



# INTELLECTUAL PROPERTY AND TECHNOLOGY LAW UPDATES

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## **Character Merchandising and Personality Endorsements with respect to the Right of Publicity**

By- Shrabani Rout

### **Character Merchandising and Personality Endorsements**

Character merchandising is the secondary exploitation of the essential features of a popular fictional character or a real person in respect of commercial articles, so that prospective customers are ultimately led into buying such products due to their penchant for the character or fictional person. Simply put, it is commercially using the wide appeal of a popular character for merchandising of products and services.

A personality endorsement on the other hand is the term used when real persons are involved in the commercialisation. Character and personality merchandising is a modern means of increasing the appeal of products or services to potential customers who have an affinity with that character or personality. In fact, character and personality merchandisers believe that the main reason for a consumer to buy low-priced mass goods is not because of the product itself but because of the name or image of the celebrity or fictional character that is reproduced on the product.

For example: Fictional characters typically derive from film cartoons (Mickey Mouse, Bugs Bunny); toy creations (Barbie); television series (Teletubbies, The Simpsons), live action feature films (Star Wars); comic books (Smurfs, Tintin); fiction books (Harry Potter, Winnie the Pooh and computer games (Lara Croft).

Real persons or characters used for merchandising are usually famous actors, musicians and

singers (Rolling Stones, Britney Spears), sports celebrities (David Beckham, Tiger Woods, Virat Kohli), and potentially any person with a marketing potential. It is estimated, for example, that David Beckham earns as much as US\$18 million a year from his endorsements for Vodafone, Adidas and Pepsi, among others.

Personality merchandising involves merely the use of the name or image of the person to adorn a product. Personality endorsement refers to a person informing the public that he/she approves of the product or the service or is happy to be associated with it. It is quite common for celebrities to allow their names to be associated with specific product.

### **Character Merchandising under IP Law**

The rights of ownership in respect of the subject matter of character merchandising do not belong to one single person or party when real or fictional characters are used for merchandising. For this reason, a single law does not provide protection or deal with legal issues faced in character merchandising. It is a group of laws that affords protection to different aspects of character merchandising and is used for enforcement of a multitude of rights in case of misuse or violations.

- Copyrights

When a fictional character is introduced in a literary work or as an artistic work, it is governed by the principles of copyright law. Typically, authors of the works hold copyright over the fictional characters. However, if the character is a work for hire, the party commissioning the creation of the character holds copyrights. Further, when a fictional character is a part of a movie or a teleseries, the producer of the series has copyrights over the character.<sup>1</sup>

- Personality rights

The producer of a movie or tele series may not have full rights to exploit the characters that cannot be separated from the actors portraying

the same and the image based on the character is built around the actor. In such case, personality rights of the actor also apply in addition to copyrights of the producer. This, at times, gives rise to conflict between the two kinds of rights.

- Trademarks

Since the essential personality features of fictional and real persons are used in relation to articles of commerce, trademark law principles also come in picture in cases of character merchandising. Owing to the wide explanation of a trademark under the Trademarks Act, it becomes possible to have the essential personality features of any fictional or real person protected as trademarks. Not only the name of a character, but his/her image, signature, character designs, voice, catch-phrases used by him/her, and the like, can be protected under the scope of trademark law. While in case of a celebrity or an artist, one has to consider the most distinctive personality attributes that are famous and worthy of trademark protection, for any fictional character originating from a literary source or a cinematograph film or as artistic work, like a cartoon, it is simply treating such fictional character as a trade indication and using the same in respect of articles of commerce. Character merchandising is the first step for

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<sup>1</sup> Suneeth Katarki, *Chacha Chaudhary and Character Merchandising* available at <http://www.mondaq.com/india/x/361128/Trademark/Chacha+Chaudhary+And+Character+Merchandising>

treating famous fictional characters or real personalities as trade indications.

### Right to Publicity

An individual's property is the extension of his personality. This was pointed out by Hegel and is commonly known as the Hegelian justification of intellectual property rights. The right of publicity, often called personality rights, is the right of an individual to control the commercial use of his or her name, image, likeness, or other unequivocal aspects of one's identity. The elements typically comprising the Right of Publicity are referred to as "name, image and likeness." This trifecta varies from state to state.<sup>2</sup>

India, like the UK, does not have an independent legislative provision protecting an individual's right of publicity. This right has largely been enforced in India under the common law tort of passing off, to establish that i) the disputed mark possessed goodwill and reputation, ii) there was misrepresentation of the mark creating likelihood of confusion and iii) there was actual damage or likelihood of damage.<sup>3</sup> To show 'reputation', the enforcement of this right would, in most cases, inadvertently be dependent on commercial exploitation of the plaintiff's mark – effectively justifying why a

commoner's name may not be protectable under the tort of passing off.

Although the earliest cases recognizing a right of publicity focused on preventing the unauthorized use of a celebrity's "name or likeness", the scope of protection has expanded significantly. Today, the boundaries of "likeness" are wide. Courts now recognize that a celebrity has a legitimate proprietary interest in his personality and that a defendant may violate this right, even if he does not use the celebrity's name, portrait or picture. The expanding right of publicity provides celebrities with the opportunity to use their names for great profits. This is particularly true in advertising, where a celebrity's endorsement of a product or service can attract consumer attention, add status or credibility to the product and, most importantly, increase sales of the product or service advertised.<sup>4</sup>

Testimonials by well-known personalities have "stronger appeal to the purchasing public than other types of advertising". Hence, they stimulate sales of the products and services endorsed.

Because the law treats a celebrity's identity as property which he may use, lend or sell to

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<sup>2</sup> Jay S.Kogan, *Celebrity Endorsements*, Boston University Journal of Law pg 88

<sup>3</sup> Reckitt & Colman Products Ltd v Borden Inc [1990] 1 All E.R. 873

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<sup>4</sup> Jay S.Kogan, *Celebrity Endorsements*, Boston University Journal of Law pg 92

others for profit, the celebrity, like other property owners, should not be permitted to use his property with impunity or in a manner harmful to others. Along with recognition of the proprietary right to one's identity, a concurrent duty to refrain from using that right to the detriment of others should be attached. The celebrity's right of publicity "has commercial value only because the law has granted him the exclusive right to deal in the marketplace with his name, picture or opinion".

### **Conclusion**

Character Merchandising has become immensely popular given the sort of business advantage it entails. At the same time, the law has not managed to catch up with this fast-paced business practice. The legal uncertainties not only prove to be a hindrance to the business interests but also result in unanticipated losses to the rightful copyright owners. The need of the hour is to use the existing laws with a new perspective and evolve a mean path where the celebrity can reap the benefit of fame without obstruction, while at the same time the copyright owners can utilize their content to the maximum. Notwithstanding the availability and extent of existing forms of legal protection, the practice of merchandising the essential personality features (mainly the name and the image) of a fictional character or of a real person has rapidly evolved in some countries

from a subordinate activity into an important independent source of revenue and even, in some cases, into a civilizing force if one considers its impact on the public at large (mainly on the younger generations).

## **Freedom to Operate**

**By MONIKA SHAILESH**

Just as the number of patent filings and grants are increasing, so is the number of patent frays. Regardless of the substantial efforts in the form of patent reform bills, industry conferences, and risk management business models, patent infringement law suits have been rising at an exceptionally high rate. Resolving disputes through litigation is highly cost intensive and may take years to get resolved. In addition, patent trolls and non-practicing entities also file patent infringement law suits to threaten the business and product owners and to generate quick money by offering out of the court settlements.

The IP games are being played by all sides which result in demon dialogues, negative patterns, and quick escalation to legal actions. For any business, to be caught in an IP tussle, it spells a bad situation. Investing in new products or in new technology attracts risks of patent law suits that not only cost a fortune to the organization but also delays the launch of the product. It is often seen that technology upgrades are held hostage and are delayed or prevented from being launched in the market by existing business houses by frivolous patent infringement law suits; resulting in huge losses or even failure of the business. Although businesses should be cautious that if they undertake any technology or product development without performing Patent Landscape analysis, such developments may attract genuine infringement law suits. And it is because of the above reasons that Freedom to Operate (FTO) analysis of the technology and market segment is of utmost importance.

FTO refers to the degree of freedom with which a business house or an individual can operate in a particular territory, in a particular technology space without any infringement on intellectual property rights owned by others. FTO is used to ensure if a particular action like testing or commercializing a product can be carried on without infringing upon a valid and enforceable intellectual property right. As prevention is better than cure, an advance study and analysis of all the patents granted or filled that could affect freedom to operate or commercialization of a product or technology minimizes the risk of a business entering a new segment/territory. Defining the degree of freedom to operate is not a simple task. There is an enormous amount of data and patents in existence. Thousands of new patents are granted every week. Many patents are hidden as the patents get published on an average only after eighteen months of filing, therefore, there may be a patent being filled that can affect the even legitimacy of FTO.

### **FTO Opinions**

FTO opinions are generally provided by legal counsels to their clients, which enables the latter to identify the potential risk of patent infringement on an unexpired, valid and enforceable patent. Based on these opinions, the client can formulate a plan towards risk mitigation.

There are broadly two types of opinions that are sought to determine the degree of freedom to operate in any marketplace or technology space - Non-Infringement Opinion and FTO Opinion. The two are distinct from each other yet have a very delicate relationship between them. The non-infringement opinion is directed towards a particular patent or patents about which, the client is already aware of. The Non-Infringement opinion gives an assurance that



the product, process or technology to be developed will not fall under the ambit of patent infringement. Whereas, the FTO is more comprehensive in its approach as it addresses the potential of infringement upon any intellectual property, known or unknown to the client.

A Non-Infringement opinion by a legal counsel is required when a company contemplates to bring forward a product or technology upgrade for an existing patented product or technology in the market. FTO is generally sought when a company requires a very comprehensive study of all the available patents granted or non-granted, published or not published that could potentially pose a risk to a project on developing a new product or technology.

### **Technique for Conducting FTO**

**Identify the region:** Patents are territorial; this means that the validity as well as enforceability of the patent is restricted to the physical boundaries of the region where the patent has been granted. For example, if a patent for voice recognition is filed with USPTO and is granted by USPTO, this same patent can be enforced in United States only. If the patent owner wants to protect the technology in other countries also then s/he will need to file for the patent in those countries too. Therefore, while conducting the FTO analysis identifying the region is very important.

The definition of novelty also varies from one region to another. It has been observed that some countries like the US are more lenient towards the novelty clause and patents with even slight differences are granted. Some countries like India, are very rigid on the novelty clause. Hence, the FTO analysis in USA becomes more complex and difficult as

the number of similar patents to be analysed is very high.

Selection of region is also based on the commercial value of the market; a company may not be interested in low commercial value zones like Africa. Since in such regions the market is not big enough to invest in patents, many big corporate houses and technology leaders do not consider spending money on getting their technology or product patented in Africa. Hence, FTO analysis in low value zones is fairly simple due to less number of patents and lesser chances of a patent infringement case.

**Understand the technology:** The core of conducting FTO analysis is clear understanding of subject technology. The person conducting the FTO analysis should be well versed in the minute details of the technology under scanner, its underlying principle and its cause and effects. A clear know how should be developed by discussing the technology with the developers and management. The interaction should include face to face discussion and telephonic discussions if so required. If the technology is not clearly understood, it will lead to flawed FTO analysis since the person conducting the FTO analysis may miss some important related patents which might lead to patent infringement litigation or may make the business house fall prey to patent trolls and non-practising entities.

**Conducting clearance search:** Once the FTO analyst becomes conversant with the subject technology, clearance search is carried on, which is possible to be done in a number of ways. The approach towards the clearance search methodology is dependent on the amount of time and money that the business or product developer wants to invest. The clearance



searches are performed by professional data mining experts and specialized data analytics tools. The professionals scan the public search facility of the relevant patent offices, patent collections available at various depository libraries for the information available on the subject technology. There are a number of data bases available on the internet that provide reliable detailed information. The website of USPTO ([www.uspto.gov](http://www.uspto.gov)), Espacenet website ([www.ep.esp@cenet.com](http://www.ep.esp@cenet.com)) of European patent office and WIPO ([www.wipo.int/patentscope/en](http://www.wipo.int/patentscope/en)) offer some of the most trusted data bases.

‘PAIR’ or patent application information retrieval system, is one facility available on the USPTO website that allows users to conduct full text and image search. It provides information on both issued as well as published patents. Identifying the most relevant search engine saves time and money while also strengthening the validity of the FTO analysis. There are many commercially available data bases also that can be used to conduct clearance search. A well-performed search is based on perfect keywords/classification that defines the technology in the most immaculate way. The keyword must include comprehensive and specific terms to define the boundary and core of the technology. Keywords should also define synonyms or alternate terminology that is generally used to define various aspects of the product or technology.

Listed below websites from patent offices of few countries and some commercially available patent databases. A patent search strategy should be formulated before conducting clearance search. A well-defined strategy is very useful in optimizing the usage of resources like time and money.

1. [www.uspto.gov](http://www.uspto.gov) ( US Patent Office)
2. <https://www.epo.org> ( European Patent Office)
3. <http://www.wipo.int> ( World patent office)
4. <http://www.ic.gc.ca/opic-cipo> ( Canadian Patent Office)
5. <http://www.ilpatsearch.justice.gov.il> ( Israel Patent Office)
6. <https://www.gov.uk> ( United Kingdom Patent Office)
7. <http://www.ipindia.nic.in/> ( Indian Patent Office)
8. <https://www.cas.org/products/scifinder> (Scifinder)
9. <https://www.cas.org/products/stn> (STN)
10. <https://www.crunchbase.com/organization/delphion> (Delphion)

**Knowing the law of the land:** A good FTO analysis and opinion takes into consideration the Law of the land. The FTO and non-infringement opinion should include a discussion on the laws, i.e. legal standards on infringement and legal principles for infringement or the statute of the region under consideration. Study of doctrines and case laws are also of the same importance, e.g. US doctrine of double patenting and Doctrine of equivalents, the definition of novelty from an Indian perspective and the stand of Indian courts and government towards compulsory licensing. Case laws incorporate courts’ decisions from individual cases and encompass courts’ interpretation of statutes, constitutional provisions and administrative regulations. Understanding the local law helps the FTO analyst to anticipate the most probable stand of the local courts and administration.

**Amalgamate relevant patents:** All the relevant patents identified on the basis of granted and active patents, patent application under prosecution and WIPO applications which may

enter national phase should be collated together to give an overall picture of patent landscape in the subject technology space. With this process one can easily identify the risks of claims that could arise from the existing patents or literature.

**FTO Analysis report and opinions:** Once all the above activities are over and a comprehensive study is done, a final report is prepared which provides feedback to the business owner if the technology or product can be taken further or the project should be stopped based on the risks so identified. The analysis report and opinion should provide insights that help the business to take the final decision. There are three possibilities – 1) that no such significant risks of patent infringement law suit has been found present and the business should continue with developing the product or the technology; 2) there are certain definitive risks of infringement lawsuits. In this case the FTO analysis and Opinion should contain suggestions for the actions that can be taken to mitigate the identified risks. The risks can be mitigated by purchasing the patents or by in-licensing, by cross licensing and through compulsory licensing. If the mentioned risk mitigation strategy does not work, the FTO analysis should also provide invalidation grounds of the obstructing patents through validity search. In case any patent, in application phase, is identified as a risk than a search of prior art shall be performed to check if the patent would be granted or the chances of patent being granted; 3) the case arises where the opinion with clarity stating all the risks, should suggest that the business house shall not proceed with technology or product development.

## **Conclusion**

A competent FTO search provides an insight towards risks assessment for patent infringement, to identify the licensing needs and to steer product or technology development in the right direction.

The FTO and non-infringement opinions are precautionary practices and advise companies, well in advance, to consider available options at an early stage. In some cases minor product adaptations or payment of small premiums to gain licenses will increase the freedom of a business to operate and avoid infringement law suits at a later stage. Systematically evaluating a company's freedom to operate prior to launching a new product is, therefore, a way of minimizing the risk of an infringement on the patents owned by others. It will also improve a company's chances of finding business partners and attracting investors to support its business development plans. Tracking patent expirations (legal status analysis) i.e. when the potentially relevant and threatening third party IP rights expire, can also help determine the correct timing of entry into the market. In this competitive world a FTO opinion written with due diligence can safeguard the very existence of the business.

## **Patent Does Not Confer Absolute Monopoly**

By- Suchi Rai

The patent right is not an absolute right. It is a fettered right and is subjected to certain specific prescribed constraints. The Patents Act balances well between individual rights of patentee and the interest of general public. A patent does not grant absolute monopoly. Along with giving protection to the right-holder for his invention, the Act is also aware of the interest of public; the main purpose of Act being encouragement of the development of technology and innovation.

The Patent Act provides protection to an inventor for his invention, giving him exclusive right over the invention and protection from infringement or unauthorized use of the invention by others. Under the Patents Act, government confers exclusive rights on the Patentee, where the invention cannot be used by others without the authorization of patentee.

Section 48 of the Indian Patents Act provides the rights of patentee under the act. The section confers upon the patentee the exclusive right to prevent third parties from the act of making, using, selling or importing that product in India if the subject matter of the patent is a product. Similarly, if the subject matter of the patent is a process, the patentee has the exclusive right to prevent third parties from the act of using the process for sale, selling the product obtained directly by that process in India.

These rights of patentee are subject to certain conditions specified in the Act. Section 47 provides certain conditions where exclusive rights of patentee are limited by certain specific acts:

1. Any machine, apparatus, or other article in respect of which the patent is granted or any article made by using a process in respect of which the patent is granted, may be imported or made by or on behalf of the Government for the purpose merely of its own use;
2. Any process in respect of which the patent is granted may be used by or on behalf of the Government for the purpose merely of its own use;
3. Any machine, apparatus or other article in respect of which the patent is granted, may be made or used, and any process in respect of which the patent is granted may be used, by any person, for the purpose merely of experiment or research including the imparting of instructions to pupils; and
4. In the case of a patent in respect of any medicine or drug, the medicine or drug may be imported by the Government for the purpose merely of its own use or for distribution in any dispensary, hospital or other medical institution maintained by or on behalf of the Government or any other dispensary, hospital or other medical institution which the Central Government may, having regard to the public service that such dispensary, hospital or medical institution renders, specify in this behalf by notification in the official Gazette.

There are certain other specified acts which do not amount to infringement of the rights of patent holder.

Section 49 provides that patent rights are not infringed when used on foreign vessels etc., temporarily or accidentally, in India. The use of the invention on board a vessel or aircraft registered in a foreign country or a land vehicle owned by a person ordinarily resident in such country, which comes to India (including the territorial waters thereof) temporarily or accidentally, will not infringe the rights of the Patentee. However, this will not apply to vessels, aircraft or land vehicles owned by persons ordinarily resident in a foreign country the laws of which do not confer corresponding rights with respect to the use of inventions in vessels, aircraft or land vehicles owned by person, ordinarily resident in India while in the ports or within the territorial waters of that foreign country or otherwise within the jurisdiction of its courts. As there is no commercial intention, there is no violation of patent rights.

There are certain other provisions in the act for the interest of general public.

### **Bolar-like provision and Parallel import provision**

Some countries allow manufacturers of generic drugs to use the patented inventions for development and submission of information required under law- for example from public health authorities - without the patent owner's permission and before the patent protection expires. The generic producers can then market their version as soon as the patent expires. This provision is called "Bolar-like provision" or "regulatory exception". Indian Patents Act provides such a provision under Section 107A (a).

### **Parallel Import**

Parallel import provisions are provided in Section 107A (b), which says that importation of patented products by any person authorized by the Patentee will not be considered as an infringement. Therefore, it is possible to import the patented products from the licensee of the patentee in any country without the permission of the Patentee. The purpose of Parallel import is to check the abuse of patent rights and meant to control the price of patented product.

Section 107A provides certain acts which shall not be considered as infringement. According to it, any act of making, constructing, using, selling or importing a patented invention solely for uses reasonably related to the development and submission of information required under any law for the time being in force, in India, or in a country other than India, that regulates the manufacture, construction, use, sale or import of any product, shall not be considered as an infringement of patent rights.

Also, the importation of patented products by any person, from a person who is duly authorized under the Law to produce and sell or distribute the product, shall not be considered as an infringement of patent rights.

### **Working of patented invention**

Government makes sure that a patent is worked in India or that a patented product or a product obtained by patented process is commercially exploited in India and available in the market for general public. Government makes sure that there is no abuse of patent rights. Patents are granted for the purpose of encouraging inventions, which will enhance industrial development and, therefore, should be worked in its fullest extent within the territory of India.

Section 83 of the Act clearly mentions that the Patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay. Patents are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented article. It aims to see that the patent right is not abused by the patentee or person deriving title or interest on patent from the patentee does not resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology. Patents are granted to make the benefit of the patented invention available at reasonably affordable prices to the public. Patents granted do not in any way prohibit Central Government in taking measures to protect public health.

For this purpose, government mandates every patentee to submit a statement regarding working of the invention for every calendar year.

#### Statement regarding working of patent

Every patentee or his assignee is required by the government, to submit annually, a statement to show the extent to which the patented invention has been commercially worked in India. If this statement is not submitted within 3 months of the end of each calendar year, then the patentee is liable for a penalty. Non-submission of such information annually, leads to the possibility of grant of compulsory license on the patented invention to other persons to commercially exploit the patent.

The information required to be submitted regarding the working of invention is to show whether the invention has been commercially exploited or not i.e. it has been worked or not. If

it is not worked then the reason behind its non-working status and the steps taken for its working are to be submitted. If it is worked then the details of quantum and value of the patented product manufactured in India and imported from other countries, the licences granted during the year and most important whether public requirement has been met partly/adequately/ to the fullest extent at reasonable price, have to be submitted.

#### Compulsory Licences

Compulsory licences are available as a remedy against abuse of patent right, not working of patented invention and to address the public health concern in India.

1. The provisions for compulsory licences are made to prevent the abuse of patent as a monopoly and to make way for commercial exploitation of the patented invention by an interested person.
2. If a patented invention is not worked, then there arises possibility of grant of compulsory licences by controller on the said patent.

Under Section 84(1) of the Act - at any time after the expiration of three years from the date of the grant of a patent, any person interested may make an application to the controller for grant of compulsory licence on patent on any of the following grounds:

- a) that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or
- b) that the patented invention is not available to the public at a reasonably affordable price, or



- c) that the patented invention is not worked in the territory of India.

However, in the event of National Emergency or Extreme urgency or public non-commercial use including public health crisis, relating to Acquired Immuno Deficiency Syndrome, Human Immuno Deficiency Virus, tuberculosis, malaria or other epidemics, to avoid any delay in the procedure, provisions under section 87 will not apply. The compulsory licence will be granted immediately under section 92 (3) with the terms and conditions that the articles manufactured under the patent shall be available to the public at the lowest prices.

Section 92 A - Compulsory licence for export of patented pharmaceutical product in certain exceptional circumstances. It says compulsory licence shall be available for manufacture and export of patented pharmaceutical products to any country having insufficient or no manufacturing capacity in the pharmaceutical sector for the concerned product to address public health problems, provided compulsory licence has been granted by such country or such country has, by notification or otherwise, allowed importation of the patented pharmaceutical products from India.

This provision is introduced to address the public health concerns of the countries having insufficient or no manufacturing capacity in the pharmaceutical sector to implement the decision of the TRIPS council on Para 6 of the Doha Declaration on TRIPS Agreement and Public Health. This section lays down the conditions that are required to be fulfilled, when the compulsory licences for export purposes will be available. The compulsory licence is available only for:

- a) the patented pharmaceutical product;
- b) manufacture and export to any country having insufficient or no manufacturing capacity in the pharmaceutical sector;
- c) the product addressing the public health problems in such country.

## **The Return of the Nightingale: An insight into the IP Licensing Regime in the Music Industry in India**

**By - SAMRIDH AHUJA**

### **Music Industry in India has Seen the Light**

*"It's a very frightening situation because it's only the royalty we count on. The music industry has completely changed, people now believe in buying and consuming music digitally. If we have no stake in our music, then we won't have anything left."*<sup>5</sup>

-Ram Sampath, Music Composer

This statement was made much before the enforcement of the Indian Copyright (Amendment) Act (hereinafter referred as the "Amendment Act") 2012, in an era devoid of rights available to performers. "Performers rights", was a concept introduced only in the Amendment Act. Prior to this amendment, the film producers used to make contracts with the music composers and artists on a work-for-hire basis with only a flat fee as remuneration, thus, shutting out any possibility of royalties for the creativity. All the royalties that came in as a result of the commercial use of the underlying music composition/ song rendition went to the author of the copyright, namely, the producer. In a country where most popular music comes from films/movies, the performers in general have suffered immensely over the years.

### **Power is in Words: The Story of Javed Akhtar**

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<sup>5</sup> Sonil Dhedia, "Lyricists, music composers decry HC judgment", Rediff, See <http://www.rediff.com/movies/report/lyricists-music-composers-decry-court-judgment/20110803.htm> (last assessed on April 11<sup>th</sup>, 2018).

Javed Akhtar, a famous writer-composer-lyricist, was not paid royalties for years, owing to the outdated Copyright law that prevailed for long. The fight for royalties started long back in 1960s itself, when Lata Mangeshkar, also regarded as the "Nightingale of India", first raised her voice in demand.<sup>6</sup> In the words of Javed Akhtar, "Lata Ji would have been one of the three richest women in the world<sup>7</sup>, if she would have rightfully been given her royalties". Javed Akhtar is the man who carried the movement forward, fought till the end, and is the reason that the Indian Copyright (Amendment) Act, 2012, has even seen the light. He fought this battle alone for 10 years, but the results of his struggle were overwhelming and appreciated by the music industry at large. Section 38A of the Amendment Act, 2012, was a shining armor for the performers in the music industry in India as it introduced the law that favors performers' rights. Royalties are now attributed rightfully.

### **Licensing Explained**

With the advent of the Amendment Act, 2012, Performer's Rights in India are now in coherence with Article 14 of the TRIPS Agreement and are also compatible with Articles 5 to 10 of the "WIPO Performances and Phonograms Treaty" (WPPT). Indian Music industry is now highly regulated and the Copyright Board has been put in place under the

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<sup>6</sup> Shubha Shetty-Saha, "When royalty for Bollywood musicians is out of tune", mid-day.com, See <http://www.mid-day.com/articles/when-royalty-for-bollywood-musicians-is-out-of-tune/226402> (last assessed on April 11<sup>th</sup>, 2018).

<sup>7</sup> Subhash K Jha, "Lata would be one of the world's three richest women: Javed Akhtar", DNA (Daily News and Analysis) India, See <http://www.dnaindia.com/entertainment/report-lata-would-be-one-of-the-world-s-three-richest-women-javed-akhtar-2146790> (last assessed on, April 11<sup>th</sup>, 2018).



Amendment Act to adjudicate on the issues relating to distribution of royalties in the industry.

In India, two leading copyright societies exist, namely, Indian Performing Rights Society (IPRS) and Phonographic Performance Ltd (PPL). “IPRS manages the rights of lyricists and composers and issues licenses to perform publicly, the essential works assigned to it either directly or indirectly or through its set up of associated foreign collecting societies, while PPL controls the rights of record labels and companies which create sound recordings and issues licenses for collaborative sound recordings allocated to it by the record companies to the public upon disbursement of valid license fees/royalty.”<sup>8</sup>

Also, with the Copyright (Amendment) Act, 2012, coming into force, singers have united to form another copyright society called Indian Singers’ Rights Association, which was registered in 2013. ISRA has 249 Indian singers as its members, with a board consisting of the famous singers like Lata Mangeshkar, Pankaj Udhas, Alka Yagnik, Sonu Nigam.<sup>9</sup> On the other hand, the composers wanted to continue being a member of IPRS, which has been reconstituted under the Amendment Act. They are not of the opinion that a new copyright

society be created, but are not averse to the idea as well.<sup>10</sup>

The functioning and working of the copyright societies in India has been well explained in the case of - *Entertainment Network (India) Ltd vs. Super Cassette Industries Ltd & Ors*<sup>11</sup>. In this case it was stated that the existence of the copyright society is for the benefit of the copyright holder. The society must help the copyright owner in a way that he/she is able to exploit his/her intellectual property rights in a structured manner. “The society grants license on behalf of the copyright owner, files for litigation on their behalf not only for the purpose of enforcement but also protection to enforcement of the copyright owner's right. It not only pays royalty to the copyright owner but is authorized to dispense the amount collected by it amongst its members.”<sup>12</sup> But the functioning of societies is under the scanner nowadays, as societies have been using this law for getting personal gains, thus making the enforcement of this law redundant.

### Industry Standard

There has always been complaints with the royalties being charged by PPL and IPRS. The functioning of these societies has been underwhelming and levying of high royalties has been one of the highlights. There is no fixed royalty mechanism, no structure whatsoever. It does not come as a shock that these societies have been subject to endless litigations.

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<sup>8</sup> Divya Srinivasan, “*Singing A Different Tune? – Issues Pertaining To Collection Of Royalties By Copyright Licensing Societies In India*”, Mondaq, See <http://www.mondaq.com/india/x/416410/Licensing+Syndication/Singing+A+Different+Tune+Issues+Pertaining+To+Collection+Of+Royalties+By+Copyright+Licensing+Societies+In+India> (last assessed on April 11<sup>th</sup>, 2018).

<sup>9</sup> Anand and Anand, “*‘Musical Scales’ in Indian Copyright Law: Introducing the Right to Receive Royalty (The R3 Right) of the ‘Performer Owner’ in a Song*”, Asia IP, See <http://www.asiaiplaw.com/article/41/2118/> (last assessed on April 11<sup>th</sup>, 2018).

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<sup>10</sup> L. Gopika Murthy, “*Artists unionize and register copyright societies to avail of benefits under the Amended Copyright Act*”, spicy IP, See <https://spicyip.com/2013/06/artists-unionize-and-registercopyright.html> (last assessed on April 11<sup>th</sup>, 2018).

<sup>11</sup> 2008 (37) PTC 353 (SC).

<sup>12</sup> *Supra* Note 4.

A recent order of the Copyright Board has favored the Terrestrial Radio industry, by setting a fair pricing royalty rates. The Copyright Board fixed the royalty to be paid by radio stations to the music owners at 2% of the net advertising revenues. This was a relief, as it reversed the regime of charging unacceptably high royalty rates.<sup>13</sup>

### Piracy Lets You Down

“KPMG notes that just 1%-2% of music is consumed by way of legal purchase in India, whereas 99% of the music consumption is still illegal.”<sup>14</sup> If these reports are to be believed, piracy is eating up the music industry at an alarming rate. It’s true that piracy has been rampant all over the world, but it has apparently very strong roots in India.

### Digital Media: Hope or Despair?

One could only think that looking at the fallouts in the music industry in India; digital media must have made a mark but the current scenario is rather disappointing. With the consumer market shifting to digital services for obtaining music, the laws have not been keeping pace. Owing to the high royalty rate regime, “One of the four major legal music streaming services - Dhingana - shut down, leaving only Gaana.com, Saavn, and Hungama as the remaining digital

music outlets broadcasting music from India for consumption in India and abroad.”<sup>15</sup>

### Conclusion

There is still no fixed royalty rate set by the societies, and the rates charged are so high that it becomes really difficult for the digital media services to survive in the music industry. Shutting down of “Dhingana” is a consequence of the same. Rampant piracy is another evil factor that needs urgent attention in India.

Law has to be made less ambiguous and more efficient, if music industry in India has to be at par with global market for music. Even after a terrible run and fall scenario, KPMG projects that- “India’s recorded music business will nearly double over the next five years, bringing in an annual income of 18.9bn Indian Rupee (US \$300m) in 2019.”<sup>16</sup>

The legend Javed Akhtar, the man who in a way shaped the music industry, has recently been elected as the Chairperson for the reconstituted IPRS. “A new chapter is yet to begin”, he says<sup>17</sup>, and we agree.

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<sup>13</sup> The Times of India, “*Onerous licensing regime killing legal digital music*”, The Times of India (Business), See

<http://timesofindia.indiatimes.com/business/india-business/Onerous-licensing-regimekilling-legal-digital-music/articleshow/30699483.cms> (last assessed on April 11<sup>th</sup>, 2018).

<sup>14</sup> Tim Ingham, “*India’s music business will almost double in value by 2019 – KPMG*”, Music Business Worldwide, See <https://www.musicbusinessworldwide.com/indias-music-business-willdouble-by-2019-kpmg/> (last assessed on April 11<sup>th</sup>, 2018).

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<sup>15</sup> *Supra* Note 9.

<sup>16</sup> *Supra* Note 10.

<sup>17</sup> IANS, “*New chapter has started: Javed Akhtar on revamped IPRS*”, Indian Express, See <http://indianexpress.com/article/entertainment/bollywood/javed-akhtar-on-revamped-iprs-4602485/> (last assessed on April 11<sup>th</sup>, 2018).