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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

LEOPONA, INC. (D.B.A. AUDIOSOCKET),  
a Delaware corporation; SARAH  
SCHACHNER, a California resident; BRAD  
COUTURE, a New Hampshire resident;

Plaintiffs,

v.

CRUZ FOR PRESIDENT, a Texas nonprofit  
corporation; MADISON McQUEEN, a  
California limited liability company;

Defendants.

NO.

COMPLAINT FOR COPYRIGHT  
INFRINGEMENT AND BREACH OF  
LICENSE AGREEMENT

**JURY DEMAND**

**NATURE OF ACTION**

This is an action for breaches of music license agreements and copyright infringements arising from the unauthorized use of copyrighted music compositions and sound recordings owned by Plaintiffs Sarah Schachner and Brad Couture and licensed by Plaintiff Leopona, Inc. by Defendants Cruz for President and Madison McQueen.

**PARTIES**

1. Plaintiff Leopona, Inc., (“Audiosocket”) is a Delaware corporation with offices in Seattle, Washington and New Orleans, Louisiana.

COMPLAINT FOR COPYRIGHT INFRINGEMENT AND  
BREACH OF LICENSE AGREEMENT - 1

CAIRNCROSS & HEMPELMANN, P.S.  
ATTORNEYS AT LAW  
524 Second Avenue, Suite 500  
Seattle, Washington 98104-2323  
office 206 587 0700 fax 206 587 2308

1 2 Plaintiff Sarah Schachner is an individual and a resident of California.

2 3 Plaintiff Brad Couture is a an individual doing business as SleeveNotes and a  
3 resident of New Hampshire.

4 4 Defendant Cruz for President is a Texas nonprofit corporation doing business in  
5 the Western District of Washington.

6 5 Defendant Madison McQueen, LLC, is a California limited liability company.

7 **JURISDICTION AND VENUE**

8 6 This Court has jurisdiction of this action pursuant to 28 U.S.C. §1332(a)(1) and  
9 28 U.S.C §1338. Diversity exists, the amount in controversy exceeds \$75,000 and this action  
10 includes claims of federal copyright infringement.

11 7 Venue is proper in this district pursuant to the license agreements breached by  
12 Defendant Madison McQueen and 28 U.S.C. § 1391(b)(1).

13 **FACTS**

14 A. **Audiosocket Is a Music Licensing Service for Artists.**

15 8 Audiosocket is a music licensing and technology company that was founded in  
16 2009. The company has curated a catalog of music that is created and produced by independent  
17 musicians and composers. While some of these artists have contracts with independent labels,  
18 most of them operate without a label or serve as their own label. Audiosocket's catalog currently  
19 consists of 64,043 unique songs that span more than 100 genres of music.

20 9 Audiosocket is a music publisher whose primary purpose is to find licensing  
21 opportunities for the artists that it represents. Most licensing activity is focused on locating and  
22 securing placements in films, television shows, ad campaigns, video games and digital media. A  
23 small set of Audiosocket clients license the music for streaming in in-store retail environments.  
24 Audiosocket's revenue is driven by licensing fees, as it retains 50% of the gross licensing  
25  
26

1 revenue and 50% of all performance royalty revenue, which is paid via performing rights  
2 societies such as ASCAP, BMI and SESAC.

3 10. Audiosocket's Standard Artist Agreement allow the artists to retain ownership of  
4 both the master sound recording and the publishing rights in their music composition. While  
5 some artists choose exclusive agreements with Audiosocket, others are represented on a non-  
6 exclusive basis. Artists receive 50% of the gross licensing revenue generated by their music.

7 11. Under its Artist Agreements, artists give Audiosocket permission to promote their  
8 music to potential licensees for commercial purposes on a "pre-cleared" basis. Pre-cleared  
9 licenses allow Audiosocket to grant a license on behalf of an artist without seeking additional  
10 approval for any specific use or licensing term. Licensees often prefer pre-cleared music  
11 because the license can be acquired quickly allowing them to complete projects with tight  
12 deadlines.

13 12. However, as expressly stated in Audiosocket's Standard License Agreement, use  
14 of licensed songs for any political purpose is prohibited.

15 13. The artists Audiosocket represents come from around the globe and their client  
16 base is similarly distributed. The majority of artists and clients are U.S. based. Audiosocket has  
17 licensed music to all of the major U.S. broadcasting networks and to global brands, such as  
18 Starbucks, Microsoft and Volvo.

19 14. In 2011, Audiosocket built its MaaS (music as a service) technology. This  
20 software allows media companies to integrate Audiosocket's music search technology,  
21 delivering its content and licenses to end users. Vimeo, a leading online video platform has  
22 integrated the MaaS technology, as has Monster, Tongal and The Associated Press. Through the  
23 media companies that have integrated MaaS and its website at [Audiosocket.com](http://Audiosocket.com), Audiosocket  
24 issues more than 1000 licenses per month.

25 15. All of Audiosocket's revenue is derived from licensing fees, as it does not charge  
26 for the use of its technology. The company's growth and success is dependent upon licensees

1 complying with the terms of their music licenses. Pursuant to the terms of its agreements with its  
2 artists, Audiosocket has a duty to assure that licenses are being used within the terms of each  
3 license agreement it enters.

4 16. As the use of digital media and internet distribution has grown, there has been no  
5 consistent and reliable way to identify and track intellectual property (IP) across digital  
6 platforms. New digital distribution platforms on the Internet have made it nearly impossible for  
7 IP owners to monitor and be properly compensated for the use of their property. Hundreds of  
8 millions of dollars are lost annually due to a lack of a comprehensive technology for tagging,  
9 tracking, compensating and protecting creative works.

10 B. The LicenseID™ Technology that Protects Audiosocket's Artists' Work.

11 17. LIDCORE, Inc., is a technology company and an affiliate of Audiosocket.  
12 LIDCORE has developed a patent pending invention to enable the identification and monitoring  
13 of intellectual property along with its associated data. LIDCORE's technology uses  
14 watermarking to encode data into copyrighted media each time it is uploaded or downloaded for  
15 licensing and distribution. LIDCORE's initial product, LicenseID™, encodes inaudible data into  
16 a media file when it is licensed or downloaded by an end user. LicenseID allows the embedded  
17 IP information to be revised and updated in real time. This allows rights holders/owners to track  
18 copyrights at scale and ensure their property is protected and properly used.

19 18. LIDCORE's media monitors are able to find encoded files in any digital broadcast  
20 and then report compliant and infringing uses back to the IP holders. The platform streamlines  
21 and automates efforts to manage, settle, and collect for IP licensing violations.

22 19. Audiosocket uses LicenseID to identify infringements and enforce the IP rights of  
23 its artists.

1 C. Madison McQueen’s License Agreement for “Lens,” Its Breach of that Agreement, and  
2 Madison McQueen’s and Cruz for President’s Copyright Infringements.

3 20. Through LicenseID, Audiosocket has confirmed that, on September 17, 2015,  
4 Madison McQueen employee Robert Perkins downloaded an Audiosocket-licensed music track  
5 called “Lens,” which was created by Sarah Schachner (“Schachner”). Schachner has filed a US  
6 copyright application for the “Lens” music composition and sound recording.

7 21. On December 23, 2015, Defendant Madison McQueen, entered into  
8 Audiosocket’s standard “Small Business Licensing Agreement” (the “Lens License  
9 Agreement”). Under the Lens License Agreement, Madison McQueen agreed to use “Lens” for  
10 the limited permitted purposes outlined in Audiosocket’s Small Business Licensing Agreement.  
11 Madison McQueen identified the project (or “Work”) in which “Lens” would be used only as  
12 “Victories.” Madison McQueen did not disclose that “Victories” was in fact a political  
13 advertisement for Defendant Cruz for President.

14 22. The Lens License Agreement listed expressly permitted uses and restrictions on  
15 use of the composition and sound recording. Madison McQueen was allowed to use “Lens” for  
16 educational, entertainment or advertising videos distributed online, through public performances,  
17 or through 1,000 or fewer free DVDs. Madison McQueen was allowed to cause and permit  
18 others, including its clients, to distribute and publicly perform “Lens” in the same permitted  
19 ways.

20 23. The Lens License Agreement expressly ***prohibited*** Madison McQueen from using  
21 “Lens”

22 1. In any broadcast, cable, web television, video games, mobile applications, or  
23 radio;

24 2. In pornographic work;

25 3. For political purposes (including, but not limited to, supporting or opposing  
26 any government policy, government official, political action, or candidate for  
political office).

1           24. Madison McQueen also agreed to pay liquidated damages of \$25,000 for any  
2 breach of the Lens License Agreement.

3           25. Through the use of LicenseID technology, Audiosocket has confirmed that,  
4 despite its agreement to not use “Lens” for any political purposes, three days after entering into  
5 the Lens License Agreement, Defendants Cruz and McQueen began broadcasting “Victories,” an  
6 acclaimed political ad promoting and supporting U.S. Presidential candidate Ted Cruz, on  
7 YouTube. The political ad uses “Lens” as its soundtrack throughout the entirety of the video.  
8 “Victories” ends with an express confirmation by candidate Ted Cruz that he approves the ad  
9 and text confirming it was “Paid for by Cruz for President.”

10           26. The LicenseID technology enables crawling of the web to scan for LicenseID  
11 watermarked files within video content. The videos are decoded via the LicenseID decoder. If a  
12 media file in question has been marked with LicenseID, the mark is extracted and a detection  
13 notice is sent to the LicenseID dashboard. Audiosocket has confirmed, through LicenseID, that  
14 “Victories” uses Audiosocket’s unique watermarked version of “Lens,” including that it was  
15 licensed by Madison McQueen’s Robert Perkins via the downloaded Lens License Agreement.  
16 “Victories” remains live on YouTube and is prominently displayed as a “Featured Video” on the  
17 home page of the Cruz for President website. The “Victories” video has been viewed over  
18 78,000 times on YouTube.

19           27. It gets worse. On February 24, 2016, nearly two months after Madison McQueen  
20 and Cruz for President first went live with their unauthorized political use of “Lens,” but before  
21 they broadcast “Lens” on cable television, Madison McQueen admitted it had no right to use  
22 “Lens” on cable television. Madison McQueen employee Justin Folk contacted Audiosocket to  
23 obtain a license to cover this more expansive use. When Folk disclosed that “Victories” was a  
24 political ad, it was the first time that Audiosocket became aware “Lens” had been used for a  
25 political purpose. Audiosocket reminded Folk of its prohibition on political uses of “Lens.”  
26 Audiosocket attempted to accommodate Madison McQueen and Cruz for President by asking

1 Ms. Schachner if she was willing to permit the political use of her song. She declined. Although  
2 Audiosocket advised Madison McQueen that political use of “Lens” was not approved, Madison  
3 McQueen chose to ignore the political purpose and cable television restrictions and proceeded to  
4 cause “Lens” to be broadcast on cable channel Fox Business News no fewer than 86 times.

5 D. Madison McQueen’s Licensing Agreement for “Fear of Complacency,” Its Breach of  
6 that Agreement, and the Madison McQueen’s and Cruz for President’s Copyright  
7 Infringements.

8 28. Through LicenseID, Audiosocket has confirmed that, on September 17, 2015,  
9 Madison McQueen employee Robert Perkins downloaded an Audiosocket-licensed song called  
10 “Fear of Complacency,” which was created by Brad Couture (“Couture”). Couture has filed a  
11 US copyright application for the “Fear of Complacency” sound recording and music  
12 composition.

13 29. On January 25, 2016, Defendant Madison McQueen, entered into another Small  
14 Business Licensing Agreement (the “FoC License Agreement”) with Audiosocket. Under the  
15 FoC License Agreement, Madison McQueen agreed to use “Fear of Complacency” for the  
16 limited permitted purposes outlined in Audiosocket’s Small Business Licensing Agreement.  
17 Madison McQueen identified the project (or “Work”) in which “Fear of Complacency” would be  
18 used only as “Best to Come.” Madison McQueen did not disclose that “Best to Come” was in  
19 fact a political advertisement for Defendant Cruz for President.

20 30. The FoC License Agreement listed the same permitted uses and restrictions as the  
21 Lens License Agreement Madison McQueen purchased a month earlier. Madison McQueen was  
22 allowed to use “Fear of Complacency” only for videos distributed online, and to cause and  
23 permit others, including its clients, to distribute and publicly perform “Fear of Complacency” in  
24 the same permitted ways. Madison McQueen was expressly prohibited from publishing or  
25 performing “Fear of Complacency” or “[f]or political purposes (including, but not limited to,  
26 supporting or opposing any government policy, government official, political action, or  
candidate for political office).”



1 31. Madison McQueen also agreed to pay liquidated damages of \$25,000 for any  
2 breach of the FoC License Agreement.

3 32. Through the use of LicenseID technology, Audiosocket has confirmed that,  
4 shockingly, on January 24, 2016, one day before entering into the FoC License Agreement,  
5 Defendants Cruz and McQueen already had begun broadcasting a political commercial for  
6 candidate Cruz titled “Best to Come,” which uses “Fear of Complacency” as its soundtrack, on  
7 YouTube. “Best to Come” ends with an express confirmation by candidate Ted Cruz that he  
8 approves the commercial and text confirming it was “Paid for by Cruz for President.”  
9 Audiosocket has further confirmed, through LicenseID, that “Best to Come” uses Audiosocket’s  
10 unique, watermarked version of “Fear of Complacency,” including that it was licensed by  
11 Madison McQueen’s Robert Perkins via the downloaded FoC License Agreement. The “Best to  
12 Come” video has been viewed over 12,000 times on YouTube, where it remains live.

13 **FIRST CAUSE OF ACTION**  
14 ***Breach of Lens License Agreement – Claim by Audiosocket***  
15 ***against Defendant Madison McQueen***

16 33. Audiosocket incorporates by reference the allegations in the above paragraphs, as  
17 though fully set forth herein.

18 34. Pursuant to its Lens License Agreement with Audiosocket, Madison McQueen  
19 agreed it would not use “Lens” for any political purpose and that it would not cause “Lens” to be  
20 broadcast on cable television.

21 35. Madison McQueen breached its contractual obligation to not use “Lens” for a  
22 political purpose thousands of times. Madison McQueen breached its contractual obligation to  
23 not broadcast “Lens” on cable television at least 86 times.

24 36. Madison McQueen agreed to pay \$25,000 for each of its breaches and to  
25 reimburse Audiosocket its attorneys’ fees and costs.

26 37. Audiosocket is entitled to damages arising from Madison McQueen’s breaches of  
the Lens License Agreement in an amount to be determined at trial.





1 46. As a result of Defendants' actions as described above, Ms. Schachner has suffered  
2 damages and will continue to suffer damages in an amount that is presently unknown, but which  
3 exceeds \$75,000.

4 47. Defendants' infringement of Ms. Schachner's copyrighted works has caused and  
5 will cause irreparable harm to Ms. Schachner that cannot be fully compensated by money.  
6 Because Ms. Schachner has no adequate remedy at law, Ms. Schachner is entitled to a temporary  
7 restraining order, as well as preliminary and permanent injunctive relief prohibiting Defendants  
8 from using both the music composition and the sound recording of "Lens" without a license.

9  
10 **FOURTH CAUSE OF ACTION**

11 ***Copyright Infringement – Unauthorized Performance of a Copyrighted Work  
12 in an Audiovisual Work 17 U.S.C. § 106(4) – Claim by Mr. Couture  
13 Against Defendants Cruz for President and Madison McQueen***

14 48. Plaintiff Couture incorporates by reference the allegations in the above  
15 paragraphs, as though fully set forth herein.

16 49. Mr. Couture is the sole owner of the music composition and sound recording  
17 copyrights in "Fear of Complacency" and has filed a US copyright application for those works.

18 50. At no time have Defendants Cruz for President and Madison McQueen been  
19 granted a license or other authorization from Mr. Couture to use either the music composition or  
20 the sound recording of "Fear of Complacency" for political purposes. Accordingly, Defendants'  
21 unauthorized use of the music composition and sound recording of "Fear of Complacency" in the  
22 "Best to Come" political ad infringes Mr. Couture's copyrighted works .

23 51. As a result of Defendants' actions as described above, Mr. Couture has suffered  
24 damages and will continue to suffer damages in an amount that is presently unknown, but which  
25 exceeds \$75,000.

26 52. Defendants' infringement of Mr. Couture's copyrighted works has caused and  
will cause irreparable harm to Mr. Couture that cannot be fully compensated by money. Because  
Mr. Couture has no adequate remedy at law, Mr. Couture is entitled to a temporary restraining

1 order, as well as preliminary and permanent injunctive relief prohibiting Defendants from using  
2 "Fear of Complacency" without a license.

3  
4 **PRAYER FOR RELIEF**

5 WHEREFORE, Plaintiffs pray for relief as follows:

6 1. For liquidated damages, attorneys' fees and costs, and prejudgment interest for  
7 Defendant Madison McQueen's breaches of the Lens License Agreement and the FoC License  
8 Agreement, the exact amount to be determined at trial;

9 2. For actual damages for Defendant Cruz for President's and Defendant Madison  
10 McQueen's copyright infringements, the exact amount to be determined at trial;

11 3. For a preliminary and permanent injunctive relief prohibiting Defendants from  
12 using "Lens" and "Fear of Complacency"; and

13 4. For such other and further relief as the Court may deem just and proper.

14  
15 DATED this 9<sup>th</sup> day of May, 2016.

16 CAIRNCROSS & HEMPELMANN, P.S.

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19 \_\_\_\_\_  
20 Stephen P. VanDerhoef WSBA No. 20088  
21 E-mail: [svanderhoef@cairncross.com](mailto:svanderhoef@cairncross.com)  
22 524 Second Avenue, Suite 500  
23 Seattle, WA 98104-2323  
24 Telephone: (206) 587-0700  
25 Facsimile: (206) 587-2308  
26 Attorneys for Plaintiffs