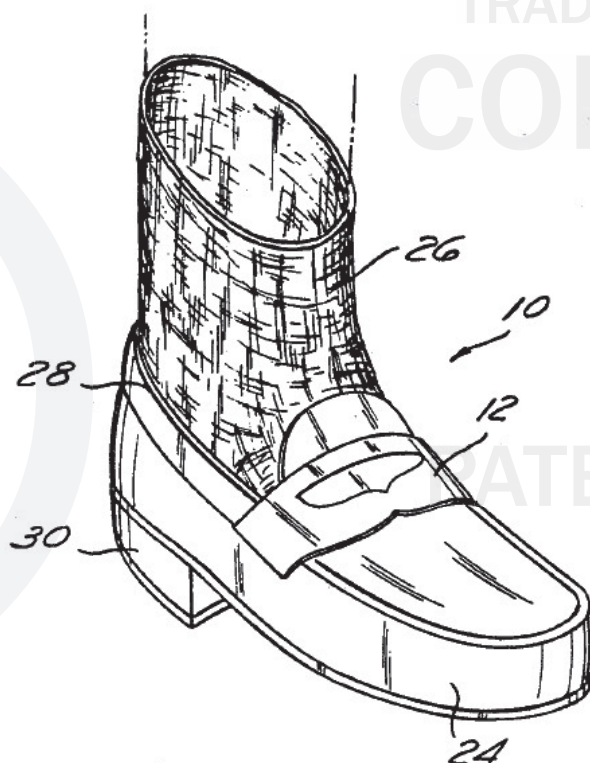


# New Matter

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## United States Patent 5,255,452

METHOD AND MEANS FOR CREATING  
ANTI-GRAVITY ILLUSION

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Michael L. Bush; Dennis Tompkins,  
both of Hollywood, Calif.

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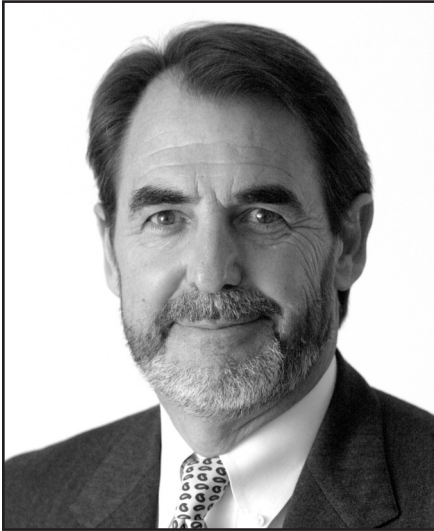
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## The Licensing Corner



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### MONKEY SELFIES AND LONDON RED BUSES

LICENSEES EXPECT THE LICENSOR TO REPRESENT and warrant that the licensor holds the rights necessary to grant the relevant license. What happens when the underlying rights change after the license agreement is signed? Two recent stories about Indonesian black macaques and the fabled London red buses got me to thinking.

#### The Monkey Selfies

If you have not read about the images known as the “Monkey Selfies” you should do so.<sup>1</sup> Briefly, a wildlife photographer set up his photography equipment in the wilds of the Indonesian island of Sulawesi. Somehow, a Celebes Crested Macaque (a primate species) got hold of one of the photographer’s cameras and took some selfies—and rather extraordinary ones, at that (see photograph below). At some point, the images went viral. In response, the photographer tried to register a copyright, which was denied by the US Copyright Office because the images were taken by an animal rather than a human, contrary to the rules of the office:

The term ‘authorship’ implies that, for a work to be copyrightable, it must owe its origin to a human being. Materials produced solely by nature, by plants, or by animals are not copyrightable.<sup>2</sup>

#### The Red Bus Case

In the UK there was a copyright infringement case relating to photographs of the iconic London red bus crossing [Parliament Bridge in front of Westminster Abbey]. The photographs were taken and used

by companies that competed (to a degree) in selling goods to tourists. The photograph by the second company was found to have infringed on the rights held by the first company.<sup>3</sup>

#### Hypotheticals

What do these images have to do with license agreements? Two hypotheticals are useful, each based on the fact patterns of the Monkey Selfies and the Red Bus Case.

In the first hypothetical let’s assume that your client signed a license agreement granting it a non-exclusive license to the Monkey Selfies from the photographer before those images went viral. The rights rest in use of the images that can be generated from the digital file provided by the photographer. Your client would pay a royalty to the photographer on a per use basis, including integration of the images into marketing materials, use on websites and so forth. Your client then learns that the photographer has been denied copyright registration and that the images of the Monkey Selfies were widely available and considered to be in the public domain.

As to the Red Bus hypothetical, it is roughly the same, except that your client licensed the red bus image created by the second company.

In addition, let’s further assume that the license agreement includes the usual provisions such as representations and warranties as



to IP rights, disclaimers of warranties and limitations of liability. For example, here is a standard representation and warranty on IP rights:

Licensor represents and warrants that it has the full and unencumbered right, power and authority to grant the license rights granted by this Agreement.<sup>4</sup>

Here is one on infringement:

Licensor represents and warrants that (xyz) does not infringe on the intellectual property rights of any third party.

We can assume that the license agreements include equally typical language on limitations on liability, to wit:

In no event shall either Party be liable for any indirect, incidental, consequential, punitive, or special damages, whether by common law or statute, arising from or related to any causes of action of any kind, even if advised of the possibility of such damages.

### And the Questions and Answers Are ...

The questions are: Is it a valid license? Is the license agreement still in effect? Can your client recover its marketing costs? While the answers will depend on how the license agreement is drafted, some guesses can be made. As to both hypotheticals, the answers are probably: Yes, it is a valid license and yes, the agreement is still in effect (and your client must pay the royalty). As to the Monkey Selfies hypothetical, your client probably cannot recover damages. As to the Red Bus hypothetical, your client can probably recover damages, or at least seek indemnification, because IP infringement occurred.

First, the photographer (as licensor) did not breach his own representations and warranties. He did hold the rights to license *his* copy of the Monkey Selfies. His copy did not infringe on third party rights because there are no third parties holding any rights. Second, he is licensing to your client the *digital files*, not the Monkey Selfies themselves. When he reduced the images to a tangible medium, he created his own copyright *in those files*. In other words, your client was licensing his *copy* of the images. Just because the images fell into (or were always in) the public domain does not mean that he cannot license his copy. So, yes, there is a valid license.

Whether or not a valid license agreement exists can get us plunging into the rabbit warrens of litigation (*e.g.*, parties' intent and meeting of the minds), well beyond the scope of this column. Suffice to say, that there is a reasonable argument that the agreement exists: The photographer is licensing his copy of the Monkey Selfies, he has not breached any representations and warranties; and your client has provided consideration.

As to recovery of damages, your client cannot recoup the expenses it incurred in generating marketing materials because of the limitations on liability.

The outcome in the Red Bus hypothetical *could* end up a little

better for your client, based on the same agreement language. Unlike the Monkey Selfie hypothetical, a court has found that the licensor has infringed on the rights of another party. Generally, a finding of infringement would trigger several of the provisions to the benefit of your client. The licensor breached both representations and warranties. Moreover, he will have to indemnify your client for costs arising from any third party claims.

### So What? Some Drafting Tweaks

While it is possible to address the situation in the Monkey Selfie it might not make sense because the circumstances are pretty rare. Maybe yes, maybe no: Falling into the public domain is not as remote a risk as one might think.<sup>5</sup> However, one could tweak the representation and warranty or the termination provisions to address the shift into the public domain. For example,

#### Licensor represents and warrants that (xyz) is not and shall not be in the public domain.

In the termination provision, include a notice obligation and a right by the licensee to terminate the agreement if the IP ends up in the public domain.<sup>6</sup>

Perhaps the most important—and most difficult to negotiate—change would be to the limitations of liability. We often see a carve-out for damages arising from IP infringement. Again, this revision would not affect the outcome of the Monkey Selfie license because infringement has not occurred. Perhaps language to this effect would address the issue for the parties in the Red Bus hypothetical:

(a) Other than as specified in (x) below, Neither Party shall be liable for any indirect, incidental, consequential, punitive, or special damages, whether by common law or statute, arising from or related to any causes of action of any kind, even if advised of the possibility of such damages.

(x) The limitations in (a) above shall not apply to the extent that any such damages specified in such section arise from intellectual property rights infringement or the substantial reduction in the value of the rights licensed under this Agreement.<sup>7</sup>

Naturally, the licensor would want a cap on this sort of carve-out.

### IP Replacement Rights

License agreements often include provisions to permit a licensor to replace infringing IP. Both sides should want such a provision—the licensor because it reduces liability and the licensee because it can still obtain the benefit of its bargain, as long as the replacement IP performs at least within the performance specs of the original IP. The language is often drafted to the effect of:

If Licensor becomes aware that a third party reasonably alleges that (xyz) infringes that party's intellectual property right, then



Licensor in its sole discretion can elect to do any combination of the following: (i) replace the infringing licensed property with non-infringing property of equivalent functionality; (ii) repair or modify the infringing licensed property so that it is no longer infringing; or (iii) refund some or all of the fees paid by Licensee and terminate the license.<sup>8</sup>

This provision might not help the parties in the Monkey Selfie and the Red Bus hypotheticals because they probably expected to use those exact images. This provision is more relevant in technology agreements, e.g., software agreements, where code can be replaced with relative ease and without a breach of performance specs.

Your client might not come across a London red bus or a Crested Celebes Macaque, but now you are ready. ◀◀

*The views expressed in this article are personal to the author and do not necessarily reflect the views of the author's firm, the State Bar of California, or any colleagues, organization, or client.*

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*James C. Roberts III is the Chair of Licensing Interest Group. He manages Global Capital Law Group PC and serves as the CEO of its consulting group, Global Capital Strategies. He advises venture capital funds, startups and corporations on domestic and international transactions, including mergers & acquisitions, startup funding and international distribution. He has not yet represented a Crested Celebes Macaque. You can reach him at [jcr@globalcaplaw.com](mailto:jcr@globalcaplaw.com).*

## Endnotes

1. I am indebted to Cristina Manasse, an Italian IP lawyer, for her insights into and discussions about the “Monkey Selfies” and the copyright infringement case in the UK regarding the London red buses. She has written about both in the Italian/English magazine *L'aperitivo illustrato* at <http://www.aperitivoillustrato.it>. Unfortunately, the articles cannot be found there. If you want a copy then please email me. Full disclosure: Cristina is my wife. Further information regarding the Monkey Selfies can be found, for example, at [http://en.wikipedia.org/wiki/Monkey\\_selfie](http://en.wikipedia.org/wiki/Monkey_selfie). Sarah Jeong wrote a humorous but serious opinion piece “Wikipedia’s monkey selfie ruling is a travesty for the world’s monkey artists” August 6, 2014, which can be found at <http://www.theguardian.com/commentisfree/2014/aug/06/wikipedia-monkey-selfie-copyright-artists>. Retrieved April 5, 2015.
2. Copyright Compendium § 202.02(b) at <http://www.copyright-compendium.com/#202.02%28b%29>. Retrieved April 4, 2015.
3. *Temple Island Collections Ltd v New English Teas Ltd & Anor* [2012] EWPCC 1 (12 January 2012) at <http://www.bailii.org/ew/cases/EWPCC/2012/1.html>. Retrieved March 20, 2015.
4. I make no comment on whether or not a lawyer should use this language—only that, from my experience, it is typical. I have modified the language of an example for such a representation found in “Contracts 101: Covenants, Representations and Warranties in IP License Agreements” R. Millien posted April 5, 2013 on IPWatchdog.com at <http://www.ipwatchdog.com/2013/04/05/contracts-101-covenants-representations-and-warranties-in-ip-license-agreements/id=38621/>. Retrieved April 5, 2015. Millien’s article discusses the important difference between a representation and a warranty. Sadly, attempts to revise agreements along the lines of his suggestions seem to fail on a regular basis.

5. Consider the lawsuit now underway regarding rights to the song “Happy Birthday.” If the plaintiffs are correct, it is entirely possible that either the song fell into the public domain long ago or only a certain version or set of rights continues to have limited protection. See, for example, “Happy Birthday. We’ll Sue” at <http://www.snopes.com/music/songs/birthday.asp>. The complaint can be found at <https://s3.amazonaws.com/s3.documentcloud.org/documents/713292/147645129-happybirthday.pdf>. The amended complaint can be found at <http://ia601904.us.archive.org/13/items/gov.uscourts.cacd.564772/gov.uscourts.cacd.564772.75.0.pdf>.
6. Obviously, one would have to draft more robust and precise language because it is not clear how one would know that IP was in the public domain. An alternative might be a judicial/administrative finding that the claim of rights was not valid.
7. This language is illustrative of one approach. As with all other examples in this column, do not use this exact language as anything other than a means of pointing you in one direction for your own analysis.
8. We have not addressed some of the heavily negotiated parts of “IP replacement” provisions, such as whether or not the replacement is the sole remedy for infringement (preferred by the licensor), what sort of notice is required, what triggers replacement and whether or not it is an obligation or an election.