5. AI–Copyright Overhaul with ‘One Nation, One Licence, One Payment’ Model- Economy

The DPIIT-led committee has released a working paper titled ‘One Nation, One License, One Payment- Balancing AI Innovation and Copyright’

Background and Context

Rapid advancement of Generative AI and foundational models has led to large-scale ingestion of text, images, audio, and video data. A significant portion of such data is copyright-protected, including

1. News articles
2. Books and journals
3. Music and audiovisual content
4. Digital archives Existing copyright frameworks were designed for human reproduction, not machine learning at scale, creating legal ambiguity. Globally, countries are struggling to balance Innovation in AI, and Protection of intellectual property (IP) rights.

Committee Recommendation- Hybrid Compensation Model

A committee led by the Department for Promotion of Industry and Internal Trade has recommended a statutory hybrid licensing model. The model combines Mandatory licensed access for AI developers, and Statutory compensation for creators and copyright holders. If implemented, India would become the first country to prescribe a statutory licensing regime specifically for AI training.

Core Objectives of the Proposed Model

Protection of Intellectual Property Rights- Ensure creators are fairly compensated for the use of their works.

Certainty for AI Developers- Provide legal clarity and predictable access to training data.

Avoidance of Market Failures- Address power asymmetry between Big Tech and individual creators.

Support to Domestic AI Ecosystem- Ensure Indian startups are not locked out of high-quality datasets.

Key Features of the Proposed Framework

Mandatory Statutory Blanket Licence- All AI developers must obtain a statutory blanket licence to use Lawfully accessed copyrighted works. Licence covers Text, images, audio, video, and other protected works. Eliminates need for Individual negotiations with thousands of rights holders.

Statutory Remuneration Right for Creators - Creators and copyright holders receive Royalties mandated by law, not private contracts. Ensures Uniform compensation. Inclusion of small and independent creators. Reduces Litigation risk. Fragmentation of licensing markets.

Creation of CRCAT (Copyright Royalties Collective for AI Training)

A new collective body proposed under the Copyright Act, 1957.

Functions of CRCAT- Collect royalties from AI developers. Distribute royalties across categories of rights holders. Act as the **single-window facilitator** for blanket licensing. Prevents monopolisation by Large publishers or dominant platforms.

Government-Appointed Royalty Rate-Setting Committee- The Central Government will constitute a committee comprising

1. Senior government officers.
2. Legal experts in IP law.
3. Financial and economic experts.
4. Technical experts in AI and emerging technologies.
5. One CRCAT representative.
6. One representative of AI developers.

Role - Determine royalty rates. Ensure fairness, transparency, and predictability.

Periodic Review of Royalty Rates- Royalty rates to be Reviewed every three years.

Objective- Reflect technological evolution. Account for market maturity and business models.

Prevents- Obsolete pricing. Over-burdening innovation.

Legal Relief and Judicial Oversight

Royalty rates fixed by the committee- Can be challenged before courts. Subject to judicial review.
Ensures- Due process. Protection against arbitrary executive action.
Rejection of Voluntary Licensing Models- The committee explicitly rejected Private, voluntary licensing arrangements (e.g., publisher–AI firm deals).
Reasons- High transaction costs. Unequal bargaining power. Risk of data monopolies by large corporations. Exclusion of smaller creators. Voluntary deals may Create fragmented, opaque licensing ecosystems.
Prerequisite of Lawful Access- Mandatory licence does not override access controls.
AI developers- Cannot bypass paywalls or technological protection measures. Must ensure lawful acquisition of content.
Reinforces- Respect for existing copyright enforcement mechanisms.

Retroactive Royalty Payments

Committee recommends- Retroactive compensation where copyrighted works have already been used. Also proposes. Clear burden-of-proof standards in infringement litigation. Addresses Past uncompensated use. Ongoing lawsuits against AI developers.

Rationale for the Hybrid Model

Copyright Infringement Concerns- AI training involves

1. Downloading.
2. Storage.
3. Temporary and permanent reproduction.

   These acts raise prima facie infringement issues under the Copyright Act.

Need for Equitable Compensation- AI companies gain Non-discriminatory, scalable access to creative works. Copyright holders currently receive No assured compensation. Statutory model ensures Fair sharing of economic value.
Growing Global Scepticism- News publishers globally are challenging Unauthorised use of content for AI training. Several lawsuits have been filed against major AI firms over copyright misuse. India seeks to Pre-empt prolonged legal uncertainty.
Commercialisation of AI Outputs- AI systems trained on copyrighted works Generate commercially valuable products. Ethical and economic logic .Those benefiting financially must compensate original creators.

Industry Concerns and Criticism

Concerns over

1. Government-fixed royalty rates.
2. Reduced freedom of contract.

Fear of

1. Slowing innovation.
2. Increasing compliance costs.

Start-up ecosystem worries

1. Uniform rates may act as entry barriers.
2. Risk of favouring large incumbents.

Industry argues- Licensing should be scale-sensitive and usage-based.

Conclusion and Way Forward

The proposal comes amid Rapid AI adoption. Expanding startup ecosystem. Intensifying IP conflicts. Government's position Statutory licensing provides certainty. Reduces litigation. Ensures access to high-quality datasets. Aligns with India's goal of Building sovereign, indigenous AI capabilities. Success depends on Balanced royalty rates. Startup-friendly implementation. Transparent governance of CRCAT.
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