

MAHARASHTRA NATIONAL LAW
UNIVERSITY, NAGPUR

1ST MNLU-N NATIONAL COMMERCIAL MEDIATION COMPETITION, 2023

(VIRTUAL)

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SEMI-FINAL ROUND COMPETITION PROBLEM

Organized by

Alternative Dispute Resolution Society

&

Centre for Intellectual Property Rights & DPIIT- IPR Chair

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THE SELFIE API-SODE

Camaraderie of Bob and Morley

Mr. Bob Martin, a photographer, was amongst the many employees of MetaLens India Pvt. Ltd., the Indian subsidiary of MetaLens GmbH, Germany. Bob, 28, was very sincere as a student and it was sheer hard work that helped him qualify the National Photography Test, and subsequently earn a place for himself at the coveted Institute of Motion Pictures, Mumbai. It was at this very institution, that he met Mr. Morley Pinto - then an entry-level recruit at MetaLens India Pvt. Ltd., and a visiting professor at the institute. It was their common interest in Artificial intelligence that brought Bob and Morley closer. Eventually, on seeing his excellent writing skills and passion for AI, Morley invited Bob to assist him in some of his AI-centered research projects and also gave him an opportunity to present one of their research papers in front of Latif Arden, CEO and founding partner of MetaLens GmbH, Germany. It was this presentation that earned Bob a Pre-Graduation-Offer (PGO) to work as an associate in the 'Visual Effects' department of MetaLens India.

This offer meant a lot to Bob, who came from a low-income household and also had an education loan to repay and thus he was immensely indebted to Mr. Pinto for giving him this opportunity. But his greed for earning more money pushed him to focus on a new startup - 'AnimeTech' - a white-label animation service. AnimeTech amassed popularity in its initial few months and successfully raised a pre-seed funding of 3 ETH. All was hunky-dory until the night of February 25, 2018, when a ransomware attack on AnimeTech's cloud server led to the leakage of a lot of confidential information of its clients. This created havoc in the market and a lot of clients filed a suit for breach of non-disclosure agreements against AnimeTech - claiming hefty compensation thereunder.

Caught in a frenzy, 23-year-old Bob approached Morley for help, who not only settled the claim with all the clients but also made sure that cases were withdrawn. Not only that but Morley also absorbed Bob in the 'International Photography' team of Meta Lens India Pvt. Ltd. Although the 3 ETH funding received back in 2018 was yet to be paid - it was due to Morley's interference that had got a relaxation of 2 ETH in repayment.

Bob's stint at MetaLens India Pvt. Ltd.

As per the employment agreement, Mr. Martin was duty-bound to upload the 'best' photos captured by him every day in the course of his employment, before 23:59 hours. The method of sending the photographs to MetaLens India Pvt. Ltd. for being considered for further publication in their global magazine was governed by a privately-owned PoW blockchain - MetaCruz. The controlling rights of MetaCruz were provided to the CEO and Quality Assurance Officers of MetaLens GmbH along with 5 subsidiary companies, situated in different countries, which included MetaLens India Pvt. Ltd. The process of uploading photographs was such that the employee had to create a new block where the photographs of each day could be uploaded and only upon getting validated by all the validating members of MetaCruz, was a photograph selected for being published in the global magazine. Further, to encourage and reward the submission of top-notch photographs, the company had set in place a smart-contract-based royalty payment process wherein the photographers were paid a royalty worth 0.1 ETH instantaneously upon validation of the photograph by all the validators. These ETH coins were transferred to the wallet of the employees, as per the employment agreement.

In mid-June 2022, owing to a nationwide energy crisis induced by the Russia-Ukraine War, MetaLens GmbH passed a resolution to change the

PoW blockchain to a PoS Blockchain to reduce its energy consumption. Subsequently, resolutions were passed in all 5 subsidiary companies to give effect to the decision of the holding company.

Taking into account the persistent complaint of employees of the validation process being autocratic, and giving rise to favoritism in validation, a more democratic process of validation was brought into play wherein it was decided to give some stake to a select-few employees from every subsidiary company, thereby giving them some say in approving the submitted photos on MetaCrux. However, the idea was met by initial resentment by many employees of MetaLens India Pvt. Ltd. as their stake was too low when compared to the stake given to employees from other countries.

The quarrel

Bob was particularly concerned about the low stakes and confronted Morley about the same, and after a heated argument with him, he tendered his resignation. This was the second heated argument of Bob and Morley, following the discussions concerning a rise in Bob's pay. Although Morley was baffled and taken aback by this sudden resignation of Bob, who he considered one of his closest friends, it was on the interference of the higher management, he accepted his resignation, thereby triggering Bob's one-month notice period. Morley somewhere also knew the greedy self of Bob and had also been noticing the recent lack-of-enthusiasm and drop in quality of photographs being submitted by Bob.

However, on his last assignment, Bob was sent to Theodore Zoo of Beaubaton Island to capture the flora and fauna. While at the zoo, Bob's camera was snatched by an Ape who started haphazardly playing with the camera and accidentally clicked a selfie.

Eventually, with the intervention of the Zoo authorities, the camera was handed back to Bob. Subsequently, it stuck to Bob that this was the only Ape-selfie to have ever been clicked in the history of mankind and therefore, it had the potential of not only generating enormous revenue (enough to get rid of his misery) but also of giving Mr. Martin his much-desired rise to fame. Thus, he decided to not submit this photo on MetaCruX, and discreetly sent it as an entry to the National Geographic Photo Contest.

The quest for fame

The National Geographic Photo Contest was one the most competitive photography contests organized jointly by the National Geographic TV channel with 'CutlerDale AG', one of the best and highest-paying photography companies based in Europe. Furthermore, the winner of the contest was to be awarded a prize money of 2 ETH.

Because Bob had a penchant for wildlife photography, he submitted some of his finest photographs to the company, for which he was not only highly praised by his colleagues and higher officials, but also all of his submitted photos were approved on MetaCruX for further publication - thereby taking his monthly validations to 27. Mr. Martin, stressed by the incessant calling of his then investor, was hopeful that he will finally hit the jackpot of ETH 1 after getting 30 successive validations with his hard work and be able to get rid of all of his debts. He was also indebted to Mr. Pinto, as he had given monetary assistance to him on multiple occasions and was hopeful that he will again shower his kindness.

Thereafter, on 28th of January 2023, upon completion of his one-month notice period, he was relieved by the company and submitted back the assigned camera. Having 5 of his photos still under review, he had requested Morley and Mr. Arden considered approving his photos -

which had garnered tons of praise from his colleagues, as hitting 30 approvals in that month would come as a panacea to his maladies.

The Fateful End

However, Mr. Morley Pinto soon realized that Mr. Martin had put the Ape-selfie to some other use without the authorization of the company and therefore, he decided to put the image for sale on DeepSea NFT Marketplace, realizing that this was perhaps the third time that Bob had put some of his best images to some other use, by not sending it to the management.

However, on 29th of January, not being satisfied with the photographs uploaded by Mr. Martin before being terminated from employment, MetaLens GmbH rejected the same and did not validate them. Due to this submission of unsatisfactory photographs, this was the first flawed rejection of a new block in the blockchain, after a series of 27 successful validations in that particular month. If not for this default, Bob was very close to completing the target of 30 consecutive successful validations and earning the ETH 1 bonus at the end of the month. Not only that, but it so happened during the approvals of these 5 photographs that Mr. Martin was the only validator giving a vote in favor of his photographs, and thus, he was automatically removed from the post of validator in MetaCruz on 31st of January 2023, triggering a penalty of 2 ETH on his MetaCruz Wallet, which resulted in washing away of all the money which Bob had earned in the last month.

Being aggrieved not only by the connivance of all the validators in ensuring that he attracts penalty under Article 5.3 of the Employment Agreement, but also by the fact that irrespective of having the moral rights of the Ape selfie, he was not even consulted before exhibiting the Ape selfie on DeepSea NFT Marketplace and was also not given any

credits for the photo, he sent a notice under Article 10.1 of the Employment Agreement on 22nd February, 2023 claiming damages of ETH 5. These ETH 5 were inclusive of compensation for the deliberate and concerted withholding of validations which imposed a penalty on Bob and couldn't earn the much sought-after bonus. In reply to the said notice on 19th March, 2023, MetaLens denied any breach of the employment agreement on their part and further stated the amount of damages to be 'perverse'.

On failure to reach any solution, Bob requested MetaLens to mediate the dispute as per clause 11.2 of the Employment Agreement. MetaLens India appointed Mr. Pinto as their representative to the Mediation, hoping that they would reach an amicable settlement, considering the long-standing friendship between the two parties. The first mediation session between the parties is scheduled on 15th April, 2023 at IAMC.

Excerpts from the Employment agreement

3. Obligations of Employee

The obligations of the employee in course of employment include-

3.1. The employee shall take numerous photographs covering the tour destinations, as assigned to him, from the camera assigned by the employer, and upload the best photographs clicked by him on MetaCruz, the jointly operated blockchain, provided that the employee uploads at least one (1) photograph every day.

3.2. The employee shall upload the photographs on-chain on MetaCruz. The employee shall, after uploading the photographs on-chain, validate the new block with its stake in the blockchain.

3.3. The employee, shall in no event, delete any photograph captured from the employer's camera and/or other photography equipment,

without the prior written permission from the employer.

3.4. On successful validation of each new block in the blockchain by all validators, the employee shall receive 0.1 ETH into his Meta-Crux wallet (hereinafter, wallet). Further, on validation of thirty (30) new blocks continually in a particular month, the employee shall receive an amount worth ETH 1 in his MetaCrux wallet.

4. Obligations of Employer

The obligations of the employer shall be-

4.1. The employer shall deposit an amount worth 5 ETH in its wallet on the 1st of every month.

4.2. On receipt of each new photograph on-chain on the blockchain platform, the employer shall validate the new block with its stake in the platform within twenty-four (24) hours from such receipt.

5. Operation of MetaCrux

5.1. MetaCrux shall be the blockchain jointly operated by the employer and employee for sharing the photos captured by the employee.

5.2. On submission of a photograph by the employee, on a new block in Metacrux, the transaction made in the new block shall be validated by all the validating members of MetaCrux. Only after the affirmative validation of all validating members, shall the money from Employer's MetaCrux wallet be transferred into the employee's MetaCrux wallet.

5.3. In the event of one validating member giving an incorrect validation against all other validating members, the erring validating member shall be liable for a fine of 0.5 ETH for each instance of incorrect validation.

5.4. In the event of one validating member giving an incorrect validation against all other validating members for three (3) consecutive times, such erring validating member shall be liable for an additional fine of 2 ETH and shall cease to be a validating member and the stake of such erring validating member shall be distributed amongst other validating members.

7. Transfer of money through MetaCruX Wallet

7.1. On each successful validation of a new block in the blockchain platform subsequent to submission of a photograph by the employee, the money-transfer code in the smart-contract shall be triggered and a total of 0.1 ETH shall be transferred from employer's wallet to employee's wallet in the blockchain platform.

7.2. On thirty (30) such new blocks being successfully validated continuously in a particular month, a bonus worth 1 ETH shall be transferred from employer's wallet to employee's wallet.

7.3. However, in absence of a successful validation of a new block within twenty-four (24) hours from addition of each new block, due to non-submission of photographs by the employee, the employee shall be liable for default. Thereby attracting a fine of 0.5 ETH being transferred from the employee's wallet to the employer's wallet.

8. Intellectual Property Rights

8.1. All Intellectual Property Rights ("IPRs") of all photographs captured by the employee in the course of employment, shall be retained by the employer. However, the moral rights of such photographs shall remain with the employee.

9. Repurposing rights

9.1. Notwithstanding anything contained in this agreement, the employee-

(a) Is restrained from repurposing, in any form and manner, the photographs taken in course of employment and uploaded on MetaCruX, for other private commercial purposes outside employment.

(b) However, the employee may repurpose photographs captured in the course of employment but not uploaded on the MetaCruX, after obtaining an approval from the employer in writing.

9.2. The employer may-

(a) Repurpose the photographs received from the employee on MetaCruz, in any manner, for other commercial purposes in furtherance of its business.

10. Termination of employment

10.1. The employee may tender his resignation to the employer by way of a written application, thereby triggering the thirty (30) day mandatory notice period.

10.2. Upon completion of the mandatory notice period, the employee shall return the camera and other photography equipment back to the employer before finally terminating the employment.

11. Dispute Resolution

In event on any dispute between the employer and the employee pursuant to the terms of this contract, the parties shall follow the procedure as given below-

11.1. The requesting party shall send a notice to the responding party within thirty (30) days from which the dispute arises. The responding party shall have a right to send a reply to the notice within thirty (30) days from the receipt of such notice.

11.2. Subject to clause 11.2, the parties undertake to attempt to resolve all unresolved disputes (if any) through mediation between representatives appointed by each party in presence of mediators appointed by International Arbitration and Mediation Centre ("IAMC").

11.3. Subject to rule 10.2., on failure of friendly discussions between parties, any unresolved disputes (if any) shall be submitted to arbitration seated in India, as per the IAMC Rules in force at the time.