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**Response to Working Paper: One Nation, One License, One Payment**

# Computer & Communications Industry Association Comments on Part 1 of India's Working Paper on Generative AI and Copyright

## I.    Introduction

The Computer & Communications Industry Association (CCIA)[1] welcomes the opportunity to respond to the Department for Promotion of Industry and Internal Trade's (DPIIT) recent working paper on generative artificial intelligence (AI) and copyright ("the paper").[2] CCIA represents leading technology companies that both develop and deploy AI systems, along with other digital services that rely on copyright frameworks that prioritize innovation and public access to information.

CCIA has submitted comments to regulators worldwide on generative AI and copyright, emphasizing the importance of preserving existing copyright limitations and exceptions, as well as enacting new ones, while avoiding overly prescriptive licensing mandates for AI training. The comments also highlight the need for copyright law to function as a flexible, technology-neutral framework.[3] These principles are especially important for emerging technologies where access to large and diverse data sets is crucial for innovation, competition, and the development of public interest applications. For this reason, the Association offers the following comments in response to Part 1 of the paper.

## II.    GenAI and Copyright Issues on the Input Side – The Current Legal Framework on Copyright

The paper frames the use of copyrighted works for AI training as a market failure, suggesting the need for centralized licensing and payment mechanisms. This framing appears to misunderstand that generative AI is trained by learning statistical patterns rather than permanently reproducing expressive works, as well as key aspects of how copyright law operates, including the role of fair use and text-and-data-mining exemptions in countries that permit such uses without individualized licensing. Training generative AI models involves the analysis of large volumes of data, including text, images, audio, and video, to identify patterns — not the public distribution of expressive works.

Furthermore, during training, data is converted into numerical vectors, and the model adjusts billions of internal parameters to minimize error rates. The final model is a set of optimized

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[1] CCIA is an international, not-for-profit trade association representing a broad cross section of communications and technology firms. For more than fifty years, CCIA has promoted open markets, open systems, and open networks. For more, visit www.ccianet.org.

[2] Referred to herein as "the paper", available at:
https://www.dpiit.gov.in/static/uploads/2025/12/ff266bbeed10c48e3479c941484f3525.pdf

[3] *See, e.g., CCIA Comments to U.S. Copyright Office on Artificial Intelligence and Copyright*, Computer & Commc'ns Indus. Ass'n (Oct. 30, 2023), https://ccianet.org/library/ccia-comments-to-copyright-office-on-ai; *CCIA Comments on Korea Copyright Commission Surveys on Copyright and AI*, Computer & Commc'ns Indus. Ass'n (Dec. 5, 2024), https://ccianet.org/library/ccia-comments-on-korea-copyright-commission-surveys-on-copyright-and-ai/.

mathematical parameters, not a repository of content. This computational analysis constitutes a "non-expressive use" that extracts information *about* patterns and facts rather than exploiting the expressive enjoyment of the work itself. Treating this act of analysis as a taxable event contradicts the idea/expression dichotomy central to copyright law. In some countries, these acts or uses may already be addressed under local copyright law, including fair use and text and data mining (TDM) exemptions. These doctrines are designed to accommodate new technologies and innovations through their flexibility, while balancing the interests of AI developers and rightsholders.

Introducing new licensing requirements at the input stage of AI training would be bad policy, by attempting to transform copyright from a limited, flexible system into a generalized access toll on publicly available information online. Such an approach risks undermining legal certainty and leading to a chill on innovation within India by actively excluding domestic startups, innovators, and researchers. If India wants to establish itself as a jurisdiction supportive of the development of AI, this approach is a step in the wrong direction.

## III.   Position in Other Jurisdictions

Globally, policymakers have recognized the importance of protecting training for innovation and ongoing competitiveness. Because of this, jurisdictions including the United States, Japan, Singapore, and the European Union have either reaffirmed existing copyright limitations or adopted explicit TDM exemptions to ensure lawful access to crucial data for training.[4]

Notably, no major jurisdiction has adopted a "one license, one payment" framework for these important inputs. Where licensing does occur, it is voluntary, market-driven, and limited to specific use cases. These typically involve access to content (e.g., archived content) rather than the general analysis of data for model training. This international trend reflects a growing consensus among many countries that copyright must enable, rather than obstruct, the development of AI technologies.

## IV.   Assessment of Various Regulatory Models and Recommendations

The paper considers a range of regulatory models to address the use of copyrighted works in generative AI systems, including compulsory licensing mechanisms. While each of the models differs in both scope and administration, they share a common premise: the use of lawfully accessible content for AI training constitutes a market failure that requires the remedy of payment obligations.

While the paper correctly recognizes that legal certainty for broad access to training data serves public interests, and accurately describes the operational challenges with licensing at the scale required for modern AI systems, CCIA disagrees with the majority of the framework's recommendations.

Instead, the Association proposes the following recommendations to promote the future of copyright, innovation, and technological development in India:

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[4] Jonathan Band, *Copyright Implications of the Relationship Between Generative Artificial Intelligence and Text and Data Mining*, infojustice (Oct. 27, 2023), https://infojustice.org/archives/45509.

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1. **Adopt a text and data mining (TDM) exception.** India should amend the Indian Copyright Act to adopt a specific TDM exception and clarify that the computational analysis of data for AI model training is a non-expressive use that does not constitute infringement of copyright. For content publicly available on the internet, the TDM exception could be paired with a machine-readable opt-out (such as the widely adopted robots.txt protocol). This empowers creators to reserve their rights if they choose not to participate in the AI ecosystem, aligning India with competitive frameworks in the EU.

2. **Preserve lawful access to training data.** Access to diverse, lawfully available datasets is essential to the development of effective and competitive AI systems. Policies that restrict access would harm domestic innovation, research, and competition, especially for smaller firms and research institutions.

3. **Foster competition and domestic innovation.** Any regulatory effort must consider its impact on startups and small and medium-sized enterprises, ensuring that compliance burdens do not entrench incumbents or stifle the development of India-based AI solutions that will drive India's pursuit of native AI capabilities.

4. **Encourage market forces to incentivize publishers more equitably**. A compulsory, centralized licensing framework risks rewarding poor-quality content. Any such mandatory statutory license approach would adversely impact high-value, direct commercial partnerships, thus disadvantaging quality content creators and AI developers alike.

5. **Protect trade secrets.** As the government considers transparency obligations, it must avoid any mandatory disclosures related to training content that would compel companies to reveal confidential business information or trade secrets. Mandating such requirements risks weakening innovation, investment, and competitiveness.

6. **Avoid any regulations that apply extraterritorially.** Basing payments on global revenues would be patently unreasonable and unfair. Any payments should be based on the Indian market alone. Any proposal must be structured to not have extraterritorial application: this would be inconsistent with international treaties and prove counterproductive to India's goals to ensure AI is trained on local sources with both cultural and accurate information.

7. **Clarify that this proposal only applies prospectively.** The paper suggests the framework should apply retroactively. It is unclear how this would work for a levy-based model, and it could be confusing. Additionally, it is not reasonable to charge for retroactive use, given that business decisions would have been made before this levy was adopted. This would create financial bottlenecks for AI developers, impacting innovation and future product releases.

## V.  Flaws in Proposed Policy Framework

The paper's proposed centralized licensing model raises significant legal, economic, and practical concerns that outweigh any speculative benefits for creators. A retroactive,

compulsory, and centralized licensing approach reflects a fundamental mischaracterization of how generative AI systems are trained and the importance of a copyright approach that balances access to information and innovation.

The proposed framework would:

- **Create artificial boundaries around information otherwise lawfully accessible**: A centralized licensing mandate would create artificial scarcity regarding publicly available materials and content acquired through lawful means. Copyright law has never treated the analysis of information as an exclusive right. The proposal would impose a blanket licensing requirement at the input stage that would effectively convert publicly-available information into a regulated commodity, raising barriers to entry and constraining the free flow of information expected by online users that underpins innovation, competition, and research. Such a framework would be especially damaging in the AI context, and restricting access through licensing would undermine the development of robust, unbiased, and culturally relevant AI systems, limiting the ability of domestic innovators to compete globally. This is especially true for AI start-ups in India that would have to pay for access to domestic content.

- **Fail to account for the adoption of similar frameworks in other jurisdictions and instead promote the "de-Indianization" of AI models**: The proposal suggests pegging royalties to an AI developer's 'gross global revenue', an approach that is both arbitrary and extraterritorial. This ignores the actual proportion of Indian content used, effectively acting like a digital services tax. Such an approach risks incentivizing global developers to 'geo-fence' or exclude Indian data entirely to avoid worldwide liability. This would result in 'de-Indianized' AI models so that they lack local cultural nuance, ultimately harming the very domestic consumers the proposal seeks to protect. The framework also provides no justification for why Indian rightsholders should receive compensation calculated on revenue earned from customers in markets where Indian copyright law has no application and where local creators may have their own claims. If this global-revenue approach were replicated by other jurisdictions, the cumulative effect could fundamentally alter AI business model economics worldwide and would undermine international treaties. Furthermore, the effort would prove counterproductive to the goal of ensuring AI models are trained on a wide variety of cultural and accurate information.

- **Impose a financial burden that disproportionately affects U.S. tech firms**: Further, the proposed pegging of royalties to a percentage of an AI developer's global revenue rather than on actual usage of Indian works effectively functions as a digital services tax that disproportionately affects U.S. technology companies, levied under the guise of copyright administration.

- **Incentivize low-quality content creation and deter voluntary licensing arrangements**: A compulsory, centralized licensing framework would risk the creation of perverse incentives that reward quantity over quality. By basing remuneration on the number of registered works, the proposal will encourage the proliferation of duplicative or low-quality 'junk' content created solely to capture licensing revenue. This would

dilute the pool for legitimate Indian content creators and potentially also impact the quality of the resulting models. At the same time, the proposal would deter market-based agreements between AI developers and publishers that reflect a negotiated and agreed-upon value during specific use cases, which would reward quality. Furthermore, a mandatory statutory license places a 'regulatory ceiling' on the revenue potential of Indian publishers — it replaces high-value, direct commercial partnerships already maturing in the market with low-yield, government-fixed administrative rates. Overall, a mandatory system would operate as a blunt policy instrument that undermines incentives to invest in trusted, high-quality content and also rewards content solely for being registered.

- **Distort markets by favoring inefficient collective management entities**: The model would also disproportionately benefit collective management organizations (CMOs). Centralized licensing schemes tend to consolidate bargaining power and channel payments through intermediaries with limited transparency or accountability regarding how proceeds are distributed. The structure risks reinforcing market concentration rather than fostering a diverse creative ecosystem. Although CMOs may sound ideal in theory in the way they supposedly allow royalties to be paid on large bodies of work, there is often corruption, huge amounts of money being spent on overhead, and very little truly reaching rightsholders much of the time.[5] While some countries have enacted best practices or toolkits, this depends fully on enforcement and a country's efforts.

- **Fragment and deter global integrated AI systems**: AI models and applications are typically developed and deployed as global products that are trained and then offered across multiple jurisdictions. Applying territorially-bounded copyright payment obligations would likely impose jurisdiction-specific legal risk on those global technologies. Global AI systems cannot feasibly be trained on a country-by-country basis without high cost and complexity. This approach risks incentivizing AI developers to limit deployment in jurisdictions that impose uncertain legal exposure, resulting in reduced access to advanced AI in the Indian market and undermining the country's stated objectives of promoting innovation and domestic technological competitiveness.

- **Discourage investment in digital infrastructure**. The proposal links long-term investments in digital infrastructure (such as data centers) to open-ended and unpredictable financial obligations. By creating a framework where physical infrastructure acts as a trigger for global revenue-linked royalties, India will deter investment in such infrastructure, and global developers will prioritize capital expenditure in other jurisdictions with greater legal certainty to avoid the uninsurable risk of being liable for global royalties simply because India-based servers accessed Indian content to inform a user query.

- **Increase compliance costs without evidence of market harm**: Additionally, the proposal would impose substantial compliance costs on AI developers, researchers, and institutions, requiring extensive documentation, auditing, and negotiation with

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[5] Jonathan Band & Brandon Butler, *Some Cautionary Tales About Collective Licensing*, 21 Mich. St. Int'l L. Rev. 687, 691-704 (2013), https://osf.io/download/pcne7; Band & Butler, *Cautionary Tales About Collective Rights Organizations, Part 2*, InfoJustice (May 22, 2018), https://infojustice.org/archives/39886.

licensing authorities. AI training does not implicate the expressive interests that copyright was historically designed to protect. Without evidence of market harm, imposing new financial and administrative burdens risks diverting resources away from innovation without advancing the underlying objectives of copyright law.

- **Entrench rigid, regulatory complexity without needed flexibility for emerging technologies**: Centralized licensing regimes are inherently prescriptive and slow to adapt to new innovations. As AI technologies rapidly evolve, such rigidity is particularly problematic. Attempting to regulate AI training through this kind of effort would require continual revision and likely lag behind technological developments. Furthermore, this complexity would create ongoing uncertainty for innovators and regulators alike, discouraging investment and experimentation. Principles-based and technology-neutral approaches are far better suited to support innovation while preserving AI capabilities as they continue to evolve.

- **Likely face Constitutional challenges**: The proposal may also encounter legal hurdles under Indian law. Applying royalties retroactively to models already trained could violate the 'Doctrine of Fairness' established by the Indian Supreme Court in *CIT v. Vatika Township Pvt. Ltd.* (2014). Furthermore, the proposal could violate the Indian Constitution, specifically:

  - **Article 14** (relating to the right to equality) by treating all works as a single class regardless of their nature or use – by forcing high-value creators into a single mandatory scheme, it fails to differentiate where differentiation is merited, thus violating the right to equality; and

  - **Article 19(1)(g)** (relating to the protection of freedom to carry on any occupation, trade or business) by imposing unsustainable financial burdens that chill the freedom to conduct business.

Overall, the framework laid out in the paper would reflect a monumental shift in AI policy, and therefore, ongoing coordination with industry and other stakeholders is paramount to avoid these unintended consequences.

## VI. Conclusion

CCIA appreciates the opportunity to respond to the paper. However, as our response makes clear, the proposed "One Nation, One License, One Payment" framework is fundamentally misdirected. No updates to data sources or administrative adjustments can cure its core defect — it treats lawful information analysis as a compensable act, ignoring established copyright principles and international practices.