

International Framework on Regulation of Intellectual Property in Biological Resources and Biodiversity

Sreenivasulu N.S.*, Kariyanna K.S.** and Rangappa K.S.***

Protection of biological resources and biodiversity has been an area of concern at the international level for a long time. International forums through various laws have intended to focus on conservation and sustainable use of biological resources. Serious attempts for the protection of biological resources and biodiversity started when developed countries switched on to exploitation of biological resources through intellectual property rights (IPR) that are made available across the globe including the developing countries. There has been division of south and north on debate and dialogue with reference to utilisation and regulation of biological resources and sustainable use and development of biological diversity. This has become very much pertinent issue since the current global standards Advocate for vibrant promotion of IPR. In this concern, there have been various attempts at international level on the regulation and sustainable use of biological resources and the biodiversity. The present paper intends to present the international law on the sustainable use of biological resources and biodiversity. At the same time, it attempts to address the issue of regulation of IPR in biological resources at the international level.

Introduction

Biological resources include plants, animal and microorganisms or parts thereof, their genetic material and by-products with actual or potential use or value. The biodiversity is not the same as biological resource although mutually, they form part of each other. The conservation of biological diversity is distinct but related

to biological resources. Biodiversity means variety and variability of all life forms on earth. Biological resources and biodiversity are important for survival of life, catering the health needs, ensuring food security, up keeping of aesthetic values, maintaining ethical concerns, facilitating ecological services for promoting religious and cultural purpose, sustainable development of

* Professor of Law and Head, School of Business Laws, National University of Juridical sciences, Kolkata. Currently on lien as Founder and Chairman, Department of Law, Karnataka State Open University, Mysore, Karnataka.

** Mr. Kariyanna. K.S, (UGC-JRF) Research Fellow, Department of Studies and Research in Law, Karnataka State Open University, Manasagangotri, Mysore, Karnataka.

*** Professor of Chemistry, University of Mysore and Vice-Chancellor, Karnataka State Open University, Manasagangotri, Mysore, Karnataka.

indigenous knowledge and so on and so forth. In this sense, biological resources and biodiversity are important for economic progress of the nation. At the same time, bio resources management and utilisation for human welfare is very important and is a critical component of biodiversity. It is because the activities of the individual, communities and commercial ventures are likely to pose threat to biological resources. Population growth inevitably leads to an increased demand for resources and an indefinite increase in that demand is not compatible with conserving our resources base. Invariably, to satisfy the needs of the increased population man has started to apply the science and technology over biological resources. Through modern techniques, such as biotechnology, genetic engineering, etc. man has started to marshal the genes in the living beings to get more, advanced and desired results for commercial and industrial purposes. The multinational companies from the developed countries through science and technology started exploitation of biological resources mostly available in the developing countries.

For such endeavours of utilisation of biological resources in innovative ways resulting in the creative works intellectual property rights (IPR) have been claimed.¹ These rights have been granted over the biological resources in the modified form. Since the exploitation of biological resources is going on at an accelerated pace where various IPR have been claimed, the situation demands for

regulation of IPR in biological resources.² Since the use and exploitation of biological resources has been done at international level where more than one country is directly or indirectly involved, it gives rise to the need for an international framework for the regulation of exploitation of biological resources and the claimed IPR. At this juncture, the current write-up attempts to analyse the various international norms with reference to the issue at hand. At the international level, there are some conventions and agreements which regulate IPR in general and over biological resources in particular. These conventions and agreements have been discussed below in detail while touching upon their contribution on the issue of use of biological resources and regulation of IPR.

*Budapest Treaty regulates
IPR in microorganisms by
way of insisting deposit of
microorganism in an
International Depository
Authority*

The Budapest Treaty 1977³

Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purpose of Patent Procedure entered into force on August 1977.⁴ Budapest Treaty⁵ is the international treaty that also deals with the regulation and sustainable use of

1 Sreenivasulu N.S, Kariyanna. K. S, and Viswanath B.S, Biological Diversity, Intellectual Property and Patents: Concerns of Biological Resources, Manupatra Intellectual Property Reports, Volume: I, Part: II, February, 2012.

2 *Ibid.*

3 As on 5th January, 2012, 75 countries are part to the Budapest Treaty. India became a member of this Treaty with effect from 17th December 2001.

4 It was originally signed on 28th April, 1977 but entered into force on 9th August, 1980. It was subsequently amended in the year 1980.

5 It is a special agreement under the Paris Convention. This Treaty is basically on the international recognition of the deposit of microorganism for the purpose of patent protection came into existence on 28th April, 1977 and subsequently amended in 1980.

biodiversity. It regulates IPR in microorganisms by way of insisting deposit of microorganism in an International Depository Authority.⁶ According to this treaty, deposit is necessary to satisfy the requirement of sufficiency of description of patent law for inventions relating to microorganisms or the use of microorganisms. It also recognises the deposit of microorganism in officially approved culture collections for the purpose of patent applications in any country that is a party to this treaty. Because of the difficulties and virtual impossibility of reproducing a microorganism from a description of it in a patent specification, it is essential to deposit a strain in a culture collection centre for testing and examination by others. An inventor is required to deposit the strain of a microorganism in a recognised depository, which assigns a registration number to the deposited microorganism. This registration number needs to be quoted in the patent application dealing with the microorganism. Obviously, a strain of

microorganism is required to be deposited before filing a patent application. It may be observed that this mechanism obviates the need of describing a microorganism in the patent application. Further, samples of strains can be obtained from the depository for further working on the patent.⁷ Patent office's across the globe demand depositing microorganisms to get patent protection⁸ on the claimed microorganism.

International Convention for the Protection of New Varieties of Plant (UPOV), 1991⁹

Another initiative at the international level for the regulation and sustainable use of biological resources and biodiversity is International Convention for the Protection of New Varieties of Plant which came into existence in 1991.¹⁰ The main objectives of the convention are to provide an international system of plant variety protection with the goal of encouraging the development of new varieties of plant.¹¹ It gives protection for developed or discovered plant varieties

6 "International Depository Authority" is a scientific institution typically a "culture collection" which is capable of storing microorganisms. Such an institution acquires the status of "international depository authority" through the furnishing, by the Contracting State on the territory of which it is located, of assurances to the Director General of WIPO to the effect that the said institution complies, and will continue to comply, with the requirements specified in Article 6(2), including, in particular, that it will be available, for the purposes of the deposit of microorganisms, to any "depositor" (person, firm, etc.) under the same conditions, that it will accept and store the deposited microorganisms and that it will furnish samples thereof to anyone entitled to such samples but to no one else. The said assurances may be furnished also by certain intergovernmental industrial property organizations (Article 7(1) (a)). See: WIPO Intellectual Property Hand Book: Policy, law and Use, <http://www.wipo.int/about-ip/en/iprm/pdf/ch5.pdf> last visited on 5th January, 2012.

7 R Saha, Management of Intellectual Property Rights in India, Source; <http://www.pfc.org.in/workshop/workshop.pdf> last visited on 3rd January, 2012.

8 Rama Sharma, Intellectual Property Laws, Wadwa and Company, Nagpur, 1st Edition, Volume 1, 2007, p 69.

9 It originally came into existence on 2nd December, 1961 and revised at Geneva on 10th November, 1972 and 23rd October, 1978 and 19th March, 1991. At present, some states are parties to the 1978 Act while some are parties to the 1991 Act. Non-member states which wish to join the UPOV regime at present must join under the 1991 Act but there is no obligation for existing member states to ratify the latest version of the convention if they do not wish to.

10 The International Union for the Protection of New Varieties of Plants (UPOV) is an intergovernmental organization with headquarters in Geneva (Switzerland).

11 Jayashree Watal, Intellectual Property Rights in the WTO and Developing Countries, Oxford University Press, p 129.

UPOV promotes the principle of transparency and ethical behaviour regarding the legality of access to genetic resources including proof of prior informed consent

which are new, distinct, uniform and stable.¹² It also recognises and ensures rights of breeders¹³ over new plant varieties.¹⁴ The companies or researcher who develops new genetically modified new plants can get protection under this agreement. So the researcher, who bred or discovered and developed new varieties, can get protection. It imposes obligations on member countries to grant and protect breeder's rights.¹⁵ The person who gets protection under this convention gets rights of production or reproduction, offering for sale, selling or marketing, importing, etc.¹⁶ With regard

to disclosure of origin, the convention encourages the provision of information on the origin of the genetic material used in creating it, but it does not consider that disclosure of origin should become an additional condition for protection. Further, UPOV promotes the principle of transparency and ethical behaviour regarding the legality of access to genetic resources including proof of prior informed consent.¹⁷ Consequently, access to genetic material must be carried out in accordance with legal framework for the country of origin.¹⁸

Convention on Biological Diversity (CBD) 1992

The landmark and comprehensive convention, at the international level, on the regulation and sustainable use of biological resources and biodiversity is the Convention on Biological Diversity (CBD). It was negotiated and signed by nations at the UNCED¹⁹ Earth Summit at Rio de Janeiro in Brazil in June 1992. The Convention came into force on 29th December, 1993. India became a Party to the Convention in 1994. At present, there

¹² Article 5 of the UPOV.

¹³ According to Article 1(IV) of the UPOV convention breeders means:
the person who bred, or discovered and developed, a variety;
the person who is the employer of the aforementioned person or who has commissioned the latter's work, where the laws of the relevant Contracting Party so provide, or
the successor in title of the first or second aforementioned person, as the case may be.

¹⁴ *Infra* Note 16, p. 485.

¹⁵ Article 2 of the Convention.

¹⁶ Dr. S.R Myneni, Intellectual Property, Asia Law House, Hyderabad, 5th Edition, 2009, p 488.

¹⁷ Dr Sreenivasulu N.S and Kariyanna K.S, Intellectual Property and Traditional Knowledge, Manupatra Intellectual Property Reports, Volume: I, Part: I, January, 2012

¹⁸ See the views of UPOV with respect to the work of the Working Group on Access and Benefit-sharing on an international regime on access and benefit-sharing, adopted by the Council of UPOV at its thirty seventh ordinary session on 23rd October, 2003, were provided to the Secretariat prior to the second meeting of the Working Group. These are available at http://www.upov.int/en/news/2003/intro_cbd.htm and also See: Draft report by Jorge Cabrera Medaglia, "Study on the relationship between the ABS International Regimen and other international instruments which govern the use of genetic resources: The World Trade Organization (WTO); the World Intellectual Property Rights Organization (WIPO); and the Union for the Protection of New Varieties of Plants (UPOV)" Source: <http://www.bio.org/sites/default/files/study-regime-04-en.pdf> last visited on 6th January, 2012.

¹⁹ The United Nations Conference on Environment and Development (UNCED), also known as the "Earth Summit," was held at Rio de Janeiro, Brazil, from 3rd-14th June, 1992.

are 193²⁰ parties to this Convention. The basic objectives of the Convention are as follows:

- Conservation of biological diversity
- Sustainable use of the components of biodiversity²¹
- Fair and equitable sharing of benefits arising out of the utilisation of genetic resources

This Convention is a landmark in the environment and development field, as it takes for the first time a comprehensive rather than a frontier approach to the conservation of earth's biodiversity and sustainable use of biological resources. Though the Convention on Biological Diversity is basically addressing the issue of biodiversity, number of CBD provisions, documents and decision taken by the Conference of the Parties has addressed substantive issues related to IPR over biodiversity.²² This convention indirectly, while promoting conservation of biodiversity, also promotes and regulate IPR in biological resources and biodiversity. It imposes obligation on the member countries to obtain prior informed consent²³ before obtaining IPR over the biological resources and biodiversity from where it originate. Further, it imposes duty upon the member countries to share the benefit arising out of the utilisation of biological resources. Transfer of the technology is one of the modes of sharing of benefits arising out of the utilisation of resources. Thus, technology transfer is highlighted as a method for achieving one of the convention's three objectives and IPR are identified as a significant aspect of technology transfer.²⁴ Apart from this,

following articles of CBD also regulate IPR in biodiversity and biological resources. Article 8(J) of the convention states; "subjects to its national legislation, respect, preserve and maintain knowledge, innovation and practice of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and promote their wider application with the approval and involvement of the holder of such knowledge, innovations and practices and encourage the equitable sharing of the benefits arising from the utilisation of such knowledge, innovation and practice."

Article 15(6) of the Convention states "each contracting party shall endeavor to develop and carry out scientific research, based on genetic resources provided by other contracting parties with the full participation of, and where possible in, such contracting parties." Further, Article 16(1) requires each party to provide or facilitate access and transfer to other parties of technologies, including biotechnology, which are the relevant for the sustainable use that make use of genetic resources and are not significantly threatening environment. Further, Clause (3) states that each contracting party shall take appropriate measure, with the aim that contracting parties, in particular those that are developing countries, which provide genetic resources are provided access to and transfer of technology which make use of those resources on mutually agreed term, including technology protected by patents and other IPR.²⁵ Similarly, Article 19(1) states each contracting party shall take legislative,

20 As on 14th September, 2011.

21 Sustainable use of biodiversity means use of natural resources at a rate that the earth can renew them. See Article 2 of the CBD for definition of the term sustainable use.

22 See: Article 1 of the CBD.

23 See *ibid*, Article 15.

24 www.unctad.org/trade_env/.../IPR%20and%20plant%20biodiversity.doc. Last visited on 24th August, 2011.

25 *Ibid*.

administrative or policy measures, as appropriate, to provide for the effective participation in biotechnological research activities by those contracting parties, especially developing countries, which provide the genetic resources²⁶ for such research, and where feasible in such contracting parties shall promote international technical and scientific cooperation in the field of conservation and sustainable use of biodiversity. In transfer of technology, it may include following class of technology.²⁷

- (1) Technology relevant to biodiversity conservation: this includes techniques for surveying ecosystems,²⁸ classifying organisms and monitoring changes in biodiversity forest replanting technique, etc.
- (2) Technology necessary to do genetic research generally; such as genetic engineering, laboratory techniques, screening tests, and laboratory equipment itself.
- (3) Technology that enables imitation of existing biotechnology invention which includes techniques, or drugs, or agricultural products²⁹.

Apart from the above provisions to a certain extent Conference of the Parties (COP)³⁰ to the CBD has been addressing IPRs issues. Since conference of the Parties No 2, in 1995, it has taken following decisions relating to IPR.

- (1) Decision II/12 of COP 2, III/17, IV/24 A, and VI 24 C,³¹ speaks about IPR and genetic resources and benefit sharing.
- (2) Decision V/16, V/5, VI/5 of Cop 4 speaks about IPR and traditional knowledge.
- (3) Decision III/17 of the COP 3 speaks about Intellectual Property and coordination with relevant organisation.

United Nations Convention on Law of the Sea (UNCLOS), 1994

The United Nations Convention on the Law of the Sea (UNCLOS) also called as the Law of the Sea Convention or the Law of the Sea Treaty is the international agreement that resulted from the third United Nations Conference on the Law of the Sea (UNCLOS III) which took place from 1973 through 1982. The UNCLOS replaces the older and weaker “freedom of the seas” concept, dating 17th century; where national rights were limited to a

26 According to Article 2 of the CBD genetic resources means genetic material of actual and potential value.

27 According to Article 2 of the Convention on Biological Diversity technology includes biotechnology.

28 The ecosystem is a core concept in Biology and Ecology, serving as the level of biological organization in which organisms interact simultaneously with each other and with their environment.

29 Shail Jain, and R.K Jain, Patents: Procedures and Practices, Universal Law Publishing co, New Delhi, 2011, p. 164.

30 The Conference of the Parties is the governing body of the Convention, and advances implementation of the Convention through the decisions it takes at its periodic meetings. To date the Conference of the Parties has held 10 ordinary meetings, and one extraordinary meeting. From 1994 to 1996, the Conference of the Parties held its ordinary meetings annually. Since then these meetings have been held somewhat less frequently and, following a change in the rules of procedure in 2000 will now be held every two years. To date the Conference of the Parties has taken a total of 299 procedural and substantive decisions. <http://www.cbd.int/cop/> visited on 16th September, 2011.

31 Bonn Guidelines on Access to Genetic Resources and Fair and Equitable Sharing of the Benefits Arising Out of the Utilization.

specified belt of water extending from a nation's coastlines, usually three nautical miles. Now it can be extended up to 200 nautical miles. The Law of the Sea Convention defines the rights and responsibilities of nations in their use of the world's oceans, establishing guidelines for businesses, the environment, and the management of marine natural resources. The Convention, concluded in 1982, replaced four treaties adopted in 1958. The UNCLOS convention came into force in 1994³². Presently, it has 161³³ states as well as, the European Community.³⁴ It gives sovereign rights³⁵ and imposes obligation on the coastal states on their territorial marine areas. The researcher must obtain prior informed consent from the coastal state before conducting research activity. The researcher must provide access to the data collected by them in respect of the research to the coastal state.³⁶ Further, Article 241 of the convention would seem expressly to preclude patenting the result of marine scientific research.³⁷

Trade-related Aspect of Intellectual Property Rights (TRIPS)

The World Trade Organization (WTO)³⁸ is the international organization dealing

The TRIPS Agreement introduced global minimum standards for protecting and enforcing nearly all forms of IPR

with the rules of trade between nations. In becoming Members of the WTO,³⁹ countries undertake to adhere to the 18 specific agreements⁴⁰ annexed to the Agreement establishing the WTO, among those agreements, Trade-related Aspects of Intellectual Property Rights (TRIPS) is also one Agreement, which has been in force since 1995 and is till date the most comprehensive multilateral agreement on intellectual property. The TRIPS Agreement introduced global minimum standards for protecting and enforcing nearly all forms of IPR. The TRIPS Agreement now requires all WTO members, with few exceptions, to adapt their laws to the minimum standards of IPR protection. This TRIPS Agreement introduced detailed obligations for the enforcement of IPR.⁴¹ Though the objective of the TRIPS Agreement is to recognise IPR over new invention, some provisions regulate IPR over biological resources and

32 <http://unlawoftheseatreaty.org/> last visited on 16th September, 2011.

33 As on 25th August, 2011.

34 <http://untreaty.un.org/cod/avl/ha/uncls.html> visited on 25th August, 2011.

35 See: Preamble of the Convention.

36 Tejaswini Apte, A Simple Guide to Intellectual Property and Biodiversity and Traditional Knowledge, Kalpavriksh Grain and IIED, Pune/Delhi.2006, p.97.

37 Peter Prows, Tough Love: The Dramatic Birth and Looming Demise of UNCLOS Property Law (and what is to be done about it), <http://www.tilj.org/journal/42/prows/Prows%2042%20Tex%20Intl%20LJ%20241.pdf> last visited on 6th January, 2012.

38 The World Trade Organization is an organization that intends to supervise and liberalize international trade. The organization officially commenced on January 1, 1995 under the Marrakech Agreement, replacing the General Agreement on Tariffs and Trade which commenced in 1948. The organization deals with regulation of trade between participating countries; it provides a framework for negotiating and formalizing trade agreements, and a dispute resolution process.

39 There are 153 member countries as on the 23rd July, 2008. See: http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm, last visited on 3rd January, 2011.

40 There are two types of agreements such as multilateral and plurilateral.

41 http://www.who.int/medicines/areas/policy/wto_trips/en/index.html visited on 14th September, 2011.

biodiversity by excluding some invention from the purview of the IPR.

Article 27(3)(b) stipulates that “member may exclude from patentability, plants and animals other than microorganisms,⁴² and essentially biological processes for the production of plants or animals other than non biological and microbiological process”. However, members shall provide for the protection of plant varieties either by patents or by an effective *sui-generis* system or by any combination thereof.” Though Article 27(3)(b) excludes patent protections to plant and animals and biological process, it allows protection microorganisms and microbiological or non biological process. Microorganisms include viruses, algae, bacteria, fungi and protozoa and genes, gene sequences.⁴³ IPR could be obtained over microorganism. As per the TRIPS agreement, though it is not compulsory to grant patents for plants, animals and biological process, members can choose either patent or enact their own *sui generis* system for protection of plant varieties. With regard to patents on genes extracted from the plants, animals, microorganisms the Agreement is silent. It is up to the member countries to decide whether to grant patent or exclude them from the patent monopoly. Further, Article 27(2) excludes certain inventions from patentability, to protect human, animal, or plant life or health or to avoid serious prejudice to the environment.⁴⁴ Further, it imposes obligation upon the

member countries to give geographical indication rights to the goods, including natural, agricultural and manufactured goods where a given quality, reputation or other characteristics of the goods is essentially attributable to its geographical origin.⁴⁵ Thus, this protection gives IPR over agricultural and natural products developed or produced with a particular or deferent quality attributable to its origin. The people who are producing or working on agricultural or natural products get monopoly control over such products developed in a particular region with a given quality.

International Treaty on Plant Genetic Resource (ITPGR) for Food and Agriculture (FAO), 2001

On 3rd November 2001, a conference of 120 government delegates concluded seven years of negotiations and adopted next of binding International Agreement on Plant Genetic Resources for Food and Agriculture.⁴⁶ Concerns led to the creation of this Agreement were:

Firstly, that plant genetic resources should be conserved,

Secondly, that the notions of farmers rights should be introduced into international law to balance out the increasing use of plant breeders right and

Thirdly, developed countries were abusing the free availability of crops from the developing world.

42 Microorganisms are very diverse compared to animal and plants, they possess both animal and plants characteristics. See Sreenivasulu N.S, Vishwanath B.S and Kariyanna K.S. Manupatra Intellectual Property Reports, Volume: I, Part: II, February, 2012.

43 Jayashree Watal, Intellectual Property Rights in the WTO and Developing Countries, Oxford University Press, p 129.

44 Dr. Sreenivasulu N. S. & Aranab Sengupta, Patenting Biological resources: Biodiversity and Intellectual Property Rights, Sources; <http://legaleserve.com/patenting-biological-resources-biodiversity-intellectual-property-rights/> visited on 8th August, 2011.

45 See: Article 22 of the TRIPS.

46 Laurence R Helfer, Intellectual Property in Plant Varieties: International Legal Regime and Policy Options for National Government, Food and Agriculture Organisation of the United Nation, Rome, 2001 (FAO Legislative Study) p 87.

47 Article 13 of the ITPGR.

The main objectives of the ITPGR are the conservation and sustainable use of plant genetic resources for food and agriculture and the equitable sharing of the benefits arising out of the utilisation. It insists for sharing the benefits through information-exchange, access to and the transfer of technology, and capacity-building.⁴⁷ It also foresees a funding strategy to mobilise funds for activities, plans and programmes the help, above all, small farmers in developing countries. This funding strategy also includes the share of the monetary benefits paid under the Multilateral System. It facilitates the exchange of seeds and other germ to be used for research, breeding and crop development.⁴⁸ This treaty promotes this exchange by establishing a multilateral system. The person who uses genetic resources must pay benefits to the fund administered by the treaty which will be used to promote sustainable use of plant genetic resources.⁴⁹ Breeders can assert IPR over new commercial products developed from this genetic material.

The famous TRIPS and CBD: Controversy

In the course of our discussion on biological resources, biodiversity and intellectual property protection would not be fruitful without discussing the controversy between the TRIPS agreement and the CBD. The controversy between TRIPS and CBD could be discussed as follows.

The Convention on Biological Diversity was adopted in 1992 with an aims for conservation and sustainable use of biodiversity. The Agreement on trade-

related aspects of intellectual property came into existence in 1995. It sets minimum standards for IPR in the member countries.⁵⁰ The relationship between the TRIPS and CBD is multifaceted and complex.⁵¹ However, there are four categories of views expressed by member states regarding this conflict:

- (1) There is no conflict and national government can implement the two in a mutually supportive way;
- (2) There is no conflict, yet further study regarding the patent system is required;
- (3) There is no inherent conflict; however, international intervention is needed in to ensure that the two agreement are mutually supportive;
- (4) There is inherent conflict, thus requiring an amendment to TRIPS to resolve the conflict.

The fourth view is the subject of the most intense international debate on the issue.⁵² The Convention on Biological Diversity and TRIPS have conflicting objectives. The CBD intends to conserve biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources. On the other hand, TRIPS is intended to provide private rights over products and process on innovations from all the fields of science and technology including the innovations resulted out of the utilisation of biological resources. It is felt that convention on Biological Diversity

48 Tejaswini Apte, A Simple Guide to Intellectual property and Biodiversity and Traditional Knowledge, Kalpavriksh Grain and IIED, Pune/Delhi.2006, p. 87.

49 Shail Jain, and R.K Jain, Patents: Procedures and Practices, Universal Law Publishing co, New Delhi, 2011, p. 87.

50 http://www.unctad.org/trade_env/docs/cbd-trip.pdf visited on 12th September, 2011.

51 Jonathan Carr, Agreement that Divide: *TRIPS versus CBD and Proposal for Mandatory Disclosure of Source and origin of Genetic Resources* in Patent Applications. Sources:http://www.law.fsu.edu/journals/transnational/vol18_1/carr.pdf.

52 *Ibid*

supports the view point and interest of developing countries. The TRIPS on the other hand respect the interest of the corporate sector, the most visible face of which is the life sciences industry.⁵³ The Convention on Biological Diversity gives sovereign rights to the member state over their biological resources. Wherein, state has the right to regulate access to biological resources and knowledge, and to determine access to biological resources and benefit sharing agreements. It means that the respective country has every right to decide whether or not to allow biological resources to be covered under patent law or not.^{54, 55} TRIPS overlooks this right by prescribing patent protection on microorganism, non-biological and microbiological process, as well as patent and sue generis protection on plant varieties.⁵⁶ The CBD gives recognition to the efforts made by the traditional communities in the conservation of biodiversity and insist for the protection of traditional knowledge relevant for the conservation of biodiversity. It states "subject to its national legislation, respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and promote their wider application with the approval and involvement of the holders of such knowledge, innovations and practices and encourage the equitable sharing of the benefits arising from the utilisation

of such knowledge, innovations and practices⁵⁷." On the other hand, TRIPS based on western style patents has no system for recognising or protecting biological resources.⁵⁸ The CBD requires that free prior informed consent be obtained from contracting parties providing access to genetic resources.⁵⁹ In this connection, the "Bonn Guidelines on Access to Genetic Resources and Fair and Equitable Sharing of the Benefits Arising Out of their Utilisation" are voluntary guidelines and were recently adopted by parties to elaborate on their obligations and rights with respect to genetic resources. The Bonn Guidelines encourage parties to ensure that free prior informed consent is obtained from communities for gaining access to genetic resources.⁶⁰ Further, it insists for the sharing of the benefits arising out of the utilisation of biological resources. But TRIPS prevents government's action for sharing of the benefits of the use of biodiversity and ensuring such utilisation in sustainable way while conserving biodiversity in an equitable manner since it obliges states to protect monopolies.⁶¹ Article 22(1) of the CBD provides that the conventions provisions shall not affect rights and obligation deriving from any existing international agreement, except where the exercise of those rights and obligations would cause a serious damage or threat to biological diversity. However, it is not clear how the said article would apply in the case of conflict with the TRIPS Agreement.

53 Suman Sahai, The relationship between TRIPS and CBD Sources; <http://www.genecampaign.org/Publication/Article/Biodiversity/Bio-RelBetweencbd-trips.pdf> visited on 12th September, 2011.

54 Tejaswini Apte, A Simple Guide to Intellectual property and Biodiversity and Traditional Knowledge, Kalpavriksh Grain and IIED, Pune/Delhi 2006, p.24

55 *Supra* note 43, p. 96.

56 <http://www.grain.org/article/entries/20-trips-versus-cbd> visited on 26th August, 2011.

57 See: Article 8(J) of CBD.

58 Dr. Vandan Shiva, Radha Holla Bhar, Asfar H. Jafri, Corporate Hijack of Biodiversity, Navadanya, New Delhi, First Edition, 2002, p. 30.

59 *Ibid*

60 Anne Perrault, Facilitating Prior Informed Consent in the Context of Genetic Resources and Traditional Knowledge, Sustainable Dev. L. & Pol'y 21, 2004.

The TRIPS Agreement itself contains no explicit reference to the CBD or any other environmental agreements. Convention on Biological Diversity states that developing countries supplying genetic material must be involved in biotechnological research. But in TRIPS no direct reference to the involvement of developing countries in biotechnological research activities has been made. Though there are above said conflicts between the CBD and TRIPs agreements some developed countries, including US,⁶² Japan and EU viewed that CBD and TRIPS do not conflict with each other and the two treaties can be implemented in a mutually supportive way. With regard to access biological resources, benefit sharing and prior informed consent, the TRIPS Agreement does not prevent the parties from adopting a sui generis regime or any system providing the sharing of the benefits. As far as CBD is concerned, the treaty does not prohibit patents on innovations using genetic material but recognise the rights over innovations incorporating genetic resources⁶³.

Conclusion

Having gone through key discussion on the international framework for regulation of intellectual property in biological resources and biodiversity, it is clear that international forums regulate the use of biological resources and biodiversity for IPR rather than

*The TRIPS agreement
provides for IPR over the
biological resources and
biodiversity*

prohibiting IPR over biological resources. It could be for the reason of fulfilling the needs of the increased population. The various conventions on IPR talk about protection of intellectual skill and labour in the utilisation of biological resources. The TRIPS agreement provides for IPR over the biological resources and biodiversity. The agreement intends to regulate use of biological resources by excluding certain inventions from patentability, to protect human, animal, or plant life, or health, or to avoid serious prejudice to the environment. On the other hand, biological resources related conventions and treaties also regulate the use of biological resources and biodiversity by stipulating for prior informed consent, fair and equitable sharing of benefits arising out of the utilisation of genetic resources for commercial exploitation. The issue now would be that of efficacy of the various international norms in the effective and optimal utilisation of biological resources for sustainable development while rewarding IPR.

61 Rama Sharma, Intellectual Property Laws, Wadwa and Company, Nagpura, Ist Edition, Volume 1, 2007, p. 39.

62 USA has not ratified the Convention on Biological Diversity. Because since it is developed country rich in technology rather than biological resources.

63 Panumas Kudngaongarm, Human Rights Standards for the Protection of Intellectual Property: Traditional Knowledge and Indigenous Resources, Thailand Law Journal 2009 Spring Issue 1 Volume 12, Source: <http://www.thailawforum.com/articles/Legal-Protection-Of-Traditional-Knowledge-3.html> visited on 26th August, 2011.

Composing the Right Tune for the Song of Justice

Smita Chandra*

The objective of writing this paper is to focus on the unjust and unfair situation in the Bollywood Industry under the shadow of a decision of the Hon'ble Apex Court which effectively has emasculated the rights of music composers and lyricists. The paper discuss in detail the Supreme Court decision of 1977 in IPRS v. EMPA and then goes on to discuss the recent decisions of the Bombay, Delhi and Calcutta High Courts. The recent judgments have upheld the rights of the music companies over sound recordings, to the exclusion of the lyricists and composers whose works were the underlying materials for the sound recording. Therefore, through this paper the author has tried to bring out the loopholes in the current copyright scenario because the question in front of us is whether the current position of law today is truly serving the ends of justice. The answer is in negative and the pending Copyright Amendment Bill, 2010 stands evidence to the existence of a substantial body of opinion to the same.

Introduction

An artistic, literary or musical work is the brainchild of the author, the fruit of his labour and so, considered to be his property. So highly is it prized by all civilised nations that it is thought worthy of protection by national laws and international conventions.¹

The copyright situation in India was always not very clear and according to the author, it is still not as simple as the taxation law in our country. The confusion with regard to the ownership rights till date exists and one of the reasons for which is the acute lack of knowledge and information amongst the user of Copyright material as well as the owners themselves.

The objective of the present paper is to focus on the rights of the music

composers, lyricists and scriptwriters whose works are incorporated into cinematograph films. The fact that the very creator gets a highly disproportionate return when compared with someone who merely packages, markets and commercialises is highly unjust and unfair to these people. "Inequity" is the one word to describe the present situation. Our country has seen the ill-fate of these creators despite their works have been minting large amount of money. The film producers get the entire copyrights signed from these artists for a meager lump-sum even though their works reap multiple times at the box office.

This paper emerged as a reaction to the failed attempts of the Indian Performing Right Society Limited (IPRS) to collect royalties on behalf of the music

* Student, 4th Year, Hidayatullah National Law University, Raipur

composers, lyrists of the works incorporated in the cinematographic films for the grant of licenses for performance in public of such works. The inclusion of works in a cinematographic film as well as in a sound recording has affected the rights of the creators of such works and as per the author, it has negatively affected their rights when analysed under the purview of the Copyright Act, 1957.

The first part deals with the various provisions of the Copyright Act, 1957 in respect of the rights of the creators of the underlying works in a cinematographic film. The provisions of the Copyright Act, 1957 in respect of a cinematograph film and sound recordings are not identical in view of the nature of the two works. However, what is important to note is the similar manner in which exclusivity of the rights are conferred by the Act to the producers who are the owners of the copyright in the underlying works in cinematograph films and sound recordings. The second parts deals in depth with the decision of the Hon'ble Supreme Court in 1977, *Indian Performing Right Society Ltd. v. Eastern Indian Motion Pictures Association and Ors.* (IPRS v. EIMPA) which has created confusion as to the interplay between creation and ownership of copyright in musical works and associated lyrics. The third part deals categorically with the recent decisions of the Kerala High Court, High Court of Delhi and High Court of judicature at Bombay in the matter of IPRS discussing the similar question of law as that discussed in the 1977 judgment. According to the author's view point even after three decades, our High Courts are blindly following the decision of the Apex Court holding it to be a good law. The paper thus aims to bring out the

loopholes in the decision of our judiciary and also suggest the need to overturn the decision in light of bringing fairness to these music composers and lyricists. The paper thus aims to bring out the loopholes in the decision of our judiciary and also suggest the need to overturn the decision in light of bringing fairness to these music composers and lyricists in part fifth.

Provisions Involved

The entire debate over the rights of music composers and lyricist with regard to the performing rights in their musical compositions and literary works created by them involve certain provisions of the Copyright Act, 1957 which needs to be discussed in order to understand the decisions of our judiciary.

Ownership

The most important question in front of us is as to who is the first owner of copyright in a musical work, etc. that underlie a cinematograph film? Let us look firstly at the interpretation clause of the act. According to Section 2(d) the Act² "author" in relation to musical work is the composer and in relation to a literary work it is the author of the work. Further, as per Section 2(ffa) of the Act³ a "composer" in relation to a musical work, means the *person who composes the music* regardless of whether he records it any form of graphical notation.

Section 17 of the Act; however, limits the ownership rights in certain cases. It can be concluded that in general circumstances it is the composer who is the first owner of copyright and this can only be limited under the two situations given in Section 17(b) and (c) of the Act. In the context of musical works, i.e. for the music composed for a cinematographic film there can be two situations:

1 Chinnappa Reddy, J., *Gramophone Co. v. Birender Bahadur Pandey*, MANU/SC/0187/1984: AIR 1984 SC 667 at p. 676.

2 The Copyright Act, 1957, No. 14 of 1957, section 2(d) [hereinafter The Act].

- (1) Music Composed for a Film (by the author in the course of employment under a contract of service) – The most essential element to bring a case under the purview of Section 17(c) is to establish the master – servant relationship between the employer and the composer of the music. The wordings of the section is very clear to the fact that unless there is any agreement to the contrary the employer, who may be the film producer, becomes the first owner of copyright in the musical work. Thus, the music composer loses all the rights which effectively vests in the employer. Consequently, all the rights in relation to the musical works including the right to perform or communicate to the public also now vests with the employer.

It is significant to note that Section 17(c) does not limit itself to certain kinds of work but includes all types of “works”.⁴

- (2) Music composed for a film (by the author for valuable consideration under a contract for services) – The music composers rarely work as salaried employees of the film producers under an employment contract. Generally, the music composers compose music at the instance of the producers or any other person for a cinematographic film. Thus, the concept of “contract for services” arises.

However, the question arises as to whether such works will be covered under Section 17 (b) of the Act? The wording of Section 17(b) has been clear

enough to limit its ambit to cover ownership of copyright in specific works only. It includes photographs, portraits, paintings or engravings and cinematograph films. The scope of Section 17(b) is very limited which can be clearly pointed out as it excludes sculptures even though it is a type of artistic work as defined under Section 2(c). Therefore, a musical work, which is treated as a separate work under the Copyright Act, does not fall within the ambit of Section 17(b) of the Act, read with Section 13(4).⁵

It is therefore, obvious that Section 17(b) cannot operate in a manner to make the composer lose copyright over his musical work to the commissioner, who may or may not be the film producer, and it is wrong to assume that ownership of copyright in a musical work vests automatically with the commissioner/ film producer just because it has been made under a “contract for services”.

To take an analogy, the film producer may commission a script (literary work) under a contract for services, as the underlying story of the film. Literary works, like musical works, do not fall within the ambit of Section 17(b). The script writer will continue to have, among various other rights, the right to translate the script and authorise the making of another cinematograph film in such translated language, unless he specifically assigns these rights away to the commissioner/ film producer.

That is not to say however, that there cannot be a contract to the contrary between the film producer and music composer to vest first ownership of copyright in the musical work in the film producer. So if one has to answer as to whether there is a difference between Sub-sections (b) and (c) of Section 17, it can be said without doubt that they are fundamentally different in their scope.

³ *Id.*, Section 2(ffa).

⁴ The Act, *supra* note 2, Section 2(y).

⁵ The Act, *supra* note 2, Section 13(4).

By virtue of Section 17(c) ownership automatically belong to the employer when created by the employee wherein as per Section 17(b) copyright in only certain specified works can automatically vest in the commissioner.

The defence of Section 52(1)(y)

One of the defences to copyright infringement under the Indian Copyright Act, 1957 is Section 52(1)(y).⁶ In this case, the exhibition of the cinematograph film after the term of its copyright is over is not an infringement of the copyright in the literary, dramatic or musical work in question.⁷ Therefore, what the above section essentially means is that, the right of “public performance” in musical works and any associated lyrics (literary works) as per Section 14(a)(iii) of the Act, will not be infringed even when the film is exhibited after the term of copyright in the film has expired.

The legislative intent behind the existence of such a defence under the Act is difficult to understand. The Act is not for the benefit of the film exhibitors but to balance the interest of the individual writer, composer or artist and the major industries which basically provide the investment required for the creation of such works.⁸

The operation of such a defence interferes with the normal exploitation of the work and unreasonably prejudices the copyright owner’s legitimate interests. In effect, the defence prevents him or his heirs from earning performing royalties even when films out of copyright, containing his musical works, are exhibited. This is a clear violation of Article 13 of the TRIPS Agreement⁹ which

reads “Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.”

Separate Copyrights

Section 13(4) of the Act¹⁰ additionally clarifies that “the copyright in a cinematograph film or a sound recording shall not affect the separate copyright in any work in respect of which the film ... or ... the sound recording is made”. Section 13(4) preserves the right of the lyricist or composer and therefore merely because a cinematograph film is taken and the owner becomes the author it does not take away the right of the lyricists and composers in their works.

For instance, if a script writer has permitted the making of an English movie based on his work will he lose all his rights to the producer of the English movie? According to the interpretation of the above provision he would still, unless specifically assigned, retain the right to, for example, authorise the making of another film based on his book, in a different language. The underlying work never dies or merges with the rights in the film, and the two continue to exist as separate works, each having their own specific rights and term of protection. Also, under Section 14(a), the owner of copyright in musical works has the right to reproduce it in any form (the mechanical right), to perform it in public, and to make any cinematograph film or sound recording in respect of the work.¹¹

⁶ The Act, *supra* note 2, Section 52(1)(y).

⁷ P. Narayana, *Law Of Copyright And Industrial Designs* 205 (3rd ed. 2002).

⁸ Copinger & Skone James, *Copyright*, ¶ 1.02 (14th ed. 1999)

⁹ Agreement On Trade-Related Aspects Of Intellectual Property Rights, Article 13, 15th April, 1994, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter, TRIPS Agreement].

¹⁰ The Act, *supra* note 2, Section 13(4).

¹¹ Nikhil Krishnamurthy, *The Statutory Mechanical License in India - Whose Version [of the Law] is Correct*, MIPR 2007 (1) A-115

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Performing Right

The right of public performance in a musical/literary work is to be found in Article 11 of the Berne Convention.¹² Similarly, under the Copyright Act, 1957 the owner of copyright in a musical work has, *inter alia*, the exclusive rights to reproduce it in any material form, including storing it in any medium by electronic means and to perform the work in public, or communicate it to the public among other rights conferred on him by virtue of Section 14(a).

Under the provisions of the UK Copyright Act, 1911, which were made applicable to India in 1914,¹³ copyright meant, *inter alia*, the right to perform the work in public and additionally, in the case of musical and literary works, to make any record, perforated roll, cinematograph film or other contrivance by means of which the work may be mechanically performed. It is therefore clear that when a record or film is played, the musical work recorded therein is “performed” and affects the exclusive

right of public performance of the composer, or owner of copyright, in such musical work.¹⁴

The word “performance” was defined under that Act¹⁵ to mean any acoustic representation of a work, including a representation made by means of any mechanical instrument. A “plate” was defined to include any appliance by which records, perforated rolls or other contrivances for the acoustic representation of the work, are made.¹⁶

Therefore, a musical work may be performed live in public through a live performance or the medium of a cinematograph film. It is in the economic interest of the authors of original works for their works to be performed in public, whether through live or recorded means, on account of the royalties earned from such public performances. It is a well-appreciated fact that through time immemorial artists have been performing their musical works and also that it helps to increase their sale of music through airing it over radio or by public performance.

While there is no clear definition of what amounts to a public performance, there is a body of case law which distinguishes a public performance from those of domestic nature. Common examples where musical works are “publicly” performed would include radio and TV broadcasts, theatrical exhibition of films

12 Berne Convention For The Protection Of Literary And Artistic Works, art. 11 (Paris Text 1971).

- (1) Authors of dramatic, dramatico-musical and musical works shall enjoy the exclusive right of authorising:
 - (i) the public performance of their works, including such public performance by any means or process;
 - (ii) any communication to the public of the performance of their works.
- (2) Authors of dramatic or dramatico-musical works shall enjoy, during the full term of their rights in the original works, the same rights with respect to translations thereof.

13 P. Narayana, *supra* note 7 at 7.

14 Nikhil Krishnamurthy, *IPRS v. EIMPA Performing Right or Wrong?* MIPR 2007 (1) A-169.

15 The Copyright Act, 1911, 1 & 2 Geo. 5 c.46, Section 35 (1).

16 *Id.*

into which musical works have been incorporated, playing of music in nightclubs, aircraft, and so on.¹⁷

The 1977 Decision

The Hon'ble Supreme Court of India had the occasion to determine the ownership over music which is composed for cinematograph film in the matter of *Indian Performing Right Society Ltd. v. Eastern Indian Motion Pictures Association and Ors.*¹⁸

The dispute had been first discussed in the Copyright Board and aggrieved by its judgment the EIMPA had appealed to the High Court of judicature at Calcutta. Further, dissatisfied with the decision of the High Court the IPRS had thus appealed to the Supreme Court. The present case discussed one of the most debatable issues in the Copyright scenario and addressed the following substantial question of law of general importance:

- Whether in view of the provisions of the Copyright Act, 1957, an existing and future right of music...composer, lyricist is capable of assignment.
- Whether the producer of a cinematograph film can defeat the same by engaging the same person.

Facts of the Case

The IPRS had published a tariff laying down the fees, charges and royalties that it proposed to collect for the grant of licences for performance in public of works in respect of which it claimed to be an assignee of copyrights and to have authority to grant the aforesaid licences. A number of persons including various associations of producers of cinematograph films who claimed to be

the owners of such films including the sound track thereof and the Cinematograph Exhibitors Association of India filed objections in respect of the aforesaid tariff repudiating the claim of the IPRS that it had on behalf of its members authority to grant licences for performance in public of all existing and future musical works which are incorporated in the sound track of cinematograph films in which copyright may subsist in India or the right to collect in relation thereto any fees, charges or royalties.

Contention of IPRS

The IPRS contended that the author (composer) of a literary or musical work has copyright which includes *inter alia* the exclusive right - (a) to perform the work in public and (b) to make any cinematograph film or a record in respect of the work. Therefore, the copyright in such work is infringed by any person if without a licence granted to him by the owner of the copyright, he makes a cinematograph film in respect of the work or performs the work in public by exhibiting the cinematograph film. If a person desires to exhibit in public a cinematograph film containing a musical work, he has to take the permission not only of the owner of the copyright in the cinematograph film but also the permission of the owner of the copyright in the literary or musical work which is incorporated in the cinematograph film as according to Section 13(4) of the Act. The copyright in a cinematograph film or a record does not affect the separate copyright in any work in respect of which or a substantial part of which, the film, or as the case may be the record is made.

17 *Garware Plastics v. Telelink*, MANU/MH/0274/1989: AIR 1989 Bom.331

It was held that showing a video film over cable TV Network to various subscribers amounts to broadcasting video films to the public. Therefore, the test to determine is to see whether permitting such performance would in any way whittle down the protection given to the author of a copyright work under the Copyright Act resulting in the owner being deprived of monetary gains out of intellectual property.

18 *IPRS v. EIMPA* MANU/SC/0220/1977: (1977) 2 SCC 820

They also emphasised that the provision of Section 17(b) of the Act has no application to a literary or musical work or the separate copyright therein and do not take away the copyright in a literary or musical work embodied in a cinematograph film. The author of a literary or musical work can cease to be its owner either by assignment or by relinquishment or if the composer composes the work in the course of his employment under a contract of service with an employer in which case, the employer becomes the owner of the copyright in the musical work.

Contention of the EIPMA and Others

The EIPMA relied on the definition of "cinematograph film" as under Section 2(f) of the Act which includes the sound track and contended that "cinematograph" is required to be construed to include any work produced by any process analogous to cinematography, the owner of the cinematograph film is the first owner of the copyright therein, including the right of the composer of the literary or musical work incorporated in the sound track of the film. Section 13(1)(b) confers copyright on a cinematograph film and Section 14(1)(c)(ii) confers on the owner of copyright the right to cause the film in so far as it consists of visual images to be seen in public and in so far as it consists of songs to be heard in public and since under Section 2(f) of the Act, cinematograph film includes its sound track, it is not necessary for the owner of the cinematograph film to secure the permission of the composer of the lyric or of the music incorporated in the sound track of a cinematograph film for exhibiting or causing the exhibition of the sound portion of the film in public or for causing the records of the sound track of the film to be heard in public.

The Act confers a separate copyright on a cinematograph film as a film so the producer can exercise both the rights conferred on him under Section 14(1)(c)(ii) of the Act and all that Section 13(4) of the Act (when applicable) provides and therefore the rights created by Section 14(1)(a) and (b) shall co-exist with those created by Section 14(1)(c) and (d) of the Act. Also Section 17(b) will be applicable if someone is commissioned to make any component part of a cinematograph film such as a lyric or musical work i.e. when such component of the film is made at the instance of a film producer for valuable consideration, the copyright for such component shall as well vest in the producer.

Matter in the Copyright Board

The Copyright Board expressed the view that in the absence of proof to the contrary, the composers of lyrics, and music retained the copyright in their musical, works incorporated in the sound track of cinematograph films provided such lyrical and musical works were printed or written and that they could assign the performing right in public to the IPRS. The Copyright Board further held that the tariff as published by the IPRS was reasonable and the IPRS had the right to grant licences for the public performance of music in the sound track of copyrighted Indian cinematograph films and it could collect fees, royalties and charges in respect of those films with effect from the date on which the tariff was published in the Gazette of India.¹⁹

Matter in the High Court of Judicature at Calcutta

The High Court held²⁰ that unless there is a contract to the contrary, a composer who composes a lyric or music for the first time for valuable consideration for a

¹⁹ 1977 Decision, *supra* note 18, at ¶ 4.

²⁰ *Eastern Indian Motion Pictures Association and Ors v. Indian Performing Right Society Ltd.*, AIR 1974 Cal 257.

cinematograph film does not acquire any copyright either in respect of film or its sound track which he is capable of assigning and that under Proviso (b) to Section 17 of the Act, the owner of the film at whose instance, the composition is made, becomes the first owner of the copyright in the composition. It further held that the composer can claim a copyright in his work only if there is an express agreement between him and the owner of the cinematograph film reserving his copyright.

It also held that though Section 18 of the Act confers power to make a contract of assignment, the power can be exercised only when there is an existing or future right to be assigned and that in the circumstances of the present case, assignment, if any, of the copyright in any future work is of no effect.

Matter in the Hon'ble Supreme Court

According to the Hon'ble Apex Court, the solution to the second question was given in Proviso (b) and (c) to Section 17 of the Act.²¹ The Bench answered the second question on the assumption that the musical compositions were commissioned works under Section 17(b).

Hon'ble Mr. Justice Jaswant Singh, in his judgment, held:

- (i) that the composer retains the right of performing the compositions in public otherwise than as part of the cinematograph film, and he cannot be restrained from doing so
- (ii) that the film producer who engages a composer for valuable consideration under Section 17(b), for creating a composition to incorporate in a film, becomes the first owner of copyright in the composition and no copyright subsists in the composer, unless there is a

contract to the contrary.

- (iii) the above result would also follow even if Proviso (c) to Section 17 is applied, i.e. if the composer of music or lyric is employed under a contract of service or apprenticeship to compose the work.

The Hon'ble Supreme Court held that though a conflict may at first sight seem to exist between Sections 13(4) and 14(1)(a)(iii) on the one hand and Section 14(1)(c)(ii) on the other, a close scrutiny and a harmonious and rational instead of a mechanical construction of the said provisions cannot but lead to the irresistible conclusion that once the author of a lyric or a musical work parts with a portion of his copyright by authorising a film producer to make a cinematograph film in respect of his work and thereby to have his work incorporated or recorded on the sound track of a cinematograph film, the latter acquires by virtue of Section 14(1)(c) of the Act on completion of the cinematograph film, a copyright which gives him the exclusive right *inter alia* of performing the work in public.

A crystal clear conclusion was drawn by the Court that the rights of a music composer or lyricist can be defeated by the producer of a cinematograph film in the manner laid down in Provisos (b) and (c) of Section 17 of the Act.

Further, Hon'ble Mr. Justice Krishna Iyer in his footnote to the judgment of Hon'ble Mr. Justice Jaswant Singh observed that beyond exhibiting the film, if the producer plays the songs separately, he infringes the composer's copyright:

Anywhere, in a restaurant or aeroplane or radio station or cinema theatre, if a music is played, there comes into play the copyright of the composer or the Performing Arts Society.²²

²¹ 1977 Decision, *Infra* note 24, at ¶ 18.

²² 1977 Decision, *supra* note 18, at ¶ 21.

The learned Judge did indeed think about the injustice that is being carried to the persons including musicians but held that it is for the parliament to enact on that point.

Observation from the 1977 Ruling

According to the author, the 1977 ruling given by the Supreme Court is an evident example of a bad interpretation of law by our judiciary. If one reads the entire judgment a few errors becomes immediately apparent:

Firstly, Both the Hon'ble Calcutta High Court and the Hon'ble Apex Court in the instant case proceeded to give their respective verdict on the assumption that the composers were engaged under contract for services however, according to the facts of the case it was stated by the producers that the composers were employed under contract of service. So if the relationship that existed between the producers and the composers were different then the judgment is *prima facie* wrong.

Secondly, the Courts interpreted the scope of works covered under Section 17(b) and Section 17(c) of the Act in a similar fashion but it did not take into account that their scope is fundamentally different. Section 17(b) is limited in scope and covers only certain works whereas, under Section 17(c) all types of works are covered.

Thirdly, the question arises as to the extension of the scope of Section 17(b) to the underlying musical works in a cinematographic film. The provision only reads "cinematograph films" and according to the author, it does not

include the underlying works. So, the decision of the Apex Court again seems fallible here and to add the cherry on top the Apex Court first drew a factual matrix pointing to the application of Section 17(c), i.e. that the composers were effectively an employee under a contract of service but then proceeded to decide under Section 17(b).

Fourthly, The Courts concluded that the film producers became the first owner of copyright in the musical works. So it means that the composers have zero rights in their composition even when the musical works were used outside the film. The film producer being the first owner automatically gets all the music publishing rights in the composition including the right to air such work over radio, the mechanical rights over the composition as well the synchronisation rights,²³ etc.

Recent Judicial Pronouncement

It's a huge surprise to the author that despite the efflux of more than three decades and a great deal of change in the copyright scenario as well as the technological advancement the 1977 decision given by the Hon'ble Supreme Court still is held to be a good law. This year saw three most surprising judicial pronouncements given by the High Courts of Kerala, Delhi and Bombay which answered the same question of law as discussed 34 years ago answering it in similar lines.

*Mathrubhumi Printing And Publishing v. The Indian Performing Rights Society*²⁴

The substantial question of law before the Court was:

²³ P Narayana, *supra* note 7 at 99.

The right to record the music as part of the sound track in a film is known as 'the synchronisation right', because it is performed in synchronisation with the film. This right is included in the right to reproduce the work in any material form.

²⁴ Pronounced on 8th February, 2011, FAO No. 82 of 2009, In the High Court Of Kerala at Ernakulam. (For the sake of brevity will be used as "Kerala High Court decision")

Whether a cinematograph film from which a sound recording is taken out and broadcasted in FM Radio amounts to any breach of copyright of the composer, lyricists, etc.

The FM broadcasting company contended that by virtue of being a licensed broadcaster it communicates 'sound recordings' to the public by means of FM stations which is no longer a musical work. Therefore, once the owner of the sound recording permits the Plaintiff to broadcast the sound recording, the Defendant cannot complain that their copyright over musical work has been violated. They based their argument on the basis that the definition of cinematograph film under the Copyright Act takes in the sound recording also and when a cinematograph film is made after the right of lyricist or composer is purchased the producer of the cinematograph film, who is the author becomes the absolute owner of the entire work contained in the film.

IPRS on the other hand contended that by virtue of the provisions of the Copyright Act the right of the composer or the lyricist does not end and the owner of the movie does not become the copyright holder with respect to the extractions from the sound recording and broadcasting through FM Stations.

The Kerala High Court held that the law on the present matter is the authoritative pronouncement of the Supreme Court in the 1977 judgment and so concluded that in a cinematograph film which takes in sound recording as well, the owner or the producer of the film becomes the absolute owner unless there is a contract to the contrary with a composer or lyricist and there remains no right with the composer or lyricist for assignment and therefore even if an assignment is taken, it will not confer a right on IPRS.

*Music Broadcast Private Limited v. Indian Performing Right Society Limited*²⁵

The substantial question of law before the Court was:

Whether IPRS is entitled to claim and/or demand royalty fees and/or license fees from the Plaintiff in respect of the sound recording comprising of musical and/or literary work broadcast by them at their Radio station.

The Plaintiff contended that once the lyrics and music are incorporated in the sound recordings, a new copyrightable work comes into existence viz. the sound recordings and therefore the producer or sound recorder is the author and owner of the entire copyright in the sound recording with an exclusive right under Section 14(1)(e) of the Act, *inter alia*, to communicate the sound recording to the public. The Defendant on the other hand contended that the Plaintiff is not entitled to broadcast the said sound recordings without obtaining a licence from the owners of the underlying musical and literary works therein, which are owned by its members. They based their argument on the existence of separate copyright expressly mentioned in Section 13(4). Upon the making of a sound recording there emerge and exist two sets of copyright – one in the sound recording itself and the other in the underlying musical or literary work so recorded. The communication of a sound recording of a literary or musical work involves therefore the communication not only of the sound recording but of the underlying work too.

The Court held that once the musical and literary works are subsumed in a cinematograph film or a sound recording, qua that cinematograph film or sound recording and as embodied in such recording, they do not have a separate existence. However, in all other respects,

25 Pronounced on 25th July, 2011, Suit No. 2401 of 2006, In the High Court of judicature at Bombay. (For the sake of brevity will be used as "Bombay High Court decision")

the separate existence even of the underlying works continues to subsist and can be exercised by the owners thereof. The Court also drew a corollary to the 1977 decision and held that although it was in respect of a cinematograph film but will be equally applicable in the case of a sound recording.

*The Indian Performing Right Society Ltd. v. Mr. Aditya Pandey And Anr.*²⁶

The substantial question of law before the Court was:

The determination of the extent of the song writer's copyright, and whether it extends to excluding the communication to the public without authorisation, of the musical work embodied in it.

The Appellants contended that Section 13(1) stipulates that copyright subsists in *inter alia* original musical and artistic works and also in sound recordings which is clear on a joint reading of Section 13(4) and Section 14(a)(iii). Therefore, if a song writer allows his work to be embodied in a sound recording, secondary copyright forming the sound recording no doubt encompasses the copyright owner's to communicate the sound recording to the public by virtue of Section 14(e). However, this does not detract from the separate and independent right of the song writer whose copyright in the work and the concomitant right to authorise its communication to the public subsists, unless it is proved that such right has also been parted to the owner of the sound recording. The Defendants contended that once the song writer or creator of a musical work parts with his copyrights in the making of a film or a sound recording, that copyright is subsumed with the right directly flowing from Section 14(d) and (e), which entitle the copyright owner of the film or the copyright owner of the sound recording

to communicate the entire film or the entire sound recording, which includes either the entire song so recorded or a part thereof to the public.

The Court held that an interpretation consistent with the one indicated in the EIMPA judgment of 1977 is appropriate to adopt. The Court held that it cannot rely on the Plaintiff's argument stressing on the interpretation of Section 13(4). The musical or literary work, per se which is the subject matter of the copyright under Section 14(a) is not communicated or broadcast; nor is there a method of separating that element, while communicating the entire work, i.e. the sound recording, to the public. Therefore, it would be unjustified to say that when a sound recording is communicated to the public, or played, in the public, or broadcast, the musical and literary work is also communicated to the public, through the sound recording.

Observations

In the light of the judgments of the Bombay High Court in *Music Broadcast Pvt. Ltd. v. Indian Performing Right Society*, Delhi High Court in *Indian Performing Right Society v. Aditya Pandey* and Kerala High Court in *Mathrubhumi Printing and Publishing v. The Indian Performing Rights Society* it has become necessary to point out some important provisions of the Copyright Act 1957 which appear to have been missed completely from the analysis.

These judgments effectively say that IPRS does not have any right to collect royalty when recorded music is played in public or broadcasted on behalf of the music composers and lyricists. One of the questions framed for consideration was whether a song-writer's copyright extends to excluding the communication to the public without authorisation, of the musical work embodied in a sound recording.

²⁶ Pronounced on 28th July, 2011, CS(OS) 1185/2006 & I.A. Nos. 6486/2006, 6487/2006, 7027/2006, In the High Court of Delhi at New Delhi. (For the sake of brevity will be used as "Delhi High Court decision")

The Courts held that once a licence is obtained in respect of the sound recording for communicating the same to the public, a separate authorisation or license is not necessary from the owner of copyright in the musical/literary work. In reaching this conclusion, the High Court's rested its decisions on mainly three factors outlined below:

- Copyright in sound recordings was recognised under Indian Copyright Law post the 1994 amendments.
- The 1977 decision of the Supreme Court in *IPRS v. EIMPA*.
- When a sound recording is communicated to the public, the underlying musical or literary work is not communicated.

However, at this juncture the author would like to point out that the factors on which the Courts based their judgment is *per se* not correct and hence, the analysis of these factors become necessary. Therefore, it can be rightly said that the above judgments no doubt demonstrate a poor grasp of copyright law in our country as compared to the other developed copyright jurisdictions.

Sound Recordings was Recognised under Indian Copyright Law, Post-1994 Amendments

It is incredible that while the sound recording has been protected by copyright under Indian law, since the 1911 UK Act was extended in its application to India²⁷ and later called "record" under the 1957 Act,²⁸ the judgments finds without hesitation that sound recordings were accorded copyright protection only after the 1994 Amendments to the Copyright Act. This finding, if nothing else, causes the judgment to suffer from an incurable

defect and cannot be relied on as binding precedent.

Even the Supreme Court has recognised copyright in records in 1984.²⁹ The case concerned infringing copies of recordings in which the Gramophone Co. owned copyright which were being illegally imported. For a Court to come to the conclusion today that India only started recognising copyright in sound recordings post the 1994 Amendments is simply too shocking, let alone the rewriting of copyright law that has been done when it comes to the rights of owners of copyright in music and lyrics.

The Ruling of the Supreme Court in *IPRS v. EIMPA* in 1977

The author has in detail discussed the shortcomings of the Supreme Court's decision in its 1977 judgment. The relevant fact noticed by the Supreme Court was that authors and composers were under "contracts of service" with film producers. According to the author the Supreme Court while delivering the judgment could not interpret the concepts of "contract of service" and "contract for service" and thus, lead to a gross error in its judgment. Also, the Copyright Board as per the author came up with the accurate finding that in the absence of any contrary proof that any contract of service existed it is the composer who retained the rights.

It seems highly unlikely that music composers and lyric writers would have an employer-employee relationship with any one producer as they would be writing music for various films produced by various banners. If some of them did however, and there was no contract to the contrary, then the producer would own the underlying rights.

27 Act, 1911, *supra* note 20, section 19. Provision as to mechanical instruments. (1) Copyright shall subsist in records, perforated rolls, and other contrivances by means of which sounds may be mechanically reproduced, in like manner as if such contrivances were musical works.....

28 Act, *supra* note 4, section 2 (w), omitted by Act 38 of 1994, Section 2 (w.e.f. 10th May, 1995)

29 *Gramophone Co. v. Birendra Bahadur Pandey*, MANU/SC/0187/1984: AIR 1984 SC 667

The Supreme Court for some baffling reason however proceeded to analyse the matter under Section 17(b) of the Act which deals with commissioned work. This is very significant because Section 17(b) only deals with certain kinds of artistic works and cinematograph films generally, whereas Section 17(c) (concerned with the employer-employee relationships) covers all works protected under copyright, including musical and literary works.

While analysing the recent judgments, it can be clearly pointed out that the judges have heavily relied on the 1977 decision holding it to be a good law. But what exactly is the criterion of deciding which is a good law. Is it merely that it has to be Supreme Court decision and just because a decision of the Hon'ble Supreme Court exists on a certain question of law our judiciary will be blinded by it.

When a Sound Recording is Communicated to the Public, the Underlying Musical or Literary Work is not Communicated.

The fact that author-composers always enjoyed a performing right and were entitled to receive royalty no matter how such music is communicated (whether live or recorded) is practically a cornerstone of music copyright law.³⁰

According to the Courts emphasising on the judgment of the Delhi High Court, it was held that the copyright proprietor of a film, who happens to own the sound recording, can authorise the broadcast or communication to the public of the film including the sound recording part (as a composite work) without license from the author of the lyrics or the composer. The Act also unambiguously points to the film copyright content including the authorisation to communicate the work to the public which, according to the 1977 judgment, extends to permitting such

communication of the sound recording parts alongwith the cinematograph film, without separate license from the author of the musical work. It also unambiguously points to an identical right to the copyright owner of a sound recording to authorise the communication of the work to the public (i.e. of the sound recording).

So what the judgment basically means is that if the underlying right vests with some other person other than the author-composer, say the film producer or music label, this would simply mean that such producer or label is entitled to receive royalty when the underlying words and music are communicated either through exhibition/broadcast of films or recordings but not the author-composer?

The Way Ahead – Unanswered Questions and Suggestions

The objective of writing this paper was to focus on the unjust and unfair situation in the Bollywood Industry under the shadow of a decision of the Hon'ble Apex Court which effectively has emasculated the rights of music composers and lyricists.

Looking at the Statements and Object of Reasons of the Copyright Bill, 1955³¹ which, at Clause 2(4) stated that:

A cinematograph film will have a separate copyright apart from its various components, namely story, music, etc. it can pointed out that it was never the intention of the framers of this Act to create unjust situation to these authors.

Also, if we place reliance on the notes on clauses appended to the 1955 Bill stated in explanation to Clause 13, which read as follows:

Clause 13 - This clause roughly corresponds to Section 1(1) of the UK Act and describes the works in which

30 ALCS Ltd., Independent Review of Intellectual Property (March, 2011), <http://www.ipo.gov.uk/ipreview-c4e-sub-alcs.pdf>

31 19th August, 1955

Copyright shall subsist. It provides that a separate copyright shall subsist in a Cinematograph film as distinct from its various component parts. Sub-clause 2(i) gives effect to the recommendation made in Article 2 of the Universal Copyright Convention, 1952 which provides that the works of nationals and residents of a Convention country wherever published should have protection of copyright. Sub-clause (4) makes it clear that the copyright in a cinematograph film shall not affect the separate copyright in each of its various component parts. It again becomes clear that cinematograph films have separate rights than the artistic, literary or dramatic works and hence even if these works are incorporated into a cinematograph film or a sound recording will not lead to the death of the rights of the author/composer of such works.

Copyright law provides to an owner a "bundle of property rights", which may be bundled together. These rights can co-exist being owned by many owners or by one owner as the case may be, subject to operation of law or contract between the parties involved.³² In that light, it is submitted that by Section 13(1) of the Indian Copyright Act, 1957 copyright subsists in certain "works" namely—original literary, dramatic, musical and artistic works; (b) cinematograph films; and (c) sound recordings. Further, Section 14 of the Act mandates certain exclusive rights in respect of the said works. Then why we need to exclude certain rights for the other rights to exist and why cannot these rights co-exist together.

A lot of unanswered question arise from such decision of our judiciary. The objective of Indian Performing Rights Society is to the administer the

performing rights as well as the mechanical rights of its members which are³³:

- the right to perform the work in public;
- the right to communicate the work by broadcast;
- the right to communicate the broadcast of the work to the public by a loud speaker;
- the right to communicate the broadcast of the work to the public by any instrument;
- the right to make any record in respect of the work.

It protects the rights of the foreign copyright owners as well. So, if IPRS cannot collect royalties on behalf of foreign right owners, which has been decided by our judiciary the users of such work can be sued by these foreign copyright owners. Also, the question arises as to whether we have been successful in upholding the International obligation in such regard. According to the author there is a clear non-fulfillment of TRIPS agreement as well as the BERNE convention.

In the author's opinion the Copyright Board had held correctly that in the absence of proof to the contrary (as to the existence of a contract of service), the composers retained copyright.³⁴ However, if we are following the Court's judgment then if the creators want to retain their right in their works then they will have to work for "no valuable consideration". Copyright is generated by creation and not by ideas then how can ownership of a work be attributed to the one who has the idea and not its creator? It's a shame that we do not give back to the makers of such works the amount which they deserve. Firstly, as already discussed in the introductory part of the paper the plight of these artists

³² Copinger & Skone, *supra* note 12 at 13

³³ The Indian Performing Rights Society Ltd., <http://www.iprs.org/FAQs.asp>

³⁴ 1977 Decision, *supra* note 24.

and secondly, we see exploitation of their rights.

Also, at this juncture I would like to point out the intention of the legislature while drafting the Copyright Act, 1957. Section 52(1)(y) of the Act states that a cinematograph film if exhibited after the expiry of its copyright will not infringe the underlying literary, dramatic or musical work recorded therein. Therefore, if the Act expressly mentions when the right of the Copyright holder will not be infringed it implies that it will be infringed in all other cases.

Since the past year, we have seen lyricist and composers fighting actively for their rights and raising voices against the social injustice towards them, prominent names among them are Mr. Javed Akhtar and Mr. A.R. Rahman.³⁵ The Copyright Amendment Bill, 2010 has inserted a new provision under Section 19(9) which reads "No assignment of the copyright in any work to make a cinematograph film or sound recording shall affect the right of the author of the work to claim royalties or any other consideration payable in case of utilisation of the work in any form other than as part of the cinematograph film or sound recording".³⁶ The present amendment introduces a laudable, revolutionary provision in favour of music composers and lyricists whose works are incorporated into cinematographic films. It states that notwithstanding any assignment of copyrights in works such

as music compositions and lyrics that have been incorporated into a film or sound recording, the authors of such underlying works shall continue to have a right to remuneration from any exploitation of the underlying works. However, there is a need to strengthen the proposed amendment such that most advantageous protection can be awarded to authors and composers.

It is rightly said that Copyright is about creativity. It is not to cater to the pockets of the funder of a work than the creator of such work. Therefore as per the author it is one of the wisest recommendations of the standing committee to make the film producers split the revenue in case of the work being exploited other than as part of the cinematograph film. However, this recommendation did indeed receive a strong reaction from the film producers. The Bollywood producers are now threatening to strike against this provision in the apprehension that that if this provision converts to law, they will be forced to shut down.³⁷

When considering as to who to blame for such a situation – the Copyright Act, 1957 for an imbalanced approach or our judiciary for a gross interpretation of the Act. According to the author our judiciary wins hands down. At last it can be concluded that now the time has come when either the IPRS or the artists should refer the matter to a larger bench to overrule the obvious wrong decision of the Supreme Court of 1977.

35 Vickey Lalwani, *Rahman and Akhtar's Musical Mission*, Mumbai Mirror, 23rd February, 2010

36 Copyright Amendment Bill, 2010, <http://copyright.gov.in/Documents/CopyrightAmendmentBill2010.pdf>

37 Shamnad Basheer, Copyrighting a Wrong and Injecting Fairness into Bollywood, (27th December, 2010), <http://spicyipindia.blogspot.com/2010/12/copyrighting-wrong-and-infusing.html>