



ASSIGNMENT AND LICENCE AS MODES OF EXPLOITATION OF COPYRIGHT IN DIGITAL AGE UNDER INDIAN LAW AND UK LAW

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Introduction

The Copyright law confers on the author, owner, performer and broadcasting organisation certain exclusive rights in their work for the proper economic exploitation of the work. These rights are capable of being exploited in a number of ways. Most obviously, the rights enable copyright owners to control the sale of both the original work and the copies of the work. By selling the copies of the work at an appropriate price, copyright owners can ensure that they reap a reward sufficient to cover the costs of producing the work. This form of exploitation is most important where the market for the work is limited and the owner can easily be linked to a purchase, such as the sales of limited editions of engravings or prints by artists^{*1}. Copyright is a bundle of rights and these numerous rights can be exploited in a number of ways. There are many enterprises, as well as individuals, who want to take copy of the work and develop derivative works, to give performances, to broadcast and so on. In today's world it is not possible for an owner of a work to keep guard on how and who is using his work and that he is getting the remuneration for the use of his work, that is the reason that rights in a work are assigned or licensed to people who want to use the work.

With the advancement of technology the works can not only be used in the country of the owner but also globally. The digitization has made the world very small and territory less. Now, with the click of a mouse a work in digital form can be uploaded at one place and downloaded in another, for example, a music album created and uploaded in India can be downloaded in United Kingdom or at any place in the world. It be downloaded at different places at the same time or at different times and the beauty of the digitisation is that all copies

will be perfect copies and even after the music file has been downloaded a thousand times, it will have no effect on its quality. Thus, it can be said that the digitisation has made the work easier for the owner, he just have to upload his file on internet and that can be accessed anywhere and the cost of uploading too will be quite low. But, the problem is he how to get the maximum commercial benefit out of it. To tackle this problem the Copyright laws of different countries have provided for the remedy of assignment and licence. Though these and collective management system the economic rights of the owner's can be protected.

Exploitation of Rights in a Copyright Work under Indian Law

Copyright is a property right of the person who created it and by virtue of being the creator of the work, he becomes the owner of it i.e. it is he who has all the rights and controls on this work. He can deal with his creation in any way he likes and chooses. He can sell it, licence it, make a testamentary disposition or even relinquish his rights in his work. The rights can be transferred by granting assignment, licences or through copyright societies under Copyright Act. According to the Concise Oxford Dictionary, the term 'assignment' means allotment or legal transference². It implies that the owner of the copyright work permits another to use his work. The term 'assignment' has not been defined under the Copyright Act, 1957. The provisions relating to assignment of copyright in the Copyright Act are provided under Sections 18 and 19.

Assignment of Copyright under Indian Law

The owner can make assignment in the existing work or even a prospective owner can also make assignment in future work but this assignment will take place only when work comes into being and not before that and the rights can be assigned to any person wholly, partially or generally but subject to certain limitations; and the assignment can be made for the whole term of copyright or for a limited period of time as the case may be. The assignee will become the owner of the copyrighted work for the duration for which the right has been transferred to him and after the term comes to end, the rights will further vest back in the assignor and if whole of the rights in a work has not been assigned to the assignee then he will become the owner of those rights only that are assigned to him and not of the others, for the left out rights, it is the assignor who will be considered the owner and will have all the powers to deal with those rights. The legal representatives of the assignee will step into the shoes of the assignee to whom, future work is to be assigned if such person dies before the future works come into existence³. Further the second proviso to Section 18(1) provides that

no such assignment shall apply to any mode of exploitation that did not exist or was not known in commercial use when the assignment was made, unless the assignment specifically referred to such medium or mode of exploitation of the work⁴. The inclusion of this proviso has strengthened the position of the owner if new modes of exploitation of the work come to exist in continuum. The significance of this provision lies in the fact that the contracts may be unfair or become invalid as regards future assignments where rapid advancements in technology keep changing the character of intellectual property rights⁵.

In *Sholay Media & Entertainment Pvt. Ltd v. Vodafone Essar Mobile Services Ltd.*⁶, the Court granted an ex-parte injunction restraining Vodafone from offering ringtones/caller tunes of the movie and dialogues from the movie as ringtones/caller tunes. Vodafone, a cellular service provider offers various value added services such as ringtones, true tones, caller tunes, Internet radio etc. to their subscribers. The Court granted an ex-parte injunction restraining Vodafone from offering ringtones/caller tunes of the movie Sholay to its subscribers without permission from the Sholay Media. The telecom operators like Vodafone distribute the content to the end user acting as a content aggregator and platform company, which provide ringtone and caller-tunes based on the content licensed from music companies. The issue in this case related to the scope of rights assigned to Universal Music, who was granted certain rights in the movie, who in turn entered into an agreement with a copyright society administering copyright in sound and sound recordings for music companies. The question was whether it has absolute right to use the sound recordings by way of ringtones and caller-tunes i.e., whether digital rights were also assigned or whether these rights continued to vest in the Sholay Media. According to Section 18 the rights can be assigned wholly, partially or generally in a copyright work. According to Sholay Media the assignment agreement included only

1. the right to make records for sale and distribution, and
2. the right to communicate the sound recordings by way of radio broadcast.

It was also argued that at time of making of the assignment the concept of value added services did not exist and nobody at that time could think about it too. The assignment also states that ‘Save as aforesaid the Assignor reserves to him the copyright in the said work’. Which can be interpreted as meaning that residuary rights in future mediums shall vest in the plaintiff. However, the assignment deed defined the word ‘Record’ as including disc, tapes or any other device in which sounds are to be embodied. The Court was of the opinion that the assignment deed could be interpreted in both ways and the crux of the issue was the definition

of 'record' and whether 'any other device' could mean digital-medium. However, this question was not decided, but Vodafone was allowed to continue using the sound recording of the film through digital and mobile media subject to the condition that Universal Music will pay regularly the royalty as per the agreement, covering the exploitation of digital rights by Vodafone.

In *Sri Gokulam Chit and Finance Company (p) Ltd. v. Johnny Sagrifa Cinema Square*⁷, The Madras High Court held that an assignment serves two purposes. For the assignee, it confers the right of exploitation for a specified period in a specified territory. For assignor, it confers the right to receive royalty. The court further held that the rights conferred by an agreement of assignment on the assignee flow only one way. While after the expiry of the period of assignment the copyright flows back to the assignor, the royalty paid to the assignor never gets repaid to the assignee.

In *Cooper v. Stephens*⁸, the Court observed that Copyright is to be distinguished from the material object which is the subject of the copyright. The assignment of the material object does not necessarily transfer the title to the copyright, and more than the transfer of the copyright necessarily transfers the title to the material object. Probably no purchaser of a book would suppose that he, by his purchase, acquired the right to multiply copies of it, but it is quite possible that purchaser of an artistic work, such as, a picture made to his order, may be surprised to find that his purchase does not include the right to reproduce it by such means as engravings and photographs, nor even the right to prevent the artist or anyone else from making reproduction, unless the doing so would be a breach of confidence or trust.

The Delhi High Court in *Pine Labs Pvt. Ltd v Gemalto Terminals India Pvt. Ltd*⁹, discussed the question of ownership of copyright in a situation where plaintiff assigned his copyright in a future work to the defendant. The court observed that there are two types of agreements, one being assignment of (existing work) which is an actual assignment and the other is agreement to enter into assignment or agreement to assign future work. In the former the interest passes along with the beneficial interest whereas the latter is an 'assignment in equity' or 'equitable assignment' where rights and interests in equity are passed to the assignee whereas the beneficial rights are retained by the author/ assigner. The court went through various commentaries written by English authors and concluded that the assignment in equity is based on the intention of the parties whether express or implied and is unfettered and unbridled by the provisions of section 19.

Where an assignor assigns his copyright to another, then, in the absence of express terms, the condition is implied that the assignor will not do anything that will render what he has conveyed valueless and futile. For example, if an author assigns the copyright in a literary work, another literary work on the same subject and having the same scope, arrangement and system as the previous work may be an infringement of copyright in the earlier work, where such copyright has been assigned¹⁰.

Halsbury in his book on *Laws of England*¹¹ has pointed out ‘An equitable assignment may be created by agreement express or implied. An agreement which contemplates that a further document of assignment is to be executed has been held to take effect as an equitable assignment’.

In *Morris v. Colman*¹², where Colman had contracted with the proprietors of the Haymarket Theatre not to write dramatic pieces for any other theatre, the Lord Chancellor mentioned that such a contract was not unreasonable upon either construction, whether it was that Mr. Colman should not write for any other theatre without the licence of the proprietors of the Haymarket Theatre, or whether it gave to those proprietors merely a right of presumption. There is nothing unreasonable in the contract that Mr. Colman to write only for the Haymarket Theatre and the performer to only perform at the Theatre. It is thus, a contract which all parties may consider as affording the most eligible, if not the only, means of making this theatre profitable to them at all as proprietors, authors, or in any other character which they are by the contract to hold.

In *PEE PEE Publishers and Distributors (P) Ltd v. Neena Khanna*¹³, certain important principles governing construction of assignment deed, and the determination of whether there is any assignment at all in the first place, have been discussed. Here, the 1st defendant, a Professor of Dermatology, had written a book for the plaintiff publisher in 2005. Subsequently, this defendant exercised her right under Clause 12 of the assignment deed, which provided that the author was free to withdraw the book from the publisher after two years of publication. Aggrieved by this, the plaintiff files a suit for copyright infringement against the 1st defendant as well as other defendants who were allegedly publishing the 1st defendant’s book, the rights in which were arguably assigned to the plaintiff. The Court enumerated different guiding principles as:

- (a) An assignment need not use the word assign or grant provided the intention to assign appears from the context. Obviously, however, the

use of the words such as assign or licence helps to indicate the party's intention one way or the other but even then they are not conclusive.

- (b) The commercial significance to either party, of the grant operating either as a licence or an assignment, will be a relevant factor.
- (c) If the word 'Copyright' is used elsewhere in the agreement but not in the words of the grant, this may point to a licence on the principle that since the parties had the concept of the copyright in mind they would have used the word in the grant if the copyright was intended to pass.
- (d) Sometimes the fact that the agreement has continuing obligation for example to pay royalties as opposed to a one-off lump sum, has influenced a decision that the agreement was a licence but again this is not conclusive.
- (e) Agreements for profit sharing generally indicate licence.
- (f) The fact that the circumstances show that the grantor relied on the personal skill and discretion of the grantee points to a license. Nevertheless, agreements of this kind often contain an unambiguous assignment.
- (g) The fact that the agreement provides for the reversion of the rights contained in certain events indicates the assignment but the absence of such a clause is not fatal to an assignment, since, if necessary, it can be implied.
- (h) Assistance can sometimes be obtained if the agreement provides for who is to sue in case of an infringement. Since, however, the parties often do not understand the principles involved, this can be of limited help.

The Court applied these principles to the clauses in the agreement and held that on a conjoint reading of clause 3 and 4 of the agreement, it was apparent that although the agreement used the word 'assigns', the copyright still vested with the author. In clause 3 the word 'assign' was used but in clause 4, the author could still assign the copyright with the permission of the publisher during the currency of the agreement, indicating that the title/copyright still vested in the author.

In *Jaypee Brothers Medical Publishers v. Dr Ramya Raghu*¹⁴, the Delhi High Court has held that besides the language of the agreement, the manner in which the 'assignee' has

described how the agreement came into existence would have a bearing on the construction to be placed on it.

Requisites of a Valid Assignment

Thus, from the perusal of the Section 19 of the Copyright Act, an assignment to be valid must fulfil the following requisites that must be in writing and signed by the assignor or by his authorised agent. This means oral assignment is not valid. The assignment agreement will specify the work for which the rights are being transferred, and what rights are assigned in the work have to be specified and also the duration and territorial extent of the such assignment has to be specified in the agreement. The agreement of assignment shall also specify the amount of royalty and also any other consideration to be paid to the author or his legal heir in case of his demise, during the subsistence of the term of the assignment. The assignment shall be subject to revision, extension or termination on mutual agreed terms of both the parties. The assignee has to exercise his rights within one year of the agreement of assignment and if he fails to do so the rights shall come to an end after the expiry of the above said period, unless contrary is specified in the agreement. Where the agreement of assignment is silent as to the duration for which the assignment is being made, it will not be perpetual assignment of the rights but will be deemed to be for five years from the date of assignment. Where the agreement of assignment is silent as to the territorial extent of the rights, it shall be presumed to extend within India and not outside. The assignment of copyright in any work contrary to the terms and conditions of rights already assigned to a copyright society in which the author if the work is a member shall be void. Where an assignment is made for the copyright work to be made a cinematograph film, in that case the author will have the equal right to share the royalty and consideration paid for the utilisation of the work in any form other than for the communication to the public of the work, along with the cinematograph film in a cinema hall. If a sound recording is being made and that sound recording is not part of any cinematograph film, the author of the copyright work shall have the equal right to claim share the royalty and consideration payable for any utilisation of such work in any form. It is pertinent to mention here that that the Statute does not provide for any particular form of assignment¹⁵.

The first legislation with regard to copyright in India was passed in 1914, which was based mainly on the English Copyright Act, 1911. With the radical change in the technology

with regard to copying, recording, broadcasting etc. it became necessary to revise the copyright law. With that object in view the said Act has been enacted.

In *Deshmukh & Co (publishers) Pvt Ltd v. Avinash Vishnu khandekar*¹⁶, the Bombay High Court observed that assignment of copyright is valid only if it is in writing and signed by the assignor or by his duly authorised agent. There is no prescribed form of assignment. The assignee to whom, certain rights have been assigned by the assignor can be restrained by the court having competent jurisdiction. Copyright is not a positive right but is negative right i.e., the right to stop others from exploiting the work without the copyright owner's consent or licence. Copyright is kind of personal movable property which can be transferred by assignment etc transfer *inter vivos* or by will or by due process of law, i.e., in the event of death of the owner.

Exploitation of Rights in Copyright Works under UK Law

In United Kingdom the Assignments of copyright and copyright licences are the two forms of contract involved in the exploitation of a copyright work by a third party¹⁷. Both have their own distinct characteristics. Chapter IV (Section 90 -93) of the Copyright, Design and Patent Act, 1988 deal with Assignment and Licences of the Copyright.

Assignment of Copyright under UK Law

Under 1988 Act a Copyright work may be assigned by testamentary disposition or by operation of law as personal or moveable property is transferred. An assignment or transmission of copyright may be full or partial i.e., (a) one or more, but not all, of the things the copyright owner has the exclusive right to do may assign; (b) part, but not the whole, of the period for which the copyright is to subsist.¹⁸

An assignment involves the disposal of the copyright: the author assigns the copyright to another person. The requirements of the assignment are: that the assignment must be in writing; and is signed by, or on behalf of the assignor¹⁹. Thus, an assignment is a transfer of ownership of the copyright. As a result of an assignment, assignees stand in the shoes of the assignor and are entitled to deal with the copyright as they please. Although an assignment may be for payment of a royalty, as well as for a fixed sum, the nature of the assignment means that if the assignee transfers the copyright to a third party the transferee takes free of the personal agreement to pay royalties²⁰. It has been held that sufficient writing might be provided by an invoice or receipt²¹. The assignment should identify the work

concerned with sufficient clarity that it can be ascertained, although the courts have admitted oral ('parol') evidence to assist in the process of identification²². No special form of words is required, so a transfer of 'all of the partnership assets' will include a transfer of any copyright owned by the partnership²³. Assignment of copyright is a distinct legal transaction and is not effected by mere sale or transfer of the work itself²⁴. Thus if a person sells an original painting or manuscript, this transfers only the personal property right in the chattel; the copyright remains with the its owner²⁵. Where an assignment is made orally, this will be ineffective at law. However, the general equitable rule that treats a failed attempt at a legal assignment as an oral contract to assign the interest will usually apply to attempted assignment of copyright. So long as there is valuable consideration, an oral contract of this nature will be specifically enforceable²⁶.

In *Fisher v. Brooker*²⁷, the House of Lords observed that an implied assignment may also potentially arise if there is a written contract, but it does not contain an explicit agreement. One could think of a recording contract that grants all rights to exploit the recording to the record company. The question can then arise whether such contract includes also an implied assignment. The House of Lords has imposed a heavy burden of proof on whoever invokes the existence of such an implied assignment. One has to show that at the time of the assignment it was clear to the person assigning the rights that all his rights were transferred and that the commercial relationship between the parties could not logically have continued to function without such an assignment. There will also not be an implied assignment if the behaviour of the parties afterwards can be explained on the basis of a less radical transaction than an assignment.

It is not necessary that all of the copyright be assigned²⁸. In contrast with other types of property, where the tendency is to simplify transfers by limiting the ways in which the rights can be divided up, copyright law take a liberal view of what may be assigned. In particular, copyright allows partial assignments by reference to 'times, territories and classes of conduct'²⁹. For example, an agreement to write a book might include an exclusive grant of all rights. In turn, the publisher might parcel out the exploitation of the work by way of hardback, paperback, newspaper serialization, audiotape, reprography, electronic distribution, dramatization, and translation, as well as being filmed³⁰. An assignment can also take place in relation to a work that has yet to be created. This is called future copyright which means copyright which will or may come into existence in respect of a future work or class of works or on the occurrence of a future event³¹.

It is submitted that though both Indian and United Kingdom acknowledge the assignment as a mode of exploitation of the copyrights of the right-holder but both are different from each other. Where Indian law does acknowledge an oral assignment of right the oral evidence is accepted in the United Kingdom copyright law in relation to assignment. Assignment can be granted by operation of law as well as by will in United Kingdom, whereas under India a copyright can be assigned by operation of law and not by testamentary disposition. Both laws allow copyright work to be assigned in whole or part and also future works are also assignable.

In *Robin Ray v. Classic FM*³², the claimant had entered into a consultancy agreement with the defendant, under which he was to provide advice on their classical musical repertoire and catalogue. Nothing was mentioned about intellectual property rights in any work created by the claimant when acting as a consultant for the defendant. The claimant supplied various documents and a catalogue to the defendant and these formed a crucial part of their programming database. The defendant radio station became highly successful and, as a result, proposed to grant licences to foreign radio stations to use the database. The claimant objected to this use, but the defendant nevertheless went ahead with granting these licences. The claimant then commenced proceedings for infringement of copyright in the documents and catalogue he had produced. The defendant argued, *inter alia*, that because it had commissioned the claimant to produce these works, it had been granted an implied assignment of copyright or an implied licence.

A copyright assignment is an immediate and irrevocable transfer of the owner's entire interest in all or some part of the copyright property. A transfer of something less than that interest is a license. A license granted by a copyright owner is binding on every successor in title to his interest in the copyright except a purchaser in good faith for valuable consideration and without notice (actual or constructive) of the license, or a person deriving title from such a person³³. This rule is the basic principle of licensing of any property right which is the recognised rule of equity that the licensee cannot assign what is not available with him. Thus, the licensee who is the permissive right holder of the copyright which is subject to limitation can assign the said right only and nothing beyond that. The only exception to that would be a person who is a bona fide purchaser without having notice of the transaction. In any case, a purchaser from the licensee of any licensed work having knowledge about the said license cannot get a better title than that of the licensee and will be bound by the said license as he is aware of the same at the time of making the said purchase

and purchased the same while accepting it. To that extent, the position of a licensee will remain the same universally and the statutory recognition of the said rule, whether it exists or not, will only create the exception for the bona fide purchaser without license³⁴. The provisions for licences are provided under Chapter VI of the Copyright Act (Sections 30 – 32-B).

Difference between Assignment and Licence

1. While assignment transfers title in the copyright, a licence merely permits certain things to be done by the licensee. Furthermore, the assignee can sue for infringement without joining the assignor. The licensee cannot sue in his own name for infringement of the copyright, since the copyright belongs to the licensor³⁵.
2. An assignment carries with it the whole interest in the thing assigned, including the right to re-assign, while a license is personal and not assignable without the grantor's consent. An exclusive license is a leave to do a thing, and a contract not to give leave to anybody else to do the same thing. And it confers no interest or property in the thing but only makes an action lawful, which, without it, would have been unlawful³⁶.

Thus, a license does not, in law, confer a right. It only prevents that from being unlawful which, but for the license, would be unlawful. It amounts to a consent or permission by an owner of copyright that another person should do an act which, but for that license, would involve an infringement of the copyright of licensor³⁷.

In *Deshmukh & Co. (Publishers) Pvt. Ltd v. Avinash Vishnu Khandekar*³⁸, the Bombay High Court was of the view that in determining whether a document was an assignment or merely conferred a licence, regard must be had to the substance and not to the form of words used. If the agreement contains express words or terms as to the copyright, then an inference could be drawn that there was a possible assignment, while if it were to be silent on the copyright but only spoke of payment of royalties or a share of the profits instead of a sum of money paid down, it would most likely be a license.

Licence of Copyright Work under Indian Law

The licences are divided into two types: Licences granted by the owner³⁹, and Licences granted by compulsion⁴⁰ (a) Licence to republish a work⁴¹, and (b) Licence to

produce and publish a translation of a work⁴². Thus the requisites of a valid licence is that the licence can be granted in any work by the owner of copyright i.e. existing or future work. The instrument by which the licence is granted must be in writing by him or his duly authorised agent. The requirement of being signed by the owner of copyright has been done away with the Copyright Amendment Act of 2012. The licence relating to copyright in future work shall take effect only when the work comes into existence. Subject to the contrary contract, if the person in whose favour the licence for future work is executed, dies before the said work comes into existence, the right will subsist in his legal representative.

Licence granted by the Owner

A copyright owner has the right to grant licence to third party to use his work commercially and he himself gets the monetary gain from the grant of licence in his work. In *Babul products Pvt. Ltd v. Zen Products*⁴³, the Gujarat High Court has clarified that an exclusive license has to meet the requirements of Section 30 of the Copyright Act, specifying the manner in which a copyright licence is entered into. As per this provision, read with Sections 30-A and 19 of the Copyright Act, it is mandatory for a licence to be in writing. In the absence of such a licence in writing, one cannot claim to be an exclusive licensee as the concept of an exclusive licensee does not exist independently, but only in conjunction with that of a license.

In *Moserbaer India Ltd. v. Modern Cinema*⁴⁴, the Delhi High Court has refused injunctive relief where both the plaintiff and defendant had agreements to back their claim of right to reproduce certain cinematograph films in VCD/DVD format, and *prima facie* the agreements of the defendant in respect of many films appeared to be executed prior in point of time to those of the plaintiff. In *PVR Pictures Ltd v. Studio 18*⁴⁵, the plaintiff had filed a suit for specific performance of the defendant's obligation under a distribution term sheet agreement in respect of a film. The basic case of the plaintiff was that the Term Sheet Agreement (herein after TSA) provides for vesting of exclusive licence over distribution rights of the defendants cinematograph films. On coming to know that the defendant was planning to release one of these films through another distributor, the plaintiff filed for a suit for infringement. The defendant contended that the TSA was not a license but only reflected a mere desire to later enter into a contractual relationship. The defendant produced licence agreements which had been executed between the parties to show that the conditions in such agreements travel way beyond the contents of the TSA. So the short point before the court

was whether the plaintiff was a licensee as per Section 30 of the Copyright Act. The High Court was of the view that every claim for equitable relief under the Specific Relief Act has to be founded on a valid and sustainable legal right. After going through the TSA, the Court felt that there was no concluded bargain or binding contract between the parties. Moreover, the very conduct of the parties in subsequently entering into licence agreements in respect of 4 movies that were already covered by this TSA indicated that licensing was a separate step and not a part of the TSA. The Copyright Act provided that the provisions relating to mode of assignment, revocation of assignment and disputes with respect to assignment of copyright shall with necessary adaptations and modifications be applicable in respect of licence of copyright in a work⁴⁶.

Compulsory Licence

Any person can apply to Copyright Board for compulsory licence on the ground that work has been withheld from the public. Though for the grant of compulsory licence certain condition need to be fulfilled, these are: If at any time during the term of copyright in any work which has been published or performed in public the author has refused to republish or allow the republication of the work or has refused to allow the performance in public of the work, and by reason of such refusal the work is withheld from the public; or has refused to allow communication to the public by broadcast of such work or in the case of a sound recording the work recorded in such sound recording on terms which the complainant considers reasonable⁴⁷. The Copyright Board, after giving to the owner of the copyright in the work a reasonable opportunity of being heard and after holding such inquiry as it may deem necessary, may, if it is satisfied that the grounds for such refusal are not reasonable, direct the Registrar of Copyrights to grant to the complainant a licence to republish the work, perform the work in public or communicate the work to the public by broadcast, as the case may be, subject to payment to the owner to the copyright of such other terms and conditions as the Copyright Board may determine; and thereupon the Registrar of Copyrights shall grant the licence to such person or persons who, in the opinion of the Copyright Board, is or are qualified to do so in accordance with the directions of the Copyright Board, on payment of such fee as may be prescribed.

When these conditions are met with then any person can make a complaint to the Copyright Board. The Copyright Board after hearing the parties and after the inquiry as it may deem necessary, may if feels satisfied that the grounds of such refusal are not reasonable may direct the Registrar of the Copyright to grant to the complainant a licence to republish

the work, perform the work in public or communicate to the work to the public as the case may, subject to payment to payment to the copyright owner of such compensation and such other terms as the Copyright Board deems fit and the Registrar of the Copyright Board shall grant the licence to such persons as are directed by the Copyright Board to be qualified on payment of such fee as may be prescribed⁴⁸.

In *Entertainment Network (India) Ltd v. Super Cassette Industries Ltd*⁴⁹, the Supreme Court held that a finding arrived at the grounds of refusal by an owner of a copyright holder is not reasonable. Only upon arriving at the said finding, the Registrar of Copyrights would be directed to grant a licence for the said purpose. The amount of compensation payable to the owner of the copyright must also be determined. The Board would also be entitled to determine such other terms and conditions as the Board may think fit and proper. Registration is granted only on payment of such fees and subject to compliance of the other directions.

In *Entertainment Network (India) Ltd v. Super Cassette Industries Ltd*⁵⁰, the Supreme Court said that if the right of an author/ society is so pervasive, is it necessary to construe the provisions under Section 31 of the Copyright Act having regard to the International Covenants and the laws operating in the other countries? Interpretation of a statute cannot remain static. Different canons and principles are to be applied having regard to the purport and object of the Act. What is essential therefore is to see that the expanding area in which the copyright will have a role to play is covered. While India is a signatory to the International Covenants, the law should have been amended in terms thereof. Only because laws have not been amended, the same would not by itself mean that the purport and object of the Act would be allowed to be defeated. If the ground realities changed, the interpretation should also change. Ground realities would not only depend upon the new situations and changes in the societal conditions, *vis-a-vis* the use of sound recording extensively by a large public, but also keeping in view of the fact that the Government with its eyes wide open have become a signatory to International Convention. The intention of the Parliament, it is trite, must be ascertained from the plain reading of the section. The intention is to treat works, which have been 'withheld from the public' differently from the 'right to broadcast'. The right to broadcast is a ephemeral right. It requires special treatment as it confers upon every person, who wishes to broadcast a work or the work recorded in a sound recording, the right to do so is either by entering into a voluntary agreement to obtain a licence on such terms which appear to be reasonable to him or when the term appears to be unreasonable to approach the Board. The Hon'ble Court said that Section 31(2) is attracted in a case where

there is more than one applicant. The question of considering the respective claim of the parties would arise if they tread the same ground. The same, however, would not mean that only one person is entitled to have a licence for an indefinite term even in perpetuity. A licence may be granted for a limited period, if that be so another person can make such an application. Section 31(2) would lead to an anomalous position if it is read literally. It would defeat the purport and object of the Act.

The Copyright Act provides for the grant of compulsory licences in unpublished or published works under Section 31 A of the Copyright Act. Compulsory licence may be issued to an applicant under Section 31 A of the Copyright Act if the following conditions are fulfilled⁵¹:

- (1) Where, in the case of any unpublished work or any work published or communicated to the public and the work is withheld from the public in India, the author is dead or unknown or cannot be traced, or the owner of the copyright in such work cannot be found, any person may apply to the Copyright Board for a licence to publish or communicate to the public and such work or a translation thereof in any language.
- (2) Before making an application under sub-section (1), the applicant shall publish his proposal in one issue of a daily newspaper in the English language having circulation in the major part of the country and where the application is for the publication of a translation in any language, also in one issue of any daily newspaper in that language.
- (3) Every such application shall be made in such form as may be prescribed and shall be accompanied with a copy of the advertisement issued under sub-section (2) and such fee as may be prescribed.
- (4) Where an application is made to the Copyright Board under this section, it may, after holding such inquiry as may be prescribed, direct the Registrar of Copyrights to grant to the applicant a licence to publish the work or a translation thereof in the language mentioned in the application subject to the payment of such royalty and subject to such other terms and conditions as the Copyright Board may determine, and thereupon the Registrar of Copyrights shall grant the licence to the applicant in accordance with the direction of the Copyright Board.
- (5) Where a licence is granted under this section, the Registrar of Copyrights may, by order, direct the applicant to deposit the amount of the royalty determined by the Copyright Board in the public account of India or in any other account

specified by the Copyright Board so as to enable the owner of the copyright or, as the case may be, his heirs, executors or the legal representatives to claim such royalty at any time.

- (6) Without prejudice to the foregoing provisions of this section, in the case of a work referred to in sub-section (1), if the original author is dead, the Central Government may, if it considers that the publication of the work is desirable in the national interest, require the heirs, executors or legal representatives of the author to publish such work within such period as may be specified by it.
- (7) Where any work is not published within the period specified by the Central Government under sub-section (6), the Copyright Board may, on an application made by any person for permission to publish the work and after hearing the parties concerned, permit such publication on payment of such royalty as the Copyright Board may, in the circumstances of such case, determine in the prescribed manner.

This section comes into play when the author is dead or untraceable and the work is desirable to be published in national interest, the heirs, executors or legal representatives of the author shall be given preference to publish the work as provided under Section 31 A of the Copyright Act. But where they are not desirous to publish the work in the specified period then the licence may be granted to other persons. According to Rule 11 D of the Copyright Rules, 1958 the Copyright Board shall determine the royalties payable to the owner of the copyright under Section 31A(7) after taking into consideration⁵²:

- (a) The proposed retail price of the copy of such work;
- (b) The prevailing standards of royalties to such works; and
- (c) Such other matters as may be considered relevant by the Copyright Board.

Further, any person can apply for compulsory licence under Section 32 of the Copyright Act if the following requirements are fulfilled, that a translation of the work in the language mentioned in the application has not been published by the owner of the copyright in the work or any person authorised by him or if a translation has been so published, it has been out of print; the applicant has proved to the satisfaction of the Copyright Board that he had requested and had been denied authorisation by the owner of the copyright to produce and publish such translation, or that the owner of the copyright can't be found even after due diligence; Where the applicant was unable to find the owner of the copyright, he had sent a copy of his request for such authorisation by registered mail to the owner of the copyright two months before filing the application to the Copyright Board. A period of six months in

case of non-Indian work and nine months in case of a language not prevalent in any developed country, has elapsed since the making of the request for licence. All the translated copies shall also mention the name of the original author, title, edition of the original work. Before granting licence the Copyright Board has to be satisfied that the person asking for licence can produce and publish correct translation of the work and has the means to pay royalties to be paid to the original owner. The author has not withdrawn from circulation copies of the work. In case of objections, the opportunity is given to the copyright owner to state his reasons⁵³.

Furthermore, Section 32A of the Copyright Act provides for compulsory licence to reproduce and publish works for certain purposes to any person after the expiration of the prescribed period from the date of first publication of an edition of a literary, scientific or artistic work, when the copies of such edition are not made available in India; or such copies have not been put on sale in India for a period of six months to the general public, any person may apply to the Copyright Board for licence to reproduce and publish such work in printed or analogous forms of reproduction at the price at which such edition is sold or at a lower price for the purpose of systematic instructional activities⁵⁴ Furthermore, a licence granted under Section 32 A will be terminated if the owner of the copyright in the work or any person authorised by him, sells and distributes copies of the work concerned which are substantially the same in content at a price reasonably related to the price normally charged in India for works of the same standard on the same or similar subjects. The right-holder has to serve the notice as prescribed by the Section 32 A. The termination of licence takes effect upon the expiry of three months from the date of service of the notice. Any copies already produced by the licensee before such termination may continue to be sold or distributed until exhausted.

Statutory Licence for Cover Version

Section 31C added by the Copyright Amendment Act, 2012 provides for statutory licence for cover versions. A cover version is a recording made of an already published song by another voice or voices and with different musicians and arrangers. Version recording is neither copying nor reproduction of the original recording. The High Court of Delhi held that once a recording is made in compliance with Section 52(1)(j), it is as much a sound recording as any other sound recording. Therefore copyright holder in a version recording has all the usual rights under Section 14(e). It further held that Section 52 (1)(j) was an illustration of a statutory licence, therefore an application was required to be made by the producer of the version recording⁵⁵..

It is pertinent to mention here that any person can make a cover version of sound recording provided the following conditions are fulfilled: that the cover version can only be made after the expiration of five years in which the first sound recording was made. The medium of the cover version and the medium of the last recording has to be same, unless that medium is no longer in current use. The packaging of cover version shall state that it is a cover version of the original. It shall not state any misleading statement as to identity and shall also not display the picture or name of the performer of earlier sound recording. The cover version cannot alter the literary or musical works. Alteration can only be made with the consent of the owner of the rights of literary and musical works, only if there is a technical requirement of the same. Even after receiving the consent the producer of the cover version has to share the royalty with the producer of earlier recording and author of literary and musical work in respect of which cover version is made. The producer of the cover version has to produce a minimum of fifty thousand copies in a year. Though, this number can be lowered by the Copyright Board. The producer of cover version has to give to the owner of original recording the prior notice of his intention to produce cover version, advance copies of all covers or labels and advance royalty fixed by the Copyright Board. On the complaint of the owner of the sound recording, if the Copyright Board finds that the producer of the cover version has not made the full payment to the owner, an ex parte order can be passed directing the producer of cover version to stop making further copies⁵⁶.

Licence of Copyright Work under UK Law

Under the United Kingdom law of Copyright the powers conferred on the copyright owner are most commonly employed by the copyright owner giving licences to particular individual permitting them to carry out specified activities. Generally, a licence is merely a permission to do an act that would otherwise be prohibited without the consent of the proprietor of the copyright⁵⁷. A licence enables the licensee to use the work without infringing. In contrast with an assignment, where the assignor relinquishes all interest in the copyright, the licensor retains an interest in the copyright. Indeed, no proprietary interest is passed under a licence⁵⁸. Licences can be of two types under the 1988 Act i.e. Exclusive and Non-Exclusive. An 'Exclusive Licence' means a licence in writing signed by or on behalf of the copyright owner authorising the licensee to the exclusion of all other persons, including the person granting the licence, to exercise a right which would otherwise be exercisable exclusively by the copyright owner. The licensee under an exclusive licence has the same rights against a successor in title who is bound by the licence as he has against the person granting the licence⁵⁹. This is one of the most significant forms of all licences. An exclusive licence is an agreement according to which a copyright owner permits the licensee to use the

copyright work. At the same time, the copyright owner also promises that he will not grant any other licence/s and will not exploit the work himself. The legal consequence of this is that the licence confers a right in respect of the copyright work *to the exclusion of all others including the licensor*⁶⁰. In some ways, it is the intangible property's equivalent of a 'lease'⁶¹. While a simple licensee acquires the right not to be sued in relation to the acts set out in the licence, an exclusive licence confers on the licensee a 'statutory procedural status' that is equivalent to that of the proprietor. It is pertinent to mention here that, the exclusive licensee can sue the infringer himself and does not have to persuade to the proprietor to take action⁶². Section 101(1) of the 1988 Act provides that an exclusive licensee has, except against the copyright owner, the same rights and remedies in respect of matters occurring after the grant of the licence as if the licence had been as assignment⁶³. An exclusive licensee has equivalent position to the copyright owner and so he can bring the suit against infringement even after the date of licence agreement⁶⁴. In the case of a non-exclusive licence, the licensor may make several agreements in respect of the same acts restricted by copyright.

Under Section 90(4) of the 1988 Act, a licence granted by a copyright owner is binding on every successor in title to his interest in the copyright, except a purchaser in good faith for valuable consideration and without notice (actual or constructive) of the licence or a person deriving title from such a purchaser, and references in this Part to doing anything with, or without, the licence of the copyright owner shall be construed accordingly⁶⁵.

Copyright being the property right has been bestowed with the right to bequeathed by the 1988 Act. The 1988 Act provides that an unpublished work which includes containing original document of literary, dramatic, musical, artistic work or an original material thing containing a sound recording or film can be passed through will be the testator. Though, it has to be proved that the testator was the owner of the copyright immediately before his death⁶⁶.

Conclusion

After the comparative analysis of the copyright laws of India and UK, it can be concluded that two Statutes have adopted the same modes of exploitation of copyright and neighbouring rights i.e., granting of assignment in the work, licence and the copyright societies by the copyright owner. The assignment can be granted in the existing work or by a prospective owner as well as in a future work. The assignment can be made for the whole of the term of the copyright or for a shorter duration than the copyright term. During the subsistence of the term of the assignment, the assignee steps into the shoes of the copyright

owner and becomes the owner of the work for those rights only which are assigned to them. However, the assignment in future work will come into being only when the work is created and not before that. After the expiry of the term rights will be transferred back to the assignor. However, the Indian Copyright law specifies that assignment shall be applicable to only those modes of exploitation which are in existence and not to those which have not yet come into being, unless so specified in the contract. An assignment to be valid must be written and signed by the assignor or his authorised agent. The contract must specify the work to be assigned as well as the duration and territorial extent, royalty and any other amount payable to the owner. The assignment can be revised, altered or extended or terminated by mutual consent of the parties. The assignee must exercise his right within one year of the grant of assignment else it shall expire unless otherwise mentioned in the contract. Assignment has been given the same meaning in the UK Copyright law and has the same requisites for a valid assignment. The royalty or fixed sum paid must be substantiated by the invoice or receipt. As has been provided under the Indian law that the contract of assignment should specify the work, the same is provided under the UK Copyright law as well. However, there is one difference in both the laws that British Courts have admitted the oral evidence to identify the work, which is not so under Indian law. However, no specific form is provided for the assignment under both the laws. Under the UK law future work can also be assigned like under Indian Copyright law. However, one major difference between the two laws is that under UK law assignment is transfer of the rights in work are immediate and cannot be revoked unlike Indian law where it can be modified, changed, altered or revoked by mutual consent of the parties.

Licence, on the other hand merely allows the licensee to do certain things. As the title is not transferred in licence like an assignment, a licensee cannot sue in his own name for the infringement of copyright. Basically, a licence does not confer a right. It only makes an act lawful the use of which would have been unlawful without the authorisation from the owner of the work. Broadly, a licence has been divided in two types, i.e., one which is granted by the owner of the work as it is his exclusive right to authorise or prohibit the work to be used by the third party and secondly, compulsory licence to be granted by the copyright board to any person as regards the published and unpublished works. The essential requisites of a valid licence are that licence can be granted in any work i.e., existing as well as future. However, it must be in writing and signed by the licensee himself or his authorised agent in this behalf. The licence with regard to future work shall take place only when the future work comes into existence. The Act also provides for licence for cover versions. Cover version of a

sound recording can only be made after the expiration of five years of the first sound recording. The cover version shall be made in the same medium as of the original recording, unless it is no longer available. At least fifty thousand copies in a year have to be produced. The UK Copyright Act divides the licence in exclusive and non-exclusive. Exclusive licence is granted by the copyright owner. However, there is one difference between exclusive licence and licence granted by copyright owner under Indian law that an exclusive licensee can sue the infringer of copyright himself and does not require the copyright owner to sue as is the case in India. The copyright owner and the exclusive licensee hold similar position. In case of non-exclusive licence, the copyright owner can grant several licenses in respect of same act.

The Indian Copyright Act does not provide different set of rules for exploitation of neighbouring rights, however, the UK law sets different provisions for the licensing of the performers right, which is similar to the licensing scheme of copyright.

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(1) Where an action for infringement of copyright brought by the copyright owner or an exclusive licensee relates (wholly or partly) to an infringement in respect of which they have concurrent rights of action, the copyright owner or, as the case may be, the exclusive licensee may not, without the leave of the court, proceed with the action unless the other is either joined as a plaintiff or added as a defendant.
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