



Copyright Societies in India and the Crisis of Fragmented Collective Licensing: Reimagining Copyright Administration in the Digital Economy

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Submitted to: Journal of International Research & Multidisciplinary Innovation (JIRMI)

Date: 10 January 2026

Abstract

The emergence of digital dissemination technologies, streaming platforms, and large-scale commercial exploitation of copyrighted content has transformed the contemporary copyright ecosystem. However, India's collective copyright administration framework continues to function through fragmented licensing structures that require users to obtain multiple permissions from different copyright societies for the use of a single musical work. This multiplicity of licensing obligations has generated substantial transactional inefficiencies, increased compliance costs, legal uncertainty, and disproportionate financial burdens upon commercial users such as broadcasters, restaurants, event organizers, digital platforms, and independent content creators. This paper critically examines the legal and institutional framework governing copyright societies in India under the Copyright Act, 1957 and the Copyright Rules, 2013. It argues that the present fragmented collective management structure is institutionally incompatible with the realities of the contemporary digital economy. Through doctrinal analysis, judicial interpretation, and comparative examination of international collective rights management systems, the paper analyses the economic and legal deficiencies embedded within India's current licensing architecture. The study further evaluates international models of centralized and interoperable licensing systems and proposes structural reforms aimed at modernizing collective rights management in India. The paper concludes that India requires a technologically integrated and transparent licensing mechanism capable of balancing creators' proprietary interests with commercial practicality and ease of access in digital markets.



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Keywords

Collective rights management, copyright societies, music licensing, digital copyright, royalty distribution, copyright reform, collective administration, intellectual property law.

Introduction

The expansion of digital technology has fundamentally altered the manner in which copyrighted works are created, disseminated, consumed, and monetized. Music streaming services, digital broadcasting platforms, short-form content applications, online performances, and social media ecosystems have transformed copyright from a territorially restricted framework into an interconnected global commercial system. In such an environment, the administration of copyright through collective management organizations has become indispensable for ensuring efficient licensing and royalty distribution.

Copyright societies historically emerged to reduce transaction costs and facilitate the collective administration of rights where individual licensing by authors and composers was commercially impractical. In India, collective rights management operates under the statutory framework established by the Copyright Act, 1957 and the Copyright Rules, 2013. Various copyright societies administer different categories of rights, particularly in relation to musical works and sound recordings. Organizations such as the Indian Performing Right Society and Phonographic Performance Limited collectively administer copyrights on behalf of authors, composers, publishers, and producers.

Despite their institutional importance, the Indian collective licensing framework remains structurally fragmented. A single act of commercial music usage frequently requires multiple permissions because distinct layers of rights subsist within a musical work, including literary rights, musical composition rights, performers' rights, and sound recording rights. Consequently, businesses and commercial users are often compelled to negotiate separately with multiple licensing entities for the same commercial activity.

The persistence of fragmented licensing structures in the digital economy has generated significant practical and economic concerns. Commercial users frequently incur substantial licensing expenditures for blanket catalogues despite utilizing only a limited proportion of copyrighted works. Smaller enterprises, independent creators, and startups are particularly disadvantaged by complex licensing obligations and disproportionate compliance costs. Simultaneously, the lack of interoperability between copyright societies has created legal ambiguity regarding licensing requirements and royalty allocation.

This paper argues that India's collective rights management framework requires substantial structural reform to address the realities of modern digital copyright markets. Through doctrinal and comparative analysis, the paper examines whether the present licensing architecture adequately balances creators' rights with commercial efficiency and proposes the development of centralized or interoperable collective licensing mechanisms capable of modernizing copyright administration in India.



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Research Questions

This study seeks to address the following research questions:

1. Whether the fragmented collective licensing structure in India is compatible with contemporary digital copyright markets?
2. Whether the present copyright society framework adequately balances the economic interests of creators with the commercial realities faced by users?
3. Whether India should adopt centralized or interoperable collective licensing mechanisms comparable to international collective management systems?

Research Methodology

This paper adopts a doctrinal and analytical methodology. The research is based primarily upon statutory interpretation of the Copyright Act, 1957 and the Copyright Rules, 2013, supported by judicial precedents, scholarly literature, policy studies, and comparative international practices relating to collective rights management. Secondary sources including peer-reviewed journal articles, international copyright reports, and academic commentaries have been utilized to evaluate the institutional and economic dimensions of collective licensing systems.

Literature Review

Collective rights management has been extensively examined within international copyright scholarship as a mechanism for reducing transaction costs and facilitating efficient licensing in industries involving large-scale public dissemination of copyrighted works. Scholars such as Daniel Gervais and Sam Ricketson have emphasized that copyright societies serve an important economic function by simplifying negotiations between rights holders and commercial users. However, contemporary scholarship increasingly identifies concerns relating to institutional monopolization, lack of transparency, royalty distribution disputes, and inefficiencies within traditional licensing structures.

International literature has also focused significantly on the challenges posed by digital streaming platforms and online dissemination technologies. Peter Menell argues that technological developments have exposed structural inadequacies within conventional copyright enforcement and licensing systems, particularly in relation to digital exploitation models. Similarly, several studies examining collective management systems in the European Union and the United States have highlighted the importance of interoperable databases and centralized digital licensing frameworks.

Indian scholarship on copyright societies remains comparatively limited and primarily focuses on statutory interpretation and authors' rights. Existing Indian literature has inadequately addressed the economic inefficiencies resulting from fragmented licensing obligations in digital markets. This paper seeks to contribute to the existing scholarship by critically



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examining the institutional limitations of India's present collective management structure and evaluating the necessity of integrated licensing reform.

Conceptual Foundations of Collective Rights Management

Collective rights management is fundamentally rooted in transaction cost theory. Individual licensing becomes commercially impractical where copyrighted works are exploited across large markets involving numerous users and repeated transactions. Copyright societies therefore function as intermediary institutions that facilitate efficient licensing while reducing negotiation costs for both creators and users.

The economic rationale underlying collective administration is particularly significant in music industries where millions of copyrighted works are publicly performed, broadcast, streamed, or reproduced daily. Without collective management organizations, individual negotiations between copyright owners and users would create substantial market inefficiencies and enforcement difficulties.

However, collective management structures also generate concerns relating to market concentration and institutional rigidity. Where multiple societies administer fragmented categories of rights without coordination, transaction costs may increase rather than decrease. Fragmented licensing structures therefore undermine the foundational economic justification underlying collective administration itself.

The digital economy has further transformed collective rights management by requiring technologically integrated systems capable of instantaneous licensing, automated royalty tracking, and interoperable rights databases. Contemporary copyright governance increasingly depends not merely upon legal ownership structures, but upon the efficiency and technological sophistication of licensing institutions.

Statutory Framework Governing Copyright Societies in India

The legal framework governing copyright societies in India is principally derived from Sections 33 and 34 of the Copyright Act, 1957 alongside the Copyright Rules, 2013.

Section 33 provides that only registered copyright societies may carry on the business of issuing licenses in relation to copyrighted works. The provision seeks to regulate collective administration and ensure institutional oversight over licensing practices. However, the statutory framework does not establish any integrated licensing mechanism between different societies administering distinct rights.

Section 34 regulates the administration of rights by copyright societies and recognizes their authority to collect and distribute royalties on behalf of rights holders. The provision also imposes fiduciary obligations upon societies in relation to royalty management and governance.



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The Copyright Rules, 2013 introduced greater regulatory supervision by prescribing obligations relating to transparency, tariff schemes, auditing procedures, and royalty distribution mechanisms. While these reforms strengthened institutional accountability, they did not substantially address the structural fragmentation embedded within India's collective management system.

The statutory framework therefore continues to operate through compartmentalized rights administration despite the increasing convergence of copyrighted content within digital markets.

Critical Analysis

The Indian framework governing copyright societies reflects a fundamental tension between the protection of proprietary rights and the practical realities of modern content markets. While collective management organizations were originally conceived as mechanisms for reducing transaction costs and simplifying licensing procedures, the contemporary Indian system increasingly appears to reproduce the very inefficiencies it was designed to eliminate. The fragmentation of licensing authority among multiple copyright societies has transformed collective administration into a procedurally burdensome and commercially complex process, particularly within the digital economy.

One of the principal deficiencies of the present framework lies in its failure to account for the integrated nature of modern music consumption. A single musical work simultaneously embodies multiple layers of copyright protection, including literary rights, musical composition rights, performers' rights, and sound recording rights. Although the legal distinction between these rights remains doctrinally valid, the practical requirement of obtaining separate licenses for interconnected rights imposes disproportionate burdens upon users. From a commercial perspective, the fragmentation of licensing obligations creates uncertainty regarding the exact scope of permissions required under law and increases the likelihood of inadvertent infringement.

Moreover, the economic rationale underlying collective rights management becomes substantially weakened when licensing systems themselves generate excessive transaction costs. Copyright societies are theoretically justified on the basis that centralized administration is more efficient than individual negotiation between creators and users. However, where users must negotiate separately with multiple licensing entities, the efficiency rationale of collective administration becomes diluted. In such circumstances, fragmented licensing structures risk functioning less as facilitators of lawful access and more as institutional barriers to market participation.

The present system also raises concerns regarding proportionality and fairness within royalty structures. Blanket licensing models frequently require businesses to purchase access to extensive catalogues of copyrighted works irrespective of actual consumption patterns. Restaurants, hotels, cafés, event organizers, and digital platforms often pay substantial



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licensing fees for thousands of works despite utilizing only a fraction of those catalogues in practice. This disconnect between licensing expenditure and actual usage reflects a structural imbalance within the current framework. Smaller enterprises and independent creators are particularly disadvantaged because licensing costs frequently exceed the commercial value derived from the copyrighted content itself.

Additionally, the Indian framework remains inadequately equipped to address the realities of digital dissemination. Streaming platforms, short-form content ecosystems, and algorithm-driven media consumption require technologically sophisticated licensing infrastructures capable of facilitating instantaneous permissions, automated royalty tracking, and interoperable rights databases. However, the existing collective management system continues to rely substantially upon traditional licensing models developed within an analogue commercial environment. The absence of integrated digital licensing mechanisms therefore undermines both commercial efficiency and effective copyright enforcement within online ecosystems.

Another significant concern relates to transparency and governance within copyright societies. Although the Copyright Rules, 2013 introduced greater regulatory supervision and auditing obligations, persistent concerns remain regarding royalty distribution methodologies, tariff standardization, and institutional accountability. The concentration of licensing authority within a limited number of organizations may also create monopolistic tendencies capable of distorting market access and limiting competitive efficiency. Without robust transparency mechanisms and independent regulatory oversight, collective management organizations risk prioritizing institutional interests over equitable royalty allocation.

Judicial interpretation has likewise struggled to fully reconcile traditional copyright principles with contemporary technological realities. Decisions such as *Indian Performing Right Society Ltd. v. Eastern Indian Motion Pictures Association* and *Entertainment Network (India) Ltd. v. Super Cassette Industries Ltd.* were decided within significantly different commercial and technological contexts. Although these judgments remain doctrinally important, they provide limited guidance regarding platform-based dissemination models, AI-assisted content generation, streaming algorithms, and cross-border digital licensing practices that now dominate contemporary media industries.

The existing framework therefore reflects a broader institutional problem: copyright regulation in India continues to be structured around compartmentalized ownership models despite the convergence of copyrighted content within digital ecosystems. The law recognizes rights in isolation, whereas digital consumption occurs through integrated technological platforms where distinctions between broadcasting, streaming, public performance, and online dissemination increasingly overlap. This mismatch between legal architecture and technological reality has produced a licensing regime that is simultaneously overregulated in procedure and underdeveloped in institutional coordination.

Consequently, meaningful reform cannot merely involve incremental amendments to licensing procedures. What is required is a structural reimagining of collective rights management capable of reconciling proprietary protection with technological integration, market efficiency, and accessibility. Without such reform, India's collective copyright administration framework risks becoming increasingly incompatible with the operational realities of the digital economy.

Fragmented Licensing and Transactional Inefficiency

The fragmented structure of collective rights management in India has generated substantial operational and economic inefficiencies. A commercially exploited song may simultaneously involve copyrights in literary works, musical compositions, sound recordings, and performances. Consequently, users often require separate licenses from different entities for the same act of usage.

For commercial establishments such as hotels, restaurants, cafés, event management companies, and digital streaming platforms, the multiplicity of licensing obligations creates uncertainty regarding the exact permissions required under law. Licensing disputes frequently arise due to overlapping claims of authority by different copyright societies.

Blanket licensing models further intensify economic inefficiency. Businesses are often compelled to purchase extensive catalogues containing thousands of copyrighted works despite utilizing only a limited number of songs in practice. Licensing fees are generally structured without adequate consideration of actual consumption patterns, resulting in disproportionate financial expenditure and resource wastage.

The burden is particularly severe for small and medium enterprises that lack the financial capacity to continuously procure multiple licenses. Independent content creators and startups operating within digital ecosystems similarly face compliance barriers that discourage lawful licensing practices.

The existing framework therefore contradicts the underlying objective of collective rights management, which is to simplify licensing and reduce transaction costs.

Judicial Interpretation and the Evolution of Authors' Rights

Indian courts have repeatedly examined disputes concerning copyright ownership, licensing, and royalty administration.

In *Indian Performing Right Society Ltd. v. Eastern Indian Motion Pictures Association*, the Supreme Court analysed the relationship between authors' rights and producers' rights in cinematographic works. The judgment significantly influenced the ownership structure of musical works incorporated within films and shaped the subsequent evolution of collective licensing practices in India. However, the decision emerged within an analogue commercial environment and did not contemplate contemporary streaming and digital dissemination models.



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Similarly, in *Entertainment Network (India) Ltd. v. Super Cassette Industries Ltd.*, the Supreme Court examined compulsory licensing principles under copyright law and emphasized the necessity of balancing proprietary rights with public interest considerations. The judgment reflected judicial recognition of the economic implications of concentrated copyright control within media industries.

Although judicial interpretation has increasingly acknowledged the need to balance creators' rights with market realities, Indian jurisprudence has not yet comprehensively addressed the institutional inefficiencies generated by fragmented collective licensing systems in digital markets.

Comparative International Models

Several jurisdictions have adopted technologically sophisticated collective management systems capable of facilitating efficient digital licensing.

In the United States, organizations such as the American Society of Composers, Authors and Publishers and Broadcast Music, Inc. operate large-scale licensing infrastructures supported by digital royalty tracking systems. Similarly, the United Kingdom's PRS for Music administers integrated licensing mechanisms that simplify access to copyrighted works for commercial users.

The European Union has further emphasized cross-border interoperability and digital rights databases through regulatory directives promoting transparency and multi-territorial licensing frameworks.

These jurisdictions increasingly recognize that efficient collective management depends not merely upon statutory protection of rights, but upon technologically integrated licensing ecosystems capable of reducing transactional friction within digital markets.

India's collective management framework remains comparatively underdeveloped in this regard. The absence of interoperable licensing systems and centralized digital rights infrastructure continues to create avoidable inefficiencies within copyright administration.

Reimagining Collective Rights Management in India

India's copyright ecosystem requires structural modernization capable of addressing the realities of digital dissemination and large-scale online exploitation of copyrighted content. Rather than merely consolidating existing copyright societies into a single institutional monopoly, reform should focus upon developing interoperable and technologically integrated licensing frameworks.

A centralized digital licensing exchange capable of providing unified access to multiple categories of rights would significantly reduce compliance burdens while preserving institutional specialization among existing societies. Integrated databases and standardized

licensing protocols could ensure greater transparency regarding ownership, royalty allocation, and licensing obligations.

The incorporation of artificial intelligence-driven royalty tracking systems and blockchain-assisted digital ledgers may further improve accuracy in royalty distribution while minimizing disputes relating to usage monitoring. Such systems would enhance transparency and institutional accountability within collective management structures.

Additionally, India should consider adopting differentiated licensing models tailored to the scale and nature of commercial usage. Small businesses, startups, independent creators, and educational institutions should not be subjected to the same rigid blanket licensing structures applicable to large-scale commercial broadcasters and streaming corporations.

Modern copyright governance requires a balance between proprietary protection and commercial accessibility. Excessively fragmented licensing structures undermine both objectives by increasing transaction costs while discouraging lawful licensing practices.

Conclusion

Collective rights management remains indispensable to contemporary copyright administration. However, India's fragmented licensing framework has become increasingly incompatible with the realities of digital copyright markets and technologically integrated media ecosystems.

The requirement of obtaining multiple licenses for the use of a single musical work imposes substantial compliance burdens upon businesses and commercial users while simultaneously generating economic inefficiencies. Blanket licensing models frequently result in disproportionate expenditure for unused copyrighted works, particularly affecting smaller enterprises and independent creators.

The deficiencies of the present framework are not merely operational but structural. Fragmented collective administration undermines the very economic rationale upon which copyright societies were originally established. In the digital era, efficient copyright governance depends upon technological interoperability, transparent royalty management, and simplified licensing structures capable of facilitating lawful access to copyrighted content.

India must therefore move toward a more integrated and technologically advanced collective management framework. A centralized or interoperable licensing ecosystem would not only improve administrative efficiency and transparency but would also strengthen the long-term legitimacy and effectiveness of copyright governance within the evolving digital economy.

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