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CHALLENGES TO IP LAWS IN INDIA IN THE AGE OF E-COMMERCE

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ABSTRACT

India is currently experiencing a digital revolution in the world of E-Commerce, creating numerous business opportunities and continually transforming the economy. According to the World Trade Organization, e-commerce involves the production, distribution, marketing, sales, or delivery of goods and services through electronic means. However, in the online world, intellectual property rights (IPR) are at risk due to the ease of copying and pirating protected information such as music, computer programs, and databases. IPR protection and e-commerce are closely related and complement each other. This paper provides highlights on how to protect IPR in electronic commerce. With the digital era, access to copyrighted works has become more accessible, making it easier to infringe on intellectual property rights. Selling counterfeit products on e-commerce platforms presents a significant challenge for IP enforcement, with the impact of loss often greater since the internet is borderless, allowing infringing materials to travel across different geographical regions within seconds. This paper examines the current legislation that governs various aspects of intellectual property rights (IPR) and the challenges that arise with the use of e-commerce in India. The paper provides an introduction to e-commerce and its evolution, as well as an exploration of the intersection between intellectual property and e-commerce. It discusses the issue of jurisdiction in cyberspace and how it extends to e-commerce. Additionally, the paper highlights how IP assets are significant resources for businesses and how entrepreneurs and the government can overcome challenges related to IP protection. In conclusion, the paper offers solutions to these challenges through the use of case law and suggests best practices that are appropriate for the Indian context.

Keywords: E-commerce, Intellectual Property Rights, Digital Era, Entrepreneurs.

Introduction: Background and Significance of the Study

Intellectual Property (IP) is a valuable company asset that involves substantial investments of time, money, and ingenuity. IP is intangible, unlike tangible assets, and can include new ideas, distinctive names, and distinctive appearances that increase the value of items. In today's digital

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world, it is more crucial than ever to have a comprehensive plan to preserve Intellectual Property Rights (IPR). This takes careful consideration and preparation to protect the business's important intellectual property assets.²

When someone utilizes the literary works, music, photos, trademarks, service marks, or words of another without their permission, they are infringing on the owner's intellectual property rights. Due to the borderless nature of the internet, the effects of such infractions are compounded on the web, where counterfeit items may swiftly spread to many geographic places. It is difficult to detect IPR infringement both online and offline. Linking, infringement, framing, and meta-tagging are examples of new online intellectual property rights violations.³ Case in point: "*Christian Louboutin SAS v. Nakul Bajaj and Other*"⁴ in which the defendant was charged with selling counterfeit products. This case created new IP and e-commerce ideas, notably the "safe harbour" provision of the IT Act and the "first sale doctrine."

Intersection between IP and E-Commerce:

In the current economy, the significance of technology and creative works has boosted the proportional worth of IP assets. IP covers innovative concepts, distinctive phrases, names, and looks that provide value and distinction to products in e-commerce. It is possible to trade or "licence" intellectual property, allowing the transfer of rights from one owner to another and share risks and possibilities through licencing.

E-commerce began in the 1960s when corporations utilised Electronic Data Interchange to transport information electronically. Only in 1944, two friends sold a CD on "Net Market" which was the first online retail website after which, "Flipkart" was first born in India.⁵

E-commerce is unique since it sells items and services based on IP and licencing. IP is the main value in e-commerce transactions for music, photographs, software, designs, training modules, systems, etc. IP rights safeguard the technologies that allow e-commerce to work, such as software, networks, designs, chips, routers, switches, the user interface, and more. Moreover, e-commerce enterprises depend on trademark law and unfair competition legislation to preserve branding, consumer identification, and goodwill.

The protection of intellectual property has a significant bearing on the growth of online business. A person is said to have employed their IP rights, when they apply their brains, creativity, and judgement to create physical and intangible property of unique value to society. To prevent IP infringements, it is required to effectively implement the law. To prevent

² Ashish Kumar Srivastav, Reach of Intellectual Property Rights in Digital Commerce: An Indian Perspective, SSRN ELECTRON. J. (2022).

³ Artee Aggrawal, Usage of Internet and the Evolving Challenges of IPR Issues in India : A Review (2015).

⁴ Christian Louboutin v. Nakul Bajaj and Others, (2018) 253 DLT 728, (2018) 76 PTC 508

⁵ Aggrawal, *supra* note 3.

cybersquatting, corporations should generate, manage, and defend their intellectual property, including registering domain names containing their trademarks. Encourage the use of electronic evidence to avoid intellectual property breaches online. Protecting intellectual property rights in cyberspace requires a varied strategy.⁶

This study explains how E-commerce has become a popular method of trade, but it has led to the abuse of intellectual property rights. Further the author identifies that protecting intellectual property is crucial as valuable items traded online need to be safeguarded through technological security measures and IP laws. It discusses laws in place to combat counterfeiting practices and to protect IPR in India and the types of infringement that occur in e-commerce.⁷

Research Questions:

Q1. How is e-commerce and IPR related and how does the protection of one boost the growth of the other?

Q2. What ways might India's current laws and more recent IPR regulations address inefficiencies?

Q3. What different types of infringement exist, and how do Indian laws and regulations protect IPR infringement in e-commerce?

Q4. What are the available protections awarded to online retailers related to IP infringement?

Q5. What steps may be taken to give current IP right holders better protection against online counterfeiting?

Hypothesis:

This essay addresses the growing concern over intellectual property rights brought on by increased internet usage. An administrator of intellectual property rights faces two fundamental issues on the Internet: what to regulate and how to regulate. The increased use of the Internet is expected to make IPR protection more difficult than it is now. Despite the fact that Internet usage in the country is going to soar, there are now no practical solutions to the intellectual property rights issues associated with Internet use due to the relatively limited empirical understanding of such issues. Intellectual property rights already raise certain issues, but they are more theoretical than actual. When E-Commerce and Intellectual Property intersect, courts and tribunals throughout the world are having difficulty determining the relevant legislation and establishing jurisdiction. This article examines the history and growth of e-commerce as well as the connections between intellectual property and e-commerce. Its primary focus is on the issue of cyberspace jurisdiction and how it pertains to e-commerce. In second part, it searches case law from courts throughout the world for solutions to this significant issue and provides best practises suitable for the Indian internet market and suggest important

⁶ Intellectual Property Rights & Electronic Commerce, *IP Rights - Introduction* 16.1 (2004).

⁷ Id.

measures to combat the infringement problem.

Objectives of Study:

- To examine the various types of IPR and the literature on the development of e-commerce and its relationship to different forms of IPR infringement in India.
- To address inefficiencies in protection of IPR caused by a lack of knowledge about IP and cyber legislation.
- To research the rights, regulations, and legal frameworks connected to IP infringement on the internet.
- To evaluate landmark case laws that set precedent over the protection of IP in e-commerce and to devise methods to combat infringement of IP assets of owners.

Scope Of Study:

This paper's scope includes identifying the rights protected by various intellectual property rights laws in India, current IP issues, the different types of infringement brought on by the rise in knockoffs on e-commerce sites, theories developed to combat the growing threat to protect clients' IP rights from evolving counterfeiting practises, and policy rights to protect IPR in India with a few comparisons to other common law countries. Further the paper elucidates on the Indian scenario of digital rights management of copyright, trademark and patent infringement, and the many types of infringement that occur in e-commerce and how it affects enterprises.

Limitations Of Study

- The vast majority of prior research in this area has been abstract, speculative, and generic about the issues pertinent to the Indian paradigm, limiting exposure to more extensive and forthcoming issues, according to an objective analysis of more than 100 papers and articles published in the last 20 years.
- Because the research article is restricted to the Indian setting, it restricts further study of international laws and Acts enacted to address the problem of IPR infringement in the increasingly common e-commerce sites in foreign nations.
- Since India is currently establishing its infrastructure to accommodate the expansion of the Internet, the country's e-commerce and owner rights protection through law are still in their infancy. This circumstance highlighted a need for a more complete investigation of a research opportunity in the Indian environment.

Research Methodology:

The research methodology used was doctrinal or library-based research, which is the most popular strategy used by people conducting legal study. The author of this study has examined the legal nuances surrounding the subject at hand, focusingS primarily on Acts and legislation

pertaining to IPR and IT. This type of methodology therefore aims to identify specific pieces of information by conducting specific enquiries.

Literature Review:

Publications on the use and abuse of the internet in the globalized era is proliferating. Below is a review of a few published research articles to help you comprehend the controversy around the topic:

- **Rishu Srivastava, S.S. Rana & Co. Advocates (2022):**⁸ in this research paper, the author examines the early 1990s advent of the "World Wide Web," which has since ushered in the acceptance of online shopping due to its easy accessibility and adaptability, with companies developing ways to use the Internet as a marketing and commercial tool. The author talks about the problems a trademark owner has, including illegal deep linking, meta-tagging, banner advertising, misuse of search engine marketing, and SEO manipulation. Along with this the author discusses the innate technological nature of patents and how it can be utilised to manage intellectual property. However, the author fails to enunciate more on new age problems related to trademark in e-commerce and counterfeiting and how business must be equipped with legal strategies to combat the same.
- **Artee Aggrawal, Jatin Trivedi and Sucheta Burman (2015):**⁹ In this study, the authors examine how increased internet usage has raised fresh issues related to intellectual property rights. Despite the fact that Internet usage in the country is going to soar, there are now no practical solutions to the intellectual property rights issues associated with Internet use due to the relatively limited empirical understanding of such issues. The study, however, falls short of elaborating on intellectual property rights, which are currently in existence but only in principle practically applicable, such as the particular issue faced by IPR administrators in balancing the interests of numerous Internet players.
- **Dr. Smt Rajeshwari M. Shettar (2011):**¹⁰ Her research presents an outline of the evolution of e-commerce in India and lists the businesses that are present there. The research also came to the conclusion that while domestic and international trade should be allowed to grow, the government should take care of fundamental rights like privacy,

⁸ Rishu Srivastava, *Internet electronic commerce-and intellectual property*, (2016), <https://www.mondaq.com/india/trademark/455958/internet-electronic-commerce-and-intellectual-property>.

⁹ Jatin Trivedi Artee Aggrawal, *EMERGING TRENDS OF E-COMMERCE IN INDIA: AN EMPIRICAL STUDY*, 1 INT. J. BUS. QUANT. ECON. APPL. MANAG. RES. 2 (2015).

¹⁰ Dr. Smt Rajeshwari M. Shettar, *EMERGING TRENDS OF E-COMMERCE IN INDIA: AN EMPIRICAL STUDY*, 5 INT. J. BUS. MANAG. RES. 25 (2016), <https://issuu.com/invention.journals/docs/e05902531>.

intellectual property, fraud prevention, consumer protection, etc. The study's research gap was the author's failure to foresee future challenges in the complexities of cross-border e-commerce that would arise from India as a result of globalisation.

- **Nisha Chanana and Sangeeta Goel (2012):**¹¹ In their report, they made an attempt to analyse the outlook for India's e-commerce future and examine probable future development areas for the sector. A number of factors were found in the study to be essential for the development of Indian e-commerce in the future. The survey also predicted that e-commerce will rise rapidly in India's expanding market over the next years. The main barriers to e-commerce that pose substantial dangers for intellectual property infringement and the counterfeiting of actual goods—lack of confidence in e-commerce transactions, secrecy, and outdated legislation—are not mentioned in the poll.
- **Anukrati Sharma (2013):**¹² Author made an effort to research the most recent trends, influences, and customer preferences toward e-commerce and online shopping in her paper and provided recommendations for how to improve e-commerce websites. The majority of those involved in purchase decisions, according to the report, are between the ages of 21 and 30. Making websites for online commerce requires careful planning and smart design. This study has a flaw in that it doesn't address necessary issues like distribution rights, copyright laws that are consistent with the first sale doctrine, etc. Even while it makes recommendations for how e-commerce enterprises can change their user interface to safeguard IP rights.
- **Yu Yang and Lei Zang (2018):**¹³ The author of this study emphasises how, as a result of the growth of Internet information technology and the increasing opening up of the world economy, politics, science, and technology, among other sectors, all have undergone continual progression. As a result, the line of defence is continually being breached by the protection of intellectual property rights, such as trademarks and patents. The author claims that in addition to patent data, a comprehensive analysis of intellectual property rights today incorporates business, economics, and trade,

¹¹ Nisha Chanana & Sangeeta Goele, *Future of E-Commerce in India*, INT. J. COMPUT. BUS. RES. 1 (2012), <http://www.researchmanuscripts.com/isociety2012/7.pdf>.

¹² Dr. Anukrati Sharma, *A STUDY ON E COMMERCE AND ONLINE SHOPPING ISSUES AND INFLUENCES @* www.academia.edu, 4 INT. J. COMPUT. ENG. TECHNOL. 364 (2013), https://www.academia.edu/2958134/A_STUDY_ON_E_COMMERCE_AND_ONLINE_SHOPPING_ISSUES_AND_INFLUENCES.

¹³ Yu Wang & Lei Zhang, *Research on Intellectual Property Protection of Industrial Innovation Under the Background of Big Data*, 1088 ADV. INTELL. SYST. COMPUT. 1765 (2020).
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technological, legal, and other information. These disjointed bits of information or data will be linked together by big data to produce a natural ecosystem.

- **Marcus Holgersson and Sarah van Santen, (2018)¹⁴:** This paper examines current IPR regulations and provides information on how IP rights (IPRs) are significant sources of competitiveness for businesses today and that IP rights make up a growing portion of their resources. The author gives a study of the literature in the broad area of IP management research and draws the overall conclusion that while the field is rich and expanding swiftly, there is not enough attention paid to and information available on strategic IP management challenges.
- **Ming Yang, 2008¹⁵:** The author claims that a corporate intellectual property strategy and secrecy are crucial elements of the firm development plan. Businesses carry out a wide range of commercial activities, including intelligence gathering, market forecasting, product development, and corporate strategy. In the case that the corporate intellectual property limit expires or is withdrawn, the corporate intellectual property strategy should be changed now. The formulation and execution of the corporate IP strategy should be done in collaboration with the location where the IP rights are created in order to connect the enterprise's commercial operations with territoriality.
- **ChunYi Lin, (2015)¹⁶:** The author highlights In today's world, corporate intellectual property strategy is a big asset to business growth. First of all, it may result in a general improvement in the business's core competitiveness and innovation potential. In order to ensure that the intellectual property system can be used more effectively, it may also conduct a more thorough investigation of it. Intellectual property strategy may also be employed as a preventative tactic against intellectual property theft by the business. Lastly, corporate intellectual property strategy may affect, support, and ensure sustainable business development through intellectual property transactions.
- **Thakur, Aditi Verma, (2012)¹⁷:** In this article, the author tries to generalize the perspective of business units in relation to other companies. It claims that a company's

¹⁴ Marcus Holgersson & Sarah Van Santen, *The Business of Intellectual Property: A Literature Review of IP Management Research*, 1 STOCK. INTELLECT. PROP. LAW REV. 44 (2018).

¹⁵ Ming Yang, *Research on Intellectual Property Rights of Electronic Commerce from the Perspective of Big Data*, 68 ATL. PRESS 442 (2019).

¹⁶ ChunYi Lin, *Exploration of Intellectual Property Protection Strategies for Cross-border E-commerce*, 245 2021 5TH INT. CONF. ADV. ENERGY, ENVIRON. CHEM. SCI. (AECS 2021) (2021), https://www.e3s-conferences.org/articles/e3sconf/abs/2021/21/e3sconf_aeecs2021_01062/e3sconf_aeecs2021_01062.html.

¹⁷ Aditi Verma Thakur, *Branding and business management: Leveraging brand names for business advantage*, 17 J. INTELLECT. PROP. RIGHTS 374 (2012).

brand name is a valuable marketing tool. A strong brand name acts as a powerful instrument for boosting the business side of goods as well as the company's performance. The author concludes by emphasizing that businesses must comprehend the significance of names and identities, as well as their underlying consequences.

Overview of Kinds of IPR:

i. Copyright

Copyright is the legal protection accorded to creativity, databases; and computer programmes. The software employed by the e-commerce website is a protected work. The sign "©" or the term "Copyright" indicates that a work is protected by a legal claim.¹⁸

ii. Patents

In exchange for comprehensive public disclosure of an innovation, a sovereign state grants an inventor or assignee exclusive rights for a limited time called patent. Patents facilitate E-Commerce licenses, outsourcing, and strategic alliances. Patents allow E-Commerce enterprises to record and develop creative ideas, hence boosting sales by providing products with qualities not accessible to competitors.¹⁹

iii. Trademark

It is a distinguishing term, symbol, design, phrase, or other object that is used to designate the origin of goods or services. In the internet world and E-Commerce, trademarks play a vital role in establishing a company's brand image by expanding or selling the firm.²⁰

iv. Trade Secrets

Trade Secrets are any sensitive business information that gives a firm a competitive advantage. It comprises sales tactics, distribution strategies, customer profiles, and advertising strategies, etc.

v. IP Assets and Licensing

Intellectual property (IP) assets are part of an organization's intangible assets. They enjoy legal protection, which may be enforced in a court of law. IP assets are independently identifiable and transferable. A licencing agreement is a partnership between an intellectual property rights owner (licensor) and someone who is permitted to utilise such rights (licensee) in exchange for an agreed-upon payment (fee or royalty). With this type of arrangement, the franchisor will guarantee that the franchise holds the managerial and technical capabilities required to uphold

¹⁸ Arturo Ancona, INTELLECTUAL PROPERTY AND E-COMMERCE WIPO-WASME SPECIAL PROGRAM ON PRACTICAL IP ISSUES Geneva , October 6 to 9 , 2003 (2003).

¹⁹ Lipi Parashar, INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES The Protection and Enforcement of Intellectual Property Rights in the E-Commerce Industry, 3 INT. J. LAW MANAG. HUMANIT. 119 (2020), <https://www.vidhiaagaz.com>.

²⁰ Goce Naumovski et al., Convergence of Trademark Law and, 1 424 (2014).

quality and other requirements for the use of the trademark.²¹

Relation of IPR in E-Commerce:

Online shopping involves IPR. E-commerce operators must protect numerous sorts of intellectual property. E-commerce intellectual property laws cover the following²²:

- Patents and utility models safeguard crucial components of the internet, including e-commerce platforms, search engines, and others.
- Depending on the country's intellectual property rules, certain software, such as the text-based HTML code used by websites, is protected.
- Copyright law also protects the general aesthetic of an online shop's website.
- The Copyright Law safeguards all of the website's content, including any text, audio, or video files, as well as any images, graphics, etc.
- Businesses can secure their databases through copyright or country-specific database regulations with the help of E-commerce in IPR.
- Brand names, product names, logos, domain names, and other identifying marks placed on a company's website can all be protected under the Trademark Law.
- Organizations can seek legal protection for their computer-generated displays, graphic signals, websites, and graphical user interfaces under the Industrial Design Law.
- Trade Secret Laws protect a website's confidential visuals, object and source codes, algorithms and programmes, user manuals, and database contents.

As the internet continues to develop, it is more important to be familiar with the concepts of intellectual property and e-commerce. There are four contexts when intellectual property rights apply in online trade:²³

i. Safeguarding business interests of a company:

Businesses need protection from competitors, and intellectual property laws do just that. Many abuses of IPR occur because of the violation of IP policies and rules, especially in today's digital economy. This means that anything from software to design may be copied and distributed globally without the original creators being compensated. Legislation protecting intellectual property rights in online trade, however, allows businesses to feel safe²⁴.

ii. Safeguarding essential components:

²¹ Ancona, *supra* note 18.

²² Sargunpreet Kaur, Analyzing the Conception of Ipr in the E-Commerce Industry, INT. RES. J. MOD. ENG. TECHNOL. SCI. 145 (2022).

²³ Aggrawal, *supra* note 3.

²⁴ Kaur, *supra* note 22.

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IP law is especially useful in safeguarding a company's valuable data and technological assets like networks, routers, designs, software, and chips, etc. These elements, which come in the form of a wide variety of intellectual assets, should be safeguarded since they are essential to the internet's successful operation.

iii. Protecting products and patent licences:

E-commerce business depends on patent and product licencing. Many web-based organisations employ third parties to construct components of their products or licence their proprietary software since combining so many distinct technologies into a single offering is difficult. The agreement covers IP protection.

iv. Safeguarding patent portfolios and trademarks:

Almost everything of value that an e-commerce company has consists of its ideas and designs. A patent and trademark portfolio is a common asset of such a corporation, increasing the worth of the enterprise. So, intellectual property rights rules in e-commerce serve to protect such patents, portfolios, and trademarks.

IP Infringement and E-Commerce- Addressing inefficiencies:

i. Copyrights and related rights

The true problem in the digital age to protect copyright is striking the correct balance between protecting the rights of owners and allowing materials for public usage. Several creators have suffered substantial losses due to fast digitalization and unauthorised duplication, and dissemination of their product.

These "peer-to-peer" (P2P) networks allow millions of users to post and distribute different sorts of files through the Internet, often breaching copyright in the works by linking to them and facilitating their distribution. This has resulted in widespread digital piracy.²⁵

One further thing that has to be addressed is the conditions under which an Online Service Provider (OSP) might be held liable for infringing activity undertaken by the subscribers. "The Information Technology (Amendment) Act, 2008", although not directly addressing any IPR issues, makes a provision that would have an impact on the IPR in e-commerce and the digital environment, unlike the "Copyright Act", which does not confront the liabilities of online intermediaries insofar as copyright infringement is concerned and copyright owners have to resort to other ways of protection like "watermarking" and "encryption".

ii. Trademarks and Domain Names

Trademarks are just as important in the virtual world of e-commerce as they are in the real one.

²⁵ Srivastav, supra note 2.
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Due to the lack of personal interaction inherent in online transactions the brand value of the product is of utmost importance. Unauthorized deep linking, meta-tagging, banner advertising, framing, search engine marketing abuse, SEO manipulation, mouse trapping, etc., are only some of the internet threats that trademark owners must contend with.²⁶

The need for this was seen in “*Flipkart Internet Private Limited v. www.flipkartwinners.com & Ors.*”²⁷ where Flipkart, the e-commerce behemoth, had entered a lawsuit claiming permanent injunction, prohibiting the owners of “www.flipkartwinners.com” from using the trademark “Flipkart” or other confusingly similar names that infringe on registered trademarks or domain names of “Flipkart”, contests, or anything else that would constitute trademark infringement. Here, the Court granted Flipkart a permanent injunction prohibiting the Defendants from using the mark “Flipkart.”

iii. Drawbacks of Patents in E-Commerce

The e-commerce sector's reliance on IT infrastructure highlights the importance of patents. The proliferation of this sector may be directly attributed to the patent system that incentivizes scientists and engineers to develop novel technology. Yet, the question of whether or not business methods should be open to patent protection remains contentious. Advocates believe that patents foster knowledge exchange and give companies a competitive edge, but detractors are concerned about possible abuse of the system and obstruction of competition. Nevertheless, patents have been issued for business methods conducted online or over the phone, as well as for financial services, and electronic sales and advertising techniques.

iv. Jurisdiction in Cyberspace

Due to the nature of the internet, wherein parties from all over the world may establish virtual links with one another, determining territorial jurisdiction over a dispute can be tricky. It might be difficult to establish traditional prerequisites for jurisdiction when dealing with the internet. However, facts such as the location of the server and the place from where the user downloaded the work might help establish whether a certain court has jurisdiction over the matter.²⁸

In the case of “*Himalaya Drug Company v Sumit, the Delhi High Court*”²⁹ established jurisdiction over an overseas defendant as internet users in Delhi had access to infringing copies. The defendant copied the plaintiff's herbal database and posted it on a US server-hosted

²⁶ Ancona, *supra* note 18.

²⁷ *Flipkart Internet Private Limited v. www.flipkartwinners.com & Ors.*, 2019 SCC OnLine Del 7370

²⁸ Matthias Eggertsson, Pompano Beach & U S A Florida, Intellectual Property Infringement: a Case Study on Ecommerce Counterfeiting, XXII INT. J. CASE METHOD RES. APPL. 3 (2010).

²⁹ *Himalaya Drug Company v Sumit, the Delhi High Court*, 126 (2006) DLT 23, 2006 (32) PTC 112 Del
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website. The court granted an injunction, and the plaintiff ordered the US-based ISP to remove the infringing website, which was duly done.

In the case of “*World Wrestling Entertainment, Inc. v. M/S Reshma Collection*”³⁰, the Delhi High Court decided that the buyer's place of residence would be the deciding factor in trademark and copyright disputes involving e-commerce. The court agreed that technological advances and the rapid growth of online business models have made it possible for entities to have a virtual presence that is far from their physical location. The court said that a seller's ability to do business through a website in a certain place is the same as having a physical store in that place.

Another troublesome menace is when the defendant uses trademarks of other brands in the product description for promotion. This was seen in the leading case of “*Cartier v. Yihaodian and Mkela Company*”³¹, where the trademarked wordings- “Cartier Style” was used wrongfully and in “*Flipkart Internet Private Limited v. Somasundaram Ramkumar*”³² where **Flipkart** filed for a permanent trademark injunction to restrain the defendant from using its registered trademark and domain name and befitting from the reputation and goodwill of Flipkart which the Madras High Court condemned illegal.

v. *Infringement Concerns in Case of Physical Goods*

Customers may be confused by counterfeit and parallel imported goods sold on e-commerce websites. The textile business is extremely susceptible to counterfeiting. Establishing the origin of counterfeit goods is essential for establishing jurisdiction. ISPs can help locate the seller, and jurisdiction is determined by the defendant's domicile or the location of the infringement. Infringement of physical goods can be defined by "parallel importation" refers to the export of lawfully manufactured and traded commodities. The products themselves are not inherently suspicious. To prevent undesirable competition, national laws may restrict the importing of specific goods. If the sale or import of such items by a third party violates patents, trademarks, or copyrights in a specific nation, it is illegal. Often, the things listed on e-commerce websites are genuine but meant for sale in a different nation.

vi. *Infringement Concerns in Case of Transaction Information*

This happens when a firm may construct a website utilizing the domain name of another company's trademark. These businesses may supply comparable or distinct products or services, but their primary objective is to confuse the public in order to expand their own businesses.

³⁰ World Wrestling Entertainment, Inc. v. M/S Reshma Collection, (2017) 237 DLT 197

³¹ *Cartier v. Yihaodian and Mkela Company*, (CA) in CA-G.R. SP No. 60827

³² Flipkart Internet Private Limited v. Somasundaram Ramkumar, 2015 SCC OnLine Mad 6468

Legislations Governing Cyberspace And E-Commerce: Overview of IP Laws and Regulations in India That Governs, Enforces and Protects IP in E-Commerce

i. I.T. Act, 2000

In 2000, the Indian government passed the “Information Technology (IT) Act”, which was the nation's first law governing e-commerce. For the first time in India, the Act acknowledged the legal validity and enforceability of digital signatures and electronic records in an effort to decrease electronic forgeries and facilitate e-commerce transactions.

ii. Indian Contract Act, 1887

The IT Act controls the legality, communication, acceptance, and withdrawal of electronic contracts, as well as the enforceability of terms of service, privacy, and return policies on online platforms which are considered enforceable contracts.

iii. Consumer Protection (e-commerce) Rules, 2020

“The Consumer Protection (E-Commerce) Regulations, 2020” were published on July 23, 2020 by the Ministry of Consumer Affairs, Food and Public Distribution to protect consumers from unfair commercial practises and to address their complaints. The salient features of the new rules with respect to IPR are as under are as follows³³:

- This regulation covers all digital or electronic network transactions, including digital products, and applies to all types of e-commerce, such as multi-channel and single-brand retailers, as well as marketplace and inventory-based e-commerce models. It also encompasses all forms of unfair commercial practices.
- On their platform, e-commerce businesses must give users with clear and accessible information, including their legal name, address, website, and the contact information for customer service and the grievance officer.
- The entity is required to establish a complaint procedure and list the officer's identity on its website. Complaints should be acknowledged within 48 hours and resolved within a month.
- E-commerce entities selling imported goods/services must disclose details of the importer from whom they have purchased or who is selling on their platform.
- Entities involved in e-commerce must require vendors to guarantee that the descriptions and photographs of their products and services are truthful and match to their features.
- E-commerce retailers are required to include the “country of origin” for their product listings, which can be a challenging task given the vast number of products listed on platforms like Flipkart and Amazon.

³³ Rights and Commerce, *supra* note 6.

- E-retailers should not accept the use of their name for private brand names if doing so would constitute an unfair trading conduct and harm the interests of customers. Private brands with the prefix of the e-commerce brand will be scrutinised if it is determined that they are anti-consumer and anti-competitive.

iv. IT Act Intermediary Guidelines, 2011

- “The Intermediary Guidelines Regulations of 2011” require intermediaries to prohibit certain types of information, such as sexually explicit material, from being posted on their platforms. The proposed Draft Regulations seek to prohibit a new category of material, namely anything that constitutes a threat to public safety.
- The intermediaries are obligated to help any government agency within 72 hours and enable the source of information to be tracked on their platform.
- Intermediaries must use automated tools to detect and remove illegal content from public access. Those with over 50 million users must also create a corporation in India.

Available IP Protections in E-Commerce:

i. Take Down Notice

Whenever any owner of IP discovers that their copyrighted content has been posted to an e-commerce website without their permission, they have the right to request that the Internet Service Provider (ISP) remove or block access to the infringing work.

The IP owner must have registered their IPR in India and produce registration paperwork for their trademark, patents, or copyright for a take-down action to be effective. The take-down notice is a written warning, and if the infringing content is deleted in response, the digital commerce website may be free from liability under rule 75 of the “Copyright Rules, 2013”.

ii. Injunction

The court has the authority to issue an injunction against an e-commerce website if the website is found to be selling goods without the proper permission or recognition from intellectual property owners, based on complaints received. Recently, the Delhi High Court granted an interim injunction prohibiting Flipkart from selling Xiaomi mobile phones in India, since the business was discovered to be an unlicensed Chinese manufacturer that infringed on Ericsson's patents in the case of “*Ericsson vs. Xiaomi Technology*”³⁴.

In 2014, the Delhi High Court prohibited “ShopClues”, an online marketplace in Gurgaon, from using L'oreal's trademark owing to the selling of counterfeit items by an unauthorised vendor. Several prominent companies, including Tommy Hilfiger, Ray-Ban, and Skullcandy, also filed similar complaints and received preliminary injunctions against “ShopClues” for

³⁴ Ericsson vs. Xiaomi Technology, (2016) 66 PTC 487

selling counterfeit goods on its platform.

“Nike Innovate C V v. Shoesnation & Ors.”³⁵, where “Nike Innovate”, the registered trademark owners of the marks “NIKE”, “SWOOSH device”, and “NIKE AIR”, filed a suit seeking a permanent injunction prohibiting “Shoesnation” from using the “SWOOSH device” in conjunction with the mark “FITZE”, where the Court concluded that the “Swoosh device” or the “tick mark” used in the counterfeit goods are quite alike, and decided in favour of Nike.

iii. Intermediaries Liability and Assessing Infringement

The subsection 2(w) of the IT Act governs internet intermediaries in India. The e-commerce websites are referred to here as intermediates.

Secondary liability" in e-commerce refers to a party materially contributing to, enabling, inducing, or being responsible for directly or indirectly infringing acts carried out by another party, often associated with unfair competition law. There are two types of secondary liability:

1. Vicarious Liability: The scenario occurs when a third party has the ability and authority to oversee the acts of the principal offender and directly benefits financially from the infringement.
2. Contributory Liability: This is applicable when the defendant has knowledge of the violation and significantly contributes to it.

In the case ***“Kent RO Systems Ltd. & Anr. v. Amit Kotak & Ors.”***³⁶, the Delhi High Court ruled that an intermediary is only required to delete or deactivate information on their site upon receiving a complaint and doesn't have to actively review every content stored on their site for infringing content. However, there have been instances where the Delhi High Court has taken a different stance. In ***“Facebook Inc. v. Surinder Malik”***³⁷ and ***“My Space Inc. vs Super Cassettes Industries Ltd.”***³⁸, the Delhi High Court held intermediaries responsible for removing posts that have been brought to their attention following due diligence under Section 79(3). The court clarified that a court order is only necessary for matters specified in Article 19(2). The court also introduced the concept of "actual or specific knowledge" and held intermediaries accountable if they fail to take down infringing content after being informed by the content owner.³⁹

³⁵ Nike Innovate C V v. Shoesnation & Ors., CS (Comm) No.542/19

³⁶ Kent RO Systems Ltd. & Anr. v. Amit Kotak & Ors., (2017) 240 DLT 3

³⁷ Facebook Inc. v. Surinder Malik, (2019) 80 PTC 390

³⁸ My Space Inc. vs Super Cassettes Industries Ltd., (2006) 9 SCC 414

³⁹ Ancona, *supra* note 18.

Analysis of Landmark Case Laws:

i. Liability of E-Commerce Websites in IP Infringement

- When intermediaries actively engage in intellectual property infringement, the IT Act no longer affords them protection. In “**Christian Louboutin SAS v. Nakul Bajaj and Ors.**”⁴⁰, the Delhi High Court determined that the defendants exceeded their intermediary position by deliberately detecting, promoting, and selling counterfeit items in India. The court noted that not all e-commerce platforms qualify as intermediaries simply by declaring themselves such, and that failure to apply "due diligence" might exclude them from the safe harbour protection under Section 79(3)(a) by constituting "conspiring, aiding, abetting or inducing" unlawful conduct. This decision represents a fundamental change in Intellectual Property Protection.⁴¹
- “**L'oreal v Brandworld, 2016**”⁴², the case involved ShopClues.com as the Defendant which was accused of selling fake L'oreal products on its website. This case stood as a landmark judgement and an advisory issued to all e-commerce websites to follow recommended practices enumerated in the “IT Act Intermediary Guidelines, 2011”:
 - E-commerce platforms should have an IP protection team to research goods and brands sold by new sellers before registering them. This includes searching for trademarks and informing the actual trademark owner about the seller's registration on the website.
 - E-commerce platforms should establish a clear agreement with their sellers, stating that if the platform receives any reports of counterfeit or similar goods from the trademark owner, the listing will be immediately removed.
 - E-commerce platforms should display an IP infringement policy on their website, with a procedure for reporting grievances and a structured dispute resolution policy.
 - Considering the number of items being sold, e-commerce platforms should reduce the processing time for disputes. Even if the seller is registered on the site, if a counterfeit or infringing goods is reported, it should be withdrawn quickly to prevent any potential damage.
- “**Amway India Enterprises v. 1mg Technologies Ltd & Anr.**”⁴³, a recent joint judgement of the Delhi High Court, raised the question of responsibility for E-

⁴⁰ Christian Louboutin v. Nakul Bajaj and Others, (2018) 253 DLT 728, (2018) 76 PTC 508

⁴¹ Asomudin Atoev, Intellectual Property Rights and the Internet in Central Asia, 1 POLICY STUD. 1 (2004).

⁴² L'oreal v Brandworld, [CS (COMM) 908/2016

⁴³ Amway India Enterprises v. 1mg Technologies Ltd & Anr., (2019) 260 DLT 690
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commerce websites and IP protection. While the issue was the same as in prior cases, the plaintiffs in this instance were direct selling companies claiming that the sale of counterfeit items on e-commerce platforms harmed their company. They contended that their business strategy required exclusive relationships with clients and that E-commerce sites selling their products, even if they were authentic, were detrimental to their brand. The court determined that E-commerce platforms did not adequately protect intellectual property since they enabled different vendors to utilise their warehouses and its workers tampered with parcels. In addition, the platforms failed to warn consumers that certain vendors were not approved by the manufacturer, making it harder for buyers to identify genuine products. The applications were disposed off, and the E-commerce platforms were ordered to stop selling goods from the aggrieved direct selling entities, unless they had explicit permission to do so.⁴⁴

ii. *Protection of IP on the Internet*

- **“Yahoo!, Inc. Vs. Akash Arora & Anr.”**⁴⁵, this case establishes an important precedent for the protection of intellectual property rights on the internet under Indian IPR law. The Delhi High Court found that a domain name acts similarly to a trademark and, as such, deserves comparable protection. The case included the domain names “Yahoo!” owned by the plaintiff and “Yahoo India!” owned by the defendant, which were almost similar in pronunciation and appearance. Hence, there was a substantial probability that internet users using the plaintiff's domain name would be misled into believing that the defendant's domain name was affiliated with or came from the plaintiff. In addition, the Delhi High Court remarked that the defendant's disclaimer was insufficient, as the usage of a similar or same domain name on the Internet cannot be remedied by a disclaimer. In addition, the fact that 'yahoo' was a dictionary word was immaterial since it had developed originality and individuality via its relationship with the plaintiff. In the matter of **“Rediff Communication vs. Cyber booth & Anr.”**⁴⁶, the Bombay High Court also noted the significance and value of a domain name that serves as a competitive advantage for a corporation.⁴⁷

⁴⁴ Eggertsson, Beach, and Florida, *supra* note 28.

⁴⁵ Yahoo!, Inc. Vs. Akash Arora & Anr., 1999 (19) PTC 201 (Del)

⁴⁶ Rediff Communication vs. Cyber booth & Anr, 2000 PTC 209

⁴⁷ Kaur, *supra* note 22.

Conclusions:

i. Summary and Suggestions

Daily, the courts face novel and intricate IP related difficulties, as seen by recent decisions. In spite of this, they have consistently interpreted and applied the pertinent laws to guarantee that everyone receives justice that has increased public confidence in the judicial system.

Major platforms have built complaint mechanisms for takedown procedures since e-commerce websites typically enable intellectual property violation. Brands must adhere to their regulations in order to enforce their rights. Internet platforms can reduce their liability by deploying effective and cost-effective procedures to detect and remove unauthorised content. Programs such as YouTube's Content ID Filtering System and Amazon's "Amazon IP Accelerator programme" aid brand-owner merchants in securing and safeguarding their intellectual property.⁴⁸

Considering recent instances of infringement, it is advised that e-commerce websites prominently publish a notice of infringement and provide a dispute resolution tool. Also, they should strive to reduce the time and effort required to resolve intellectual property issues. Concerned intermediaries should evaluate the items and services they offer, how they promote and characterize them, the extent of control they exert over trademark usage by end users, and their role in the sale of goods. Moreover, seller verification is a useful technique to confirm that sellers are authorised to sell the items they want to offer on the website.

As e-commerce platforms continue to spread worldwide and foreign companies find popularity online, third-party content responsibility becomes a global concern. Instead, more than depending on the domestic laws of certain nations to safeguard e-commerce websites and trademark owners, the focus is now on the best practises that e-commerce websites and trademark owners should employ to preserve their rights and limit their responsibility.⁴⁹

ii. Strategies for Better Protection of IP in E-Commerce

Trademark and copyright infringement are common in digital commerce. IP holders often sue e-commerce platforms, so joint and several liabilities should be established for platform operators. Strong monitoring teams should be formed to track IP violations and educate sellers and consumers about the consequences.⁵⁰

⁴⁸ Parashar, *supra* note 19.

⁴⁹ Srivastav, *supra* note 2.

⁵⁰ Eggertsson, Beach, and Florida, *supra* note 28.
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E-commerce websites in India can also take help of various IP protection tools that can be purchased from marketplaces and are currently being used worldwide such as⁵¹:

- Notification systems: You can report possibly infringing listings on e-commerce sites using these services. Often, they give web forms with detailed instructions or downloaded forms to be sent by email. Often, information about your firm, your intellectual property rights, and the allegedly infringing postings is necessary.
- IP protection programme: These tools give a straightforward method for reporting allegedly infringing listings and a dashboard for monitoring notifications and results. There may also be search tools for identifying listings that may violate your rights.
- Contact point: This service provides support if you experience problems when utilizing a notification system or enrolling in an IP protection programme.

⁵¹ Id.
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