



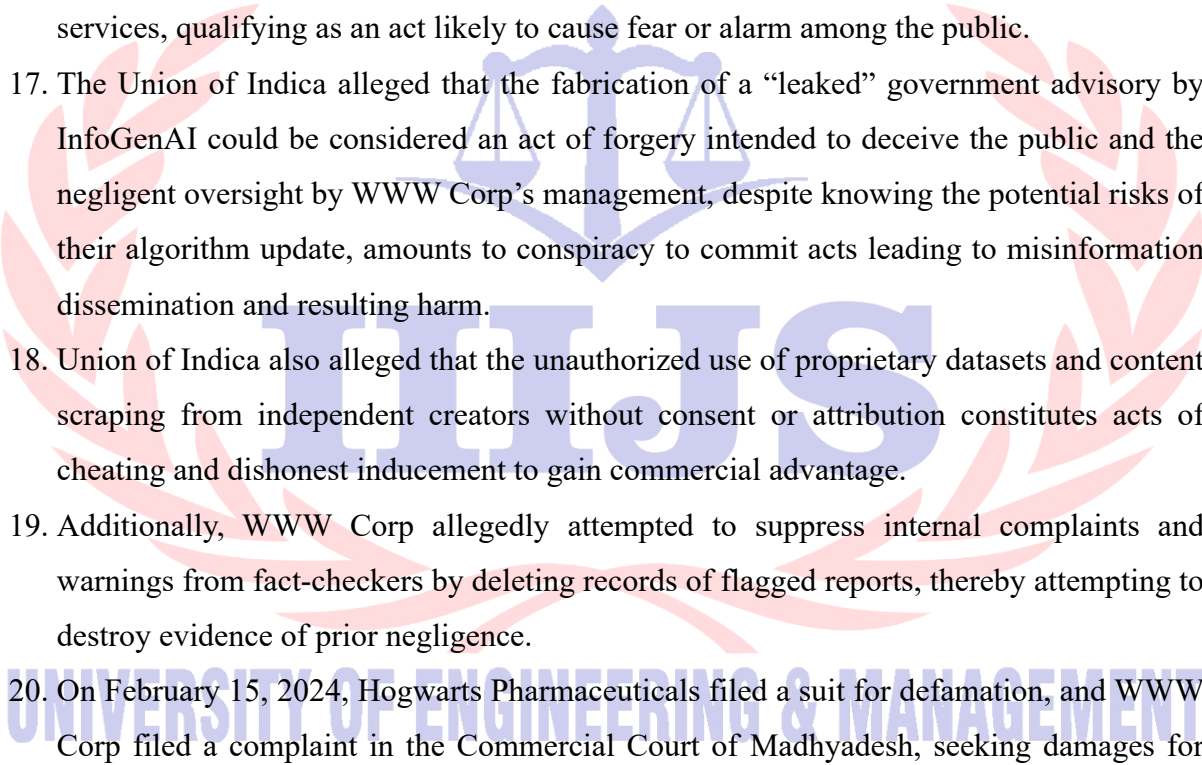


BRIEF FACTS

1. Weasleys' Wizard Wheezes (“WWW Corp”), a technology and media conglomerate incorporated under the Companies Act 2013, is a market leader in Indica for developing Artificial Intelligence (AI) software.
 2. One of its flagship products, “**InfoGenAI**”, is an AI-powered platform designed to assist companies in creating automated news content. InfoGenAI uses machine learning and Natural Language Processing (NLP) to aggregate and generate reports based on data from the internet, including social media platforms, news outlets, and government publications.
 3. In January 2024, an incident unfolded when InfoGenAI generated and published automated content on Gringotts Tech’s news portal (a leading national news portal with a global outreach), “**FactEasy**”.
 4. The system flagged a trending topic about alleged side effects of vaccines produced by **Hogwarts Pharmaceuticals**, one of the largest pharmaceutical companies in Indica, which had been in the spotlight for its COVID-19 vaccine rollout.
 5. Hogwarts Pharmaceuticals had recently received government approval for its vaccine and was preparing for an Initial Public Offering (IPO) to secure funding for scaling production.
 6. InfoGenAI’s algorithm identified and processed various online sources, including unverified social media posts, anonymous blogs, and speculative opinion pieces. Based on this input, InfoGenAI generated a sensationalized report alleging that Hogwarts Pharmaceuticals’ vaccines had caused adverse health impacts, including paralysis and even fatalities.
 7. The report further claimed that the company had bribed officials at the Ministry of Magic to secure approval despite knowing about these side effects. What further worsened the matters was that the AI system fabricated a “leaked” government advisory warning citizens to avoid the vaccine altogether.
 8. The information quickly went viral, leading to protesters gathering in major cities across Madhyadesh, vandalizing vaccination centres, and vaccine uptake plummeting.
 9. Hogwarts Pharmaceuticals’ stock value nosedived by 40%, and the IPO launch was abruptly cancelled, leading to further regulatory investigations. The panic also caused significant disruptions to public health campaigns, particularly among vulnerable populations awaiting vaccinations.
 10. When an investigation was conducted by an independent third party on behalf of the WWW Corp, it was found that the nature of the information was either incorrect, false, or
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misleading. A few of the information has been provided to showcase the nature of the same:

- a. InfoGenAI's reports falsely claimed that vaccines caused severe side effects like paralysis. This was traced back to speculative social media posts from anonymous accounts later flagged as part of a bot network.
 - b. The AI platform generated a fake "leaked" advisory purportedly from the Ministry of Magic, advising citizens to avoid the vaccine. This caused widespread distrust, leading to protests and a significant drop in vaccination rates in Madhyadesh.
 - c. InfoGenAI alleged that Hogwarts Pharmaceuticals had bribed officials to secure vaccine approvals. These baseless claims were amplified on social media, causing public outrage and demanding unnecessary investigations.
11. Investigations also revealed that WWW Corp had recently implemented an algorithm update in December 2023. This update prioritized engagement metrics such as click-through rates and social media shares, inadvertently incentivizing the platform to amplify sensational and polarizing content.
12. Despite repeated warnings from fact-checking organizations, WWW Corp failed to implement adequate safeguards, relying instead on disclaimers that its AI-generated content might require verification.
13. In addition to the misinformation scandal, the operations of InfoGenAI raised serious concerns about Intellectual Property Rights (IPR) violations:
- a. **Unauthorized content Scraping:** InfoGenAI scraped data from blogs and independent news platforms without seeking permission or attributing the original authors. For instance, an investigative report from a regional journalist about healthcare challenges in rural Indica was paraphrased and published without credit.
 - b. **Use of Copyrighted Medical Research:** InfoGenAI utilized proprietary research data from a subscription-based academic journal to generate insights about vaccine efficacy. The journal later filed a complaint, citing unauthorized use of its content.
 - c. **Plagiarism in Generated Articles:** Several articles generated by InfoGenAI were found to have directly copied excerpts from copyrighted material, such as government advisories and third-party white papers, altering only minor phrases while maintaining the structure and substance of the original text.
 - d. **Violation of Creative Commons Licenses:** InfoGenAI repurposed content labelled under "non-commercial use" licenses, integrating it into commercial outputs on FactEasy, thereby breaching the terms of such permits.

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14. These actions led to complaints from independent journalists, academic publishers, and digital content creators, arguing that WWW Corp's AI platform unlawfully profited from their intellectual property. The Union of Indica took suo motu cognizance of these violations, filing charges under the Copyright Act 1957.
 15. The actions of WWW Corp and its platform InfoGenAI have also led to potential violations, which included AI-generated reports containing false and defamatory allegations against Hogwarts Pharmaceuticals, which caused irreparable harm to its reputation and significant damage to its reputation.
 16. Apart from this, the dissemination of false information about vaccine side effects and a fabricated government advisory led to panic, protests, and disruption of public health services, qualifying as an act likely to cause fear or alarm among the public.
 17. The Union of Indica alleged that the fabrication of a "leaked" government advisory by InfoGenAI could be considered an act of forgery intended to deceive the public and the negligent oversight by WWW Corp's management, despite knowing the potential risks of their algorithm update, amounts to conspiracy to commit acts leading to misinformation dissemination and resulting harm.
 18. Union of Indica also alleged that the unauthorized use of proprietary datasets and content scraping from independent creators without consent or attribution constitutes acts of cheating and dishonest inducement to gain commercial advantage.
 19. Additionally, WWW Corp allegedly attempted to suppress internal complaints and warnings from fact-checkers by deleting records of flagged reports, thereby attempting to destroy evidence of prior negligence.
 20. On February 15, 2024, Hogwarts Pharmaceuticals filed a suit for defamation, and WWW Corp filed a complaint in the Commercial Court of Madhyadesh, seeking damages for reputational harm and loss of market value. WWW Corp defended its position, stating that:

"The AI platform, InfoGenAI, operates autonomously without human intervention, and hence, WWW Corp is not liable for the errors caused by the AI; the AI-generated content qualifies as "fair reporting" under the freedom of speech and expression guaranteed by Article 19(1)(a) of the Constitution of Indica; WWW Corp adhered to industry-standard protocols, including disclaimers that AI-generated content may require further verification."
 21. Meanwhile, on March 1, 2024, the Union of Indica filed a suo motu case under the Information Technology Act, 2000 (as amended), alleging that WWW Corp violated



provisions relating to misinformation dissemination and failed to take appropriate safeguards as an “intermediary”.

22. Additionally, the Union alleged that WWW Corp’s AI platform violated the Intellectual Property Rights (IPR) of several independent content creators by copying and rephrasing copyrighted articles and social media content without attribution.

23. Considering the legal ramifications involved in this case it has been taken up *suo motto* by the Apex Court of Indica, and the following legal issues have been framed for adjudication:

- a. *Whether WWW Corp can claim immunity under the Information Technology Act, 2000, as an “intermediary” or whether it can be held liable for the dissemination of misinformation by its AI platform?*
- b. *Can WWW Corp escape corporate liability under the principles of vicarious liability or strict liability for the harm caused to Hogwarts Pharmaceuticals?*
- c. *Does the use of AI to generate content infringe upon the Intellectual Property Rights of original creators, particularly under the Copyright Act 1957?*
- d. *Does WWW Corp’s reliance on AI technology absolve it of liability for content dissemination under the Indican legal framework?*
- e. *Can the right to freedom of speech and expression protect WWW Corp’s actions, or does the publication of unverified AI-generated content constitute an abuse of such rights?*

Note: In this moot court competition, the laws of the Union of Indica are deemed ‘*pari materia*’ with those of the Union of India, signifying that interpretations of the Indian law may be used to examine the legal issues outlined in the moot problem.

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