'DPIIT licensing model for copyright burdensome'

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At a time when there is increased litigation around AI models scraping copyrighted material from the Internet without compensating data-owners, a new working paper put out by DPIIT calls for a hybrid approach to balance data access for AI innovation with fair compensation to creators.

While the DPIIT's recommendations of a licence model helps to better-track use of data, the implementation is set to be tedious and raise compliance costs, AI companies and legal policy experts say.

It does not strictly lean towards any single country's model, but rather advocates for its own hybrid model, they add.

"India's approach will open up the lawful use of copyrighted content for AI training with fair royalties being paid to the creators," Sajai Singh, Partner, JSA Advocates and Solicitors, said. "Considering the US, EU and UK models, India's Inter-Ministerial working groups are expected to develop clear guidelines. It would be important for India to also study the Japan example, as well as seek international cooperation in standard-setting from organisations like the World Intellectual Property Organization (WIPO)," he adds.

As per Singh, ongoing litigations, such as those around ANI Media vs OpenAI Inc. has got India thinking, resulting in the DPIIT Committee report. "It's good to see that India's approach to copyright and generative AI is evolving towards a hybrid model," he adds.

COMPLIANCE COSTS

Neelima Vobugari, Cofounder and Chief Operating Officer, AiEnsured, a company that offers testing solutions for AI, says that companies may face higher compliance costs at the start, but the methodology encourages "better record-keeping, cleaner licensed datasets and standard ways of tracking where data comes from."

This can reduce AI mistakes like hallucinations and make bias checks more accurate, she added.

"The overall impact, however, will depend on how royalty rates are set, what exemptions are given to researchers and small start-ups, and how well the policy protects access to diverse and inclusive datasets," she adds.

Kazim Rizvi, Founding Director of The Dialogue, anticipates significant challenges for AI development, especially on start-ups and MSMEs, which lack the resources for infrastructure.

"The proposed mandatory collective licensing mechanism assumes a level of work-level traceability and rights granularity that is fundamentally incompatible with the architecture of contemporary AI training," he says, explaining that modern AI models are generally trained on vast, heterogeneous data through iterative processes.

"Building a compulsory, centralised rights-management and royalty-distribution system atop this technical reality will introduce significant administrative friction and systemic uncertainty," he said.