

# Artificial Intelligence and Intellectual Property: Legal Ownership in the Age of Autonomous Creation

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## Abstract

This paper examines the issue of owner rights of artificial intelligence-created content, with regard to prevailing intellectual property regulatory regimes in India. Examining principles under the Copyright Act, 1957 and the Indian Patents Act, 1970, this paper examines the extent to which conventional concepts of authorship and inventorship collapse in the face of machine-created works. This paper examines concrete case studies of artwork, literature, and inventions created by AI, and whether grants of rights under these cases amount to ownership or simply licensing arrangements. Tracking equities between discordant jurisdictional directions and new industry practices, this paper contends for the necessity of more precise legal definitions of AI-created content owner rights. This paper concludes by proposing regulatory reforms balancing innovation incentives against just recognition of human labor in an increasingly automated creative economy.

**Keywords:** AI Content, Copyright Ownership, Intellectual Property Law, Authorship Rights, Digital Licensing, Patent Systems, Legal Innovation, Machine Learning

## Introduction

Ownership and copyright attribution are on the other hand core of every creative work, which ensures that authors maintain rightful control and credit for their intellectual work. The Copyright Act, 1957 and the Patents Act, 1970 are two of India's most significant acts that define these rights. Even with these laws, significant issues crop up over works created by artificial intelligence systems with minimal human intervention. Issues relating to ownership rights and proper credit are raised by this new technological reality. In this research paper, we will explore these issues from the perspective of Indian intellectual property law and propose for more conventional and comprehensive protections.

Significantly outlining the provisions of copyright protection in India is the Copyright Act of 1957. The Act outlines in section 17 that, in the case of an original work, the author ought to be the initial owner of the copyright<sup>1</sup>. The authorship in creative interactions is founded on this belief. The creator owns the work created and its derivative, such as the changes or adaptations. The statute outlines that unless agreed otherwise, the author ought to own legally all the variations developed from the original work.

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<sup>1</sup> Section 17 of Copyright Act, 1957.

The instant a creative work is brought into physical form, the author owns the copyright under the Copyright Act, 1957. The author will own all the components of the work, including the derived or adapted ones, according to Section 14 of the Act, under the head of exclusive rights enjoyed by owners of copyrights<sup>2</sup>. Where works are ascribed to the original author, due attribution is necessary according to Section 57<sup>3</sup>. This is in contrast to these conventional laws if creators of AI are granted full rights over machine-generated material without due regard to the subtleties of authorship involved in the same.

These paradigms of law argue that where firms claim sole ownership of works produced by AI in the absence of express mandate or permission of human contributors to such works, their claims could constitute intellectual property rights violations of creators. The paradigm is contrary to the doctrine that valid authorship is human creative contribution. The Copyright Act, 1957 and conventional intellectual property norms ensure the doctrine that valid creative effort is of human creativity. Unfair enrichment may result from not keeping such doctrine by attributing authorship to machines or their proprietors where there is no sufficient human contribution.

### Why AI Ownership Rights Matter

Issues of innovation incentives or the necessity of delineating clear rules for emerging technologies are typical explanations corporates give to maintain rights over AI content.<sup>4</sup> Big tech firms rationalize the protection of AI outputs for the sake of making a statement, arguing that such protection supports investment in artificial intelligence and tech innovation.<sup>5</sup> But these are explanations that make it hard to understand how these practices strike a balance between creator rights and commercial interests.

One method of ensuring maximum return on investment in AI is through acquiring exclusive rights to all products regardless of human contribution. Unjust enrichment occurs when companies gain profit from works of art intended to fairly distribute human contribution or be in the public domain.

### Refurbishment and Reuse: Ethical Considerations

Using and reusing content created by AI for probable commercial use is the only concern for most AI development practices. Companies that undertake serious AI development work profess to democratize innovation and creativity. Legally, the process allows businesses to create revenues from products that may possibly merit alternative models of ownership. Unless otherwise stipulated in some agreement, such creative work must be given proper credit under the Copyright Act of 1957. It is known as unjust enrichment when a business derives commercial benefit from creative works without proper attribution or compensation.<sup>6</sup> Such a legal principle is applicable where substantial human control or training data has been used in AI-generated material.

### The Rights-To-Access Movement and Its Implications

According to the Rights-To-Access movement, consumers should be able to apply AI tools and their outputs as they wish after legal procurement. Consumers and consumer groups try to access legislation that obliges corporations to open up AI technologies and make them public and the movement is picking

<sup>2</sup> Section 14 of The Copyright Act, 1957

<sup>3</sup> Section 57 of The Copyright Act, 1957.

<sup>4</sup> OpenAI, "AI and Compute", OpenAI Blog. <https://openai.com/research/ai-and-compute>

<sup>5</sup> AI Policy Forum Report 2023

<sup>6</sup> Kumar S., "A Comparative study on the Law of Unjust Enrichment: Global perspective", International Journal of Research Publication and Reviews, 2023, 4 (3), 1053–1057. <https://ijrpr.com/uploads/V4ISSUE3/IJRPR27171.pdf>

up globally, including in India.<sup>7</sup> Consumers should be able to apply AI-created content they have ordered without manufacturers imposing unwarranted restrictions, according to the movement.

### **The Impact of Restrictive Company Policies**

Technology companies like major AI developers have stringent procedures that only permit certain types of use for their AI-generated outputs. They justify this out of a concern for safety and quality manipulate. However, these restrictions increase costs and limit consumer choices. While it may be economically beneficial for companies to maintain strict control over AI outputs and restrict usage options to their services, this does impede consumer liberty.

These policies cast doubt on consumer protections and justice, and they weaken the rights-to-access campaign. The underlying question remains whether customers are purchasing ownership rights or merely licensing limited usage rights when engaging with AI creative tools.

### **Ownership vs. Licensing: Legal Interpretations under Indian Law**

Licensing is where one person grants to another, or to a definite number of other persons, a right to do something which would, in the absence of such right, be unlawful, and such right does not amount to full ownership or an interest in the property, the right is called a 'license'.<sup>8</sup> The right to own, use and transfer intellectual property is blanketed underneath Copyright Act, 1957. Everything that contributes to making a creative work falls under this category.

However, digital organizations frequently blur the boundaries between ownership and licensing. Corporations restrict users' ownership rights by enforcing a licensing model and retaining control of AI-generated outputs. The ability to use, modify and distribute one's property is an inherent right of possession. Conversely, restricted rights under certain conditions are granted via licensing.

Customers' rights appear to be more like a licensing agreement than real ownership, since AI outputs are being controlled without full authorization. This is against the spirit of the Copyright Act of 1957 and traditional understandings of intellectual property.<sup>9</sup> The concepts of ownership under Indian law are challenged by retaining strict control without explicit authorization. The ownership of a creative work encompasses all its derivatives and modifications, according to the Copyright Act of 1957.

Businesses may be violating consumer rights and participating in unfair trade practices if they maintain excessive control over these outputs, according to the Consumer Protection Act of 2019.<sup>10</sup> This law protects consumers from deceptive business practices and ensures fair treatment regarding products and services they purchase.

### **Case Study: The Publishing Industry vs. AI Content Platforms**

Unless the purchaser specifies otherwise, following traditional practice, most publishers will respect authors' rights to their creative works, including revised drafts and edited content. This approach adheres

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<sup>7</sup> Ozturk S., "The rights-to-access movement: Digital ownership and consumer rights", Journal of Information Technology Teaching Case, 2023. <https://doi.org/10.1177/2048869231178037>

<sup>8</sup> The Indian Easement Act, 1882

<sup>9</sup> Yang L., "Research: The Unintended Consequences of AI Ownership Laws", Harvard Business Review, January 20, 2022. <https://hbr.org/2022/01/research-the-unintended-consequence-of-ai-ownership-laws>

<sup>10</sup> Khan M.A., "CONSUMER PROTECTION UNDER INDIAN LEGAL FRAMEWORK", Journal of Cardiovascular Disease Research, 2021, 656–658. <https://www.jcdronline.org/admin/Upload/Files/6311ab39d4da62.23187963.pdf>

to the guidelines laid forth by Copyright Act of 1957 on intellectual property rights and ownership. By respecting these creative rights, publishers show their clients that they value their intellectual property rights and are being forthright through letting them maintain complete control of their work.

On the contrary, AI content platforms often retain ownership of outputs, which raises questions about justice in contrast to traditional publishing that respects creator rights. This discrepancy highlights the want for industry-huge standards to ensure the protection of creators and users.

A potential infringement of property rights is the AI industry's habit of maintaining ownership of generated content without permission, which results in users losing control of their creative outputs. The value of a creative product is relative to each contribution that makes it up. Since the customer has paid for the creation service, this should be their right to retain full rights during use and not keep them with the AI providers.

This would be a case of unfair profit for the company and a corresponding loss for the customer, if AI providers retain the ownership rights, repair them at a low cost, and sell them at much higher prices. A customer protection gap is shown by the disparity between practices in the technology and publishing industry.

These rights belong to tech industries, which is a matter of justice, as compared to traditional creative industries that protect creator rights. This disparity demands industry-wide standards to guarantee protection of consumer rights for all goods and services.<sup>11</sup> One such violation of assets rights is the culture of AI industries retaining ownership of outputs without permission, which denies consumers their ownership of their creative property.

Similarly, in our digital revolution age, the AI-generated art industry has also caused a legal imbalance between commissioned and platform-generated works. Commissioned artists have long been granted ownership rights over their work, with potential ongoing use. In contrast, AI platform users, who pay subscription fees, have only a revocable license, which subjects them to unilateral revocation of access by companies like leading AI image generators.

This is a contradiction with the Copyright Act, 1957, as both parties pay but enjoy unequal legal protection. Section 17 of the Act provides that copyright ownership is vested in the author of the work. Traditional artists get property rights, including indefinite use and resale rights. AI platform users only get a temporary and non-transferable license, contravening the concept of quid pro quo.

The Supreme Court in numerous cases has held that rights of ownership pass on creation, a right not given to AI platform users. Section 18 of the Act permits copyright assignment unless barred. Traditional artworks may be sold, whereas AI-generated licenses cannot be transferred, making the distinction in law unequal. The Bombay High Court in relevant cases has held that creative property inherently is transferable unless barred. This points out the disparity, as digital consumers forfeit resale rights for paying subscription amounts.<sup>12</sup>

Additionally, Section 14 of the Act provides that all incidents of law, such as reproduction and distribution, pass with the copyright. Traditional creators have these incidents, which allow them continued control even if they no longer produce similar works. Digital users, on the other hand, lose all of it upon revocation of license.

The Supreme Court in the majority of intellectual property cases has held that cases of ownership transfer with copyright unless excepted, a privilege which is not available to users of AI platforms. Consumer

<sup>11</sup> "Consumer Protection", Economic and Political Weekly. <https://www.epw.in/tag/consumer-protection>

<sup>12</sup> Bombay HC, Copyright Case Studies and Precedent in Digital Content, 1963.

exploitation and financial loss result with some platforms' practices of revoking digital licenses without payment.

The digital consumer gives up complete creative investment, whereas offline creators continue to have access under the traditional scheme. This legislative imbalance warrants changes, having AI platforms ensure proper rights administration or pay proper compensation. Copyright legislation must be updated to provide specified ownership rights over AI-created property, protecting consumer interests against corporate exploitation.

### **The Need for Universal and Stricter Laws**

The legal requirement to establish clear ownership rights for AI-generated content is important in order to protect clients and ensure fairness. Companies need to be legally compelled to acknowledge user rights in AI-generated content unless such customers provide their own consent for the rights to be retained by the company. This will ensure the property rights of the customer, as outlined under the Copyright Act of 1957 and traditional intellectual property principles.

In the same vein, consumer protection in the case of AI-generated content needs to extend to protect digital ownership rights. The difference in the ownership between commissioned work and AI platform outputs, as seen in many cases, is a legal loophole that unfairly harms digital consumers. While traditional creators still retain the right to control their work despite changes in business relationships, AI platform users lose access to everything once the license is revoked. Such discriminatory treatment, although both consumers paying an equal amount, brings about inequity and contravenes the property ownership principles of the Copyright Act, 1957.

The Act formulates the rights of the owner to use, transfer, and hold the acquired property, which logically extends to AI-generated content as well. Yet, corporations take advantage of the licensing mechanism to deny digital consumers their ownership rights, bringing about wrongful loss. India needs to enact explicit AI ownership rules that would oblige enterprises to allow customers permanent access to their commissioned outputs without limitations. Likewise, in the AI content market, law needs to alter to offer users continuous access to the game that they have paid for or provide refunds when their licenses are taken away.

Such regulations would maintain equality between traditional creative measures and AI platforms, so firms cannot unilaterally refute consumers of their rights. It is vital to have a single legal norm across all industries to preserve consumer rights and prevent businesses from exploiting ownership ambiguity. This would avoid corporations unfairly profiting at consumers' expense. The government can also create a more just economy that consistently preserves consumer rights by effectively employing consumer protection rules. Providing steady property rights, either in physical or electronic transactions, is vital to maintain justice, disregard exploitation, and ensure that consumers get the value they rightly paid for.

### **Conclusion**

In conclusion, AI content operations by organizations such as large technology companies are presenting serious moral and legal difficulties, which tend to avoid customers' attention. In the same way, the digital content license withdrawal cases highlights yet another exploitation of customers, which deals with differences in ownership rights under the Copyright Act, 1957.

Although the consumers who commission traditional creative works have some sort of ownership and access even when business connections end, AI platform users suffer the loss of access in its totality

although they have paid membership fees or per-use rates. This difference brings an unfair distinction according to the producing mode, stripping digital consumers of their control over their property.

Furthermore, the absence of regulation diminishes responsibility for firms, which allows them to put profits above consumer equity. The lack of clear policies also makes it a practice for firms to keep following the same with impunity. For this, stricter laws are required that explicitly state ownership rights in AI-generated transactions. Consumer protection laws must be amended to safeguard AI content ownership so that they are equivalent to traditional creative arrangements.