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## **REVISITING LOCKE: IMPLICATIONS OF HIS COMMONS PHILOSOPHY FOR INTELLECTUAL PROPERTY**

JOYSON SAJAN\* & DR. VISHNU SANKAR P.\*\*

### **ABSTRACT**

*This article undertakes a detailed examination of the property rights philosophy of John Locke, scrutinising its conceptual implications for contemporary intellectual property debates. The analysis is structured as a two-pronged inquiry. First, it critically analyses the inherent tensions in extending Locke's seminal labour theory justification of physical property to construct analogous intellectual property rights. It illuminates material discrepancies arising from divergent assumptions regarding resource finiteness, the sufficiency proviso stipulating "enough and as good" be left for others, and definitional ambiguities surrounding waste when transposing Locke's framework from the material to the intangible realm. Second, the article explores Locke's under-examined conception of the commons, investigating potential synergies or conflicts between this notion and his seminal justification for private property via labour.*

*The analysis reveals pronounced difficulties in directly deploying Locke's principles to substantiate modern intellectual property rights. The non-rival nature of ideas fundamentally controverts Locke's presumption of scarcity underlying privatisation claims. Interpretive complexities also emerge regarding the application of the sufficiency proviso and waste definitions amid intangible goods. Concurrently, a re-appraisal of the overlooked dimensions of Locke's broader philosophy unveils a more nuanced position, cautioning against excessive enclosure. While Locke endorsed private property in finite physical resources, his overriding emphasis on intellectual freedom intimates wariness about the boundless privatisation of knowledge. Ultimately, revisiting Locke's incomplete theories can enrich current debates on balancing incentives and access when delineating intellectual property protections versus an open public domain.*

### **I. INTRODUCTION**

John Locke's legacy is a towering obelisk in the vast marketplace of ideas, casting long shadows over our current discussions on intellectual property. As the foundation of contemporary

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libertarianism, his “labour theory” established the foundation for private ownership by associating it with individual effort.<sup>1</sup> But beneath the surface of this sturdy structure is a secret chamber that holds Locke’s ideas about the vast commons of knowledge. This piece explores this uncharted domain, where ownership lines become hazy and the concept of “enough and as good” itself turns into a complex riddle. Through the lens of Locke’s justification of intellectual property rights, the article will dissect the tensions between individual incentivization and collective access, ultimately questioning whether his seminal ideas can illuminate the path towards a just and equitable sharing of intellectual abundance- the explosion of ideas, innovations and creative works made possible by the era of digital technology and interconnectivity, in the 21<sup>st</sup> century. However, the lines drawn by Locke’s theory encounter a more intricate terrain when translated into the field of intellectual property law. This intricate terrain arises because Locke’s property theory was built on the concept of individual ownership of tangible objects.<sup>2</sup> These objects can be depleted or excluded from use by others. Intellectual property, on the other hand, is intangible. It consists of ideas, creations, and concepts that can be shared and used by multiple people simultaneously. This non-rivalrous nature of intellectual property clashes with Locke’s notion of exclusive ownership.<sup>3</sup> Intellectual property laws like patents, copyrights, and trademarks allow rightsholders to exclude others and control the use of their intellectual property, at least temporarily. This gatekeeper function incentivises creation by granting exclusive rights to creators. However, it also restricts the free flow of knowledge and creativity to the broader public. The ‘gatekeeper’ role of intellectual property law throws into stark relief the inherent friction between the individual incentives Locke championed and the collective access he envisioned with his “enough and as good” proviso.

The core of intellectual property law is a delicate balancing act between encouraging innovation and ensuring knowledge is accessible to the public.<sup>4</sup> This conflict permeates political and economic ideas, but surprisingly, Locke’s theory of property itself may offer a remedy for over-enclosure- a situation where intellectual property rights are granted too broadly or for too long, creating excessive constraints on the use and dissemination of knowledge. His ‘enough and as good’ proviso, requiring individuals to leave sufficient resources for others, suggests a recognition of the commons’ importance even when considered in the context of private ownership.<sup>5</sup> Locke’s

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<sup>1</sup> T. I. Mulcahy, *Locke’s Theory of Property*, 59 THE IRISH MONTHLY 319 (1931).

<sup>2</sup> JOHN LOCKE & IAN SHAPIRO, TWO TREATISES OF GOVERNMENT: AND A LETTER CONCERNING TOLERATION 111 (2003). In Paragraph 25 of the Second Treatise, Locke says that God gave the world to Adam and his posterity in common... I shall endeavour to show how men might come to have a property in several parts of that which God gave to mankind in common, and it is clear that he is speaking about earthly property.

<sup>3</sup> INTELLECTUAL PROPERTY AND THEORIES OF JUSTICE, 37 (Axel Gosseries et. al. eds., 2008).

<sup>4</sup> MARK A. LEMLEY, INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 36 (2016).

<sup>5</sup> LOCKE, *supra* note 2.

justification for private property was based on individuals mixing their labour with resources from the commons or “state of nature.”<sup>6</sup> However, he recognised that this appropriation had to be limited so that the commons were not depleted or spoiled for others.<sup>7</sup> This limit took the form of the ‘enough and as good’ proviso. The proviso stated that individuals could only acquire private property from the commons if there was enough and as good left in common for others.<sup>8</sup> In other words, the acquisition was only legitimate if it still left sufficient resources in the commons for others to also appropriate and make use of. This proviso suggests Locke saw the importance of preserving the commons as a shared resource pool, even as he justified appropriating portions of it as private property through labour. Can Locke’s principle be leveraged to establish a framework for intellectual property law that fosters creativity and innovation while ensuring the knowledge commons remains vibrant and accessible for all?

John Locke’s labour theory of property stands as a foundational pillar in this debate. He argued that individuals could “appropriate” resources from the shared commons and claim them as their own by investing their labour into them.<sup>9</sup> This act of “mixing” one’s labour with unowned resources, Locke contended, imbued those resources with the same rights as one’s own person, essentially extending an individual’s selfhood onto the external world.<sup>10</sup> While this theory championed individual enterprise and spurred economic growth, it also planted the seeds for the enclosure of knowledge and creativity within the realm of private property.

Modern intellectual property [“IP”] law, which has evolved significantly since the mid-20<sup>th</sup> century, is deeply influenced by Locke’s labour theory justifying private property rights.<sup>11</sup> Creators and inventors are granted time-limited exclusive rights over their original works and novel inventions in domains such as copyright and patent law. While granting these temporary monopolies undoubtedly fuels innovation by incentivising creators, it can also restrict access<sup>12</sup> for those unable to afford the premium pricing during the patent/copyright term. This acts as an economic gate, excluding many from the benefits. Additionally, these exclusive rights can potentially stifle the

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<sup>6</sup> See *id.* ¶ 30.

<sup>7</sup> See *id.* ¶ 31.

<sup>8</sup> LOCKE, *supra* note 2.

<sup>9</sup> *Id.* at 111

<sup>10</sup> *Id.* Although the idea of “selfhood” isn’t stated explicitly, the notion that labour confers ownership rights akin to those of one’s own body is consistent with the idea of extending oneself via labour.

<sup>11</sup> Hughes Justin, *The Philosophy of Intellectual Property*, 77 GEORGETOWN L. J. 287(1988); Steven J. Horowitz, *Rethinking Copyright and Fair Use*, 10 DEAKIN L. REV. 209(2005); Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 THE YALE L. J. 1540 (1993).

<sup>12</sup> Karen Walsh et al., *Intellectual Property Rights and Access in Crisis*, 52 IIC INT’L REV. INTELL. PROP. AND COMPETITION L. 379 (2021).

cross-pollination of ideas that drive further innovation downstream.<sup>13</sup> The challenge, therefore, lies in finding the optimal balance between incentivizing creation through strong IP protections and ensuring wider societal benefit through measures that promote knowledge dissemination and collaboration. The case of access to medicines exemplifies the inherent tension within intellectual property law. Patent rights, while crucial for incentivizing pharmaceutical research and development, can also lead to exorbitant drug prices, placing life-saving treatments beyond the reach of many populations. Furthermore, the strengthened pharmaceutical monopolies established by TRIPs-plus intellectual property regulations are demonstrably linked to increases in drug prices, delays in medication availability, and heightened costs for both consumers and governments.<sup>14</sup>

Many contemporary analyses of Locke's influence on property rights tend to focus solely on his justification of private ownership through labour, while overlooking his articulation of the importance of preserving the commons.<sup>15</sup> According to Moulds, the popular perception of John Locke as a proponent of rugged individualism and laissez-faire capitalism is a misinterpretation of his academic writings.<sup>16</sup> He contends that these perceptions stem from a fragmented and decontextualised examination of Locke's body of work. A comprehensive examination of Locke's writings reveals a different picture. While he does indeed affirm the principle of individual ownership through labour, he simultaneously recognizes the existence of "enough and as good" resources in the natural state for all individuals to claim without infringing upon others' rights.<sup>17</sup> This crucial caveat, known as the Lockean Proviso,<sup>18</sup> introduces a vital element of moderation into his property theory. It suggests that appropriation, even through labour, is not absolute and must not unduly encroach upon the common good.<sup>19</sup>

The Lockean labour philosophy is time and again used to rationalize the strong private rights over property acquired through labour. The idea that an individual has the natural right to be the private owner of the fruits of his labour has indeed been used to justify the concept of private property. John Locke in his writings recognises both physical labour and intellectual labour.<sup>20</sup> Lockean labour theory is hence used to justify the natural right over the fruits of intellectual labour too.

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<sup>13</sup> Michael Heller, *The Tragedy of the Anticommons: A Concise Introduction and Lexicon*, 76 MOD. L. REV. 6 (2013).

<sup>14</sup> Brigitte Tenni et al., *What Is the Impact of Intellectual Property Rules on Access to Medicines? A Systematic Review*, 18 GLOBAL HEALTH 40 (2022).

<sup>15</sup> See C. B. Macpherson, *Locke on Capitalist Appropriation*, 4 WESTERN POL. Q. 556 (1951).

<sup>16</sup> Henry Moulds, *John Locke and Rugged Individualism*, 24 AM. J. ECON. AND SOC. 97 (1965).

<sup>17</sup> Alexander Northover, "Enough and as Good" in the Intellectual Commons: A Lockean Theory of Copyright and the Merger Doctrine, 65 EMORY L. J. 1363 (2016).

<sup>18</sup> ROBERT NOZICK, ANARCHY, STATE, AND UTOPIA (2012).

<sup>19</sup> LOCKE, *supra* note 2.

<sup>20</sup> JOHN LOCKE, POLITICAL ESSAYS (Mark Goldie ed.,1997).

Locke's Second Treatise of Government lays the groundwork for a theory of property grounded in the application of one's labour to the natural world.<sup>21</sup> While the text itself predominantly focuses on physical property, its core justifications for private ownership based on labour-mix have prompted interpretations into the realm of intellectual property. Consequently, this paper undertakes a twofold analysis: The first part analyses conceptual tensions in extending Locke's labour theory, justifying physical property to intellectual property rights. It scrutinizes discrepancies stemming from divergent assumptions around resource finiteness, the "enough and as good" proviso, and waste definitions when transposing Locke's material property logic to the intangible knowledge realm. This examination is merited because John Locke's labour theory justifies ownership of physical property by mixing labour. However, intellectual property deals with intangible knowledge, not something finite or easily divided. This raises questions about whether Locke's ideas, designed for physical resources, can be fairly applied to intellectual property rights. The second part examines Locke's conception of the commons, exploring his position on preserving shared resources alongside the establishment of private property. This section will investigate potential tensions or synergies between these seemingly disparate notions within his framework. This examination is warranted because Locke's theory allows individuals to claim private property through labour but also emphasizes leaving "enough and as good" resources for others. This part investigates into whether Locke saw a potential conflict between individual ownership and the need to maintain shared resources, like the commons. Examining this tension helps us understand the limitations and internal consistency of Locke's property rights framework.

## II. SITUATING INTELLECTUAL PROPERTY WITHIN LOCKE'S BROADER PROPERTY THEORY

In Chapter V of his Second Treatise on Government, John Locke presents a nuanced view of property rights, grounded in the notion of a shared earth and the individual's right to self-ownership.<sup>22</sup> He argues that, initially, the earth was "given to humankind in common," with no inherent private dominion over its resources. This state of commonality, however, was not devoid of structure. God, according to Locke, endowed humanity with the "nous," the faculty of reason and understanding, to utilize these resources in a manner that enhanced their lives.<sup>23</sup>

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<sup>21</sup> Kyle Swan & Jacob Vargas, *Property Rights, Lockean*, in THE SAGE ENCYCLOPAEDIA OF BUSINESS ETHICS AND SOCIETY 2787 (Robert W. Kolb ed., 2d ed. 2018).

<sup>22</sup> LOCKE, *supra* note 2.

<sup>23</sup> *Id.*



Locke introduces the concept of labour as the key differentiator between commons and private property. In paragraph 27 of the Second Treatise<sup>24</sup>, he asserts that “the work of one’s hands” becomes one’s own.<sup>25</sup> This, he elaborates, stems from the fundamental principle that “labour being the unquestionable property of the labourer,” any object mixed with one’s labour becomes an extension of oneself.<sup>26</sup> Through the act of labour, an individual extracts something from the original state of nature and imbues it with their own effort and ingenuity, thereby creating a distinct relationship with the object. This act of mixing labour serves as the cornerstone of Locke’s justification for private property, establishing a clear boundary between the shared commons and the realm of individual ownership.<sup>27</sup>

It is crucial to note that Locke’s labour theory is not without limitations. Critics have pointed out the potential for exploitation and inequality inherent in prioritizing individual labour, particularly in contexts where access to resources and the ability to engage in productive labour are unevenly distributed.<sup>28</sup> Additionally, the ambiguity surrounding the extent and nature of “mixing labour” with resources has fuelled ongoing debates about the scope and application of Locke’s theory in contemporary contexts. Nevertheless, Locke’s articulation of the labour theory of property remains a significant contribution to the discourse surrounding property rights, offering a framework for understanding the relationship between individual agency, resource utilization, and the creation of private ownership. By recognizing the initial state of commonality and emphasizing the role of individual effort, Locke’s theory provides a nuanced and historically relevant perspective on the complex issue of property rights. But how? Lockean theory, by recognising the initial state of “commonality” in which resources belong to everyone, avoids a simplistic view that assumes absolute ownership and ignores the possibility of a shared origin. By emphasising “mixing labour” with resources, Locke emphasises the importance of individual effort in creating value and justifying ownership. Taking into account both the initial state and individual contribution, this adds another level of complexity to discussions about property rights. With regard to historical relevance, Locke’s ideas emerged during a period of significant social and economic change, and his ideas helped shape concepts of property rights during the rise of capitalism.

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<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> Campbell Jones, *The Meanings of Work in John Locke*, 54 in HIST. ECON. RATIONALITIES 51 (Jakob Bek-Thomsen et al. eds., 2017); NOZICK, *supra* note 18.

The absence of explicit references to intellectual property in John Locke's Second Treatise of Government has ignited a longstanding debate about his potential views on the matter. While Peter Drahos contends that Locke likely didn't have IP in mind during its drafting<sup>29</sup>, Lior Zemer argues for a more nuanced interpretation, citing Locke's essay "Labour" (published five years later) as evidence of his awareness of intellectual property concepts.<sup>30</sup>

Zemer's argument hinges on the notion that reading Locke's writings in conjunction, particularly "Labour" with its emphasis on both physical and intellectual labour, offers a more comprehensive understanding of his potential stance on IP.<sup>31</sup> This holistic approach, Zemer suggests, is particularly crucial in light of the dearth of explicit references to IP in Chapter V. Scholars tend to focus solely on the "labour-mixing" allegory as the core of Locke's property theory<sup>32</sup>, potentially overlooking the implications for intellectual endeavours.

Therefore, Zemer proposes that transposing the labour theory from the physical property to the realm of intellectual property provides a potentially more fruitful avenue for understanding Locke's views on the subject. This approach allows for a nuanced interpretation, acknowledging the limitations of relying solely on the Second Treatise while incorporating insights from other relevant texts and exploring the applicability of Locke's core principles to the intangible realm of ideas and knowledge.

### A. Discrepancies in Applying Locke's Theory to IP

While John Locke's labour theory of property provides a foundational justification for private ownership, its direct application to intellectual property rights encounters significant conceptual hurdles.<sup>33</sup> Examining this discrepancy necessitates scrutinizing three key points of divergence:

**Resource Finiteness:** Locke's theory presumes a finite pool of physical resources from which individuals can "appropriate" property by applying their labour. This inherent scarcity underpins the natural right to claim ownership, ensuring there's "enough and as good" left for others. However, intellectual property, encompassing ideas and knowledge, exists in an inherently non-

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<sup>29</sup> PETER DRAHOS, *A PHILOSOPHY OF INTELLECTUAL PROPERTY* (1st ed. 2016).

<sup>30</sup> Lior Zemer, *The Making of a New Copyright Lockean*, 29 HARV. J.L. & PUB. POL'Y 891 (2005).

<sup>31</sup> *Id.*

<sup>32</sup> DRAHOS, *supra* note 29; Johannes Rohbeck, *Property and Labour in the Social Philosophy of John Locke*, 5 HIST. EUR. IDEAS 65 (1984); J. P. Day, *Locke on Property*, 16 THE PHIL. Q. 207 (1966); Iain Hampsher-Monk, *John Locke's ambiguous Theory of Property*, in DER EIGENTUMSBEGRIFF IM ENGLISCHEN POLITISCHEN DENKEN 99 (Günther Lottes ed., 1995); Carys Craig, *Locke, Labour, and Limiting the Author's Right: A Warning Against a Lockean Approach to Copyright Law*, 28 QUEEN'S L.J. 1 (2002).

<sup>33</sup> Justin, *supra* note 11; Gordon Hull, *Clearing the Rubbish: Locke, the Waste Proviso, and the Moral Justification of Intellectual Property*, 23 PUB. AFF. Q. 67 (2009).

finite realm.<sup>34</sup> Replication doesn't diminish the original, thus challenging the premise of scarcity and potentially invalidating the Lockean justification for exclusive IP rights.

**“Enough and as Good”:** In the commons of physical resources, Locke's “enough and as good” proviso mitigates potential harm to others' access. Locke grounds private property rights in labour in his Second Treatise, where he permits individuals to appropriate resources from the commons through their labour, subject to the important restriction that such appropriation must be limited to what can be used before spoiling so that “enough and as good” remains for others.<sup>35</sup> It can be argued that the “enough and as good” proviso in Locke's theory acts as a safeguard, preventing the appropriation of resources from the commons to such an extent that it hinders others' ability to acquire their own and secure their livelihood, thus ensuring private property doesn't come at the public good's expense. It is readily applicable to finite resources like land, where leaving some ensures others can, too, which becomes far more abstract for intellectual property.

With IP, determining what constitutes “enough and as good” for all stakeholders becomes immensely complex. Ideas and knowledge can hold vastly different values for different individuals and communities<sup>36</sup>, making it difficult to ensure equitable access when exclusive rights are granted. This challenge further undermines the applicability of Locke's proviso to the realm of intellectual property.

**Defining “Waste”:** Locke's theory also hinges on the notion that resources shouldn't be allowed to go to waste. While waste in the physical realm is readily identifiable, applying this concept to IP becomes problematic. Ideas and knowledge can morph and be utilized in unforeseen ways, making it difficult to determine when they are being unproductive or underutilized. For instance, when the airplane was first designed, it was unable to achieve steady flight. This failed flight attempt may have appeared at the time to be a “wasted” idea to some. Nevertheless, those initial attempts ultimately resulted in the breakthroughs that enabled powered flight. Similarly, the first umbrellas were intended for shading rather than rain protection<sup>37</sup>, but this concept evolved into something more widely used over time.

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<sup>34</sup> Lawrence C. Becker, *Deserving to Own Intellectual Property*, 68 CHICAGO-KENT L. REV. 616 (1993); Tony Ciro, *The Scarcity of Intellectual Property*, 10 J. INFO., L. AND TECH. 21 (2005).

<sup>35</sup> LOCKE, *supra* note 2.

<sup>36</sup> Kyle Whyte, *What Do Indigenous Knowledges Do for Indigenous Peoples*, in TRADITIONAL ECOLOGICAL KNOWLEDGE: LEARNING FROM INDIGENOUS PRACTICES FOR ENVIRONMENTAL SUSTAINABILITY 57 (Melissa K. Nelson & Daniel Shilling eds., 1st ed. 2018).

<sup>37</sup> *HISTORY AND TYPES OF UMBRELLA*, THE COTTON, <https://www.thecottonlondon.com/blogs/the-cotton-london-blog/history-and-types-of-umbrella> (last visited Apr. 8, 2024).

Furthermore, different individuals and communities may utilize the same knowledge to varying degrees, further complicating the notion of “waste” within the context of Intellectual Property. For instance, traditional indigenous knowledge about medicinal herbs may be seen as unproductive by some modern communities, while being vital for the healthcare of other populations.<sup>38</sup> What comprises productive use or wasteful idleness is extremely subjective.

These fundamental discrepancies between the physical and intellectual realms highlight the limitations of directly applying Locke’s labour theory to justify intellectual property rights.

John Locke’s “enough and as good” proviso, a cornerstone of his labour theory of property, posits that appropriation from the commons should leave sufficient resources of equal quality for others. The central challenge lies in the inherent difference between the two realms. Unlike physical resources, intangible works can be replicated infinitely without diminishing the original.<sup>39</sup> The “taper” analogy used by Jefferson offers a critical perspective to the debate over intellectual property rights. While scarcity (limited resources) is a major component of traditional justifications for property rights, Jefferson draws attention to an important distinction. Like dividing a pie, sharing physical resources diminishes the original. But exchanging ideas doesn’t diminish the original idea—it’s like lighting another candle.<sup>40</sup> This renders the traditional scarcity-based justification<sup>41</sup> for enclosure less applicable, creating a potential tension between private monopolies and public access in the realm of intellectual property.

IP monopolies, as exemplified by copyrights and patents, risk enclosing the “cultural and inventive commons,” effectively restricting access and use of crucial knowledge and information resources for their corresponding period of protection.<sup>42</sup> This phenomenon has the potential to impede innovation and collaboration, thereby inhibiting broader societal progress. The term “broader societal progress” in relation to intellectual property and its influence on society’s advancement can be described as the progress of knowledge, technology, and well-being that benefits most, if not all, members of the community. Scientific advancements are not the only factor in societal

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<sup>38</sup> Abraham Lama, *Peru: Traditional Knowledge Enhances Modern Medicine*, THIRD WORLD NETWORK BERHAD (Mar. 2, 2000), <https://www.twn.my/title/enhance.htm>.

<sup>39</sup> See THOMAS JEFFERSON, *JEFFERSON: POLITICAL WRITINGS* 580 (Joyce Appleby & Terence Ball eds., 1999); Norman Stephan Kinsella, *Against Intellectual Property*, 15 *JOURNAL OF LIBERTARIAN STUDIES*, 22 (2001).

<sup>40</sup> JEFFERSON, *supra* note 39.

<sup>41</sup> HANS-HERMANN HOPPE, *A THEORY OF SOCIALISM AND CAPITALISM* 18 (2d ed. 2016).

<sup>42</sup> Helen Gubby, *Is the Patent System a Barrier to Inclusive Prosperity? The Biomedical Perspective*, 11 *GLOBAL POLY* 46 (2020); Reed F. Beall et al., *Is Patent “Evergreening” Restricting Access to Medicine/Device Combination Products?*, 11 *PLOS ONE* (2016); Gaurav Dwivedi et al., *Evergreening: A Deceptive Device in Patent Rights*, 32 *TECH. IN SOC’Y* 324 (2010).

progress. It also includes making certain that developments result in tangible benefits for the general public, i.e. it's affordable for them. Consider the scenario of restricting access to fundamental discoveries through patents, which could hamper the ability of various stakeholders such as researchers, inventors, creators, and the public to effectively build upon existing knowledge and innovations.

Alternative models to conventional IP regimes have evolved to manage this tension. For example, open-access models encourage unrestricted knowledge sharing, collaboration, and building upon previously published works.<sup>43</sup> Widespread access and faster innovation may prove to be more advantageous than the potential negative effects on creator incentives. Shorter IP terms, on the other hand, provide a middle ground by giving authors momentary exclusivity and progressively returning their works to the public domain, encouraging additional use and modification. Studies haven't shown a major benefit to public welfare from extending patent terms beyond a decade.<sup>44</sup> F.M. Scherer suggested a more adaptable system for patents. Instead of a fixed term length, patents would initially be granted for a shorter period.<sup>45</sup> However, there would be an option to extend this term if deemed necessary on a case-by-case basis.<sup>46</sup> Economists like Gary Becker have argued that shortening patent terms from 20 years to 10 wouldn't significantly stifle innovation.<sup>47</sup> In fact, it could have positive effects. A shorter monopoly period reduces the economic burden on the market and weakens the head start inventors have for developing follow-on patents.<sup>48</sup> This potentially opens the door for faster innovation cycles as competitors enter the market sooner. Furthermore, research suggests that the benefits of long patents are limited in the later years.<sup>49</sup> With products often becoming outdated by the time they reach consumers, the final years of a long patent offer a minimal incentive for further innovation.<sup>50</sup> Instead, these later stages might primarily benefit those focused on patent litigation, imposing legal burdens on competitors selling successful products.<sup>51</sup> In essence, shorter patent terms could reduce the economic drag of

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<sup>43</sup> GAËLLE KRIKORIAN & AMY KAPCZYNSKI, ACCESS TO KNOWLEDGE IN THE AGE OF INTELLECTUAL PROPERTY (2010).

<sup>44</sup> William D. Nordhaus, *The Optimum Life of a Patent: Reply*, 62 AM. ECON. REV. 428 (1972); Simon Lester & Huan Zhu, *Rethinking the Length of Patent Terms*, 34 AM. U. INT'L L. REV. 787 (2019).

<sup>45</sup> F M Scherer, *Nordhaus' Theory of Optimal Patent Life: A Geometric Reinterpretation*, 62 AM. ECON. REV. 422 (1972).

<sup>46</sup> *Id.*

<sup>47</sup> Gary Becker, *On Reforming the Patent System -Becker*, THE BECKER-POSNER BLOG (July 21, 2013), <https://www.becker-posner-blog.com/2013/07/on-reforming-the-patent-system-becker.html>.

<sup>48</sup> *Id.*

<sup>49</sup> Brian J. Love, *An Empirical Study of Patent Litigation Timing: Could a Patent Term Reduction Decimate Trolls Without Harming Innovators?*, 161 U. PENN. L. REV. 1309, 1359 (2013).

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

monopolies, encourage faster innovation cycles, and limit the strategic use of patents for litigation purposes.

With regards to copyright, traditionally, longer copyrights were seen as best for protecting works and author earnings, a view bolstered by longer lifespans and the rise of cultural “soft power.”<sup>52</sup> Despite industry desires, most creative works have a short commercial lifespan. Studies show that music generates minimal revenue past the second year, with books and films following a similar pattern.<sup>53</sup> The vast majority of creative works are commercially inactive within a few years of release. These patterns suggest that longer intellectual property terms might not be the most effective way to incentivize creators or benefit society as a whole. As their terms lengthen, copyrights and patents appear to have diminishing returns.

Ultimately, applying Locke’s “enough and as good” principle to the information age requires nuanced consideration of the unique characteristics of intangible resources. Balancing the legitimate interests of creators with the broader societal benefits of accessible knowledge and information remains a crucial challenge. For e.g., Patents on life-saving drugs can incentivize research and development of new treatments. However, overly restrictive patents can also lead to high drug prices, potentially limiting access to these treatments for some populations.<sup>54</sup> Academic researchers need to be able to cite and build upon prior published work. However, if academic publications remained locked behind paywalls indefinitely, it could stifle the spread of knowledge and collaborative research.<sup>55</sup> Exploring alternative IP models and their potential to ensure both individual incentive and societal progress becomes an essential endeavour in the digital age. The digital age presents a double-edged sword for intellectual property. On one hand, information sharing is instantaneous<sup>56</sup>, fostering collaboration and accelerating innovation. This widespread dissemination of knowledge benefits society as a whole. On the other hand, creators face challenges. Their work can be easily copied and distributed globally<sup>57</sup>, potentially leading to lost income and hindering their ability to sustain themselves. The internet creates a global audience,

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<sup>52</sup> Jimmyn Parc & Patrick Messerlin, *The True Impact of Shorter and Longer Copyright Durations: From Authors’ Earnings to Cultural Creativity and Diversity*, 27 INT’ J. CULTURAL POL’Y 612 (2021).

<sup>53</sup> PRODUCTIVITY COMMISSION, INTELLECTUAL PROPERTY ARRANGEMENTS, INQUIRY REPORT NO. 78 130 (2016).

<sup>54</sup> Gubby, *supra* note 42.

<sup>55</sup> Suzanne Day et al., *Open to the Public: Paywalls and the Public Rationale for Open Access Medical Research Publishing*, 6 RES INVOLV ENGAGEM 8 (2020).

<sup>56</sup> Peter S. Menell, *Governance of Intellectual Resources and Disintegration of Intellectual Property in the Digital Age*, 26 BERKELEY TECH. L. J. 1523 (2011).

<sup>57</sup> Maryberth Peters, *The Challenge of Copyright in the Digital Age*, 9 REVISTA LA PROPIEDAD INMATERIAL 59 (2006).

but enforcing IP rights across different jurisdictions can be difficult.<sup>58</sup> Additionally, new models like open-source software prioritize collaboration over traditional copyright protections, necessitating alternative ways to incentivize creators in the digital age.

### **B. Locke's Critique of Licensing Act and Relevance Today**

John Locke's "Liberty of the Press" stands as a powerful indictment of the Licensing Act of 1662, a piece of legislation that granted the Stationers' Company monopolistic control over printing and publishing in England. While the Act ostensibly aimed to curb seditious publications, Locke's critique delves deeper, revealing a nuanced concern for the broader consequences of such restrictions on knowledge dissemination and intellectual progress.

At the heart of Locke's censure lies a profound scepticism towards the monopolistic powers entrusted to the Stationers' Company.<sup>59</sup> He argues that this concentration of authority not only stifles diverse voices and perspectives but also impedes the very diffusion of knowledge itself. The Company's ability to control which works get printed and disseminated, coupled with its exorbitant fees, severely limits the public's access to vital information and classic texts.<sup>60</sup> This concern transcends mere censorship, highlighting the broader consequences of concentrated power on the free flow of ideas and intellectual engagement.

Locke's scepticism further extends to the Act requiring two copies of every printed book to be deposited with universities.<sup>61</sup> He suspects the Stationers' Company, which oversees printers and publishers, only cares about clauses that strengthen their monopoly.<sup>62</sup> He expresses doubt that the Stationers' Company would faithfully comply, casting a shadow over even those measures intended to promote learning. Locke's scepticism toward the Stationers' Company suggests a potential distrust of monopolies.

Beyond immediate access, Locke raises a critical point about the long-term effects of monopolistic control on intellectual advancement.<sup>63</sup> He argues that such systems inevitably stifle innovation and creativity, creating an environment where "learning" itself becomes subordinate to the whims of

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<sup>58</sup> GIPC, *Intellectual Property Challenges in the Digital Age - GIPC*, <https://www.globalipconvention.com/blog/intellectual-property-challenges-in-the-digital-age>.

<sup>59</sup> Justin Hughes, *Locke's 1694 Memorandum (and More Incomplete Copyright Historiographies)*, 27 CARDOZO ARTS & ENT. L. J. 555 (2010).

<sup>60</sup> DRAHOS, *supra* note 29.

<sup>61</sup> LOCKE, *supra* note 20.

<sup>62</sup> *Id* at 336.

<sup>63</sup> *Id*.

a privileged few. This concern resonates deeply with modern debates on intellectual property rights, where balancing creator incentives with the wider public's access to knowledge remains a crucial challenge.

Locke's critique of the Licensing Act is not merely a historical curio. It offers valuable insights into the enduring tension between centralized control and intellectual freedom. His unwavering commitment to accessibility, his distrust towards concentrated power, and his emphasis on the detrimental effects of monopolistic control on learning remain as relevant as ever in our information age.<sup>64</sup> Understanding Locke's nuanced critique allows us to navigate the contemporary landscape of intellectual property rights with greater clarity and purpose, continuously striving to create an environment where knowledge flourishes and learning thrives without hindrance.

Locke's critique of the 17th-century Licensing Act resonates with contemporary IPR debates concerning copyright expansionism. His concerns about monopoly, censorship, and public access to knowledge apply to extended copyright terms<sup>65</sup>, dynamic blocking injunctions<sup>66</sup> issued without ensuring fair balance, and algorithmic enforcement that disregards fair use.<sup>67</sup>

Dynamic blocking can have an overly broad impact, unintentionally preventing access to legitimate content. A website containing a single infringing image may result in the entire site being blocked, preventing access to valuable information or expression. The wide scope of these injunctions can also create a chilling effect on free speech. Fear of being blocked may lead individuals and platforms to self-censor their content, even if it is legal.

Algorithmic copyright enforcement by platforms like YouTube's ContentID system attempts to detect and block uploads of copyrighted content automatically. However, these algorithms can be overly broad, failing to account for fair use exceptions that allow limited use of copyrighted works. When algorithmic enforcement indiscriminately blocks even lawful fair uses, it effectively censors legal speech and expression. It creates a modernised form of censorship and private monopolistic control over knowledge distribution that Locke criticised under the Licensing Act system.

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<sup>64</sup> *Id.* ; Lewis Hyde, *Frames from the Framers: How America's Revolutionaries Imagined Intellectual Property*, SSRN J., 11 (2005).

<sup>65</sup> Neil Weinstock Netanel, *Copyright's Ungainly Expansion*, in *COPYRIGHT'S PARADOX* 54 (1 ed. 2008).

<sup>66</sup> Arul George Scaria, *Sci-Hub Case: The Court Should Protect Science from Greedy Academic Publishers*, THE WIRE (Dec. 22, 2020), <https://thewire.in/law/sci-hub-elsevier-delhi-high-court-access-medical-literature-scientific-publishing-access-inequity>.

<sup>67</sup> Maayan Perel & Niva Elkin-Koren, *Accountability in Algorithmic Copyright Enforcement*, 19 STANFORD TECH. L. REV. 473 (2016).



### C. Locke's Legacy in IP Debates

John Locke's writings reveal complex and nuanced perspectives on property rights and intellectual freedom that resonate through the ages. Locke's concept that property rights stem from mixing one's labour with the natural world has been influential in shaping ideas about fair ownership and resource allocation.<sup>68</sup> Locke's views on the temporary nature of monopolies can be seen as laying the groundwork for discussions about the optimal length of copyright terms.<sup>69</sup> While his labour theory provides a foundational justification for private property, applying it to the intangible realm of ideas and knowledge poses profound conceptual challenges. Fundamental discrepancies around resource finiteness, the "enough and as good" proviso, and defining waste highlight the limitations of directly transposing Locke's framework to intellectual property rights.

Similarly, Locke's vigorous critique of the Licensing Act underscores his commitment to unrestrained access to knowledge. His scepticism of monopolistic power, based on its tendency to stifle discourse and learning, parallels modern debates on balancing incentives and access in intellectual property law.

Locke thus appears to envision property rights as justifiable for tangible finite resources but potentially problematic for enclosing intangible knowledge meant for common benefit. While extrapolating definitive pronouncements from Locke's fragmented writings on these issues is an inherently speculative endeavour, examining his foundational ideas through the lens of intellectual property provides a valuable perspective. Locke's seminal thinking, with its scepticism of monopolies, provides a philosophical anchor for contemporary IP debates by underscoring that knowledge is a unique resource warranting prudent governance.

Furthermore, Locke's notions of restraining waste and leaving "enough and as good" suggest some inherent limits on exclusionary rights even over one's own creations, an idea with potential ramifications for IP law. His occupation with the preservation of a thriving commons hints at the need for balance between privatisation and open access. John Locke's ideas on property rights offer a starting point for justifying individual ownership.<sup>70</sup> However, his framework isn't without constraints. He emphasized limitations on enclosure, ensuring that enough resources remain unclaimed for the benefit of others.<sup>71</sup> Similarly, he argued for checks on monopolies that control

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<sup>68</sup> John Christman, *Can Ownership Be Justified by Natural Rights?*, 15 PHIL. & PUB. AFF. 156 (1986).

<sup>69</sup> Hyde, *supra* note 64.

<sup>70</sup> LOCKE, *supra* note 2.

<sup>71</sup> *Id.*

knowledge and ideas vital to the common good.<sup>72</sup> While Locke provided such caveats, the influential 20<sup>th</sup> century political theorist C.B. Macpherson, in his seminal work “The Political Theory of Possessive Individualism,” critiqued Locke for laying philosophical foundations that could enable and justify capitalist accumulation and appropriation of property in an unconstrained manner.<sup>73</sup> Macpherson’s analysis highlights the seemingly limitless potential for individual claims, but it ignores the subtleties and possible uses of these restrictions, especially when it comes to tangible and intangible goods. The balanced perspective of John Locke, acknowledging both individual rights and societal needs, remains relevant in contemporary discussions. Overall, revisiting Locke’s principles can enrich IP policy discussions on constructing a just equilibrium between incentives and dissemination.

### III. LOCATING LOCKE’S COMMONS: EXAMINING TENSIONS AND SYNERGIES WITH PRIVATE PROPERTY

The concept of the commons plays a central role in John Locke’s comprehensive theory of property in his landmark “Second Treatise of Government.” He analyses the idea in great detail, outlining the conditions that allow people to rightfully take resources from this common area. Locke establishes necessary limitations in order to maintain equilibrium between private property and public welfare, even as he recognises a basic right to such appropriation. While the concept of the commons provides the fertile ground for Locke’s theory, his argument for private appropriation through labour sparks debate. We must now turn to the historical context and intellectual backdrop that shaped Locke’s response to challenges like Filmer’s absolutist dominion. Examining the historical context is crucial for fully understanding and analysing Locke’s political philosophy, including his conception of the commons and private property rights. His ideas did not emerge in a vacuum but were shaped by and responded to the specific intellectual and political debates of his era. Appreciating this backdrop illuminates the motivations, assumptions, and potential implications underlying Locke’s influential theories.

John Locke’s “Two Treatises of Government” stands as a critical interrogation of absolute monarchical rule<sup>74</sup>, specifically aimed at Sir Robert Filmer’s political tracts advocating for supreme royal authority.<sup>75</sup> Sir Robert Filmer was a prominent 17th-century thinker who forcefully advocated

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<sup>72</sup> LOCKE, *supra* note 20.

<sup>73</sup> C. B. MACPHERSON, *THE POLITICAL THEORY OF POSSESSIVE INDIVIDUALISM: HOBBS TO LOCKE* (Wynford ed. 2011).

<sup>74</sup> JAMES TULLY, *A DISCOURSE ON PROPERTY: JOHN LOCKE AND HIS ADVERSARIES* (Re-issued in digital print ed. 2006).

<sup>75</sup> E. Clinton Gardner, *John Locke: Justice and the Social Compact*, 9 J. L. AND RELIGION 347 (1992).

for the doctrine of absolute monarchy and patriarchal power. In his works like *Patriarcha*, Filmer argued that kings derived their authority directly from God through an unbroken dynastic line descending from Adam.<sup>76</sup> He conceived of governance as the private household rule of fathers over families, writ large. Filmer's ideology provided philosophical underpinnings for absolute royal sovereignty over subjects, rejecting notions of natural rights or consent of the governed. His theories stood in stark contrast to Locke's arguments for limited government based on individual rights and social contracts.

While refuting Filmer's arguments forms a central thread of Locke's work, James Tully suggests that the "Two Treatises" simultaneously served as a platform for constructing his own philosophical system. Notably, Tully emphasizes that Locke also sought to address existing critiques of natural law theory within this framework.<sup>77</sup> Tully's insightful reading of Locke's 'Two Treatises' sheds light on his dual objectives - refuting Filmer and constructing his own philosophical edifice. This layered context is vital for understanding how Locke confronts the critique of natural law, a central plank of his property rights justification. With Filmer's absolutist claims dismantled, Locke embarks on a delicate balancing act - reconciling the concept of the commons with the reality of private appropriation and property rights. Examining his invocation of natural law within this framework is crucial for comprehending the justification underpinning his labour theory.

In response to Robert Filmer's challenge to natural law, John Locke sought to reconcile the concept of commons with the existence of private appropriation and property rights within a natural law framework.<sup>78</sup> While Filmer championed an absolutist dominion over the world vested in Adam from creation,<sup>79</sup> Locke countered by asserting that the earth was originally gifted to humanity in common.<sup>80</sup> This "common," as Locke envisioned it, encompassed undeveloped tangible resources readily accessible to all individuals, arising spontaneously from nature's bounty.<sup>81</sup> Critically, Locke posits that individuals possess an inherent property right in their own persons, with the fruits of their labour consequently belonging to them.<sup>82</sup> This principle of labour-based appropriation forms the cornerstone of Locke's justification for private property. Notably, he

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<sup>76</sup> SIR ROBERT FILMER, *PATRIARCHA; OF THE NATURAL POWER OF KINGS*. (1680).

<sup>77</sup> TULLY, *supra* note 74.

<sup>78</sup> DRAHOS, *supra* note 29.

<sup>79</sup> ROBERT FILMER & J. P. SOMMERVILLE, *PATRIARCHA AND OTHER WRITINGS* (1991).

<sup>80</sup> LOCKE, *supra* note 2.

<sup>81</sup> Benjamin G. Damstedt, *Limiting Locke: A Natural Law Justification for the Fair Use Doctrine*, 112 *THE YALE L. J.* 1179 (2003).

<sup>82</sup> *Id.*

asserts that the commoners' explicit consent is not a necessary precondition for appropriating resources through personal labour, provided they remove something from its natural state.<sup>83</sup> Further legitimizing this process, Locke argues that God's intention for the Earth was for humanity's advancement, not for the commons to remain uncultivated.<sup>84</sup> Thus, by exerting labour upon previously unappropriated resources, individuals improve them and fulfil a divine purpose, thereby establishing a legitimate claim to private ownership. Locke's labour theory of property, which justified private dominion over common resources through productive exertion, emerged partly from concerns about resources lying waste rather than advancing human progress. However, while upholding the individual's right to appropriate nature by mixing labour, Locke incorporated restraints like the "enough and as good" proviso to preclude boundless acquisition. As contemporary debates wrestle with intellectual property protections balancing incentives and access, Locke's caveats limiting enclosure become highly relevant. The non-rival nature of intangible knowledge problematizes the direct application of Locke's scarcity-premised justification for privatization through labour. Therefore, scholarly analysis should closely re-examine Lockean notions of restraint like "enough and as good" when evaluating his theoretical boundaries vis-à-vis intellectual property monopolies potentially exceeding those limits. This illuminates vital perspectives on reconciling Locke's thinking with appropriation trends in the digital knowledge commons.

### **A. Beyond Materialism: The Social Core of Locke's Property Thought**

The labour theory of property is often presented as a neat dichotomy. This binary, however, obscures the subtle interplay between two seemingly independent propositions: the inherent right to the fruits of one's labour and the limitations imposed by the existence of a shared commons.<sup>85</sup> The first proposition, enshrined in Locke's Second Treatise<sup>86</sup>, asserts an individual's absolute ownership of their embodied labour. This "unquestionable property," forms the bedrock of any claim to ownership. It is an inalienable right, an extension of one's very being onto the external world. This right, however, is not an isolated one. A vital qualifier is introduced in the second proposition: there is a "common." In Locke's perfect state of nature, this common resource pool appears limitless, but it acts as a refutation of personal assertions.<sup>87</sup> All resources must be used responsibly and not interfere with the "enough, and as good, left in common for others."<sup>88</sup>

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<sup>83</sup> LOCKE, *supra* note 2.

<sup>84</sup> *Id.*

<sup>85</sup> Zemer, *supra* note 30.

<sup>86</sup> *Id.* at ch. 5., § 27.

<sup>87</sup> Wendy J Gordon, *Render Copyright Unto Caesar: On Taking Incentives Seriously*, 71 U. CHICAGO L. REV. 78 (2004).

<sup>88</sup> Jeffery M Gaba, *John Locke and the Meaning of the Takings Clause*, 72 MISSOURI L. REV. 541 (2007).

Herein lies Locke's theory's true brilliance and intricacy. It goes beyond just putting a rubber stamp on personal materialism. Rather, it acknowledges the profound conflict that exists between individuality and the greater good. It can be argued that a previous, unwritten social contract that upholds everyone's ongoing access to the common wealth is necessary for an individual to be entitled to the products of their labour.<sup>89</sup> This interpretation suggests a broader implication of Locke's theory, emphasizing the importance of a shared understanding or agreement within society for the legitimacy of property claims based on labor. While Locke does not explicitly elaborate these points, one could interpret his labor theory as implying that the principles of justice and reciprocity are central to his thought. The notion of not appropriating from the commons in a way that undermines others' access suggests an underlying social contract preserving individual rights through mutual consideration of the greater good. To view Locke's theory purely through a capitalist lens of maximizing individual productivity would arguably miss these broader ethical underpinnings his philosophy considers. However, this is an extrapolation of the potential implications of Locke's ideas, rather than his stated intent.

Locke's theory has stood the test of time because it captures this fine balance between individual interests and the greater good. It acknowledges the innate value of individual effort while reminding us that all rights exist within a social context. To fully unpack the Lockean labour theory, then, is not to parse independent propositions, but to grasp the intricate interweaving of these foundational elements. It is to appreciate the delicate equilibrium between the right to reap the fruits of one's labour and the responsibility to ensure that enough remains for all.

### **B. The Sufficiency Proviso: A Closer Look at Locke's Constraint on Appropriation**

The sufficiency proviso posits that appropriation through labour is legitimate only as long as "enough, and as good, left in common for others." This restriction seeks to strike a balance between individual rights and collective welfare. By limiting individual claims based on the needs of others, Locke attempts to prevent the tragedy of the commons<sup>90</sup>, where unrestrained appropriation depletes resources and leaves everyone worse off.

However, the practical application of this principle unveils potential complications, particularly when applied to tangible resources. In his famous Chapter on Property, Locke might have foreseen

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<sup>89</sup> Condition 1: Labour for Ownership: People can claim ownership of resources they've invested effort in (mixed their labour with). Condition 2: Enough for All: Claimed resources shouldn't deprive others of "enough, and as good" resources in their natural state. Condition 3: Community Recognition: The community respects ownership claims that meet the first two conditions, promoting social order.

<sup>90</sup> Garrett Hardin, *The Tragedy of the Commons*, 162 SCIENCE 1243 (1968).

the interpretive challenges embedded within his proviso. The vagueness of terms like “enough” and “good” opens the door to subjective interpretations, potentially leading to conflicting claims and exploitation. Furthermore, a strict adherence to the proviso in the context of tangible property appears paradoxical. In a finite world, any significant appropriation, by definition, reduces the common pool. Applying the proviso in its purest form would effectively create a scenario where almost no tangible property could be legitimately claimed, as anything appropriated would necessarily diminish what’s left for others. This potential for paralysis highlights a fundamental tension within the proviso. While the intention to prevent undue appropriation is commendable, the practical application in the realm of tangible resources seems fraught with challenges. The ambiguity of key terms and the inherent tension between individual claims and the needs of the collective raise questions about the efficacy of the proviso as a universal solution.

As a result, it’s important to appreciate the good intentions behind the sufficiency proviso<sup>91</sup> while also being aware of its inherent limitations and potential for misunderstanding. Locke’s labor theory of property presents difficulties when considering limited real resources; this must be acknowledged for an effective comprehension of the theory. For example, in the context of intellectual property, a pharmaceutical company conducts extensive research and development to create a life-saving drug, which justifies a patent for exclusive rights. However, the high cost may preclude a sizable portion of the population from accessing it. While the company invests heavily, one could argue that public funding frequently contributes to basic science discoveries. The “enough and as good” tenet for essential healthcare is broken by high costs, which prevent many people from receiving it. Another example is when a company receives a patent on a broad technological concept, stifling innovation by others who might develop alternative solutions using similar principles. By prohibiting others from working in a particular field, patents that are too broad impede innovation. The “enough and as good” principle could advocate for narrower patents that allow for alternative inventions and advancements.

It is imperative to conduct additional research on alternative interpretations and potential modifications to the proviso to guarantee its continued relevance and efficacy as a safeguard against unbridled appropriation within Locke’s theoretical framework.

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<sup>91</sup> Rebecca P. Judge, *Restoring the Commons: Toward a New Interpretation of Locke’s Theory of Property*, 78 LAND ECON. 331 (2002).

### C. Beyond Abundance: Locke's Spoilage Proviso and the Limits of Appropriation

While John Locke's labour theory of property grants individuals the fruits of their toil, it also introduces a crucial caveat: the spoilage proviso.<sup>92</sup> This stipulation goes beyond the familiar "enough and as good left in common" to impose an internal limit on individual claims. It argues that God's bountiful provision does not translate into unchecked appropriation; rather, individual enjoyment finds its natural boundary at the threshold of waste.

The proviso makes the claim that appropriation and use are directly related. A person can only possess something that can be "made use of to any advantage of life before it spoils." This idea, though it seems straightforward, has important ramifications. It places more emphasis on responsible use than on simple acquisition as the basis of legitimate ownership. When appropriation is used only for speculation or hoarding, it surpasses the "share" that God's design allots for a waste-free life and becomes morally unacceptable. Copyright term extensions like the Sonny-Bonno Act of the United States of America are a prime example.<sup>93</sup> Such extensions potentially restrict access to older creative works. This may limit cross-cultural dialogue and the capacity of subsequent generations to expand on the works of their predecessors. Excessive length in copyright terms may be considered spoilage. They keep works from going into the public domain and serve as a source for additional creativity and advancement of culture. Another instance is the practice known as "evergreening,"<sup>94</sup> in which a pharmaceutical company secures a patent on a medication and then, as it approaches expiration, makes small changes to obtain a new patent. By "evergreening," they maintain their monopoly without bringing forth much innovation, which could delay the release of less expensive generic versions. One could consider evergreening to be a type of spoilage. The business hoards exclusivity through the patent system beyond what is required for a justifiable return on their initial R&D investment. For some, this might mean having less access to necessary medications.

The emphasis on entitlement based on use subverts the purely capitalist story of maximizing personal profit. Locke is interested in responsible resource stewardship rather than just productivity. When appropriation goes beyond what is necessary, it is an insult to the divine design

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<sup>92</sup> LOCKE, *supra* note 2.

<sup>93</sup> Victoria Grzelak, *Mickey Mouse & Sonny Bono Go To Court: The Copyright Term Extension Act and Its Effect on Current and Future Rights*, 2 J. MARSHALL REV. INTELL. PROP. L. 95 (2002), 2 UIC REVIEW OF INTELLECTUAL PROPERTY LAW (2002).

<sup>94</sup> Andrew W Hitchings et. al., *Making Medicines Evergreen*, 345 BRITISH MEDICAL J. 18 (2012).

ingrained in nature as well as an infringement on the commons. It is morally wrong to over-appropriate since it violates the very bounty bestowed upon humanity to waste.<sup>95</sup>

Locke goes beyond the easy distinction between the rights of the individual and the interests of the group by centring the conversation on responsible use and waste avoidance. He forces us to see how our claims are interrelated in a limited world where over-appropriation threatens both our common natural inheritance and individual morality. Traditionally, creator and inventor rights have been a major topic of discussion when it comes to Intellectual Property Rights. It can be argued that, in response, Locke emphasises that it is the duty of right holders to prevent waste and make sure their actions do not damage the “commons”. “Waste” can appear in a variety of ways in the digital age. The possible stifling of innovation and access to knowledge is just as important as the lack of physical resources.

To sum up, the spoilage proviso is more than just a minor disclaimer for Locke’s labour theory of property. It’s a basic idea that balances the quest for personal freedoms with a sense of social responsibility and environmental conservation. It serves as a reminder that genuine wealth comes from using resources wisely to advance our communities and ourselves rather than from hoarding.<sup>96</sup> In the context of intellectual property, for patents, the proviso could be invoked against overly broad patents that effectively remove too much knowledge from the public commons, leaving little “as good” for others to build upon freely. Patents on broad fundamental discoveries may violate the spirit of not appropriating more from the intellectual commons than one can usefully apply. In copyright, the proviso aligns with arguments for sensible limits and exceptions like fair use. If copyrights enabled total exclusivity with no ability to reuse works productively, it could violate leaving “as much and as good” for others. We can negotiate the tricky territory of ownership and use by understanding the constraints placed on us by the spoilage proviso. This will help to ensure that the bounty bestowed upon us is enjoyed fairly and sustainably.

#### **D. Beyond Tangible Walls: Reimagining the Lockean Commons in the Realm of Ideas**

Though originally developed for material resources, John Locke’s concept of the commons provides fascinating analogies for comprehending the world of intangible goods, especially intellectual property. However, the very non-rivalrous character of ideas and inventions demands

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<sup>95</sup> Edwin C Hettinger, *Justifying Intellectual Property*, 18 PHIL. & PUB. AFF. 44 (1989).

<sup>96</sup> Susan P. Liebell, *The Text and Context of “Enough and as Good”: John Locke as the Foundation of an Environmental Liberalism*, 43 POLITY 210 (2011),



a careful application of Lockean principles. Just as the tangible commons offered Locke a metaphor for the shared resource pool, the intangible commons serve as an apt analogy for the vast reservoir of knowledge, ideas, and creative potential that nourishes the collective good.<sup>97</sup>

The essential distinction between the tangible and intangible commons is at the centre of this application. In contrast to farmland, where the appropriation of one reduces the amount available for others, the source of ideas is unaffected by use. Because of its non-rivalrous nature, individual works can be expanded upon and reimagined by countless others without depleting the source material, offering a unique potential for creativity and innovation.

While Locke did not directly consider intellectual property, one could argue that his “sufficiency proviso” implies a caution against increasing IP protections to the point of unduly limiting access to the public domain as a fertile ground for future creative works and innovation. From this philosophical vantage point, overly broad copyrights or restrictive fair use standards risk violating the spirit of preserving the intellectual commons.

The “spoilage proviso” by Locke offers still another level of complexity. Reminding us that unrealized potential eventually depresses the community, it makes an argument against the inefficient use of resources.<sup>98</sup> Seemingly perpetual rights<sup>99</sup> in the context of intellectual property can be viewed as a kind of spoiling, especially for works that have weak commercial potential. They impede the dynamic flow of knowledge and innovation by locking up valuable ideas without producing benefits for society. On the other hand, the act of taking ideas without planning to implement them—a situation occasionally noticed in patent applications—may also be considered a breach of the spoiling principle, as it amounts to hoarding potential without benefiting society as a whole.<sup>100</sup> Patents may be subject to “local working” requirements under laws such as Article 5A of the Paris Convention, which states that the patented invention must be used or worked in the region in order to retain exclusive rights. Third parties may be granted compulsory licenses if they are not utilised. Thus, getting a patent without using the invention would not always be considered perpetual hoarding because the patent could be revoked or made available to others

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<sup>97</sup> Damstedt, *supra* note 81.

<sup>98</sup> Horowitz, *supra* note 11.

<sup>99</sup> See PRODUCTIVITY COMMISSION, INTELLECTUAL PROPERTY ARRANGEMENTS, INQUIRY REPORT NO. 78 130 (2016). Studies show that most of the copyrighted works have minimal revenue past the second year. Their commercial potential is weak thereafter, but they continue to be protected by copyright for many more decades, impeding their passage into the public domain after the exhaustion of their commercial potential.

<sup>100</sup> Zemer, *supra* note 30.

for beneficial social use. However, there is the worry that broad basic patents on foundational research may impede and discourage subsequent research, decreasing the incentive to innovate.<sup>101</sup>

### **E. Lockean Commons and the Public Domain: Similarities and Nuances**

While a surface-level comparison might draw parallels between the Lockean commons and the concept of public domain in intellectual property, closer examination reveals both similarities and crucial distinctions between the two concepts.

Some notable similarities warrant comparison. Both Locke's conception of the commons and the concept of the public domain acknowledge the importance of ensuring that certain resources are available for everyone to use. They both acknowledge that there are limits to property rights and that there are certain resources that should be accessible to all individuals for the public good.<sup>102</sup> The importance of accessibility to common resources is emphasised by both the public domain and Lockean commons. Through their labor, people have a right to appropriate common resources, according to Locke, but this appropriation cannot deny others access to the same resources.<sup>103</sup> The public domain guarantees unrestricted access to creative works and knowledge for all individuals, free from the limitations imposed by copyright or other types of intellectual property rights.<sup>104</sup> However, there are also important differences stemming primarily from the tangible versus intangible distinction. The Lockean commons consists of physical, tangible resources like land and forests, while the public domain encompasses intangible creative works and inventions. This difference affects notions of property rights and use limitations. While Locke emphasized responsible use and preservation to prevent physical spoilage of resources, this concept manifests differently for non-rival intangibles. Similarly, his sufficiency proviso focused on leaving enough physical resources for others, which is less directly applicable to the non-scarce public domain. Nonetheless, parallel principles like fair use and IP limitations serve a similar function.

Fair use allows limited reproduction of copyrighted works for purposes like commentary, criticism, teaching, news reporting, etc., without acquiring permission.<sup>105</sup> This carves out space in the intellectual commons for socially productive reuse of protected works. Much like the Lockean

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<sup>101</sup> Claude Henry & Joseph E. Stiglitz, *Intellectual Property, Dissemination of Innovation and Sustainable Development*, 1 GLOBAL POLICY 237 (2010); Gubby, *supra* note 42.

<sup>102</sup> JAMES BOYLE, *THE PUBLIC DOMAIN: ENCLOSING THE COMMONS OF THE MIND* (2008).

<sup>103</sup> *Id* at 88.

<sup>104</sup> Pamela Samuelson, *Enriching Discourse on Public Domains*, 55 DUKE LAW JOURNAL 783 (2006).

<sup>105</sup> *What Is Fair Use?*, COPYRIGHT ALLIANCE (Sep. 7, 2016), <https://copyrightalliance.org/faqs/what-is-fair-use/>.

proviso aims to prevent total private appropriation of finite resources from the commons, fair use prevents total intellectual property control over creative works. It preserves an “enough and as good” portion of the public domain where second-comers can access and build upon prior knowledge/expression. By enabling transformative uses that don’t substitute for the original market, fair use attempts to balance private incentives with maintaining a vibrant intellectual commons, akin to Locke’s philosophical balance.

Limited copyright and patent terms, alongside concepts like compulsory licensing, prevent the complete enclosure of knowledge and inventions. Similar to Locke’s “sufficiency proviso,” these limitations ensure resources remain available for broader societal use after an initial period of exclusivity. These types of IP doctrines and boundaries mirror Locke’s aims of preventing total enclosure of the commons and enabling productive societal use of resources despite differences in tangible v. intangible resources. Overall, while similarities exist, the tangible-intangible distinction generates notable divergences between the Lockean commons and the IP public domain.

#### IV. CONCLUSION

Because of what appears to be a lax interpretation of Locke’s caveats in his labour theory of property, C.B. Macpherson has interpreted John Locke as an unrestrained advocate of capitalist appropriation.<sup>106</sup> Macpherson is certainly right when he worries about unchecked appropriation. While Macpherson raises valid concerns about the potential for Locke’s labour theory to justify unchecked private appropriation, this critique seems to overlook the nuanced limitations and caveats that Locke himself built into his framework through the “sufficiency” and “no spoilage” provisos, as discussed previously. Threats to societal equity and access arise from people’s ability to amass enormous wealth beyond their immediate needs, especially in the case of intangible goods like intellectual property. However, ignoring Locke’s framework because of alleged gaps in the provisos ignores a more complex interpretation of his ideas.

First of all, the “sufficiency proviso,” which stipulates that “enough, and as good, left in common for others,” places a vital restraint on the practice of total appropriation. Although its language is ambiguous and subject to interpretation, this might be seen as a purposeful call to modify the principle to fit changing social environments. A flexible interpretation that takes into account modern ideas of justice and environmental sustainability might successfully prevent excessive accumulation in the real world as well as the virtual one. The “enough and as good” sufficiency

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<sup>106</sup> MACPHERSON, *supra* note 73.

proviso is ambiguous in terms of what exactly constitutes leaving enough and as good quality resources in the commons for others to access. This ambiguity arises from Locke not providing specific quantitative thresholds or criteria. However, the lack of rigid definitional parameters could be viewed as an intentional flexibility by Locke. It allows the core philosophical principle of preserving the commons to be reinterpreted and applied as societal conceptions of resource use, sustainability, and distributive justice evolve over time.

Secondly, an additional layer of restriction is added by the “spoilage proviso,” which emphasizes the inefficient adoption of resources. One could argue that this principle is broken by extended intellectual property rights on unutilized works, which would impede the advancement of knowledge and creativity. And last, if one ignores Locke’s larger body of work and just uses his Second Treatise, one runs the risk of misinterpreting his viewpoint as a whole. His later writings, such as “Further Considerations Concerning the Raising of the Value of Money,”<sup>107</sup> demonstrate his increasing concern for potential abuses of property rights and social inequality. This implies that Locke understood the necessity of protections against disproportionate appropriation and its negative effects even within the framework of individual labour rights.

John Locke’s vision of a shared “commons”, a resource pool accessible to all, underpins his labour theory of property. While this framework holds significant sway in tangible realms, its application to the ethereal world of intellectual property proves far less straightforward. The crux of this challenge lies in the fundamental ontological difference between tangible and intangible goods.<sup>108</sup> Breaking down the constituent raw materials of a tangible good is comparatively easy in the physical realm. The wood, metal, and fabric that go into making a chair are easily traced. But with intellectual products, it becomes much harder, if not impossible, to identify and isolate the “building blocks” of a creative work.

Lockean principles must be applied carefully when applying them to the intellectual property domain because of these difficulties. Rather than following the tangible commons model to the letter, we need to create a framework that recognizes the distinct ontology of intellectual goods. Examples recognising the distinct ontology of intellectual goods compared to physical property could include the non-rivalrous nature of intellectual works allowing for parallel reuse/consumption, the challenge of achieving full control/exclusion due to the incorporeal

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<sup>107</sup> John Locke, *Further Considerations Concerning Raising the Value of Money* – 1695, [https://avalon.law.yale.edu/17th\\_century/locke01.asp](https://avalon.law.yale.edu/17th_century/locke01.asp) (last visited Dec 21, 2023).

<sup>108</sup> Horowitz, *supra* note 11.

nature of ideas, and the existence of temporal limitations on IP rights rather than permanent property status. To ensure a dynamic flow of ideas, this might entail, for example, recognizing the need for temporary exclusivity to encourage creative investment while simultaneously prioritizing open access and fair use doctrines.

While Locke's labour theory of property might not seamlessly translate to the intricacies of intellectual property, his core principles offer valuable insights for navigating the contemporary debate on public domain preservation.<sup>109</sup> While challenging to directly map Locke's material provisos onto the metaphysically distinct realm of IP, his writings still offer a moral framework prioritising a vibrant commons to foster creativity, innovation and societal progress over pure privatisation. Therefore, while concerns about unbridled appropriation are valid, reducing Locke to a mere proponent of unfettered capitalism is a mischaracterization. The sufficiency and spoilage provisos, though potentially malleable in the IP realm, hint at Locke's concern for a thriving commons. This is further underscored by his opposition to perpetual monopolies, exemplified by his critique of the Licensing Act of 1662.

Despite the ongoing scholarly debates surrounding Lockean interpretations, his commitment to the commons remains relevant in today's IP landscape, characterised by increasing anxieties about Intellectual Property Rights expansionism.<sup>110</sup> Some examples of expansionist IP trends include copyright term extensions, patents on human genes, overaggressive trademark policing, and efforts to bypass fair use by implementing technological protection measures (TPMs).

By revisiting Locke's ideas, we can engage in a nuanced discussion about striking a balance between individual incentives and the preservation of a robust public domain, crucial for fostering continued innovation and creativity. In an era of Intellectual Property Rights expansionism, it can be especially beneficial to examine Lockean concepts through the prism of the public domain to better understand the delicate balance between individual rights and the common good.

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<sup>109</sup> Zemer, *supra* note 30.

<sup>110</sup> James Boyle, *The Second Enclosure Movement and the Construction of the Public Domain*, 66 L. AND CONTEMPORARY PROBLEMS 33 (2003).

## **THE INVISIBLE TRADEMARK: SMELL MARK**

ANJALI RAJ\*

### **ABSTRACT**

*The landscape of trademark law is evolving, with unconventional trademarks such as scent marks becoming increasingly significant. However, these marks present unique challenges, particularly in their representation and registration. One of the primary issues is the inability to graphically represent smells, which is a requirement under the Trademark Act of India. This poses a significant barrier to the registration and protection of scent marks. Also, while some countries have granted trademark registration for scent marks, India's legislation requires unconventional marks to meet the criteria of graphical representation for registration. This discrepancy highlights a gap in the legal protection offered to unconventional trademarks in different jurisdictions. The emergence of new perfume manufacturers, such as Steal perfume (engaging in business online), and offline manufacturers, that engage in cloning perfumes and selling them at lower prices, underscores the urgent need for robust legislation that recognizes and protects scent marks. The absence of such legislation that recognizes and protects scent marks clearly defines the dire need for proper legislation under the Trademarks Act. As such, the absence of legislation hampers innovation and exposes businesses to potential infringement and loss of intellectual property. This research aims to address these challenges by exploring the need for legislative reforms that acknowledge the unique nature of scent marks and provide them with adequate protection under the Indian Trademark Act.*

### **I. INTRODUCTION**

In recent times, the Intellectual Property ["IP"] sphere has gained prominence globally, mirroring its effectiveness and pertinence in the face of burgeoning innovations, creations, and emerging fields of trade and business. The domain of trademarks has witnessed substantial growth, with a wave of distinctive brands and businesses making their mark in the market with distinctive strategies, commodities, and services. Trademarks are pivotal in guiding consumers to identify and differentiate their preferred products and services. Therefore, a business's goodwill and reputation hold paramount importance in commerce. Intellectual Property Law protects these intangible assets by pivotally preserving a business's unique identity. Businesses can achieve this by registering trademarks, serve as unique markers for a business and prevent trademark dilution. The law

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provides mechanisms to act against the infringer if someone infringes upon a registered trademark. Thus, the law ensures the exclusivity of the business's identity and helps keep its reputation unblemished.

Emerging trends in branding and advertising have introduced novel marks, which are becoming critical identifiers for the source of goods and services. These marks, characterised by their unique attributes, stand apart from the traditional ones and fall under unconventional marks. On a global level, numerous jurisdictions have recognized these unconventional marks, such as sound, shape, single colour, texture, and gesture, by way of granting registration as a trademark. The Indian Trademark Law does not explicitly cover or mention the concept of unconventional trademarks, but it does not wholly disregard their significance as well. As per Section 2(1) (zb) of the Trademarks Act, 1999, a "trademark" is defined as any mark that can be graphically represented and can distinguish the goods or services of one entity from those of another. This may include the goods' shape, packaging, and colour combinations.<sup>1</sup> Thus, the law stipulates that any mark that can be graphically depicted can seek protection as a registered trademark. Sound marks, which were recognized recently by way of the 2017 Amendment Act and can be graphically depicted as a sequence of notes with or without words, are eligible for trademark protection. On the other hand, securing trademark protection for non-visual marks such as smell and taste remains a significant hurdle. The primary obstacles in their path are their inability to use graphical representation and specific functional considerations.

The perfume and aroma-centric industries are expanding, with an influx of new manufacturers. A few well-known competitors include Chanel, Victoria's Secret, and many more. The power of aroma in determining individual taste and preference is undeniable, and it plays a crucial role in enabling the human memory to recognize a product. Indeed, scent is one of the most effective ways to distinguish one brand's goods from another's. Beyond the realm of patents and trade secrets, there exists a unique case where copyright protection was extended to the fragrance of a perfume. Lancôme, a cosmetics firm based in France, accomplished this unprecedented legal event for the aroma of its Tresor perfume. This marked the first instance in the legal annals where a scent was granted copyright protection.<sup>2</sup> Thus, protecting the scent marks should extend beyond the chemical formula used to create a specific, unique aroma. Ultimately, scent plays a significant role in influencing consumers' decisions about which products to choose and to be loyal to.

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<sup>1</sup> Trade Marks Act, 1999, § 2(1)(zb), No. 47, Acts of Parliament, 1999 (India).

<sup>2</sup> Thomas G. Field, Jr., *Copyright Protection for Perfumes*, 45 IDEA 19 (2004).

The landscape of trademark law is undergoing a significant metamorphosis. In the past, trademarks were perceived as mechanisms for consumers to recollect brands and for enterprises to make their goods stand out. However, incorporating sensory aspects into products has broadened the ambit of trademark law with the emergence of novel technologies. A significant adjustment has been made to adapt to these alterations in the European Union [“EU”]. The EU trademark directive has widened its definition to encompass eliminating the necessity for graphical representation and permitting the use of diverse technologies.<sup>3</sup> This progress step signifies a transition towards accommodating non-traditional marks, thereby blurring the demarcation between conventional and unconventional trademarks.

As businesses increasingly use sensory triggers to establish well-known brands, the line between these two categories must be more apparent. However, as these boundaries become less distinct, legislative frameworks must evolve alongside them. In countries like India, where the current Trademark Act does not provide a comprehensive definition or protection for unconventional marks, there is a clear need for a robust legislative structure.

Establishing a clear legal framework to facilitate and protect unique trademarks, such as smell and colour marks, is crucial. The merging of conventional and non-conventional marks highlights the need for forward-thinking (consider “progressive”) trademark laws that adapt to market changes. Therefore, as the distinction between conventional and non-conventional trademarks continues to fade, legal systems worldwide need to adapt. By developing inclusive legislation that recognizes and protects sensory elements, countries can enable businesses to innovate and create unique brand identities. This flexibility in trademark laws encourages creativity and competition and ensures that businesses’ intellectual property rights are protected in an increasingly sensory-oriented marketplace.

## II. CONCEPT OF SMELL MARK

The power of smell is truly remarkable, with its unique ability to evoke vivid memories and play a significant role in the identification of products. This has led to the emergence of scent marks, also known as olfactory marks, which have become an indispensable tool in the business world. These fragrances assist customers in differentiating between various products. Smell marks can be

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<sup>3</sup> Trade Mark Guidelines: 9.1 Representation, European Union Intellectual Property Office, <https://guidelines.euipo.europa.eu/1803468/1788866/trade-mark-guidelines/9-1-representation> (last visited Apr. 9, 2024).



classified into three distinct categories: primary, secondary, and unique.<sup>4</sup> Primary scents are the main attraction of a product, influencing consumers' purchasing decisions. These are typically found in products where fragrance is a key selling point, like deodorants and aroma oils. Secondary scents, while not being a product's central feature, enhance the overall user experience. These are commonly found in products like shower gel and washing powders, where the scent complements the primary function of the product.<sup>5</sup> In the case of unique scents, they are those that stand out due to their unconventional nature. They add unique characteristics to a product, making it distinctive in the market, like tennis balls with green grass' smell, where the scent adds an additional layer of appeal to the product.

The World Intellectual Property Organization [“WIPO”] does not provide extensive information on smell marks but does mention their potential for registration. There are no WIPO treaties that restrict the types of signs that trademarks across jurisdictions can protect. A survey conducted by the WIPO involving seventy-two trademark offices found that only twenty accepted smell marks for registration.<sup>6</sup> Under the Agreement of Trade Related Aspect of Intellectual Property [“TRIPS”], no comprehensive list of signs can be granted trademark status. Each state has the autonomy to determine whether invisible marks like smells are included or excluded from trademark protection. The Paris Convention, however, does not provide a clear definition of trademark law, leaving room for interpretation by different countries. Some countries, like the United Kingdom [“UK”] and the United States [“U.S.”], allow for the registration of smell marks through verbal descriptions. However, other countries like India and China exercise caution due to the absence of robust provisions for their protection in Trademark Law.

Olfactory marks play a crucial role in branding. They evoke strong memories and assist in product differentiation. Despite variations in acceptance across different countries, their influence on consumer choice is undeniable. This makes them an intriguing and evolving facet of trademark law that continues to shape the sensory experience with products.

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<sup>4</sup> Yaroslava Kudrina, Non-Traditional Trade Marks and the Abolition of the Requirement for Graphical Representation – EU Trademark Registration Process (Spring 2018) (Master's Thesis, Stockholm University), <https://diva-portal.org/smash/get/diva2:1195299/FULLTEXT01.pdf>

<sup>5</sup> *Id.*

<sup>6</sup> World Intell. Prop. Org (WIPO), Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, WIPO Doc. SCT/16/2, ¶ 46.

### III. GLOBAL PERSPECTIVES ON SMELL MARKS REGISTRABILITY

In the ever-evolving global economy, the power dynamics have significantly shifted from an industry-led approach to a consumer-oriented one. Over the past few decades, this transition has placed immense pressure on brand owners and traders to innovate and introduce distinctive products into the fiercely competitive market. One sector that has been flourishing is the fragrance industry. The consumer's fascination with the variety of fragrances, from "agarbattis" and aroma oils to perfumes, has led to a surge in unique scent compositions. Therefore, there is an urgent need to register these unique smells as smell marks for their protection. Recognizing these unconventional marks as trademarks worldwide prompted legislators to consider them a new mark for consumers to identify their unique types of products with distinctive fragrances. However, the current legislation is more adept at protecting traditional marks. For instance, in the case of the renowned fragrance brand Chanel, traditional trademarks such as logos and brand names are well-protected under existing legislation. However, when Chanel attempted to trademark its iconic fragrance, Chanel No.5, based on its unique scent, it faced challenges due to the unconventional nature of the olfactory trademarks. This real-world example illustrates the limitations of current legislation in effectively protecting non-traditional trademarks, such as fragrances, thereby highlighting the need for legislative adaptation to accommodate evolving trends in trademark identification.

The first fragrance granted smell mark registration was the Sumitomo Rubber in the UK for its floral fragrance or smell reminiscent of roses as applied to vehicle tyres.<sup>7</sup> Later, it was followed by the US receiving its smell mark registration in the year 1990 for a sewing thread and embroidery yarn for having a high impact, floral fragrance reminiscent of Plumeria blossoms.<sup>8</sup> Even though the international community agreed on the term 'Unconventional Trademark', it has yet to provide a broader and more detailed definition. Due to their wide spectrum and unusual nature, unconventional marks like scent, taste, and texture continue to pose challenges for legislators. While international law does not impose a uniform requirement for the protection of non-traditional marks, it offers a degree of flexibility for national legislators. This allows them to make their own determinations and grant protection to unconventional marks if appropriate. Thus, exploring the global perspectives on the registrability of smell marks and the evolution involved helps understand the gaps in the legal provisions of trademark laws in India.

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<sup>7</sup> Tanushree Roy, *Registrability of Smell Mark as Trademark: A Critical Analysis*, 4 J. CONTEMPORARY ISSUES OF L. 121 (2023).

<sup>8</sup> Mohit Joshi, *Smell Mark: New Era*, 3 IJLMH, 608 (2020).

## A. Singapore

Singapore has emerged as a prime example of a jurisdiction that boasts economic sophistication and legal maturity, especially when it comes to IP rules. Over the years, Singapore's IP laws have evolved significantly, notably in the realm of smell marks registration. The pivotal changes occurred through legislative amendments, such as the Singapore Trademarks Act of 1998 and the Trademarks Amendment Act of 2004.

In 1999, the Intellectual Property Office's Registry of Trademarks and Patent Office oversaw Singapore's entire spectrum of Intellectual Property Laws by acceding to the Madrid Protocol Trademark. A pivotal moment came with the Trademarks (Amendment) Act of 2004, aligning Singapore's regulations with the United States Singapore's Free Trade Agreement (USSFTA). Before this amendment, trademark definitions were limited to visually perceptible signs.<sup>9</sup> However, the 2004 amendment broadened the scope, encompassing unconventional marks like shapes, smells, sounds, colours, and even motion marks. Thus, the very definition of a trademark underwent a fundamental shift. It transformed from "*any **visually perceptible** sign capable of being represented graphically*"<sup>10</sup> to "*any sign capable of being **represented graphically** and which is capable of distinguishing goods or services.*"<sup>11</sup> Crucially, this change marked a departure from the traditional two-dimensional concept of words or graphic marks. Now, even non-traditional marks like smell can be registered, signifying a significant legal paradigm shift. This amendment meant that trademarks no longer needed to be visually perceptible for registration. Instead, they must be precisely identifiable and presentable on the trademark register. This shift opened doors for unconventional trademarks, embracing the intangible, such as scent marks. However, despite these advancements, challenges abound. Smell marks, in particular, pose conceptual difficulties due to their intangibility. These ambiguities create hurdles for both inventors and manufacturers of olfactory marks seeking IP protection, as well as for legal systems striving to adapt to these novel trademarks. The evolving landscape of Singapore's IP laws reflects a progressive approach, yet the complexities of registering smell marks highlight the ongoing need for nuanced legal solutions in this domain.

As the familiar elements like logos or words have traditionally dominated the landscape of trademark registration, however, the drive to individualize products and services, coupled with innovative marketing strategies, was employed in the business to set them apart. Unique packaging, distinct shapes, specific colours, scents, and even motion marks have become integral parts of

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<sup>9</sup> Trademarks Act, 1998, § 2(1) (Singapore).

<sup>10</sup> *Id.*

<sup>11</sup> Trade Marks (Amendment) Act, 2004, § 2(1) (Singapore).

marketing and branding. Under certain conditions, the modern trademark laws have adapted to this shift, allowing for a broader range of trademarks. The Singapore Treaty on the Law of Trademarks, enacted on March 16, 2009, marked a pivotal moment in recognizing unconventional marks. As a result of the 2006 diplomatic conference in Singapore, this treaty brought together 147 WIPO member states to create an international framework that is modern for harmonising procedures for trademark registration.<sup>12</sup> While the treaty defined criteria for reproducing non-conventional marks like colour, motion, scent, and holograms, it did not mandate global protections.<sup>13</sup> Nevertheless, it provided representation methods for non-graphic or photographic reproductions, explicitly acknowledging trademarks beyond two-dimensional traditional marks.<sup>14</sup>

Currently, unconventional marks are not widespread, but WIPO anticipates their rise in popularity. As businesses continually seek fresh ideas to promote their products in an ever-changing market, these non-traditional trademarks are poised to gain traction over time. In essence, the evolving landscape of trademark law reflects the innovative businesses worldwide. Trademarks have transcended their conventional forms by embracing diverse elements such as shapes, colours, sounds, and even scents. Thus, this Singapore Treaty stands as a testament to this evolution, offering a framework to accommodate these novel trademarks on a global scale. While unconventional marks are still on the rise, they undoubtedly represent the future of branding in our dynamic market. Thus, the advent of the Singapore Treaty has revolutionised the concept of trademarks by recognizing non-conventional trademarks. This treaty thereby paves the way for a new era in branding with the potential for even more innovative forms of trademarks on the horizon; Businesses are encouraged to explore diverse avenues and ensure their products and services stand out in an ever-competitive market.

## B. New Zealand

In 1999, New Zealand made a significant legal stride by amending its Trademarks Act of 1953<sup>15</sup> through significant changes in the definitions of signs and trademarks. According to the revised law, a **Trademark** is defined as “*any sign capable of being represented graphically and distinguishing the goods or services of one person from those of another person.*”<sup>16</sup> The critical amendment expanded the concept

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<sup>12</sup> Marcus Hopperger, *Non-Traditional Marks – Singapore Treaty Enters Into Force*, WIPO (Feb. 2009), [https://www.wipo.int/wipo\\_magazine/en/2009/01/article\\_0002.html](https://www.wipo.int/wipo_magazine/en/2009/01/article_0002.html).

<sup>13</sup> *Summary of the Singapore Treaty on the Law of Trademarks*, WIPO, [https://www.wipo.int/treaties/en/ip/singapore/summary\\_singapore.html](https://www.wipo.int/treaties/en/ip/singapore/summary_singapore.html) (last visited Apr. 9, 2024).

<sup>14</sup> *Id.*

<sup>15</sup> Trademarks Act of 1953, New Zealand Parliamentary Debates, (1998) 567 NZPD 8298.

<sup>16</sup> Trademarks Act, 2002, § 5(1) (New Zealand).

of **Sign** to include “*a brand, colour, device, heading, label, letter, name, numeral, shape, signature, smell, sound, taste, ticket, or word; and combination of signs.*”<sup>17</sup> This subtle yet impactful alteration broadened the scope of registrable unconventional trademarks, allowing the registration of previously unconventional marks that are invisible, like taste and scent.

Prior to this amendment, companies like Boots Company PLC faced challenges in registering unique trademarks when it attempted to register a cinnamon smell mark for pharmaceutical products but was unsuccessful due to the absence of graphical representation.<sup>18</sup> The amendment ratified this, ensuring that trademarks could mirror the contemporary business’ diverse and innovative nature. This transformation was spurred by global trends, aligning New Zealand with international practices. This inclusivity of unconventional marks was to acknowledge that trademarks were not confined to merely visible marks but could transcend the visual realm by encapsulating sensory experiences like smell, sounds, and tastes in the modern market.

Crucially, the aim of the amendment was not a bid to establish monopolies but rather to foster healthy competition. Thereby, by embracing inclusivity in trademark definitions, New Zealand positioned itself on par with progressive nations, accommodating the evolving needs of businesses. This amendment hindered New Zealand from being open to inventive, unique, and unconventional strategies, providing a conducive environment for businesses to thrive. By including intangible trademarks, New Zealand was at the forefront of intellectual property law, paving the way for other nations to follow similar inclusive definitions for the concept of trademark. This amendment stood as a testament to New Zealand’s commitment to fostering creativity, protecting originality, and ensuring that its legal framework reflected the dynamic, diverse, and inventive landscape of the 21<sup>st</sup> century.

### **C. United Kingdom**

Prior to the amendment of the UK Trademark Act in 1994, trademarks were defined as “*any sign capable of being represented graphically that can distinguish the goods or services of one undertaking from those of other undertakings. That particularly consists of words (including personal names), designs, letters, numerals, or the shape of goods or their packaging.*”<sup>19</sup> However, with the revision of Section 1 of the Trademark Act, the definition was broadened to include “*any sign which is capable of being represented in the register in a manner which enables the registrar and other competent authorities and the public to determine the clear and precise subject*

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<sup>17</sup> *Id.*

<sup>18</sup> Application No. 2,000,169, Trade Mark Application Decision (Oct. 15, 2023).

<sup>19</sup> Trade Marks Act, 1994, §1 (United Kingdom).

*matter of the protection afforded to the proprietor, and of distinguishing the goods or services of one undertaking from those of other undertakings.*<sup>20</sup> This change made the concept of both traditional and unconventional trademarks more inclusive. Remarkably, only two applications for smell marks have been approved for registration so far—*Sumitomo Rubber's Co.*<sup>21</sup> successfully registered a scent mark for “*floral fragrance reminiscent of roses*” as applied to tyres and *Unicorn Products*<sup>22</sup> secured registration for a “*strong smell of bitter beer applied to flights for darts.*” The distinct smell emitted upon opening the packaging served as a unique recognition point, rendering them eligible for trademark registration.

Despite this inclusive approach, registering scent or smell marks as trademarks in the United Kingdom have proven challenging. Notable instances have proven that the proprietor of the smell marks failed to secure their registration under the UK Trademark Act. A renowned brand, Chanel endeavoured to register its iconic No.5 fragrance as a smell mark. in the United Kingdom, which was the product’s very essence, connected to its functionality. Chanel meticulously described the perfume composition as an “*aldehydic-floral fragrance product with an aldehydic top note from aldehydes, bergamot, lemon, and meroli; an elegant floral middle note from jasmine, rose, lily of the valley, orris, and ylang-ylang; and a sensual feminine note from sandal, cedar, vanilla, amber, civet, and musk.*”<sup>23</sup> However, their application faced rejection as the perfume was not just a smell mark but the end product itself. This inherent functionality made it unsuitable for trademark registration. Moreover, the application lacked a clear indication of origin, further contributing to its registration denial.

In the case of *John Lewis*<sup>24</sup>, an attempt was made to register the smell of “*cinnamon*” for use concerning furniture, and its components faced rejection despite graphical representations as the application faced challenges because of distinctiveness. Similarly, *Myles Limited*<sup>25</sup> sought to register “*raspberry scents*” concerning fuels, including motor and engine fuels, and the application faced rejection because of the same reason of distinctiveness. In the *Sieckmann v. Deutsches Patent-und Markenamt*<sup>26</sup> case, an application for the smell of “*balsamically fruity with a slight hint of cinnamon*”<sup>27</sup> was denied registration. The rejection was based on the grounds that the chemical formula depicting the scent did not effectively represent the odour of a substance, lacked intelligibility, and was not clear and precise.

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<sup>20</sup> S. 1(1) substituted (14.1.2019) by The Trademarks Regulations 2018 (S.I. 2018/825), regs. 1(1), 3 (with Pt. 5).

<sup>21</sup> Application No. 2001416, Trade Mark Application Decision (Oct. 31, 1994).

<sup>22</sup> Unicorn Products’ Application No. 2000234, Oct. 31, 1994, (United Kingdom).

<sup>23</sup> Chanel’s Application, Oct. 31, 1994, (United Kingdom).

<sup>24</sup> Debrett Lyons, *Sounds, Smells, and Signs*, 7 Australian Intellectual Property Law Bulletin, 73-75 (1994).

<sup>25</sup> Myles Limited’s Application [2003] ETMR 56, United Kingdom, (Dec. 5, 2001).

<sup>26</sup> *Sieckmann v. Deutsches Patent-und Markenamt*, Case C-273/00, (European Court of Justice 2002).

<sup>27</sup> *Id.*

These cases underscore the complexities associated with registering smell marks in the UK. They emphasize the need for clarity, distinctiveness, and a precise indication of origin in the application process to navigate the intricate landscape of trademark registration.

#### **D. United States of America**

The trademark system does not explicitly exclude scents from registration in the United States. The key criterion for registration is distinctiveness, not inherent attributes, or natural characteristics of the goods. There is no theoretical or practical barrier to registering scents. The federal statute of the USA, the Lanham Act, defines a trademark as “includes *any word, name, symbol, or device, or combination thereof. (1) used by a person (2) which a person had a bona fide intention to use in commerce and applies to a register established by the act to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others to indicate the source of goods, even if that source is unknown.*”<sup>28</sup> The concept of olfactory marks, or smell marks, is not explicitly mentioned in the trademark definition provided by the act. However, this absence does not prevent recognizing smell marks under the act.

The landmark case that paved the way for recognizing scent marks is the *In Re Clarke*<sup>29</sup> case. A woman named Celia started selling yarn imbued with the fragrance of plumeria blossoms. Although the United States Patent and Trademark Office [“USPTO”] initially rejected her application for registering the smell mark, the Trademark Trial and Appellate Board later held that it functioned as a registrable mark for sewing thread and yarn. This ruling emphasized that scent trademarks are registrable if the scent is not a natural part of the product and serves as a unique identifier.<sup>30</sup> Thus, in the landmark decision, the court established that the registration of a trademark did not necessitate drawings but rather a detailed description of the scent. This ruling is a significant advancement for unconventional marks. It was referenced in the renowned case of *Qualitex Co. v. Jacobson Products Co. Inc.*<sup>31</sup>, which noted that scent marks could be directly applied to or infused into the product, such as yarn with a plumeria blossom fragrance. This case has set a precedent for future rulings involving unconventional trademarks.

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<sup>28</sup> Lanham Act, 15 U.S.C. § 1127 (1994).

<sup>29</sup> *In re Clarke*, 17 U.S.P.Q.2d 1238 (F.T.A.B.1990).

<sup>30</sup> *Id.*

<sup>31</sup> *Qualitex Co. v. Jacobson Products Co. Inc.*, 514 U.S. 159 (1995).

Thus, in the U.S., the registration of smell marks is less about graphical representation and more about distinctiveness and non-functionality. This implies that if a smell mark has any functional aspect, the application will be immediately denied. For instance, perfumes are not eligible for smell mark registration under U.S. trademark law. Despite these restrictions, the U.S. leads the world in the number of granted smell mark applications. The country's liberal stance towards smell mark registration is highlighted by an instance where a smell mark registration was granted for footwear infused with a coconut fragrance. However, due to certain procedural inconsistencies, the registration was revoked. till date, ten smell marks have been registered under the U.S Trademark Office, which include:

<b>GOODS/SERVICES</b>	<b>SCENTS</b>	<b>REGISTRATION NUMBER AND TM STATUS</b>
Ukuleles Coat	Pina Colada Scent	Reg. No. 85553176 Dead
Verizon Scents	Flowery musk Scent	Reg. No.: 4618936 Dead
Pain Relief Patches	Mint Scent	Reg. No. 3589348 Live
Toothbrushes	Strawberry Scent	Reg. No. 3332910 Dead
Flip Flop Stores	Coconut Smell	Reg. No. 4113191 Dead
Sandals	Bubble Gum	Reg. No.4754435 Live
Advertising and Marketing	Rose Oil	Reg. No. 3849102 Live
Lubricant for Combustion Engines	Super Charged Strawberry Scent	Reg. No.2568512 Live
Lubricant for Combustion Engines	Cherry Bomb Scent	Reg. No. 2596156 Live
Lubricant for Combustion Engines	Groovy Grape Scent	Reg. No. 2463044 Live



*Note: Data are from Nick Greene, The 10 Current Scent Trademarks Currently Recognized by the USPTO, Mental Floss<sup>32</sup>*

With only ten scent marks having received approval from the USPTO, the process of registering scent marks in the United States is intricate and multifaceted. To secure registration, applicants must furnish a written description and a specimen containing the actual fragrance, matching the described aroma. A notable challenge arises from the fact that some scents tend to lose their intensity over time. However, these registered scent marks are a testament to the ever-evolving landscape of intellectual property law.

### **E. Europe**

In 1988, the EU (European Union) introduced its first council directive, a significant event in trademark law. This led to the creation of Community Trademark Regulation [“**CTMR**”], which set up a system for registering rights across the EU. And to manage this process, the Office of Harmonization in the Internal Market [“**OHIM**”] was set up. Before 2008, the European Union underwent substantial trademark law modifications characterised by two significant shifts. Initially, the Harmonization Directive in 1989 set the stage, followed by a more transformative change with the adoption of the CTMR in 1993. The subsequent overhaul in 2009 through Council Regulation (EC) No 207/2009 emphasized that a community trademark could embody diverse forms, from graphical representations like words, designs, and numerals to even the shape of products and packaging, as long as they distinguish one business offerings from those of another.

However, the registration of scent marks within the European Community faced hurdles after the 2002 European Court of Justice [“**ECJ**”] ruling on *Sieckmann v. Deutsches Patent-und Markenamt*, solidifying the necessity for graphic representation. While this ruling significantly impacted scent mark legislation, a recent EU directive aimed to ease the stringent rules established by *Sieckmann*. Nevertheless, the specific application of this new directive to scent marks remains uncertain, though the foundational principles set by the *Sieckmann* case are expected to persist.

Notably, exceptions challenging the need for graphical representation for scent marks emerged earlier, as seen in the 2001 case where the OHIM re-evaluated the definition of “graphical representation” regarding scents like raspberries used by Myles Ltd. Initially rejected, OHIM

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<sup>32</sup> Nick Greene, *The 10 Current Scent Trademarks Currently Recognized by the USPTO*, MENTAL FLOSS (Oct. 13, 2015), <https://www.mentalfloss.com/article/69760/10-scent-trademarks-currently-recognized-us-patent-office>.

eventually deemed the “smell of raspberries” and “fresh cut grass” sufficient for CTM (now EUTM) protection. A significant turn arrived with Regulation No. 2015/2424, which amended the concept of trademarks within the EU. Effective October 1, 2017, this regulation notably removed the requirement of graphical representation from the definition of EU trademarks, a pivotal shift from the principles entrenched in the Sieckmann case.<sup>33</sup> It emphasized that while graphical representation was no longer mandatory, any representation should meet specific criteria similar to those established in Sieckmann.

According to Article 2, EU Directive 2008/95, which states that signs of which a trademark may consist of:

*“Any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods, or their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of the other undertakings.”*

Later, it was replaced by Article 3, EU Directive 2015/2436, which states that signs of which a trademark may consist of:

“A trademark may consist of any signs, in particular words, including personal names, designs, letters, numerals, colours, the shape of goods or the packaging of goods, or sounds, provided that such signs are capable of:

- a) distinguish the goods or services of one undertaking from those of other undertakings; and*
- b) being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.”*

Furthermore, Directive (EU) No. 2015/2436 further modernized and harmonized trademark laws within the EU, replacing the previous EUTMD 2008/95. This directive aimed to bring uniformity across Member States’ trademark systems. By removing the graphical representation requirement and substituting it with the Sieckmann Criteria, this directive not only simplified registration but also mandated Member States to align their laws and administrative provisions with the new requirements by January 14, 2019.

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<sup>33</sup> Regulation of The European Parliament and of The Council on the European Union Trade Mark, E.U. 2017/1001 (2017).

GOOD/SERVICES	SCENTS	APPLICATION NUMBER AND TM STATUS
Tennis Ball	The smell of fresh-cut grass	000428870 Expired
Flight Darts	Strong smell of bitter beer (olfactory mark owned by Unicorn Products Limited for a UK trademark)	UK00002000234 Active

The approach to scent trademark registration differs significantly between the EU and the U.S. Unlike the EU, the U.S. trademark system does not impose any theoretical or practical barriers to registering scents, provided that the scent possesses distinctiveness and is not an inherent or natural attribute of the associated goods. Remarkably, the USPTO has granted registrations for distinctive scents, such as the fragrance of plumeria blossoms for sewing thread and various fruit aromas for lubricants and motor fuels. This divergence in approach underscores the leniency and openness of the U.S. system toward scent trademarks, in contrast to the more restrictive stance adopted within the European Union.

#### IV. INSIGHTS INTO SMELL MARKS REGISTRABILITY IN INDIA

The definition of a trademark in the Indian context, outlined under Section 2 (1) (zb) of the Trademarks Act of India, has undergone a significant expansion. According to the provision, a trademark is described as *“a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from one person to those of others.”*<sup>34</sup> The definition notably includes not just traditional marks but also extends its scope to shapes, packaging, and combinations of colours. However, there is a conspicuous void in the legislation regarding olfactory marks, raising a fundamental question about the protection of scents as trademarks.

The Draft Manual on Trade Marks, which serves as a guide for the practice and procedure of trademark registration in India, delineated the requirements for registering trademarks in India. Rule 23(b)<sup>35</sup> of the Trademark Rules, 2017, specifies that the trademarks should be graphically represented during the registration process. This requirement thereby raises concerns about

<sup>34</sup> The Trade Marks Act 1999, No. 47 of 1999, § 2(1)(zb) (India).

<sup>35</sup> GOVERNMENT OF INDIA: MINISTRY OF COMMERCE & INDUSTRIES, DRAFT OF MANUAL OF TRADEMARKS PRACTICE & PROCEDURE 86 (2017).

olfactory marks as to how scents, which are inherently intangible and invisible, can be adequately graphically represented to meet the legal standards for trademark registration.

Addressing this gap, the Draft Manual on Trade Marks, which serves as a guiding document for the practice and procedure of trademark registration in India, acknowledges the existence of unconventional trademarks, including olfactory marks. However, it underscores a practical dilemma. Fragrances are fleeting and subjective, and it is difficult to associate them with a specific origin without a visual representation. The manual points out that consumers are unlikely to link a particular scent to a single trader, making it challenging for olfactory marks to fulfil the criterion of being graphically represented.

This disparity in Indian trademark law becomes even more apparent when compared to international standards. Numerous countries have adopted a more inclusive approach, allowing for the registration of non-traditional marks like scent marks. India needs to re-evaluate its position considering the global trend towards recognizing the uniqueness of olfactory and taste marks. As businesses increasingly leverage sensory experiences to establish their brand identities, the legal framework must adapt to accommodate these innovations.

India should consider revisiting its trademark laws to accommodate the smell mark under the definition of Trademark and align with international best practices. The existing definition of the trademark in India predominantly revolves around visual representations, such as words, logos, and symbols. However, this definition neglects non-traditional marks like smell marks, which plays a pivotal role in distinguishing the goods and services of one business from another. As a result, a notable gap exists in the current legislation, failing to acknowledge the significance of olfactory branding in contemporary commerce. This omission of smell marks from trademark laws creates a discrepancy in protection that deviates from international best practices. Notably, numerous countries, including members of the European Union and the United States, acknowledge smell marks as valid trademarks. By amending its laws to conform to these global standards, India can promote greater alignment in intellectual property protection and bolster its trade relationships with other nations. A more open system that recognizes the distinctiveness of scents and trademark laws. A more open system that recognizes the distinctive scents, even without a traditional graphical representation, would incentivize businesses to explore new dimensions of branding. Such progress would enhance intellectual property protection and stimulate creativity and entrepreneurship within the Indian market. As the world embraces a more sensory-oriented

approach to branding, India has a valuable opportunity to lead by example that can be drawn from jurisdictions like the United States, where companies such as Verizon have successfully registered scent marks, setting a precedent for recognition of non-traditional marks, embracing the registration of the olfactory mark, thereby ensuring its legal framework remains contemporary and conducive to fostering innovation in the evolving landscape of business and branding.

## **V. OBSTACLES AND SOLUTIONS OF SCENT MARK REGISTRATION**

Registering scent marks faces significant challenges globally due to the elusive nature of scents, making them hard to protect under existing trademark laws. While some countries allow scent mark registration, these provisions are often limited and fail to capture scent marks' uniqueness the uniqueness of scent marks fully. The process of registering a scent mark is complex and demands detailed descriptions and samples that take more work to produce and maintain. Enforcing a scent mark is even trickier since scents cannot be easily monitored or detected, making it challenging to prove infringement, unlike visual marks. In essence, there are significant challenges in scent mark registration:

### **A. Essential Graphic Representation of Trademarks**

The challenge of visually representing smell marks in the trademark is daunting. Traditionally, trademarks have been based on tangible elements - words, logos, or symbols – that can be easily converted into a visual format for legal recognition and protection through graphical representation. However, the emergence of unconventional marks like sound, shape, motion, smell, and taste has pushed the traditional limitations of graphical representation. Among these, smell marks are particularly elusive. Unlike motion or sound marks, smells are subjective and highly variable. Efforts to visually represent these olfactory marks encounter several obstacles. Even if the chemical composition of the smell mark is considered, it does not meet the requirement of representation capable of being visually depicted. The intangible nature of smells and their subjectivity makes it formidable to increase its chance of acquiring registration. The trademark offices struggle with the intricate task of examining and verifying smell marks. The smell marks lack comparable attributes necessary for rigorous trademark examinations. This thereby poses significant challenges in maintaining the integrity and uniqueness of the trademark.

The EU Directive 2015/2436<sup>36</sup> has streamlined the process by removing the necessity for graphical presentation, stating that the eligible marks for registration must be clear, precise, self-contained, easily accessible, intelligible, durable, and objective in the manner<sup>37</sup> which passed and removed the requirement of graphical representation; it is mentioned that if the mark is clear, precise, self-contained, easily accessible, intelligible, durable, and objective.<sup>38</sup> On the other hand, in the USA, there is no requirement for a drawing submission for marks that consist solely of taste, aroma, or other non-visual substances. This indicates that the US does not require a graphical representation for registering smell marks and instead focuses on distinctiveness during registration.

However, India's Trademark Act needs to be more accommodating in defining unconventional marks, and its criteria are rigid, requiring graphical representation. To unlock the potential of registering unconventional marks, including smell marks, in India, removing the graphical representation requirement is imperative. Smell marks offer captivating opportunities for branding and marketing, but universal registration criteria and requirements are essential.

### **B. Understanding the Principle of Functionality:**

The complexities and judicial obstacles associated with the registration of a scent mark are aptly exemplified by the scenario involving Chanel No.5, a prestigious brand specializing in fragrances. (rephrase) The doctrine of functionality plays a significant role in this process. If the mark does not serve as a source identifier but is associated with the function of the goods or services sold by the owner or manufacturer, it is less likely to be registered. Therefore, for a scent mark to be registrable, it must not be functional or essential to the nature of goods or services.

The failure of Chanel No.5 to register their fragrance highlights an absurd situation that allows for the iconic smell to be duplicated without any legal recourse for the owner of such a mark. This lack of legal guarantee for smell mark protection underscores the importance of the non-functionality doctrine in trademark registration requirements.<sup>39</sup>

However, this doctrine opens a broader scope for copying unique fragrances that have functionality attached to them, such as the distinctive scent of petrichor on perfume and the unique

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<sup>36</sup> Directive of the European Parliament and of the Council of 16 December 2015 to approximate laws of the Member States relating to Trade Marks, 2015/2436, 13 (2015).

<sup>37</sup> *Id.*

<sup>38</sup> Regulation of the European Parliament and Council on the European Union Trade Mark, 2017/1001, Art.10 (2007).

<sup>39</sup> Alan Baiju & Malavika Manoj, "Smell" as a Trademark: Limitations and Suggestions, 4 INDIAN J.L. & LEGAL RSCH. 1 (2022).

smell of Mysore Sandal Soap, in which the fragrance is extracted from sandalwood oil, which already has a trademark registration.<sup>40</sup> Nevertheless, it still needs to receive smell mark registration in India. This lack of legal guarantee for smell mark protection underscores the importance of the non-functionality doctrine in trademark law. This doctrine thereby opens a broader scope for cloning unique fragrances that have functionality attached to them. Therefore, instead of focusing on the doctrine of functionality, the trademark office should consider the uniqueness of the fragrances imbued, whether in a soap, perfume, or aroma oil.

The uniqueness of a smell, its ability to stand out as a separate aroma, and key identifiers in consumers' minds should be key identifiers and criteria while registering, and its power to attract the consumer to specific products should be recognized. Thus, they should be granted smell mark protection regardless of their functionality. As consumers often associate specific scents with brands or products, this association can significantly influence their purchasing decisions. Therefore, protecting these unique smells can help businesses maintain their competitive edge and prevent others from capitalizing on their success. Thus, while the doctrine of functionality plays a vital role in trademarking, it should not overshadow the importance of protecting unique and distinctive smells. The trademark office needs to strike a balance between these two aspects to ensure fair competition and promote innovation.

### **C. Concept of Distinctiveness**

Securing a trademark registration hinges significantly on the concept of distinctiveness. For a mark to be eligible for trademark protection, it must meet the criteria of distinctiveness and be able to differentiate goods and services from those of others. This distinctiveness can either be inherent, which means unique in nature, or acquired over time through use. When dealing with non-conventional marks, like smell marks, trademark offices need to approach the issue of distinctiveness cautiously. Although not inherently distinctive, there are various categories of marks that can gain distinctiveness or secondary meaning through use. Take, for instance, flip-flops with a coconut scent. While the smell itself might not be inherently distinctive, its association with a particular product can be established through consistent use. However, smells pose unique challenges in the realm of trademarks; they are inherently subjective, varying from person to person. What might be distinctive to one might not be so to another. Additionally, smells are closely tied to the product's quality, making it hard to argue for their distinctiveness apart from the

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<sup>40</sup> *Mysore Sandalwood Oil*, WIKIPEDIA, [https://en.wikipedia.org/wiki/Mysore\\_Sandalwood\\_Oil](https://en.wikipedia.org/wiki/Mysore_Sandalwood_Oil) (last visited Apr. 9, 2024).

product itself. Moreover, smells are fleeting; they can change due to factors like temperature and humidity, further complicating the task of proving distinctiveness.

Despite these hurdles, there are ways to enhance the chances of registering a smell mark. One method demonstrates evidence of distinctiveness. This means showing that consumers have associated the smell with a specific source due to its consistent and exclusive use in the market. Advancements in technology have paved the way for creating stable synthetic versions of natural smells. These synthetic scents can meet the graphical representation requirement, which is essential for trademark registration.<sup>41</sup> In essence, while the distinctiveness requirement poses challenges for smell marks, overcoming them is possible. Through careful planning, technological innovations, and strong evidence of use, legal protection can be secured for these unique trademarks, ensuring their recognition in the market.

## VI. CONCLUSION AND SUGGESTIONS

The role of trademarks as tools aiding consumers in recognizing product origins is pivotal in building a brand reputation and attracting a broader consumer base. In the modern competitive market, businesses invest significant time and resources in creating unique concepts to outshine their competitors. Notably, unconventional marks targeting human senses like sound, smell, and taste have gained prominence. Smell holds a substantial influence on consumer behaviours, often evoking subconscious responses. Despite the significance of smell marks in consumer consumption, their protection remains an overlooked area in trademark laws, especially in the context of India.

While countries such as the U.S., Europe, and Australia have granted the registration of smell marks, India lags. The existing Indian Trademark Acts lack clarity regarding registering unconventional marks, including smells. The graphical representation requirement further complicates the registration process for invisible marks like taste and smell. This, thus, proves a substantial gap in the existing trademark law.

It is imperative for India to align its stance with international standards. Being potent and decisive, olfactory senses demand safeguarding through smell mark protection. India should take a cue from global practices and amend its trademark definition to encompass unconventional marks

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<sup>41</sup> *Digital Scent Technology*, WIKIPEDIA, [https://en.wikipedia.org/wiki/Digital\\_scent\\_technology](https://en.wikipedia.org/wiki/Digital_scent_technology) (last visited Apr. 9, 2024).



comprehensively, eliminating the need for graphical representation in the case of invisible marks. By way of these changes, it will not only enhance intellectual property laws in the country but also encourage innovation and creativity among businesses, ultimately fostering a more competitive and dynamic market environment.

**FROM CANVAS TO CODE: ANALYSING THE GENERATIVE AI AND FAIR USE  
THROUGH THE LENS OF THE ANDY WARHOL VERDICT**

VAISHNAVI CHANDRAKAR\*

**ABSTRACT**

*In an ever-evolving landscape where technology meets creativity, the clash between artificial intelligence, copyright law and artistic expression has prompted a reevaluation of the concept of ‘transformative use’ which falls within the defence of fair use. The 2023 verdict of Andy Warhol Foundation v. Goldsmith redefined transformative use and has inspired new interpretations. This paper delves into the evolving concept of ‘transformative use’ and Generative AI within the context of fair use analysis. The paper aims to dissect the impact of the case’s redefined definition of ‘transformative use’ on Generative AI. It analyses the contours of the verdict, scrutinizing prevailing jurisprudence on AI, Machine Learning and Fair Use and reframing them to suit the framework for contemporary technological advancements. The research paper sheds light on the complex interplay and balance between the Doctrine of fair use, artistic innovation and AI-generated content in the modern copyright landscape.*

**I. INTRODUCTION**

*“Success in creating effective AI could be the biggest event in the history of our civilization. Or the worst. We just don’t know. So, we cannot know if we will be infinitely helped by AI or ignored by it and side-lined or conceivably destroyed by it.”*

– Stephen Hawking

An artist is someone who possesses the creativity and skills to create original works of art. In the realm of technological advancement, the advent of ‘Generative AI’ marks a pivotal moment for artists, as it introduces an array of approaches that redefine the creative process. Generative AI involves advanced models using deep learning to create diverse content like text and images, drawing from extensive training data to produce entirely new material based on learned patterns and information. The rise of AI art, showcased by technologies such as OpenAI’s Dall-E 2, has both fascinated and unsettled observers. These advancements swiftly generate accurate and sometimes surreal images, like Kermit in the style of Edvard Munch or Gollum enjoying

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watermelon.<sup>1</sup> As Stephen Hawking observed, the impact of successful AI creation remains uncertain, possessing the potential to shape the course of civilization in unprecedented ways. This uncertainty extends into the creative sphere as well, where artists navigate the intersection of traditional tools and innovative AI-generated images. In this evolving landscape, artists adopt various approaches—some harness the power of traditional graphic design tools to enhance AI-generated images, while others draw inspiration from these AI creations, birthing entirely new works through non-AI means. However, beneath these creative pursuits lies a complex web of legal and ethical considerations, the core question about fair use persists: *whether AI models trained on copyrighted material are encompassed within this legal doctrine?*

The *Andy Warhol Foundation for the Visual Arts v. Goldsmith Case*<sup>2</sup> has ignited a series of inquiries that extend beyond its immediate context. Fair use constitutes a vital aspect of copyright law, permitting individuals to utilize copyrighted material within certain limitations without seeking explicit permission. In the USA, fair use is determined by four key factors: the purpose and character of the use, the nature of the original work, and the amount and substantiality of the portion employed.<sup>3</sup> Transformative use, a subset of fair use, involves using the copyrighted material in a distinct manner and purpose from the original, adding new expression and meaning to copyrighted work. This paper aims to ascertain and analyse the bounds of ‘transformative use,’ reconciling the case and evaluating its alignment with earlier copyright decisions and balancing the innovation in AI and incentive to create for the copyright holders. The case will undoubtedly impact the application of the fair use doctrine to generative AI platforms.

## II. CONTEXTUALIZING WARHOL V. GOLDSMITH DISPUTE

In the recent *Andy Warhol Foundation for the Visual Arts v. Goldsmith Case*, the Supreme Court proposed a reasonable necessity standard for transformative fair-use analyses<sup>4</sup>. This copyright case involves two artists: Andy Warhol and Lynn Goldsmith. Andy Warhol, an American artist and filmmaker, is widely recognized for his transformative impact on contemporary art. His fame is anchored in iconic works featuring everyday items such as Campbell’s soup cans and portraits of celebrities like Marilyn Monroe. He was a leading exponent of the ‘Pop art’ movement and elevated

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<sup>1</sup> Lauri Clarke, *When AI can make art – what does it mean for creativity?*, THE GUARDIAN, (Dec. 13, 2023), <https://www.theguardian.com/technology/2022/nov/12/when-ai-can-make-art-what-does-it-mean-for-creativity-dall-e-midjourney>

<sup>2</sup> *Andy Warhol Foundation for the Visual Arts Inc v. Goldsmith*, 598 U. S. 508 (2023).

<sup>3</sup> *U.S. Copyright Fair Use Index*, USA COPYRIGHT OFFICE (Apr. 4, 2024), <https://www.copyright.gov/fair-use/>.

<sup>4</sup> Peter J Carol, *The transformative impact of Warhol v. Goldsmith - Artforum International*, ARTFORUM (Nov. 12, 2023), <https://www.artforum.com/slant/the-transformative-impact-of-warhol-v-goldsmith-90667>.

ordinary images to iconic status, prompting contemplation on the creation through art. Meanwhile, Goldsmith is a pioneer celebrity and rock and roll photographer. She documented stars from The Beatles and The Rolling Stones to the eclectic personas of David Bowie and Iggy Pop.<sup>5</sup>

In 1984, *Vanity Fair*, a magazine, secured a license from Lynn Goldsmith, which granted permission to use one of her photographs, the Portrait of Prince, in an article. In 1981, Lynn Goldsmith photographed a series of images of the emerging musical talent, Prince. Three years later, following the success of Prince's 'Purple Rain' in 1984, *Vanity Fair*, a Condé Nast publication, secured a license for one of Goldsmith's previously unpublished photographs. The specific black and white full-length portrait was intended for a planned feature, with the understanding that it would serve as an "artistic reference" for a unique illustration to be used only once. To bring this vision to life, the magazine hired the renowned pop-art artist Andy Warhol. Warhol transformed Prince's head from the photograph into a highly colourized silkscreen, creating an illustration for the feature titled "Purple Fame." Notably, Goldsmith shared credit for this collaborative endeavour.<sup>6</sup> However, Goldsmith's agreement explicitly stated that the usage was one time. Andy Warhol went on to create additional 15 works based on Goldsmith's photograph, which were incorporated into his estate following his passing in 1987. Meanwhile, Goldsmith was unaware of all of this until 2016, when Condé Nast, the parent company of *Vanity Fair*, opted to release a commemorative magazine in the aftermath of Prince's untimely demise. In an attempt to republish the 1984 image, Condé Nast reached out to the Andy Warhol Foundation ["AWF"]. During this process, they uncovered the existence of 15 other derivative works. Consequently, Condé Nast decided to license one of Warhol's other works, paying a significant license fee of \$10,000. Subsequently, the 'Orange Prince' was featured on the cover of the commemorative issue, without any credit to Goldsmith.<sup>7</sup>

Upon discovering the extent of her photograph's transformation, Goldsmith expressed concerns regarding potential copyright infringement by the AWF. In a surprising turn of events, the foundation retaliated by suing Goldsmith. Initially, the District Court ruled in favour of AWF,

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<sup>5</sup> Rosemary Feitelberg, *Supreme Court Victor Lynn Goldsmith Talks Warhol, Prince and Celebrity Facades*, WWD (Feb. 12, 2023), <https://wwd.com/eye/people/lynn-goldsmith-prince-photograph-andy-warhol-supreme-court-interview-1235658276/>.

<sup>6</sup> Hannibal Travis, *Warhol Foundation v. Goldsmith: Supreme Court rules for income streams over artistic freedom*, THE CONVERSATION (Feb. 12, 2023), <https://theconversation.com/warhol-foundation-v-goldsmith-supreme-court-rules-for-income-streams-over-artistic-freedom-205986>.

<sup>7</sup> Bruce E. Boyden, *The Stakes in Andy Warhol Foundation v. Goldsmith*, MARQUETTE UNIVERSITY LAW SCHOOL FACULTY BLOG (Nov. 12, 2023), <https://law.marquette.edu/facultyblog/2022/10/the-stakes-in-andy-warhol-foundation-v-goldsmith>

citing the principles of ‘fair use’ as outlined in Section 107 of the U.S. Copyright Act [“**the Act**”]<sup>8</sup>. However, this decision was subsequently overturned by the Court of Appeals for the Second Circuit, setting the stage for the case’s appeal to the Supreme Court.

The Supreme Court set forth a crucial turning point in the interpretation of ‘transformative use’ within the context of fair use analysis. At its core, the Court grappled with the question: whether the first factor of fair use analysis, “the purpose and character of the use, including whether the use is for commercial nature and nonprofit educational purposes (as outlined in §107(1) of the Act)”, favoured Goldsmith.

The crux of the Warhol Case hinges upon the disagreement between the majority and dissenting opinions concerning the quote extracted from the landmark fair use case, *Campbell v. Acuff-Rose Music, Inc.*<sup>9</sup>. In *Campbell’s Case*, the Court delineated ‘transformative’ use as that which “alter[s] the first work with new expression, meaning, or message.” The quote implies that a comparison between the artistic expression, meaning, and message of the original and subsequent works must be made to gauge transformative intent. However, the majority in the *Warhol Case* adopted a more nuanced interpretation. The majority considered it indicative of a broader principle: the assessment of whether the secondary work’s purpose differs from the original. This approach positions that the ‘new meaning’ attributed to a secondary work is relevant, albeit not determinative, in ascertaining its ‘transformative purpose.’<sup>10</sup> To sum up the majority’s holding: the transformation must pertain to the purpose of the secondary work i.e. the work must have a different purpose, rather than merely its expression, meaning, or message. For Instance, the act of critiquing or creating a parody of a creative piece, as exemplified in the Campbell case, does not supersede the purpose or object of the original work because it shares a different purpose altogether. The court formulated and applied this golden rule to the facts of the case. Goldsmith’s and AWF’s purposes were identical. Both encompassed portraits of Prince, employed and licensed by magazines to complement narratives about the musician. Consequently, the majority held that Warhol’s subsequent use of Goldsmith’s copyrighted works did not satisfy the first factor for it to be considered fair use.

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<sup>8</sup> Copyright Act, 1976, 17 U.S.C. §§ 101-1332 (2012).

<sup>9</sup> *Campbell v. Acuff-Rose Music Inc.*, (1994) 510 U.S. 569.

<sup>10</sup> Samuel Eichner, *Warhol’s Ghost in the Machine: What Goldsmith v. Warhol Means for Generative AI*, IPWatchdog.com (June 8, 2023), <https://ipwatchdog.com/2023/06/08/warhols-ghost-machine-goldsmith-v-warhol-means-generative-ai/id=162175>.

### III. DELVING INTO THE CONTOURS OF FAIR USE ANALYSIS DELINEATED IN THE ANDY WARHOL JUDGEMENT

This section analyses the extensive deliberations of the court as it dissects the concept of fair use while comparing the works and delves into the nuanced interpretation of ‘transformative use.’

#### A. The Broader Interpretation of the *Campbell v. Acoff Ross Case*

Central to the court’s deliberation was primarily the fair use factor, encapsulated by “the purpose and character of the use, including whether such use is commercial or is for nonprofit educational purposes”. The majority aptly elucidated this aspect by referencing the *Campbell Case*, emphasizing the distinction between works that merely “supersede the objects” of the original creation and those that introduce novelty with a distinct purpose or character. The court recognized that discerning whether a use mirrors an original’s purpose or character, or encompasses new elements, hinges on a matter of degree.

While examining the *Campbell Case* in a more specific context, the court noted that the justification for certain uses on the ground of ‘reasonable necessity’ is to attain a new purpose. This rationale is evident in instances like parody, where the replication of the original was deemed necessary for the intended message. Likewise, forms of commentary or criticism targeting an original work were acknowledged to require borrowing elements to ‘conjure up’ the original. This rationale particularly gains prominence when assessing fair use, especially when both the original work and the derivative copy share identical or closely related purposes. This approach also holds relevance when the wide dissemination of a derivative work carries the potential to replace the original or its licensed derivatives.<sup>11</sup>

#### B. The Golden Rule for Analysing the First Fair Use Factor

The ruling underscores two pivotal notions. Firstly, the distinction between commercial and nonprofit usage emerges as an additional facet within the first, fair use factor. Secondly, this factor relates closely to the rationale behind the use. Broadly, a use possessing a distinct purpose is validated if it aligns with the copyright’s goal of advancing arts and sciences while maintaining incentives for creativity.<sup>12</sup>

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<sup>11</sup> *Harper & Row v. Nation Enterprises*, 471 U.S. 539 (1985).

<sup>12</sup> *Authors Guild v. Google Inc.*, 804 F. 3d 202, 214 (CA2 2015).

Conversely, a use sharing the same purpose as a copyrighted work amplifies the likelihood of substituting protected aspects of the original or its derivatives, thus undermining the copyright. Drawing from *Google LLC v. Oracle America, Inc. (2021)*<sup>13</sup>, the court referenced the analysis of the first factor. Despite the intricacies posed by the functional nature of computer programs, the Court, in evaluating Google's use of Sun Microsystems' code, gauged the divergence of purpose from the original and assessed the strength of justifications for the use. Notably, while commercial, Google's use was grounded in repurposing Sun's code for its Android platform—shaping a distinct and novel computing environment for new products. The necessity for shared interfaces and reimplementations to facilitate programmer skills, lent further justification.

In essence, the court held that the first fair use factor's essence lies in the presence of a divergent purpose or character, a factor of degree. This degree is counterbalanced against the commercial nature of the use. Where an original work and secondary use share akin or highly similar purposes, coupled with the latter's commercial essence, fair use is inclined to be challenged, unless backed by other valid reasons for copying.

### C. The Interpretation of Transformative Fair Use and Balancing its Impact on Creativity and Innovation

AWF further argued that their works constitute a commentary on celebrity, particularly Warhol's Prince Series, conveying the dehumanizing facets of fame. This new layer of meaning or message was posited by AWF to render the use 'transformative' in the fair use context. The Supreme Court stated that such an expansive interpretation of 'transformative use' could erode the copyright owner's exclusive right to create derivative works. As articulated by **Judge Leval**, a "*secondary author cannot freely extract substantial portions of the original author's expression solely due to how effectively it conveys the secondary author's different message.*"<sup>14</sup>

The dissent extensively underscored a fundamental copyright tenet, the equilibrium between fostering pioneering endeavours and enabling subsequent innovation. The dissent warned that demanding payment from AWF for Goldsmith's creation might hinder creativity and suppress new ideas, casting a pall over innovation. However, the majority dismissed it holding that these concerns are unlikely to stand the test of time. Requiring AWF to compensate Goldsmith for her copyrighted work would not diminish the cultural fabric but reinforce incentives for artists to craft original pieces.

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<sup>13</sup> Google LLC v. Oracle America Inc., 141 S. Ct. 1183 (2021).

<sup>14</sup> Campbell v. Acuff-Rose Music Inc., (1994) 510 U.S. 569.

#### IV. GENERATIVE AI AND FAIR USE IN LIGHT OF THE ANDY WARHOL JUDGMENT

In November, a legal case was initiated by open-source developers against **OpenAI, GitHub Inc., and Microsoft Corp.**, highlighting a significant concern regarding Copilot. AI Copilots are essentially conversational interfaces powered by advanced large language models [“LLMs”]. Their main goal is to aid users in tasks and decision-making within corporate settings. These copilots harness the impressive capabilities of LLMs to understand, analyse, and process vast datasets.<sup>15</sup> The plaintiffs argue that Copilot replicates their code without giving them proper credit, which would violate their copyright rights. This disagreement emphasizes the pressing need for clear guidelines on whether the incorporation of copyrighted content in AI training aligns with the principle of ‘fair use.’<sup>16</sup> Likewise, a collective legal action initiated in January 2023 is directed at **Stability AI, Midjourney, and DeviantArt**. It contends that generating derivative works using AI constitutes a breach of the principles established by the ‘fair use doctrine’ within copyright law.<sup>17</sup>

AI developers have long championed the argument that such training practices fall within the realm of ‘fair use.’ They assert that the transformative nature of AI, fundamentally creating something novel from existing data, aligns with interpretations such as the *Campbell and Google v. Oracle case*. The *Warhol ruling’s* implication for generative AI lawsuits is clear: AI services may need to enhance their fair use justifications, as AI’s inherent transformation might warrant closer examination within the context of established legal interpretations.

##### A. The Fair Use Jurisprudence on Intermediate Copying, Reverse Engineering and Non-Expressive Fair Use in Machine Learning and AI

Non-expressive use is premised on the concept that copyright law protects expression, but not control over factual aspects of their work. For instance, when Google Books reveals the location and frequency of a keyword in a book, it imparts factual details about that book. Despite involving wholesale copying without permission, this type of use remains non-expressive.<sup>18</sup> Intermediate

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<sup>15</sup> Sorab Ghaswalla, *Who or What is an AI Copilot?*, THE MEDIUM (Feb. 13, 2023), <https://sorabg.medium.com/who-or-what-is-an-ai-copilot-845175f25ddb>.

<sup>16</sup> James Vincent, *The lawsuit that could rewrite the rules of AI copyright*, The Verge (Nov. 8, 2022), <https://www.theverge.com/2022/11/8/23446821/microsoft-openai-github-copilot-class-action-lawsuit-ai-copyright-violation-training-data>.

<sup>17</sup> Inyoung Cheong, *Generative AI and Fair Use: A Deep Dive into the Warhol Case*, MEDIUM (May 29, 2023), <https://medium.com/@inyoungcheong/generative-ai-and-fair-use-a-deep-dive-into-the-warhol-case-2cebb2bd3eb>.

<sup>18</sup> Elise De Geyter, *The Dilemma Of Fair Use And Expressive Machine Learning: An Interview With Ben Sobel*, INTELLECTUAL PROPERTY WATCH (Aug. 23, 2017), <https://www.ip-watch.org/2017/08/23/dilemma-fair-use-expressive-machine-learning-interview-ben-sobel/>.



copying refers to reproducing copyrighted content as an intermediary step in crafting a fresh copyrighted work, often seen in cases involving computer programs. Notably, video game and software companies might ‘reverse engineer’ code from copyrighted programs while producing a non-infringing final product. For Instance, Phoenix, a U.S. software company, engaged in intermediate copying to create BIOS software compatible with IBM’s version. Instead of directly copying IBM’s code, Phoenix reverse-engineered the code, i.e. deconstructed the code to extract design information. This approach allowed them to reference the process without copying the proprietary code directly.<sup>19</sup>

The precedent set-in cases like *Sega Enters. Ltd. v. Accolade, Inc.*<sup>20</sup> recognises the ‘Doctrine of Non-Expressive Fair Use’ and offers valuable insights into how courts could potentially analyse the training of machine learning AI systems in the future. In this case, the court deliberated over liability for reverse engineering copyrighted computer programs to access their ‘unprotected functional elements.’ Accolade, Inc. sought to create video games compatible with Sega’s ‘Genesis’ gaming console, opting against licensing Sega’s code due to restrictive terms. Instead, they reverse-engineered the code by converting the system’s object code into human-readable source code and using the interface specifications to develop their own Genesis-compatible games.

In this, a fair use evaluation led to a ruling in Accolade’s favour. Key considerations emerged from the analysis of fair use factors. The first factor, addressing purpose and character of use, favoured Accolade due to its focus on studying non-protectable functional aspects for interoperability. The second factor, concerning the nature of copyrighted work, also supported fair use due to the mix of protectable and non-protectable elements in the code. While the third factor, evaluating the amount of copied content, did not heavily favour fair use due to full code replication, the fourth factor, assessing potential market impact, leaned towards fair use as limiting intermediate copying could impede market competition.

Accolade, Inc.’s ruling established the principle that reproducing copyrighted software to analyse non-protectable, functional elements is fair use if done for a legitimate purpose without alternative means. These cases also underscore that the same legal standard might yield divergent consequences. *Accolade, Inc. Case* permitted Accolade to compete with Sega, while the

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<sup>19</sup> Ben Lutkevich, *reverse-engineering*, TECHTARGET (June 2021), <https://www.techtargget.com/searchsoftwarequality/definition/reverse-engineering>.

<sup>20</sup> *Sega Enters. Ltd. v. Accolade, Inc.*, (9th Cir. 1992), 977 F.2d 1510, 1514 (concluding that reverse engineering of object code is a fair use of the copyrighted work if there is legitimate reason for, but no other means of, accessing the code’s unprotectible elements).

*Connectix Corp. Case*<sup>21</sup> allowed a product that could diminish the need for purchasing a Sony PlayStation. The meticulous fair use analysis in the case, although theoretically robust, risks overlooking broader practical implications of excusing unlicensed use.<sup>22</sup>

### **B. Rethinking the Non-Expressive Fair Use Doctrine Considering the Developments in AI and Machine Learning**

The non-expressive fair use doctrine is based on two principles that validate extensive, unauthorized copying conducted by machines. The initial principle asserts that machine-based consumption of copyrighted expression is not inherently infringing. If mechanical ingestion does not enhance human interaction with expressive works, it qualifies as non-expressive. The second premise suggests that these uses do not significantly impact copyright owners' markets, as their rights do not cover non-expressive components engaged in computerized analysis and value derivation.

However, the rise of machine learning challenges these assumptions. Firstly, machine learning enables computers to extract value from expressive aspects of works, not just factual elements. Consequently, these uses might cease to be non-expressive. Secondly, machine learning could introduce a novel market threat: instead of merely replacing individual works, expressive machine learning might entirely substitute human authors, disrupting market impact assessment.

Advanced machine learning reshapes fair use analysis in two key ways: first, intricate machine learning lacks non-expressiveness, and fails to meet the transformative criterion of fair use. Second, expressive machine learning introduces a new form of market substitution, influencing the evaluation of fair use's fourth factor, which is the 'effect of the use on the potential market of the copyrighted work.'<sup>23</sup> Echoing the factors scrutinized in the *Warhol case*, where original work and secondary use share akin purposes, commercial essence, and potential to act as a market substitute, fair use could be contested unless substantiated by valid justifications for copying.

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<sup>21</sup> Sony Computer Entm't, Inc. v. Connectix Corp., (9th Cir. 2000), 203 F.3d 596, 599 (extending the holding in *Accolade, Inc.* to computer emulator programming where the software had to be copied for access to its non-copyrightable functional aspects).

<sup>22</sup> Eric Sunray, *Train in Vain: A Theoretical Assessment of Intermediate Copying and Fair Use in Machine AI Music Generator Training*, 13 AM. U. INTELL. PROP. BRIEF 1 (2021).

<sup>23</sup> Benjamin L. W. Sobel, *Artificial Intelligence's Fair Use Crisis*, 41 COLUM. J. L. & ARTS 45 (2017).

**V. AUTHORS GUILD V. GOOGLE INC. AND THE SHIFT IN TRANSFORMATIVE FAIR USE ANALYSIS**

In 2015, the Second Circuit ruled on a case brought by literary authors (*Authors Guild*) against Google, Inc. Google had copied over twenty million books to create an online database for the Google Books project, enabling users to search for and view snippets of the content. The four fair use factors include assessing the purpose and character of the use, nature of the copyrighted work, the amount used, and the potential impact on the market or value of the original work. Courts consider these factors collectively to determine if the use of copyrighted material is fair. The court deemed Google's use transformative, favouring fair use on the first factor, as the functions provided information without substituting for the originals. The second factor also favoured fair use, given the transformative character of the use. The third factor favoured fair use due to limited snippet visibility, despite wholesale copying. The fourth factor aligned with fair use, as snippets were not a meaningful substitute for the original. The court thus held Google's copying and subsequent uses as non-infringing fair use.<sup>24</sup>

Though distinct from traditional reverse engineering, Google Books' massive copying for insightful search tools parallels the concept. Like reverse engineering cases, the *Authors Guild* Case involves intermediate copying, data mining, and developing a new program from the copied data. *Authors Guild* signals a potential shift in intermediate copying analysis, reflecting a trend towards transformative fair use. Prior to the *Authors Guild* decision, wholesale intermediate copying was permitted if it did not mirror the original work's expressive aspects. Now, post-*Authors Guild*, the satisfaction of the first fair use factor, if not the entire analysis, centres on the transformative purpose of intermediate copying.<sup>25</sup>

While the *Authors Guild Case* offers insights into transformative purpose, it diverges from intermediate copying in sectors like the AI music generator training. *Authors Guild's* transformative status rested on Google providing unavailable information to users. On the flip side, the objective of training generative AI systems is distinct from supplying information or commentary to end users. Instead, its primary aim is the generation of novel content using copyrighted compositions and sound recordings. In the absence of a distinct objective, such as an advanced musical search database, relying on the *Authors Guild Case* for transformative purposes in AI development is

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<sup>24</sup> Harper & Row v. Nation Enterprises, 471 U.S. 539 (1985).

<sup>25</sup> Kartik Chawla, *Authors' Guild v. Google- A Fair Use Victory and a Chance for Introspection*, SPICYIP (Nov. 8, 2015), <https://spicyip.com/2015/11/authors-guild-v-google-a-fair-use-victory-and-a-chance-for-introspection.html>.

problematic. Moreover, unless AI systems copy for social benefits like insight generation or education, the extensive use of copyrighted works is unjustified.

The legal precedents related to reverse engineering also offer valuable insights into the intent and nature of intermediate copying, particularly within the realm of the AI music generator training industry. In this context, intermediate copying plays a pivotal role in extracting essential elemental information from the works present in the training dataset. Unlike the instances observed in cases like *Accolade, Inc. and Connectix Corp.*, where intermediate copying was imperative for accessing non-protectable functional components of the copyrighted code. For instance, AI music generators employ intermediate copies for an extensive examination of every facet of the musical content. This comprehensive analysis encompasses a spectrum of attributes, spanning from non-copyrightable elements such as song structure and prevalent musical motifs (e.g., chord progressions and melodic intervals) to protected characteristics like timbre, vocal nuances, and distinctive performance qualities found within each sound recording. As a result, the depth and breadth of analysis and manipulation involved in AI music generator training exceed the boundaries of the targeted components in the context of reverse engineering scenarios.<sup>26</sup>

## VI. INSTANCES WHERE THE TRANSFORMATIVE WORKS GENERATED BY AI CAN BE HELD TO FALL UNDER THE FAIR USE RUBRIC

There are certain cases where the utilization or feeding of copyrighted material into AI systems may potentially align with the principles of fair use. In this section, we shall be analysing some of these instances where such cases might be held as transformative fair use, in the light of the principles established in the *Warhol Case*.

### A. Use for Sophisticated Public Welfare Purposes

Machine learning often employs copyrighted data that could potentially be categorized as fair use under existing legal doctrine. A pertinent example is facial recognition technology, which necessitates a substantial collection of copyrighted individual photographs for model training. These photographs, however, are typically protected by copyright. The “**Labeled Faces in the Wild (LFW) dataset**”, for instance, consists of images featuring 5,749 individuals sourced from news photos on Yahoo News. Replicating this dataset without proper authorization raises concerns about copyright infringement. Nevertheless, arguments can be made that such activities might not constitute infringement. Datasets like ‘Faces in the Wild’ do not replicate source images

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<sup>26</sup> Cheong, *supra* note 17.

entirely. They only capture subjects' faces, closely cropped and compressed to low resolution, effectively eliminating most copyrightable elements.<sup>27</sup> Consequently, the risk of improper appropriation of copyrighted content is minimal, potentially averting copyright violations.

It is plausible that utilizing and disseminating the LFW database might not even require invoking a fair use defence. Yet, if such a defence were to be invoked, legal precedents set by the *Authors Guild* case indicate its plausible success. The training of facial recognition models on copyrighted images predominantly deals with factual information, such as the physical attributes of subjects' faces, rather than the artistic choices of photographers. Furthermore, the portions copied receive limited copyright protection and only minor segments are employed. Lastly, the application of these images for facial recognition would unlikely exert a substantial impact on the market for licensed photographs of notable individuals that accompany news stories.<sup>28</sup> Furthermore, this interpretation aligns with the principles established in the *Warhol Judgement*. In this context, the distinct purposes of both the original work and the secondary work remain evident and the secondary work does not function as a replacement for the copyrighted content within the market.

## **B. Output Based on AI Training and Content Generation**

In the realm of AI and copyright, the interplay between training models on copyrighted data and generating content poses intriguing challenges. Training systems on copyrighted data are likely to fall under fair use while generating content using these models could raise copyright concerns. This analogy can be likened to creating fake money for a movie versus using it to make purchases. Training the model on a wide image collection to create novel pictures is less likely to infringe copyrights due to data transformation and limited impact on the original art market. However, fine-tuning the model on an artist's pictures to replicate their style may lead to stronger infringement claims. Vanderbilt law professor Daniel Gervais, explains, *"If you give an AI 10 Stephen King novels and say, produce a Stephen King novel, then you are directly competing with Stephen King. Would that be fair use? Probably not."*<sup>29</sup> Between fair and unfair use, countless scenarios exist, where input, purpose, and output influence the legal outcome.

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<sup>27</sup> Machine Learning Datasets, PAPERS WITH CODE, <https://paperswithcode.com/datasets?task=face-recognition&page=1> (last visited Apr. 9, 2024).

<sup>28</sup> *Harper & Row v. Nation Enterprises*, 471 U.S. 539 (1985).

<sup>29</sup> James Vincent, *The scary truth about AI copyright is nobody knows what will happen next*, THE VERGE (Nov. 15, 2022), <https://www.theverge.com/23444685/generative-ai-copyright-infringement-legal-fair-use-training-data>.

### C. AI Data Laundering: A Shield for Generative AI Liability

Data Laundering, a phenomenon of transforming pilfered data for legitimate applications, is taking on heightened significance as society's reliance on data continues to grow. Big Tech firms establish or sponsor a nonprofit entity responsible for crafting datasets. The entity's research-driven nature provides an avenue to utilize copyrighted material more flexibly. This dataset can then be harnessed by significant tech players for financial purposes.<sup>30</sup>

An influential factor in determining fair use involves assessing the origins of training data and models, particularly if they have been produced by academic researchers and nonprofit organizations. Stability AI, for example, instead of directly crafting the training data or training the models used in their software, facilitates the involvement of academic researchers. These researchers, working in collaboration with a German university, developed the Stable Diffusion model. This strategy allows Stability AI to market the model as DreamStudio, all while maintaining a legal distance from its creation.<sup>31</sup>

## VII. CONCLUDING REMARKS: FAIR USE, PRODUCTIVITY, AND TRANSFORMATION IN AI-GENERATED CONTENT

In conclusion, the distinction between productive and consumptive uses, a pivotal aspect of transformative fair use, is deeply rooted in copyright jurisprudence. This distinction has found resonance in cases like *Sony Corporation of America v. Universal City Studios, Inc.*<sup>32</sup>, where the Supreme Court deliberated over the fair use implications of taping copyrighted television broadcasts. **Justice Blackmun's dissent** differentiated productive uses from ordinary, consumptive ones, emphasizing that productive uses result in added benefits to the public<sup>33</sup>. This concept of productivity has permeated the landscape of 'transformative use,' underscored by its centrality in determining the viability of a fair use defence.

In the evolving landscape of AI-generated content, this distinction becomes even more pronounced. The discussion around whether expressive machine learning constitutes a productive or consumptive endeavour holds considerable weight. Notably, AI's capacity to generate gigabytes of copies of copyrighted art for emulation and learning marks an impressive technological advancement. Yet, the notion of productivity has its limits. While machine learning may hold the

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<sup>30</sup> Devansh, *Machine Learning Made Simple, Is Big Tech Using Data Laundering to Cheat Artists?*, Medium (Nov. 15, 2022), <https://medium.com/discourse/is-big-tech-using-data-laundering-to-cheat-artists-ccf1a8c87b91>.

<sup>31</sup> *Authors Guild v. Google Inc.*, 804 F. 3d 202, 214 (CA2 2015).

<sup>32</sup> *Sony Corporation of America v. Universal City Studios*, 464 U.S. 417, 419-20, (1984).

<sup>33</sup> *Id.* at 478-79, (Blackmun, J., dissenting)

potential for future productivity, it cannot serve as a *carte blanche* for bypassing copyright protections.

In this context, *Warhol* Case's reinterpretation serves as a guiding precedent. The *Warhol* Judgment underscores the importance of balancing new creations against the potential market effects on the original work. Just as the court's analysis of *Warhol* emphasizes the delicate equilibrium between transformative intent and market impact, the question of fair use defence of AI-generated content pivots on whether the generated content plays a productive or consumptive role within the broader creative landscape. As this evolving terrain necessitates discernment, acknowledging the fine line between productive machine learning and mere consumptive use remains crucial.

**WHAT'S IN A NAME?: THE NEED FOR DISCLOSURE ON DIGITAL  
WRONGDOERS IN IP WRONGS**

ISHITA JAIN\*

**ABSTRACT**

*The ever-increasing scale and rampancy of intellectual property [“IP”] violations on the internet have necessitated a rethink of the intellectual property law framework in India. The nature and scope of remedies available to an ordinary intellectual property rights holder need to be interrogated against new standards. These include, in particular, new forms of violations and the heightened persistence of violating content. Technology-driven developments have expanded the reach of unlawful content on the internet, rendering presently available legal remedies like content takedown markedly insufficient. Digital anonymity has further compounded the challenge by precluding access to other remedies, like damages. Disclosure on unidentified digital wrongdoers, in this context, can prove to be potent, both as an immediate remedy and a deterrent in the larger legal framework. This paper explores the need for and permissibility of disclosure of the identity and information of unknown digital wrongdoers to an intellectual property rights holder in India. The paper adopts a dual-pronged approach, making the case for both judicial disclosure orders and statutory provisions allowing direct disclosure by online intermediaries. It first discusses the common law disclosure remedy of Norwich Pharmacal Orders and its adaptability vis-à-vis Indian law in light of a recent Delhi High Court ruling. Secondly, it looks into the limitations of the present intermediary liability regime and the need for introducing domain-specific regulations, like a disclosure mechanism in the case of intellectual property wrongs. In exploring the tension of such a mechanism with a wrongdoer’s right to privacy, the paper attempts to strike a balance between the desirability and constitutionality of disclosure on digital wrongdoers.*

**I. INTRODUCTION**

The growth of the online world has witnessed a parallel growth of intellectual property violations, albeit in different forms from its offline counterpart. The internet, more specifically e-commerce, is particularly prone to IP violations as such wrongs are rooted in the dissemination of content, which is what the internet fundamentally provides a platform for. The ease of dissemination, coupled with the infinite possibility of replication across the digital universe can leave an IP rights holder acutely vulnerable despite legal protection. Magnifying the issue are the multiplying cases

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of infringement and passing off by unknown digital users—a legal challenge that remains largely unaddressed and seemingly unsurmountable.

Disclosure of the identity and information of digital wrongdoers, in this context, can serve to mould conventional remedies designed for the physical world for application in the virtual realm. By tackling the issue of digital anonymity, the idea of disclosure addresses the distinct challenge posed by the internet. It brings to the fore the imminent need for novel solutions—both judicial and legislative—to address online IP violations. In exploring disclosure as one such solution, this paper posits an individual IP rights holder and their interests at the centre of the legal framework governing the intersection of IP rights and the internet.

This paper begins by identifying the challenge of digital anonymity and the limitedness of existing reliefs under the Indian IP legal framework. Upon establishing the need for disclosure, it discusses the merits of the common law remedy of Norwich Pharmacal orders in this regard. In the nature of judicial disclosure orders, these orders direct an innocent intermediate facilitator of a legal wrong to disclose the identity of an unidentified ultimate wrongdoer to the aggrieved party, when necessary for claiming relief. The paper discusses the scope of their adoption in India with respect to domestic laws and in the wake of recent judicial developments. It then proceeds to assess the current intermediary liability regime in India and its limitations with respect to IP laws. It argues in favour of introducing IP-specific liability, like a statutory disclosure mechanism, to enable IP rights holders to better access available reliefs.

## **II. THE CHALLENGE OF DIGITAL ANONYMITY**

Online IP violations have acquired a distinct status among IP wrongs given the ease of their reliance on the concealment of a wrongdoer's identity, and the consequent difficulties in law enforcement. These difficulties arise out of the inapplicability of some of the existing remedies under Indian IP laws in cases involving unidentified wrongdoers. Anonymity and pseudonymity enabled by the internet allow wrongdoers to employ masked identities while encroaching upon others' IP rights. The judicial ascertainment of such infringement remains ineffective in providing redress to aggrieved parties, as even the most basic legal remedies require knowledge of the infringer's identity. This, in itself, is one of the hardest things to ascertain in the digital universe. Pecuniary remedies are the most potent illustration of remedies rendered inaccessible by the concealment of a wrongdoer's identity. Damages can't be claimed by an aggrieved person when they don't know who to implead. The inability of rights holders, like e-commerce sellers, to claim

pecuniary relief in such cases diminishes the value of their proprietary rights. With the growth of e-commerce, the disincentivizing effect of unchecked IP violations hurts the interests of IP rights holders and the economy alike. Criminal remedies under IP laws, like imposition of fines or imprisonment be under statutes like the Trade Marks Act, 1999 or the Copyright Act, 1957 [**“Copyright Act”**], are also unavailable against unidentified violators. The public interest sought to be protected through the enforcement of such criminal provisions, therefore, suffers on account of lack of knowledge of who to prosecute.

The difficulty of identifying online infringers has prompted courts to widen the scope of injunctive reliefs or takedown orders in cases of online IP violations. The Delhi High Court recognized dynamic injunctions by way of which entire rogue websites and their variants can be blocked without impleading each successively emerging variant.<sup>1</sup> Such orders, however, have been passed after giving a fair opportunity of hearing to the impugned websites, who were known defendants. Ex parte injunctive relief against unknown violators in the form of an *Ashok Kumar* order<sup>2</sup> has also been recognized judicially. This order acts as a cease-and-desist order, restraining future infringement by unidentified infringers and providing immediate relief to the plaintiff. Though it is unaffected by the lack of knowledge of the infringer’s identity, the extraordinary nature of this remedy, coupled with the absence of compensatory relief, limits its scope.

The effectiveness of takedown orders in the context of online violations is further limited by the instant replication of infringing content and the potentially never-ending cycle thereof. The judiciary has also taken notice of this disturbing trend. While ordering the blocking of an infringing domain name the Delhi High Court, in *HT Media & Anr. v. Hindustantimes.tech & Anr.*, called into question privacy protection features that enable digital users to completely mask their identities.<sup>3</sup> The Court laid emphasis on the key instrumentality of anonymity-enabling features in online IP violations and their widespread scale. The limitations of takedown orders and the judicial acknowledgement of the same underscore the necessity of disclosing infringer identity and information. Such disclosure is imperative not just for its deterrence value but also to expand the effectiveness of existing legal remedies against unknown persons.

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<sup>1</sup> *UTV Software Communications Ltd. v. 1337x.to*, 2019 SCC OnLine Del 8002.

<sup>2</sup> *Taj Television v. Rajan Mandal*, 2003 FSR (22) 407; *Dabur India Ltd. v. Ashok Kumar*, 2022 SCC OnLine Del 823.

<sup>3</sup> *HT Media & Anr v. Hindustantimes.tech & Anr*, The High Court of Delhi CS (COMM) 352/2022.

### III. ORDER OF DISCLOSURE PASSED BY THE DELHI HIGH COURT

The High Court of Delhi, in a recent judgement in *Neetu Singh and Anr. v. Telegram FZ LLC and Ors.*<sup>4</sup>, has made significant advances in this direction. In this case, an action alleging copyright infringement was brought by Ms. Neetu Singh, a popular author and teacher, and M/s K.D. Campus Pvt. Ltd., through which the former ran coaching centers. The plaintiffs filed a suit for permanent injunction, damages, and other reliefs against Telegram, an online intermediary, whose platform was being used by infringers for the unauthorized dissemination of copyrighted material, such as course materials, books, and lectures, belonging to the plaintiffs. Besides the immediate removal of such material from the platform, the plaintiffs also sought information about the unknown infringing users from Telegram via a discovery application under Order XI Rule 10 of the Code of Civil Procedure, 1908.<sup>5</sup>

The relevance of this demand for disclosure on digital wrongdoers as a necessary accompaniment to legal redress lies not only in its novelty but, more importantly, in the context against which it is raised. The *Neetu Singh* case exemplifies the challenge confronting IP rights holders on the internet. The plaintiffs' requests to Telegram for the removal of infringing content were rendered futile by the almost instantaneous re-emergence of blocked infringing channels under new names. Provisions for the creation of new channels and their operation in end-to-end encrypted, private mode enable this 'hydra-headed'<sup>6</sup> nature of digital infringers. The disparity usual in legal battles between a lone IP rights holder and online intermediaries, which command vast resources, was also typified by this case.

The Delhi High Court rose to the challenge and permitted disclosure of the wrongdoers' information, at first in sealed cover to the Court and subsequently to the plaintiffs, for the sole purpose of undertaking legal action.<sup>7</sup> The possibility of injunctions becoming a toothless remedy in the absence of commensurate damages or monetary deterrents prompted the Court's decision. To this effect, Justice Prathiba Singh noted,

*"45. (vi) ...In the present case, the infringement has to be nipped in the bud, without which Courts would have to continue to repeatedly pass injunction orders against mushrooming channels containing infringing content. The Court cannot perpetually supervise such infringements and, thus, the origin*

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<sup>4</sup> *Neetu Singh and Anr. v. Telegram FZ LLC and Ors*, 2022 SCC OnLine Del 2637.

<sup>5</sup> Code of Civil Procedure, 1908, Order XI Rule 10, No. 5, Acts of Imperial Legislative Council, 1908 (India).

<sup>6</sup> *MySpace Inc. v. Super Cassettes Industries Ltd.*, (2016) SCC Online Del 6382.

<sup>7</sup> *Neetu Singh and Anr. v. Telegram FZ LLC and Ors*, The High Court of Delhi, Order dated Nov. 24, 2022, CS (COMM) 282/2020.

*and source of the infringing material has to be traced and such devices or persons involved in the infringement ought to face consequences in accordance with law, including being held liable for damages. That would not be possible if the source of such infringing copies, i.e., the details of the infringing channels are not disclosed...’<sup>8</sup>*

The Court reasoned that the broadly worded nature of the Copyright Act, 1957<sup>9</sup> reflects the legislative attempt to lend adaptability to the law in the face of evolving challenges like that of unknown wrongdoers. By employing a purposive interpretation of the Copyright Act, Justice Singh read the permissibility of disclosure on wrongdoers into the statute. In doing so, the Court attempted to construct provisions of the Information Technology Act, 2000<sup>10</sup> [“**IT Act**”], the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021<sup>11</sup> [“**Intermediary Guidelines, 2021**”] and the Copyright Act harmoniously.

The judgement’s reliance on the specific facts of the case and provisions of the Copyright Act, however, prevents the emergence of a principled position that can be relied upon by all IP rights holders as settled law. The judgement falls short of laying down uniform pre-conditions, the satisfaction of which would merit redress in the form of a disclosure order. In fashioning such a solution, Indian courts can look towards the the common law remedy of a Norwich Pharmacal Order which has guided the jurisprudence of disclosure, in the absence of statutory mechanisms, in several jurisdictions.

#### IV. NORWICH PHARMACAL JUDICIAL RELIEF

Originally devised by the English House of Lords in the eponymous matter of *Norwich Pharmacal Co. v. Customs and Excise Commissioners*<sup>12</sup>, a Norwich Pharmacal Order is an order of disclosure passed against the facilitator of a legal wrongdoing. The Court, in this case, ordered the defendant customs office to disclose the identity of an unknown wrongdoer who was importing pharmaceutical drugs in contravention of the plaintiff’s patent rights. Though not directly involved in the patent infringement, the defendant’s innocent facilitation of the legal wrong formed the premise for the imposition of a duty of disclosure on them. A Norwich Pharmacal Order, however, is limited to disclosure of information and does not impose any liability on the facilitating third party against which it is passed.

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<sup>8</sup> Neetu Singh and Anr. v. Telegram FZ LLC and Ors, 2022 SCC OnLine Del 2637.

<sup>9</sup> The Copyright Act, 1957, No. 14, Acts of Parliament, 1957 (India).

<sup>10</sup> Information Technology Act, No. 21, Acts of Parliament, 2000 (India).

<sup>11</sup> Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

<sup>12</sup> *Norwich Pharmacal Co. v. Customs and Excise Commissioners*, [1974] AC 133.

The Court in *Norwich Pharmacal Co* laid out a triple test that needs to be satisfied for the passing of such an order, namely: (1) the conduct of a legal wrong by an ultimate wrongdoer; (2) the necessity of an order to enable action against such wrongdoer; and (3) the ‘mixing up’ of the person against whom the order is sought in the wrong and their ability to provide the plaintiff with the necessary information. Lord Reid, while explaining the basis for this order, stated that:

*“p.175 B. ...if through no fault of his own a person gets mixed up in the tortious acts of others so as to facilitate their wrong-doing he may incur no personal liability but he comes under a duty to assist the person who has been wronged by giving him full information and disclosing the identity of the wrong doers...”<sup>13</sup>*

A Norwich Pharmacal Order, therefore, is aimed at the identification of wrongdoers for the purpose of seeking legal redress, which would otherwise be precluded in the case of unknown wrongdoers. It is issued “*where the claimant requires disclosure of crucial information in order to be able to bring its claim or where the claimant requires a missing piece of the jigsaw*”.<sup>14</sup> A type of pre-action disclosure order<sup>15</sup>, these orders are essentially enabling in nature. The only cause of action in such cases is discovery. Their key utility lies in their ability to ‘unlock’ information necessary for advancing a legal claim, which would have been difficult to obtain via investigative methods.<sup>16</sup>

Norwich Pharmacal Orders are rooted in the courts’ equitable jurisdiction. Factors that have guided the courts’ discretion include the strength of the applicant’s potential claim, whether the denial to pass an order would frustrate the operation of justice, the potential to deter similar wrongdoing in the future, the existence of alternate means to obtain the requisite information, the degree of confidentiality of the information sought, whether the respondent was or should have been aware of facilitating the wrongdoing, etc.<sup>17</sup> In balancing the competing rights of the applicant and the privacy rights of the wrongdoers, the courts have been guided by considerations of

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<sup>13</sup> *Id.*

<sup>14</sup> *Mitsui v. Nexen Petroleum*, [2005] 3 All ER 511 (U.K.).

<sup>15</sup> Gill Davy & Scott Speirs, *Can you make a Norwich Pharmacal application against potential defendants?*, (Mar. 14, 2023), NORTON ROSE FULBRIGHT, <https://www.nortonrosefulbright.com/es-es/inside-disputes/blog/202303-can-you-make-a-norwich-pharmaceutical-application-against-potential-defendants>.

<sup>16</sup> Julia Smirnova, *Disclosure: A Guide to Seeking Norwich Pharmacal Orders*, MONDAQ (Dec. 2, 2022), <https://www.mondaq.com/jersey/arbitration--dispute-resolution/1256774/disclosure-a-guide-to-seeking-norwich-pharmaceutical-orders>.

<sup>17</sup> *Rugby Football Union v. Consolidated Information Services Limited (formerly Viagogo Ltd)*, [2012] UKSC 55.

necessity and proportionality. Being a versatile remedy, such orders have been adopted by jurisdictions outside England, like Canada and Ireland.

Though the scope of a Norwich Pharmacal Order is not limited to IP violations or online legal wrongs, it is particularly germane to their intersection. Its ability to overcome the challenge of intermediary-enabled anonymity explains this suitability. The innumerable intermediaries present on the internet, namely, social media platforms, e-commerce websites, internet service providers, domain name registrars, online payment sites, etc., unknowingly foster legal wrongs by anonymous users. The frequent recourse to Norwich Pharmacal applications against telecommunication companies in England and Ireland evidences its suitability.<sup>18</sup>

## V. ADOPTION OF NORWICH PHARMACAL ORDERS IN INDIA

The adoption of Norwich Pharmacal Orders in India, therefore, can serve to enable IP rights holders to access reliefs available under the existing legal framework, like damages, against unknown wrongdoers. Online intermediaries, by providing a platform and facilities to subscribing users, get ‘innocently mixed up’ in the posting of infringing content. Provisions for operating accounts in private mode where the identity and contact details of a user are hidden, end-to-end encrypted secret chats, etc. indicate the indirect involvement of online intermediaries in legal wrongs committed by anonymous or pseudonymous users.

English courts have conceptualized ‘mixing up’ as an act distinct from that of being a mere bystander. A facilitator of a legal wrong is not said to be someone who happens to witness an offending act and thereby acquires relevant information. Instead it is someone under an obligation to acquire information about the offending act, albeit not for the benefit of the victims.<sup>19</sup> In the context of Indian legislation, the obligation imposed upon online intermediaries to preserve information about legal violations by Rule 3(1)(g) of the Intermediary Guidelines, 2021<sup>20</sup> fulfils the said requirement. The stated intellectual property policies of most social media and e-commerce platforms, too, lay down procedures for reporting IP violations, which equip them with actual knowledge of the same.

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<sup>18</sup> Andrew Carter, *Norwich Pharmacal Orders [2023 Guide]*, FRANCIS WILKIS JONES, <https://www.franciswilksandjones.co.uk/norwich-pharmacal-orders/>.

<sup>19</sup> *Various Claimants v. News Group Newspapers Limited*, [2013] EWHC 2119 (U.K.).

<sup>20</sup> Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, Rule 3(1)(g).

The import of Norwich Pharmacal Orders into Indian law would be consistent with the principles of discovery and disclosure of information under Order XI of the Code of Civil Procedure. Under the Code, a Court is empowered to direct disclosure of documents and information relating to ‘any matter in question in a suit’.<sup>21</sup> As observed by the Delhi High Court in the *Neetu Singh* judgement<sup>22</sup>, Order XI is aimed at obtaining an admission from the opponent, which can make discharge of the burden of proof easier for the plaintiff. The administration of interrogatories and ordering of disclosure is not only permissible, but has been held to be the Court’s duty to encourage, given the role they play in the advancement of a legal action.<sup>23</sup> The Courts have time and again reiterated the need to interpret these provisions liberally.<sup>24</sup> A creative construction of these provisions would permit the accommodation of a Norwich Pharmacal Order.

As orders solely of disclosure and not personal liability, the adoption of Norwich Pharmacal Orders would be consistent with the ‘safe harbour’ enjoyed by online intermediaries in India under the Information Technology Act, 2000. Section 79 of the IT Act which grants limited immunity from third-party liability—i.e. liability for the acts of its users—to online intermediaries. Norwich Pharmacal Orders are sought against intermediaries only to the extent of disclosure of information about wrongdoers and do not impose any liability on such platforms themselves. Adoption of such orders in India, therefore, can serve to strike a balance between a robust IP rights framework and digital propriety.

Indian courts can gain from the experience of English and Irish courts, which have increasingly been issuing Norwich Pharmacal Orders against social media giants like Facebook, Twitter, etc. in cases of statutory and tortious wrongs.<sup>25</sup> Their thresholds for the sufficiency of ‘mixing up’ of online intermediaries in their users’ acts have not been too high, inclining more towards law enforcement, especially in cases of IP violations.<sup>26</sup> The Irish Court of Appeal even ordered an internet service provider to provide the plaintiffs with necessary information about all infringements by a user via a single application after the failure to comply with two cease and desist notices.<sup>27</sup> Allowing the disclosure of information about successive wrongs by a user via a single application can make legal recourse cheaper and more accessible for an aggrieved user.

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<sup>21</sup> Code of Civil Procedure, 1908, Order XI Rule 12, No. 5, Acts of Imperial Legislative Council, 1908 (India).

<sup>22</sup> *Neetu Singh and Anr. v. Telegram FZ LLC and Ors*, The High Court of Delhi, Order dated Nov. 24, 2022, CS (COMM) 282/2020.

<sup>23</sup> *A.K. Aggarwal v. Shanti Devi*, The High Court of Delhi, CM(M) Appeal No. 154 & 155/1995.

<sup>24</sup> *Tara Batra v. Punam A. Kumar*, The High Court of Delhi, CM(M) No. 925/2019.

<sup>25</sup> David Culleton, *The Law Relating to Norwich Pharmacal Orders*, Vol 5, IRISH JUDICIAL STUD. J., 20-46 (2021).

<sup>26</sup> *Id.*

<sup>27</sup> *Sony Music Entertainment (Irl) v. UPC Communications Irl Ltd (No 2)*, [2015] IEHC 317 (Irl.).

Such orders would also not stand in violation of the infringers' right to privacy under Article 21 of the Constitution.<sup>28</sup> In *K.S. Puttaswamy v. Union of India*, the Supreme Court held that privacy is not an absolute right and can be restricted to protect legitimate State interests.<sup>29</sup> The *Neetu Singh* judgement has held that disclosure of an infringer's data satisfies the triple test laid down in *K.S. Puttaswamy*. It reasoned that such disclosure is justified by the presence of permitting laws, in the nature of discovery and disclosure provisions, the legitimate State interest in curbing legal wrongs, namely IP violations, and proportionate necessity, given the ever-expanding reach of IP violations.<sup>30</sup> Under the intermediary liability scheme in India, only the processing of personal data is restricted by users' fundamental rights and imposes liability on the intermediaries.<sup>31</sup> The disclosure of infringers' personal data pursuant to a court order, per *Neetu Singh*, does not constitute processing of data and, hence, is permissible.<sup>32</sup>

Being an equitable remedy, a Norwich Pharmacal Order involves balancing the competing rights of applicants and infringers. The emphasis on the proportionate necessity of disclosure in *Neetu Singh* can guide the issuance of Norwich Pharmacal Orders. Regulating the extent of the disclosure of information can also help achieve this balance. The Court in *Neetu Singh* permitted disclosure only for the purpose of legal proceedings. The applicants were prohibited from sharing the information with third parties, including governmental authorities and the police, except to that end.<sup>33</sup> Further, the jurisprudence of Norwich Pharmacal Orders in England shows that the order is subject to an implied undertaking that the information acquired through it will not be used for any ulterior motive. The use of the information for purposes unrelated to legal proceedings has been dealt with seriously by the courts.<sup>34</sup> The existing legal framework, therefore, in light of *Neetu Singh*, provides a congenial ground for the adoption of Norwich Pharmacal Orders in India.

## VI. INTERMEDIARY LIABILITY AND DIRECT DISCLOSURE

Though the judicial enforcement of IP laws in India stands to be strengthened by the adoption of Norwich Pharmacal Orders, such orders necessitate an aggrieved party to undergo the long, expensive, and cumbersome process of litigation. Their dependence on the Court's discretion and

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<sup>28</sup> INDIA CONST. art. 21.

<sup>29</sup> *K.S. Puttaswamy v. Union of India*, (2017) 10 SCC 1.

<sup>30</sup> *Neetu Singh and Anr. v. Telegram FZ LLC and Ors*, 2022 SCC OnLine Del 2637.

<sup>31</sup> Information Technology Act, 2000, § 79(2)(b), No.21, Acts of Parliament, 2000 (India).

<sup>32</sup> *Neetu Singh and Anr. v. Telegram FZ LLC and Ors*, 2022 SCC OnLine Del 2637.

<sup>33</sup> *Neetu Singh and Anr. v. Telegram FZ LLC and Ors*, The High Court of Delhi, Order dated Nov. 24, 2022, CS (COMM) 282/2020.

<sup>34</sup> Smirnova, *supra* note 16.



equitable jurisdiction further obfuscates a litigant's chance of obtaining a favourable order, discouraging them from seeking judicial remedies. The arduous task of going up against online intermediaries, which command extensive resources, adds to the list of deterrents. The judicial adoption of such orders, therefore, must be supplemented by a legislative intervention permitting aggrieved IP rights holders to directly seek disclosure of infringers' identities from online intermediaries in certain cases. An overhaul of the intermediary liability provisions under the IT Act and Intermediary Guidelines is needed to this effect.

Section 79 of the IT Act, read with the Intermediary Guidelines, sets up a scheme of minimum standards which online intermediaries need to meet to avoid third-party liability. Observance of due diligence and takedown of wrongful material, like infringing content, upon receiving actual knowledge of the unlawful acts are some of the compliances required of online intermediaries.<sup>35</sup> Due diligence, required specifically for IP wrongs, is limited to informing users not to engage in acts that infringe on another's IP rights under Rule 3(1)(b)(iv) of the Intermediary Guidelines.<sup>36</sup> These safe harbour provisions of limited immunity are consistent with international standards of intermediary liability, in the interest of the open internet. However, their horizontal manifestation in India, which provides uniform liability for all kinds of legal wrongs, limits their potential for adaptability. Concerns over possible adverse implications for domains as distinct as contract, tort, criminal, and constitutional law prevent changes to the regime.

The primary impediment to carving out a disclosure mechanism specifically for online IP violations, too, is the horizontal nature of intermediary liability provisions in India. Blanket disclosure provisions, under the singularity of the current intermediary liability regime, can assume dangerous proportions by easing the path for state surveillance in cases of criminal wrongs. A shift towards domain-specific, vertical regulation of intermediary liability, therefore, is the need of the hour to better protect IP rights. A due diligence obligation to institute a mechanism for direct disclosure of a wrongdoer's identity in the case of proven IP violations should be included in the same.

Recalibration towards the vertical regulation of intermediary liability falls in line with the recent international policy debate on this issue. The European Commission, as part of its Digital Single Market Strategy, has demonstrated an inclination to move towards a stricter, vertical liability

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<sup>35</sup> Information Technology Act, No. 21, Acts of Parliament, 2000 (India).

<sup>36</sup> Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, Rule 3(1)(b).

regime.<sup>37</sup> The Commission intends to move from a negligence regime, based on actual or constructive knowledge of unlawful acts, to a proactive monitoring regime. The need for a duty of care has also been identified. The imperative for this shift is rooted in the changing needs of e-commerce, especially with respect to IP protection. In the face of similar concerns, the ideas of ‘sectoral legislation’ and a ‘problem-driven approach’ discussed by the Commission<sup>38</sup> can steer the debate in India as well.

The permissibility of domain-specific regulation of intermediary liability in cases of IP rights is evidenced by the protection of IP rights from restrictions under the IT Act. The proviso to Section 81 of the IT Act saves rights conferred by the Copyright Act, 1957 and the Patents Act, 1970 from the overriding effect of the IT Act. The legislative intent to mould intermediary liability in service of the protection of IP rights is made manifest by this saving provision. The harmonious reading of Sections 79 and 81 by courts, while imposing liability on online intermediaries for IP violations<sup>39</sup>, provides judicial recognition for extended regulation in their respect. Legislative amendments to this effect can provide for a more robust IP law framework and overcome the uncertainty currently present among intermediaries about the extent of their liability in cases of IP violations.<sup>40</sup>

## VII. IP AS A DISTINCT VERTICAL FOR INTERMEDIARY LIABILITY

Since a move towards more vertical regulation of intermediary liability has been necessitated by domain-specific challenges and contradictions, the scope of these regulatory frameworks should be guided by a solution-oriented approach to overcome the limitations of uniform liability. In failing to make a distinction between different classes of legal violations, horizontal regimes overlook the distinct nature of different legal rights, the interests they seek to protect, and their concomitant requirements in terms of remedies.

Non-recognition of the distinction between public and private legal wrongs is foremost among these oversights, implications of which are faced by IP rights holders. IP rights, being proprietary rights, are essentially private rights.<sup>41</sup> Ownership, over intangible property in case of IP laws, demands that these rights take an exclusionary orientation. Domain-specific remedies that help

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<sup>37</sup> Giancarlo F. Frosio, *From horizontal to vertical: an intermediary liability earthquake in Europe*, 12 JOURNEY OF INTELL. PROP. L. & PRAC. 565 (2016).

<sup>38</sup> European Commission, ‘Online Platforms and the Digital Single Market: Opportunities and Challenges for Europe’ (Communication) COM (2016) 288 Final.

<sup>39</sup> MySpace Inc. v. Super Cassettes Industries Ltd., (2016) SCC Online Del 6382.

<sup>40</sup> Indranath Gupta & Lakshmi Srinivasan, *Evolving Scope of Intermediary Liability in India*, 37 INT’L REV. OF L., COMPUTERS & TECH. 294, 2023.

<sup>41</sup> Wenjun Liu, *Discussion on Intellectual Property’s Private Right Nature*, 2 NATURE AND SCIENCE 84 (2004).

maintain this exclusionary control over property by preventing and punishing encroachers—in both the physical and digital realms—must be statutorily provided. Technology-induced changes in the role of intermediaries as gatekeepers and facilitators of digital services have influenced the expansion of intermediary liability in India.<sup>42</sup> Their facilitation of IP wrongs now necessitates a vertical expansion of their due diligence obligation to provide for remedies like information disclosure.

Private laws like IP laws, when viewed as a socio-legal institution and not just a collection of rules<sup>43</sup>, reveal a public, administrative dimension as well. Efficient private property law institutions incentivise risk-taking, which lies at the root of the growth of the economy and allied fields like science, technology, the arts, etc. The effect of curtailment of private rights, therefore, extends beyond the individual rights holder to a larger disincentivising atmosphere that compromises the interests of the economy. Efficacious remedies, like disclosure in cases of IP violations, become imperative to prevent such disincentives.

A purposive approach to interpreting the permissibility and scope of reliefs given the distinct nature and object of the right has been adopted in *Neetu Singh* as well. Justice Singh, while discussing the indispensability of disclosure to other reliefs, observed,

*“40. ...Take down’ or blocking orders are merely token relief for the interregnum and without monetary relief of damages, coupled with mushrooming of infringing platforms, the copyright owner’s spirit to create and write may be considerably negated. The protection of the same is integral to the public policy behind the legislation as well. The legislative intention to prevent such continued infringement and effectively implement the provisions of the Copyright Act would be frustrated by any interpretation to the contrary.”<sup>44</sup>*

In light of its enabling nature, disclosure of infringer identity and information is vital for the proper exercise of IP laws as a private property law institution. The limited accessibility of court-ordered disclosure orders necessitates a direct, non-judicial channel for obtaining the same relief.

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<sup>42</sup> Gupta & Srinivasan, *supra* note 40.

<sup>43</sup> Henry E. Smith, *Intellectual Property and the New Private Law*, 30 HARV. J. OF LAW TECH. 1 (2017).

<sup>44</sup> *Neetu Singh and Anr. v. Telegram FZ LLC and Ors*, 2022 SCC OnLine Del 2637.

### VIII. SUGGESTIONS FOR A STATUTORY DISCLOSURE MECHANISM

Though the need and juridical basis for seeking direct disclosure from online intermediaries are apparent, the question of its statutory form and operation remains difficult to answer. Direct disclosure of user information by online intermediaries without judicial intervention posits legitimate concerns about the invasion of infringers' fundamental right to privacy. Thresholds for its permissibility, therefore, should be higher than those in the case of court-ordered disclosure. Without granting unfettered discretion to online intermediaries to disclose infringer identities and information, a direct disclosure mechanism should permit it in stipulated cases.

With disclosure being a step subsequent to content takedown, the creation of a legal mechanism for it can benefit from the experience of operationalising the latter. The removal of unlawful content from the internet has been based on 'notice and takedown' procedures. The Digital Millennium Copyright Act, 1998<sup>45</sup> provides for the direct removal of infringing content from online platforms in cases of IP violations. It lays down a stipulated format for notifying an online intermediary of a violation and compliance requirements on the latter's part. Since India became a member of the WIPO Copyright Treaty in 2018, the DMCA is applicable in India on par with its domestic law, i.e the Copyright Act, 1957. Despite the institution of multi-tiered compliance structures, including counter notices and due diligence, the reality of content moderation in India reveals non-compliance with such requirements.<sup>46</sup> Reliance on cost-saving measures like artificial intelligence based auto-filters by online intermediaries has led to a dangerous trend of proactive monitoring of content, bordering on censorship in several cases.<sup>47</sup>

Modelled akin to a 'notice and takedown' procedure, disclosure can be facilitated through a 'notice and disclosure' route. Similar provisions listing the prerequisites for a complaint seeking disclosure should be included in the Intermediary Guidelines. It, however, should be permissible only in cases of judicially ascertained infringement. The determination of an IP violation, like infringement, is a specialised task that can only be discharged by a court of law. The incapacity of artificial intelligence tools to correctly identify cases of infringement, based on different legal doctrines and contextual intricacies, causes automated filtering mechanisms to injure IP rights instead of protecting them. False positives are a case in point. The Supreme Court in *Shreya Singhal v. Union of India* has

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<sup>45</sup> The Digital Millennium Copyright Act, 1998, 17, U.S.C, 1998 (USA).

<sup>46</sup> Yashaswini, *DMCA Infringements: Much Ado About Copying?*, INTERNET FREEDOM FOUNDATION (July 27, 2021), <https://internetfreedom.in/dmca-infringements-much-ado-about-copying/>.

<sup>47</sup> Nithya C., *The Liability Regime of Internet Intermediaries for Online Copyright Infringements and the Bane of Proactive Monitoring*, <https://iplawindia.org/wp-content/uploads/2021/03/Nithya.C.pdf> (Dec. 22, 2020) (Report for the Fulfilment of Internship).

reaffirmed the impermissibility of the ‘privatisation of justice’<sup>48</sup> by holding that the lawfulness of online content can be decided only by public authorities. It held that a court order or government notification is mandatory for the removal of content from online platforms.<sup>49</sup> Permitting disclosure only in cases of a proven IP violation can help prevent unchecked violation of an alleged wrongdoer’s privacy. Without proof of a violation, an IP rights holder cannot bypass the judicial system and should have to apply to courts for disclosure through orders like Norwich Pharmacal Orders.

To avoid the criticisms subjected to ‘notice and takedown’ procedures, a disclosure mechanism should not be based on algorithmic intelligence based, privately enforced standards but on transparent legal obligations.<sup>50</sup> Statutory disclosure provisions must oblige online intermediaries to maintain internal review infrastructure to assess the veracity of such complaints. A detailed legislative scheme of due process outlining the contours and conditionalities of disclosure is essential. Disclosure of user information should be limited to the extent required for the institution of legal action. Conditions like permitting direct disclosure only after exhausting alternative remedies like seeking the removal of infringing content can be considered. Supplementary provisions obliging online intermediaries to inform users of the permissibility of disclosure through their rules and regulations or privacy policies are also required.

## IX. CONCLUSION

Protection of IP rights in the online world requires novel and innovative legal solutions. This paper has attempted to establish disclosure of unidentified wrongdoers’ information as one such necessary remedy. Disclosure, through judicial and legislative interventions, is a stepping stone that can help revitalise the existing Indian IP law regime against challenges thrown by the internet. The *Neetu Singh* judgement has laid the groundwork for the import of intermediary-directed Norwich Pharmacal Orders into Indian law. A principled adoption of the same can take us closer to the finish line. On the legislative front, the paper has demonstrated the need for more vertical regulation of online intermediary liability in the case of IP laws, given their distinct property-based nature. It has argued in favour of establishing a statutory disclosure mechanism as part of an intermediary’s obligation to exercise due diligence. Though the issues of the exact nature of such a mechanism and its tension with the wrongdoers’ right to privacy remain far from resolved, this paper has taken the mantle of flagging the challenges facing an ordinary IP rights holder in the

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<sup>48</sup> *Id.*

<sup>49</sup> Shreya Singhal and Ors. v. Union of India, AIR 2015 SC 1523.

<sup>50</sup> Frosio, *supra* note 37.

form of digital anonymity. A recalibration of the Indian IP law framework, guided by requisite remedies like disclosure, is now needed to address them.

## **YOUTUBE'S ALGORITHMIC ENFORCEMENT AND DEMONETIZATION POLICY VIS À-VIS COPYRIGHT LAW: AN EDIFICE OF OPACITY AND ARBITRARINESS?**

SOURODIP NANDY\*

### **ABSTRACT**

*The story of YouTube from starting as a video-sharing social media platform to now becoming a giant in the entertainment industry is a fascinating story. Since its inception in 2006, YouTube has grown at an exponential rate. It has now become the only surviving player in the copyright-based business model, ousting the likes of Napster and relegating DailyMotion to the lower echelons of the market. Most media houses, label studios and producer's preferred destination for releasing the trailers, songs or sneak peeks of their next project is done on YouTube first. The platform is also one of the exponents of the rise of the Over-The-Top (OTT) content, boasting of many original shows with great production value. Creators like PewDiePie, MKBHD and iJustine are popular among the masses for their great content. It can be said that YouTube has permeated into everyone's lives. However, there is another side to this story. YouTube always comes under criticism for its platform policies and guidelines. There are concerns that YouTube is not advancing the interests of copyright owners and not allowing them to enjoy their rights. YouTube regulations are termed opaque and possess a colour of arbitrariness. The monetization policy of the platform is also severely criticized by scholars and creators alike, for favouring only big channels and creators and disincentivizing smaller creators. The platform has also been accused of misusing safe harbour provisions to escape liability. Many jurisdictions have started amending their laws to impose greater liabilities on YouTube not only generally but also from a copyright perspective. Is it time that India did the same with its copyright and cyberspace laws?*

### **I. INTRODUCTION**

YouTube has dramatically altered how individuals express themselves and engage on the Internet. People from all around the world post almost 400 hours of video to YouTube every minute, chronicling significant events as well as ordinary life.<sup>1</sup> These videos aid in the dissemination of news, highlight new artistic work, and give many hours of amusement. When a content sharing

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<sup>1</sup> Arun Dunna et al., *Paying Attention to the Algorithm Behind the Curtain. Bringing Transparency to YouTube's Demonetization Algorithms*, 6 PROCEEDINGS OF THE ACM ON HUMAN-COMPUTER INTERACTION, Issue CSW2, at 1.

platform is operating at this scale with billions of users on its platform, the policies and measures it takes to regulate its affairs will have wide-ranging consequences.

YouTube is a popular platform for independent video content providers to showcase their work. The YouTube Partner Program [“YPP”] is one of the oldest monetization programs established in 2007. However, in recent years, modifications to monetization rules and the adoption of automated decision-making algorithms for monetization have been a cause of criticism and conflict between content providers and the platform.<sup>2</sup> Authors such as Rimmer<sup>3</sup>, Laura Zapata<sup>4</sup> and Magaldi et al.<sup>5</sup> have, in their scholarly works, alleged that YouTube’s underlying monetization algorithms favour larger channels and effectively restrict minority voices by demonetizing their material. Susanne Kopf, in her work, has alleged that YouTube’s algorithm does not favour particular creators and their content, and the platform can control whose content reaches a broader audience. According to Kopf, “The rules and logic underlying this algorithm are largely unknown to visitors of YouTube—beyond the fact that personal search history and interest are taken into account, visitors are not informed about the algorithm’s criteria.”<sup>6</sup> The uploading of pirated films to legitimate websites such as YouTube has a genuine and permanent impact on the earnings of content owners. The two exclusive rights most relevant to YouTube under Indian copyright law are the rights “to not allow distortion of the copyrighted work” & “to derive an economic benefit out of the exploitation of the work.” YouTube inserts ads in between videos to capture the revenue generated from traffic to its videos. It also does not allow small users to claim revenue from all aspects of the video, as noted by Thomas De Lisa.<sup>7</sup>

When a user interacts with the platform by searching for content, uploading content or managing their content, there may be an assumption that one is interacting with a search engine, which is learning with every search of the user and increasingly presents search results/content more tailored to what the platform thinks that the user wants to see. This is the algorithm of YouTube

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<sup>2</sup> FRANCISCO J. MARTÍNEZ-LÓPEZ ET. AL., SOCIAL MEDIA MONETIZATION AND DEMONETIZATION: RISKS, CHALLENGES, AND POTENTIAL SOLUTIONS, SOCIAL MEDIA MONETIZATION: PLATFORMS, STRATEGIC MODELS AND CRITICAL SUCCESS FACTORS 185 (Francisco J. Martínez-López et al. eds., 2022).

<sup>3</sup> Matthew Rimmer, *The Dancing Baby: Copyright Law, YouTube, and Music Videos*, RESEARCH HANDBOOK ON INTELLECTUAL PROPERTY IN MEDIA AND ENTERTAINMENT 150 (2017).

<sup>4</sup> Laura Zapata-Kim, *Should YouTube’s Content ID Be Liable for Misrepresentation under the Digital Millennium Copyright Act*, (2016), 57 B.C. L. REV. 1847.

<sup>5</sup> Jessica A. Magaldi, Jonathan S. Sales & Wade Davis, *All’s Fair in Love and War but Nothing’s Fair Use on YouTube: How YouTube Policies Favour Copyright Owners and Hinder Legal Fair Use*, 27 J. L. BUS. & ETHICS 51 (2021).

<sup>6</sup> Susanne Kopf, “Rewarding Good Creators”: *Corporate Social Media Discourse on Monetization Schemes for Content Creators*, 6 SOCIAL MEDIA + SOCIETY (Nov. 2020).

<sup>7</sup> Nicholas Thomas DeLisa, *You(Tube), Me, and Content ID: Paving the Way for Compulsory Synchronization Licensing on User-Generated Content Platforms*, 3 BROOKLYN L. REV. (2016).



which is in operation, undertaking a myriad set of operations to regulate user activity on the platform and making sure that the various legal obligations binding the platform are complied with.<sup>8</sup> This is what is known as “Algorithmic enforcement” and it helps in the regulation of the internal governance of YouTube, one of the compliances being that of the protection of copyrighted works available on the platform.<sup>9</sup> There are several advantages to algorithmic copyright enforcement. It is frequently more efficient, saving money on office space and personnel. It might increase the uniformity of applying legal theories and remove the burden of human assessment.<sup>10</sup> While some internet intermediaries such as Meta, and Twitter employ algorithms to automatically execute takedown notices issued by copyright owners, others, such as YouTube, go above the legal requirements by blocking the dissemination of infringing items before they become accessible online. Despite these efficiency-related benefits, algorithmic copyright enforcement lacks adequate accountability mechanisms for internet intermediaries’ acts, errors, and wrongdoings.<sup>11</sup> Kaye & Gray<sup>12</sup>, in their scholarly work, gathered the opinion of 100 YouTube creators in a randomised sample through a survey, seeking to solicit opinions on how they navigated through the governance mechanism of the platform. In this survey, 25 creators were of the opinion that YouTube “fails to secure due process”, terming the mechanism as “absurd”, “inadequate” & “an eldritch mess”. As per YouTube’s appeal mechanism, the claimant (party initiating the copyright strike) has the opportunity to decide the claim and possesses two opportunities to reject the dispute of the creator before YouTube steps in to review the case.<sup>13</sup> According to a creator, this is equivalent to “a murderer going to court and deciding whether he is guilty or not.”<sup>14</sup> Thus, it appears that the internal platform appeal mechanisms fall short of adequately securing due process. Algorithmic enforcement mechanisms are opaque in their exercise of discretion over determining fair use and copyright infringement. The Indian IT Regime has also recognised the need to compel such Intermediaries to bring fairness and transparency in its operation, as evidenced by the provisions of the New IT Rules, which will be discussed in subsequent Parts. Hence, there is a growing need to combine user autonomy and free expression with the protection of copyright holders and internet service providers as YouTube’s popularity in India rises.

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<sup>8</sup> Maayan Perel & Niva Elkin-Koren, *Accountability in Algorithmic Copyright Enforcement*, 19 STAN. TECH. L. REV. 473 (2015).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> D. Bondy Valdovinos Kaye & Joanne E. Gray, *Copyright Gossip: Exploring Copyright Opinions, Theories, and Strategies on YouTube*, 7 SOCIAL MEDIA + SOCIETY (2021).

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

In this context, the main objective of this paper is to examine how YouTube's policies and measures such as algorithmic enforcement and demonetization policy are impacting copyright holders and creators, arguing that the present approach of the platform fosters opacity and arbitrariness. This paper has five Parts. The first Part introduces the issues surrounding YouTube's algorithmic governance. The second part will deep dive into YouTube's tools, analysing its "tiered approach" to content takedown and will examine whether the moral right to prevent distortion and the right to derive an economic benefit from the copyright is honoured by the platform. In the third Part, the YPP's Demonetization Policy is analysed and a comparison with another burgeoning social media platform, Instagram's Monetization Policy, is undertaken. The fourth Part will discuss the Indian IT Regime and its interoperability with curbing copyright infringement, particularly around Section 79 of the Information Technology Act, 2000 and the new 2021 IT Rules. The paper is concluded in the Fifth Part with some suggestions.

## II. YOUTUBE'S UNBALANCED ALGORITHMIC GOVERNANCE

### A. Tiered Approach to content management

Algorithmic enforcement is now a pervasive phenomenon and has widespread usage. It is usually done in scenarios where there is voluminous data to be processed and it is humanely impossible to process each piece of data. In the case of Online Service Providers ["OSP"] such as Google, whose subsidiary is YouTube, they have devised algorithms in order to regulate the flow of data on their platform. This is done through ex-ante regulations, where, if the content fails certain pre-publishing norms, the content is prevented from getting uploaded on the platform. This algorithm also has ex-post mechanisms, where the content can be reviewed, and subsequent action is taken. Platforms like YouTube, Twitter and Meta have spent millions in R&D to perfect these algorithms. The automated algorithm was made in response to the Digital Millennium Copyright Act ["DMCA"], which put in place the notice and takedown system. Major online intermediaries use algorithms to filter, block, and disable access to allegedly infringing content automatically, with little or no human intervention. This is done to deal with the huge number of takedown notices sent by copyright owners, many of which are sent at the same time and automatically by robots that scan the web for allegedly infringing content. Others go above and beyond the legal requirements by preventing the circulation of copyrighted content before it is made available online.<sup>15</sup> Enforcing algorithm copyright increases productivity and reduces commercial space and human costs.

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<sup>15</sup> Perel & Elkin-Koren, *supra* note 8.

YouTube employs three principal tools in order to check copyright infringement. They are:

1. Webform
2. Copyright Match Tool
3. Content ID<sup>16</sup>

#### 1. *The Webform*

This is the entry-level tool which is available to all YouTube creators, irrespective of their size and time spent on the platform. Tools like Copyright Match and Content ID are not available in this tool. In case the user is of the opinion that another user has infringed his video, they can fill up this form with particulars such as:

- Contact Information
- Description of the user's copyrighted work
- Specific URLs of the allegedly infringing videos
- Declaration that the claim is being filed with good faith and genuine concern for protecting their copyrighted work
- Signature of the claimant<sup>17</sup>

According to YouTube in their most recent annual Copyright Transparency Report “*the Webform operates like the public web form where rightsholders or their representatives search YouTube and manually file a takedown request for content that potentially infringes their copyright.*”<sup>18</sup> This tool is stated to be available in 80 languages and has been built for rare usage, such as by artists who possess few copyrights and discover their videos on YouTube only periodically. The webform is the sole instrument necessary for the great majority of rightsholders, according to the platform. In the first half of 2023, more than 60 % of rightsholders who used the platform's Copyright Management Tools took advantage of the web form to file for takedown notices to address their infringement concerns.<sup>19</sup>

However, the web form has numerous difficulties due to its elementary and bare-bones functionality. Its drawbacks can be better highlighted through the contentions levelled by the

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<sup>16</sup> *YouTube Copyright Transparency Report*, GOOGLE, <https://transparencyreport.google.com/youtube-copyright/intro> (last visited Apr. 10, 2024).

<sup>17</sup> *Overview of copyright management tools*, YOUTUBE HELP, [https://support.google.com/youtube/answer/9245819?hl=en&ref\\_topic=9282364#zippy=%2Ccopyright-match-tool%2Ccontent-id](https://support.google.com/youtube/answer/9245819?hl=en&ref_topic=9282364#zippy=%2Ccopyright-match-tool%2Ccontent-id) (last visited Apr. 10, 2024).

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

plaintiffs in the case of *Athos Overseas Ltd. v. YouTube*<sup>20</sup>, where the plaintiff, the company of a renowned Spanish-language movie producer, moved the Court against YouTube. Athos alleged that the platform had taken no action to stop the rampant piracy of his movie collection, which was being displayed on the platform. The company further alleged that YouTube had in fact earned ad revenue and stood to make a wrongful gain in the form of revenue being generated from the pirated videos being hosted on the platform.

When the plaintiff contacted YouTube to remove the pirated copies using Content ID, the platform agreed to do so, but on the condition that the plaintiff would “have to agree to release YouTube from all possible claims arising from prior acts of piracy related to the plaintiff’s movie collection.” When such an agreement was declined by the plaintiff, he was directed to use the webform method to manually take down each instance of the infringing work from the platform. The plaintiff would email YouTube a takedown notification after a pirated movie was detected. YouTube would erase the entire stolen video. YouTube would only delete one video from one infringer relating to the one infringing upload indicated in the takedown notice. The same infringement could reupload the film until three takedown notices were submitted within 90 days. Only then will YouTube terminate the infringer’s login. The same infringer might then establish a new login and publish the pirated films again, starting a vicious circle in which only Defendants profit at Plaintiff’s cost.<sup>21</sup> Plaintiff contends that they have submitted to YouTube over 10,000 copyright infringement notifications at a pace of five to ten per day for over six years without success and that their movie titles have been seen hundreds of millions of times on YouTube. They allege that the Defendants, namely YouTube, know Plaintiff’s copywritten content is on their platform and continue to infringe on it.<sup>22</sup>

However, the Court favoured YouTube and relied on the holdings in the cases of *Viacom & Veoh* to hold that just because intermediaries employ independent mechanisms to deploy copyright infringement, does not mean that they can be held liable for not taking down content that the plaintiffs have not referred to in their DMCA notice. The DMCA regime, in the words of the Court, do not require YouTube to go beyond the particulars of the notice and takedown videos “on its own initiative”, even if the notice generically mentions “other infringing copies of videos” to be removed.

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<sup>20</sup>*Athos Overseas, Ltd. v. YouTube, Inc.*, 1:21-cv-21698-GAYLES/TORRES (S.D. Fla. Mar. 29, 2022).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* at 8.

This holding seems to confirm a loophole that is present in the DMCA regime that negatively affects copyright owners. YouTube, in its Terms and Policies, clearly state that if a user avail any of the tools available on its platform, the platform would be subsequently discharged from being held liable for any infringing copies made available on its site. However, if users do not wish to waive the right to sure, they would have to manually sift through pages and pages of YouTube to scour out the infringing clips of their copyright content, with no scope of compelling YouTube to take down all infringing copies in a blanket manner. Hence, if one were to keep costs and efficiency in mind, there is no other way but to give in to the service's tools. There also seems a concerted to push users to the other tools such as Copyright Match and Content ID, which are not available to smaller channels.

According to YouTube, 98.97% of the successful copyright actions on YouTube are taking through Content ID.<sup>23</sup> This mode is the most preferred tool to those whom it is available. Content ID is available only to over 9000+ partners such as “*movie studios, record labels, and collecting societies.*”<sup>24</sup> On the other hand, a measly 0.27% of successful copyright claims are done through webform, in spite of this tool being used by close to 2 billion YouTube users.<sup>25</sup> The above data highlights the ineffectiveness of the webform tool to adequately address copyright infringement.

## 2. *Copyright Match*

This is the next tier of tool that is available for curbing copyright infringement. Copyright Match tool is available to those creators who find that their work is reposted on a more frequent basis as compared to other creators. The intent of this tool is to bring the features of Content ID to more rightsholders. YouTube's Copyright Match Tool is available to users who've made a legitimate copyright takedown request. After a takedown request is authorized, the Copyright Match Tool scans YouTube uploads for potential matches. The tool shows claimants prospective matches so they may determine what to do.<sup>26</sup> However, in order to avail this tool, the creator is required to:

i. Be part of the YouTube Partner Program (YPP)

OR

ii. Demonstrate a “short history of takedowns through the webform”<sup>27</sup>

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<sup>23</sup> GOOGLE, *supra* note 16, at 5.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

In order to become a part of the YPP, you need to have attracted 4,000 hours of viewing and 1,000 subscribers in the prior 12 months to the date when you apply to become a part of YPP<sup>28</sup> In order to showcase how difficult it is to reach such numbers, it is pertinent to have a look at the statistics that the social media firm Social Balde has put out on YouTube channels. In this study conducted in 2022, it is estimated that there are more than 51 million channels on YouTube having more than 10 subscribers.<sup>29</sup> Within this, 25 million channels have between 10 to 100 subscribers and around 17 million channels feature subscriber numbers between 100 to 1,000. It may be construed that around 42 million channels are kept out of the YPP because they are unable to breach the 1000 subscriber mark. The result of this is that such requirements lead to the creation of an “exclusive club” of sorts for the YPP members. In spite of the fact YPP members do not have access to the premium Content ID, they can still make use of the Copyright Match tool, which is more than sufficient for independent content creators to satisfy their copyright management needs.

However, the fact that this is available only to those creators who are part of the YPP is concerning on the following fronts:

- a. Membership to the YPP is tedious and involves multiple compliances, not only at the entry point, but also in the duration that you are part of the YPP.
- b. In case a content creator is not complying with YouTube’s community, Advertiser and Copyright guidelines, their monetization is affected, and they are not able to generate ad revenue from the video created.<sup>30</sup> Arun Dunna *et al.* Have noted that there are further “restrictions on the use of profanity, violent, graphic, sexually suggestive, demeaning, tobacco-related, and controversial or sensitive content in videos or their metadata. The initial process of identifying whether a video meets the advertiser-friendly guidelines is completely automated via the demonetization algorithm.”<sup>31</sup>
- c. All creators do not have the wherewithal or investment capacity to raise their channel or viewer engagement to such levels as YouTube deems sufficient for grant of membership into the YPP.
- d. Even though those creators who “sufficiently demonstrate a short history of takedowns” are also eligible to use Copyright Match tool, the difficulties faced by the plaintiff in the *Atheros*

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<sup>28</sup> *YouTube Partner Program overview & eligibility*, YOUTUBE HELP, <https://support.google.com/youtube/answer/72851> (last visited Apr. 10, 2024).

<sup>29</sup> J. C. Taylor, *YouTube Bares Its Anti-Creative Roots*, CREATIVE FUTURE (May 5, 2021), <https://www.creativefuture.org/youtube-bares-its-anti-creative-roots/>.

<sup>30</sup> *YouTube channel monetization policies*, YOUTUBE HELP, <https://support.google.com/youtube/answer/1311392?hl=en#zippy=%2Ccreator-responsibility> (last visited Apr. 10, 2024).

<sup>31</sup> Dunna *et al.*, *supra* note 1, at 5.

case is sufficient evidence to point out the frailties of the webform. Hence, this is even more difficult evidence to show to YouTube in order to avail the tool.

### 3. *Content ID*

This leaves us with YouTube's most premium and best in class tool- Content ID. The tool uses a technology called "Content Matching" where "Content ID scans and matches uploaded videos against a vast database of reference files provided by content owners. These reference files typically include "audio tracks, video clips, or even full-length videos that are registered by copyright holders." The algorithm then generates a "unique fingerprint" for each reference media generated on its database. This fingerprint is derived from a number of factors, including information, visual traits, and audio waveform. YouTube's Content ID system examines user-uploaded videos and matches their fingerprints to reference files stored in its database. It searches for resemblances in sound, images, and additional features. According to YouTube, a substantial amount of investment is made each year to make Content ID better and all-encompassing. The rationale behind this tool is that as content creators continue to use Content ID to enforce their copyright, it continues to expand its own copyright library with the help of the uploaded user reference files. This helps the tool to get better, while also providing the users with a sophisticated service. Over 9000 YouTube "business partners" such as movie studios, record companies, and collecting organizations have access to this technology. According to YouTube, "these partners' copyright demands are in a class by themselves, and their material - today's blockbuster song, movie sequences, or viral video — is at the core of creative reuse on YouTube."<sup>32</sup> Their activities comprise nearly 98% of all copyright actions on YouTube, despite having the fewest users. These statistics goes on to show that Content ID is the most well equipped to solve the copyright claims on YouTube. The other tools are, comparatively, inherently lacking and are not sufficient to solve the needs of its target audience. However, it is also unfair on those users who do have access to these tools, as the messaging seems to be that the platform does not give due precedence to the copyright needs of the small and medium scale independent creators, who also depend on YouTube and its policies to a greater extent as these creators may not have the financial backing to pursue their infringement cases through other avenues.

#### **B. YouTube's Unfair Content Takedown regime**

In their Annual Copyright Report 2021, YouTube claimed that the reason why every tool is not accessible equally to all the users is due to the fact that the platform has evidence to show that

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<sup>32</sup> *Id.*

there is a high chance that the tools may be abused and used for frivolous purposes by the users of the platform. YouTube believes that this “tiered” approach is the only solution for the “creation of a balanced ecosystem”, where rightsholders, viewers and the users of the tool are protected from “*significant disruption that can result from the abuse or otherwise invalid use of our tools.*”<sup>33</sup> The platform has seen “high levels of abuse” on the public webform, which is the most widely available tool available to all the YouTube users. According to the report, more than 8% of videos asked for removal using the public webform in the second half of 2021 were subject to abusive copyright removal requests, suggesting these requests were likely bogus assertions of copyright ownership. This misuse rate is 30 times greater than in limited-access products like Copyright Match Tool and Enterprise Webform, where it’s 0.2% or below.<sup>34</sup>

Dailymotion, which has a footprint in 46,631 websites, employs a similar policy for takedown of content on its platform, if found that such content infringes copyright of owners. If a user discovers that their copyrighted work is being transmitted on the platform without their due consent, a “copyright infringement notification” can be submitted to the moderators of Dailymotion. When such notification is received, the “community support team” will process such request within 48 hours.<sup>35</sup> As per Dailymotion, it “works closely with Audible Magic and INA to provide content protection systems based on audio and video digital fingerprints. All videos uploaded on Dailymotion are compared with INA and Audible Magic fingerprints databases. Every time a video corresponding to a fingerprint is identified, it leads to blocking of the video.”<sup>36</sup> The algorithmic process employed by Audible Magic to detect infringing content is available on its website. As per Audible Magic, the patented algorithm is trained to capture “very small clips of audio to be measured for distinctive characteristics. These compact audio “fingerprint” measurements can be uniquely distinguished when compared to measurements taken from any other audio clip.” When the fingerprints of unknown media material are compared to known fingerprints stored in an Audible Magic database, Audible Magic’s patented technique is utilized to identify the content. The procedure is applicable to both video footage that includes an audio track and any other type of audio content.<sup>37</sup>

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<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> *Report a copyright infringement*, DAILYMOTION HELP CENTER (2023), <https://faq.dailymotion.com/hc/en-us/articles/203657336-Report-a-copyright-infringement>.

<sup>36</sup> *How to protect your copyrighted work?* DAILYMOTION HELP CENTER (2023), <https://faq.dailymotion.com/hc/en-us/articles/203921173-How-to-protect-your-copyrighted-work>.

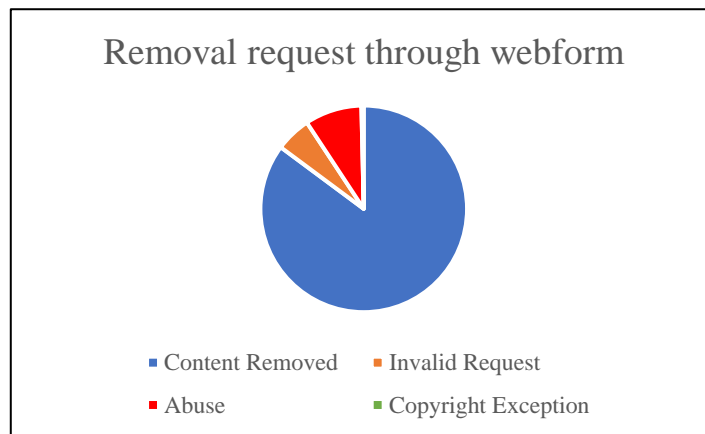
<sup>37</sup> *Audible Magic-Core Technologies & Services Overview*, AUDIBLE MAGIC (2015), [https://www.audiblemagic.com/wp-content/uploads/2015/04/AM\\_overview\\_datasheet\\_150406.pdf](https://www.audiblemagic.com/wp-content/uploads/2015/04/AM_overview_datasheet_150406.pdf).



Hence, on Dailymotion, all tools are available to all users, irrespective of whether they are monetized or non-monetized creators. On YouTube, the tools available to users differ based on whether their content is monetized or non-monetized. YouTube claims that such a tiered approach is due to “high levels of abuse” seen on its tools available only to non-monetized users.

However, this claim does not weight due to the following reasons:

- i. YouTube has a team that reviews video claims. This team processes removal requests and “requests further information from claimants as necessary”.<sup>38</sup> This means that the chances of abuse or frivolous requests becoming successful due to the automated nature of the tool is less due to the human intervention being supplied through the team.
- ii. The platform has given data for the actions taken by it in response to removal requests.



*Source: Annual YouTube Copyright Transparency Report*<sup>39</sup>

Considering that this data is to be interpreted in light of the fact that the population that has access to and uses the public webform is estimated to be 2 billion, it is still interesting to note that most of the removal requests result in removal of the content, considering the fact that the process is not entirely automated. Abuse constitutes only 6.40% of the total requests, meaning that the instances of abuse are not of such high levels as claimed by the platform, when viewed in the context of the volume of removal requests received through the webform.

- iii. According to the statistics published by YouTube, only 198,512 users actually used the webform tool to file for video removal requests.<sup>40</sup> Previously, it was noted that webform copyright actions account for only 0.27% of the total copyright actions on the platform. This, coupled with the low instances of abuse, indicate that the implications of frivolous claims

<sup>38</sup> GOOGLE *supra* note 16, at 7.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

through webform is an issue that can be solved without having to resort to making the higher tier tools inaccessible to the majority of the YouTube users.

In a recent development, Associate Broadcasting Limited, the operator of television and digital channel TV9, has initiated legal action against tech giant Google concerning the threat of their YouTube channels being removed due to copyright strikes. Over the period spanning from 2020 to 2023, TV9's YouTube channels have been instrumental in disseminating news covering a wide array of global events, including natural disasters, man-made crises, and conflicts such as the recent Gaza war. However, TV9 found itself facing a copyright strike, alleging that certain footage used in their videos belonged to a party in the US. Subsequently, the videos containing the disputed content were taken down. TV9 has argued before the court that the removal of their YouTube channel would result in irreparable harm, as they stand to lose their subscriber base, which numbers in the millions.<sup>41</sup> Ravi Singhania, Managing Partner at Singhania and Partners LLP, expressed his view on Google's stance, deeming it quite severe. He opined that for a large news channel, facing just three strikes within a 90-day period for an IP breach, resulting in the complete removal of the entire account and the loss of all followers, appears excessively harsh. Singhania suggested that the courts might not endorse such actions. While acknowledging Google's right to impose damages and seek indemnification for any losses incurred by the YouTube channel, Singhania criticized the complete removal of the account as unduly severe.<sup>42</sup> According to Shashank Agarwal, an Advocate at the Delhi High Court, Google and YouTube are considered intermediaries under the Information Technology Act, 2000, while copyright infringements fall under the purview of The Copyright Act, 1957.<sup>43</sup> As intermediaries, Google and YouTube are entitled to exemption from liabilities under Section 79 of the IT Act, 2000, for any third-party information, data, or communication links hosted on their platforms. However, to qualify for this protection, the intermediaries must exercise due diligence in fulfilling their obligations under the IT Act, 2000. Agarwal noted that, thus far, the courts have not been granted the authority to direct intermediaries like YouTube to take down channels for copyright infringement. Instead, only the government has been vested with the power to block access to any information stored on computer resources in the interest of national sovereignty, defence, security, or to prevent other

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<sup>41</sup> Monica Beruha, *New IT Rules Mandate Removal of Content by Intermediaries*, ECONOMIC TIMES: LEGALWORLD.COM (Jan. 16, 2024), <https://legal.economictimes.indiatimes.com/news/editors-desk/new-it-rules-mandate-removal-of-content-by-intermediaries/106902983#:~:text=The%20new%20IT%20Rules%20mandate,deemed%20illegal%20concerning%20India's%20sovereignty.>

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

prescribed offenses under the Act. As such, the issue of copyright infringement falls within the realm of the Copyright Act, 1957, for which the appropriate remedy lies.<sup>44</sup> This case highlights the issue of censorship by YouTube when it removes content from channels, impacting their ability to share information and engage with their audience. As noted above, all intermediaries are already required to comply with the requirements of the new IT Rules 2021 to diligently take down content which falls under the aforementioned grounds through which free speech may be restricted by the Government. The users of the platform are already required to adhere to such guidelines. The bundling of complying with separate set of Community and Advertiser Guidelines seems to prove the allegations that authors such as Zappin *et al.* Have alleged: Censorship by Proxy.<sup>45</sup> They term this process of censorship as “Apocalypse”: “*a process in which content creators, are denied paid ads in their YouTube videos. Consequently, they are denied revenue, their income on the video-hosting platform is reduced and their video is less likely to be promoted or recommended on the platform, eventually getting censored.*”<sup>46</sup>

YouTube is a platform that is supposed to provide free access to all producers, allowing them to create, upload, and manage their content without any bias or favouritism. YouTube’s attempt to prevent abuse has led to a violation of their own principles. They have created a system where certain users are denied access to certain tools, based on the creator’s ability to attract viewer engagement. Membership into the YPP heavily relies on viewership. The platform’s policy, which restricts access to tools like Copyright Match and Content ID to prevent abuse, has resulted in an imbalance that favours only the most prominent creators. This has caused difficulties for smaller creators and users who lack the same level of influence on the platform. This disparity also extends to the manner in which YouTube provides copyright management tools to content providers, as previously highlighted. Small and Medium creators lack access to the Copyright Match tool, which would allow them to effectively safeguard their copyright management requirements. This tool eliminates the need for manual costly manual detection of each instance of copyright infringement on their uploaded content, as well as the requirement to meet the strict criteria of the YPP. In the same vein, current participants of the YPP who consistently engage viewers should be recognized and rewarded for their contributions to promoting the platform. This can be done by granting them restricted access to Content ID and permitting them to claim advertising money from videos that infringe upon artists’ copyrights.

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<sup>44</sup> *Id.*

<sup>45</sup> Anthony Zappin et al., *YouTube Monetization and Censorship by Proxy: A Machine Learning Prospective*, 198 *PROCEDIA COMPUTER SCIENCE* 23 (2022).

<sup>46</sup> *Id.*

Section 2(d)(vi) of the Indian Copyright Act defines an “author” as “in relation to any literary, dramatic, musical or artistic work which is computer-generated, the person who causes the work to be created;” Since YouTube creators create their own videos, or cause the work to be created, they may be termed as the “authors” of their original work. In this context, it is important to analyse how creators, who acquire the title of publishing author when they post their original content on YouTube, are affected by the operation of the “YouTube Algorithm”.

### C. Enforcement of Author’s Rights on the Platform

Broadly, *inter alia*, an author has the following two primary rights available to him in connection with his creation:

- i. Right to not have the work distorted by the publisher or any other party
- ii. Right to derive economic benefit from the work

#### 1. *Right to not have work distorted by publisher or third party*

As part of the moral rights granted to the author of a copyright, the author has a right to enforce the integrity and structure of his work, as he originally created it.<sup>47</sup> With regards to moral rights, the Delhi High Court, in the case of *Amar Nath Sehgal v. UOI*<sup>48</sup>, held that since an author’s moral rights are the “soul of their work”, such rights cannot be violated, even if the work is sold. The moral rights of the author were seen to be violated when works were destroyed or altered. In the case of *KPM Sundaram v. Rattan Prakashan Mandir*<sup>49</sup>, the Delhi High Court again held that even though the licensee of a work may make necessary modifications to adapt the work of the author, the modifications should not be such that the original work is so affected as to reduce the reputation of the original author. When the author sends his work to the publisher for publication, he expects that the work’s structure and integrity would not be tampered with by the publisher. If the work is distorted or altered in such a way that it becomes unrecognizable and people are unable to connect the work with the author, the author has the right to withdraw the work in order to preserve its integrity. For example, a prominent YouTube creator, Unbox Therapy, who has over 22 million subscribers, was reacting to reports that YouTube was carrying out “experiments” to insert as many as 11 ads in between the playing length time of a video.<sup>50</sup> Another YouTube creator, Zackary Smigel, talks about how creators have little to no control on which ads are inserted in what parts of the uploaded video: “Now you might be quick to blame creators in this whole

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<sup>47</sup> The Copyright Act, 1957, § 57, No. 14, Acts of Parliament, 1957 (India).

<sup>48</sup> *Amar Nath Sehgal v. Union of India*, 117 (2005) DLT 717.

<sup>49</sup> *KPM Sundaram v. Rattan Prakashan Mandi*, AIR 1983 Delhi 461.

<sup>50</sup> LaterClips, *YouTube’s Unskippable Ads are Getting Out of Hand*, YOUTUBE (2022), <https://www.youtube.com/watch?v=TXyF4Qzmj6c>.

situation because creators determine how many ads you're seeing right well prepare for me to blow your mind.... creators actually don't know when an ad is going to play on a video and how many ads you will see..."<sup>51</sup> YouTube's video editor just gives a probable view of when ads would be placed in your video. It is merely a probabilistic preview and the actual ads may be placed in unplanned sections of the video and the creator is hamstrung to make any changes, other than to takedown the whole video itself.

In the context of YouTube, such distortion may happen due to ads which play not only before the video but also during and sometimes after the video. A common perception is that the creator of the video is choosing the ads that he wants to display while the video is playing. This results in the author's work losing its identity when certain ads are displayed out of the context of the content of the video or ads which the author does not want displayed with his video. The only recourse available to the creator in such cases is to demonetise the video voluntarily, if the creator is a part of YPP, or takedown the video itself. This is another aspect of copyright law that YouTube fails to address on its platform.

## 2. *Right to derive an economic benefit*

The Indian Copyright Act lists some of the acts that the owner can do in respect of his work.<sup>52</sup> That portion of the author's rights known as "economic rights" allows for the production to be used for financial gain. The most fundamental right protected by copyright law is the prohibition or duplication of the original work. Aside from that, it grants the owner the exclusive right to make any adaptation, replication, or modification to the copy, as well as the right to rent, lend, transfer, license, or assign the copy to a third party, and the right to publicly exhibit the work for monetary benefit. In the context of YouTube, the content creator has a right to monetize his video, wherein they would be able to make money in exchange of disclosing his work on the public platform. YouTube's popularity among independent media creators is due to its early and ongoing practice of sharing advertising money with "advertiser-friendly" content sources. As content producers' incomes rise, being a "YouTuber" or independent media creator is a popular employment option. Increasing reliance on YouTube payments by video providers makes (algorithmic) evaluations of "advertiser-friendly material" (monetizable content) vital. Artists universally accept YouTube's reliance on machine learning algorithms for (de)monetization decisions due to the magnitude of the categorization problem at hand. Some content producers complain about YouTube's opaque

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<sup>51</sup> Zackary Smigel, *I promise, and I can prove it*, YOUTUBE (2023), <https://www.youtube.com/watch?v=a5wq4dH6ePs>.

<sup>52</sup> The Copyright Act, 1957, § 57, No. 14, Acts of Parliament, 1957 (India).

demonetization mechanism. In recent years, other social media platforms have followed this system of revenue sharing models with creators and come up with their own monetisation policies. Today, Instagram is one of the fastest growing social media platforms with a sizable user base. It has become a popular destination for delivering content within a capsule time duration in the form of “reels”. Such capsule videos enable fast content consumption, which has found appeal to an audience with a fast-decreasing attention span. The platform recognised the potential of such content delivery and began implementing monetisation policies from 2016-17 onwards on a phased basis.

Basis	YouTube Partner Program	Instagram Monetization <sup>53</sup>
Eligibility	Channels must have 4,000 watch hours in the past 12 months and 1,000 subscribers to apply. Additionally, the content of the channel must comply with Community Guidelines and Advertiser Guidelines.	Prospective accounts must have at least 10,000 followers, the age of the applicant must be 18 years or older, and the account must meet Partner Monetization Policies. Additionally, the account must demonstrate “authentic user engagement” in the form of likes, views and comments. <sup>54</sup>
Content	Eligible for Monetization through ads displayed on videos	Eligible for Monetization through various means, including brand tie-ups, IGTV ads, and shopping tags
Revenue Share	Creators typically receive a percentage of revenue generated from ads shown on their videos.	Revenue share percentages may vary depending on the type of Monetization (e.g., branded content partnerships). Instagram may also offer revenue sharing for certain features.

**Table 1: Comparison between YPP & Instagram Monetisation Policy**

However, Thomas DeLisa examined the practical scenario in which YouTube splits revenue roughly evenly with content owners (representing the visual, audio, and underlying composition). According to DeLisa, the actual ratio is 55 percent to 45 percent, with YouTube collecting 45%

<sup>53</sup> *Instagram Partner Monetization Policies*, INSTAGRAM HELP CENTRE, [https://help.instagram.com/512371932629820?helpref=faq\\_content](https://help.instagram.com/512371932629820?helpref=faq_content) (last visited Apr. 10, 2024).

<sup>54</sup> *Id.*

of ad revenue and rights holders earning 55%. Within this 55% accruable to the rights holders, 10% is paid to the proprietor of the visual, 30% is paid to the holder of the sound recording, and 15% is paid to the proprietor of the composition.<sup>55</sup> This split also applies for the users. For example, if you post your dance video backed by the latest Shakira hit song, then the video would comprise of the music and composition of Shakira and the visual component would be made up by your dance sequence. In this scenario, you should be getting 10% of the revenue for your visual, and the remaining 50% should go to Shakira's publisher and the record label. However, you may not get a hold of this 10% cut accruable to you. Being a small channel, you do not have access to Content ID and this is why you will not be able to monetize the visual component of your video on your own. Another reason may be that since you are infringing the rights of the music owner in the first place, there should be a further split in the revenue accruable to you in favour of the other rights holders.<sup>56</sup> This issue exists even in the Content ID tool. The result of the other tools is that the video is taken down and there is no avenue to claim the monetary compensation in the form of ad revenue or royalty unless one were to drag the dispute to the court. Hence, the above conditions create an inequitable situation where all users and creators do not have equal tools available to them to enforce their rights over their literary creation. Such a scenario can be avoided by making all tools available to all users of the platform, irrespective of whether such a creator is a medium scale creator or a large-scale creator. Content ID can be made available to even medium scale creators, and such a criterion can be devised by YouTube in the same way that monetization thresholds have been created. Such a threshold should be as inclusive as possible, making sure that many creators can be caught in the resulting catch net. When the Content ID tool is found to be misused (using false hits and frivolous strikes as a determining factor), the platform can keep a scorecard of successful and unsuccessful cases of copyright strikes initiated upon use of Content ID by such creators. If it is found that there is a high incidence of unsuccessful strikes, the tool can be disabled for such user and they can be given a chance to make a case for re-enablement of the tool. YouTube should also listen to the feedback of its wider community, which includes small and medium scale creators, instead of only well-known creators on the platform. Practicing such inclusive measures will enable equitable policy development and present a fair reflection of the needs of the community.

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<sup>55</sup> DeLisa, *supra* note 7.

<sup>56</sup> *Id.* at 17.

### III. YOUTUBE'S DEMONETIZATION POLICY AND DENUDATION OF CREATOR'S REVENUE

Arun Dunna et al (2022)<sup>57</sup> had undertaken a study where they conducted a measurement of the YouTube monetization algorithms. The incidence of different monetization decisions and the time taken to reach them was also looked at by the author. The findings of the work are relevant for this study. YPP members have the ability to earn money from their creations. The minimum criteria for membership are as follows:

1. Content creators must have a minimum of 4,000 views and 1,000 subscribers.
2. Creators must consent to comply with YouTube's community guidelines, which seek to combat the inflation of engagement metrics and ad fraud, impersonation of individuals and channels, spam and scams, harassment and cyberbullying, dangerous and violent content, hate speech, nudity and sexual content, as well as the sale and production of firearms and illegal goods.
3. Conducting a comprehensive automated and manual assessment to ensure that the channel does not breach any content restrictions. The evaluation encompasses the subject matter, the videos that have gained the highest popularity, and the accompanying metadata, such as thumbnails and video descriptions.<sup>58</sup>

Nevertheless, even after fulfilling these criteria, there is no assurance that all videos created by the content provider will be eligible for monetization. This is due to the requirement for each individual video to adhere to the YouTube advertiser requirements. Failure to adhere to any of these criteria or the mandated checks during the membership approval process for the YPP will lead to the automatic de-monetization of a specific video, or perhaps the entire creator's channel.<sup>59</sup> YouTube provides two options for artists desiring to monetize their content throughout the video posting process.

1. **Set as private:** Uploading videos as unlisted allows them to be subjected to demonetization but remain hidden from the broader audience. The author receives a preliminary algorithmic monetization estimate within a timeframe of 20 to 60 minutes after posting. Subsequently, creators have the option to initiate an appeal for human evaluation, publicly release their work, or make alterations to its content and seek another automatic assessment.

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<sup>57</sup> Dunna et al., *supra* note 1.

<sup>58</sup> *How to make money on YouTube*, YOUTUBE CREATORS, [https://www.youtube.com/intl/en\\_in/creators/how-things-work/video-monetization/](https://www.youtube.com/intl/en_in/creators/how-things-work/video-monetization/).

<sup>59</sup> *YouTube channel monetization policies*, YOUTUBE HELP, <https://support.google.com/youtube/answer/1311392?hl=en#zippy=%2Ccreator-responsibility>.



2. **Verify the authenticity of your own products:** Videos created by producers who have a track record of providing content suitable for advertisers can be monetized right away if the creators themselves confirm that the video fits YouTube's requirements for monetization. Nevertheless, videos can lose their potential to generate revenue and the creator's freedom to verify their own content may be limited if further examinations reveal breaches of YouTube's criteria for content suitable for advertisers. In addition, continuous infractions may result in termination from the YouTube Partners Program.<sup>60</sup>

### **A. Demonetization And Appeal**

The algorithm's determination is not definitive. Developers have the option to request a human review of judgments made by algorithms about demonetization. The system automatically reassesses each alternative. Even after a period of 48 hours, if the audience actively interacts with the provided content, there may be changes made to the way it generates revenue. Videos may experience periods of demonetization and subsequent remonetization, particularly within the initial 48 hours after being uploaded. A 'yellow dollar' signal is shown beside demonetized films on writers' dashboards. Automated judgments about demonetization can be challenged by requesting a manual review conducted by a human. Conducting a human video review can be a time-consuming process, potentially requiring several hours or even weeks. YouTube human reviewers have a preference for videos that attract a large number of viewers. This exemplifies the frequently criticized preference for larger establishments.<sup>61</sup> Arun Dunna et al., as aforementioned, collected a sample size of 354,884 videos published by 9,695 channels between July 22 and September 9, 2020. The data collection was done by picking a specific time period and only based on publicly available data. Most of these videos were collected from "YouTube Trending" thus giving for a diverse collection of videos and channels, since YouTube keeps updating the list every 15 minutes.<sup>62</sup>

For example, a furore erupted against YouTube when popular influencer Logan Paul uploaded a video in which he was seen filming in a location in Japan known for suicides. In the video, it can be seen that his team comes across the dead body of a man who had allegedly committed suicide. However, the video does not stop instead, Paul continues to show the body and makes comments that are "disgusting" and "disrespectful" to viewers. This video made its way to #1 in the "Trending" section of YouTube. The platform took no action against Logan Paul and did not take

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<sup>60</sup> *Id.*

<sup>61</sup> Dunna et al., *supra* note 1.

<sup>62</sup> *Id.* at 8.

down the video on their own. However, following the backlash from followers, Logan Paul himself took down the video and posted an apology video. YouTube faced severe criticism for failing to take decisive action and only taking punitive action after 10 days of the incident.<sup>63</sup>

“You beautiful bastards, what’s up?” Before alerting his followers on August 31, 2016, well-known YouTube creator Philip DeFranco welcomed his viewers in almost all of his hundreds of episodes as follows. At that point, he said that his greeting and other aspects of his video might need to be altered. He cautioned that YouTube’s new “advertiser-friendly” policies might affect his ability to get paid to promote on the content-sharing website. Due to the presence of “graphic content or excessive strong language,” several of his videos have previously been “demonetized.” Views of those videos would no longer generate DeFranco his advertising income.<sup>64</sup>

The relevant findings from the study are as follows:

1. 13.3% of the sampled movies were unmonetized, yet just 0.5% were demonetized or remonetized. Over a quarter of demonetized videos in the sample were remonetized, showing a high false-positive rate. Video monetization status adjustments take five days on average. Remonetization takes 13 hours longer than demonetization, indicating extra human scrutiny.
2. Different channels have different monetization methods. Channels with fewer subscribers have higher demonetization rates and lengthier remonetization delays than popular channels with over 1 million users. These results confirm YouTube’s tiered governance.

This research shows a considerable difference in channel view increase dependent on monetization. Statistically, demonetizing a video led to fewer referrals.<sup>65</sup> These findings have been corroborated by other literature examining the biases present in the YouTube algorithm.<sup>66</sup>

Platform	YouTube Partner Program (YPP) <sup>67</sup>	Instagram Monetisation <sup>68</sup>
Demonetisation Policy	Content that violates YouTube’s Community	Instagram may restrict or demonetize accounts that

<sup>63</sup> *YouTube punishes Logan Paul over Japan suicide video*, BBC NEWS (Jan. 11, 2018), <https://www.bbc.com/news/world-asia-4264432>.

<sup>64</sup> Robyn Caplan & Tarleton Gillespie, *Tiered Governance and Demonetization: The Shifting Terms of Labor and Compensation in the Platform Economy*, 6 SOCIAL MEDIA + SOCIETY, (2020).

<sup>65</sup> *Id.*

<sup>66</sup> Zappin et al., *supra* note 45.

<sup>67</sup> YOUTUBE HELP, *supra* note 59.

<sup>68</sup> INSTAGRAM HELP CENTRE, *supra* note 54.

	<p>Guidelines, including but not limited to inappropriate or harmful content, may lead to demonetisation. YouTube employs automated systems and manual reviews to enforce these guidelines. Additionally, if a channel receives repeated strikes or violations, it may face demonetisation or termination. Creators are notified of demonetisation, and they can request manual reviews for reconsideration.</p>	<p>violate its Community Guidelines, Terms of Service, or other policies. This includes content containing hate speech, violence, nudity, copyright infringement, or other violations. Accounts may also face restrictions if they engage in fraudulent activities, such as buying followers or likes. Instagram typically notifies users of violations and may take actions such as removing content, disabling features, or suspending accounts. Creators can appeal demonetisation decisions through Instagram’s appeals process.</p>
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***Table 2: Comparison between YPP Demonetisation Policy & Instagram Demonetisation Policy***

A comparison between YPP & Instagram’s Demonetization Policy shows that there are similarities in that both platforms require the user to conform to additional Community guidelines and platform-mandated forms of expression which has to be incorporated in the content to be monetised. It may be stated that the allegation of censorship by proxy and platform mandated appropriate forms of expression is enforced even by the likes of Instagram.

Hence, from the above, it can be deduced that YouTube and Instagram, some of the most popular video-sharing platforms in India, suffer from allegations of censorship by proxy and use Policies that lead to allegations of unfair treatment by its users. YouTube does not treat the users equitably and this affects the enjoyment of economic rights of the users on the platform, which are ensured by copyright laws. Hence, there is a need to bring about some form of accountability and public

oversight in their operations. The next Part analyses the reconceptualization of the role of YouTube as an intermediary in the Indian context.

#### **IV. YOUTUBE'S ROLE AS AN INTERMEDIARY: A SHIFT IN STANCE IN INDIAN IT LAWS**

The US regime under the Digital Millennium Copyright Act was one of the first statutes that defined the liability of YouTube and other social media operators, classifying them as intermediaries and fastening liability on them for enabling copyright infringement, while carving out exceptions for exempting from them for acting on being served a notice from the copyright owner to take down the infringing content. Early examples of algorithmic content moderation on YouTube originated from the development of algorithms to automatically process such requests. In the Indian context, this clause is comparable to S.79 of the Information Technology Act of 2000, which describes a similar approach of online intermediaries in the Indian context.<sup>69</sup> This Section states that intermediaries, who host content of third party users on their platforms, would be exempted from liability for such content, provided they undertake due diligence to remove such content when found to be averse with the law. In adopting this clause, however, the Indian IT regulation system inherited the problem of granting internet intermediaries too much leeway to avoid accountability by performing a sweeping takedown of all content that has been asked to be deleted. There was lack of clear interpretation of the phrase “due diligence” and what exactly constituted due diligence which would save liability upon the intermediaries. The safe harbor provisions were enacted in 2004, following the Avinash Bajaj<sup>70</sup> case where the top management personnel of the platform Baazi.com was jailed for sale of objectionable content on the platform by a third-party vendor. However, since then, the character of the internet has changed drastically and the mechanisms of governance on the platforms have also undergone a sea change.

In comparison, the EU Copyright Directive imposes heightened liability on content sharing platforms like YouTube and states that they can be “taken to court for making copyright-infringing

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<sup>69</sup> “Exemption from liability of intermediary in certain cases. – (1) Notwithstanding anything contained in any law for the time being in force but subject to the provisions of sub-sections (2) and (3), an intermediary shall not be liable for any third-party information, data, or communication link made available or hosted by him.

(2) The provisions of sub-section (1) shall apply if–

(a) the function of the intermediary is limited to providing access to a communication system over which information made available by third parties is transmitted or temporarily stored or hosted; or

(b) the intermediary does not– (i) initiate the transmission,

(ii) select the receiver of the transmission, and

(iii) select or modify the information contained in the transmission;

(c) the intermediary observes due diligence while discharging his duties under this Act and also observes such other guidelines as the Central Government may prescribe in this behalf.”

<sup>70</sup> Avnish Bajaj v. State (NCT) of Delhi, 2008 150 DLT 769.

content available to the public, even where it has been uploaded by their users.”<sup>71</sup> This seeks to reduce the amount of unauthorized copyrighted material available online. This entails a requirement on content-sharing platforms to obtain authorization from the rights-holder, for example in the form of a license, before it displays copyrighted material uploaded by its users. This license must cover situations in which its users are not seeking to make a profit. However, the intermediaries can still escape liability, provided that they comply and take steps to eliminate unauthorized dissemination of copyright on their platform. In the context of YouTube, the Directive has forced the platform to enable all users to request for automatic filtering of infringing material, and not merely takedown. This is in line with the prerogatives of the Directive.<sup>72</sup>

In the Indian context, the Copyright Act 1957 along with Copyright Rules, 2013 in conjunction with the Information Technology Act and IT Rules (recently amended in 2021) is responsible for regulating the online digital copyright space. The Delhi HC, in the case of *MySpace Inc. v. Super Cassettes Industries Ltd.*<sup>73</sup>, stated that the provisions of the IT Act (S.79&81) and the Copyright Act (S.51&52) have to be harmoniously construed. The Court, in that case, also held that intermediaries cannot be held accountable to remove *all infringing copies* from their platform and are only required to remove those copies for which it is given notice by the copyright owner. While Section 52 saves the fair use of copyrighted material for non-monetary and research purposes, Rule 75 provides for a DMCA-esque takedown procedure.<sup>74</sup> However, the discretion is placed on the intermediary that *if they deem it to be infringing*, only then the content would be taken down. In 2019, this jurisprudence brought about by the decision of the Delhi High Court was challenged in a District Court decision given in the case of *M/S ShreeKrishna v. Google India Pvt. Ltd. & Ors.*<sup>75</sup> Before expanding on this precedent, it will be mindful to revisit the judgment of the American Court in the *Athos* case. In that case, the Court had held that YouTube cannot be held liable for not taking down infringing content apart from what was mentioned in the takedown notice served by Athos. The instant case posed before the District Court brought about almost identical facts. The plaintiff, a production company, alleged that the Defendants, who own the domain name [www.youtube.com](http://www.youtube.com), exploited and improperly utilised the Plaintiff's valuable intellectual property on purpose. The copyright

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<sup>71</sup> Directive (Eu) 2019/790 Of The European Parliament And Of The Council, art. 17.

<sup>72</sup> Directive (Eu) 2019/790 Of The European Parliament And Of The Council, Art.17(4)(b) and (c).

<sup>73</sup> *MySpace Inc. v. Super Cassettes Industries Ltd*, 2016 SCC OnLine Del 6382.

<sup>74</sup> “A copyright holder may complain in writing to an intermediary with details of (i) the identity of the work, (ii) its ownership of the work, (iii) the fact that the underlying copy is infringing and is not a permitted use under s.52 or otherwise, (iv) the location of storage, and (v) the uploader, if known. The copyright holder must undertake to file an infringement suit within 21 days of the notice. While clause (c) permits only the “owner of copyright” to deliver a written complaint, Rule 75 appears to extend the power to do so to exclusive licensees as well.”

<sup>75</sup> *M/S ShreeKrishna v. Google India Pvt. Ltd. & Ors*, Cr. No 2198 of 2016(India).

encompassing the cinematograph films, audio-visual melodies, sound recordings, and underlying literary and musical works of the Plaintiff is encompassed within this. The aforementioned works were being uploaded to the website YouTube and downloaded by users through a tool known as “YouTube Downloader”—all without the plaintiff’s authorization or assent. The actions of the Defendants, as alleged by the Plaintiff, resulted in considerable financial detriment to the Plaintiff, given that a considerable proportion of the Plaintiff’s income is generated from its films and the music associated with them. The Defendants relied on the *MySpace* judgment to contend that their liability was saved by the safe harbour provisions of S. 79 of the IT Act. The District Court held otherwise. In its pronouncement, the Court held Defendants liable for copyright as soon as the Defendants obtained knowledge of the titles of the Plaintiff’s works, it became their duty to locate the URLs containing the allegedly infringing content and eliminate it. Moreover, the Court dismissed the Defendant’s contention that the appropriate procedure for requesting removal of content was not adhered to, which entails specifying the URLs of the purported infringement. As a result, the Court ruled that this claim of infringement is against the Defendants.

Hence, it can be seen that there is inconsistency in the interpretation and application of S.79 of the IT Act 2000 in the case of copyright infringement. Around this time, the MeITY started deliberations on whether there is a need for a relook of the safe harbour provisions available to intermediaries, in light of a calling attention motion on “Misuse of Social Media platforms and spreading of fake News” was admitted in the Parliament (Rajya Sabha) in 2018 (Monsoon session). These deliberations would eventually lead to the State enacting the IT Rules, 2021 to replace the erstwhile 2011 Rules. The aim of these rules was to “*provide additional avenues for grievance redressal apart from Courts and also ensure that the Constitutional rights of Indian citizens are not contravened by any Big-tech Platform by ensuring new accountability standards for SSIMs.*” Hence, with the advent of the IT Rules 2021, there seems to have been some accountability placed on the intermediaries.

Rule 3 of the IT Rules mentions the categories of content which the rules deem to be in contravention of the Rules and places the burden on the SSMI to exercise due diligence in terms of taking swift action to disable access to such content on their platforms. Sub-Rule (2) of the Rules mandates that the intermediaries shall inform its users of the appointment of the Grievance Redressal Officer to be appointed by them and empowers users to send complaints to such Grievance Officer and places the burden on the intermediary to resolve the complaint within 72 hours of the receipt of such complaint. Within the categories mentioned in Rule 3 of 2021 Rules, the intermediaries are required to inform users to not upload content that they do not have the

right to use<sup>76</sup> and to not upload content that infringes a trademark, patent or copyright of another person.<sup>77</sup> The Intermediaries are also required to take reasonable steps of its own to ensure such content is not uploaded on their platforms.

As a result, there were additional compliances placed upon Significant Social Intermediaries (“SSMIs”) in the form of having a greater national physical presence in terms of ensuring that the content conforms to the Rules, undertake efforts to ensure that non-conforming content is swiftly removed from their platforms, appointment of grievance redressal personnel, among other stringent compliances. YouTube would fall under the category of SSMI since it performs the role of a social intermediary and also has users above the mandated threshold, one anticipates that the platform would be hit the most by Rule 4(4) which states “SSMIs must employ *technology-based measures including automated tools to proactively identify information depicting* (i) rape, child sexual abuse or conduct, or (ii) *any information previously removed following a Government or court order.*” This Rule places compliance burden on the intermediaries in terms of the automated tools being used by them to regulate content. Rule 4(4) further goes on to mention that the automated tools should identify prohibited categories of information given in Rule 3 and intimate users of such prohibited content when they try to access such content on their platform. The provisos to Rule 4(4) state:

- a. The measures taken by the intermediary shall be proportionate to the interests of freedom of speech and expression, privacy of users on the platform of such intermediary and the interests should be protected through appropriate use of technical measures.
- b. There should be appropriate human oversight and there should be periodic review of the technical measures.
- c. The tools used by the intermediaries should be “accurate and fair” and the “propensity of bias and discrimination” should be regulated.

This Sub-Rule brings about much needed accountability on the intermediaries to ensure that the automation tools used by them to regulate content should adhere to principles of proportionality, free speech, privacy and promote fairness and eliminate biases.

The 2021 Rules defines “social media intermediary” to mean those who “*primarily or solely enables online interaction between two or more users and allows them*” to exchange information and “significant

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<sup>76</sup> The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021, Rule 3(b)(i).

<sup>77</sup> *Id.*, Rule 3(b)(iv).

social media intermediary” means those social media intermediaries who have more than 5 million registered Indian users on its platform.<sup>78</sup> Additionally, Rule 6 also empowers the government to “**any intermediary** to comply with the same obligations as SSIMs if their services are adjudged to pose a risk of harm to national security, the sovereignty and integrity of India, India’s foreign relations or to public order.” Rule 7 states that non-compliance with regard to any of the compliance mentioned in Rules 3,4 or any other Rule would result in the intermediary losing its safe harbour status, making it vulnerable to any legal challenge.

This crackdown on Social Media Intermediaries is in sync with a global push to ensure Big Data companies such as Google, Meta and Twitter are made more accountable for the content hosted on its online platforms. However, the drift of these diligence measures seems to be towards enabling greater State surveillance and greater traceability of messages transmitted on the platform as more leeway has been given to the State to order for removal of content on grounds of national interest. In addition, the SSIM has to appoint national grievance redressal employees who will have a permanent physical presence in the country as part of an “internal grievance redressal mechanism”. Since YouTube would fall under the category of SSIM since it performs the role of a social intermediary and also has users above the mandated threshold, one anticipates that the platform would be hit the most by Rules 3 and 4(4).<sup>79</sup> Additionally, the SSIMs also have to publish monthly compliance reports, where they have to make public all the actions taken by them in response to complaints/grievances transmitted to them.<sup>80</sup> The following are the compliance reports published by YouTube between the period of August 2023 to February 2024:

<b>Time Period</b>	<b>Complaints Received of Copyright Infringement (1)</b>	<b>Content removed due to Copyright Infringement (2)</b>	<b>Content removed by automated detection (3)</b>
Aug 2023	26,553 (92.6% of total requests)	108,030 (98.0% of all removal actions)	765,480
Sept 2023	20,610 (91.1% of total requests)	64,834 (98.2% of all removal actions)	693,377
Oct 2023	20,551(92.4% of total requests)	64,313 (98% of all removal actions)	636,128

<sup>78</sup> *Id.*, Rule 2(w).

<sup>79</sup> “SSIMs must employ *technology-based measures including automated tools to proactively identify information depicting* (i) rape, child sexual abuse or conduct, or (ii) *any information previously removed following a Government or court order.*”

<sup>80</sup> The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021, Rule 4(1)(d).



Nov 2023	17,989 (91.4 of total requests)	55,666 (97.1% of all removal actions)	762,333
Dec 2023	19,847 (91.3% of total requests)	63,636 (97.5% of all removal actions)	817,962
Jan 2024	21,671 (89.2% of total requests)	61,180 (95.6% of all removal actions)	805,125
Feb 2024	20,292 (90.5% of total requests)	56,037 (93.7% of all removal actions)	874,271

**Table 3: showing YouTube action on copyright infringement complaints and cases and instances of automated detection content removal for India for Aug 2023-Feb 2024<sup>81</sup>**

*From the above data, the following findings may be deduced:*

1. Most of the complaints YouTube receives pertains to copyright infringement
2. Majority of complaints results in removal of content
3. Automated content removal has a major role to play in content moderation and removal & human intervention makes up a small fraction of the intervention.

Further, in the words of YouTube, as per their Transparency Report, the complaints received from users (Represented in 1) are from “individual users located in India via designated mechanisms during the one-month reporting period. These complaints relate to third-party content that is believed to violate local laws or personal rights on Google’s SSMI platforms.”<sup>82</sup> These are the complaints routed through the Grievance Redressal Officer and are as per the prohibited categories of content mentioned in Rule 3 of the IT Rules. On the other hand, the removal actions highlighted in Columns 2 and 3 represent actions taken by YouTube when the content violates “our Community Guidelines or content policies or meets local legal requirements for removal.”<sup>83</sup> This shows that a greater number of removal actions on YouTube takes place on the platform’s own Guidelines and Policies rather than that of the provisions of the IT Rules, leading to concerns that users may face a situation of “double jeopardy” where free speech is first censored by the platform’s own policies and then by the State enacted IT Rules.

*This also raises following further concerns:*

1. There is no human judgment of the veracity of the complaints being made to the platform

<sup>81</sup> PDF Download Center, GOOGLE TRANSPARENCY REPORT, <https://transparencyreport.google.com/report-downloads?hl=en> (last visited Apr. 10, 2024).

<sup>82</sup> *Id.*

<sup>83</sup> *Id.*

2. All the complaints result in an automated takedown of the content
3. Since there is no official data from YouTube available on the algorithm and its operation w.r.t content moderation, this renders the whole mechanism opaque and lends it a color of arbitrariness.

Thus, even though India has slowly started aligning with the global practices when it comes to regulation of the online intermediaries, it still has a long way to go to reach a stage of maturity. This classification of YouTube along with intermediaries such as Meta or Twitter is not proper, as YouTube is not merely a social intermediary. It may be a significant social intermediary but its business model, which thrives on video sharing and advertising, is different from that of other social intermediaries. In recent years, it has become the primary platform for content creation and uploading, thus being one of the major avenues for authors and creators to realize the benefits of their copyrighted work. Even though the compliances regarding a complaint mechanism and the burden of ensuring a fair and unbiased automated algorithm are welcome, The IT Rules, 2021 feel like a missed opportunity in what could have been the formulation of an effective mechanism to check copyright infringement and to fasten greater liability on YouTube for being “a facilitator of infringement”, as the mechanism has still not been fully fleshed out in terms of an appellate forum and the oversight role of a quasi-judicial quorum. In this regard, the forthcoming Digital India Bill has proposed a classification of intermediaries based on their differing nature of operation. Hence, there would separate set of rules for each classification of intermediaries based on their mode of operation. However, there is progress yet to be made on the passage of this Bill.

## V. CONCLUSION

The scrutiny faced by YouTube’s existing self-regulating governance mechanism underscores the imperative for reforms aimed at addressing issues of copyright protection, transparency, and fairness. To bolster the platform’s regulatory framework, several suggestions have been proposed: *Firstly*, the classification of intermediaries such as YouTube into distinct categories with tailored regulatory rules could better address the unique challenges, they pose in terms of copyright protection and content governance.

*Secondly*, an emphasis on copyright protection and the incorporation of mechanisms for greater human intervention in platform governance would enhance the enforcement of copyright laws and alleviate concerns regarding automated content moderation.

*Thirdly*, expanding the availability of copyright tools like Copyright Match and Content ID, albeit in limited functionality, would empower content creators to safeguard their intellectual property rights and counter instances of infringement.

*Lastly*, the establishment of an offline presence by YouTube within the country could facilitate closer engagement with stakeholders and regulatory authorities, thereby enhancing accountability and oversight.

Furthermore, the need for uniform application of YouTube's policies to avoid perceptions of opacity and arbitrariness has been highlighted, along with the importance of harmonizing the platform's regulations with state-mandated requirements. While India has taken initial steps towards aligning with global practices in regulating online intermediaries, there remains considerable progress to be made. The classification of YouTube alongside platforms like Meta or Twitter under the same regulatory framework may not fully capture its distinct business model and function as a video-sharing and advertising platform.

Although the Information Technology Rules, 2021 introduce significant provisions such as a complaint mechanism and requirements for fair and unbiased automated algorithms, there are still gaps in establishing an effective mechanism to combat copyright infringement and hold YouTube accountable as a facilitator of infringement. The forthcoming Digital India Bill proposes a classification of intermediaries based on their mode of operation, which could lead to separate sets of rules tailored to each classification. However, progress on the passage of this bill remains pending.

In conclusion, while strides have been made in regulating online intermediaries like YouTube, further refinement and enhancement of the regulatory framework are essential to effectively address copyright infringement and ensure accountability. Continued collaboration between stakeholders, policymakers, and regulatory authorities is vital to creating a balanced and robust regulatory environment that fosters innovation while protecting the rights of content creators and copyright holders.