

EXHIBIT B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

MARC BRAGG,) Civil Action 06-4925
)
)
Plaintiff,)
)
vs.)
)
LINDEN RESEARCH, INC.,)
et al,) Philadelphia, PA
) January 4, 2007
Defendants.) 3:13 p.m.

TRANSCRIPT OF HEARING
BEFORE THE HONORABLE EDUARDO C. ROBRENO
UNITED STATES DISTRICT JUDGE

APPEARANCES:

For the Plaintiffs: JASON A. ARCHINACO, ESQUIRE
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Audio Operator: JOSEPH MATKOWSKI

1 They had a platform, but they had nothing else. So, he did,
2 in this industry, which is like telling someone they can vote,
3 he went out and made the statements, you come to our world,
4 and you will own virtual land. You will retain your
5 intellectual property rights of anything you develop in this
6 world.

7 And that was a complete departure from the industry
8 standard. What he did was, he created a fervor in the
9 industry, an absolute fervor, where players began, in some
10 numbers, to flock to Second Life, because this is, to them,
11 the promised land. I can now own my virtual things. All
12 these other companies are saying I don't own it, I can't own
13 it.

14 And so, Mr. Rosedale has repeatedly made the
15 statements to people, in numerous press releases and articles,
16 you own it. And he's even gone so far to say, we transfer
17 title to the land to the people that own it, that the land is
18 so thoroughly owned by the player that we, the company, cannot
19 advertise on your land, because you own it when you buy it.

20 And my client was one of those people that came
21 along and invested approximately \$8,000 --

22 THE COURT: On the basis of the oral representations
23 that you would own it?

24 MR. ARCHINACO: Yes.

25 THE COURT: Well, was there a contract that he

1 signed when he -- when he began investing?

2 MR. ARCHINACO: There -- well, that -- that, I
3 think, is going to be an issue that, at some point, will have
4 to be addressed, but what happens is, you go to the website.
5 It says the same thing Rosedale is saying in these interviews.

6 THE COURT: Okay.

7 MR. ARCHINACO: And on the website it says, own
8 virtual land. You click various hyperlinks on the website,
9 and you go from subpage to subpage, and it continues to say
10 the same thing, buy, you own, you own, you own. When you
11 finally register for an account with the game, you are caused
12 to check box, or at the time, you were caused to check box,
13 but not necessarily read, a terms of service agreement.

14 The terms of service agreement contains no language
15 in it that says, by the way -- there's no header that says,
16 virtual land, you don't really own it, you never owned it.
17 There's no header that addresses the virtual land issue, and
18 there's nothing in the terms of service that says, virtual
19 land contracts, here are the terms.

20 The way it would then work is, is after he had an
21 account established, they have what are called auctions, just
22 like an Ebay auction. They have an independent site with all
23 of the land listed in individual auctions that you can bid on.
24 You bid on the land, and you are reminded, just like Ebay, if
25 you bid on this land, it's a binding contract, and you will

1 own, you know, this piece of land.

2 When you complete the auction, they send you an
3 email. It says, confirmation, you have purchased this piece
4 of land. The amount will be debited from your credit card or
5 your account, go log into the game and claim your land. And
6 that's exactly what he did.

7 So, there is a terms of service agreement, although,
8 the terms of service agreement, if it were before the Court,
9 at this point, there does not appear to be a section that
10 says, by the way, when you enter into these auction contracts,
11 let's make it real clear to you that even though we were
12 telling you you own it, you don't own it anymore.

13 And, in fact, in the terms of service agreement,
14 there was actually, at one point in time, although they've
15 removed it now, there was a liquidation provision that said,
16 if we kick you out of the game, we will liquidate your assets.

17 THE COURT: Let me ask you this. If your client
18 owned the virtual real estate, I guess --

19 MR. ARCHINACO: Yes.

20 THE COURT: -- wouldn't that be worth more than four
21 or \$5,000?

22 MR. ARCHINACO: That is -- well, it depends. It's
23 hard to say right now, Your Honor, because here's what's
24 happened. He's out four to \$5,000 with regard to out of
25 pocket. The game itself, the world --