LEGAL CHALLENGES OF AI-GENERATED CONTENT: A CRITICAL ANALYSIS OF COPYRIGHT PROTECTION AND CONSUMER RIGHTS IN INDIA

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ABSTRACT

The rapid proliferation of artificial intelligence systems capable of generating text, images, audio, and video has raised complex legal questions that challenge traditional frameworks of copyright protection and consumer rights. This dissertation critically examines the legal challenges posed by AI-generated content in India, with a particular focus on the adequacy of existing copyright law and consumer protection mechanisms.

The study adopts a doctrinal and analytical methodology, examining statutory provisions, judicial decisions, comparative legal developments, and policy documents. It analyses core copyright doctrines such as originality, authorship, ownership, moral rights, and infringement, and evaluates their applicability to AI-generated content. The dissertation also explores the legal implications of using copyrighted works as AI training data and assesses the scope and limitations of fair dealing under Indian law.

Beyond copyright, the research investigates consumer harms arising from AI-generated content, including deception, deepfakes, fake reviews, and automated persuasion. It evaluates the effectiveness of the Consumer Protection Act, 2019, and intermediary liability frameworks in addressing such harms, with particular attention to platform accountability and disclosure obligations.

1. AI-Generated Works Copyrightability under Indian Law.

Whether the AI-generated content can be copyrightable is the core of intellectual property controversies of the modern world. Copyrightability is a factor that renders a work into the legal domain of exclusive rights or into the public domain. Indian copyright laws governing copyrightability relate to adherence to statutory requirements on subject matter and the originality standard created and refined by the judiciary. Works created using AI meet neither of these requirements by generating expressive outputs, but without human input itself.

This part discusses the question of whether AI-generated content may be considered a copyrightable work under Indian law, looking at legal provisions, judicial precedents, and legal interpretations.

Silence Statutory and its Consequences.

The Copyright Act, 1957, does not directly deal with artificial intelligence or autonomous content generation. The Act was created during a technological age in which creative processes were expected to be man-powered processes. Although it acknowledges computer-generated works, its definition is very vague and ambiguous, giving no clear information as to whether outputs produced by learning systems should be copyrightable.

This is an uncertainty statutory silence. Without any direct indicative exclusion or inclusion, courts have to use elementary copyright principles to define copyrightability. According to Indian jurisprudence, the non-existence of silence does not mean that the inclusion will take place automatically; on the contrary, it implicates the restrictive interpretation according to the intention of the statute.

Copies as an Originality Requirement.

The most important doctrinal obstacle to the copyrightability of AI-generated works is originality. Indian courts demand originality to be generated through the intellectual effort of man and skills, judgments, and choice of invention. AI systems yield products via algorithmic solutions that are not conscious, purposeful, or personalized.

In even cases where AI outputs are novel, novelty in itself is not enough. The copyright law in India lays distinction between novelty and originality of a work, of which originality involves

human creative input and novelty does not. This is not the case with algorithmic generation, which requires statistical pattern recognition.

To propose AI-generated work as a type of copyrightworthy material would consequently entail a radical redefinition of originality that would delink it from human creativity. This kind of reinterpretation would be incompatible with the accepted jurisprudence and would also weaken the doctrinal unity of the copyright law.

Independent Generation and AI productions.

The other copyrightability criterion is independent creation. Although the use of AI systems does not find a deterministic copy of a particular work, the generation of results depends on the training information based on the available works. This makes one wonder whether the AI products can be said to be independently created.

Indian courts have underlined that to prove originality, one must not simply have transformed; he must have been creative. As all AI outputs are (probabilistically) obtained as the result of training data, they are indirectly and mediately independent. This undermines arguments of independent authorship and further erodes copyrightability.

Computer-Generated Works: Narrow Interpretation.

The use of computer-generated works is frequently mentioned as an argument in favor of AI outputs' copyrightability. Nonetheless, doctrine dictates that this should only be adopted in circumstances when computers are used to either aid or automate human creativity and not when computers take the creativity of human beings out and out.

When applied broadly to AI-created productions, it is possible that it will turn copyright into a technological regime, instead of a creative one. Indian courts would hardly embrace such a broad interpretation unless a law is enacted to do so.

Implications of recognising copyrightability policy.

The acknowledgement of AI-generated work as copyrightable has implications for policy. It can cause excessive property rights over the contents, clogging of copyright registries, and the technology companies' trust in a monopoly. This is not in harmony with the Indian access-

based approach to copyright.

On the other hand, a conclusion that no copyright exists to AI-generated work can leave the work in the open, facilitating open access and competition. Although this can leave some investors daunted, the Indian laws of copyright have their historical standard of in favour of protection at the expense of the interests of people.

Ostric presupposition and Indian setting.

Other jurisdictions that have experienced similar comparative developments are not yet keen on recognising copyright in purely AI-generated works. Indian courts, which have been characterized by a slow incorporation of foreign teachings, are likely to be conservative and in line with local teachings.

The existing Indian law places a hurdle of copyrightability on pure AI-generated work. The originality stipulation, which is based on human innovation, is a resolute block. In the absence of legislative change to specify a departure from this model, AI-created content will not be adequately intended to benefit the protection of copyright.

2. Thresholds of Human Contribution: AI-Assisted and AI-Generated Content.

Not every piece of content created with the help of artificial intelligence provokes the same legal concerns. There is a fundamental difference between AI-assisted and AI-generated content, where in the former, human beings maintain their creative authority, whereas in the latter, the expressive results are autonomously formulated by the system. This difference is critical to the concept of copyrightability and ownership in Indian law.

This section will look at the conceptualisation of the human contribution threshold in the Indian copyright doctrine to identify which works help classify the protectable and otherwise in AI-assisted works as opposed to AI-generated works.

Artificial Intelligence (AI) -aided creativity and copyright do not have to be mutually exclusive.

AI-assisted creativity inherently entails utilizing AI as an assistive device to a human means of expression. Examples are editing software, recommendation systems, and generative tools that

are used with significant human guidance.

The Indian copyright law has had a long history of accommodating the use of technology without compromising the authorship. Human beings have creative control over means of selection, organization, and final display, and in this case, the individual is considered to be original. In this instance, AI serves as a tool and not as an author.

Creative Control Threshold.

The most important factor is the artistic command over the expressive devices. The focus of decision-making is in Indian jurisprudence, as opposed to work. In the case of AI-based assistance, the humans are in charge of the form, structure, content, and final presentation. The decisions in AI-generated works are performed by the system.

Timely interaction is not enough to create creative control. Prompts tend to be directions instead of a creative manifestation. Authorship cannot be ascribed unless the human user has something significant to contribute to the expressive product.

Selection, Arrangement, and Post-Editing.

Human intervention can bypass the originality threshold with users editing results, markedly altering them, or incorporating an AI-generated content into a bigger creative context. In Indian courts, originality in the area of selection and arrangement is acknowledged when the decisions made indicate intellectual labor.

But chances are, superficial editing, or even acceptance of outputs, will not be enough. The difference is in the fact whether the contribution of the human is determining the expression or coincidental.

Rejecting Formalistic Tests

Indian copyright law does not favor formalisms like the use of time and the number of prompts. Rather, it contains a qualitative nature, where its emphasis is on creative judgment. Any AI-assisted content scheme should correspond to this qualitative tradition.

Strict numerical exams would go against the Indian jurisprudence and be defeatable through manipulation.

Evidentiary Challenges

It is not easy to prove the human contribution in the works of AI-assistance. AI systems are executed in an opaque manner, and creative processes might not be easily recorded. This makes registration, enforcement, and dispute resolution complicated.

However, lack of evidence is no reason to reduce the standards of dogma. The contextual analysis, documentation of the workflow, and expert testimony are examples of the areas that may be relied upon to evaluate the creative contribution in the courts.

Distinction Justification by Policies.

The separation of AI-assisted and AI-generated content maintains the incentive system in copyright without monopolisation. It is creative to human beings but not to machine products.

This policy is in line with the access-based copyright philosophy and constitutional values of India.

A threshold set of human contributions can be used to distinguish between AI-assisted and AI-generated content, and this creates a practical approach to using Indian copyright law to AI-driven creativity. The attention to creative control and intellectual judgment allows the Indian law to keep up with the changes in technology without leaving its foundations that were rather human-oriented.

3. Models of AI-Based Content Ownership: Doctrinal Opportunities and Legal Restrictions.

When the question of copyrightability of AIs' generated content is resolved, the question of ownership is inevitable. Ownership specifies those who control the economic exploitation of a work, including licensing and even enforcement of the rights of a work. The Indian copyright law structures the ownership, which is based on the authorship, and the two concepts are grounded in human creativity. The AI-generated content alters this arrangement since it generates content with no clearly identified human creator, so as to cause confusion on ownership.

The section studies several of these ownership models suggested in the legal literature on AI-

generated content and analyzes their applicability against Indian copyright law. It points out that the majority of the suggested models are incompatible with the doctrinal traditions of the Copyright Act, 1957, and that they are likely to jeopardize the normative goals of the Act.

Authorship as a Right of Ownership.

The Indian copyright law traces a distinct doctrinal path, where authorship comes before ownership. The main principle is that the rule of first instance is that the author of a work is the first owner, although there are certain statutory exceptions. This framework assumes that there is an author who is legally cognisable.

Under the statutory framework, ownership can not naturally generate in cases of AI-generated content because it is not possible to identify a human author. This creates what researchers term an ownership vacuum, within which there is content of expression in the absence of a recognizable owner.

This gap has elicited diverse theoretical models of ownership, each trying to assign rights in AI-generated work.

User-Based Ownership Model

A model suggests that the user owns content development generated by AI, which is normally achieved by feeding the AI system, which is often via prompting or parameters. Advocates believe that users are engaging in creative choice and, as such, must be rewarded with ownership.

Nonetheless, there are severe objections to this model on the basis of Indian law. Authorship is a necessary condition to ownership, not usage. Learning or just beginning to request content is not a case of creative authorship, unless the user has meaningful control over expressive means.

When the users are treated as the owners, one runs the risk of undermining the need of originality as it is turning instruction into creativity. This would enable the copyright to rest in such works where human involvement is minimal or non-creative, which is not in line with the Indian legal tradition of jurisprudence.

Developer-Based Ownership Model

The other possible model is the ownership vested in the AI developers, where they design, train the system, and maintain the system that produces the output. This model considers AI outputs as a continuation of the creative labour of the developer.

Such a course of action is also problematic according to Indian doctrines. The tool is developed by developers, not individual expressive works are created. The copyright law fails to attribute ownership on the basis of contribution as infrastructural and technological factors alone.

Besides, the transfer of ownership to developers would put the copyright in the hands of a handful of technology corporations, which would diminish the incentive structure and access-oriented philosophy behind copyright. Such concentration of rights has always been opposed by Indian copyright law.

Employer-Ownership Model

When it comes to organisational issues, the argument sometimes goes that AI-generated content must be vested in the employers according to the principles of work-for-hire. But the Indian work-for-hire doctrine is only assessable in the case of a human employee creating work during employment.

The output of AI systems is not the production of employees, and those products cannot be considered products produced by employees unless a human being uses their creativity. Applying this to AI-generated content and making it employer-owned would misuse the doctrines and enable ownership with no creativity.

AI as the Owner or Legal Personhood Models

Other researchers suggest that AI systems should be regarded as able to own copyright as legal persons. This is a highly abstract model, and it has not been widely accepted in legal systems all over the world.

Copyright ownership Virtue According to the law, moral agency and accountability in Indian law are assumed to exist. The AI systems do not have such qualities. The legal personification of AI would necessitate a complete reorganization of copyright law and the legal personality

doctrine, which can neither be approved nor is possible in India.

Public Domain Model

One divergent that is generally well-liked is the public domain model, according to which pure AI-generated content is not subject to copyright. This model is in line with the fact that copyright is about human creativity and not machine-generated creativity.

Publicity of AI-generated material encourages both access, competition and innovation without monopolisation. This model is doctrinally appealing due to the focus on the public interest of the Indian copyright law.

The opponents, however, believe that the public domain model can deter the use of AI technologies. Indian scholarship refutes that the incentive to innovate should be dealt with by law through copyright instead of by contract, trade secret, or even regulatory provisions.

Contextual or Hybrid Ownership Models

Other researchers suggest a hybrid model in which the ownership is based on the extent of human involvement. Cases of human beings having a lot of creativity in control places ownership in our hands; cases of AI being autonomous do not create any copyright.

This is the mode least incompatible with the doctrine of Indian copyright. It maintains the connection between originality and ownership and has the flexibility to permit AI-assisted works.

Indian copyright remains an area that does not sit well with the copyright ownership of sheer AI-generated works. The majority of the ownership models offered in the literature run counter to the humanistic basis of the Copyright Act of 1957. A situational intervention of not recognizing ownership in all the works that have been created by AI, whilst safeguarding the works that were created by a human being, is the best way to maintain doctrinal coherence and social interest.

4. Contractual Allocation, licensing, and platform Power of AI-generated Content.

Without explicit statutory ownership mechanisms of AI-generated content, the most popular system of distributing rights and control has taken the form of contracts. In the routine, AI

platforms base ownership, right to use, and liability on terms of service, licences, and user agreements. Contracts may bring about the best outcome in the short term in terms of having the necessary certainty so that there is no doubt, but there are major challenges related to the legality, the enforceability, and the power imbalance.

The section will analyse how contractual allocation applies when it comes to AI-generated content, and how it impacts Indian copyright law, as well as the implications it has on consumer protection and fairness in the market.

Allocation of rights by contract.

Standard-form AI contracts are also widely employed by AI platforms to assert ownership of AI-produced output or to broadly license such output. Such contracts usually stipulate that the platform is the owner of all outputs or that user licences are limited with substantial restrictions.

In Indian law, economic rights can only be attributed to a contract in the event that there is copyright. Where there is a failure to meet the statutory requirements of copyright, contracts cannot form it. In cases where the content whose creation relies on AI is not copyrightable because there is no author or originality, ownership claims based on contract may be unsubstantiated in legal terms.

This difference is often not taken into account in industry practice, which causes excessive claims of platforms.

Licensing Models, AI Outputs.

Most platforms embrace licensing schemes as opposed to proprietary rights. Users have the right to license the AI-generated content to use, edit, or commercialise it, whilst platforms maintain the underlying control.

Licensing has the benefits of flexibility but also enables platform dominance. Licences are non-negotiable and are usually alterable unilaterally. Bargaining power among users, especially the individual creators and small businesses, is low.

The Indian contract law acknowledges the freedom of contract but sets conditions that are unconscionable as well as agreements that go against public policy. It is legally unclear whether

expansive AI licences are enforceable.

Normal Form Contracts and Strength of Position.

The typical example of an adhesion contract is one involving AI platforms. Terms are take-it-or-leave-it and require acceptance by the users. This presents an issue in terms of Indian contract and consumer protection law.

Arbitrage of power is especially troublesome in situations where platforms purport permanent rights, institute extensive liability limitations, or limit the remedies of users. These terms can be disputed over as unfair trade practices or unconscionable bargaining.

Relationship with Consumer Protection Law.

The rights of AI-generated content are contractually assigned with direct implications for consumer protection. False pretensions to ownership or monopoly can mislead and misrepresent markets.

The Indian consumer protection law identifies unfair trade practices such as false representation and unfair conditions of a contract. In cases where the legality of AI-created content is not properly portrayed by AI platforms, they can draw the attention of the regulatory bodies.

Platform Power and Market Concentration.

Contractual practices are magnified by the threat of a few AI platforms. Platforms have the power to control access to generative tools to determine the terms that creative markets follow.

The process of concentration of power may negatively affect competition, creativity, and consumer choice. Indian competition and consumer law scholars have cautioned that unmonitored platform power might necessitate other regulation outside the copyright law.

Contractual Governance Limits.

Although contracts provide certainty that is short-lived, they cannot be used as a proper replacement to coherent legal policy. Excess dependence on private ordering permits platforms to influence copyright norms in a way that is not in a democratic manner.

The Indian copyright law has traditionally opposed over-privatisation of the control of creation. This tradition can be undermined by permitting sites to determine the ownership of AI-created content via contract.

The assignment of rights by contract in AI-generated materials is symptomatic of no laws, as opposed to legal clarity. Contracts are capable of controlling risk and use, but not doctrinal rules regarding copyrightability and ownership. Platform contracts should not govern AI-generated content, but instead, Indian law should revise statutory and regulatory policies to do the same.