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EDITORIAL NOTE

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TECHNOLOGICAL PROTECTION MEASURES AND FAIR USE DOCTRINE: CRITICAL ANALYSIS

*Gurleen Kaur**

Abstract

With the advent of 'Technology and Internet' during 21st century, there began conflict between copyright and digital environment. It became easy for average user to copy, transfer and download digital content. This article looks at the future of fair use 20 years from now. To reduce risk, owners are using Technological Protection Measures "TPMs" to protect copyright in digital world. The researcher has considered historical contexts and legal regimes in the US and India to determine growth of the legal regulations of Technical Protection Measures (TPMs) and their implications on traditional fair use. Despite the growing adoption of TPM in almost every digital media such as software, music, videos, literary etc., this article critically analyzes TPM provision in India from the perspective of society for suppressing their privileges entrusted by traditional Copyright Law. Will there be any scope of fair use in this digital era? The legislative approach behind drafting TPM provision raises three implications. Firstly, the scope of fair use has been narrowed down in digital copyright regime. Secondly, relevancy of intention and purpose for determining liability for circumvention. Thirdly, concerns behind incoherence between exemptions given under Section 65A and Section 52. This article determines and responds to varied criticisms of the present state of fair use, including whether fair use is consistent with treaty obligations and concludes that there is dire need to bring digital

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copyright regime at par with traditional one. It suggests some new dimensions to tackle some of the issues that are currently undermining copyright law to preserve the status quo and expand the horizons of fair use.

INTRODUCTION

"Designed to 'Effectively Frustrate': Copyright, Technology and the Agency of Users."

\- *Tarleton Gilliespie*

The era of digitization has fundamentally promoted innovation. Thereupon ease of reproduction and distribution also expanded. Soon, copyright protection extended to digital platform but had critical impact on digital copyrighted work. The digital work made quite simple to reproduce millions of copies in split second. Under such circumstances, copyright owners resisted to make their work available on digital platform. Since technologies are advancing in today's fast paced digital world, there was need to bring copyright at par with digital revolution.

In consequence, copyright industries deployed Technological Protection Measures (TPMs) to prevent unauthorized use of digital work. It uses encryption like mechanisms, even though unlocking key was single user based, nevertheless no technology is foolproof and circumvention of TPM became possible.

The requirement of legal backing came into picture, therefore copyright industries approached World Trade Organization (WTO) to amend existing copyright protection. The birth of WCT and WPPT in

1996 led to mandatory incorporation of TPM provisions in member countries. Apparently, the copyright owners extended TPM provision beyond the settled doctrine of copyright. This had adverse impact on users' privileges, since copyright owners drafted their own digital copyright regime using TPM as a weapon. Pamela Samuelson referred Digital Rights Management (also TPM) as "Digital Restriction Management". The exclusive right of owner is not monopoly right as the prime objective of copyright law is to bestow benefits of copyright owners work to public.

It is important to maintain balance between two conflicting forces of copyright law: User privileges and TPMs. There is dire need to restore harmony with fair use doctrine.

TECHNOLOGICAL PROTECTION MEASURES AND COPYRIGHT REGIME

Technical Protection measures

The birth of digital copyright increased ease of reproduction, distribution and copying of digital content. The main challenge faced by content owners and copyright industries was to enhance protection to their work in digital environment. Like the famous proverb "Diamond cuts Diamond", only machine can respond to a machine[1]. Therefore, best solution was to incorporate Technological protection measure (hereinafter TPM).

1 Charles Clark, *The Answer to machine is in the machine* (1999).

TPM is a bundle of different technologies, standards and controls to protect digital work by giving it absolute protection.[2] It has expanded the scope of exclusive rights[3] of content owners even beyond the bounds of Copyright Act (CA). The copyright owner of digital content (protected by TPM) has ability to allow or to restrict user from accessing or copying content. Hence, content owner is capable of designing his own technological copyright regime.

Let's understand the urge to deploy TPM by basic example:

Say, Ravi borrowed hard copy of book from his companion who has copyright on it. Despite the fact that copyright law prohibits him from making duplicate copies of the book but under fair use provisions he can make as many copies of it for educational purpose [4], nevertheless he decides not to copy being extremely costly. Also, it is likely to get torn or damaged resulting in waste of time, money and resources.

Now suppose, Ravi acquires digital copy of similar book which provides ease to copy, transfer, save in drive, email, share on distributed system and much more. He can now make right around millions of copies in a split second.[5] This portrays how digital environment leads to rampant amount of piracy, frequently known as "Napster Effect"[6]. *As technology escalates, piracy prevails*. Law is not

2 Karen Coyle, *The Technology of rights: Digital rights management,* 1 (2003).
3 Charles Clark, *The Answer to machine is in the machine* (1999).
4 The Chancellor, Masters & scholars of University of Oxford and ors. V Rameshwari photocopy services & Ors, RFA (OS) 81/2016.
5 Karen Coyle, *The Technology of rights: Digital rights management,* 1 (2003).
6 A & M records, Inc. v Napster, Inc., 239 F.3d 1004 (2001).

enough to act as a protective measure and there springs up the need of TPMs.

The structure of TPM to prevent infringement of exclusive rights and digital work is built of secure distribution[7] mechanism comprising of "Encryption"[8] and "Digital watermarks"[9]. Before the content is encrypted, it is secured with related licensed rights for users. Consequently, only authorized users can access work within permitted usage rules. It provides new horizon of deterrence by rendering copyright infringement impractical or too costly.[10] *For example*, Priya purchased eBook from online store, however TPM-protected eBook permits her to only read but restrains to print, email, or save it in drive. To that end, TPM can easily prevent illegal copying and public distribution of copyrighted work in digital form, notwithstanding escalation of technology in the digital world. [11]

WORKING OF TPM

TPM is not limited to encryption rather it comprises of "access controls" and "usage controls" including right to copy, print, and so on. Use of encryption allow users to copy file but they are prohibited from accessing it unless they have the key to decrypt. And once the key is leaked, it becomes pointless to use the whole protection

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7 It is a mechanism to distribute encrypted digital content which can be only accessed if user is authorized to access like upon payment.

8 Encryption is process of scrambling plain text data into something meaningless so that only authorized users can access it with key.

9 It is the technology to embed code in digital content (audio, visual, text and so on) which asserts ownership of copyright holder. It restricts unauthorized access.

10 Armstrong, Timothy K., *Digital rights management and the process of fair use*, FACULTY OF ARTICLES AND OTHER PUBLICATIONS 13, (2006).

11 Pamela Samuelson, *Digital Rights management {and, or, vs} the law*, 46 COMM.ACM, 2 (2003).

mechanism. Even if the key is concealed, copies can still be made. To overcome this challenge, TPM technology most often ties key with user's hardware, machine, network or signaling device. The mechanism of tying the digital copyrighted file with particular hardware makes it hard for users to copy or misuse.[12]

The constraints on extent of access may also include payment method, terms of use, credit card number and what not. Access control is the first step to incorporate restrictions i.e. to keep you away from accessing the work. Unlike legal controls, software based controls can be programmed to restrict user behavior[13] such as a software code can be implemented which restricts the printing of work; restrict the work from being copied to clipboard; software can be used to add an expiry time to the work i.e. a deadline will be set, work will no longer be available afterwards; it can restrict the user from having access to whole copyrighted work and only allow to read limited number of pages and so on. *Example, in the MS Word file under the Developer Tab from the ribbon, one can add several access control methods to protect the file by TPM.*

Ultimately, with the technology revolution, technologically advanced users turned out to be a step ahead of technology. They discover ways to break or circumvent TPM readily. One computer code written by programmer can be reverse engineered or circumvented by another programmer. Once they bypass TPM mechanism, it is quite possible to gain greater access to work than what mechanism initially intended

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12 Karen Coyle, *The Technology of rights: Digital rights management,* 1 (2003).

13 Dan L. Burk, *Anti circumvention Misuse*, 50 UCLA LAW REVIEW 1095, 1101, 1101-1105 (2003).

to permit.[14]Skilled users assist unskilled users by making them available with user friendly hacking tools and tutorial videos. In today's modern world, flawless technology can not be anticipated. Bypassing technical deterrents is quite simple for technically sound users.

For example, "Stream ripping services" it is a service which helps unskilled users to have access to online copyrighted music and video songs free of cost. Moreover, the users can access it in offline mode also. Here software programs or applications qualifies unskilled users to download content or remove TPM without authorization from copyright holder.

COPYRIGHT REGIME

The Traditional copyright law soon turned out being futile to protect rights of copyright owner on the internet. They soon deployed TPMs to prevent infringement of work but it was possible to bypass rendering it inefficient. So copyright owners demanded legal backing. This issue was first addressed at International Conference of WIPO 1996 and consequently, WIPO adopted two internet treaties WCT and WPPT with a provision to protect anti circumvention measures, thus strengthening copyright regime in accordance with the digital revolution.

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14 Armstrong, Timothy K., *Digital rights management and the process of fair use*, FACULTY OF ARTICLES AND OTHER PUBLICATIONS 13, (2006).

WIPO INTERNET TREATIES

Article 11 of WCT[15] and Article 18 of WPPT[16] provided similar requirements:

> *"Contracting parties shall provide adequate legal protection and effective legal remedies against circumvention of effective technological measures that are used by ….."*

They neither provided enforcement mechanism nor did they determine any specific TPM to be used by member countries.[17] Therefore, burden was on member countries to implement effective TPM.

ANTI-CIRCUMVENTION LAWS IN US

The Congress in US enacted DMCA for implementing treaty obligations in 1998. It granted higher protection than the intention of treaties.[18] The complex provision of DMCA comprises of "Access Controls" and "Rights Controls" to prohibit acts of circumvention. Section 1201[19] lays down 3 cardinal provisions.

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15 Article 11, WIPO Copyright treaty. Contracting parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this treaty or the Berne convention and that restricts acts, in respect of their works, which are not authorized by authors concerned or permitted by law.

16 Article 18, WIPO Performance and phonogram treaty.
"…..effective technological measures that are used by performers or producers of phonograms in connection with the exercise of their rights……"

17 Yijun Tian, *Problems of Anti circumvention rules in DMCA and more heterogeneous solutions*, 15 FORDHAM INTELLECTUAL PROPERTY, MEDIA AND ENTERTAINMENT LAW JOURNAL 752, 752-755 (2005).

18 *Id* at 756.

19 17 U.S.C section 1201, the Digital Millennium Copyright Act 1998.

a) Prohibiting Act to circumvent Access Control (Section 1201(a)(1)(A))

This clause prohibits "acts" of circumventing technological measures that controls "access" to protected work. Acts like break in password to access copyrighted work, decrypting, descrambling, removing or bypassing any TPM without authorization of copyright owner. *For example*, if a user without paying subscription fee of legal database, gets access to its content by changing few lines of code of that database. This 'act' bypasses the access control under Section 1201(a) 1A of the DMCA and subsequently, it would be considered as prohibited act.

b) Prohibiting devices to circumvent Access Controls (Section 1201(a)(2))

This clause prohibits trafficking, manufacturing, distribution, import of devices or offer to public any technology whose "primary purpose" is to circumvent access controls. *For example*, BYJUS (e-learning platform) allows only the approved device (tablet) they provide to access their course material. Without buying the entire package, one cannot access their course content, i.e. one has to pay for the course content as well as the tablet to access the study material. Additionally, the option to purchase only material to access it on your own system is not available. Now, if a programmer builds a software and uploads it on his website, which would allow users to access BYJU's content on their personal computer for free, he would violate Section 1201(a)(2).

c) Prohibiting devices to circumvent Right Control (Section 1201(b))

This clause prohibits user's actions after he lawfully accessed the work, therefore it puts restraint on the usage rights like copying or any other

act that infringes copyright holder's exclusive right.[20] *For example*, only few pages of Google books are available for free reading, but for the next pages one needs to pay fee. Demo version of any software is also protected by Right Controls.

This clause does not prohibit act of circumvention, rather it restricts trafficking and distribution of any technology; whose "primary purpose" is to circumvent right controls or infringe exclusive rights of the owner.

Exemptions:

DMCA provides limited and narrow set of exemptions. The general exemption[21] authorizes Librarian of congress to make determination in rule making proceedings periodically (every 3 years). The 7 specific[22] exemptions include the non-profit library, archive and educational institution, governmental activities, reverse engineering, encryption research, protection of Minors, personal privacy, security testing.

EUROPEAN UNION (EU)

EU followed US approach in implementing obligations of treaty but deviated from US anticircumvention rules. Article 6 sets out obligations pertaining to technological measures[23]. Article 6(1) prohibits act of circumvention carried out with "Knowledge" or "Reasonable grounds". Article 6(2) prohibits any manufacture, import,

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20 Peter Singer, *Mounting a Fair use Defense to the Anti- circumvention provisions of the Digital Millennium Act*, 28 U. DAYTON L. REV. 111 (2002).

21 17 U.S.C. section 1201 (a) (1) (B), the Digital Millennium Copyright Act 1998.

22 17 U.S.C. section 1201 (d) to (j), the Digital Millennium Copyright Act 1998.

23 Article 6, Directive 2001/29/EC.

distribution, rental or advertisement of devices primarily designed for facilitating circumvention. The clause 4 requires member states to take appropriate measures ensuring that "public interest uses" provided by law can be exercised even if work is protected by TPM. There still exists vacuum in the extent of exceptions and limitation.[24]

INDIAN LAW

The Copyright Amendment Act 2012 introduced anti-circumvention provision for protecting TPM. Enactment of 65A and 65B facilitate entry of India to WIPO Internet Treaties. India has comparatively taken minimal approach with respect to TPM as compared to US and EU. Section 65A clause (1) lays down prohibition on circumvention of 'effective' TPM used for protecting any "Right" conferred under the act[25]. Criminal liability arises only when "intention" to infringe such right exists. Clause (2) provides wide general exemption and 6 specific exemptions. The general exemption explicitly allows person to circumvent TPM for purpose not expressly prohibited by the Act leaving room for other legitimate purposes. Specific exemptions includes encryption research which implies any activity carried out to identify flaws or vulnerabilities in the encryption technology used in the work, lawful investigation, testing the security of computer system with permission of owner or the operator, privacy and measures in the interest of National Security. In the case of ***Sony computer***

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24 Jerome H. Reichmann et al., *A Reverse notice and takedown regime to enable public interest uses of technically protected copyrighted works*, 22 BERKELEY TECHNOLOGY LAW JOURNAL 984 (2005).

25 Section 65A, the Copyright Act 1957.

entertainment[26], the Delhi high court implemented newly added section 65A by granting ex-parte injunction against defendant from circumventing TPM installed by plaintiff in the PlayStation gaming consoles.[27] The defendants were engaged in recreating pirated version of software made by Sony. This product was titled as "Jailbreak" whose "primary purpose" was to bypass encoded code of machine to make it compatible with pirated consoles.

SCOPE OF FAIR USE IN DIGITAL COPYRIGHT

> *"Think more holistically" and "not solely through lens of copyright law"*
>
> *– Pamela Sameulson*

The copyright law balances interests of copyright owner with public interests. It not only grants privilege to owner but restricts his monopoly rights to give benefits to the society. In simple language, "Fair use is defense to copyright infringement that permits a certain amount of copying without the permission of copyright owner".[28]

The amount of fair use depends upon **a)** purpose and character of work, **b)** level of creativity in copyrighted work, **c)** intention, **d)** portion of work used, **e)** harm to market, **f)** good faith. More the level of creativity, less is the scope of fair use. *For example*, the magical story of J.K Rowling in "Harry potter" is far most creative work as no one

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26 Sony computer entertainment Europe Ltd. V Harmeet Singh &Ors., 51 PTC 419.

27 Shantanu Sahay, *Circumvention of technological protection measures in India,*https://www.legallyindia.com/views/entry/circumvention-of-technological-protection-measures-inindia#liprefbox

28 Peter Singer, *Mounting a Fair use Defense to the Anti- circumvention provisions of the Digital Millennium Act*, 28 U. DAYTON L. REV. 111 (2002).

could have ever thought like her. The breakdown of "fair use" leads to "*Chilling effects*" on innovation and new technologies. The design of copyright statute is rigid in nature although application of fair use permits court to avoid rigidity[29], since law is to foster creativity. The aim of copyright, is to "promote progress of Arts and Science", therefore fair use doctrine allows users to make successive use of copyright owners work like criticism, parody[30], research, teaching, lawful investigation and so on. Fair use acts as a "Safety valve" or "Fail safe" provision in copyright law.[31]

If fair use preserves crucial role in traditional works, similarly it must extend to TPM protected works. Fair use must evolve more and more with respect to revolution in technologies. When we talk about TPM protected work, if users are restricted from exploring or examining, then scope of fair use will never evolve. [32] *For example*, if user is restricted from scanning encrypted messages for virus detection as a measure of TPM, it can hamper digital security and privacy. It is necessary to evolve fair use jurisprudence to bring it in resonance with digital world.

In **Kelly v Arriba soft[33]**, photographer has displayed "images" on his website. Defendants reproduced those images via their search engine in a search result. Court held that defendant's use of images is

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[29] State university research found. Inc., v Am. Broad. Cos., Inc., 621 F.2d 57 (2nd circuit) 1980.
[30] Campbell v Acuff. Rose Music, 510 U.S. 569 (1994).
[31] Fred von Lohmann, *Fair use and Digital rights management: Preliminary thoughts on the (Irreconcilable?) Tension between them*, Electronic frontier foundation (2002).
[32] *Id.*
[33] Kelly v Arriba soft corporation, 280 F.3d 934 (9th Cir. 2002).

completely transformative use[34]of original work since he reproduced thumbnails of images. Moreover it turned out to be improved access to information on internet. Therefore, it is beyond a doubt within the walls of Fair Use Doctrine.

With regard to *first research question*, to measure the uncertain future of fair use, it would be more desirable to critically analyze position in US and India. First taking **US position** in consideration, DMCA does not make explicit "fair use provision" in reference to TPM. It appears that TPM has chilling impact on fair use. Ambiguity in scope of fair use is still preferable than no express provision. Section 1201(c) (1)[35] talks about fair use but not as a defense for circumventing effective TPM.[36]It is just a saving clause in relation to copyright infringement.[37]

So if fair use defense has to be raised, it would originate from section 107[38] although legislatures did not intend to do so. It seems that 1201(c) is an ambiguous section interpreted differently by scholars. According to Jane C. Gingsburg's[39]*syntax theory*, "including fair use" implies its application to copyright infringement as well as DMCA. Moreover, the general exception under section 107 falls within Title 17. It is evident that legislatures intended it to be applied to DMCA as well. Nevertheless, it is merely an assumption. If we look back into

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[34] Campbell v Acuff. Rose Music, 510 U.S. 569 (1994).

[35] U.S.C. Section 1201(c) (1), the Digital Millennium act 1998.

[36] Jacqueline Lipton, *The Law of unintended consequences: The Digital Millennium copyright act and Interoperability*, 62 WASH. & LEE REV., 487 (2005).

[37] Peter Singer, *Mounting a Fair use Defense to the Anti- circumvention provisions of the Digital Millennium Act*, 28 U. DAYTON L. REV. 111 (2002).

[38] U.S.C. section 107, the Digital Millennium act 1998.

[39] Jane C. Ginsburg is Morton L. Janklow Professor of Literary and artistic property at Columbia University school of law.

legislative history and intention of Congress, DMCA is altogether a separate provision from other provisions under same title. In **Universal city studios[40] case**, court reiterated nature of 1201(c) stating that Congress did not intend to allow circumvention of TPM under fair use.

Another implied mention of "Fair use" can be found under section 1201(b). As per literal interpretation of this clause, "Act" of circumventing "Right Control" is not prohibited, however devices that circumvent are still prohibited, opening window for fair use rights of people. Legislative history demarcates that in absence of prohibition on access controls, the traditional fair use cardinally becomes applicable.[41] But outcome is still troublesome as user may not always have "lawful access" prior to exercising his fair use rights. Thus if he circumvents "Access control" for fair use, he would be liable under 1201(a) (1) (A). [42] The present status reflects the need to have authorized access for exercising fair use. [43] Also, if user cannot circumvent TPM himself unlike technological sophisticated users, he may never be able to exercise his fair use. The reach is far too limited for fair use.

For example, a doctor treating emergency patient needs access to patient's medical history which is locked under medical database of

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[40] Universal City studios v Eric Corley, 273 F.3d 429.

[41] Peter Singer, *Mounting a Fair use Defense to the Anti- circumvention provisions of the Digital Millennium Act*, 28 U. DAYTON L. REV. 111 (2002).

[42] Yijun Tian, *Problems of Anti circumvention rules in DMCA and more heterogeneous solutions*, 15 FORDHAM INTELLECTUAL PROPERTY, MEDIA AND ENTERTAINMENT LAW JOURNAL 752, 752-755 (2005).

[43] *Id.*

another hospital situated in different state or country. The possible result is that it may take too long for the doctor to get access of medical database and then extract information. So he decides to circumvent technically protected database for exercising fair use i.e. to treat patient. Let's say, doctor does not have enough skills to circumvent TPM, he calls programmer from IT department in his hospital to circumvent it. In present scenario, doctor will not be liable but the programmer would be liable for breaking or circumvention ("Act" of circumvention).

The above example portrays loophole in existing provision for exercising fair use rights impliedly mentioned in 1201(b). Nonetheless, DMCA has fail safe or remedial general provision whereby librarian can make more exemptions for unanticipated effects. This is still a time consuming task and surplusage.

While examining **Indian Copyright Regime**, it is observed that India took almost 15 years to enact Anti- circumvention provisions. India learned from abuse of TPM in US, therefore its implementation of Internet Treaties is the most harmless approach so far. Unlike DMCA, India does not make distinction between Access Controls and Right Controls. India failed to provide extent of limitation which can be envisaged in TPM by content owners to weaken the rights of users. Despite this fact, it must be appreciated that it chose to have limited legislative guidelines on particular subject matter, thereby leaving room for courts to evolve fair use jurisprudence for public interests.

According to section 65A of The Indian Copyright Act, if user has "intention" to infringe rights of copyright owner by circumventing

TPM, he would be criminally liable. It comprises of general exemptions followed by specific exemptions. Section 65A (2) (a) creates general exemption "*anything which is not prohibited by this act is exempted for circumvention of TPM"*. This implies that circumvention for lawful purpose will be considered as lawful. *For example*, testing of software for security purposes so that it must not infringe privacy rights of people by monitoring user's actions.

In comparison with DMCA, Indian Copyright Act does not prohibit facilitation of circumvention either directly or through tools, therefore leaving scope for technological innovation. Till date legal battle between content owners and fair use has not been observed in India.

As evident from the complex nature of section 1201 of DMCA, general exemption of "any other lawful purpose" should have been included. Erosion of fair use in digital world pose serious threat to traditional copyright regime. Another challenge that restricts and diminishes the scope of fair use is the fact that TPM being a machine with no human intellect would not be able to recognize and differentiate between authorized and unauthorized copying under law. Thus, TPM goes beyond copyright due to the fact that users may not be able to access TPM protected work which is not even copyrightable in nature. *For example*, the traditional Copyright Law limits the monopoly right of author in his work by specifying time period and later passes it to the public domain. TPM defeats this very purpose of copyright act because if it is protected by TPM, soon after crossing the prescribed time period, it may still be within the barriers of technical measures leading to failure of fair use rights. Another example is when patient is

admitted to hospital, his records and other relevant documents are locked by TPM barrier.

RELEVANCY OF INTENTION AND PURPOSE FOR CIRCUMVENTION

The doctrine of "Fair Use" which allows user to make use of copyrighted work even without paying subscription fee, without license or breaking TPM is subject to various factors. For considering criminal liability imposed for circumventing TPM in India as well as US, analyzing the puzzle "*what makes one liable"* is of paramount importance. DMCA uses "Purpose" as a primary indicator for measuring fair use. In Indian legal regime, section 65A envisages intention as a crucial factor for imposing criminal sanctions. Under this particular provision, mere "act" of circumvention is insufficient without intention of alleged infringer infringing rights conferred by this Act. This requirement is likely to increase burden when prosecuting alleged offenders, it has potential to safeguard innocent act from criminal liability, like *fair use.* The scope of intention is not defined in Copyright Act, 1957 and thus construed as one of the essential elements of "Mens rea" as per Indian Penal code. [44] The fundamental principle for criminal liability is, ***"Actus non facitreumnisi mens sit rea"***. It says that act itself does not constitute guilt unless done with guilty intent. This principle of natural justice is backbone of section 65A. In **Flower v Pedget**[45], Lord Kenyon had put this maxim in standard form "*Intent and act must both occur to constitute the crime*". When

[44] Mens rea means state of mind of a person at the time of offense. It can also be said as "guilty mind".

[45] (1798) 101 ER 1103.

there is no intention to infringe copyright owner's exclusive rights, user does not violate section 65A. There is very thin line between "Purpose" and "Intention". Purpose refers to end result "the thing you want to achieve" whereas "intention" is "state of mind before doing act".

Section 107 of DMCA, which lays down four step test takes into account "purpose and character" of use as one of the factor to determine fair use. [46] The case of **Campbell v Acuff rose** [47] [47] overturned the table by reversing the ruling of lower court which denied the defense of "fair use". According to the facts, Roy Orbison's song "Pretty woman" was reproduced by 2 live crew band for recording rap parody version of it. The Supreme Court analyzed first factor of four step test and provided guidance about how cases pertaining to "fair use" should be judged. Whether work used is able to create something totally new or copied verbatim to another work is the issue at hand. [48] Court held if "purpose" of work is to make transformative use of original work, it would fall within fair use; whereas if it is to infringe rights of owner granted by the Act or to harm the market, it would amount to "Unfair" use of work. Purpose of work may weigh in favor of or against fair use. **Sony Corp. of America v Universal studios** (aka 'Betamax case') is more significant

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46 17 U.S.C. section 107, the Digital Millennium act 1998.
In determining whether the use made of work is fair use, the four step test is followed
a. Purpose and character of use
b. Nature of copyrighted work
c. Amount and substantiality of portion used in relation to copyrighted work
d. Effect of use upon potential market.

47 510 U.S 569 (1994).

48 Stanford University libraries, *Measuring the fair use.* https://fairuse.stanford.edu/overview/fair-use/fourfactors/

than Campbell to determine fair use doctrine in the terms of its impact on development in information technology field but not in terms of doctrinal developments.[49]

The proposition of "good faith" and "fair dealing" necessary for fair use determination is obsolete now.[50] This has also been rejected by Judge Pierre Leval in his article[51] and Campbell case. The line of reasoning that defendant's work is unfair because he acted in 'bad faith' is not correct because it is total subjective matter. Now, here purpose becomes relevant. Section 1201 (d) which exempts liability of circumvention for Non-profit libraries, Archives and Educational institutions states "*good faith determination*" an important factor. In light of above arguments it makes clear that it is "vague" factor for measuring fair use due to its subjectivity. There is an interplay between "purpose" and "harm inflicted". When purpose of use is transformative, harm to the market is less likely to occur.[52] The District court in **American institute of Physics v Schwegman, Lundberg &Woessner** ruled "purpose" is relevant for Fair use analysis. [53]

Section 1201 controls behavior of any person who circumvents TPM. The nature of criminal law is to control behavior so that long term benefits of copyright owner granted by law is not outweighed by short term benefit of users. The congress carved out exceptions because interests of society outweigh more than interest of owners where

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49 Pamela Sameulson, *Possible futures of fair use*, 90 WASH. L. REV.815 (2015).
50 Harper and Row, Publishers, Inc. V Nation Enterprises, 471 U.S. 539 (1985).
51 Judge Pierre Leval*, Towards a fair use standard*, 103 HARV. L. REV. 1105 (1990).
52 Sameulson, *supra* note 54 at 822.
53 WL 4666330.

purpose of work is required for well-being of society.[54] *For example*, 1201(h) exempts parents for circumventing TPM because purpose is entirely to monitor his minor's exposure to vast internet. Purpose is relevant to impose criminal liability since it is line with motive for enacting 1201.

> *"To meet the deterrence requirement of treaties, national implementation must provide for remedies sufficient to act as such deterrent & section 1201 accomplishes such goal"*[55]

Provided "only" if act of infringement is willful and purpose is to cause damage, criminal liability shall be imposed. If the intention of alleged infringer is to make fair use of copyrighted work, he might need to circumvent access controls to exercise his rights, nevertheless he would still be liable. As previously researcher took example of a programmer who merely facilitated fair use of doctor would be liable. The copyright infringement is different from circumventing TPM to make fair use.

Taking **Campbell case** into consideration, owner did not permit defendant to make use of his work, however defendant used it for parody. Later court acknowledged purpose of work as 'fair use', hence if user *prima facie* refused to use work, it will never go into court for consideration.

However, TPM is designed in such where it cannot read intention of making legitimate fair use. While copyright infringement can be determined objectively without the factor of intention but then there

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54 Jason M. Schulz, Taking a Bite Out of Circumvention: Analyzing 17 U.S.C 1201 as Criminal law, 6 MICH TELECOMM. & L. REV. 1 (2000).

55 Robert Holleyman, President of software business alliance.

is need of legal certainty in case of TPM.[56] The prime intention of user to extract non copyrightable work from copyrightable work may be considered as fair use else impose criminal liability. This is unclear since statute does not explicitly talk about it. *With regard to 2nd research question*, despite the fact we have measures of "purpose" and "intention" to determine liability, the position is not clear and varies from case to case. The Burden of Proof (BOP) lies on person invoking liability to prove that intention or purpose was willful. With the advent of technology, the expectation of user also increased in comparison with traditional copyright, persuading legislators for legislative reforms.

COMPARATIVE ANALYSIS TECHNOLOGICAL PROTECTION IN INDIA JUXTAPOSED WITH US

In US, Congress had used case to case based approach in determining fair use for copyright infringement. Although this approach is barred in anti-circumvention laws. EU's anti- circumvention rules have more dynamic approach than US or India. Article 6(4) of European Directive 2001/29/EC harmonizes traditional copyright with digital.[57] It first looks forward to voluntary measures taken by copyright holders for user privileges and next resort is from member countries to take appropriate measures.[58]

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56 Marcella Favale, *Human aspects in digital rights management: The perspective of content developers*, 290 (2016).

57 Article 6, Directive 2001/29/EC.

58 Yijun Tian, *Problems of Anti circumvention rules in DMCA and more heterogeneous solutions*, 15 FORDHAM INTELLECTUAL PROPERTY, MEDIA AND ENTERTAINMENT LAW JOURNAL 752, 752-755 (2005).

PARA COPYRIGHT REGIME

Apart from exclusive rights given to author under copyright, anti-circumvention rules provides additional "Right to Access" to him.[59] *For example*, If X breaks TPM but does not violate any exclusive right of author, nevertheless he would be liable for violation of author's additional right. This is major reason for lessening the scope of fair use. India has controllable approach by not giving any additional right to author by virtue of section 65A. This widens the scope of fair use in comparison with US. DMCA makes para copyright regime by providing additional right of access to author, whereas India created it by curtailing basic objective of copyright law *"…to promote Arts and Commerce*". TPM being a machine technology also deprives users from exercising their digital rights.

"GENERAL" EXEMPTION VS "SPECIFIC" EXEMPTION

In US, general copyright exemptions[60] are not applicable to TPM provisions. Section 1201 has its own bunch of specific exemptions. TPM restricts fair use under the roof of 1201, where general copyright exemptions are also prohibited. Another challenge springs up when copyright owner binds user with his unilateral contract.[61] It supersedes rights provided under copyright law with contractual obligations. *For example*, if owner restricts users to make use of limited privileges

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59 Dan L. Burk, *Anti circumvention Misuse*, 50 UCLA LAW REVIEW 1095, 1107 (2003).
60 17 U.S.C section 107, the Digital Millennium act 1998.
61 Anjali Gupta, *Digital right management*, Eastern Book Company (2018).

provided under 1201 by way of "Shrink-wrap contracts"[62], this leveraging of new access control will hamper user's rights.[63]

Indian legal system still leaves room for general exemption under section 65A (2) (a). It explicitly mentions that 65A will not prevent any act which is not expressly prohibited by Copyright Act. This impliedly states if an act is protected under section 52, there will be no application of 65A to it. Theoretically it means that any act for lawful purpose is fair and exempts liability. *For example,* let's say user publishes judgment of court which is not prohibited by court. Due to economic factor, legislature carved out this exemption, so that user is not burdened by asking permission for every research. Now if same judgment is prohibited by TPM in legal database (DB), it shields access to copyrighted work, thereby distorting balance within copyright system.

Legal backing to anti-circumvention laws has outweighed copyright owner's interest more than societal benefit. Many copyright products use TPM technology. Users with lack of technical expertise will require 3rd party (experts in computer coding) to facilitate them with circumvention. 65A (2) (a) proviso for third party is limited in application. Moreover 3rd party may also be liable at times when user deceives them by illegal intention.[64] However, TPM provisions in India

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[62] It is an agreement tied with purchased software. Installing software makes agreement enforceable.

[63] Dan L. Burk, *Anti circumvention Misuse*, 50 UCLA LAW REVIEW 1095, 1101, 1101-1105 (2003). [64] Arul Scaria, *Does India need Digital rights management provisions or Better digital management strategies*,17JOURNAL OF INTELLECTUAL PROPERTY RIGHTS (2012).

[64] Arul Scaria, *Does India need Digital rights management provisions or Better digital management strategies*,17JOURNAL OF INTELLECTUAL PROPERTY RIGHTS (2012).

are much more harmless than US, where scope of fair use is narrow. The position whether general four step test is applicable in 1201 is uncertain but broadly statute differentiates copyright infringement with anti-circumvention rules. Notwithstanding 1201(c) in DMCA, access to unauthorized work is not fair.

Various scholars have objected such interpretation as unconstitutional.[65] The exemptions of 1201 are ambiguous. *To illustrate this*, in **University studios v Eric Corley**[66], defendants were sued under section 1201(a) (2) for making DeCSS which could be used to bypass CSS (TPM) used by plaintiff to control access to DVD movies. Defendant raised defense under 1201(f) as DeCSS allowed user to legitimately access DVD on their choice of platform. DeCSS covers interoperability of digital data whereas 1201(f) allows only for programs. Thus, circumvention for other lawful purpose as a general exemption should be inculcated in DMCA. There are many lawful reasons for circumventing TPM not included in scope of 1201. *Example*, An organization receives encrypted digital file from other organization which is suspected to have Trojan. It is necessary for them to circumvent encryption to detect it.[67]

The Delhi high court in **Adobe Systems INC. &Anr v Arun Jain & Ors**[68] set precedent that use of "Keygens" or "Cracks" in software program is not only act of circumvention but also copyright

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65 Jacqueline Lipton, *The Law of unintended consequences: The Digital Millennium copyright act and Interoperability*, 62 WASH. & LEE REV. ,487 (2005).

66 Universal City studios v Eric Corley, 273 F.3d 429.

67 Jacqueline Lipton, *The Law of unintended consequences: The Digital Millennium copyright act and Interoperability*, 62 WASH. & LEE REV. ,487 (2005).

68 CS (OS) no. 166 (2014).

infringement. Therefore, it is evident that section 65A lays down altogether a different liability than copyright infringement. 65A is a specific and separate section for giving response to technology related crises, hence it requires specific exemptions. To illustrate this, let's take an *example*, a student wants to access West law legal database for educational and research purposes. Suppose database is protected by strong TPM. He breaks TPM to access the material. In this scenario, his access to database is fair use protected under section 52 of CA. Therefore he would be exempt from the liability of copyright infringement. Nevertheless he would be liable for circumventing TPM under section 65A. Fair use protection under section 52 nowhere extends right to circumvent TPM. There is underlying difference between traditional copyright regime and digital copyright regime.

With regards to the *3rd research question*, there is no incoherence between exemptions given under section 65A and general exemption of fair use under section 52. The motive of section 65A is not to grant fair use rather than punishing for circumventing effective TPM unlike section 52. It is crystal clear that copyright infringement subject to fair use exemptions under section 52 is distinct concept from circumvention of TPM subject to specific exemptions under section 65A(2).

The case of **Tata sky v YouTube**[69]revolved around video uploaded on YouTube (intermediary) providing tips to circumvent TPM used by Tata Sky. The unlawful access to HD contents on Tata sky STB violated section 66 of Information Technology Act, 2000 (IT Act)

[69] CS (COMM) 223/2016.

rather than 65A of Copyright Act. Moreover, it involves intermediary liability under 79 and 81 of IT Act. Although YouTube reviewed complaint under section 65A but court ruled that immediate action under 79 was required. It is not necessary that every complaint regarding circumvention of TPM would fall under copyright act.

LEGITIMATE REASONS FOR CIRCUMVENTION OF TPM

The TPM provisions shall not provide monopoly right to copyright owners to "Lock" their work. There are many legitimate reasons for circumventing TPM. The user can remove TPM to which he has lawful access.

There are several examples for justifying circumvention by users. For example, snooping of encrypted file of package to detect if it is infected by Trojan horse.

Suppose, doctor has an emergency case. To provide immediate medical assistance, he requires access to his medical history to know if he is allergic to any injection or medicine. Circumvention of online medical database protected by TPM in such scenario is fair use.

Imagine, financial institution accepted the proposal of anti-virus company asserting their anti-virus is fool proof. To test this, institution hacks anti-virus without company's permission. Such circumvention shall not be restricted for data security.

Apart from hypothetical examples, a real world implication where *Hewlett Packard* threatened researchers of "secure network operations" under DMCA for realizing vulnerability in HP's operating system. Soon after criticism for misuse of DMCA, HP had to take back its

threats and proclaimed that it will not use DMCA to hamper research and testing.

iN A NUTSHELL

The interplay between Law and Technology in copyright industry contributed to government's concrete measures in anti-circumvention laws. TPM had been deployed before law provided protection, nevertheless it did not ponder upon nuisance of circumventing TPM descriptively. The researcher has examined nature of TPM provision in India and US. The global position of law prohibits "act" of circumvention. Moreover if device or technology has limited commercial purpose apart from circumventing TPM, it is prohibited. Indian law does not prohibit trafficking of devices. On one side of coin, there are scholars who say "traffickers" abet offence of circumvention while others are in favor of fair use.

Prohibition on circumvention of TPM is legitimate if user does not have fair use right pertaining to particular copyrighted work. However, bypassing TPM for some incidental work or any fair use should be permitted. The idea is not to extend Blanket protection of TPM to user's privileges under the Act or to uses, which incidentally affect TPM. The limited exceptions enumerated in the provision will defeat the scope of fair use in near future considering the example of extracting uncopyrightable work from copyrighted work controlled by TPM. Also, contractual obligation is menace in TPM.

As per analysis, the scope of fair use in digital copyright has been narrowed as compared to traditional copyright. Intention and purpose

of alleged infringer is relevant before imposing criminal liability. Courts should holistically evolve fair use jurisprudence to balance the interest of copyright owners and societal benefit. The provision for circumvention of TPM is entirely new concept. There shall be no conflict between exemptions of copyright infringement and TPM provision. The article also pointed few examples enumerating legitimate interests to circumvent TPM.

There has been tremendous abuse of anti-circumvention laws in other jurisdictions and so forth it impacted positively on India for enacting TPM provision. During enactment of TPM provision,

US congress and Indian legislature strived for keeping alive the spirit of basic structure of copyright. Instead they are moving even faster from protecting duplication of work to suppressing user privileges.

CRAFTING SUGGESTIONS

The researcher proposes two fold mechanism to exercise "Fair Use" of work protected by technological protection measure. It will prevent copyright holders from using weapon of anticircumvention provision to curtail user privileges.

The first alternative suggests establishment of Government department as Central Agency under aegis of copyright law to circumvent or facilitate circumvention of TPM. This would require legal procedure whereby user has to make application to department stating purpose, intention and scope of use for circumvention. After accessing application, department shall allow or decline the request declaring ineligible. If department is incapable of circumventing

complex TPM, it may take court's assistance to order copyright owner for cooperation. Furthermore, in emergency cases there shall exist tacit right for user's to circumvent TPM so that fair use can be exercised. Provided that government department is unbiased and neutral to balance rights of copyright holder and public interests. This would further require proper appointment procedure in department.

The second alternative is inclusion of "other lawful purpose". While there are 6 specific exemptions but the general exemption under 65A (2) (a) is not clear and poorly drafted. "Other lawful purpose" will make it exhaustive enough to include all legitimate reasons to circumvent.

Further, India should also have remedial measures of rulemaking procedures alike US.

10 IJIPL 31-46 (2019)

JUST A MESSENGER? – REVISITING THE LIABILITY OF INTERNET INTERMEDIARIES FOR COPYRIGHT INFRINGEMENT

*Apoorv Madan**

Abstract

That the internet has revolutionised our lives, may reasonably be considered a truism today. It has made sharing and obtaining information far easier, and has shaken the pre-existing structures. While the role of traditional gatekeepers has been undermined, digital intermediaries have taken centrestage. This on-going disruption has raised various concerns, which are contentious and multifaceted. One of these issues is the liability of these platforms for user-generated content. These intermediaries are vastly diverse in terms of their business models, operations, services, capacities and revenues. Moreover, a handful of large corporations serve as the entry point to the online world, and shape the everyday reality of many. They not only allow their users to post and view content on the platforms or search for information – they also store vast amount of data and monitor their users' behaviour. The perplexities are further aggravated by the fact that they monetise the unlawful content. Some platforms go further ahead and incite users to infringe copyrights, while others themselves post infringing content. On account of the differences in the business operations and activities of these entities, it becomes clear that a 'one-size-fits-all' strait-jacket formula is not the solution to the issue of intermediary liability. Various jurisdictions have evolved differing models to address the issue of liability. While the Indian law has attempted to take into account these diversities, various ambiguities

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and inconsistencies continue to pervade the legal system. This essay delineates the law relating to intermediary liability of internet intermediaries and traces its evolution through case laws. It highlights the looming ambiguities, so as to make a case for an overhaul of the intermediary liability regime. It also suggests that there may be a need of tailored liability models that correspond to the differences in workings of the intermediaries, especially in terms of their revenues, scope of activities and capacities. However, considering the scope of the essay, it does not put forth a detailed model that would appropriately balance various conflicting interests. It restricts itself to an indepth enunciation of the existing law, recent developments and loopholes, emphasising upon the limitations of the present regime.

INTRODUCTION – *CYBER-SPACE, REAL WORLD PROBLEMS*

The emergence of Internet Intermediaries like Internet Service Providers, social media websites and search engines, have revolutionised our lives.[1] Today, the cyber 'space' may be explored lot more than the geographical world,[22] and Facebook may be the most

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1 *See,* Jessica Elgot, 'From relationships to revolutions: seven ways Facebook has changed the world' *The Guardian* (28 August 2015) <https://www.theguardian.com/technology/2015/aug/28/from-relationships-torevolutions-seven-ways-facebook-has-changed-the-world> accessed 25 October 2018; Alejandra Guzman, '6 ways social media is changing the world' *World Economic Forum* (07 April 2016) < https://www.weforum.org/agenda/2016/04/6-ways-social-media-is-changing-the-world/> accessed 25 October 2018; Carrie Kerpen, 'How Has Social Media Changed Us?' (*Forbes,* 21 April 2016) < https://www.forbes.com/sites/carriekerpen/2016/04/21/how-has-social-media-changed-us/#24ebbb155dfc> accessed 25 October 2018.

2 *See,* Martin Beckford, Britons' health at risk from time spent in virtual worlds, says Dr Aric Sigman (19 Feb 2009) <https://www.telegraph.co.uk/news/health/news/4688338/Britons-health-at-risk-from-time-spent-invirtual-worlds-says-Dr-Aric-Sigman.html> accessed 03 October 2018; Victoria J Rideout, Ulla G Foehr and Donald F Roberts, GENERATION M2: Media in the Lives of 8- to 18-Year-Olds (JANUARY 2010, Kaiser Family Foundation)

widely read 'book'.[3] Newspapers and other traditional media no longer exercise sole control over people's opinion – every person is a journalist on social media. Art galleries and exhibitions face a serious competition in form of YouTube, Instagram and the like.[4] Universities, libraries, academics and publishers are no longer the sole powerhouses of knowledge – no more the sole arbiters of "truth". While credible webpages share knowledge without any monetary costs, virtual learning challenges the traditional hallows of knowledge. Social media platforms like WhatsApp, Messenger, and Instagram have made sharing of information (including copyrighted material) much faster and easier.

The 'information economy' has, to a great down, shaken the pre-existing structures. Arguably, the role of traditional gatekeepers has weakened, and digital intermediaries have taken centre stage. However, this transition, or the ongoing disruption, comes with unprecedented problems. One of these manifold perplexities relate to the question of

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<https://kaiserfamilyfoundation.files.wordpress.com/2013/01/8010.pdf> accessed 16 October 2018; JANE E. BRODY, Screen Addiction Is Taking a Toll on Children *New York Times* (6 JULY 2015) < https://well.blogs.nytimes.com/2015/07/06/screen-addiction-is-taking-a-toll-on-children/> accessed 31 October 2018; Aly Thomson, 'Canadians spend more time online at expense of face-to-face time' < https://www.ctvnews.ca/sci-tech/canadians-spend-more-time-online-at-expense-of-face-to-face-time-1.3333902> accessed 31 October 2018; Americans devote more than 10 hours a day to screen time, and growing <https://edition.cnn.com/2016/06/30/health/americans-screen-time-nielsen/index.html> accessed 05 October 2018.

3 *See,* Brian Patrick Eha, 'Facebook Is More Addictive and Widely Used Than Ever' *Entrepreneur* (3 February 2014) < https://www.entrepreneur.com/article/231232> accessed 15 October 2018; Ellen P Goodman and Julia Powles, 'Facebook and Google: most powerful and secretive empires we've ever known' *The Guardian* (28 September 2016) <https://www.theguardian.com/technology/2016/sep/28/google-facebook-powerful-secretiveempire-transparency> accessed 15 October 2018.

4 *See,* Madelaine D'Angelo, 'Could Galleries Be Obsolete In 50 Years?' *Huffpost* (21 February 2018)
<https://www.huffingtonpost.com/entry/could-galleries-be-obsolete-in-50years_us_58ac8865e4b0ead5f0d41e7c> accessed 1 November 2018.

liability of online intermediaries, mainly arising from the fact that internet Intermediaries gain commercial benefit from user-generated content including the unlawful content like copyright infringement. Big corporations like Facebook, Inc. and Alphabet, Inc. (the parent company of YouTube and Google) monetise this content, and earn thousands of crores. This begs various questions – *Should they have an obligation to monitor the content posted on their platforms by its users ("user-generated content" or "UGC")? Should they be liable for third party actions, albeit of its users, in any case? How can the rights of the intellectual property holders be reconciled with other rights like free speech?*

This paper examines how the Indian law deals with these questions and how it attempts to reconcile the conflicting interests. After analysing the legal provisions and the case laws, it presents a critique of the same, highlights the inadequacies, and emphasises upon the need of reforms. Wherever relevant, the author draws insights from international principles and experiences of other jurisdictions.

PROTECTING THE 'MESSENGER' – 'INTERMEDIARY IMMUNITY' REGIME IN INDIA AND ITS EVOLUTION

Legal certainty is a hallmark of any good legal system.[5] To meet this requirement, the doctrine of intermediary immunity must reasonably explain *what entities* shall be accorded immunity and *under what circumstances*. This section analyses, in detail, the applicable provisions and case laws on the intermediary immunity with respect to copyright

5 *See,* Lon Fuller, *The Inner Morality of Law* (Yale University Press, 1969).

infringement. The subsequent section examines whether the law provides sufficient certainty to the citizens.

Legal Provisions

The IT Act (promulgated in 2000, and last amended in 2008) codified the law relating to intermediary liability in India. The provisions of the Act must be read in conjunction with the provisions of Indian Copyright Act, 1957 that prohibit 'authorisation of copyright infringement' and 'secondary infringement'.

IT Act defines "intermediary" as *"**any person** who **on behalf of another person** receives, stores or transmits that record or provides any service with respect to that record"*[6] (Emphasis Supplied). It further provides that an intermediary includes *"telecom service providers, network service providers, internet service providers, web-hosting service providers, search engines, online payment sites, online-auction sites, online-market places and cyber cafes".*[7]

The Chapter XII of the IT Act is solely dedicated to the subject of intermediary liability. Section 79 of the Act provides exemption to intermediary from liability regarding third party information in situations specified therein.[8] The provision is similar to the European E-Commerce Directive,[9] and the 'safe harbour' provisions of the United States statute Digital Millennium Copyright Act. In particular, it states that an intermediary shall not be liable for any third party content. However, this exemption is only applicable if –

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6 The Information Technology Act 2008, s 2(1)(w).
7 7 ibid.
8 ibid, s 79(1).
9 E-Commerce Directive, art 12(1).

a) if it merely "*provides access to a communication system over which information made available by third parties is transmitted or temporarily stored" or*

b) *"it does not initiate the transmission, select the receiver of the transmission, and select or modify the information contained in the transmission".*[10]

If the intermediary's services fall within the contours of abovementioned stipulations, it may enjoy immunity from any liability in relation to the activities of its users. However, this is subject to three conditions –

1. First, the intermediary must exercise due diligence "while discharging his duties" under the IT Act and observe other applicable guidelines. If he does not observe due diligence, he would not be entitled to immunity granted by the provision.[11]

2. Second, the intermediary must not itself be involved in the commission of the impugned unlawful act. The involvement that would disentitle the intermediary from immunity may take the form of conspiracy, aid, abetment, or inducement by any means (*including* threats or promise).[12]

3. Third, it must expeditiously 'remove or disable access' to the unlawful content hosted on its platform upon obtaining actual knowledge or government notification about the impugned content.[13]

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10 ibid, s 79(2).
11 ibid, s 79(2)(c)
12 ibid, s 79(3).
13 ibid, s 79(3)(b).

Two major judgments, however, have revamped the law related to intermediary liability. Any discussion of Indian law on this issue without these judgements would undoubtedly be incomplete.

Shreya Singhal v Union of India – From 'Notice and Take-Down' to a 'Court Order and Take-Down' Regime?

While the 'landmark' case primarily revolved around Section 66A of the IT Act, it also dealt with the constitutionality of Section 79. The Court refused to strike down Section 79, but it did read down the requirements of 'due diligence' and 'expeditious removal' for enjoying immunity. The Court decided that the intermediaries are only required take down content upon a judicial order or a government notification.[14]

The Court reasoned that the intermediaries would face onerous burden if they have to decide the legitimacy of large number of requests that they receive for taking down content.[15] However, if we read between the lines, the impetus behind the decision is that the 'solemn' task of adjudication should not be delegated to private entities; private entities like Facebook are not the appropriate arbiters of interpretation and application of law. The other thrust seems to be that if private companies are left with task of adjudication, they would 'err on the side of caution' and delete even lawful content so as to avoid litigation.[16] This sentiment becomes clear in *SCIL v Myspace,* discussed

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14 *Shreya Singhal v Union of India* (2013) 12 SCC 73, 117.

15 ibid.

16 Rishabh Dara, 'Intermediary Liability in India: Chilling Effects on Free Expression on the Internet' (*Centre for Internet and Society* 2011) <https://cis-india.org/internet-governance/intermediary-liability-in-india.pdf> accessed 10 October 2018; Jaani Riordan, The Liability of Internet Intermediaries (OUP 2016) 235; Paul Pedley, The E-copyright Handbook (Facet Publishing 2012).

at length below, wherein the Court held that, "*The greater evil is where a private organization […] be allowed to view and police content and remove that content which in its opinion would invite liability.*"[17][18] Among many other cases, *Lenz v Universal Music*[18] is an example that internet intermediaries would take down even noninfringing content to avoid litigation expenses.

'INTERMEDIARY IMMUNITY' AND 'SECONDARY INFRINGEMENT' – *FRIENDS OR FOES?*

Long before the law relating to 'secondary infringement' was codified, common law recognised the principle of *secondary liability*,[19] entrenched in various areas of law including torts. In the context of copyright law, it encompasses within its ambit three distinct concepts – contributory infringement, vicarious liability, and liability for induced infringement.

1. *Contributory Infringement* – Contributory infringement requires the satisfaction of the following elements: *knowledge (a)*, and *material contribution to the infringement (b)*. The US Supreme Court held that if a product or service may substantially be used for non-infringing use, the copyright holder must prove that the accused had actual knowledge of the impugned infringement.[20] In addition to actual knowledge, he must also prove that the accused failed to take any steps to prohibit the infringement.[21]

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17 *SCIL v Myspace* (2017) 236 DLT 478, para 62.
18 F.3d 1126 (2015).
19 Aradhya Sethia, 'The troubled waters of copyright safe harbours in India' JIPLP 12(5) 398–407.
20 *Sony Corp of America v Universal City Studios, Inc* 464 US 417 (1984).
21 ibid.

2. *Vicarious Liability* – The strict requirements for establishing contributory infringement are not appropriate in many cases. Therefore, this principle '*allows imposition of liability* ***when the defendant profits directly from the infringement*** *and has* ***a right and ability to supervise the direct infringer****, even if the defendant initially* ***lacks knowledge*** *of the infringement*'[22] (Emphasis mine).

3. *Inducing Infringement* – As the term suggests, this principle proscribes the act(s) of luring users to infringe others' copyright. If a platform induces others to commit the act of infringement, it must be held strictly liable for the actions of the parties that infringe at the behest of the platform's inducement.

The Indian jurisdiction prohibits secondary infringement in the form of Section 51 of Indian Copyright Act. Section 51(a)(ii) of the Act prohibits the act of ***assisting primary infringement***, and provides that "*permitting for profit, any place to be used for the communication of the work to the public, where such communication itself*" constitutes copyright infringement. Section 51(b) prohibits activities that ***accentuate the effect of infringement***, including distribution of infringing copies (for trade or for other purposes) that prejudices the copyright owners,[23] and exhibiting, in public, infringing copies by way of trade.[24]

The Copyright Act was enacted in 1957, and therefore, may not have envisaged digital intermediation. However, when read textually, Section 51(a)(ii) may very well be interpreted to hold online

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22 *Metro-Goldwyn-Mayer Studios Inc v Grokster, Ltd* 545 US 913, 925
23 Copyright Act 1957, s 51(b)(ii).
24 ibid, s 51(b)(iii).

intermediaries liable for the third party content hosted by them. This appears to conflict with Section 79 of the IT Act. To add to the ambiguity, Section 81 of the IT Act states that the Act would have overriding effect over all other existing statutes *except* enforcement of rights under Patent Act and Copyright Act. These inconsistencies present difficulties in determining extent of immunity provided by Section 79 to intermediaries, if at all, in copyright infringement cases. *Myspace v Super Cassettes Industries Limited ("SCIL")* attempted to resolve these interpretive difficulties.

MYSPACE V SUPER CASSETTES INDUSTRIES LIMITED – RESOLVING THE CONFLICT?

Background of the Dispute

Before embarking on the discussion of the Court's resolution of the conflict, it is useful to discuss the background of this landmark decision. Myspace runs a social networking and entertainment website, allowing user to access and upload content for free. However, it prohibits uploading someone else's intellectual property as per the *Use of Terms* agreement. It employs various safeguards for detection and taking down of infringing content, including a mechanism for taking down content after the copyright owner serves a notice to Myspace. SCIL (also known as T-Series), one of India's largest music companies, grants licenses that enable the licensees to play, use, perform, or communicate SCIL's works.

Plaintiff's Arguments

SCIL filed a suit against Myspace in 2008 for copyright infringement. Myspace communicated copyrighted works of the plaintiff to the public without a license from SCIL, and thereby, violated Section 51(a)(i) of the Copyright Act. Myspace provides platform to upload infringing content and gains profits by endorsing advertisements along with the uploaded infringing content, violating Section 51(a)(ii) of Copyright Act. In addition, Myspace had knowledge of infringement and was *authorising* infringement. Despite the safeguard tools, rampant violation took place.[25] The easy accessibility of otherwise paid sound recordings via Myspace's platform, caused immeasurable damage to SCIL.

Defendant's Arguments

Myspace, while denying all allegations, claimed that Section 79 provides a safe harbour to intermediaries from infringement suits. It had no knowledge of infringement and installed various safeguards tools on its website to identify the infringed content. It did not gain commercial benefit from the infringing content since the advertisements appear automatically based on keywords ('Adwords'). Considering the sheer volume on data uploaded on its platform, it was impossible for it to '*manually monitor uploaded content for infringement*'.[26]

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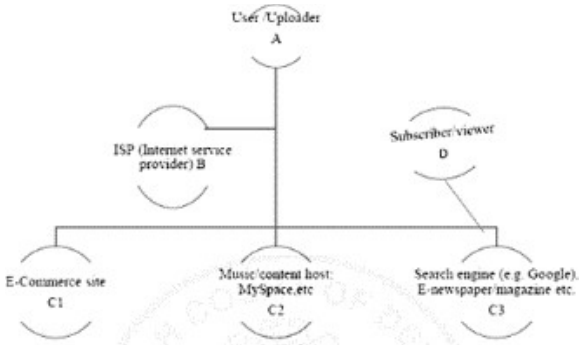
25 *Myspace* (n 14) para 13.
26 ibid, para 14.

Decision of Division Bench

The single judge had found in the favour of SCIL, and *held that Section 79 does not give immunity to intermediaries in cases of copyright infringement*. However, the 2016 Division Bench judgement reversed these findings. It held that *the copyright holder has the burden to prove that the intermediary had knowledge of the infringement*. Further, internet intermediaries are immune from copyright infringement liability if they did not have actual knowledge of the infringement. It represented Myspace's business model, diagrammatically, in the following manner –



Based on the operations, it held that Myspace did not have actual knowledge of the infringing content. In particular, it held that automated advertisements do not imply *actual knowledge*.

Most importantly, the judgment reconciled the apparent conflict between Section 79 and Section 81 of IT Act. It did so by clarifying that Section 79 grants immunity to intermediaries only when third parties upload infringing content. However, Section 81 ensures that intermediaries are not exempted *when they themselves upload, communicate,*

distribute copyrighted content or by any other means, *themselves infringe copyrights*.

Significance

The importance of this decision with respect to the law on intermediary liability in India, cannot be underemphasised. The decision considered the pragmatic aspects of operation of an online intermediary, and emphasised upon the role of immunity in facilitating digital commerce and promoting free speech. Considering the vast amounts of data stored and hosted by intermediaries, it held that they must have *specific and identifiable knowledge* for them to be held liable for third-party infringement.

DON'T SHOOT THE MESSENGER, BUT WHO IS REALLY 'JUST A MESSENGER'? - THE PROBLEMS WITH INTERMEDIARY IMMUNITY IN INDIA

The aforementioned case laws have attempted to fix the loopholes in the intermediary immunity regime. Nevertheless, there are various ambiguities in the law that continue to remain unresolved. To start with, there is an apparent conflict between the aforementioned leading case laws. The Supreme Court in *Shreya Singhal* held that intermediaries are only required to take down content upon a *government notification or judicial order*. However, the *T-Series* judgment imposes a requirement on intermediaries to delete content *even upon receiving knowledge, albeit specific, from private parties*, restoring the regime to 'Notice and TakeDown' for copyright infringement. While the *T-Series* judgment considers various

nuances and balances competing interests, confusion shall continue to loom until this position is clarified the Supreme Court.

In any case, the import of some terms used in Section 79 continues to be ambiguous. For instance, it is unclear whether search engine's operations constitute "initiation of transmission" and are entitled to the safe harbour protection or not.[27] Further, it remains to be seen whether use of algorithms to provide user-specific search results (as done by various online platforms[28]) would qualify as "selecting the receiver of the transmission" or not.

TIME TO SAIL BEYOND THE '*SAFE HARBOUR*'? – EMERGING TRENDS

In an interesting development in the EU, signalling towards emergence of a stringent copyright protection regime, the tide has turned against some intermediaries. The European Parliament has voted towards a reform that requires internet platforms to install an 'upload filter' and holds large commercial entities like Facebook liable for copyright infringement of its users.[29] The proposal makes it clear that small/micro enterprises would not be required to take apply preventive measures because that would be disproportionate.[30]

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27 Daniel Seng, 'Comparative Analysis of the National Approaches To The Liability Of Internet Intermediaries' (*WIPO*) <http://www.wipo.int/export/sites/www/copyright/en/doc/liability_of_internet_intermediaries.pdf> 63.

28 Olivier Sylvain, 'Intermediary Design Duties' (2018) 50(1) Connecticut Law Review <https://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=1892&context=faculty_scholarship> accessed 30 September 2018; Brooke Masters, 'Facebook is more than just a pipe — it is a publisher too' *Financial Times* (21 April 2018) <https://www.ft.com/content/da427af2-2670-11e7-8691-d5f7e0cd0a16> accessed 1 October 2018.

29 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on copyright in the Digital Single Market.

30 ibid, recital 38(e).

While criticised by some, this Amendment appropriately protects the interests of small artists, and gives force to the largely ignored principle of '*vicarious liability*'. In another development, the Austrian Commercial Court found YouTube liable for serious copyright infringement. It refused to grant the platform immunity, reasoning that the platform monitors, filters and categorises content.[31]

CONCLUSION

The internet intermediaries have been at the forefront of digital revolution, and are extremely diverse in their services, business models, and operations. Therefore, any straightjacket formula for assessing the liability of these diverse entities would result in absurdity. The Indian law has attempted to take into account these diversities by laying down different conditions that may satisfied. For instance, 79(2)(a) corresponds to telecom service providers and ISPs and 79(2)(b) applies to search engines and other service providers. These attempts are, however, inadequate.

In consonance with the trend in EU and elsewhere,[32] the Indian intermediary liability regime needs various reforms. In addition to addressing the previously highlighted ambiguities in the law, India needs to carve out separate categories of intermediaries and impose different obligations on each category. The liabilities must depend on,

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31 Scott Roxborough, 'YouTube Liable for Copyright Infringement, Austrian Court Finds in Preliminary Ruling' *The Hollywood Reporter* <https://www.hollywoodreporter.com/news/youtube-liable-copyright-infringementaustrian-court-finds-1117828> accessed 15 October 2018.

32 *See,* Kai Jia, 'From Immunity To Regulation: Turning Point Of Internet Intermediary Regulatory Agenda' Journal of Law and Technology at Texas <http://jolttx.com/2016/10/08/immunity-regulation-turning-pointinternet-intermediary-regulatory-agenda/> accessed 18 October 2018.

inter alia, the editorial control, the business operations, and the revenue generated from the infringing content. Big corporations generate huge amounts of revenue directly or indirectly from the infringing UGC. Irrespective of *actual knowledge*, they must invest more resources in preventing infringement and protecting small artists from exploitation. While this proposition may also ensure fewer ambiguities in the law, more clarity, and faster resolution of disputes, an extensive model needs to be carved out that would ensure that greater responsibilities does not result in greater curtailment of free speech.

10 IJIPL 47-64 (2019)

ARGUING FOR THE ARBITRABILITY OF IPR DISPUTES

*Nidhisha Garg**

Abstract

Arbitration, as one of the means of Alternative Dispute Resolutions is fast emerging as a suitable replacement for conventional courts, by foraying its wings into a gamut of new kinds of disputes, especially when the litigants involved are corporate houses. Courts in India have time and again, in various judgments held that disputes involving intellectual property rights, are non-arbitrable, more so, if the main question in issue is regarding the validity of the right. This is primarily because the court believes that since enforcement of IPR *involves the aspect of public policy, it would be against the interests of the general public to make them the subject of arbitration proceedings. A couple of countries, like, U.S.A and Switzerland have been permitting arbitration of Intellectual Property Rights (hereinafter referred to as* IPR*) disputes since the latter of the twentieth century. Apart from these two countries, the scenario in a couple of other countries is also briefly discussed. Even though the law in India has not been yet developed to the extent that it expressly provides for arbitration of* IPR *disputes, but, it also does not prohibit it. Rather, it is silent on it, thus, providing for the scope of interpretation. This essay, would therefore like to argue in favour of arbitrability of* IPR *disputes, the challenges that will be posed before us, and how they can be tackled. The essay concludes by suggesting a model, constructed keeping in mind the peculiarities of our nation, which could be adopted by the*

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legislature for enabling hassle-free and efficient arbitrability of IPR disputes in India.

INTRODUCTION: THE CURRENT POSITION IN LAW

There are several judgments in the Indian jurisprudence which have tried to provide, by way of illustration, a list of instances where arbitration is not an option available to the parties, and all of them have, without any exception, not failed to include IPR disputes in the list. The latest case on the point being that of the Allahabad High Court in *M/S Swatantra Properties (P) Ltd. v. M/S Airplaza Retail Holdings Pvt.*[1], delivered on 28 May, 2018**,** which held as under:

"The following categories of disputes are generally treated as non-arbitrable:

(i) patent, trademarks and copyright;
(ii) anti-trust/competition laws;
(iii) insolvency/winding up;
(iv) bribery/corruption;
(v) fraud;
(vi) criminal matters."

Other authors have, in addition to the above listed matters, also included matrimonial disputes and matters relating to guardianship, eviction of tenants, testamentary matters etc. [2] The judges probably felt the need to do this as the Arbitration and Conciliation Act, 1996,

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1 M/S Swatantra Properties (P) Ltd. v. M/S Airplaza Retail Holdings Pvt., 2018 (6) ADJ 564.

2 O.P. Malhotra & Indu Malhotra, "The Law and Practice of Arbitration and Conciliation", (3rd Edn. 2015).

(hereinafter the Act of 1996), is silent on what matters shall be arbitrable and what not.

In 2016, Justice G.S. Patel of the Bombay High Court, was faced with the question of arbitrability of IPR disputes in *Eros International Media Ltd. v. Telemax Links India Pvt. Ltd.*[3] The proceedings were initiated under section 8 of the Act of 1996.

Relying on the distinction between rights in rem and rights in personam as provided in *Booz-Allen & Hamilton Inc v. Sbi Home Finance Ltd. & Ors*[4], the court rejected the argument that disputes related to infringement of copyright couldn't be arbitrated upon. The Plaintiff produced and distributed feature films and held the copyright for many of them. It had granted to the defendant, the right to distribute content to manufacturers of devices by which content could be 'preembedded' or 'pre-burned'. The matter arose out of a claim of the plaintiff that the defendant had infringed its copyright and demanded damages in relief. Their license agreement contained an express arbitration clause. There was no dispute on the fact that both the parties did initially, agree by way of free consent, to refer any dispute that might arise between them to arbitration. When the dispute actually arose, the plaintiff tried to escape the arbitration clause by advancing the following arguments:

1. that by virtue of section 62 of the Indian Copyright Act, 1957 and section 134 of the Trade Marks Act, 1999, which provide

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3 Eros International Media Ltd. v. Telemax Links India Pvt. Ltd., 2016 (6) ArbLR 121 (Bom).

4 Booz-Allen & Hamilton Inc. v. SBI Home Finance Ltd. & Ors., AIR 2011 SC 2507.

that infringement and passing off actions cannot be brought in a court lower than the District Court, the arbitration clause was rendered null and void and that the jurisdiction of the arbitral tribunal was completely ousted. The counsel also relied on the ratio of *Premiere Automobiles Limited v. Kamlakar Shantaram Wadke*[5], which held that the jurisdiction of a civil court could not be ousted if the statute expressly provided for the civil court to be the appropriate forum,

2. that matters relating to copyright infringement or passing off of trademarks were non-arbitrable as enlisted in several precedents, some of which have been mentioned above.

The first contention was rejected on the ground that it was too far-fetched an extension of the principles relating to ouster of jurisdiction of the civil court. The court held that section 62 only meant that a matter relating to copyright infringement could not be instituted in a court lower than the district court, that is, the district court was to be the court of first instance. The implication that section 62 ousted the jurisdiction of the arbitral tribunal was not accepted by the court, and it therefore held that such an interpretation would defeat the very purpose of both the legislations, the Indian Copyright Act, 1957, as well as of the Act of 1996.

As far as the second contention is concerned, the court rejected it on the ground that a matter relating to infringement of a copyright was one exclusively between the parties to the suit and an arbitration

5 Premiere Automobiles Limited v. Kamlakar Shantaram Wadke, 1976 SCR (1) 427.

tribunal was as competent as any other civil court of original jurisdiction to grant the reliefs prayed for. Since the decision would be binding only on the litigating parties it would involve enforcement of a right *in personam*.

However, the court also expressed caution on the point, that where the matter in issue related to the validity of a copyright or a trademark itself, an arbitral tribunal would be incompetent as the matter would involve the enforcement of a right against the entire world at large, that is, a *right in rem*. Rights *in rem* have public policy implications and therefore, the courts have been reluctant in permitting arbitration of such matters.

RATIO OF THE BOOZ ALLEN CASE

Almost all the cases in Indian jurisprudence which deal with arbitration, do mention the ratio of *Booz-Allen & Hamilton Inc v. SBI Home Finance Ltd. & Ors.*[6] The judgment cites various celebrated authors like Rusell, Mustill and Boyd to explain that not all matters are capable of being disposed of by way of arbitration. It is not a question of whether a particular matter is arbitrable or not, but, whether it ought to be made a subject of arbitration, that is; whether the award passed by the tribunal is enforceable as against the entire world at large or not. There are several limitations of an arbitration proceeding as compared to conventional litigation methods. Some of them are as under:

6 Booz-Allen & Hamilton Inc. v. SBI Home Finance Ltd. & Ors., AIR 2011 SC 2507.

1. Public Policy

The adjudicators in an arbitration proceeding are appointed by the parties themselves and not by the State. Such a person is incompetent to issue summons, impose liability for contempt of court, commit to prison etc. Adherence to the award passed by him is conditional upon the consent of the parties. The rationale is that it would be against the interests of the general public to make them bound by an arbitrable award, the competence and jurisdiction of which to decide the matter, they did not originally consent to.

Also relevant under this head, is the distinction between private fora and public fora. The former may be appropriate to enforce rights in personam. In fact, at one point, the court does also concede to the fact that for certain matters, the private fora alone are suitable. This is inclusive of commercial matters, involving trade secrets, business reputation etc. where resort to a public fora may adversely affect the interests of the parties. But, again, if these decisions are made enforceable against the entire world, it would adversely affect the interests of the general public.

The public, by virtue of the Social Contract Theory for formation of State, had only consented to the authority of the State or bodies subordinate to it. The public policy argument, puts forth that it would be wrong to now subject the public at large to the authority of an arbitration tribunal, which is not a State entity.

2. Real and Sub-ordinate Rights

Mustill and Boyd have provided and the Apex Court was pleased to accept the distinction as provided by them between 'Real' and 'Sub-ordinate' rights. The former are rights in rem, that is, capable of being enforced against the world at large, whereas, the latter are rights in personam, which are enforceable only on the parties. Also, the latter derive their roots from the matter. The illustration provided by the court was that the validity of a patent itself is non-arbitrable but an issue involving its infringement is arbitrable. Sub-ordinate rights derive their existence from the real rights and are dependent upon the former for an adjudication concerning them. As per the ratio, while real rights cannot be made a subject of arbitration, sub-ordinate rights may well be arbitrated upon.

3. Court's Power to decide upon the arbitrability of the matter

The court differentiated between its powers under section 8 and 11 of the Act of 1996. Section 11 (6) (c) provides for an appointment of an arbitrator by the Chief Justice or any person so authorized by him. Under section 8, the court, if it deems fit, may refer a matter before it to arbitration, if there exists an arbitration agreement between the parties.

When a matter comes before the court under section 11, it is not competent for the court to apply its judicial mind to deliberate upon its arbitrability. That remains the domain of the arbitral tribunal. All that needs to be done by the court is to assist the

parties by appointing an arbitrator, provided the very existence of the arbitration clause between the parties is not itself disputed.

The situation is very different when the matter is one under section 8. The court may, before referring the matter to arbitration, determine whether the matter ought to be referred to arbitration or not, despite there being a valid arbitration clause between the two parties.

POSITION IN OTHER COUNTRIES

There are countries which allow arbitration of all kinds of IPR disputes, including disputes relating to the validity of the patent, trademark, copyright itself. The model adopted by the United States of America (hereinafter U.S.A) appears to be a good precedent. Other names are that of Switzerland and Belgium. Brazil, Japan and China, allow the same, but with a couple of exceptions and reservations. Most of these countries are signatories to 1958 New York Convention for the enforcement of foreign arbitral awards. While they may have no problems enforcing the awards of a foreign arbitral tribunal so long as the award is not contrary to public policy or the *ordre public* of the state, there may still be reservations in enforcing domestic arbitral awards, especially those dealing with validity of the intellectual property, which are not self-executing and need the power and authority of the domestic courts to be enforced. In the United Kingdom, for example, arbitral decisions are subject to review by the judiciary. Also, parties have the right to appeal from them, though, the parties may, by consent, waive the right to appeal or that of judicial review of their awards. Even in the United States, which is supposedly the most liberal

nation as far as arbitrability of IPR disputes is concerned, if the award seeks to invalidate the intellectual award, the state appointed authority for the concerned intellectual property must be notified for them to be able to make the necessary changes in their record.

In many of the abovenamed countries, there are no clear precedents allowing the arbitration of IPR disputes. There are mere propositions given by distinguished scholars as to what is their interpretation of the current law. In order to rebut the argument of public policy, the scholars have emphasized on the fact that decision of the arbitral tribunal respecting the validity of the intellectual property, be enforceable only *inter partes,* that is, applicable only to the parties to the arbitration. The world at large is free to challenge the validity of the intellectual property at any time in the domestic civil courts. This needs to be done because, sometimes, issues of infringement cannot be decided unless the validity of the intellectual property is itself established, as the party liable to pay compensation, may deny it by using the defence of invalidity. Hence, the preliminary issue of validity is crucial to the final adjudication. But its scope is limited only for the determination of rights among the parties *inter se* and the subject matter remains very much valid for the world at large. Needless to say, the above-mentioned arbitration of IPR disputes is only possible when there exists an express, unambiguous arbitration clause in the agreement of the two parties.

From what can be summarized by the status of arbitrability of IPR disputes in other states, it can be reasonably concluded as follows-

1. Arbitration proceedings which tend to resolve IPR disputes and involve parties belonging to two different nations are more likely to be enforced if the award has been passed by a foreign arbitral tribunal.

2. Arbitration is a more favored form of dispute resolution for IPR disputes when the parties are commercial enterprises.

3. To avail the well-established benefits of arbitration (speedy, cost effective, respects confidentiality/trade secrets/reputation between the parties etc.) the parties might have to let go of the rights which would have otherwise been available to them in conventional methods, by drafting an arbitration clause that clearly portrays their consent and willingness.

4. Most countries inclined and open to arbitration for commercial disputes, are generally amenable to arbitration of infringement related intellectual property disputes. What remains a subject of debate is whether the same could be permitted for validity related disputes as well. This is because of the involvement of element of *ordre public*.

DEALING WITH THE PUBLIC POLICY ARGUMENT

The main objection in the public policy argument was that since intellectual properties are State grants, a third individual, chosen by the parties themselves, cannot render them invalid. If we dig deeper into the roots of the issue, we might realize that the argument of public policy could be extended to all kinds of property disputes. Even real

property, or as it is known in India, tangible immovable property are, fundamentally are granted by the States. The State is the owner of all property within its territorial jurisdiction and the citizens can at most be said to possess delegated ownership or sub-ordinate ownership. Therefore, by application of this logic, even an arbitration seeking to invalidate ownership of tangible immoveable property must also be restricted by virtue of it being contrary to public interests. In fact, arbitration of such disputes should be all the more restricted as permitting the same would amount to authorizing a third party to decide upon ownership of a property, of which it is well established that the individual is not the absolute owner, with the State retaining its power to acquire any private land. Intellectual properties are absolute assets of their inventors, creators and owners, and except as provided for under section 100 (1) of the Indian Patents Act, 1970, even the State cannot stake its claim on them by virtue of any property acquisition legislation. Under Section 100 (5) of the said act, except in case of national emergency or extreme urgency, where the Government (whether Central, State or otherwise) has used or authorized the use of such patent, it is required to inform the patentee of the use to which such patent was put.

Since the parties are the sole and complete owners of their intellectual property, they should have full liberty to choose the manner in which they wish to solve any dispute related to that property. The only role that State plays while granting intellectual property is to check whether the claim is bone fide or not. For example, for a claim of patent, the Controller General of Patents of the Indian Trademark Office will

examine whether it falls under any of the clauses of section 3 of the Indian Patent Act, 1970, of not being an invention, whether it is novel, or whether someone else has filed for an identical patent at a previous date. These are just guidelines to verify the veracity of the claim of the owner and if the property stands up to all these tests, the Patent Office is bound to declare the ownership in favour of the rightful holder of the patent. The only areas in which arbitration would then be able to operate in are those involving breach of contract, where the parties have voluntarily entered into a contract and have given themselves some rights and taken upon themselves some duties by virtue of that agreement. Evident as it might be, even the propounders of the *ordre public* argument wouldn't be comfortable in taking it so far.

William Grantham has propounded two ways of dealing with the aspect of public policy:

"The first approach to resolving the conflict between the public policy domain and the private dispute resolution domain is to substitute arbitration for judicial or administrative exercise of the state's rights and responsibilities.

A second approach to the public-private conflict with respect to the validity and/or ownership of state intellectual property grants is to examine the degree of deference given to the parties' choice before public policy is implicated." [7]

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[7] William Grantham, "The Arbitrability of International Intellectual Property Disputes", Vol.14, Berkeley Journal of International Law, 173 (1996).

The first approach is already in force in the U.S.A. Giving the decision of the arbitrator the force of the State is a good way to counter the public policy argument. For Example, in the U.S.A, if the arbitrator decides the patent or the trademark to be invalid, the decision is not upheld until the Patent or the Trademark office, as the case may be, is notified.

With regard to the second approach, what Grantham proposes is that the decision of the tribunal respecting the validity of the intellectual property would only be applied so far as it is necessary for determining the rights of the parties. The word 'parties' here includes the arbitrator. What he means by restricting the power of the parties is actually that even the tribunal does not have the authority to give decisions having the force of *erga omnes* principles. The tribunal can go into questions of validity only to determine whether there has been an infringement or not. The status of the intellectual property with respect to the world at large, remains intact.

Moreover, he emphasized on the fact that parties would have to waive some of their rights in case they choose to enjoy the benefits of arbitration. He cited precedents from USA's jurisprudence wherein the courts have upheld the 'no-contest' clause, that is, clauses in the arbitration agreement by the effect of which the parties waive their right to contest the validity of the intellectual property before the tribunal. This argument was buttressed by the fact that public policy or interests of the public at large are not affected adversely when parties voluntarily waive some of their rights.

POSITION IN THE UNITED STATES OF AMERICA

When it comes to arbitration of intellectual property disputes, the U.S.A seems to present a close to ideal model. Previously, even the courts in U.S.A followed suit of other states and refrained from foraying into arbitration of such disputes. What brought about the change was the leniency shown by the Supreme Courts of some states in allowing arbitration of antitrust matters. There existed a strict reluctance among the courts to allow arbitration where the dispute was related to unfair competition or antitrust. It was only in the last decades of the twentieth century, when courts started allowing the arbitration of anti-trust matters by giving a wider interpretation to the New York Convention, that courts became amenable to extend the same relaxation to intellectual property matters.

In the recent years, arbitration has especially been a preferred form of dispute resolution when conflicts relating to intellectual property arise between two multi-national corporations. The American courts have also been more than pleased to encourage them.

While the enactment of a legislation enabling arbitration of copyright, trademark and other intellectual properties is yet to be done, in August 1982, patent disputes were made arbitrable by the addition of section 294 to Chapter XXIX of the United States Code Title 35 on Patents.[8]

The provision states in no uncertain terms that the arbitral award shall be valid only as far as the resolution of the dispute between the parties is concerned. The tribunal may proceed as if any other ordinary civil

[8] Patents Act, 35 U.S.C. § 294 (1982).

court of competent jurisdiction would have proceeded, thus, also enabling it to consider the defenses regarding validity and infringement of patents as provided for under section 282 of the same legislation. A condition precedent for enforcement of the award is notification of the award to the Director, that is, to the State authorized officer who maintains the record of the patents and their owners.

CONCLUSION: A MODEL FOR ARBITRATING IPR DISPUTES IN INDIA

Since arbitration of IP disputes is still at a very nascent stage in India and there are as of now, no judicial precedents or legislation which even remotely put forward the possibility of the same, formulating an ideal, fool-proof model might prove to be a difficult task. Adopting the American or the Switzerland model lock, stock and barrel might not be a very good idea as the social conditions of our nation are very different from those in any other state and therefore, any model that we seek to adopt must take into the consideration the peculiar circumstances in our nation.

Nonetheless, the following model appears to the author to be implementable:

1. The Legislature should enact a legislation enabling arbitration of intellectual property disputes so that courts do not hesitate in allowing the same, should a factual scenario present itself before them.

2. Parties need to voluntarily enter into express arbitration agreement specifying their willingness to subject themselves to arbitration,

should any dispute arise between them, whether concerning the validity of any intellectual property or not.

3. Unlike United Kingdom, any clause that purports to make parties waive their right to approach the civil court must not be permitted in India. This is because if parties were allowed to waive their rights to approach he civil courts for a remedy, whether by way of an original suit, appeal or application for judicial review, it would definitely invite the obstruction of the public policy argument. Therefore, notwithstanding the award of the arbitral tribunal, not only the public at large, but also the parties to the arbitration proceeding must be allowed to take recourse of the remedies that can be provided by the civil courts.

4. Where the existence and veracity of the arbitration clause is not disputed, the arbitral tribunal should be empowered to decide on even validity related matters, apart from infringement of IP disputes.

5. The award of the tribunal shall be notified to the Controller General of Patents or to the relevant authority which maintains the record of the particular intellectual property, as the case may be. If the tribunal has deliberated upon the validity of the intellectual property and

   (i) If the validity has been upheld, the award may be enforced without any further ado, that is, the status quo should be maintained, but,

(ii) If the IPR has been held to be invalid, the Copyright Board or the Controller general of Patents as the case may be, shall be necessarily required to review the award. If, after application of its judicial mind, the authority is satisfied that the tribunal was right in passing such award, it shall make the necessary changes in its record. This is a deviation from the American model in that the award of the tribunal is not proposed to be enforceable only *inter partes*. Rather, it shall be enforceable against the world at large, provided the award has been revisited and reviewed by the competent State authority, just as it would do for any other ordinary claim challenging the validity.

6. Third parties' rights shall not be affected whatsoever, and they may opt to institute a suit regarding their grievance at any time, whether before, during or after the proceedings of the arbitral tribunal.

7. The State may even set qualifications and eligibility criteria for the arbitrators who seek to adjudicate on IPR related issues. These could require them to be retired personnel or senior officers of the Copyright Board etc. That way, the person deciding on the validity of the intellectual property in arbitration would be the same as in conventional methods, but, only in a different capacity and with a different set of procedures applicable to him. The only drawback, if any, with this suggestion is that the parties' choice of choosing the arbitrators will then become limited to only the available list of qualified arbitrators. Though there may be a counter argument to the effect that restricting the parties' discretionary power in an

arbitration would amount to defeating the very purpose of alternative dispute resolution mechanisms, the same can be rebutted by accepting that the parties will still, however, benefit from other advantages of an arbitration proceeding, like, pocket-friendly, faster, more informal, protection of the entity's reputation etc. to name a few. The suggestion only seeks to limit their power of choosing the arbitrator, with all their other freedoms being intact.

The above presented model could first be implemented as a pilot experiment for a few years. Implementation in only a few states as of now would also serve the matter. New ideas and developments are welcome and the same could be incorporated as and when it becomes feasible for the legislature to do so, maybe even in stages. If the process proves itself to be efficient to the satisfaction of a considerable number of jurists and scholars, the last updated version of the model could be adopted in full swing.

10 IJIPL 65-81 (2019)

MORALITY AND PATENTS: A REASONABLE RESTRICTION OR A DETERRENT TO INVENTION?

*Kartikey Pandey & Alok Kumar Chaurasia**

Abstract

The intersection of law and morality has been the subject matter of a lot of discussions, debates, and nuanced decisions. A third element was added to this nomenclature with the inception and introduction of intellectual property rights. However, patentability of inventions that do not measure up to the established societal constructs of morality and order has been marred by a lot of controversy. Recently, the India Patent Office issued an order refusing patent to a vibrator siting moral reasons which led us to the long ranging debate of inclusion of the morality clause in patents. The European Patent office has been a torch bearer in ascertaining the contours of morality, public order and usefulness of the invention concerned. However, with its multidisciplinary approach regarding the patentability of inventions, a consistent framework is yet to be evolved. US on the other hand does not have an express provision pertaining to exclusion of inventions on the basis of morality. The authors have through this essay elucidated upon various instruments that provide for such standards, the approach of EU towards interpretation of immorality and public order enshrined in its convention and the position of US in such matters.

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INTRODUCTION

Law and morality act as a precursor to how we as individuals conduct ourselves in our society. However, these two concepts are often at loggerheads over the veracity of one vis-à-vis the other. For example, an act is legal according to law but immoral according to the public perception of the said act, or according to societal construct of morality the said act is right but legally it is regarded as a wrong. The interplay between the law and morality has confused scholars and practitioners since the inception of the civilization as we know it, the contours of which are still indeterminate. Law and morality interwoven in the fabric of intellectual property framework has been a subject for nuanced discussions among practitioners, scholars and a plethora of litigations across the globe. In August 2018, the Indian Patent Office passed an order[1] stating that an application for vibrator cannot be granted a patent on the ground that it is immoral and at the same time against the public order. It was held:

"The subject matter claimed in the instant application relates to "sexual stimulating vibrator" and its intended use or commercial exploitation could be contrary to "public order" or "morality" and falls under section 3(b) of the Patents Act (as amended) and is not allowable…. Mostly these are considered to be **morally degrading** by the law."[2]

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1 http://ipindiaservices.gov.in/decision/4668-DELNP-2007-35516/4668-delnp-2007%20refusal.pdf.

2 Shamnad Basheer, *Sexual Pleasure is Immoral: So Says the Indian Patent Office!* SPICYIP (Aug 11, 2018), https://spicyip.com/2018/08/sexual-pleasure-is-immoral-so-says-the-indian-patent-office.html, [3] Patents Act §3(b) (1970).

Section 3(b)[33] of the patent act states that "an invention the primary or intended use or commercial exploitation of which could be contrary to public order or morality or which causes serious prejudice to human, animal or plant life or health or to the environment". The provision seems analogous to the much evolved jurisprudence on morality and public order enunciated in the European Patents Convention. However, due to lack of infrastructure and capital dedicated to research and innovation, claims pertaining to morality of scientific inventions have never been made in the past except one where an unreported claim for a medicinal powder, made from the remains of dead bodies which was obtained after digging the graveyard a week after the burial, was deemed as immoral. In the light of the above the authors aim to study moral and ethical consideration under various international instruments and how they are dealt with under municipal laws of United States and European Union. Then we move to discuss the rulings by different courts elaborating on the exclusion aspect of patent rights focusing on the morality and public order and how it affect the decision regarding the patentability of an invention. At last we conclude with th

MORALITY EXCLUSION AND PATENT LAWS

States are the custodian of public interest, and patent law must conform to this general principle. Two exception conforming to this general principle namely *ordre public* and morality are included in the patent laws. Term *ordre public* is used to safe guard the structures on

3 Patents Act §3(b) (1970).

which the foundation of a society lies i.e. "matters that threaten the structure of civil society as such"[4]. "Morality is the degree of conformity to moral principles (especially good)"[5]. Morality does not have an independent existence rather it is relative to the societal values prevailing at any particular time. Therefore morality exception plays an important role and any invention which does not satisfy the morality consideration is rendered as unacceptable.[6]

Whenever debate regarding inclusion of morality as test to determine patentability is brought to our attention, we are faced with two important question. First, should law reflect morality and Second whether law can be dissected and set apart from morality. To this, a positivist will support the logic and reasoning derived from the bare text thereby alienating law from the concept of morality.[7] Furthering his argument, a positivist will state that an invention should not be stripped off its patentability as long as it is *"novel, inventive and displays an industrial application"* and morality exclusion should be kept at bay while evaluating any invention until we have it in the well-defined terms of law. On the contrary, propounders of natural law will vehemently argue that morality is inseparable from law.[8] Law being a reflection of

4 UNCTAD – ICTSD, RESOURCE BOOK ON TRIPS AND DEVELOPMENT 375 (Cambridge University Press, New York 2005).

5 The Concise Oxford Dictionary (12th ed. 2011).

6 ALBERTO BERCOVITZ, PANEL DISCUSSION ON BIOTECHNOLOGY EMERGENT TECHNOLOGIES AND INTELLECTUAL PROPERTY. MULTIMEDIA, BIOTECHNOLOGY & OTHERS ISSUES 53 (Kraih Hill & Laraine Morse eds., ATRIP, CASRIP Publications 1996).

7 Salmond on Jurisprudence, (P.J. Fitzgerald (ed.), Universal law Publishing 1966).

8 *Id.*

morality cannot possibly give legal character to anything which offends societal definitions of what is moral and what is immoral.

To find a common ground between morality and patents, first we need to analyze international intellectual property provision.

TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS AGREEMENT

Scope

Article 27 of TRIPs agreement states that:

> *"Subject to the provisions of paragraphs 2 and 3, patents shall be available for any inventions, whether products or processes, in all fields of technology..."*

The aforementioned provision has the same qualifiers in the form of novelty, inventive step and capable of industrial invention. The word "invention" is nowhere defined in the agreement and therefore the onus lies on the member states to interpret "invention" according to their own municipal laws. This flexibility is evident in articulation of TRIPs agreement[9]. Although it is implied that the subject matter should include all types of technology because the concept of subject matter should be broad enough to avoid any prospective conflict. Further, we cannot turn a blind eye towards the misuse of such provision. With the defense of maintaining public order, states

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9 Art. 27(2), Trade-Related Aspects of Intellectual Property Rights Agreement, 1995.; "*Members may exclude from patentability inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect ordre public or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by their law.*"

generally exclude almost every invention, that are immoral according to the societal constructs of morality, from getting a patent as long as they introduce it through an act of legislature. To prevent this, a proviso was incorporated in the provision which states that:

> *"… provided that such exclusion is not made merely because the exploitation is prohibited by their law"*

Moreover, this proviso plays a huge role in protecting those inventions which have multiple use and among such uses one of them is immoral. It is through *mens rea* that we decide the legality or illegality of any purpose. A fine line between use and misuse need to be drawn by the state and this is what we see is missing in most of the municipal legislations across the globe. While respecting a state's sovereignty is of utmost importance, a standard need to be established that will limit their decision making power to let the treaty do its job.

Commercial exploitation: It is contentious to say that Art. 27.2 excludes all those inventions whose commercial exploitation is expressly prohibited by the nation-state. Carlos Correa [10] while deliberating on this says that "exclusion cannot be invoked, if the invention itself may be sold or distributed in the member state, which seeks to ban the patenting of the same". However Dan Leskin argued that Article 27.2 "does not require an actual ban of the commercialization as a condition for exclusions; only the necessity of

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[10] Carlos Correa, *Integrating Public Health Concerns into Patent Legislation in Developing Countries*, (October 31, 2018) http://www.who.int/medicinedocs/fr/d/Jh2963e/6.html (hereinafter Correa).

such a ban is required."[11] Therefore, member states just need to show that in the light of prevailing circumstances ban on commercial exploitation is necessary.[12]

State Practice: Prohibiting an invention for a patent on the ground of morality and public order while allowing its commercial use by citizens is restricted by Art. 27.2. But this exception can validly be invoked where there is new state practice emanating from a collective action.[13] For example, when group of states decide to ban a particular invention on the basis of public order and morality.

Role of a Patent Officer: Flexibility accorded by international instruments upon countries to decide morality of a patent are faced with an immediate question i.e. whether there exists a common basis upon which morality of inventions can be ascertained in any given society and how will a patent office apply such test of *ordre public and morality* while evaluating an invention. Another question that comes to mind is whether these patent officers are qualified to even give judgment regarding morality of an invention since most of these patent officers are scientist and engineers. All these aspect raise concern regarding the viability of patent offices as a forum to decide morality.[14]

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11 Dan Leskien & Michael Flitner, *Intellectual Property Rights and Plant Genetic Resources: Options for a S ui Generis System* (Issues in Genetic Resources No. 6 June 1997), International Plant Genetic Resources Institute

12 *Id.*

13 Correa, *Supra note* 10.

14 Benjamin D. Enerson, *Protecting society from patently offensive inventions: The risk of reviving the moral utility doctrine*, 89 Cornell L. Rev. 685, 709 (2004).

In the case of Harvard Onco-Mouse[15], exclusion under Article 53(a) of the EPC was discussed extensively for the first time. Object of invention was to expand cancer research using genetically modified mice. European Patent Office (hereinafter "EPO") came up with certain considerations [16] known as the utilitarian standard. These considerations were: (i) possibility of remedying various diseases, (ii) cruelty to animals and, lastly, (iii)risk to the environment. The board finally came to the conclusion that genetically altered mouse was used for the benefit of mankind and hence is patentable. However, implementation of such clauses is not an easy task as patent officer is posed with a larger responsibility i.e. to decide what is moral or immoral for a society.

UNITED STATES AND EUROPEAN UNION.

Contrasting approach adopted by United States and European Union is best example for the debate between the natural law and positive law. Morality was never a requirement in United States' patent law, it was inserted under the guise of "*moral utility requirement*".[17] United States kept relying on this doctrine keeping "immoral" invention (inventions related to gambling devices) away from the protection accorded under this theory. Grounds for rejecting such invention was moral bankruptcy associated with the invention which lacked moral utility. United States Patent and Trademark Office's (USPTO) reiteration of

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15 Harvard/Onco-Mouse, Examining Division, OJ EPO [1989]; Board of Appeal [1990] EPOR 501; 451 (hereinafter Onco-Mouse).

16 *Id.*; Possibility of remedying various diseases, cruelty to animals and a risk to the environment.

17 Lowell v. Lewis, 15 Fed. Cas. 1018, 1019 (C.C.D. Mass. 1817); Article 53 of EPC, 2000.

morality utility doctrine is been subject to critique by U.S. courts as according to them onus lies on the legislature to mark the boundaries of nation's morality.[18]

Rejecting patents on the basis of moral utility doctrine by USPTO is confined only to a few and rare applications like "human/animal chimeric embryos" and "patent first and questions later" has been the US's principal approach towards controversial technologies.[19]

On the contrary, European Union has adopted the principal of morality and public order more proactively than any other state or group of states[20]. This can be evidenced from the fact that European Patent Convention has these clauses from its inception i.e. 1973[21] and necessarily requires its member states to incorporate *morality and ordre public* tests.[22] When faced with large biotechnology patent application, EU came up with Biotech directive[23] marking out all those invention which will be un-patentable. Morality was not directly incorporated in the directives. Even EU was faced with opposition from within (The kingdom of Netherlands unsuccessfully opposed [24] the directive) regarding the directive. We can infer from the above that EU is "*ask question first and then patent".*

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18 Media Advisory, U.S. Patent and Trademark Office, 'Facts on Patenting Life Forms having a relationship to Humans' (Apr. 1, 1998), http://www.uspto.gov/news/pr/1998/98-06.jsp.

19 Margo A. Bagley, *Patent first, ask questions later: Morality and Biotechnology in Patent Law*, 45 Wm. & Mary L. Rev. 469 (2003).

20 M. Bruce Harper, *TRIPS Article 27.2: An Argument for Caution*, 21 WM. & Mary Envtl. L. & Pol'y Rev. 381, 414– 15 (1997).

21 Art. 53, European Patent Convention, 1973

22 *Id.*; It starts off by stating that "European patents shall not be granted in respect of…."

23 Biotech Directive – 98/44/EC.

24 Kingdom of the Netherlands v. European Parliament and Council of the European Union Case C-377/98. 2001 ECR I-7079.

It is interesting to note that these debates are confined mostly among the developed nations i.e. United States and European union. Prominent reason for this disparity can be attributed to the fact that the biotechnology research, innovation and market in developing nations are still in their nascent stage, and they are yet to reach a stage where they file for new invention that ash not been already patented. Morality as an exclusion poses a rider as there are several inventions which have multiple application and among them one use might not be able to clear the morality test. For example, alcoholic beverages is considered as immoral in some countries[25], but alcohol is an important ingredient for vital medicines. It can be concluded that morality has multiple connotations to it and a careful examination of the same is need of the hour.

INDETERMINATE RULINGS BY COURTS

The concern for ethics and morality is intricately interwoven with the entire nomenclature surrounding patents, be it novelty, utility or innovation.[26] Jurisdictions across the globe, excluding a few countries, have explicitly included provisions for patent exclusion on the ground of it being against the public order or morality.[27] The European Patent Convention (EPC), the EU Biotech Directive and many other national

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25 Art. 47 Constitution of India, 1950; Directive Principle of State Policy requires that "the state shall endeavor to bring about prohibition of the consumption except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health".

26 Rainer Moufang, *Patenting of Human Genes, Cells and Parts of the Body? – The Ethical Dimensions of Patent Law,* 25(4) IIC 487, 514 (1994).

27 Lionel Bently, Brad Sherman, Denis Boges Barbosa, Shamnad Basheer, Coenraad Visser and Richard Gold, Exclusions from Patentability and Exceptions and Limitations to Patentee's Rights – a Study prepared for the World Intellectual Property Organisation (WIPO, Geneva, 2010), Annex I and IV.

legislations of European countries have most notably shown express intention to prohibit such inventions. Article 53(a) of the EPC states that:

"European patents shall not be granted in respect of inventions the commercial exploitation of which would be contrary to '*ordre public*' or morality."

Basically, the European Patent Office (EPO) refuses to grant patents to inventions that are immoral or the exploitation of which is against the general interest of the public, irrespective of how innovative those inventions are. The problem with this approach is in its implementation, how is the patent office, or for that matter of fact, the court, to determine whether a particular invention is immoral or opposed to the public order. The problem lies at the very centre of a decade long debate on the intersection of law and morality. While some scholars have argued that we must leave morality out of the patent law regime, some have vehemently argued for its inclusion.

The first case where the EPO explicitly dealt with this issue was the *Onco-Mouse* case where a genetically modified mice was supposed to be used for Cancer research. The EPO while perusing the concern at hand examined whether the benefits of such invention, which is developments in the field of cancer research, outweighs the environmental risk of a meteoric rise of genetically engineered genes and the price of torturing animals.[28] The court while affirming the validity of the patent reasoned that the advantages of having such

[28] T19/90 HARVARD/Oncomouse (Examination), Reasons 5.

patent far outweighs the costs involved. This utilitarian approach adopted by the court thus brought forth the standard of 'unacceptability' that evaluates patents based on their balance of "acceptable and unacceptable suffering".[29] However, subsequently, in the case of *Howard Relaxin* [30] the court developed a new standard of "abhorrence with rebuttable presumption approach". [31] The case involved DNA sequence coding of Relaxin, a protein produced by pregnant women during childbirth that helps ease the uterus.[32] Initially, the patent was granted but it was subsequently opposed on three moral grounds, *firstly*, that it is unethical to patent human genes as it is similar to patenting life, secondly, use of such invention would require extraction of the hormone from a pregnant woman which is against human dignity and, *thirdly,* patenting human DNA segment would amount to commercialization of human life and make it somewhat similar to slavery.[33] The court negated all the arguments raised by stating that for denying a patent, the invention should be abhorred universally but Relaxin was not, and that the opponents were wrong in their contentions. The court's decision can be understood in a threefold manner, *firstly*, the court reasoned that DNA is only an entity that encapsulates the genetic material which forms the basis of production of many proteins, comparing it to life would be unjust and

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29 Jiang, Li. *Between Scylla and Charybdis: Patentability and Morality Related to Human Embryonic Stem Cells,* 6 Intell. Prop. Br. 62 (2015).

30 Howard Florey/Relaxin 1995 E.P.O.R. 541 (T 0272)

31 *Id.* at 61.

32 R. Stephen Crespi, *The Human Embryo and Patent Law—A Major Challenge Ahead?,* 28 Eur. Intell. Prop. Rev. 569 (2006).

33 ENRICO BONADIO, PATENTS AND MORALITY IN EUROPE, 160 (Irene Calboli & Srividhya Raghvan eds., Cambridge university press).

arbitrary. Further, patenting proteins is a widely accepted practice. *Secondly*, as long the woman, from whom the protein was extracted, consented to the said procedure, the claims of immorality fall flat on its face as the procedure of obtaining other substances (blood, tissues etc.) from human body is a standard procedure in Medical world. *Thirdly*, commercialisation or slavery will never be a consequence of this practice as the women are free to live their life as they were before the patent was issued.[34]

The above mentioned standards were discussed at length in the case of *Plant Genetic Systems* where the issue at hand was an application for a patent involving the use of glutamine synthetase inhibitors which aid in preventing fungal and weeds in plants and seeds.[35] It was opposed on the ground it has serious environmental risks attached to it.[36] EPO rejected the unacceptability balance standard adopted in *Onco-Mouse* and applied the abhorrence standard stating that the prerequisite for the former to apply is the existence of "concrete societal disadvantages of the invention are presented".[37] The court went on to state that "in those very limited cases in which there is an overwhelming consensus that the exploitation of an invention would be immoral may an invention be excluded from patentability under Article 53(a)". Differentiating *Plant Genetic* from *OncoMouse* the court said that a consideration of environmental risks is relevant in the latter while in

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34 *Id.*
35 *Case T-356/93, Plant cells/Plant Genetic Systems,* [1995] EPOR 24 (hereinafter Plant Cells).
36 *Id.* at 8.
37 Onco-Mouse, *Supra note* 15.

the former it is an irrelevant consideration.[38] In the *WARF stem cell*[39] case, the inventor provided that the only way of initiating the invention required the destruction of certain human embryonic cells. The board held that a successful performance of the said invention requires destruction of human embryos which is enough to trigger exclusion under rule 28(c)[40] which prohibits granting of patents that involve the use of human embryo for industrial or commercial purpose. Here the court adhered to the strict text of the EPC with predetermined conditions for exclusions regardless of the fact that it was nowhere mentioned in the claims that the embryos will be used for commercial or industrial purpose. In *Caltech*, yet another case that involved the destruction of human embryos, the EPO examining division refused to grant patent for use of mammalian neural stem cells which necessitated the destruction of human embryos.[41]

The ***Edinburgh case*** involved "isolation, selection and propagation of animal transgenic stem cells" which was opposed by 14 parties including Greenpeace.[42] These cells were to be obtained by destroying human embryos and since using human embryonic stem cell was regarded unethical, the court did not deem to go into the question of patentability of the concerned invention.[43] Finally in ***Oliver Brüstle v Greenpeace,*** the court, before refusing to grant patent to an invention

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38 Plant Cells, *Supra note 35*, at 31.
39 G0002/06 WARF/Stem Cells [2009] EPOR
40 Rule 28(c), European Patent Convention, 1973.
41 Stem Cells/CALIFORNIA (Caltech) EPO Examining Division (17 October 2013, unreported), Reasons for the decision, ¶ 2.3.3
42 *Case T-1079/03, University of Edinburgh/Stem Cell Isolation (Edinburgh)*, EP 949131742 unreported, July 21, 2003, Opposition Division.
43 *Id.*

that involved the destruction of human embryo, elucidated upon the scope of "industrial and commercial use".[44] Court held that under Article 6(2) the "use for industrial or commercial purposes" can be understood to mean the use of embryos for scientific and commercial purposes and hence the exclusion is applicable to them as well.[4545] The court took a restrictive approach which may have an inevitable effect on the development research and innovation in the field of stem cell.

The US law does not explicitly provide any moral or public policy grounds for patent exclusion. The patent law provides:

"Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain patent therefor, subject to the conditions and requirements of this title."[46]

In ***Diamond v Chakrabarty*** the court went on to provide an expansive interpretation to the above definition to include "anything under the sun made by man"[47] which led to flurry in litigation over patent eligible litigations. The court in this case held that man-made bacteria, who constitute living organisms, are entitled to be understood as patent eligible. [48] Further, the court stated that the microorganism was "a non-naturally occurring manufacture …. a product of human ingenuity" that was designed as an oil-eating agent and hence deserved that

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44 *Case C-34/10, Brüstle v. Greenpeace eV. 200 E.C.R. I-09821 (2011) 23*
45 *Id.* at I-9877
46 US Patent Code: 35 USC §101.
47 Diamond v. Chakrabarty, 447 US 309 (1980).
48 Id at 313.

status.[49] Lastly, in *Juicy Whip v. Orange Bang* the Court of Appeals for the Federal Circuit pronounced its rejection for the moral utility requirement stating "we find no basis in section 101 to hold that inventions can be ruled unpatentable for lack of utility simply because they have the capacity to fool some members of the public".[50]

CONCLUSION

At the very outset, the precise contours of the debate on law and morality is yet to be determined however, reasonable checks and balances while assessing an invention for patentability should be maintained. But before that we need to understand that a patent is just a form of exclusive rights given to the owner for its rightful creation/invention, mere granting of patent to an invention in no way authorizes the person concerned to exploit. The United States by not explicitly including the morality exclusion has adopted an approach which encourages (by incentivizing and removing obstacle) the invention and at the same time maintaining some authority over the proposed invention. While other nations have not supported this view of granting protection to any such invention, even when it is against human dignity.

Desire to have a single idea of morality which is adopted by all has nothing inherently wrong however, a framework of morality accepted throughput the world is hard to establish as the notions of morality differ with differing jurisdictions. It must also be kept in in mind that,

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49 *Id* at 309.

50 Juicy Whip, Inc. v. Orange Bang, Inc., 185 F.3d 1366-68 (Fed. Cir. 1999).

"force of law, even when simply a finger on the scales of justice, has a great tendency for abuse"[51].

Lastly, we find it necessary to state that we do not support a viewpoint that undermines the moral consideration entirely, we propose that the legislature and experts come together to devise a middle ground where innovations can be appreciated while upholding morality. However, we do argue that conferring powers to patent office to decide on the matters of morality is inappropriate. It is evident from the above case law that Patent Office and Courts have been quite indeterminate in applying a uniform standard. In this regard we find it very appropriate to quote and conclude with the dissenting opinion of Oliver Wendell Holmes in the case of Abrams v. United States which forms the foundation for the First Amendment jurisprudence in the United States:

"But when men have realized that time has upset many fighting faiths, they may come to believe even more than they believe the very foundations of their own conduct that the ultimate good desired is better reached by free trade in ideas . . . the best test of truth is the power of the thought to get itself accepted in the competition of the market, and that truth is the only ground upon which their wishes safely can be carried out."[52]

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51 Marc J. Randazza, *Freedom of Expression and Morality-Based Impediments to the Enforcement of Intellectual Property Rights*, 16 Nev. L.J. 107.

52 Abrams v. United States, 250 U.S. 616, 630 (1919) (Holmes, J., dissenting).

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