

FROM CLICKS TO CONFLICTS: LEGAL BATTLES OVER TRADEMARKS IN INDIA'S GROWING E-COMMERCE SECTOR

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Abstract

The researcher highlights how the digital business and startups have been transforming the traditional way of doing business. It also highlights the need to protect the identity of these startups by way of protection of its Intellectual property rights especially focusing on the trademark in order. The paper places reliance on how the e-commerce has gained popularity and has wide jurisdiction, however along with popularity comes a lot of challenges. The paper also lights on the initiatives taken by our Hon'ble Prime Minister for making India "Aatmanirbhar Bharat" by giving importance for the growing startups. The aim of the researcher is to critically analyse if trademark registration would support startups to protect their brands & to explore government initiative taken to create awareness about TM importance. The papers deal with the most alarming issued of misuse of the brands i.e., through violating the laws related to trademark. As in the digital era it is very easy to create a duplicate and replica of a product and confuse the customers by making them believe that the counterfeit product is that of the well-known company. The papers deal with the importance of Intellectual property rights; the problems faced in research. The researcher shall conduct the research through doctrinal methods. The researcher also lays down the research questions, functions of trademark with e-commerce sector, challenges faced and how trademark infringement takes place, judicial precedents and gives conclusion and suggestions.

Keywords: Intellectual Property Rights, Trademark, TM, E-commerce, Counterfeit Goods, Online Infringement, Brand Protection.

INTRODUCTION

Today we are living in a world where the importance of business has been growing at a fast pace. The business sector has been revolutionised in past few decades.

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Our Hon'ble Prime Minister Shri Narendra Modi started with an initiative called, "Startup India". This initiative has given a huge scope to entrepreneurs dream to be "Aatmanirbhar Bharat" giving importance to innovation and focusing on growth of entire Bharat. ¹

This initiative was taken to target the young people who are chasing their dreams to have their own business and to encourage them to have faith in their dreams and business to pursue their dreams to build their name. The initiative taken by the Government of India has opened gates for all entrepreneur, manufacturers and has encouraged innovations. At the same time merely building successful business is not only about ideas, innovation but it also attracts legal protections required to protect the integrity and identity of these entrepreneurs through registration of their brand name, brand logo, slogan. This is how the importance of trademark registration comes into picture.

In a country like India, who has been striving hard to build its homegrown brands, while encouraging innovation it is crucial to protect and safeguard their identity. Trademark which protects brands, name, logo, slogan is a legal shield for business.

IMPORTANCE OF INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights is an emerging sector; government has taken initiative to protect the brand identity of new business and have taken steps to create awareness about Intellectual property rights in the startups ecosystem by startup intellectual Property protection (SIPP) programme.

Trademark helps the brands grow globally, as nowadays the aim of startups is not to restrict themselves in their own country but to capture the market globally. Thus, trademark protection helps them established these brands even overseas and protects it from its infringement. As the market has grown there are a lot of duplication of brands. Thus, it is important to protect the genuineness of brands. This global mindset aligns with the vision of Aatmanirbhar Bharat by protecting Trademark.

The foresights of startups and the confidence of the person owning the brand gives confidence to the investors who would invest in the business. Trademark enhances a long-term value of a company. It is terms that if a person shows seriousness and faith in protecting its brands is termed to be more reliable and ready for investment.

¹ Startup Intellectual Property Protection (SIPP) Programme, Government of India, DPIIT, Ministry of Commerce & Industry.

AIM OF THE STUDY

Looking at the necessity to address the increasing issues relating to the misuse of trademarks in India's growing sector of e-commerce, where infringement of the digital brands and counterfeiting are undermining the public faith and hindering the expansion of the startups, which are very crucial to India's innovation.

The researchers' aim is to examine the challenges that are faced in the e-commerce world in connection with the trademark protection and to explore the awareness mechanism and strengthening measures that will help to safeguard the startups and protect the consumers from online trademark infringement.

OBJECTIVE OF STUDY

1. To critically analyse if trademark registration would support startups to protect their brands.
2. To explore government initiative taken to create awareness about TM importance.
3. To provide appropriate suggestions with respect legal battles over trademarks in India's growing e-commerce sector.

STATEMENT OF PROBLEM

The E-commerce sector has become a boon in India and has revolutionised the manufacturing and retail sectors by offerings goods are services to all consumers. However, this digital revolution has attracted a lot of legal challenged specially in the field of intellectual property rights. In this digital revolution the main concern is the increasing number of cases of the brand conflicts and infringement of Intellectual property rights in digital space.

In this digital space is very easy to created a replica and duplicate products and brand names as compared to that of the traditional way of business. The researcher deals with the growing tension in the e-commerce sector when compared to protection under Intellectual property rights.

Nowadays, consumers prefer to purchase through e-commerce websites for their comfort. The traditional way of going to shops and then purchasing the goods have been replaced by these

online shopping. This change in buying behaviour have increased a number of buyers through these online platforms, which in return had led to duplicity and counterfeit of the products.²

The counterfeiting in India is not new, infact there are several people who has fallen prey of these counterfeit/ duplicate products and have become victim. The presence of these counterfeits in the market is a biggest tension to all the trademark owners.

RESEARCH METHODOLOGY

The researcher has adopted the non-doctrinal research methodology, and the researcher is relying on the primary data on statutory provisions, case laws, and statues. The researcher has also relied on judicial precedence, which is in India, with the aim to bridge the gap between the laws and the realities of the infringement of trademarks in the digital era.

LITERATURE REVIEW

The researcher has conducted her research through doctrinal method. She has critically examined article, papers, statutes. Different literatures address and are dealing with the currently increasing issues relating to the trademark protection in the digital era. Accordingly, one scholar Raman article as highlighted the main issues, which are related to the fake goods which are available on the market platforms, which affects the confidence of the consumer, and the brand identity is damaged. The scholar deals with the trademark duplications and the unauthorized uses that have been increasing in the digital platforms which are causing confusion in the consumers.

The researcher has also dealt with case laws in which one of the cases of Bombay High Court deals with the importance of domain names, which serve as a digital address of their business. The cybersquatting has been highlighted in one of the US rulings, which is a great threat, and it has also been dealt with in the Indian courts.

GAP IN LITERATURE

The researcher has thoroughly gone through the existing literature and has found that most literature viz., papers, articles deals with and concentrates more on the harm and the liability that is caused to the consumer; however, at the same time, they said literature does not deal specifically with the extreme difficulty faced by the small and medium enterprises and the

² Shantanu Raman, “Perils of E-commerce Transaction for Customers: A Review of the Availability of Counterfeit Goods on Marketplace Platforms” (2023) 10 JETIR 394.

startups while they are defending their pride and protecting their brand identity. These crucial issues have not been dealt with the important tools such as artificial intelligence and blockchain have not been dealt with which can be termed as promising tool for preventing the online infringement cost, and for monitoring the same. The researcher aims bridge these issues by analyzing the Indian trademark in the digital era with the main focus on innovation, technology, and startups.

RESEARCH QUESTIONS

- 1) Whether the current ecommerce ecosystem is violating the trademark rights of others?
- 2) Whether the well-known trademark or well-established brand name is misused or infringed on the online platforms?

FUNCTIONS OF TRADEMARK IN E-COMMERCE SECTOR

Trademarks adds on value to the brand identity. The brand is recognised by its trademark. If a brand is registered under trademark, it creates an impact on the consumer and creates trust in the brand. ³

Creating brand identity for recognition

Establishing unique identification is crucial to stand out in the crowd and to create brand name for a business in such a huge ecosystem. Developing a unique combination of word, logo, colour shape adds on value to the business and make the brand more attractive. The brand name helps the consumer to get connected to the product line and give better idea about the business. It helps to create loyal consumers, creating this connection between consumer and business becomes helpful in long run for the business.

Protection of your IPR

Intellectual property rights play an essential role in creating brand identity and also protecting the same. It helps in preventing counterfeit and duplicate brands which directly affects the brand's image, trust of the customer also affects the financial of the brand. Registration under Intellectual property rights viz Trademark and copyright would protect the brand from the unauthorised users. The counterfeit products just slightly change the brand packaging and

³ Shantanu Raman, "Perils of E-commerce Transaction for Customers: A Review of the Availability of Counterfeit Goods on Marketplace Platforms" (Research Scholar, under the supervision of Dr Sibichan Mathew, Professor, NIFT Delhi).

create confusion in the mind of the public, in return the public co-related these counterfeits and connects them with the original brand with a view that the original brand must have got a new product or created a new brand. Thus, in view to protect the identity of the brand it is necessary to register the brand and it helps against the infringement of the brands.

Legal advantage and its enforcement

Registration of your intellectual property is the legal benefits enshrined under various Intellectual property rights act. The legal rights are provided against the infringement in the acts⁴. Action can be initiated against the infringement as given in the act, however if the trademark is not registered then the same cannot be done.⁵

Facilitating worldwide presence:

Once your intellectual property rights are registered, it helps to reach out to the international market easily. Strong IP helps ensuring that the creative brands/product are shield from the imitation, this helps in business expansion. These IP protection helps to attract investors for the business and also helps to have international collaboration for expansion of business. These protection helps to establish authenticity and this in return build confidence in the market.

There are various conventions which help in cross broader protection of IP viz., Paris convention, TRIPS, WTO. These conventions also help to register the IP worldwide, so that the infringement can be tackled.

CHALLENGE FACED BY E-COMMERCE

a) Duplication/ counterfeits

Nowadays there are many products, brand duplication, these duplicate goods are often creating confusion in original brands and duplicate. It becomes challenging to find out which products are original or the online ecommerce portal this misleads the consumer also hampers the goodwill of the original brands.

b) Infringement of trademark

⁴ The Trade Marks Act, 1999; The Information Technology Act, 2000; Consumer Protection (E-commerce) Rules, 2020.

⁵ The Trade Marks Act, 1999, ch IV, "Effect of Registration."

As the duplication of brands have increased, if the original brand owner does not register its brand through trademark and if the company who has launched a duplicate product with similar brand and opts for trademark registration. Then, in this case the company who registered their mark/logo even though has created duplicate/counterfeit still he will have a defence for his registration if any legal issue arises. Thus, the genuine company who has ignored the importance of registering its trademark would suffer.

c) Issues related to jurisdiction

The trademark laws have jurisdiction but E-Commerce sees no jurisdiction these marks it difficult for protecting the brand.

d) Cybersquatting

It is a practice to register domain/brand name which is similar to that of someone else with the motive to confuse the customers so that they can hamper others goodwill and reputation in the market. This usually happens when the URL of person is only slightly different or there is a typo error to write from that of the other person. For eg if a consumer type URL of Amazon, but types the URL wrongly, then in such cases the consumer is taken to a new website which is different from that of amazon. This is done so that they can take away the consumer. ⁶

e) Domain name

Domain name has a lot of value than that of the normal product in today's digital world. It is typically like an address which can help the visitor to locate the website. Domain name is the mode through which a brand identity and goodwill is created in the digital platforms. Hon'ble High court, Bombay also in several cases have recognised the importance of domain name. ⁷

JUDICIAL PRECEDENT

In one of the case the plaintiff had a product of luxury goods, however the Defendant had made a replica of his product and started selling the same at the e-commerce website without seeking permission of the Plaintiff. ⁸

Cybersquatting in United states of America

⁶ Sugan U, "Trademark Violations in E-Commerce" (2023) 5 *Indian Journal of Law and Legal Research* <https://www.ijllr.com>.

⁷ People Interactive (India) Pvt Ltd v Vivek Pahwa & Ors, (2016) 6 AIR Bom R 275 (Bom HC).

⁸ Christian Louboutin v Nakul Bajaj & Ors, (2018) 253 DLT 728 (Del HC).

While dealing with the cases of trademark infringement, we cannot forget the person named Dennis Toeppen, who was a very famous American who used to register similar trademarks of famous brands in USA. He was called as a cyber-pirate; he used to purchase the domain name of the famous brands. As the domain can be purchased on the first come first serve, he used to purchase it and then write to the owner that he had right to use this domain even though the brand is not his own. Later, he used to give offer to the original brand owner to purchase the domain from him on pretext of the settlement.⁹

Cybersquatting in India

The Indian courts had first case named Yahoo. In the said case there was the website of the Plaintiff as yahoo.com, at same time the defendant registered its domain name as yahooindia.com which was exactly same to that of the plaintiff. Also, both the website was offering similar services to the customer. The court rules out in favour of the Plaintiff and stated that while deciding such case is it necessary to establish the possibility of creating confusion. In the above case the Plaintiff company is a well-known company. The defendant has similar domain which would likely to create a confusion in the market that the same is the Plaintiff's new company.¹⁰

THE USE OF ARTIFICIAL INTELLIGENCE AND BLOCKCHAIN SHOULD BE PRIORITISED

Artificial intelligence can be used, as the AI machine learning model will be in a position to scan a lot of data of all product listings and to detect the counterfeit and the infringement products. Looking at the pace of growing technology, it is very necessary to shift from the traditional way and to adopt the new technologies of artificial intelligence.

Blockchain can be used to store all the data in the blocks, including the brand name, brand logo, category of the goods, design of the products, date of use, batch number, serial number on e-commerce website where the products are been listed. This way, blocks can form a chain and can be seen by all the stakeholders including the manufacturers, the sellers, consumers. This will assist to maintain the originality of the products and would help in exposing counterfeits. It will become difficult for the duplicate products owners to get their products listed on the e-commerce website as the original owners' details will already be there in the

⁹ Panavision International, L.P. v Toeppen, US Court of Appeals (9th Cir), 17 April 1998.

¹⁰ Yahoo Inc v Akash Arora & Anr, 1999 PTC 201 (Del HC).

blockchain system. Thus, the e-commerce website should maintain the blockchain and these blocks be filled up before getting the products listed.

CONCLUSION

In today's digital era, the use of e-commerce has increased widely thus it has led to the violation of the trademark rights. It is very important to register your trademark as only if you are registered you can get protection. As the use of internet has increased and also the digital world is recognized more nowadays the cases of infringement of intellectual property rights has increased and reported. Consumer as well as the well-known brands owners becomes victim of these counterfeits. Cybersquatting has become a way for extort money from the well-established and right owners. If any infringement the remedy is to file a complaint/ suit, it is necessary to create a strict measure to protect the same. It is necessary to amend the current laws which are dealing with the trademark. It is necessary to create awareness about the importance of brand registration and brand identity.

SUGGESTIONS

Many startups do not give importance to the registration of their trademark and treat it as a secondary legal requirement. However, this should be inculcated in the culture of startups, and awareness should be created that registration of a trademark is important. The researcher also suggests amendment in the existing laws and also suggest to enact a new Law as follows:

- There is a need for amendment in Trademark Act, 1999 by adding the definition of "Online use" in Section 2 and amending the Section 29 which deals with the Infringement of the registered trademark and also adding a new section which would deal with the Digital misuse of the trademark. amendment to section 103 Penalty that the person who infringed the trademark again and again shall be punished for imprisonment upto seven years and fine of Rs.7,00,000/- be imposed.
- Amendment in Information Technology Act, 2000 and adding a new section which would deal with the mandatory notice and takedown mechanism. Taking certificate of brand authorisation be made mandatory before applying for selling goods on ecommerce market place.
- As the jurisdictions are not clear thus the court faces a lot of challenges to understand the jurisdiction with respect to online transactions.

- Amendment in the Consumer Protection (E-commerce) Rules, 2020 by adding a new section dealing with making it mandatory to disclose the brand authorisation and add section that in case of repeated violation of trademark to make the seller responsible.
- In order to know to stop the unauthorised brand to register their counterfeit products it is necessary to do Amendment in Companies Act, 2013, wherein it should be made compulsory to meet with the trademark compliances and disclose all details while opening the Ecommerce company.
- Amendment to the Bharatiya Sakshya Adhiniyam, 2023 and add new section for presumption of infringement in absence of brand authorisation by the brand owner. Amendment in section 318 of The Bharatiya Nyaya Sanhita, 2023 for digital fraud as an offence.
- Enacting a new act dealing with the digital IP Act.
- It is necessary to meet the gap between the ecommerce eco-system and trademark infringement to create a trustworthy environment. This will boost the customers trust in the brand and also at the same time the companies must take proactive steps to reduce the infringement.

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