

# PUBLIC INTEREST IN INTELLECTUAL PROPERTY LAWS

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## Abstract

The paper proposes to discuss fair use or fair dealing in relation to copyright, with particular emphasis on pronouncements of Indian courts in relation to photocopying content and export of low priced edition (LPE) books. It deals with the application / interpretation of copyright laws and the need for publication of LPEs. Further, concept and law of fair dealing with copyright content, measures of fair dealing, permitted purposes of fair dealing and exceptions in respect of the same at the national and international level are discussed in detail. The paper also discusses the rights in favour of educational institutions, infringement suits filed by multinational publishers against Delhi University and the policy adopted by multinational publishers thereon. Also discussions in relation to, 'Right to photocopy', argue that the course packs do not cause infringement of copyright and steps that can be taken by the courts. Also bearing in mind the complexities involved with copyright infringement suggests that the universities and students should voice their concerns for bringing effective declaration and legal changes. The paper also deal with the challenges presented by easy availability of technology and the issues related with compulsory licensing (CL) *vis- a- vis* public interest.

## I Introduction

THE DEVELOPING countries in 1970s and 1980s before Uruguay round or conclusion of the World Trade Organization (WTO) stood firm that intellectual property rights (IPR) are an economic issue and not moral issue, which the developed countries were not willing to concede.<sup>1</sup> The Uruguay round saw the introduction of Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) and then formation of WTO and intellectual property (IP) came on centre stage. It is restated that the readjustment of the IP rights among owners, licensees, users by regulating governments<sup>2</sup> is required and is necessarily an economic and/or political process, as we are now again in a time when a great surge for public interest is being experienced. The adoption of Invents Act in USA and decisions like *Authors Guild v. Google Books*<sup>3</sup> display a rethink.

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1 Francis Gurry the present DG of WIPO, in response to a question put by this author at a seminar in Delhi Law Faculty in year 1991. The insight opened a new vista of knowledge for the author in relation to development of IP norms. He had also shown how WIPO maintains neutrality in forming or airing opinions.

2 Governments are major stakeholders. The vested interests of the government or its decision makers are stronger moving forces than the established and proven interests of common population.

3 United States District Court, Southern District of New York (05 Civ. 8136) (DC) on Nov. 11, 2013

This paper proposes to discuss the fair use or fair dealing in relation to copyright as it has become important for India. One can find public spirited recent judgement in *Authors Guild* case<sup>4</sup> and a few Canadian cases upholding right of educational institutions to photocopy books for private study and research. It is also noted with concern, copyright aggression by multinational publishers seeking to use judicial forum of Delhi High Court in an unparalleled manner in obtaining a judgement calling exports<sup>5</sup> Low priced edition books to USA as copyright infringement in India in the year 2010. A pending case about photocopying excerpts from a list of different copyrighted books and made into course packs against the University of Delhi and a photocopying shop in Delhi High Court for copyright infringement in wake of public dealing exceptions is causing anxiety to the education sector in India and may become cause of concern for all developing countries.

The commercialization of 3D printers/ protomakers, a new phenomenon is likely to come in conflict with the existing IP laws of copyright, designs and patents and needs to be supported in similar fashion as the expansion of fair use is being supported now internationally and as desktop computers and printing was supported.

The importance of compulsory licensing (CL) of patents cannot be underplayed. Moreover, we have to move forward from supplying the market by exports and have to accept equitable distribution of production facilities at regional centres spread geographically or by a proportion of production distributed among developed and/or developing countries.

## II Misapplication of IP laws on exports

It has been observed that courts in India have interpreted intellectual property rights (IPR) legislation in favour of foreign parties. One such instance is interpretation of the 'right to issue copies' to the benefit of the foreign publishers in an effort to curb exports of LPEs. Applicability of international exhaustion in India is not in issue as that would be relevant only in case of imports.<sup>6</sup>

In *John Wiley* case<sup>7</sup> the Delhi High Court protected a US copyright owner by prohibiting an Indian party exporter from despatching LPE books for import into the USA artificially extending the scope of section 14 of Indian Copyright Act (CRA) and calling such export as infringement of copyright in India. The court pronounced the import of a validly issued LPE book by publisher, but designated for supply only in 8 countries including

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4 *Ibid.*

5 *John Wiley & Inc v. Prabhat Chander Kumar Jain* 2010(44) PTC 675 (Del); *John Wiley & Sons Inc. v. International Book Store* 2010(43) P TC 486 (Del).

6 India is a country of national exhaustion in copyright for now and foreseeable future. Indian attempt to introduce exhaustion by amending s. 2(m) of Copyright Act failed in May 2012, when in last minute the proposed proviso was dropped by the government.

7 *Supra* note 3.

India as copyright infringement in India. The Delhi High Court was used as *forum convenience*, and facilitated the plaintiff to enforce the judgement on the defendant and deter others in India, from exporting LPE books taking upon itself the work of US courts and customs.

The Delhi High Court delivered two judgments with *John Wiley & Inc.* as plaintiffs<sup>8</sup> on 17<sup>th</sup> and 20<sup>th</sup> May 2010 on the important aspect of 'right to issue copies' forming part of bundle of rights in copyright. In both the cases the court was approached by owners of copyright to uphold their right to control the movement/export of the copyright goods (books) as per their stipulation on the second page of the book, not by agreement. In both the cases genuine third party buyers, on principle to principle basis, not having any business connection with copyright owners or their licensees, were offering books for sale on websites for international customers. The plaintiffs claimed that the books were produced only for the territory of South Asia or Indian sub-continent (listed 8 countries) and issued for these territories<sup>9</sup> and therefore could not be taken outside the stipulated area; plaintiff asserted taking books out of this territory is infringement.

The books were validly produced and issued by the licensees of copyright owner and sold. The books were bought in India and then were sought to be resold by the buyer ignoring the stipulations of publishers on second page of the book. Two judges of Delhi High Court in the two cases obliged and issued injunctions in relation to exports of books accepting it as infringement of copyright. The court on its own without any enabling provision stated that the plaintiffs could validly engage in market segmentation. They artificially declared this, ignoring of conditions of sale as inserted on the second page of books, without determining that such conditions are binding.

The court did not base its decision on authoritative book of *Copinger*<sup>10</sup> or the express wordings of the copyright statute. It states that in exact similar situation of export from UK,<sup>11</sup> the UK courts would have nothing to do with it and it would be a matter to be dealt with by the authorities and the law of country of import.

### **Publication of (LPEs)**

It is common knowledge that publishers of costly books<sup>12</sup> divide the markets (segmentation) by timing of supplies and differential pricing and sometimes even quality control depending on the purchasing power. They produce LPE separately for various combinations of many territories/countries. Many a time the trade channels or third party

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8 Discussions on the case will follow in subsequent sections.

9 The same edition would enjoy rights in each of 8 countries under the laws of each of the countries and not under s. 14 of Indian Copyright Act.

10 Nicholas Caddick, QC; Gillian Davies, *et. al.*, *Copinger & Skone James on Copyright* (Sweet & Maxwell 16<sup>th</sup> edn., 2013).

11 Para 7.80, *Copinger* (25<sup>th</sup> edn. 2005).

12 Also drugs, medicines and other goods.

bulk buyers in violation of the conditions put up by publishers divert such books to the countries where same book is tagged at higher price. This may be done by chain sellers or third party bulk buyers who do not have any privity of contract with the publisher or distributors. The business model of LPEs is useful to publishers as a profit head and necessary to keep the competent authority (copyright board in India) for CLs for costly and non-available books off the hook.

Often, economic versions LPEs of high priced books exported against the wishes of publisher to non-conforming area are to be stopped at customs in the country of import. Such bulk buying re-sellers may even advertise on the internet. The publishers/distributors hate the movement of such LPE books back home or to high price areas in conflict with marketing strategy. Publishers take all measures to minimize this movement of books, even though IPR laws do not back any such price or profit maximization strategy, by segmentation of markets. This branch is normally addressed by exhaustion or parallel imports principle.

Laws and courts of country of export do not have anything to do with it. Once the copies have been issued and/or sold in India, further sale of such books cannot be restricted nor can their movement and resale be controlled by publisher/distributor.

### **Controlling movement of IP goods is abuse (Copyright)**

Assertion of an IPR for imposing any collateral conditions in relation to trade in IP goods or their movement not sanctified by law is an abuse of IPR. The purpose of IPR laws or copyright law is to protect the content from piracy and not to control the movement of copyrighted goods. Anyone who seeks to control the production for overpricing IPR products or uses other restrictive methods is guilty of abuse of IPRs and must not be helped by courts. Arm-twisting on the strength of an IPR is necessarily an abuse and market segmentation is an illustration of the same behaviour. Indian courts have accepted and permitted market segmentation without any legal basis in Copyright Act, 1957 sanctifying profit maximization on the pretext of section 14 (a) (ii) admittedly having completely different purposes.

It is a basic norm of IPRs, that as soon as IPR product is sold in the market, the IPR component of the product is exhausted and any further control over its use or movement by the IP owner is unwarranted. The relationship between such IPR owner and buyer has two aspects— one, IPR obligations and second, the obligations arising from stipulations in contract of sale. There is a continuous effort on the part of IP owners to convert the contractual obligations imposed by them on buyers as IPRs, while selling IPR goods (books in this case). They also make efforts that their profit maximization strategies are not dubbed as anti-competitive or restrictive or hit by unjust enrichment. Similarly when an infringement action is brought, the dominant purpose of which is to maximize profits and not control

the IPR violation, such proceedings are themselves an abuse of the process of court.<sup>13</sup> Admittedly, in export of LPE books to non-desired areas is no violation of copyright content in the book.

### **IP laws not concerned with exports: true for copyright**

All IP laws world over including India, only regulate or restrict imports and not exports. Exports of IP incorporated products have never been addressed in IP laws. Copyright law of no country mingles in export of copyright content and the same is dealt within the country of import. In the same vein, Copyright Act, 1957 of India does not have any provision dealing with export of any product incorporating copyright content. The export of any 'copyright content product' cannot be infringement of copyright, if the work is legally available in country of export. Such exports do not tinker with any of the rights granted in section 14 or 51 of the Act. Exports from India of copyrighted products introduced legally are perfectly legal.

However, there can be different copyright owners or right holders for different countries. The exports from a country would work as import in a country X, and such imports may impinge the copyright of an owner or licensee for such country X. The exports of LPEs produced for market of India from India, may be and can constitute infringement of copyright in the country of import X, if imported into that territory X without the consent of right holder for the country X. Moreover, in case the country X follows international exhaustion, then if the initial product (book) is produced and issued under the authority of the rights owner for any territory whatsoever, then it will not constitute infringement of copyright even in such country X (of import).

### **LPE not a charity - but shrewd business decision**

The copyright is extended to all works including foreign works together with recognition to the right of public to have access to all copyrighted material at affordable price. It is not to cater to the profits of multinational publishing house or copyright owners.<sup>14</sup> Sometimes the authorities, judges and educated even in law wrongly believe that LPEs are a great charity. The production of LPEs is a perfect profitable business decision with differential pricing. Right holders and publishers do not want to lose customers in low parity value countries.<sup>15</sup> As already stated, if such editions are not introduced, the resultant higher price and/or non-availability of books are grounds for compulsory license, thus the LPE is a

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13 See such a remark in India by Sanjay Kishan Kaul J in *Hawkins Cookers Ltd v. Murugan Enterprises* 2008 (36) PTC 290 (Del) para 51.

14 They are copyright owners by assignment, as the original author is mostly coerced to sign on the dotted line to assign copyright, if he desires any publicity to his work, knowledge or existence. Alternate support to authors is completely lacking in India. Present author has not studied the plight of authors in the rest of world.

15 Such a system is successfully in operation world over in relation to patented drugs and medicines with similar hiccups.

necessity. These LPEs are normally introduced three years behind full priced editions after fully working out the economy of publication. Many a times remainder<sup>16</sup> books are converted to LPEs and such a sale is able to give the publishers much more value for remainder books than they may earn on them in home countries.

It is submitted that stopping the offer of sale on internet by a third party buyer-reseller of LPE books into the territories not liked or authorised by publisher, which in reckoning of publisher were meant for specific market of India (south Asia), is not and cannot be governed by Indian Copyright Act as it contains no provision to control exports. Section 14 (a) (ii) is a provision ushered in UK and India both completely for a different object whereby the permission of copyright owner became necessary for issue of each copy in addition to initial publication of copyright content. It would always be the job of customs or border authorities or courts of the country of import both under Berne Convention or WTO-TRIPs.

By following the decision in *John Wiley* case<sup>17</sup> the Delhi High Court is harming the interest of worldwide users of copyrighted materials. It is harming the interest of weaker users abroad where the same publisher is charging a price which the buyer of such LPE from India cannot afford. The ruling of Delhi High Court holding export to be copyright infringement would hold good for India, even if importing countries apply international exhaustion and welcome LPE books. Thus court would be seen as supporting profit maximizing strategies of multinational publishers by artificially permitting market segmentation and imposing ban on exports without any legal backup. Indian courts respected as they are in developing economies, would cause a permanent harm to access of knowledge.

It is recommended to Indian judiciary to appreciate the world wide trend to support public cause as against the profit maximization as has been done in *Author's Guild* case<sup>18</sup> or as may be seen from Canadian Supreme Court judgements on copyright as stated below which have supported availability of reading materials to students.

### III Law of fair dealing with copyright content: India, Canada and US

A new surge is being seen and fair use in copyright is happening, when mass copying of all books throughout the world undertaken by Google books project is declared as fair use by the US conceding copying of whole book/s without the consent of copyright owner. Canada amplified its 2004 position of permission to copy from single copies to multiple copies and further permitted previews to be streamed without paying royalty to owners of music. In *Alberta Education v. Canadian Copyright Licensing*

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16 Refer to unsold books saved with publisher for which it gave print order as expected sales or other strategy of publisher, sometimes a remainder book may be sold at 15% of print price of book.

17 *Supra* note 5.

18 *Supra* note 3.

*Agency*<sup>19</sup> and *Society of Composers, Authors and Music Publishers of Canada v. Bell Canada*<sup>20</sup> the position in *CCH Canadian Ltd. v. Law Society of Upper Canada*<sup>21</sup> is taken further.

According to proposition at hand where Cambridge and Oxford University Press along with Francis and Taylor have filed a copyright infringement petition against Delhi University and a tiny photocopy service outlet claiming that the course packs that are photocopied or distributed are an infringement of copyright, Indian law on fair dealing in section 52 is much on same lines as Canada, both have common law background. Fair use law of the US is more author-publisher centric than the Canadian law. There are very few instances in which Indian courts have unfolded the purposes of the provisions under copyright or the needs of Indian society. Dissemination of works has not been adopted in India in judicial pronouncements as one of the purposes of copyright law. It appears Indian judiciary should follow public spirited judgements of Canadian Supreme Court or that of the USA in *Author's guild case*<sup>22</sup> where willingness to cater to public use or fair use has been shown.

### The concept of fair dealing under Berne Convention

Fair use is a copyright philosophy that the public is entitled to freely use portions of copyrighted materials for certain purposes without obtaining the permission of the copyright owner. For example, if one wishes to criticize a novelist, he should have the freedom to quote a portion of the novelist's work without asking permission. In the absence of such a freedom, copyright owners could stifle any negative criticism about their work. This feature of copyright law is popularly referred to as 'fair use' or 'fair dealing'. Fair dealing allows users to engage in activities that might otherwise amount to copyright infringement.

The principle of fair dealing covers a substantial scope of uses where prior permission is not needed. The criteria for what is considered to be fair dealing are listed in the law of each country, without mentioning every specific possible use. In the US, the concept of fair use covers certain uses that, on balance, are deemed not to impinge on the rights of the copyright holder sufficiently, and/or are deemed to serve a sufficiently important public-policy goal, that they are permitted without the authorization of the copyright owner. The factors assessed by a court to determine fair use are set forth in each country's statute and determined by judicial decisions.

### The measure of fair dealing—the three-step test

To decide what fair dealing is, the three-step test was first established in relation to the exclusive right of reproduction under article 9(2) of the Berne Convention for the Protection of Literary and Artistic Works, 1967. All countries who are members of

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19 2012 SCC 37.

20 [2012] 2 SCR 326.

21 [2004] 1 SCR 339.

22 *Supra* note 3.

the Berne Convention could incorporate fair dealing provisions in their legislations. Thus such fair dealing exception:<sup>23</sup>

- i. should be limited to certain special cases
- ii. does not conflict with a normal exploitation of the work
- iii. does not unreasonably prejudice the legitimate interests of the author

After Berne Convention incorporated the three-step test, it has been modified and transplanted into the TRIPs Agreement,<sup>24</sup> the WIPO Copyright Treaty,<sup>25</sup> the WIPO Performances and Phonograms Treaty, the Directive on the Legal Protection of Computer Programs,<sup>26</sup> the EU Database Directive,<sup>27</sup> and the EU Copyright Directive.<sup>28</sup> The test as included in article 13 of TRIPs reads:<sup>29</sup>

Members shall confine limitations and 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 rights holder.

The fair dealing provisions are included in section 52 and of the Copyright Act, 1957 of India, this is a long provision listing in detail 33 exceptions to infringement of copyright. Some of these exceptions are made subject to 'fair dealing' and others are not.<sup>30</sup> Section 29 of Canada enacts fair dealing provisions for Canada.

### Shift away from author-publisher centric regime

In a shift away from author-publisher centric exclusive rights, it is now increasingly believed that copyright requires "a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator".<sup>31</sup> David Vaver has stated that both protection and access must be sensitively balanced in order to achieve this goal<sup>32</sup> and fair dealing provisions in the copyright statutes are the repository of the same. In order to maintain

23 Art. 9 (2) of the Berne Convention: It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain *special cases*, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.

24 See, Art. 13, TRIPs Agreement, 1994.

25 See, Art.10, WIPO Copyright Treaty.

26 See, Art. 6(3), Directive on the Legal Protection of Computer Programs.

27 See, Art. 6(3), EU Database Directive.

28 See, Art. 5(5), EU Copyright Directive.

29 *Supra* note 24.

30 For examples. 52(i), Copyright Act does not have a fair dealing rider while 52(a) has.

31 *Theberge v. Galerie d'Art du Petit Champlain inc.* [2002] 2 S.C.R. 336.

32 *Intellectual Property Law: Copyright, Patents, Trade-marks* 60 (2<sup>nd</sup> edn. 2011).



the proper balance between these interests, the fair dealing provision “must not be interpreted restrictively”. It is to be noted that section 52 of India’s Copyright Act (section 29 the Canadian Law) permit “fair dealing” for the purposes of criticism, review or news reporting.

### Canada on fair dealing

When a work is used unauthorisedly and alleged as infringement, Canadian courts introduced an analysis to determine whether it is fair dealing of the work. The purpose of this analysis is to determine whether the proper balance has been achieved between protection of the exclusive rights of authors and copyright owners (more often assignees) and access to their works by the public.

#### *Fair dealing analysis*

The test for fair dealing in Canada was laid down by McLachlin C.J in *CCH Canadian Ltd.* case<sup>33</sup>(CCH case), and involves two steps. The first step is to determine whether the dealing is for the purpose of either “research” or “private study”, the two permitted purposes listed under section 29 (section 52 of India of the Copyright Act).

The inquiry then moves to the second step set out in CCH case 2004, namely, determining whether the use of previews was “fair”. The six factors to be considered in determining whether a dealing is fair are: i) the purpose; ii) character’ and iii) amount of the dealing; iv) the existence of any alternatives to the dealing; v) the nature of the work; and vi) the effect of the dealing on the work.

#### *Society of Composers, Authors and Music Publishers of Canada v. Bell Canada*

In the *Society of Composers, Authors and Music Publishers of Canada* case<sup>34</sup> the copyright board concluded that download of previews of music offered for sale constituted fair dealing. The guiding perspective is that of the ultimate user or consumer. The service providers facilitate the research purposes of the consumers. There are reasonable safeguards in place to ensure that the previews are being used for this purpose.

The first inquiry is whether the subject matter which is claimed to be used under the exception of fair dealing is in fact for the purpose of “research”. The purpose of “research” has to be analyzed from the perspective of the consumer as the ultimate user, not the intermediary (online service provider). The ‘previews of music’ are to be considered from the perspective of the consumer’s purpose, namely, conducting research to identify which music to purchase.

The fair dealing exception is not to be interpreted restrictively and “research” must be given a large and liberal interpretation. The court held that it was not necessary that “research” should be for creative purposes only. If only creative purposes qualify

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33 See *supra* note 21.

34 *Supra* note 20.

as “research” it would ignore the fact that one of the objectives of the Copyright Act is the dissemination of the works themselves. The court said limiting “research” to creative purposes would run counter to the ordinary meaning of “research”, which includes many activities that do not require the establishment of new facts or conclusions. Let us now look at factors of second step as laid down in CCH case.

Purpose has already been commented upon above. With respect to the character of the dealing, users were not allowed to keep a permanent copy of the preview, since the file was streamed and automatically deleted from the user’s computer once the preview was heard. As a result, copies could not be duplicated or further disseminated.

The “amount of the dealing” factor has not to be assessed on the basis of the aggregate number of previews that are streamed by consumers. The Canadian Supreme Court said this factor should be assessed by looking at the proportion of the preview in relation to the whole work, not the aggregate amount of music heard through previews. Streaming a preview of several seconds is a modest amount when compared to the whole work.

It was found there were no alternatives to the dealing that could effectively demonstrate to consumer what the musical work sounded like. The court found that ‘previews’ were reasonably necessary to help consumers research what to purchase. Unless a potential customer could locate and identify the work to be bought, the work would not be disseminated. Court found that short, low quality previews do not compete with or adversely affect the downloading of the musical works. Instead, their effect was to increase the sale and dissemination of copyrighted musical works. The court held that previews constitute fair dealing under the Canada Copyright Act. *Alberta (Education) v. Canadian Copyright Licensing Agency (Access Copyright)*

Recent copyright decision of *Alberta (Education) v. Canadian Copyright Licensing Agency (Access Copyright)*<sup>35</sup> has forever changed the Canadian copyright law. The decision focused on the concept of fair dealing, and its application to photocopying books for educational purposes.

After the historical test for fair dealing in *CCH Canadian Ltd.*<sup>36</sup> case of 2004, the Supreme Court of Canada has ruled in *Alberta (Access case)*, by a close 5-4 majority, that photocopies of short excerpts from books, made by teachers<sup>37</sup> for students in elementary and secondary schools, should not be subject to an additional tariff. This is because they come within the ambit of “fair dealing for the purposes of research or private study,” as outlined in section 29 of the Canadian Copyright Act, 1985.

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35 See *supra* note 19.

36 *Supra* note 21.

37 This assures multiple copies s against assertions of permitting only single copies.

The Supreme Court of Canada on facts decided in favour of users reiterated that “fair dealing is a user’s right”<sup>38</sup> In the *Access* case,<sup>39</sup> a collective society that licenses literary works had filed a tariff proposal with the copyright board claiming that the photocopies made by teachers in schools for their students did not constitute fair dealing, and therefore should be chargeable to royalty payments. The matter in this case was to be analysed on the established second stage of CCH case involving five factors to determine fairness. In Canada too as in other common law countries the Supreme Court of Canada did not lay down general standard as to what constitutes “fairness”, as this criterion would vary from case to case. In the case, the facts supported a finding that the photocopying was fair. The Supreme Court remitted the matter to the copyright board of Canada to determine whether a royalty really would be the best option in these circumstances.

*Reasons offered by Abella J of Canada*

In *Alberta Education (Access case)*<sup>40</sup> according to Abella J who wrote for the majority, the teacher’s purpose could not be separated from that of the students’, because the teacher would have no ulterior or commercial motive to replicate excerpts unless they were for the students themselves. The majority also stated that it was incorrect for the board to have deemed a student request for a photocopy as different from a teacher initiated one, since it was the teacher who had the expertise to know the most suitable material, and this was a part of the process of research and private study, rather than of just pure instruction. The majority ruled that the purpose was indistinguishable into categories of student versus teacher.

In India there is a separate enabling clause for teachers and pupils in section 52 (i) but Canadian law does not go that far as the Indian law of copyright. Abella J did not accept the board’s analysis when she held that “private study,” within the Act could not have meant “requiring users to view copyrighted works in splendid isolation”.

*Amount and character of the dealing*

Abella J focused on the board’s attempts to distinguish between the student and the teacher’s motives as being a false dichotomy, insisting instead on their unity.<sup>41</sup> The majority viewed the amount as being essential to determine fairness, but entrenched it in the concept of proportionality. The fairness to copy an excerpt would depend on the proportion of the excerpt to the overall work, and not how much was actually copied in terms of the number of pages (quantity). The totality of all copying, according to the majority, is related to the character of the dealing, not the amount.

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38 Also quoting *Society of Composers, Authors and Music Publishers of Canada* case.

39 *Supra* note 19.

40 *Ibid*

41 In DU case, if the teacher and pupil both are free to copy then a photocopier who is doing for them would be covered under the exception.

*Existence of alternatives to the dealing*

In considering whether there were other reasonable alternatives to photocopying the excerpts, the majority found it unreasonable to expect schools to purchase every article that was useful in addition to textbooks. Basing its criteria on the “reasonably necessary aspect,” it differed from the minority by saying that, in the absence of other viable alternatives, photocopying excerpts was the best available course of action.<sup>42</sup>

In *Access* case,<sup>43</sup> the majority also held that it was not prepared to consider declining sales as a direct or indirect effect of photocopying by teachers for students.

*Implications of judgement in Access case*

The decision needs to be hailed throughout the world that fair dealing would have a prominent place in the copyright law of Canadian law and would be followed in all developing economies and would be appreciated by ‘Access 2 Knowledge’ movement. This has led to some comments that the Canadian Supreme Court has cast the net too broadly. On the other hand, as Canadian Supreme Court set the limits of the use to small short excerpts, it should be seen as an approach of balance between user’s rights and the text book industry. There is no guidance as to what constitutes a “short” excerpt till now, and future courts will have to rely on the amount, character and proportionality factors, combined with sizeable judicial discretion to determine whether it falls within the realm of fairness.

By focusing on the purposes of the user and on the facilitator, the Supreme Court of Canada has in fact prioritized the rights of the end user over anybody else’s, even the creator’s. The Canadian Supreme Court drew a sharp line between users and creators, and chose to side with the users. It has given ‘fair dealing provision’ its appropriate place but has put creators at a disadvantage.<sup>44</sup> The dissemination of works is also one of the Act’s purposes, which means that dissemination too with or without creativity is in the public interest and cannot be ignored.

**Permitted purposes for fair dealing**

It is true that an important goal of fair dealing is to allow users to employ copyrighted works in a way that helps them engage in their own acts of authorship

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42 The minority was adamant to point out that just because there were no other viable alternatives, this did not make the copying fair. According to them, schools would have had to buy extra copies, and make them available to the public, thus solving the issue of photocopying. The majority permitted the multiple copying instead of single copying. This would be applicable with equal force in case of DU case.

43 *Supra* note 19.

44 The ruling also puts authors in further danger of being inadequately compensated, because with even less dues being paid to the publishers, it leaves the authors with very little, thanks to the profit-making criteria of the publishing world .

and creativity.<sup>45</sup> The use of material for research does not mean only for creative research, it permits ordinary research under section 29 of the Canadian Copyright Act (section 52 of India). The “research” and “private study” both qualify as fair dealing purposes, the term “research” cannot be interpreted restrictively than “private study”.<sup>46</sup>

On the other hand in *Authors Guild* case<sup>47</sup> Denny Chin J has enunciated that the copying the entirety of a work may still be fair use<sup>48</sup> thus giving a blow to widely accepted 10% rule. Here, as one of the keys to Google books is its offering of full-text search of books, full-work reproduction is critical to the functioning of Google books project but a precaution is there as the Google books do not provide entire material to searcher.

### Comparison with US

American jurisprudence looks to the requirement of a “transformative” purpose before the use is seen as fair (referred to as fair dealing in India, Canada). An example is where the New York District Court<sup>49</sup> held that:<sup>50</sup>

[T]he use of music previews as a marketing tool to sell musical ringtones was not “transformative” in nature and therefore could not be fairly described as “criticism, comment, news reporting . . . or research” under the fair use provisions. The American approach is called “fair use”.

The US Code provisions create an open set of purposes for fair use which include criticism, comment, news reporting, teaching, scholarship, or research. The analysis proceeds straight to the assessment of fairness, an assessment based on factors enumerated in the code or established by the case law. Although one of those fairness factors includes whether the use is transformative, it is not at all clear that a transformative use is “absolutely necessary” for a finding of fair use.<sup>51</sup>

In a case of far reaching consequence about public cause for education purpose, the district court of Manhattan in *Author's Guild* case<sup>52</sup> commenting on whether the

45 Abraham Drassinower, “Taking User Rights Seriously” in Michael Geist (ed.) 462. *In the Public Interest: The Future of Canadian Copyright Law* 467- 72 (2005).

46 The court was called upon to narrow the definition of “research” as requiring the creation of something new based on American fair use doctrine, (which straight away determines fair use without looking at permitted purpose) which the Canadian Court refused.

47 See *supra* note 3.

48 *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449-50 (1984); Bill Graham Archives, 448 F.3d at 613 (“copying the entirety of a work is sometimes necessary to make a fair use of the image”).

49 *United States v. American Society of Composers, Authors and Publishers*, 599 F.Supp.2d 415 (2009).

50 Title 17, § 107 of the U.S. Code, at 424-25.

51 *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994) 579.

52 *Supra* note 3.

use made of a work in any particular case is a fair use or not, listed the following factors which are to be considered:

- i. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- ii. the nature of the copyrighted work;
- iii. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- iv. the effect of the use upon the potential market for or value of the copyrighted work

On the touchstone of the first factor Google's use of the copyrighted works was found to be highly transformative. Google books digitized books and transformed expressive text into a comprehensive word index that helped readers, scholars, researchers, and others find books. Google books were found as an important tool for libraries and librarians and cite-checkers as it helps to identify and find books. Google books also added value to the original. In relation to the nature of the copyrighted work (the second factor), the court gave its opinion in favour of fair use as most of the books available were non-fiction which deserved a lesser level of copyright protection than fiction.

To the third factor it was enunciated that copying the entirety of a work could still be fair use. But on balance, Denny Chin J concluded that the third factor weighed slightly against a finding of fair use. As far as the fourth factor was concerned, it was brought forth that Google books enhanced the sales of books to the benefit of copyright holders. An important factor in the success of an individual title is whether it is discovered — whether potential readers learn of its existence. Of the four principles in the US to determine fair use, one of them includes 'the effect of the use upon the potential market for or value of the copyrighted work'. This principle is often used to effectively narrow down permissive fair use in the US.

Thus on the basis of the above-mentioned four factors Google's actions were held to come under the defence of fair use. Unlike the American approach of proceeding straight to the fairness assessment, Canadian Courts do not engage in the analysis of fair dealing until the dealing is for one of the allowable purposes enumerated in their Copyright Act.

### **Fair dealing exception in India**

One of the clearest exceptions in copyright law is the fair use or fair trading exception which legalizes certain acts without the permission of copyright owners, and within fair use the education exception is what governs photocopying and the creation of course packs.

India follows the English system of fair dealing<sup>53</sup> which enumerates a set of statutory exceptions and in India there are two important provisions which allow for

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53 Unlike the US which has a set of principles guiding application of fair use.

educational exceptions. The educational use exception in India in section. 52(1)(i) is indeed one of the widest in the world and appears to address all the needs of education in India.

Section 52 sub-section (1) (a) embodies the “fair use/fair dealing” exception and permits the use of a copyrighted work for the purpose of research and private study. In addition, section 52(1) (i) allows for ‘the reproduction of any work by a teacher or a pupil in the course of instruction’ or as a part of questions or answers to questions. Thus during the course of educational instruction, section 52(1)(i) encourages educational access. It is therefore very much within the rights<sup>54</sup> of the university and the students to create course packs and to access photocopies of academic texts and articles in the course of instruction. Given the rather wide language of section 52(1)(i), institutions are within their right to presume that the creation of course packs and related educational material is legal as the courts are bound to respect the law and prefer public purpose against private right created by statute, as a restriction on natural rights or freedoms. It is submitted copyright is an exception to freedoms in Constitution and the exceptions under section 52 are “rights” of public or the audience of copyrighted materials and designated beneficiaries.

The exceptions under section 52 even if they are over and above the Berne or TRIPs, they are binding on courts, as illustrated by an ingenious exception enacted in India where use of sound recordings at a marriage function has been permitted by declaring marriages a religious ceremony as an eligible exception in addition to permission for religious and official ceremonies.

#### IV Multinational publishers sue Delhi University

In spite of all embracing rights in favour of educational institutions, the multinational publishers Oxford University Press, Cambridge University Press, and Taylor and Francis have filed an infringement suit against, Delhi University and Rameshwari Photocopiers a shop licensed by DU asking injunction against photocopying of course packs.<sup>55</sup> Describing the course packs as infringing and pirated copies, the petitioners have claimed damages to the tune of sixty five lakhs. The inflated damages are calculated on the assumption that every photocopy is a lost sale. Inflated sum of damages are usually a part of the shock and awe tactics that multinational copyright owners use when they establish a test case.

The lawsuit is glaringly bad as the publishers are wrongly seeking an outright ban on all course packs even when Delhi University is well within its rights to photocopy under the exceptions mentioned above. Delhi University, has only provided a space to photocopy shop in the college compound, when it is well known that universities contribute extensively to content creation. It has been stated that:<sup>56</sup>

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54 Formalities might have to be observed, wherewithal is decided by law.

55 It also appears that university did not structure its affairs in best legal manner and therefore is facing the flak, when it was not to be involved.

56 See *supra* note 21 *CCH Canadian* case.

[T]he fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively.

If the rights of copyright owners would become obstruction in constitutional guarantees, the rights themselves may be declared unconstitutional. It is the exceptions under section 52 which provide legitimacy to copyright law as a valid legislation not in conflict with the freedoms provided under the Constitution of India.<sup>57</sup> Tinkering with the exceptions or lowering the aspirations of public at the behest of publishers (also in the name of authors) by legislature or courts would be greatest disservice to the nation and the constitutional guarantees.

#### **Quantity or amount taken**

Indian Copyright Act does not lay down any restrictions on quantum to be used in relation to personal or educational use, even though such restrictions operate for other kinds of usages. It is indicative of the intention of the Parliament that it ensured adequate access to learning materials. The publishers are decrying even against the extracts, which do not use more than 10 per cent of the copyrighted book. Admittedly, 10 per cent copying of a book in teaching and/or research or study is accepted as fair use or fair dealing even in developed countries.<sup>58</sup> Under the US law of fair use, reproduction up to 10 per cent of the copyrighted books is "fair use" of a copyrighted work, and therefore legal. Similarly in other Berne member countries and Canada 10% usage is not at all frowned, whereas it can go to more than 10% as yardstick of proportionality *etc.* is used instead of percentages. In *Authors Guild case*<sup>59</sup> when entire works has been copied still it has been accepted as fair use in November 2013.

It would be for judiciary to determine what percentage should be considered as fair use/dealing in the wake of provisions. It is assumed that a judicious figure balancing the stakeholder's interest (authors, publishers, users and those entitled to avail exceptions in section 52 of CRA) has to be upshot building a symbiotic relationship among stakeholders and a developing country like India facing lack of affordable educational materials and limited educational access should be entitled to moderation.

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57 See a debate on constitutionality of copyright in India in special issue 28 *JILI* 1986.

58 Rameshwari photocopy services is integrated within Delhi University as it operates from the premises of and on the basis of a license provided by the university. The license mandates the price and nature of services. The future of student's access to educational materials in form of course packs in India, without which Indian higher education would go in same costly format of developed countries.

59 *Supra* note 3.



### **Carrot and stick policy of multinational publishers**

On one hand three multinationals are persecuting University of Delhi, when their case, if any, was only against a photocopy<sup>60</sup> shop, publishers on the side lines offered a lucrative option to all universities of acquiring a licence<sup>61</sup> from the Indian Reprographic Rights Organisation (IRRO), an organisation of publishers/authors to permit various formats of permitting reprography against royalties for all, including those who cannot rely on fair use or teaching exception created by Parliament. The IRRO licenses have little value for those who are beneficiaries of exceptions and would not be bullied by carrot and stick policy of MNCs. In recent times the US and Canada both have depicted heavily in favour of expansion of fair use. *Authors Guild* case<sup>62</sup> is a latest example decided on November 12, 2013.

#### *Restrictive business practice*

Coercing a licence on universities, when universities are within their right to making course packs would be a restrictive business practice on the part of multinational publishers as it amounts to asking payment for a right which does not exist. Admittedly, photocopying without the consent of copyright owner for the purpose of educational instruction is a legal exception under copyright law. A majority of educational textbooks are priced above the affordability range of an average Indian student is well known. A survey of the availability of books displays that popular legal and social science titles including copyright law have no corresponding Indian authors or editions and need to be purchased at rates equivalent to or higher than in the West.

### **Course packs a consequence of technology - not infringement**

The educational institutions and teachers work hard to make selections of best materials available on particular topics. More useful the material, it is likely that it would attract a teacher's attention for recommending its readings to students. Moreover authors have to face the irony that the author who has treated the material most effectively would be copied the most.<sup>63</sup> Dragging the university into litigation which only specified readings in a list is unfortunate, yet it has to stand with its students. World over, the photocopy facilities have impacted sale of copies of the books.

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60 Though the plaintiffs with legal technique presented a prejudice provoking plaint highlighting those aspects also relying on poor defending skills of all public authorities (mostly marred by corruption or networking) in courts.

61 Some fell prey to obtain a license for a non-existent right which for time immemorial is treated as abuse of IP prohibited under art. 40 of TRIPs and in every literature on licensing of technology.

62 *Supra* note 3.

63 The authors have learnt to live accepting photocopying as also marginal or no royalties from publishers.

However, this impact on sale of books is because of technology and cannot be attributed to infringement of copyright.<sup>64</sup>

Let's understand how course packs work and then examine the law on the point. Mostly the university library would have a maximum of two-three copies of books that are shared by hundreds of students. The course packs are therefore an institutionalized practice to ensure that all students have access to learning materials. This has been the subject of much controversy in the US. The US places severe restrictions on the ability to provide course packs even as students pay hefty sums for textbooks.

In India, list of recommended readings is collected by photocopy shops turned entrepreneurs to make course packs<sup>65</sup> for students. The end users of these course packs are students. However, more important part would be the methodology of making the course pack work by the photocopy shop;<sup>66</sup> can such a shop be equated to University or educational institution is a disturbing question? Necessarily, the end user has to be taken into account as held in *Alberta* case by Supreme Court of Canada.

Jeremy de Beer, at the University of Ottawa commented<sup>67</sup> upon the practice of copying textbook excerpts as “typical of emerging economies as most universities lack the resources to buy brand-new copies of academic books, so photocopying is integral to the education there”. Most libraries possess one copy of each textbook on the syllabus, making it necessary to photocopy whole books. There is not expected a massive boom in textbook sales even if such a case succeeds. Further added, “instead Indian universities are expected to be pushed into new copying arrangements with publishers. As far as this (DU) case in India is concerned, publishers have an ulterior motive. They want to create a system whereby the university obtains a copying licence from the publisher in exchange for a flat fee per student”, The Supreme Court of Canada in 2004 ruled on a similar case filed by three legal publishers against the Law Society of Upper Canada. Its verdict supported the law society's right to photocopy library materials.

The present discussion awaits the Delhi High Court to rise to the occasion. The universities need not sign licence deals, as their students can rely—through small

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64 In this regard the principle that something which cannot be controlled should not be made into law needs to be applied to the situations as has also been done by US court in *Google Books* case.

65 Course packs are compilations of limited excerpts from copyrighted books or journals or other published material, selected by faculty members in accordance with a deliberated designed syllabus and/or a teaching plan.

66 From the arrangement what is happening both the DU and Rameshwari have been careless in compliance of law.

67 Associate Professor, University of Ottawa, Ontario, Canada Available at : <http://livemint.com/.../Small-shops-in-Delhi-university-at-centre-of-India>. (last visited on 28th December, 2013)

photocopy shops—on “fair dealing or use” legal provisions to photocopy material. The crucial issue is that the mannerism of such photocopying has to be brought in compliance of permitted photocopying. However, the Delhi High Court must see the student advantage and need not disturb the photocopy shops. Photocopy shops who comply with the photocopy request of the students for educational access are not doing it on their account and thus are not deemed to be making copies. It is the student who is making copy. A teacher or student both can order copying within permissible limits of s 52(a), (h),(i) and it would not be infringement, thus a petty photocopier who does it for students/teacher cannot be termed as infringing copyright.

Indian courts have set precedents with important implications for other emerging economies. If a Delhi court wrongly takes side of publishers impressing upon universities to enter into license agreements, it would create ruckus throughout the developing world.

The apprehensions that decision makers in developing countries side with multinationals for their reasons, one hopes does not come true. The Delhi High Court has a great responsibility to project India as saviour and not support publishers, otherwise it is apprehended that publishers would use India as an example to drive a global trend of exploitation of poor students. The court should keep in mind that the revenue models of multinational publishers are intact and they do not engage in any non-profitable business.

#### **Desired action: re-adjustment of rights under copyright**

The universities and students as well as civil society should put up a joint front asking for a declaration either by legislature or clarification by judiciary reiterating the right of teachers and students to make fair use of the copyrighted content in terms of section 52(a), (h) and (i) as also the international practice.

The rights under the expression copyright as defined in section 14 are liable to adjustment by the Parliament this time in favour of users which have been successively adjusted in favour of owners of copyright.

The present lawsuit could be turned to advantage of millions of students not only in India but in all developing economies, as an opportunity to rethink and readjust copyright system, if Parliament unequivocally declares a law on the lines of piecemeal happenings in *Google Books, Alberta* and access to books as priority. The case of *Author's Guild*<sup>68</sup> and *Canadian case of Society of Composers and Authors*<sup>69</sup> all have stood in favour of users and not copyright owners.

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68 *Supra* note 3.

69 *Supra* note 20.

### **Guard against influence and money power of multinationals**

One has to be on guard as the multinational publishers do and can enjoy lot of influence with all decision makers whether in government, courts or in universities.<sup>70</sup> The publishing industry should appreciate that authorship of most of the books in fact are financed by the university salaries and government projects and not by royalties scarcely paid by publishers. About 200 universities in India who are the largest consumers could come together and present a model to produce affordable books or even ask for compulsory licenses from copyright board.

The claim by publishers that course packs would destroy their market for books and put them out of business is divorced from truth. As has been found in *Authors guild* case<sup>71</sup> that Google books library project might enhance the sale of books, similarly the presence of an author or a book in a list of course packs is an assured publicity and would encourage readers to buy the books when such readers/students can afford them. The planned copyright law suit brought against course packs would unequivocally establish both the things that publishers/authors have been feeling the pinch in relation to gross books sales but equally the technological possibilities as also increased awareness about IPRs has brought public interest, rights of users and norm against abuse of IP to the forefront.

### **V 3D printers/protomakers issue: a new challenge to IP regime**

3D printing is a process of making three dimensional solid objects of virtually any shape from a digital model. A 3D printer is a complex machine that combines scanner that can scan tangible objects and a machine that would reproduce objects, which one can change or modify from original. One can tinker with its shape and colour, if necessary and finally press 'print'. The printer machine builds up the object gradually, either by depositing material from a nozzle, or by selectively solidifying a thin layer of plastic or metal dust using tiny drops of glue or a tightly focused beam.<sup>72</sup>

3D printers/ protomakers are likely to enter the consumer market in near future and are likely to pose new challenges for intellectual property law. Though 3D printers have been in the market for long, but the advent of home 3D printer machines would create new difficulties in enforcing and protecting innovative intellectual property of owners particularly in spare parts sector and aesthetic designing of articles. The cost of 3D printers as also cost of making articles is falling similarly as the cost of desktop printers fell in 1990s and posed serious challenge to copyright system.

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70 The MNCs may be able to convince decision makers in universities to enter into such agreements as the cost can always be transferred to students and there is no dearth of educational administrators who without appreciating the cost at which they studied within this country are always votaries of enhanced fees.

71 *Supra* note 3.

72 Presently 3D printers use only limited raw material (usually plastics, resins and metal) and it is likely they will be able to create almost anything using more materials.

### Rights affected by 3D printing

It appears all IP rights are likely to be affected by 3D printing. The technology of 3D printers seems so powerful that several groups may seek to obstruct<sup>73</sup> it in the name of protecting intellectual property rights holders, or it may even be stopped alleging possibility of home printmaking or alleging use for making guns or other disliked materials. Opinions are already divided and some believe that it would be a mistake to obstruct its growth. Also, it is believed that it should be allowed to develop as the natural progression akin to desk top printers.

### Copyright law

Copyright amongst other things from the Indian law perspective, subsists in original literary, dramatic, musical and artistic works.<sup>74</sup> The latter is defined in the CRA to mean (i) a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality; (ii) work of architecture; and (iii) any other work of artistic craftsmanship (section 2(c)). In case of artistic works, copyright means the exclusive right of the author to reproduce the work in any material form including depiction in three dimensions of a two dimensional work or in two dimensions of a three dimensional work.<sup>75</sup>

This is where the controversy or rather discomfort surrounding 3D printers emerges. Just as a conventional printer can make a 2D version of a drawing or painting, a 3D printer can make a 3D version of an artistic work, whether it is 2D or 3D in its original version. As per existing law, this would mean infringement of copyright in the concerned aesthetic work, if requisite permissions are not taken.<sup>76</sup>

### Designs law

As per the Indian Designs Act, 2000 it is possible to get a copyright in design for a period of 10 years, extendable by another 5 years. This protection is available to a design only if it appeals to the eye and is new and original. The author of the design, upon registration of the same gets an exclusive right to make articles embodying the design.

Does this mean that anyone using a 3D printer to adapt new articles from existing articles which according to him makes more commercial sense than the original article would commit piracy?. It would be very difficult to answer. Making copies of any

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73 Deven R. Desai from the Thomas Jefferson School of Law and Gerard N. Magliocca from Indiana University, *available at*: [http://www.philly.com/philly/news/science/3D\\_printers\\_The\\_next\\_intellectual\\_property\\_game\\_changer.html](http://www.philly.com/philly/news/science/3D_printers_The_next_intellectual_property_game_changer.html) (last visited on 24 Dec, 2013).

74 S.13 Indian Copyright Act, 1957.

75 S.14(c)(i) of the Indian Copyright Act, 1957

76 It is unsettling to imagine that a consumer who, say for instance, copies a Balan Nambiar sculpture by printing a replica through a 3D printer would not be liable for copyright infringement, even if he has no permission from the renowned sculptor.

article having a registered design right would amount to piracy under section 22 of the design copyright, only if it is to achieve sales. *De minimis* or production for private use would certainly not amount to committing piracy. The 3D printer would enhance the capacity of the population to make new designs using existing designs.

#### **Patent law**

Patent law is going to be easily involved. The patents law gives an exclusive right to work an invention for 20 years. The invention could cover all or anything like a mechanical device, medicine or some electronic apparatus all of which have normally many parts and sometimes devices have many patents. Anyone making these or a part thereof with a 3D printer could therefore be infringing patents. Presently simple patented products are capable of being produced by home 3D printers as against complex products with a number of constituent parts. Only the unauthorised commercial production of patented products by 3D printing would constitute an act of patent infringement; if someone indulges in this activity for private, non-commercial purpose with regard to patented products it would not be infringement. This possibility is one of the reasons behind purchase of 3D printers.

The cost of infringing a patent was relatively high on basis of which patents did not face lot of difficulty. Plenty of capital was necessary to support research, production, and distribution, and therefore any serious infringement also required a substantial investment. But 3D printing shall challenge that assumption. Patents are going to be difficult to defend in the similar manner as copyright industries fell to digitization. For sure 3D printing is going to disrupt law of patents, but it is necessary to consider it as natural growth model, as in future with 3D printers patent violations would become easier. The new phenomenon will reduce the value of many patents, some copyrights, and all trade dress, because even the best efforts to stop this surge in infringement will fall short.<sup>77</sup>

#### **Trademark law**

The conflict with trade mark law would be by reason of its assistance in creating counterfeits. Though most trademark registrations are for words or logos or devices, but a whole range of devices can be used or registered as trademarks. An easy example for understanding would be infringement of shape trademarks through unauthorised 3D printing of the shapes.

Of course in all cases, whether copyright or trade mark, it would be necessary to find out whether requirements of infringement are being satisfied. A mere replication of some matter simpliciter may not constitute infringement of IP.

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<sup>77</sup> Deven R. Desai from the Thomas Jefferson School of Law and Gerard N. Magliocca from Indiana University, *supra* note<sup>73</sup> at 54.

### Argument for permitting 3D printers

It is a cardinal principle of democratic law making for societies governed by rule of law, that anything which cannot be controlled should not be converted into a prohibitive law. It is advisable permitting home printing of all items and in countries like India it may also provide livelihood employment to masses. The question therefore is not whether it is infringement but should be whether such a technological change should be utilized for common good. As per existing law an article made for personal use, or *de-minimis* production, or made to order by slightly changing the design or benefits of a product would not be infringing production. It appears the law would require being permissive to sub-serve common good.

### VI International debate on compulsory licensing *vis-à-vis* public interest

Compulsory licenses (CL) under which the competent authority as appointed by national patent laws may authorise exploitation of patented invention without authorisation of the patentee. CL is normally issued in recognition of protection of larger public interest. Under a compulsory license, an individual or company seeking to use another's patent can do so and pays the rights holder a set fee for the license. More recently an area of fierce debate has been that of drugs for treating serious diseases such as Malaria, HIV and AIDS. Such drugs are widely available in the western world and would help to manage the epidemic of these diseases in developing countries. Such drugs are found too expensive for developing countries when supplied by patentees. The objective of this part is to examine the phenomenon of CL in pursuance of public interest by individual countries with a focus on India.

The Paris Convention, 1883 provides that each contracting state may take legislative measures for the grant of CL. The concept of CL is prevalent from the time of Paris Convention and continues in TRIPs. TRIPs agreement allows CL by member states in an effort to strike a balance between public and private interests. The expression 'other use without authorization of the right holder' is new nomenclature for 'compulsory license' and is conferred by competent authority. The phrase appears in the title of article 31, but does not specifically list the reasons that might be cited to issue a compulsory license.

### DOHA on compulsory licensing

The Doha Declaration on TRIPs and Public Health postulates that member countries are free to determine the grounds for granting compulsory licenses. Nevertheless, TRIPs Agreement does prescribe a number of conditions which ought to have been fulfilled before issuing compulsory licences.<sup>78</sup> Article 31(f) of TRIPs

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78 Art. 31, TRIPs Agreement, 1994.

requires that compulsory licenses be used 'predominantly' for local markets. This requirement complicates the ability of member countries to import drugs produced in foreign countries. Thus, countries lacking indigenous pharmaceutical manufacturing capacities may not effectively access medicines in compliance with TRIPs article 31.<sup>79</sup> The patentee has to be paid adequate remuneration taking into account the economic value of the authorization, but "adequate remuneration" or "economic values" are not defined. Compulsory licensing does not result in exclusivity to licensees; the patent owner continues to have right to produce. TRIPs waives the requirement of prior negotiation in emergency cases or when the subject matter of the patent is required for public non-commercial use which means government use.

### **Compulsory licenses under different jurisdictions the world over**

Specific situations in which CL may be issued are set out in the legislation of each country and vary from country to country. Some examples of situations in which a CL may be granted include lack of working over an extended period in the territory, inventions funded by the government, failure or inability of a patentee to meet a demand for a patented product and where the refusal to grant a license leads to the inability to exploit an important technological advance, or to exploit a further patent. CL have been issued by several countries for a number of different pharmaceutical products. Compulsory licensing has been resorted to by developing as well as developed countries of the world.<sup>80</sup>

*Thailand:* During 2006–2007, Thailand issued CL on three patented drugs. The legitimacy of these licences was debated extensively, both in Thailand and abroad. Despite the criticism, CL on three more drugs were announced in early 2008.

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79 The amendment to the scope of art. 31(f) of TRIPs in the Doha Declaration was made to allow countries unable to manufacture pharmaceuticals to obtain cheaper versions elsewhere if necessary. The requirement of domestic production in TRIPs art. 31(f) has been waived on the following conditions: The importing country must make an application to the WTO. The compulsory license granted in the exporting country shall also be notified to the WTO and be limited to the amount necessary to meet the needs of the importing country. Products shall furthermore be distinguishable through specific labelling and marking and information must be published on the internet.

80 For instance, Brazil has issued CLs for the drug Efavirenz; Canada for Oseltamivir; Italy for Imipenem/cilastatine, Sumatripan succinate; Israel for Hepatitis B vaccine; Ghana for Generic HIV and AIDS medicines; Cameroon for Lamivudine, Nevirapine; Mozambique and Zambia for Lamivudine, Stavudine, Nevirapine; Indonesia for Lamivudine, Nevirapine; Malaysia for Didanosine, Zidovudine; Thailand for Lopinavir/Ritonavir, Clopidrogel, Erlotinib, Letrozole, Docetaxel and Ecuador for Lopinavir/Ritonavir. During the anthrax crisis and the bird-flu endemic, there was demand even in the US for CL to be issued as the medicines in both cases were patented and the emergent situation required immediate production of life saving drugs.



*Brazil:* CL have been championed on the basis of public interest. The Brazilian government used CL argument to negotiate price reductions with anti-retroviral manufacturers. In 2001, Roche accepted a price reduction of 40% for nelfinavir and in 2005 a price reduction was negotiated with Abbott for the combination lopinavir and ritonavir.<sup>81</sup> In 2007 when the patentee, Merck & Co, refused to reduce the price of HIV antiretroviral efavirenz, Brazil issued a compulsory licence.

### **Compulsory licensing in India**

The Indian Patent Act, 1970 contains very broad compulsory licensing provisions. The two provisions that allow for CL are sections 84 and 92.

#### *Circumstances under which CL could be granted*

Under Patent Act, 1970 section 84,<sup>82</sup> a compulsory license can only be granted on the lapse of three years after the issuance of a patent, if one of the following conditions set out is met:

- i. The reasonable requirements of the public with respect to the patented invention have not been satisfied; or
- ii. The patented invention is not available to the public at a reasonable price; or
- iii. The patented invention is not worked in India.

Under section 92,<sup>83</sup> a compulsory license could be granted in India in case of:

- i. A national emergency (including a public health crisis);
- ii. Extreme urgency; or
- iii. In the event of public non-commercial use.

The Indian Act lists circumstances in which the “reasonable requirements of the public” will be considered as not met. These circumstances are:

- i. When, by reason of the refusal of the patentee to grant a licence on reasonable terms a trade or industry in India is prejudiced; or the demand for the patented article has not been met to an adequate extent or on reasonable terms; or a market for export of the patented article manufactured in India is not being supplied or developed; or the establishment of commercial activities in India is prejudiced.
- ii. When, by reason of conditions imposed by the patentee upon the grant of licences or upon the purchase, hire or use of the patented article or process,

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81 Darren Smyth, “Compulsory licences: necessity or threat?” *Chemistry World* (May 2013).

82 See, Indian Patents Act, 1970.

83 *Ibid.*

the manufacture, use or sale of materials not protected by the patent, or the establishment of any trade or industry, is prejudiced.

- iii. When the patentee imposes a condition upon the grant of licences under the patent to provide exclusive grant back, prevention to challenges to the validity of patent or coercive package licensing.
- iv. When the patented invention is not being worked in the territory of India on a commercial scale to an adequate extent or is not being so worked to the fullest extent that is reasonably practicable.
- v. When the working of the patented invention in the territory of India on a commercial scale is being prevented or hindered by the importation from abroad of the patented article by the patentee or persons claiming under him; or persons directly or indirectly purchasing from him; or other persons against whom the patentee is not taking or has not taken proceedings for infringement.

A CL could be granted if the patented invention is not worked in India. An invention is considered to be “commercially worked” in India if the patented invention is: (a) manufactured in India; (b) imported into India; (c) licensed and forms a part of a product that is sold in India; or (d) commercialized in India in any other manner.

The government can notify a patent for issuance of CL under section 92 if any of the three conditions are met: national emergency, cases of extreme urgency, or in case of public non-commercial use. Under section 92<sup>84</sup> the government can also ask generic makers to manufacture patented drugs in emergency situations.

### **Upholding public interest**

The issuance of the CL in India has come under criticism from the pharmaceutical industry having headquarters in developed countries. The governments espouse their interests on the ground that it would be a disincentive to innovate. It would dissuade potential investors from participating in the business of pharmaceutical innovation which as it is inherently risky.

The developed countries where most of the pharmaceutical industry is based, view it as an affront to their guaranteed rights; while the developing countries consider it their responsibility to provide life-saving drugs at affordable price to the poor people. It is debate between strict competition law arguments and liberal human rights approach.

### **Misplaced projection of essentials of patent**

If one scrutinizes the patent system in 19<sup>th</sup> century it was a time limited monopoly right as reward for disclosing an invention in first country but was always granted by

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84 *Ibid.*

other countries to encourage local production using local labour and raw materials. Increasingly, disclosure of invention is mentioned as misplaced essential bargain as symbol of the patent system. The new justification is being publicised<sup>85</sup> from the time of Uruguay round in 1991-92. The benefits of local production to a country whether by the patentee or a licensee outweigh the patented item supplied through exports. The developing countries were coerced to accept TRIPs 1994 wherein supply by exports was recognised equal to working. Arguing from patentee side, can a CL be issued only because a patentee does not manufacture in a particular jurisdiction, but supplies at a reasonable price? In the present TRIPs provisions it can be safely said that a CL cannot be issued in such a circumstance. It is submitted that the governmental intervention before the grant of CL has to be treated as sufficient safeguard for patentee. No competitor would ask for a CL unless the venture can be run profitably and no government would interfere unnecessarily against the patentee interest.

#### **Governmental intervention before CL as sufficient safeguard for patentee**

Governmental intervention before grant of CL is a sufficient safeguard for patentee. Otherwise, as soon as poor or non-availability and high prices of patented product were apparent, the TRIPs and domestic laws both could authorize everyone to produce the patented invention subject to payment of a settled royalty.<sup>86</sup> The concept of public interest has always been controversial to ascertain and define. The number of CLs issued throughout the world warrants that they are being issued only in exceptional cases.<sup>87</sup> The owners of patents have sufficient clout and strategies to contain the issuance of CLs. Yet, the debate continues in which 'exceptional cases and to what extent the issue of CLs may be made flexible'. A detailed and transparent explanation of the circumstances motivating public interest is essential. Public interest is a very flexible instrument in the hands of the executive and judicial authorities, and should be judicially utilized.

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85 The spread of literature is under control of MNCs and a misplaced bargain has been successfully campaigned so as to continue with supply by exports as equal to local working of the patent.

86 TRIPs insistence on governmental intervention before CL grant allegedly breeds corruption. It is suggested, if two conditions enabling consideration for CL are fulfilled, the person interested in getting a CL should be permitted to undertake production of invention either at pre-determined royalties or the same may be fixed by a specially empowered authority/commission in this regard. The whole matter of royalty payment may be deferred to post production and royalties for utilizing invention can be paid for production *ex post facto*.

87 The time is ripe to achieve goals in New International Economic Order (NIEO 1973), Uruguay 1989, and Doha Declarations. The revision of TRIPs in the sphere of patents, to demand withdrawal of 'supplying the market from abroad' as equal to 'local working' of invention should be insisted which was done while adopting TRIPs in 1994.

## VI Conclusion

It appears time is ripe for revising the concept “supplying from anywhere as equal to local working” which was accepted at the instance of the developed countries which are homes for MNCs. It is desirable to guarantee production utilizing available local resources on the basis of equalized geographical spread. The TRIPs need not be revised *status quo ante* and local production may not be insisted upon. For every patented invention having large international supplies, the patentee should be required to establish *production facilities or centres distributing them equitably*. Production centres for patented inventions could also be considered on the basis of population of the countries and/or projected consumption of invention. The countries which are supplied by exports must be given zero or negligible foreign exchange outgo guarantee. They may be supplied from production centres within or close to their countries discounting for benefits derived from local production.<sup>88</sup>

Such a suggestion would realize a possibility that at least some production under patents coming to each country market, there is likelihood of support from smaller countries. If such a suggestion is carried, it will ensure local production in at least some non-developed countries, ensuring returns to inventors and would also facilitate equitable distribution of other benefits arising out of production of invention, by way of use of local resources and employment to locals where such production centres are established.

It can be concluded by saying that the legislatures, policy makers in government and judiciary should apply these principles to defend and/or pursue the public interest, or interest of users. The Indian judiciary has not handled the cases to turn IP laws into an advantageous position for users or licensees, which it could, by interpreting in a beneficial manner for users.<sup>89</sup>

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88 Utilization of local raw materials and employment generation are major benefits for insisting local production.

89 See generally: <http://www.iposgoode.ca/2012/07/fairly-dealt-strong-statement-by-the-scc-in-alberta-education-v-access-copyright-2/> (last visited on Jan 6, 2014).