. Not an assignment of their copyright but an assignment of National Geographic's copyright.

Q. An assignment of the copyright work that they had created, which they had given to Geographic was then returned to the creator?

A. Right. The copyright in which National Geographic was the author had been

24 assigned to the photographer who had originally
25 taken the work, yes.

1 Kilmer
2 Q. So you were aware that in some cases
3 National Geographic had assigned copyright back to
4 the photographer at the time that you wrote your
5 1996 opinion?
6 A. Yes.
7 MR. SUGARMAN: I object to form.
8 A. As to form, that would be inaccurate,
9 but National Geographic had assigned to
10 photographers copyrighting works that the
11 photographers had taken, yes.
12 Q. And did you express any opinion on
13 whether National Geographic could reproduce works
14 whose copyright it had assigned back to the
15 photographer?
16 MR. SUGARMAN: I object to the form.
17 Q. When you wrote your 1996 letter?
18 A. Not as to any product other than the
19 108 year CD-ROM.
20 Q. Let's deal with the 108. Let's

21 assume that a photographer had created a
22 photograph for the 108, National Geographic owned
23 the copyright, and then assigned it back to the
24 photographer.
25 MR. SUGARMAN: You used the word

1 Kilmer
2 "back."
3 Q. Assigned it to the photographer.
4 Did you express an opinion in 1996
5 whether Geographic could use that copyright in the
6 CD 108?
7 A. Not as to all photographers I didn't,
8 no.
9 Q. I'm just speaking about the
10 photographer who had received an assignment of
11 copyright from National Geographic.
12 A. The only opinion I delivered was in
13 regard to section 13 of one of the photographers'
14 agreements. That was the only thing I reviewed
15 and the only thing I provided an opinion
16 regarding.
17 Q. Now, were you aware of any industry

standard in 1996 with respect to whether repayment should be made when photographers' works were reused in the CD 108?

A. I was not, no.

Q. Let me show you what was marked in an earlier deposition as Plaintiffs' 51 and ask you if you've ever seen it before.

Now this is a memo from a Maura

Mulvihill. I assume you know her?

A. Yes, I met her, yes.

Q. Did you speak with her in 1996 before you wrote your opinion?

A. No.

Q. So you were not aware of the conclusion that she reached in this document that appears in the next to the last sentence of this paragraph, where she states, "I told them that this was not the industry standard"?

A. I was not aware of her opinion, no.

Q. Have you ever seen this document?

A. No, I have not.

Q. Were you aware in 1996 whether Geographic, when it licensed works that it owned copyright to, to others for use in CD-ROM, charged for that CD-ROM use?

MR. SUGARMAN: I object to the form.

THE WITNESS: You have to read that one back to me, I'm sorry.

(Record read)

A. I don't recall.

Q. Let me show you another memo from Ms. Mulvihill, which is Plaintiffs' 52, and ask

you if you've ever seen it before.

A. No, I have not.

Q. Now just focus, if you can, on the second paragraph. It's the third sentence, which begins," I routinely refuse publishers..." Read that sentence to yourself, please.

A. Yes.

Q. Ms. Mulvihill states there. And I'm paraphrasing, "I routinely," and then she goes on, charge for use of images on CD even if it is the

same title and product as the print version.

Were you aware of that practice in 1996?

A. No, I was not.

Q. Are you aware of it today, other than having seen this memo?

A. No, I'm not.

==========

Q. So let's turn our attention now to 1997. When was the first time that the subject of the CD 108 reappeared?

A. In January of 1997.

Q. What happened then?

A. I was asked at that point in time to do an assessment of whether if National Geographic were successfully sued for copyright infringement, what the nature and extent of their monetary and -- I guess just monetary exposure might be. I believe that was all.

Q. And who gave that request to you?

A. Again, I believe -- I know it came from the offices of general counsel. I can't

2ND ASSESMENT FOR NGS, JAN. 1997

remember whether it was Susan Dupre or someone else.

Q. What was said other than, give me an assessment of statutory damages?

A. I was provided with some numbers, a number of photographs that might be involved in a damage assessment if National Geographic were to be found guilty of copyright infringement over the 108-year CDs.

Q. Why was Geographic seeking this information from you?

A. They wanted to know what their monetary exposure might be in the event they were successfully sued for copyright infringement. It was part of a risk analysis that they were conducting.

Q. Why did Geographic think they would be sued about this project?

MR. SUGARMAN: I object to form.

A. My understanding, they had received either telephone calls or written communication of some kind from photographers, raising questions, issues and even, I would say, objections to the

25 prospect of the 108-year CD-ROMs being created and

1 Kilmer

2 distributed.

3 Q. But I take it that you did not look

4 into the bona fides of those claims? Instead you

5 were simply focused on determining what the

6 exposure might be, correct?

7 A. That's correct.

==========

4 Q. The next page refers to various

5 numbers. Now, I take it your reference on the

6 right to Maura is a reference to Ms. Mulvihill,

7 and I guess is what she's saying there, "If

8 150,000 units are sold, it's a hit in multimedia."

9 Is that what she's saying?

10 A. I'm a little lost as to where you

11 are.

12 Q. Right on the top of the page.

13 A. Yes, that was her comment.

14 Q. Did anybody disagree with that?

15 A. Did anyone --

16 Q. Disagree with that?

A. Disagree. No.

Q. Further on on page 3 there is a reference to possible suits from Jerry Greenberg and Fred Ward. Did anyone indicate why those persons might sue?

A. To the best of my recollection, they were persons who had contributed articles or photographs, I believe photographs, to the National Geographic magazine and they were

Kilmer

questioning whether the CD-ROM could be produced, distributed and sold without their consent or payment to them. That's the best of my recollection.

Q. Did anyone comment on the merits of their possible claims at that meeting?

A. Not that I recall. Because here again, my focus in this meeting was the nature and extent of damages, really, if there were going to be damages. So I don't recall a discussion of a liability issue.

==========

Q. Now, next there is a reference there

25 to CD-ROM for textbooks. What's that refer to, if

you know?

A. My recollection is that I was advised and the group was advised, and I can't recall by whom, that if images that National Geographic Society controlled were used in textbooks, that were also available in part or in whole on CD-ROM containing the same image, that there was an additional fee charged for the CD-ROM used in that context.

Q. Was any information given as to what Geographic charged for that CD-ROM use per image?

A. Not that I recall.

Q. The top of page 5 refers to the danger period for text. What did you mean by that?

A. Apparently, what I was told was that the National Geographic's contracts for text usage of independent contractors had changed over time, and that there was a period of 20 to 25 years where there was at least a question in some

people's minds as to the exact extent of National Geographic's rights and use of articles that had been created for the magazine by independent contractors.

==========

Q. I know you weren't asked to opine on that subject, but when you saw those contracts, you realized that because they provided for assignment of copyright to the author of the article after a 60-day period, that there was a risk that Geographic was running if it used those articles in the CD, correct?

MR. SUGARMAN: I object to the form.

A. Yes.

Q. And you conveyed that feeling or that opinion to Geographic after you looked at those contracts?

A. Yes.

Q. What did Geographic say in response?

A. Well, after I delivered my thoughts to them, they were, I believe, under the impression that they -- that those contracts were much -- were going to be treated much like the photographers' contracts, and my impression was

that it didn't alter their view that they could lawfully proceed with the 108-year CD-ROM.

Q. Why did Geographic belief that text contracts would be treated like the photographers'

Kilmer

contracts?

A. I'm not certain.

Q. And who said this to you, that they would be treated the same?

A. I believe it was Susan Dupre with whom I had that discussion.

Q. But she gave you no basis or reason why she felt those two kinds of contracts, text and photography, would be treated the same?

A. I can't recall. I'm sorry. I can't recall.

Q. Continuing on the memo here we've got in front of us, you say, "Up to 1976 we appear to have all rights in text," and then you go on, "to 1996 contracts we have electronic rights."

What about the period between 1976 and 1996?

A. I believe this was the period of time referred to as the quote-unquote danger period in the preceding paragraph.

==========

Q. Now did Ms. Dupre ever tell you about Geographic's past practices in 1996 with respect to its payment for additional use?

A. Not that I recall.

Q. Did she ever tell you that there had been a long series of payments to photographers when their photographs had been additionally used for editorial purposes or advertising purposes by National Geographic or third parties?

A. I was advised at some point in time, and I can't tell you whether it was Ms. Dupre or

someone else, but I had been advised prior to January of 1996 that some payments were made to some photographers when their works were licensed to others, other than National Geographic Society.

Q. What about when Geographic used their products, were you ever advised whether it made payment to photographers?

A. At some point in time, and I believe it was in 1996, probably early '96 but I can't give you a date, I was advised that if a photograph -- depending on the contract that the photographer entered into, on occasion photographers will be reimbursed if the same photograph were to appear in National Geographic World, for example, as it appeared in the magazine. I remember having a discussion about that, but I can't give you a time frame, I'm afraid.

Q. And that discussion was with Ms. Dupre?

A. I believe so. But it probably was not in the context of the 108-year CD-ROM.

Q. It was some other context?

A. Yes.

Q. Now let me show you a letter that was written by a Robert Gilka. Did you ever have any contact with Mr. Gilka?

A. Not that I recall.

Q. Let me show you --

MR. BERGER: Actually, let's mark this as the next exhibit, which would be Plaintiffs' 228.

(Whereupon, letter from Robert Gilka marked Plaintiffs' Exhibit 228 for identification, as of this date.)

Q. I take it you have never seen 228 before?

A. No, I haven't.

Q. Going back to your notes of the 2/7 meeting, just a couple of questions on page 5, I believe -- page 6.

The middle of the page, you refer to clearing rights payment and then there is, I think, a number of $15 million.

A. Uh-huh.

Q. What is after that number?

A. I think 40,000 units gross is what that says.

Q. And what does that mean?

A. Would you mind if I reviewed the preceding content, just to see if it helps to refresh my recollection? Because I don't immediately recall.

Q. Okay.

A. I really don't immediately recall. I know it was in the context of trying to assess actual damages as opposed to statutory damages, but I can't tell you what precisely the reference is to.

Q. Are you saying here that if the product sold 40,000 units, that there might be an actual damage payment assuming liability of $15 million?

A. I don't believe that was what Ms. Mulvihill had indicated. But I am just too hazy right at the moment to tell you what exactly she meant by that.

Q. Well, did she mean that if rights were to be cleared, that the payment might have to be as much as $15 million to clear those rights?

A. Although a possibility, I can't definitively tell you at this moment.

==========

Q. Which are stock photos?

A. That's what I was told, all stock photos, as it says there.

Q. So why, if you know, were the one-time use images purchased separately categorized here?

A. There was a concern at the Society that they might have some copyright exposure on the 108-year CD-ROM for a certain number of stock photo images, which they had indicated to me were 1629 in number, of which Ms. Dupre advised me were licensed for quote-unquote one-time use.

Q. Well, did you share that concern?

A. I had not reviewed the agreement, so I had no idea if the concern was legitimate or not.

Q. Well, you had opined before that the CD-ROM was not another use, correct?

MR. SUGARMAN: I object to the form.

A. Right, yes, that's correct.

Q. And --

A. Not a further use.

Q. Not a further use.

Kilmer

A. Right. I don't know that I ever opined as to whether it was another use or not, because that was not the contract language I was looking at.

==========

Q. So you determined that the CD-ROM was not a further use, correct?

A. Right.

Q. And so if images had been purchased for one-time use and there was not going to be a further use, as you opined, in the CD-ROM, then those images were not deserving of further payment, correct?

MR. SUGARMAN: I object to the form.

A. Are you asking me how would I believe

now or what was said then?

Q. Well, let's talk about then and then we'll talk about now.

A. I didn't render an opinion on that at the time that I recall. I was not asked to review

those agreements, so I didn't have the precise language in front of me. All that was said to me was there was concern about this number of images and if, if the Society were to be found to have infringed copyright in this number of images, what was the potential exposure in terms of damages, as I indicate down here, and attorneys' fees. That's all I was asked and that's all I remember giving an opinion regarding.

Q. Now with respect to -- you said then and now. Let's talk about now.

Knowing what you know now and knowing that these are images purchased from stock houses for one-time use that were reused in the CD-ROM project, were those images deserving of further payment?

A. I don't believe so.

Q. Did Mr. Radcliffe agree with you?

A. I believe he took a very conservative

position and I have seen, at least as written, one of his written opinions, I don't know if there is

more. I have seen one of his written opinions and if I recall correctly, he was concerned that the Society did have infringement liability exposure as to the stock photographs. I can't remember exactly his rationale at this point, though.

Q. The question was did he agree with you that the images purchased for one-time use were not deserving of further payment?

MR. SUGARMAN: I object to the form.

A. I think he took a contrary view.

Q. So he disagreed?

A. I think so.

Q. Now, sitting here today and examining, let's assume a hypothetical license agreement in front of you from a stock house that says, we license to you, Mr. Kilmer, an image to use in your magazine for one-time use, and then you decide you're going to use that image in a CD-ROM project of the kind you have here, are you telling me, sitting here today, that you believe that such a CD-ROM product is not a further use?

A. Yes.

Q. Why is that?

MR. SUGARMAN: He certainly can answer, but I object because I don't believe that this basic line of questioning is relevant to anything. Because what Mr. Kilmer might believe, sitting here today, is irrelevant. The judge will decide, sitting here today, what is or isn't the law of this case.

Mr. Kilmer is here to talk about his advice to Geographic and the basis for that advice. But cognizant of the dangers of directing witnesses not to answer, I won't, but that's my position and view.

MR. BERGER: Also since Mr. Kilmer, I assume, still represents National Geographic --

Correct?

THE WITNESS: Yes.

MR. BERGER: -- he may have at some point in time passed on his rationale to Geographic and that would then go to Geographic's conduct, possible willful

25 conduct in the course of its continuing

1 Kilmer
2 sales of its product. So I'm not going to
3 get involved too much more, but I think
4 it's relevant for lots of reasons.
5 Since we don't have an instruction,
6 and I appreciate that --
7 Q. Tell me why, Mr. Kilmer, you believe
8 that in my hypothetical, that use in your CD-ROM
9 project of a license -- of an image licensed to
10 you for one-time use is not a further use?
11 A. I believe under section 201C of the
12 Copyright Act, that use of that image in the
13 context of the original publication would be
14 merely use for quote-unquote that work and would
15 not be a work -- a use beyond the context
16 permitted by Section 201C of the Copyright Act.
17 MR. BERGER: Could I have the answer
18 read back, please?
19 (Record read)
20 Q. Have you so advised National
21 Geographic, at any point in time after you wrote

your second opinion, of the opinion you just gave me?

MR. SUGARMAN: You can answer the question.

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Kilmer

A. No.

==========

Q. Let me show you what was marked at an earlier deposition as Plaintiffs' 118 and ask you if she ever gave that to you. That's a 1997 Geographic Mindscape marketing plan?

A. No, she did not.

Q. You conclude that the risks of the project "have clearly increased."

Is it fair to say that they increased for the reasons that you set forth in this paragraph on page 2, or were there other reasons that also increased the risk of the CD-ROM that you didn't cover in this paragraph?

A. My statement that it was perceived the risk had increased was based solely upon the stock photo issue.

==========

22 Q. Now, were you aware that Geographic
23 had transferred any rights in the magazine to its
24 for-profit subsidiary, National Geographic
25 Enterprises?

TRANSFER FROM A NOT FOR PROFIT TO A PROFIT SUBSIDIARY!

1 Kilmer
2 A. No.
3 Q. Did anyone ever show you a license
4 agreement between the two? Let me show you what's
5 been marked as Plaintiffs' 20, a trademark and
6 copyright license agreement, and ask you if you've
7 ever seen it before?
8 A. No, I do not believe I have ever seen
9 this or a copy of this previously.
10 Q. Had anyone ever told you at any time
11 that National Geographic had transferred whatever
12 rights it had in the copyrights in the magazine to
13 a for-profit subsidiary?
14 A. No.
15 Q. So you're learning about that for the
16 first time today?
17 A. That's correct.
18 Q. Had you ever seen a distribution

19 agreement between the for-profit subsidiary,
20 National Geographic Enterprises, and a company
21 called Mindscape?
22 A. No.

==========

16 Q. Well, then give me a fair
17 characterization instead.
18 A. It was my impression that National
19 Geographic had received, already, letters of
20 concern and objection from photographers, also
21 from stock photo houses, as to the idea of
22 creating, distributing and selling 108-year
23 CD-ROM. And Geographic wanted to know at this
24 time if they were found guilty of copyright
25 infringement, what the statutory damage exposure

1 Kilmer
2 would be in that situation.
3 Q. Would you characterize your opinion
4 as kind of an in terrorem letter as to possible
5 damages?
6 A. Could you explain that? I'm sorry.
7 Q. Well, in terrorem means a warning.

A. My letter I don't think was intended as a warning so much as an explanation of the extent of the potential damage risk. There were those at Geographic who had obviously a concern that if they were facing hundreds of thousands or millions of dollars in damages, that that might be a factor going into -- whether or not the project was completed.

Q. Let me show you Ms. Dupre's letter to Mr. Sugarman which was marked at another deposition as Plaintiffs' 71. Take a look at the second point in that letter.

A. Okay.

Q. Do you disagree with Ms. Dupre's characterization of your letter as kind of an in terrorem letter re possible damages?

A. As a warning letter of possible damages, I wouldn't disagree with that

characterization. I think it was a warning letter as to possible -- the possible amount of damage they might be facing.

Q. I take it that you know a Ms. Hohenlohe?

A. Yes. Nora Hohenlohe.

Q. I guess it's spelled H-o-h-e-n-l-o-h-e. And Ms. Hohenlohe sent you some documents at some point in time, did she not?

Let me show you what's been marked as Plaintiffs' 64 and ask you if these are the documents you received from Ms. Hohenlohe in April 1997?

MR. SUGARMAN: I don't see Mr. Radcliffe's reply in the package.

MR. BERGER: Correct. It was not part of the document, but I have it as well to give you.

A. This is part of what she sent me, yes.

Q. Other than Mr. Radcliffe's response, everything else that she faxed to you is there, correct?

A. Yes. It is, yes.

Q. I didn't mean to confuse you on that. I agree it's not there.

My question was simply did she send you these documents.

Now why did Ms. Hohenlohe do so?

A. I think because -- if I remember correctly, it was because of the complaint -- a complaint that had been received, not a legal complaint, I should take that back. An objection the Society had received, and I can't just remember from whom, but I think it was an objection they had received or an inquiry they had received from a stock photo house as to how stock photos were going to be treated in the 108-year CD-ROM.

Q. She's sending you here writers' contracts. That's what she indicates in her fax cover sheet. So does that help you remember why you received these documents?

A. It's my recollection that at this point in time, in April of 1997, they had advised -- Geographic -- National Geographic Society, through Susan Dupre, had advised me they had retained Mark Radcliffe of the Gray Cary firm

Kilmer

to render a further opinion on some of the copyright issues. Nora felt that I should have in front of me some of the materials relevant to what they were going to ask Mark Radcliffe and also wanted to specifically ask me about the writers' contracts and what my opinion of those was in terms of using certain writings in the 108-year CD-ROM.

Q. So was National Geographic asking for another opinion from you?

A. They really weren't, other than an impression, if you will. Not a written opinion but they wanted an impression or opinion given to them orally, over the phone, as it turned out.

Q. They wanted further advice?

A. Right.

Q. And you read the writers' contracts?

A. Uh-huh.

Q. And as a result, what advice did you give?

A. My recollection is that I indicated it would require a 201C analysis that I had not

24 done. And I said basically, sitting there, with
25 201C and these contracts with -- I think it is

2 Mr. Theroux and Mr. Conniff, C-o-n-n-i-f-f.
3 Q. Is Mr. Theroux the same name you
4 mentioned before?
5 A. Right, Paul Theroux, the writer on
6 China, and in particular on this instance, that
7 off the cuff -- and here again, without the
8 benefit of very much judicial decision-making at
9 the time, I thought these would fit within 201C,
10 but I did not perform any extensive legal research
11 on that issue.
12 Q. What was your reasoning for why they
13 would fit?
14 A. That the project as it had been
15 described to me, 108-year CD-ROM project as it had
16 been described to me, was a purely linear
17 page-for-page reproduction of the magazine, and
18 that as a consequence, it was either the work or a
19 revision of the work as stated in 201C.
20 Q. And the fact that the CD had a number

of additions that we discussed before, the opening montage and the opening global video and the Kodak message, et cetera, that didn't change your analysis at all as to whether this was a linear reproduction?

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Kilmer

A. No, it did not change my analysis.

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Q. Did you ever talk to Mr. Radcliffe about this opinion?

A. About this opinion, I don't believe so, no. I talked to Mark about other things, but I don't think I ever talked to him about this opinion.

Q. You know Mr. Radcliffe?

A. Yes.

Q. And you've had professional dealings with him of some kind?

A. Occasionally, yes.

Q. Now he concludes on the second page, the first full paragraph, next to the last sentence, "As discussed above, none of the

agreements," which were sent to him, "or any reviewed appear to permit this use in the CD project."

Did you disagree with that opinion?

A. I don't know that I ever assessed

Kilmer

that question. Do I now disagree with that opinion?

Q. Weren't you asked to assess that opinion when you received this letter?

A. I may have been.

Q. Isn't that why Geographic sent it to you, so you could look at it and give Geographic your advice about the bona fides of that opinion?

A. And I have to admit by the time I received the April 9th communication, I had been advised I was basically out of the loop on this project. I can't say my advice was being sought any longer in terms of using my advice on a going forward basis.

My recollection is I did not review this in any great detail. As indicated in my

earlier letter in February of '97, there was already concern about the stock houses at the time I wrote that. I was certainly aware of that, but I don't recall reviewing this in any great detail. The only thing I recall saying is, as I indicated before, that I believed that based on my reading of 201C, that National Geographic, despite Mark's letter, had a defense. And that's really all I

remember.

Q. Did you tell Geographic that Mr. Radcliffe was wrong?

A. I don't -- no, I don't believe I said it in so many words. As I said, my recollection is that I simply said, I don't think Mark took into consideration 201C. I think the Society has a defense, do you want me to look at that issue? And they said no, hold off on that. And that -- I mean that's my recollection.

Q. Why were you out of the loop?

A. I'm not altogether sure. It was never -- it really was never explained to me.

Q. Who told you that you were out of the loop?

MR. SUGARMAN: I object to the form.

A. I'm trying to think. No one said, you're actually out of the loop.

MR. BERGER: What's wrong with the form?

MR. SUGARMAN: You are assuming someone told him that.

Q. How did you learn that you were out of the loop?

Kilmer

A. I think in --

MR. SUGARMAN: The same objection.

You can answer the question.

A. It's fair to say that in April, when I learned that Mark had been brought in and I had not been consulted since February of '97, that I concluded at that point that I was no longer leading the charge, as it were, in analyzing the copyright on the 108-year CD-ROM project.

Q. Did you know that as of early

12 February, that Mr. Sugarman was about to be

13 brought in?

14 A. No, I did not.

==========

10 Q. Let's just walk through these notes

11 for a second, if we could.

12 I notice there is a reference here to

13 breakeven product. What do you mean by that?

14 A. My recollection of that is that at

15 the time of this discussion on April 10th, the

16 Society had actually scaled back its expectations

17 for the sale of this product, on an 108-year

18 CD-ROM. Although it still felt the product was

19 important, they were crossing their fingers that

20 the product would break even, if that.

21 Q. Uh-huh. Later on or actually right

22 below that, you refer to reassignment upon

23 request. Reassignment of what?

24 A. This would be reassignment of

25 copyright upon request, and it would have been a

2 request of the photographer or the writer. I

3 can't recall which. It was probably the writer's
4 because the Theroux agreement and so forth were in
5 the package that she had faxed me.
6 Q. So are you saying here that between
7 May of 1989 and sometime in 1995, there were, to
8 use your words, reassignments of copyrights to
9 creators of content for the magazine?
10 A. That's my recollection.
11 Q. And you are not sure whether that
12 includes both writers and photographers or just
13 writers?
14 A. I can't recall at this time, but I --
15 I believe we may have been discussing writers at
16 that point in time.
17 Q. And then below that, from '83 to '89,
18 what do you mean by one-time rights and On
19 Assignment?
20 A. Okay. One-time rights is a reference
21 to, I believe, the stock photo agreements where
22 some of them, there again, refer to granting of
23 one-time publication rights, and I can't remember
24 why I wrote '83 to '89 there, but it must be a
25 comment that applied to just, at least in Nora's

Kilmer

view, certain of the contracts.

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Q. Let me ask it again.

Geographic licenses and images from a stock house, the stock house says on it's agreement, no electronic use. What opinion did you have, then, as to whether Geographic could use that image in the CD product?

MR. SUGARMAN: Objection.

A. My opinion at the time was that 201C offered a defense. I do not recall opining, because I had not done research on the issue as to how strong I thought the defense was, as it were, but I said that it offers the Society a defense.

Q. Did the Society tell you what they intended to do with respect to stock houses who had so restricted use of photographs by providing no electronic use?

A. All that I was told about that was that they had contacted someone in California, I believe it was, to carry on some negotiations or discussions on behalf of the Society with the stock houses. That's all I recall being told.

Q. Now the next two lines below refers to "our adversary" or "our ADV." What is that?

A. I'm not sure. It's ADV. She may have meant adversary, I'm not sure.

Q. Okay. And there's a reference there to -- what follows that?

A. It looks like "Reagan and Bush appointees." I'm not sure what's after that.

Q. Is that something that you said?

A. I may have, but I have no current

Kilmer

recollection.

Q. And if you said it, you were referring to Reagan and Bush appointed judges on the lower courts?

A. As I say, I have no current recollection of what that was about.

Q. Well --

A. I don't even recall that being discussed, Reagan and Bush appointees being discussed.

Q. Well, is that something that Ms. Dupre brought up?

A. I don't know that this conversation was with Ms. Dupre.

Q. With whom was it?

A. I have it in my head it was with Ms. Hohenlohe, but I could be mistaken.

Q. Is Ms. Hohenlohe a litigator?

A. Not at the time she was at Geographic. I can't recall whether she was previously.

Q. Now there is a reference after the Reagan and Bush appointees to "80 percent gives us better than 50 percent." What does that mean?

A. Here again, this harkens back, apparently, to something we talked about in terms of the Reagan and Bush appointees. As I said, we may well have talked about it, but I have absolutely no present memory of what in the world we were talking about there.

Q. Well, wasn't the reference here that

if this case went to court and it was assigned to a Reagan or Bush-appointed judge in the lower courts, that because they would take a more pro business stance, you stood an 80 percent rather than 50 percent chance of winning? Isn't that a fair interpretation --

A. Of what this says?

MR. SUGARMAN: I object to that.

Whether it's a fair interpretation is really not what's relevant here.

A. It could have been what was in Nora's mind, but I'm sorry, I just have no present recollection of this.

Q. Wasn't that also in your mind?

A. I don't -- as I say, I don't even recall this part of the discussion. It may well have taken place but I honestly don't recall this

part of the discussion.

Q. Well, if the case did go -- I mean you have been practicing in Washington for many years, correct?

A. Since 1980, yes.

Q. So that's 20 years plus, right?

A. Yes.

Q. And you are familiar with the lower courts, the district courts in Washington, are you not?

A. I have to say I brought two cases in the lower courts in Washington in the last eight years, and that's it. Most of the time I litigate outside of Washington. Very few cases are brought in this field in the copyright field in D.C. or in the intellectual property field in D.C.

Q. But you do litigate?

A. Yes.

Q. So you have some general sense of the pro business stance of certain judges, correct?

A. Yes. Yes, I think that's fair to say.

Q. And it's also fair to say that if a lower court judge had been appointed by President

Reagan or President Bush, they might be more pro

business, correct?

A. I think that's a fair statement.

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Q. Did there come a time when you registered the CD 108 with the Copyright Office?

A. There came a time I was pulled into the registration process, yes.

Q. Who pulled you in?

Kilmer

A. I was asked by Angelo Grima to field an inquiry from the Copyright Office. I cannot tell you the date, but the Copyright Office had requested that for purposes of the collection of the Library of Congress, the 108-year CD-ROM be deposited.

Q. And they wanted as the deposit the entire CD-ROM?

A. That's correct.

Q. And is that why Mr. Grima called you?

A. There was some confusion at National Geographic as to whether a request from the Library of Congress for a deposit constituted a

request for registration of a work. As a result of that confusion, the Society had prepared and filed a copyright application, which I believe was prepared by a secretary of Ms. Dupre, and in conjunction with the required requested deposits or contribution of the work to the library, an application for copyright registration was submitted. And the Copyright Office had apparently advised Geographic in a conversation, I did not participate in, that there were some difficulties with the application.

Kilmer

Q. So I understand your testimony, what you are saying is that before an application of registration had been prepared, the Library of Congress asked for a deposit?

A. Correct, that's my understanding of the situation.

Q. Why would the Library of Congress seek a deposit of a work that was not under registration?

A. It is done from time to time to

complete the collection of the library, which is really the reason the U.S. copyright has a registration system, oddly enough, which is to provide free works to the Library of Congress.

Q. So in response to the Copyright Office's request for a deposit, a registration application was prepared by a secretary of someone?

A. That's my recollection, yes. I think it was Sheila Hawken, I believe.

Q. And after that application was filed, was there some question that Mr. Grima asked you to get involved in?

A. They, the Society, had received a

NUTS!

call from the Copyright Office as to the nature of any copyrightable elements, if you will, in the 108-year CD-ROM, and Mr. Grima asked me to respond to that.

Q. Copyrightable elements that belonged to Geographic or copyrightable elements in general?

A. Present in the work of the 108-year CD-ROM.

Q. Owned by anybody?

A. Owned by anybody.

Q. Including stock houses?

A. That was never raised. When I talked to the Copyright Office, that was not the concern at all.

Q. Including photographers to whom assignments had been made of copyrights?

A. That was not one of the issues that the Copyright Office raised.

Q. And it wasn't raised that certain contracts, including the one that you did look at, that Ms. Dupre gave you in 1996, provided for the transfer of copyright to the photographer within 60 days of publication? That was not raised as

Kilmer

well?

A. Not raised much.

Q. And the fact that this company that we referred to before as Pegasus or Pegasus

Imaging owned a registered copyright and decompression tool, that was not something that the Copyright Office raised at that time?

A. There was mention of software in my discussion with the Copyright Office.

Q. There was mention of software?

A. Yes.

Q. And were you aware of Pegasus' ownership of a registered copyright used in the CD 108 during that discussion?

A. No.

Q. Mr. Grima didn't tell you about that?

A. It wasn't necessary for him to tell me there was software on the CD-ROM project product.

Q. He didn't tell you about that?

A. No, he didn't.

MR. BERGER: Let's mark the registration as Plaintiffs' Exhibit 231.

(Whereupon, copyright registration

Kilmer marked Plaintiffs' Exhibit 231 for

identification, as of this date.)

Q. What was Geographic attempting to register by this form?

MR. SUGARMAN: I object to the form.

Q. Or what was Geographic registering by this form?

A. The only element that they were seeking to register here was material other than the contents of the magazine for the 108-year period.

Q. How do you know that?

A. That's what I was advised by the Copyright Office when I spoke with -- I'm not sure exactly who I spoke with at this point in time. I'm not sure. I know I didn't make any notes about it, but it was examined -- it was an examiner at the Copyright Office.

Q. And the examiner told you what was being registered, or did you tell him?

A. Oh, the examiner told me what they were willing to register.

Q. Which was?

A. Which was you are not going to

register software because we know that every CD-ROM we get has got driver software of some kind or another and display software of some kind or another, and we don't register those as separate elements, so forget about that. The magazine itself is a pre-existing work, you can't register that in and of itself. So the only thing, as it indicates here, that we're going to let you register is the brief introductory materials and the audiovisual montage to which you earlier referred.

Q. The top of the second page refers to an amendment per telephone conversation with you. What was amended?

A. Which makes it look volitional. What was amended was in space 6B as in boy, where there is an amendment from a brief introductory, I think it was graphic material to a brief introductory audiovisual montage. I think that was the only change that we made.

Q. Why was graphical material taken out?

A. Because it wasn't a static image and if I remember correctly, the examiner's

25 interpretation of graphic material was that it

would have to be a static image to qualify as what the Copyright Office would call graphic material. But if it was a moving image, it would be considered audiovisual as opposed to graphic, and therefore, had to be called something else.

Q. There is also or at least there appears to be a change in space 2 on the first page.

A. Uh-huh.

Q. Where --

A. Yes.

Q. Where photographic and text are taken out and something is inserted?

A. Right. Again, it's introductory audiovisual montage. The same authorship.

Q. Were those the changes that you authorized?

A. Right, yes. There are two places that say introductory audiovisual montage.

Q. Did you get involved, if at all, in

registration of any CD-ROM 108 progeny?

A. No, I did not.

Q. Do you know whether Geographic registered the CD 109 or the CD 110?

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A. I have no idea.

Q. So I take it you had only one conversation with the Copyright Office with respect to this registration?

A. That's correct.

Q. And changes were made as reflected on it?

A. Yes.

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Q. Now, in answering the question as to whether additional compensation is required, what did you do to ensure that you were fully up to speed on what the use was going to be?

A. The only things that came into my possession are what we discussed. And that is I needed to know what the intent of the product was, how it was going to be, as it were, executed on

25 the CD-ROM. I knew it was going to go onto a

CD-ROM. And what I was advised, as I testified earlier, is that it was going to be a page-for-page reproduction of the magazine from the beginning of time until a certain point in the 1990s and that it was going to have a search engine and an index, and that's what I was advised was the current contemplated product at the time of my review.

Q. So at the time that you wrote your opinion letter in 1996, that's all you knew about the use?

A. That's correct.

Q. And that's all you had been told about the use?

A. That's correct.

Q. When did you first obtain a copy of the CD-ROM yourself, in your own personal physical possession?

A. I believe it was at some point in 1998.

Q. So it was after you wrote your first letter in '96?

A. Yes.

Q. It was after you wrote your second

letter in 1997?

A. Yes.

Q. So when you wrote both of those letters, you didn't have a product available to you at all?

A. That's correct.

Q. Now, if somebody at National Geographic was to say in testimony that we went ahead on this project because Paul Kilmer told us we were okay from a copyright standpoint, would that be a proper characterization of your opinions in '96 and '97, from your viewpoint?

A. No.

MR. SUGARMAN: I object to the form.

THE WITNESS: Sorry.

Q. You never gave that opinion, did you?

A. That's correct.

IMPORTANT!

Q. You never told National Geographic or your contacts at National Geographic that you signed off on this project from a copyright standpoint, did you?

A. No.

Q. When you were looking at the 13B issue, Exhibit 222, did you have a copy of the

freelance photographer's contract?

A. Unless that is the other four-page contract, I did not, no.

Q. And you've already told Mr. Berger you didn't have a copy of the stock house contracts?

A. Correct.

Q. So at best, you could only have given opinion as to the 13B issue in 222 and the contract you had in 223?

A. In 1996, right, and that's all I was asked to do, yes.

Q. I mean you could only analyze what you were given?

IMPORTANT!

A. Exactly.

Q. And that's all you did do?

A. At some point in time, yes.

Q. At some point did you get the feel that National Geographic was utilizing your opinion beyond its intent?

A. No.

Q. You went to several meetings with National Geographic people. And here in this deposition today, you've seen the internal

Kilmer

struggle between the various groups in National Geographic?

A. I was aware of that, yes.

Q. You were aware of that at the time?

A. Yes.

Q. You made some references to that, correct?

A. Yes.

Q. You've seen in the documents provided to you by Mr. Berger several references to the fact that "our independent counsel okayed the

project." Have you seen those references?

A. I have seen reference to corporate counsel and copyright counsel. As to corporate counsel, I think I testified I'm not exactly sure who they are referring to. As to copyright counsel, there is some confusion, because of overlapping representations, as to whether I'm the only one being referred to. But yes, I mean I'm aware of that.

Q. Up to the time that they sought the second opinion from Mr. Radcliffe in California, you were the copyright counsel?

A. I was the copyright counsel.

Q. I'm not a copyright lawyer, Mr. Kilmer, like everybody else in this room is, but what is the purpose of a publishing entity or society like the National Geographic going outside their own legal counsel to get an independent opinion?

A. You mean going outside of their in-house counsel?

Q. Yes.

A. I was just going to say National Geographic's in-house counsel did not claim any great copyright expertise at that point in time.

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Q. When you issued your 1997 letter, it was an analysis of potential exposure, liability damages, was it not?

A. Damages, right.

Q. And when Mr. Radcliffe issued his opinion, he also was very strong in urging National Geographic to get clearance of rights prior to publication, was he not?

MR. SUGARMAN: I object to the form.

A. My impression of his memo, which is the only thing I can go from, was that he had concerns, certainly, about liability exposure vis-a-vis the stock photo houses.

Q. And with your analysis of damages and Mr. Radcliffe's concerns, you are aware that National Geographic went ahead and published anyway?

MR. SUGARMAN: I object to the form.

A. They went ahead and published anyway, yes.

IMPORTANT!

25 Q. Now, you said that in reviewing

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1 Kilmer

2 Mr. Radcliffe's memo, you felt that National

3 Geographic, your client, had a defense. Do you

4 recall that testimony?

5 A. Yes.

6 Q. Now, when a lawyer who is a litigator

7 says that his client has a defense, that doesn't

8 necessarily mean it's a good defense, does it?

9 A. That's correct.

10 Q. And most good litigators can come up

11 with a defense to almost any issue, can they not?

12 MR. SUGARMAN: I object to the form.

13 A. They do, yes.

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24 Q. When did you first become aware of

25 the fact that these products were being marketed

183

1 Kilmer

2 by for-profit subsidiaries of National Geographic

Society?

A. Today.

Q. This is the first time?

A. Yes.

Q. When your bills were submitted to National Geographic Society for the consulting work that you did regarding your '96 and '97 opinion letters, were those bills, to your knowledge, paid by the Society or someone else?

A. They were paid by the Society, to the best of my knowledge.

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Q. My name is William Gardner. I'm with Weingrad & Weingrad and I represent other

Kilmer

plaintiffs in related cases.

You mentioned earlier that you disagreed with the Greenberg opinion, Greenberg versus National Geographic. What is the foundation for your disagreement?

A. It's severalfold.

MR. SUGARMAN: I object to the form.

But you can answer.

A. It's severalfold. Firstly, the position that the software elements, if you will, of the CD-ROM should have been revealed to the Copyright Office. The Copyright Office, as I indicated in my prior testimony, was well aware of the software drivers. And in fact, the Copyright Office, in one of its own circulars, has taken the position that underlying software for multimedia products need not, should not, will not, according to them, be claimed in the registration certificate as a pre-existing work or otherwise.

That is one element of the Greenberg decision that I find absolutely wrong, quite honestly.

The position that the 108-year CD-ROM, which is how we're referring to the

Kilmer product today, is not covered by 201C of the Copyright Act, I believe it's an incorrect analysis by the court and I think it is contrary to the Supreme Court's decision in Tasini.

That the opening montage somehow

makes the reproduction of the magazine on a CD-ROM a new product, I also disagree with.

Q. This may be a related question.

With regard to the copyright registration, which I believe is Plaintiffs' Exhibit 231, which you assisted in amending, to your knowledge, does this copyright only register the montage?

A. That's correct.

Q. Do you know if the National Geographic Society sought to register the 108-year CD-ROM as a compilation?

A. No, they did not want to register the 108 years of the magazine as a compilation.

MR. GARDNER: That's all I have.

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EXAMINATION BY MR. SUGARMAN:

Q. Let me put before you, Mr. Kilmer,

Kilmer

what's been marked as Exhibit 222 and ask you your understanding of what this is an excerpt.

A. My understanding is this is an

excerpt from the independent contractor photographers agreements used by National Geographic Society between 1975 and 1995.

Q. Okay. When you say independent contractor, what do you mean by that?

A. That is, there were some photographers during that period of time who were on staff at National Geographic and it would not cover those individuals because they were regular employees, for example.

Q. And it would cover the other photographers that took photographs for National Geographic?

A. Right, that were retained by National Geographic to take photographs, correct.

Q. Are those photographers, to your knowledge, sometimes referred to as freelancers?

A. Yes.

Q. So that the contract that you were reviewing covered freelance photographers; is that correct?

A. That's what I was advised, yes.

MR. SUGARMAN: I have no further questions.

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