Moot Proposition

1. The Government of Suvania is concerned about the concentration of Artificial Intelligence (AI) advancement in Western countries. The major corporations leading the innovation race in Machine Learning (ML) technology, currently, are concentrated in Bahamia. These corporations were the first ones to launch Large Language Models (LLM) based AI models which could mimic human-like language, conversation and reasoning. As a result, Bahamia-based tech companies have the first-mover advantage in the AI race.
2. The Government of Suvania is well aware of AI's capability to transform diverse fields, and that this transformation could lead to positive outcomes if applied in a well-planned manner. To that end, the Government constituted a working group to promote the growth and innovation of the AI industry in Suvania. The terms of reference of the committee were the following:
    a. Analyse whether the existing legal framework requires any changes/modifications to aid innovation and growth of the AI industry.
    b. Highlight reasons for the relatively underwhelming level of innovation in the AI industry in Suvania.
    c. Suggest measures that the Government, in terms of policy, can implement to further AI innovation in Suvania.
3. The working group began inviting comments from all relevant policy stakeholders to provide their views. The working group received extensive submissions from AI startups building Large Language Models, text to image AI companies, and Music labels trying to devise their own AI models for creating music. Notably, representation from emerging AI paradigms like neurosymbolic AI, was limited. After extensive deliberations, which lasted over two months, the group released a report. The report stated:
4. LLM-based AI models, in order to compete with models developed in western countries, require scaling i.e. larger datasets, improved parameters and high-end computational resources. This was also emphasised by industry stakeholders. Since copyrighted works also form part of the training datasets and LLM based AI models have, at times, produced outputs alleged to be substantially similar to copyrighted works, clarity regarding the application of the existing Copyright Act is required. Currently, questions regarding scope coverage, as well as possible applicable exceptions are open-ended questions. In the face of this uncertainty, there is a mixture of litigation being

initiated, as well as licensing deals with diverse groups being negotiated for access to data and content for training purposes. Thus, voluntary licensing deals are seen as a means to reduce the risk of possible litigation by AI model developers. But scholars of Suvania opine that such voluntary licensing models increase transaction costs and also restrict access to a broad range of copyrighted works to model developers, institutionalising unequal access to necessary training data.

5. Another major hurdle facing the AI industry is the lack of Graphic Processor Units i.e. GPUs which enable the training and deployment of complex AI models. As of date, the only major manufacturer of high-end GPUs, WIPEDIA, is located in the Bahamia. Bahamia's internal laws do not allow WIPEDIA to manufacture their GPUs outside the country. It further restricts the exports of GPUs to other countries to maintain an edge in AI innovation.[1]

6. There is also a lack of skilled professionals, including engineers skilled in building, training methods and deployment of AI models. As per a recent study, only one qualified engineer is available for every ten new openings in the AI industry. This further amplifies the impact of employees switching companies for similar (but higher paying) or upper-level positions.

7. To promote growth and innovation in the AI sector in Suvania, the following changes are recommended:

The Copyright Act must be amended to exempt collection, storage and curation of training datasets, including copyrighted material, to be used for the purpose of training of AI models. This would allow the AI industry to train its models on high-quality data at a larger scale. The process of training and any incidental reproduction and storage of copyrighted works relevant to training will also be exempted under the Copyright Act. Representations from various stakeholders also suggested that such an exemption must remain broad and inclusive, allowing training of scientific, non-commercial, as well as commercial models. However, we are cautious that this might be perceived as legitimising reproduction of previously protected works and therefore, it is to be absolutely made clear that in case the output generated by theseAI models is similar to the works used for training the model, then in that case the AI platform owning that model shall be deemed liable for copyright infringement. Additionally, to preserve the author's autonomy and their legitimate interests, an opt-out mechanism should be implemented while introducing these systematic changes. These opt out mechanisms could

[1] Owing to recent border tensions between the Bahamia and Suvania, the trade relations between the two countries have also downslided. This has further squeezed the supply of GPUs required to manufacture high-level performing AI models.

be in the form of machine-readable means, contractual terms, or public notice issued by the authors. We recommend that the exemption must apply irrespective of the commercial motive of the training purposes.[2]

To address the supply bottlenecks for GPUs, we propose that the Government should procure high-end GPUs from the international market and provide the same to AI startups in the country at subsidised prices. This would not only increase competitiveness within the AI industry but also allow indigenous models to globally compete with models emanating from the West.

The Government, to address supply bottlenecks in the future, and promote innovation, must also fund R&D in select companies. To insulate the Suvania companies from global supply chain shocks, it is necessary that indigenous companies are capable of producing in-house GPUs to power their AI models. The Government can invite applications from companies and, based on certain parameters, award grants to such companies in order to fund development of in-house GPUs.

To address the lack of skilled professionals, the Government must institute relevant courses specific to AI training at university level. This will help address the supply-demand gap in the long term. Closing this supply-demand gap, in the short term, however, would require substantial financial support from the Government. The Government should partially fund skill creation of new recruits via selected AI startups. This would allow strategic capacity-building and closing the talent gap in the AI industry in the short-term. The Government should also introduce relaxed visa norms and a new category of visa permits for AI developers and academicians teaching machine learning and related areas. The Government should also provide funding to both Public and Private Universities in Suvania and suggest necessary curriculum changes in Universities and Schools to inculcate a scientific temper towards these upcoming technologies, in the Suvanian students.

8. The report attracted a lot of backlash from various author groups and copyright societies. George D.D. Bowling, author of various bestselling books, argued that the report was 'legalising' large-scale theft of works created by him and various other authors, as they may not always be aware of what is being used, to be used for training these models. The Music Society of Suvania, a registered copyright society, publicly stated that they had already negotiated licensing agreements with various text-to-music AI models for the use of sound recordings outside Suvania. The

[2] The group had also received representation from various groups to uphold the autonomy of authors of copyrighted works to withhold their works from being used in the training process and negotiate independent licensing deals, if required. However, in the interest of promoting growth of the AI industry, the group has not added any such requirement.

recommendations made by the group, if accepted, would allow these AI companies to 'cannibalise' their works to create competing works without any compensation.

9. The Government, within a few months after the working group report was released, introduced the Suvania Copyright (Amendment) Bill, 2026. The amendment made the following changes to the existing Copyright Act-

"In Section 52, in sub-section (1), the following clause shall be inserted, namely Section 52(1)(ae):-

(1) the making of copies of a work or of any substantial part thereof, by a person who has lawful access to such work, for the purposes of text and data mining, including computational analysis, pattern recognition, or machine-based learning, for any purpose, including commercial purposes, provided that the copies so made are not communicated to the public and are not retained beyond a reasonable period after the text and data mining process, shall not constitute an infringement of copyright

(2) the exception provided above shall not apply where the author or the owner of copyright has expressly reserved the right to prevent the use of the work for text and data mining purposes:

Provided that such reservation of rights shall be made in an explicit manner, including through machine-readable means, contractual terms, or a public notice accompanying the work.

(3) nothing in the above two clauses shall be construed to authorise the communication to the public of any output generated by an AI system that is substantially similar to any work protected under this Act;"

10. In the Statement of Objects and Reasons accompanying the bill, it was stated:

"*In order to preserve the author's autonomy and to ensure that the introduction of a text and data mining exception does not unduly prejudice the legitimate interests of authors, it is considered necessary to provide a mechanism enabling authors or copyright owners to reserve their rights in respect of the use of their works for text and data mining purposes."*

11. During the discussion of the bill, one of the members of parliament raised an issue with the requirement of 'lawful access' in Section 52(1)(ae). He argued- "*the requirement that access should be lawful defeats the purpose of the amendment i.e. to promote growth and development of the AI Industry. The AI landscape in Suvania is dotted with various young startups. Since training of AI models requires millions of high-quality works, most of which is copyrighted, it is impractical for these companies to pay and access these works. The Government has merely copy pasted this requirement from other jurisdictions without taking into account their context and needs. This requirement needs to go."*

12. In response, the Minister of Commerce said- "*I have heard one member saying lawful access requirements must go. I want to tell him that this is not a requirement we are inserting. It was always there. Section 65A prevents anyone from circumventing a TPM to access a copyrighted work. So, even before this amendment, the Act did not allow anyone to unlawfully access a work. The position hasn't changed at all as the respected member said.*"

13. The Amendment Bill, thereafter, was passed in both houses of the Parliament and notified through a Gazette Notification.

14. In addition, the Government also announced a slew of schemes, following the working group's recommendations, to promote the growth of the AI industry in Suvania. The following schemes were announced:

a. Suvania Compute Programme- The scheme would empower AI startups to develop in-house compute abilities. It provides direct grants covering up to 70% of eligible project costs. The Government, however, will not claim ownership over any intellectual property contributed by the company. The grants will be provided to only 10 AI startups, based on a detailed proposal evidencing the capability to develop in-house GPU architectures.

b. Project Upstart- The scheme seeks to support training only in machine learning, data engineering and GPU-based training. The duration of training will be for six months, which, upon request, can be extended to twelve months. The employment would be governed by the contractual terms agreed upon by both parties. Companies for this scheme will be selected on the basis of demonstrable AI development activities.

ComputeGPT

15. One of the startups selected under the Suvania Compute Programme scheme, ComputeAI, developed its flagship LLM, ComputeGPT, using a vast trove of data. It also effectively curated its training data to reflect the indigenous culture and diversity of Suvania; this was made possible, in part, by access to a vast trove of copyrighted material (both indigenous and foreign) made available by the Copyright Amendment Act and Section 52 (1) (ae).

16. In January 2026, however, owing to border tensions, the Government of Bahamia imposed a strict export control of advanced GPUs produced by WIPEDIA to Suvania. The relations between the two countries kept downsliding, eventually ending up in a border skirmish between the armies of the two countries. With no prospective signs of easing up of tensions, AI companies in Suvania are worried. These companies are facing a critical shortage of GPUs for developing their AI models.

Neurosymbolic AI Growth

17. Owing to the shortage of GPUs, Sentinel Learning, a research project running out of a lab in the Suvania Institute of Sustainable Technologies (a private university), used a novel method to develop their AI model - neurosymbolism. This method combines neural network learning with knowledge-based symbolic approaches to overcome shortfalls with both approaches individually and improve the overall performance of the model. Such models usually have a significantly higher computation efficiency. These systems retain durable symbolic representations- facts, rules and relationships- for explainability. It ordinarily does not retain the raw data itself. Neurosymbolic AI models, like the one developed by Sentinel Learning, are effective in specialised domains such as healthcare where explainability is critical.

18. Neurosymbolic AI differs from LLMs and other Multimodal models by pairing the neural networks learning model (systems that learn patterns from data), with symbolic learning (based on using explicit rules, logic and structured knowledge). This explicit 'rule following' approach overcomes the 'reasoning' difficulties that LLMs sometimes struggle with, while also allowing this to happen with much smaller datasets. While neurosymbolic AI as a whole differs from knowledge distillation systems (as it focuses on structure of knowledge, and not on mimicking outputs of LLMs or other data sources), they are not necessarily mutually exclusive as neurosymbolic AI may utilise knowledge distillation in its processes.

19. A flag bearer of the Open Source movement, Sentinel Learning has propagated an open source software framework, and reliance on publicly available research to lower the barrier in AI development in resource-constrained settings. In April 2026, Sentinel Learning launched their model, claiming it was built at 1/3rd the computing cost incurred by other AI companies without access to a large-scale computational infrastructure. It made people hopeful that Sentinel Learning's method could be used to create highly specialised AI models and transform critical industry areas.

20. Regardless of Sentinel Learning's claims of not requiring large datasets, ComputeAI suspects that Sentinel Learning has used ComputeAI's datasets in its training.

21. The Terms of Use of ComputeGPT include the following relevant provisions:

a. *"Clause 7.1: Users are prohibited from using, directly or indirectly, any output generated by ComputeGPT for the purpose of training, fine-tuning, or otherwise developing any artificial intelligence model, machine learning system, or similar technology that competes with ComputeAI's products and services.*

b. Clause 7.2: Subject to Clause 7.1, all rights, title, and interest in any output generated through your use of ComputeGPT shall vest in you."

22. ComputeAI, after discussions with the tech and legal team, concluded that it is likely that Sentinel Learning has used knowledge distillation techniques and thus has violated its terms of use as well as misappropriated its trade secrets using improper means.

Sentinel's Grievances Against the Amendment Act

23. In May 2026, Sentinel Learning, through Suvania Institute of Sustainable Technologies, filed a Writ Petition before the High Court of Aiko, (a state in Suvania) challenging the constitutional validity of Section 52(1)(ae) of the Copyright Act, 1957 (as amended in 2026). The petition also challenges certain aspects of the Suvania Compute Programme and Project Upstart schemes.

24. In its petition, Sentinel Learning raises the following primary contentions:

i. *Technology-Specific Discrimination*: The TDM exception under Section 52(1)(ae) is designed exclusively for LLM-based AI systems that require temporary copying of works for training. Neurosymbolic AI approaches, which rely on symbolic knowledge retention, knowledge distillation, structured reasoning, and smaller curated datasets, do not benefit from this exception. This creates an artificial competitive advantage for LLM developers.

ii. *Knowledge Distillation Not Covered*: Sentinel Learning denies using Knowledge Distillation vis-a-vis ComputeAI's products, but regardless argues that knowledge distillation does not involve "making copies" of copyrighted works in the traditional sense; it involves querying an AI system and learning from its outputs. The Amendment Act fails to address whether such outputs are themselves copyrightable, and whether learning from such outputs constitutes infringement. This legal uncertainty disproportionately affects neurosymbolic AI researchers who are threatened with lawsuits without any basis in copyright. It also prevents them from employing such methods, even though they should be valid methods to use.

iii. *Violation of Article 14 (Right to Equality)*: The Amendment Act creates an arbitrary and unreasonable classification between LLM-based AI and other AI models. This difference in classification has no rational nexus with the objective of promoting AI innovation and discriminates against emerging technologies and violates the right to equality enshrined under Article 14 of the Suvanian Constitution.

iv. *Violation of Article 19(1)(a) (Freedom of Speech and Expression)*: Copyright law must be interpreted in harmony with Article 19(1)(a) of the Suvanian Constitution. Neurosymbolic AI models

involve learning from ideas, patterns, and knowledge represented in AI outputs and do not copy any protected expression in the work. By not taking such use into account while drafting the three amendments, the existing framework risks restricting such learning, which violates the constitutional right to receive and impart information.

v. *Violation of Article 19(1)(g) (Right to Practice Any Profession/Trade)*: The legal uncertainty surrounding neurosymbolic AI approaches unreasonably restricts Sentinel's right to carry on its research and develop AI technologies. This restriction is not a "reasonable restriction" under Article 19(6) as it does not serve any legitimate public interest.

vi. *Violation of Suvania's International Commitments*: Section 52(1)(ae), in the present form, violates Suvania's obligations under the TRIPS Agreement and is against the Berne Convention's three-step test.

vii. *Opt-Out Mechanism's Discriminatory Impact*: The machine-readable opt-out mechanism under Section 52(1)(ae) requires sophisticated technical implementation that well-funded LLM companies can navigate, but smaller research labs cannot. Additionally, the opt-out applies to the original copyrighted works but does not clarify rights regarding AI outputs.

viii. *Research Exemption Inadequacy*: The existing research exemption under Section 52(1)(ae) ~~is limited to "private or personal use" including research. This exemption is~~ inadequate for academic AI research conducted by university labs such as Sentinel **which are not necessarily limited to TDM activities**, which serves the broader public interest in scientific advancement and education.

Intervenors

25. The High Court of Aiko has permitted the following parties to intervene in the proceedings:

a. ComputeAI (Respondent-Intervenor supporting the Copyright Amendment Act)

ComputeAI has sought intervention to defend the Copyright Amendment Act and to raise counterclaims against Sentinel. ComputeAI argues that: (a) The TDM exception reflects legitimate policy choices by the legislature and is not discriminatory in nature; (b) Sentinel's neurosymbolic AI amounts to misappropriation of trade secrets and breach of contract. Although they are in the midst of a separate litigation with Sentinel, they have filed this intervention application in which they are arguing that the use of works by Sentinel cannot be legitimized via reading them to fall under the ambit of fair dealing. They further their argument by giving the example of their Terms of Use prohibition on using outputs to train competing models as a valid contractual restriction;

(c) The Amendment Act strikes an appropriate balance between promoting AI innovation and protecting copyright owners.

b. Digital Rights Foundation (Intervenor supporting Sentinel)

The Digital Rights Foundation, a non-profit organisation advocating for digital freedoms and open access to knowledge, supports Sentinel's petition. The Foundation argues that: (a) Overly restrictive copyright interpretations hinder scientific research and technological progress; (b) The idea-expression dichotomy must be interpreted broadly to ensure public access to knowledge; (c) University research activities serve public interest and deserve broader exemptions; (d) International best practices support technology-neutral copyright exceptions.

Issues for Determination

The High Court of Aiko has framed the following issues for determination:

Issue 1: *Whether the Suvania Copyright (Amendment) Act, 2026, by introducing a TDM exception specifically tailored for LLM-based AI systems while leaving other AI paradigms (including neurosymbolic AI and knowledge distillation approaches) in legal uncertainty, violates Article 14 of the Constitution of Suvania?*

Issue 2: *Whether the Amendment Act and its interpretation restricts the Petitioner's fundamental rights under Article 19(1)(a) (freedom of speech and expression) and Article 19(1)(g) (freedom to practice any profession or trade), and if so, whether such restrictions are saved under Article 19(2) and Article 19(6) as reasonable restrictions?*

Issue 3: *Whether the TDM exception under Section 52(1)(ae) of the Copyright Act, as amended, covers knowledge distillation techniques that involve querying an AI system and learning from its outputs, rather than directly copying copyrighted works. Or does the use of such outputs for knowledge distillation constitute copyright infringement?*

Issue 4: *Whether the research exemption under Section 52(1)(ae) of the Copyright Act extends to wide research conducted by research labs of private universities.*

Notes and Clarifications

a. The laws of Suvania are in pari materia with the laws of India unless otherwise specified in this proposition.

b. Suvania is a signatory to the TRIPS Agreement, Berne Convention, and other relevant international intellectual property treaties.

c. Participants may make reasonable inferences from the facts provided. Participants are not permitted to add new facts.

d. The proceeding before the High Court is a Writ Petition under Article 226 of the Constitution of Suvania. The jurisdiction of the High Court is not in question.

Glossary

i. ***Artificial Intelligence (AI):*** *The broad field of creating systems that can perform tasks which normally require human intelligence.*

ii. ***Large Language Models (LLM):*** *A specialised class of machine learning models, usually based on deep learning, designed to process and generate human language. LLMs require extensive training on large datasets of text.*

iii. ***Neurosymbolic AI:*** *An AI paradigm that combines neural network approaches (learning from data) with symbolic reasoning systems (logic-based reasoning using structured knowledge representations). Neurosymbolic AI typically requires less training data than pure LLM approaches.*

iv. ***Knowledge Distillation:*** *A technique where a smaller "student" model learns to replicate the performance of a larger "teacher" model by training on the outputs generated by the teacher model, rather than training on the original dataset.*

v. ***Text and Data Mining (TDM):*** *The automated computational analysis of digital content, including text, images, and data, to extract patterns, trends, and other information.*

vi. ***Technological Protection Measures (TPM):*** *Technologies used by copyright owners to control access to or copying of their works, such as encryption or digital rights management systems.*

vii. ***Graphics Processing Unit (GPU):*** *Specialised hardware originally designed for rendering graphics but now widely used for AI training due to its ability to perform parallel computations efficiently.*