

# ARBITRATING COPYRIGHT DISPUTES IN INDIA

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## Abstract

Intellectual property is getting more and more importance in this era. Creative minds for many reasons contributing their originally authored works in various domains. Copyright protection is one of the most important aspects of intellectual property right protection today. Copyright registration is not mandatory and because of this there is huge domain of copyrights and it increases chances of copyright disputes.

On the other hand, Indian judiciary is flooded with litigations and case pendency is at highest of all time and crores of cases are pending in Indian Courts<sup>1</sup>. On this backdrop, if Copyright dispute/cases are resolved through Alternative Dispute Mechanism like Arbitration, it will save time, money and it will decrease the burden of judiciary as well. But enough emphasis is not given to use of arbitration for resolution of copyright disputes in India.

There are many areas in this field where clarity is needed like which disputes can be resolved through Arbitration, Indian judiciary's stand on referring copyright disputes for arbitration, key issues in copyright arbitration etc. and through this research paper, efforts are made to clarify these aspects.

**Keywords:** Arbitration, Copyright, ADR, Dispute resolution, Intellectual Property Organization (IPR)

## Introduction

Copyright in simple words is 'right to copy'. A copyright is a collection of rights which automatically vest to the one who is creator of an original work of authorship. These rights include the right of reproduction, distributing copies, preparing derivative works and to perform or display the work publicly. These rights can be classified as 'economic' and 'moral' rights. Works that can have a copyright include books, paintings, music, sculpture, films, advertisements, databases, computer programs, maps, and even technical drawings. Registration of Copyright is not

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<sup>1</sup> [https://njdg.ecourts.gov.in/njdgnew/?p=main/pend\\_dashboard](https://njdg.ecourts.gov.in/njdgnew/?p=main/pend_dashboard) (Accessed on 21/09/2021 at 3.00 pm IST)

The Copyright Act 1957, Copyright Rules 1958 are the governing laws for protection of copyright in India. Significant amendments were also done in the Copyright Act in 2012. India is having a common law system and so the judicial decisions contribute to the sources of copyright law in India. India is a member of the conventions like Universal Copyright Convention, Berne Conventions. The Government of India has also passed the International Copyright Order, 1999. In India, Copyright law prescribes for civil as well as criminal remedies in case of infringement, but most often; civil remedies are applied as follows-

Civil remedies can be enforced by filing a suit in the relevant district court for infringement and/or passing off as per section 62 of Copyright Act and following remedies are included:

- There could be interlocutory, temporary or permanent **Injunctions**. It is a court order prohibitory in nature and restraining a party from acting adversely until lawsuit is disposed.
- There could be an ex parte search and seizure, permitting access to the defendant's premises called as **Anton Piller orders**. It is for inspecting (relevant) documents and articles, taking copies of it or even removing them to safe custody if there is danger of destruction.
- A court can issue **John Doe orders** to restrain unknown defendants from continuing any action which is infringing in nature.
- The claimant anticipating infringement activities by the defendant can take **Quia Timet actions** through which court is requested to grant an injunction based on 'reasonable anticipation'.
- In an infringement action, claimant can seek 1 kind of relief from **damages** or **account of profit**. Damages are kind of compensation while accounts of profit requires the defendant to hand over actual profit made from the infringement.
- The infringer could be directed to deliver the infringing material to the claimant called as **delivery up** or destroy it (in the presence of a local commissioner appointed by the court). This is called as **Destruction**.

### **Criminal proceedings**

Section 63 of the Copyright Act provides for a term of imprisonment of not less than six months, extendable to three years and fine between fifty thousand and two lakhs and both can be increased under section 63A of the Copyright Act.

**Border measures-** the government can prohibit the import or export of goods under sec. 11 of the Indian Customs Act 1962, for the protection of patents, trademarks and copyright. Interim relief is also available for the rapid removal of infringing content.

### **The gridlock of copyright disputes**

In India, Copyright Board was established for considering application for general licenses, assessment of compensation and determining reasonableness of rates or royalties. Also, Copyright Board had jurisdiction to hear appeals against any order/decision of the Registrar of Copyrights. Since 2012, the quorum of copyright board had a chairman and 2 members only as compared to chairman and 14 members previously. Later In the year 2017, the Copyright Board

was dissolved and the Intellectual Property Appellate Board (IPAB) which primarily used to deal in matters relating to patents, trademarks and geographical indications, took over its functions. However, with Tribunals Reforms (Rationalization and Conditions of Service) Ordinance, 2021, all the powers of IPAB were transferred to Commercial Courts (a division of High Court). Due to these continuous changes, there is huge number of pending cases of copyright. Also though Commercial Court functions regularly, it lacks in 'technical members'. Commercial Courts Act mandates disposal of the cases within a year but with additional IPAB cases Commercial Court will face clogging of cases.<sup>2</sup>

### **Arbitration in India-**

In India, Arbitration and Conciliation Act, 1996 (the Act) governs the Arbitration. It is based on UNCITRAL model and various amendments and modification are done in the Act in accordance to foreign arbitral awards, International Commercial Arbitration, domestic arbitration etc. As per the Act, Arbitration can be adapted for resolution of disputes only if disputing parties have an agreement in this regard. Though the Act does not define specifically the 'arbitrable issues', section 34(2)(b)(i) of the Act provides that awards regarding a non-arbitrable subject can be set aside.

In arbitration, third party neutral arbitrator/s is appointed by parties and dispute is submitted to arbitration. The procedure, venue, time etc. can be decided by parties. The important factor in arbitration is 'arbitration agreement'. Arbitration proceeding is consensual, neutral and confidential in nature. Final decision of arbitration is called as Award and it is final and binding on the parties involved.

Under Section 89 of the Code of Civil Procedure 1908, if the court thinks that the dispute is capable of settlement by the parties, it can refer a dispute to arbitration, conciliation or mediation etc provided that the parties agree to it.

Indian judiciary has not given crystal clear interpretation regarding arbitrability of disputes and many contradictory judgments and interpretations are given by various courts. But if we sum up the overall interpretation of Indian judiciary, it is clear that disputes which have 'right in rem' i.e. disputes involving right against whole world cannot be resolved through arbitration and only disputes involving 'right in personam' i.e. disputes involving right against a particular person are arbitrable<sup>3</sup>.

### **Arbitration in Copyright disputes in India-**

Copyright Act does not specifically states about whether a copyright dispute is arbitrable or not. On the other hand, Copyright Act does not even establish blanket bar on arbitration of copyright disputes. As per sec. 34(2)(b)(ii) of Arbitration and Conciliation Act, court can set aside the

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<sup>2</sup> <https://www.lexology.com/library/detail.aspx?g=e6bbd8f7-c0a5-48be-881c-4e0ea58cf506>  
(Accessed on 29/08/2021 at 08.30 pm IST)

<sup>3</sup> HDFC Bank v. Satpal Singh Bakshi, 193 ( 2012 ) DLT 203, AIR

arbitral award if it is in conflict with public policy of India. The doctrine of public policy is not defined in the Act but it can be interpreted as anything that leads to justice obstruction or against moral principles or even if it violates a statute, such thing can be considered as against 'public policy'. In consideration of arbitration of copyright disputes also, this doctrine of 'public policy' is applicable.

The first case in India that allowed arbitration in Copyright disputes was Eros International Media Limited vs Telexmax Links India Pvt Limited. In this case, Bombay High court stated that-

- Sec. 62 of the Copyright Act cannot be interpreted in a way as to expel arbitration proceedings.
- As dispute is contractual, and plaintiff is seeking relief against a particular party, the action of plaintiff is '*in personam*' and the arbitrator can be authorised for granting the relief (permanent injunction as well as damages) desired by the plaintiff.
- National and international commerce community will get confused if we put a blanket bar on arbitration of IPR/ copyright disputes as commercial document involving IPR would then be considered as non-arbitrable.

After this case, Bombay High court considered the issue of arbitrability of copyright disputes in *The Indian Performing Right Society v. Entertainment Network*. The Court distinguished this case with Eros case and stated that arbitrability of the copyright dispute depends on the nature of relief claimed and whether a case involves right in personam.

Madras High court in case of *Lifestyle Equities v. Qdseatoman Designs* stated after considering judgments of *Booz-Allen*<sup>4</sup> and *Ayyasamy*<sup>5</sup> cases that the issue involved in a particular case is arbitrable as it involves 'right in personam' and not 'right in rem'.

So, it can be stated that Indian legislations as well as judicial pronouncements are not specifically answering the issue of arbitrability of copyright disputes but there is no blanket bar on arbitration of copyright disputes which involve right in personam.

### **Why arbitration in copyright disputes?**

Arbitration of Copyright disputes is of tremendous use as- Firstly, arbitration proceedings take less time and less cost as compared to normal litigation process. Secondly, parties can appoint 'expert' in field as their neutral arbitrator which is lacking in litigation process in India as judges of commercial courts and district courts may not have an expertise in IPR. Thirdly, in today's globalization era, domestic or national jurisdictions of courts entertaining IPR/Copyright disputes may not serve the purpose. Today, copyright-related contractual arrangements, like licensing of software which are regularly framed as international contracts are increasing and it makes international arbitration more relevant.<sup>6</sup>

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<sup>4</sup> *Booz Allen & Hamilton Inc. v. SBI Home Finance Ltd.* AIR

<sup>5</sup> Supreme Court of India, *A. Ayyasamy vs A. Paramasivam & Ors* on 4 October, 2016

<sup>6</sup> <https://globalarbitrationreview.com/guide/the-guide-ip-arbitration/first-edition/article/patent-copyright-and-trademark-disputes#footnote-005>, (Accessed on 20/09/2021 at 08.40 pm IST)

World Intellectual Property Organization (WIPO) has been contributing in this field since long. WIPO has established ADR mechanisms for resolution of IPR disputes and working well. It is found that use of ADR mechanisms like arbitration is beneficial for all the parties to resolve their copyright disputes<sup>7</sup>.

One more advantage of arbitration of copyright dispute is that, many times relation between the parties, may it be economic, business or personal, can be protected.

### **Key issues of arbitration of copyright disputes-**

1. Arbitral Tribunal- As contracts related to copyrights and disputes evolving over these contracts are not easy to understand and interpret, it requires a person who is expert in IPR/Copyright regime. So, while constituting the arbitral tribunal, disputing parties should consider this factor and appoint arbitrator/s who is subject expert. Also, various international treaties<sup>8</sup> are passed by WIPO and many countries and arbitrator should have knowledge and practical essence of it.
2. Production of evidences, documents etc.- This is very important issue as entire arbitration proceeding and award is based on these factors. Various documents like arbitration agreement, contracts related to copyright between the parties, Evidences like infringing material, use of copyrighted works by the respondent/defendant, documents/ evidence showing creation of original work by the author etc. are necessary. In India, Arbitrator/s has jurisdiction and authority to command parties to disclose certain documents, evidences etc. Even, arbitral tribunal can sought help of judiciary in this regard.
3. Injunctive reliefs- If parties agree on this, preliminary injunctive or interim relief is of great importance to discontinue the infringement/wrongful use of copyright. For this, most rules of leading arbitration institutions provide for appointment of an 'emergency arbitrator' to handle interim/injunctive measures and parties are using these rules increasingly for requesting interim/injunctive measures.<sup>9</sup>
4. Witnesses- It is to be remembered that, parties can decide about the procedure of arbitral tribunal and if a particular procedure is not mentioned by the parties, arbitral tribunal can decide it in good conscience and rules of natural justice. Also, arbitral tribunal has authority to examine the witnesses.
5. Remedies- In copyright disputes, injunctions and damages recovery are the most commonly aspired remedies and both of these are available in arbitration proceedings.

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<sup>7</sup> WIPO Caseload Summary: WIPO Arbitration, Mediation, Expert Determination Cases and Good Offices Requests, available at <https://www.wipo.int/amc/en/center/caseload.html>, (Accessed on 21/09/2021 at 06.30 pm IST)

<sup>8</sup> Available at <https://www.wipo.int/treaties/en/>

<sup>9</sup> Laura Kaster, Harrie Samaras, Arbitrating Trademark, Copyright and Trade Secret Cases, available at: <https://www.ccarbitrators.org/wp-content/uploads/Arbitrating-Trademark-Copyright-and-Trade-Secret-Cases.pdf>

### **Challenges of using arbitration for resolution of Copyright disputes-**

Disputes involving oppression or mismanagement are non arbitrable as some disputes may cause effect on a third party, which is not even a part of the arbitration agreement.

Another challenge is arbitration under foreign law. Question is whether Indian parties can choose a foreign law to govern their arbitration agreements and there is still no clarity despite many cases. Bombay High Court in one case<sup>10</sup> stated that if Indian parties choose foreign law for governing their arbitration agreement, it can be considered opposing public policy of the country. But later in another case<sup>11</sup>, Madhya Pradesh High Court held that arbitration under foreign law can be done by two Indian parties.

In some copyright cases, infringing party is not known and sometimes there is absence of previous agreement, contract or relationship between parties. In such cases it is extremely difficult to bring arbitration agreement. In India parties are also reluctant in selecting arbitration as there are doubts regarding some aspects of copyright arbitration like arbitrability of copyright disputes, enforcement of award etc.

### **Conclusion**

Many countries along with WIPO are using arbitration and other ADR techniques to resolve copyright disputes, and it will be beneficial for parties, stakeholders and even judiciary in India if India adapts arbitration for resolution of copyright disputes. There is need of bringing clarity in IPR and ADR laws and if legislature makes new laws or amendments to existing laws that bring clarity of arbitrability of copyright disputes, procedural aspects of copyright arbitration, jurisdiction/powers of arbitration panel etc, stakeholders in this sphere will definitely start using arbitration for resolution of copyright disputes. Government, legislature, Arbitration tribunals and parties in copyright disputes can refer and adapt WIPO arbitration rules<sup>12</sup> which are used worldwide. Even, India can think of having dedicated, specialized Arbitration and mediation centers for resolution IPR disputes as it will decrease the burden of judiciary and it will save time and money of stakeholders.

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<sup>11</sup> Sason Power Ltd. V North America Coal Corporation India Pvt. Ltd, First Appeal No. 310/2015 dated September 11, 2015

<sup>12</sup> <https://www.wipo.int/amc/en/arbitration/rules/>

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