



## ASSIGNMENT AND LICENSING UNDER THE INDIAN COPYRIGHT ACT\*

The author of the copyrighted work is the first owner of the copyright but generally the authors don't have all the resources to commercially exploit their work. Hence it becomes necessary to transfer the rights in these works to someone who can commercially exploit these works. Under section 14 the Copyright Act, 1957 owner of the copyrighted work has been given the right to transfer the work. In case of tangible property the rights of the owner ceases after transfer but in the case of intellectual property the author can still enjoy the right over his work of intellect depending upon the rights so transferred. There are two main ways in which rights in protected work can be transferred: assignment and licensing.

The issue of assignment and licensing of intellectual property rights carries with it the problem that the nature of intellectual property is different from that of other kind of property. For example when a person parts with the title over tangible property, he also parts with all the rights associated with it. However, in the case of intellectual property, consumption by one person does not preclude the consumption by other. The intellectual property is distinct. It is the claim, which is the property of the owner. Moreover the right in intellectual property is for a particular period and is subject to public good.<sup>1</sup>

### Assignment of Copyright

Assignment of copyright refers to exclusive transfer of certain or all rights of the copyright owner, meaning thereby that it could be with respect to all or any of the rights of the copyright owner. It could be temporary or permanent. An assignment serves two purposes. As far as the assignee is concerned, it confers on him the right of exploitation of work for a specified territory or period. For the assignor, it confers the right to receive royalty or other consideration.<sup>2</sup> Section 18 of the Act deals with assignment of copyright.

Section 18(1) state that the owner of the copyright in an existing work or the prospective owner of the copyright in a future work may assign to any person the copyright either wholly or partially and either generally or subject to limitation and either for the whole of the copyright or any part thereof. However, in the case of assignment of copyright in any future work the assignment shall take effect only when the work comes into existence. Unless a medium of exploitation was available at the time of transfer or is expressly specified in the agreement, the assignment will

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<sup>1</sup>Krishna Gopal N S, PRINCIPLES OF INTELLECTUAL PROPERTY, (Eastern Book Company, 2009), 345

<sup>2</sup> V.K Ahuja , INTELLECTUAL PROPERTY RIGHTS IN INDIA, (Lexis Nexis, Second Edition, 2015) pg 69

not applied to those mediums. With respect to rights which are not specified in the assignment, the assignor retains the ownership for them.

By the Copyright (Amendment) Act of 2012, three provisos were added to section 18. The first proviso deals with rapidly developing ways of exploiting the copyrighted work in this era of rapid technological development. As per this proviso, assignment of copyright will not include assignment to use the copyright in any method which was evolved after the assignment of the work. Such rights should be expressly given to the assignee by term of the agreement. This amendment does not deal with license, so there is a possibility that the proposed amendment could be circumvented by the grant of an exclusive licence rather than the grant of an assignment.

This second proviso talks specifically about the literary or musical work included in a cinematograph film. This proviso is mainly for the benefit of author of underlying works used in cinematograph films and sound recordings. As per this proviso the author of literary or musical work included in a cinematograph film shall not assign such work to any other person or waive his right to receive royalties.

These provisions have been highly appreciated by the people in film and music industry but is rarely made use of even after four years of amendment

Section 19 of the Copyright Act discusses the mode of assignment of copyright. Section 19 (1) states that assignment of copyright is valid only when it is in writing and signed by the assignor or his duly authorised agent. Further, it is required that the assignment of copyright in any work shall identify such work and should also specify the rights assigned. The duration and territorial extent to which the rights of the assignee exist should also be specified in the assignment.<sup>3</sup>

Further this section provides that the assignment shall also specify the amount of royalty and any other consideration payable to the authors or his legal heirs during the currency of the assignment. The terms “royalty and any other consideration” was added by the Copyright (Amendment) Act of 2012 in place of “royalty payable, if any”. The assignment is also subject to revision, extension or termination on the terms mutually agreed upon by the parties.<sup>4</sup>

Section 18 makes it clear that the assignee has to exercise his rights provided under any of the sub- section of this sections, within a period of one year. If the assignee fails to do this, his rights will be lapsed unless otherwise mentioned in the assignment.<sup>5</sup> The period of assignment if not stated shall be deemed to be for a period of 5 years and the territorial extent if not specified will be presumed to extend to whole of India. These provisions, however, will not be applicable to assignments made before the Copyright Amendment Act 1994.<sup>6</sup>

The above said provisions are mostly for the benefits of the assignee, to protect him from any malpractice used by the author of the copyright work to earn more profit. Section 19 (8) was added wide the amendment of 2012. This sub- section states that the assignment of copyright in any work contrary to the terms and conditions of the rights already assigned to a copyright society in which author of the work is a member shall be void.

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<sup>3</sup> Sec 19(2), Copyright Act, 1957

<sup>4</sup> Sec 19 (3), Copyright Act, 1957

<sup>5</sup> Sec 19(4), Copyright Act, 1957

<sup>6</sup> Section 19 , Copyright Act, 1957

Assignments can be classified in two categories: legal assignment and equitable assignment. The legal assignment of copyright in existing works means transfer of right, title and interest of the copyrighted work, either absolutely or partially. This assignment will be subject to covenants entered into by parties. It may be an absolute assignment or partial one. The equitable assignment result when there is an agreement to assign the present work or an agreement to assign future work.<sup>7</sup>

The Delhi High Court while discussing the effect of negative covenants in agreement in *Chancellor Master and Scholars of the University of Oxford v. Orient Longman Private Limited and Others*, held that the negative covenant in the agreement whereby defendant undertook not to publish or cause to be published any work on the same subject at or about the price the sale of which might reasonably be regarded as conflicting or likely to conflict with the sale of copyrighted work without consent in writing of plaintiff in the agreement, can be legally enforced being not in restraint of trade.<sup>8</sup>

If there is any dispute with respect to assignment of any copyright, then the Copyright Board on receipt of the aggrieved party may pass any order as it deem fit after holding suitable enquiry. Such order may include order to recover royalty also. This provision is appended with certain provisos. The first proviso to Section 19A mandates the Copyright Board to first satisfy that the terms of assignment are not harsh on the assignor before passing any order to revoke the assignment.

## LICENCES

The provisions relating to Licenses have been discussed under Chapter VI of the Copyright Act. The owner of a copyright in any existing work or the prospective owner of the copyright in any future work may grant any interest in the right, by license in writing, signed by him or by his duly authorized agent. The requirements specified above for an assignment (Section 19) will apply for a License. The Copyright Board is empowered to grant compulsory licenses under certain circumstances on suitable terms and conditions in respect of Indian work.<sup>9</sup>

There can be two kinds of licenses: exclusive and non-exclusive. Exclusive license means a license which confers on licensee or persons authorized by him to the exclusion of all other persons (including the owner of the copyright) any right comprised in the copyright in a work. In the case of non-exclusive license, the owner of the copyright retains the right to grant to more than one person the licence in the copyrighted work. At the same time, he can also exploit the work himself.<sup>10</sup>

Furthermore license could be voluntary or compulsory. Voluntary licenses are those licences which are granted by the owner of the copyright by his own free will while compulsory licenses are granted by the Copyright Board under certain circumstances which will be discussed in detail later in this chapter.

## Difference between Assignment and Licensing

The terms assignment and licensing are not interchangeable. An assignment is different from license.<sup>11</sup> The difference between two are important for various

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<sup>7</sup> Taraporevala V.J., LAW OF INTELLECTUAL PROPERTY, (Thomson Reuter's, 2<sup>nd</sup> Edition, 2013)

<sup>8</sup> Ahuja V K, Law of Intellectual Property Rights in India, (Lexis Nexis, Second Edition, 2015) pg 73

<sup>9</sup> <http://www.mondaq.com/india/x/87398/Trademark/Assigning+Licensing+IPR+In+India07/04/15>

<sup>10</sup> Ahuja V K, LAW OF INTELLECTUAL PROPERTY RIGHTS IN INDIA, (Lexis Nexis, Second Edition, 2015) pg 74

<sup>11</sup> Ahuja V K, LAW OF INTELLECTUAL PROPERTY RIGHTS IN INDIA, (Lexis Nexis, Second Edition, 2015) pg 75



reasons. For example, failure to pay royalties under the original agreement may in the case of license enable a license to be revoked but in case of assignment it does not lead to revocation of the copyright which has been assigned.<sup>12</sup>

In *Deshmukh & Co. (Publishers) Pvt. Ltd. v. Avinash Vishnu Khandekar & Ors.*,<sup>13</sup> the Bombay High Court stated:

“An assignment may be general i.e. without limitations or an assignment may be subject to limitations. It may be for the whole term of the copyright or any part thereof. An assignment transfers an interest in, and deals with the copyright itself as provided under section 14 of the Act, but license does not convey the copyright but only grants a right to do something, which in the absence of license would be unlawful. An assignment transfer’s title in the copyright, a license merely permits certain things to be done by the licensee. The assignee being vested title in the copyright may reassign it to any other person. The license is personal and therefore not transferable or not assignable without the grantor’s consent. Furthermore, the assignee can sue for infringement without joining the assignor. The licensee cannot sue in his own name for infringement of the copyright, since copyright belongs to the licensor.”

In *Hole v. Bradbury*,<sup>14</sup> it was observed that in the agreements between authors and publishers of theatrical products, it is, often difficult to distinguish between sole and exclusive licence and an assignment of copyright. Where the agreement between the author and publisher contains no express term as to the copyright, if consideration is paid to the author by the way of royalties or a share of the profits instead of a sum of money paid down, the inference is that the copyright is not assigned but that a sole and exclusive licence is conferred upon the publisher.

In the case of *TK.P. Sundaram v. Rattan Prakashan Mandir*,<sup>15</sup> the court held:

"It is extremely difficult sometimes to distinguish in case of agreement between authors and publishers and sellers, whether it is an exclusive licence or partial assignment of the copyright to publish and sell. If the agreement contains express words or terms as to copyright then inference can be drawn. Where the agreement contains no such terms, but the consideration is the payment of royalties or a share of profits instead of down right payment, then the copyright is not assigned. It would be a case of conferment of an exclusive licence to publish and sell."

Assignment and licensing affect the right of the parties i.e., the assignors, assignee, licensor and licensee in different manners, one transfers the title in copyright while the other grants certain rights with respect to copyrighted works. In this situation, it becomes important to distinguish between the two. Though the distinction is not always easy, as the dividing line is very thin, the only way to decide is looking at the intention of the parties by referring to the terms of the contract.

### **Compulsory Licence in works withheld from public**

Compulsory Licence is granted in cases of work withheld from public. The basic purpose of the grant of compulsory license is to make the work available to the public, where author is not taking proper steps for communicating the work. The

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<sup>12</sup> Cornish W.R, INTELLECTUAL PROPERTY: PATENTS, COPYRIGHT, TRADEMARKS AND ALLIED RIGHTS, (Universal Law Publishing Co. Pvt. Ltd., New Delhi, 3<sup>rd</sup> edition, 2003), pg 312

<sup>13</sup> *Deshmukh & Co. (Publishers) Pvt. Ltd. v. Avinash Vishnu Khandekar & Ors.*, 2006 (32) PTC 358 Bom.

<sup>14</sup> *Hole v. Bradbury*, (1879) 12 Ch.D. 886

<sup>15</sup> *K.P. Sundaram v. Rattan Prakashan Mandir*, 1983 Delhi 461 (at pp. 465 to 467),

provisions relating to compulsory licenses are for general good and meant to balance the needs and the rights of society.

Article 9(2) of the Berne Convention puts a limitation in the form of compulsory license on the exclusive right of reproduction provided to the owner of the copyright in certain circumstances. Article 9 (2) of the Berne Convention reads:

“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.”

Article 9(2) of the Berne Convention lays down a three-step test for the exceptions that can be laid for grant of compulsory licenses. The three-step test is as follows:

1. The first step requires that the exceptions should be confined to special cases;
2. The second step requires that exceptions should not conflict with normal exploitation of the work; and
3. The third step requires that such exceptions should not unreasonably prejudice the legitimate exceptions of the author.<sup>16</sup>

Section 31 and 31A of the Indian Copyright Act deal with the concept of compulsory licensing. Compulsory licenses can be granted for variety of reason like in case of unpublished work, for cover versions for the benefits of disables etc. under Indian Copyright Act.

### **Conclusion**

After having a look at the various provisions of The Copyright Act, 1957 and various case laws it is clear that our legislatures have taken all the measures to protect the rights of the authors of copyright. The amendment of 2012 brought laudable set of changes for the benefit of the authors of underlying work, which were earlier ignored by the Act. Though these provisions have hardly been used even after four years of amendment. People have found out ways to avoid these laws. There are some loopholes that still need to be worked on like nowhere in the Copyright Act, the word royalties have been defined.

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<sup>16</sup> <http://copyright.com.au/wp-content/uploads/2015/08/CCS0202-Ricketson.pdf>11/04/15