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CHIEF PATRON'S MESSAGE

“Change is the law of life. And those who look only to the past or present are certain to miss the future.”

-John F. Kennedy

I am delighted to present the Special Issue of RGNUL Student Law Review on Law & Technology.

The present edition of aims to provide a platform to students, academicians and legal practitioners to express their original thought on the contemporary legal issues. I sincerely believe that it would help in providing momentum to quality legal research.

This edition of the journal contains articles covering different aspects relating to “Law and Technology”. Legal academicians and scholars all over the world are curious to understand the interface of law with new and upcoming technology. In this fast changing world, it is inevitable for various legal systems to effectively respond to the challenges posed by technological changes. Issues such as Network Neutrality, Intermediary Liability, Nanotechnology and Freedom of speech on the internet are novel and require efficacious legal regulation. We hope that this humble initiative will play an instrumental role in fostering academic research in these unexplored areas of law.

I, on behalf of the students and faculty of RGNUL Punjab, express my deep gratitude to all the distinguished members of the Peer Review Board who have devoted their valuable time in reviewing the papers and providing their valuable insights. I would like to appreciate the efforts made by the Faculty Editor and the entire student-run Editorial Board. This issue of the RSLR, I hope, will be a trendsetter. I wish the journal all the best.

Professor (Dr.) Paramjit S. Jaswal

Chief Patron

RGNUL Student Law Review Special Edition

PATRON'S MESSAGE

It is a matter of satisfaction that the present issue of RGNUL Student Law Review Special Edition is continuing commendable success in the quest to promote legal education. The objective of RSLR Special Edition is sharing of knowledge on current legal issues and to enhance the understanding of these issues through extensive research.

It is great to see that an attempt is being made by the RSLR to encourage deliberation and research in the area of 'Law & Technology'. I hope that this Special Edition proves to play an instrumental role in finding legal solutions and identifying key issues in these relatively new areas of law.

RGNUL Student Law Review Special Edition has achieved an unprecedented success by achieving new heights in quality of scrutiny involved in review and time bound delivery. Further, I would appreciate the hard work by students in making this journal internationally renowned, which has received contributions from across the globe.

I would like to express my gratitude to all professionals and academicians who have joined to this initiative as a part of Peer Review Board and shared their enormous experience to the success of this journal. Further I would like to appreciate the efforts made by Dr. Anand Pawar, the Faculty Editor for providing guidance to the Student Editors. I congratulate the Editorial Board of RSLR Special Edition and all the young scholars who took out time from their academics for this outstanding initiative and wish them success in all their future endeavors. Finally, I believe that the research papers will receive appreciation from the readers and experts; and will be beneficial to all concerned.

Prof. (Dr.) G.I.S Sandhu

Patron

RGNUL Student Law Review Special Edition

FOREWORD

It gives me immense pleasure to write the foreword for the third edition of the RGNUL Student Law Review Special Edition. I would like to take the opportunity to appreciate the efforts made by the students of RGNUL in the form of an Editorial Board for the successful completion of this edition. In the course of running the Review, the editors have not only learnt editing skills but also managerial skills.

I sincerely appreciate the effort of our student members of the Editorial board for their hard work and dedication because of which, it became possible to release this issue on time. They interacted with the leading academicians of this country, practicing advocates and other legal luminaries. Their support has been invaluable to us and I humbly thank them for the time they took out to review the articles that were submitted for consideration. I would like to take this opportunity to thank our contributors for their excellent work.

This issue begins with the guest article of Mr. Nandan Kamath, Principal Lawyer at the Law Offices of Nandan Kamath, Bangalore, a specialized boutique having expertise in Sports Law, Media Law and Intellectual Property Law. Mr. Kamath holds the honour of being the recipient of the prestigious Rhodes scholarship. His article is based on Online Gaming in India wherein he has succinctly presented his views on the same. Also, this issue features articles, a case comment and a normative law article on topics like Nanotechnology, Intermediary Liability, Right to Privacy and the recently annulled Section 66A of the Information Technology Act, 2000.

We would appreciate any further improvements in the journal as may be suggested by the contributors.

Dr. Anand Pawar

Faculty Editor

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[GUEST ARTICLES]

LEVELLING UP: FUNCTIONAL EQUIVALENCE AND THE REGULATORY TREATMENT OF ONLINE GAMING IN INDIA

- By Abhinav Shrivastava* and Nandan Kamath#

The global online gaming industry has shown a staggering year-on-year growth rate, and is projected to have a market size of USD 41 billion by the end of 2015¹. The online gaming industry encompasses online casinos, with online variants of games of chance such as slots, as well as games involving participant skills like blackjack or fantasy sports.

Online fantasy sports games alone are expected to generate USD 2 billion in revenue² and are currently offered by upwards of 300 operators globally³. A favourable regulatory regime has resulted in greater growth in North America, with online fantasy sports expected to have 57 million participants in North America by the end of 2015⁴.

¹ *Size of the online gaming market from 2003 to 2015 (in billion U.S. dollars)*, Statista, available at <http://www.statista.com/statistics/270728/market-volume-of-online-gaming-worldwide/>, last seen on 23/10/2015.

² *IBISWorld's Fantasy Sports Services market research report*, Ibis World, available at <http://www.ibisworld.com/industry/fantasy-sports-services.html>, last seen on 30/10/2015.

³ *Member Search Result*, Fantasy Sports Trade Association, available at <http://goo.gl/K0kdjG>, last seen on 30/10/2015.

⁴ Kate O'Keefe, *Daily Fantasy-Sports Operators Await Reality Check*, The Wall Street Journal, available at <http://www.wsj.com/articles/daily-fantasy-sports-operators-await-reality-check-1441835630>, last seen on 23/10/2015.

While the online gaming industry is in its nascent stage in India, with a handful of game operators engaged in providing online games of skill such as fantasy cricket and rummy, with greater access to online resources expected in the coming years and wide recreational engagement in games such as rummy in the offline space, the industry can be expected to grow substantially in India.

However, while the prospects of the online gaming industry (with respect to games predominantly involving skill) appear to be favourable, we have found that there is a degree of hesitancy on the part of developers, operators and supporting service providers (such as payment gateway providers and hosting service providers) to participate in the paid online games of skill industry due to a lack of legal clarity on the regulatory treatment of online games.

In light of such vagueness, this article seeks to assess the degree to which the principle of “functional equivalence” may be applied to subject online game formats to the regulatory scheme applied to offline games, with particular emphasis on the equivalence of the game of skill criterion in online variants of offline games. The objective is to arrive at a clear understanding of what is and is not legal and to help put in place bright line rules that facilitate the growth of the online gaming industry in India.

In this respect, this article commences with a summary of the principle of functional equivalence and of the factors that limit its adoption in a particular context. Thereafter, we examine the elements and constituents of online formats of games to enable recognition of skill elements and account for intrinsic limitations of the online equivalent.

1. PRINCIPLE OF FUNCTIONAL EQUIVALENCE

The principle of functional equivalence is an aspect of the regulatory approach of technology-neutral policy and regulation formulation. In the case of online regulation, it is employed to enable application of general legal frameworks online just as they are applied offline⁵. The principle stems from the conception of regulation as a means of recognising conduct and influencing behaviour immaterial of the means⁶, i.e., the medium through which or the platform on which such conduct or behaviour is exhibited.

In effect, the principle seeks to recognise jural relations⁷ created online by analogy to a similar or equivalent transaction offline. This approach has been adopted in order to recognise online click-wrap contracts⁸ and extend the application of norms and statutes such as the Indian Penal Code, 1860 to online content, particularly in the context of defamation⁹ and obscenity¹⁰.

Aside from substantive legal subjects, this approach has been adopted in the case of procedural law as well, with the Information Technology Act, 2000 equating electronic records

⁵ Recommendation 22, *Global Information Networks: Realising Potential*, European Ministerial Conference, Switzerland, July 6-8, 1997, page 10; Bert-JaapKoops, *Should ICT Regulation by Technology Neutral*, 77, 84 in *Starting Points for ICT Regulation. Deconstructing Prevalent Policy One-Liners (IT & Law Series)* (ed. 9, 2006).

⁶ *Ibid*, Bert-JaapKoops at 83.

⁷ Juralrelations is used herein in its Hohfeldian sense to refer to formal rights and obligations created between transacting persons pursuant to their conduct in the course of the transaction, see: Wesley Newcomb Hohfeld, *Fundamental Legal Conceptions as Applied in Judicial Reasoning*, 26 (8) *Yale Law Journal* 710 (1917).

⁸ *Specht v. Netscape Communications Corp*, 306 F.3d 17 (2002, 2nd Circuit Court of Appeals of United States); *Register.com v. Verio*, 356 F.3d 393 (2004, 2nd Circuit Court of Appeals of United States); *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (1996, 7th Circuit Court of Appeals United States).

⁹ *Tata Sons Limited v. Greenpeace, I.A. No.9089/2010 in CS (OS) 1407/2010* (Delhi High Court, 28/01/2011); *Khawar Butt v. Asif Nazir Mir, CS(OS) No. 290 of 2010* (Delhi High Court, 07/11/2013).

¹⁰ *Avnish Bajaj v. State of Delhi*, (2005) 3 CompLJ 364 Del.

with documentary records¹¹ and the Supreme Court permitting the service of notices and summons through electronic means in commercial cases and matters concerned with urgent interim relief¹².

¹¹ S. 4, Information Technology Act, 2000; see also Indian Evidence Act, 1872 as amended by the Information Technology Act, 2000.

¹² Central Electricity Regulatory Commission v. National Hydroelectric Power Corporation Limited, (2010) 10 SCC 280.

2. LIMITS OF THE PRINCIPLE

While the principle finds wide acceptance and application to online transactions and conduct, it is not axiomatic. This is because the nature of the online medium may require accounting of unforeseen factors, i.e., factors that do not exist in the offline medium (like the ability to unscramble an electronic signature).

Where an analogous offline transaction exists, the principle's application may be limited in case the online form creates certain limiting factors. In such cases, the principle's application may be limited to balance the interests of the transacting parties, with transactions or conduct outside the limited application set rendered unrecognised and moot. For example, on account of the lack of identity authentication with email, the permissibility of service of summons through email is limited to instances where expediency requires overriding of the certification of service procedural norm¹³ or where the identity and email linkage is reasonably established¹⁴, with other instances of service of summons by email rendered as inadequate service.

¹³ Such as in matters requiring urgent relief or in commercial cases, where timely resolution is a key concern. See Central Electricity Regulatory Commission v. National Hydroelectric Power Corporation Limited, (2010) 10 SCC 280.

¹⁴ Such as service to an advocate-on-record's registered email account, see Order LIII, Rule 2, Supreme Court Rules, 2013.

In case the entire online transaction is itself something that has not be envisioned by the law and a reasonably analogous offline transaction does not exist, the exclusion of the application of the principle of functional equivalence would require the formulation and implementation of fresh regulations to govern the online transaction. For example, on account of the inadequacy of existing law to regulate digital certification and penalise de-encryption, the Information Technology Act, 2000 and attendant rules provide for measures for recognition of electronic signatures¹⁵ and specify control processes to maintain the security and integrity of the signature¹⁶.

Practice indicates that where an analogous offline format exists, the principle of functional equivalence must be employed as the starting point of regulating conduct over the online variant, unless the online medium creates circumstances that enable subversion of a material factor or legal norm in the transaction or leads to absurd or unreasonable consequences.

3. SUMMARY OF GAMING REGULATION IN INDIA

Gaming in India is governed by the Public Gambling Act, 1867 (hereinafter "PGA") and other state-specific statutes, such as the Andhra Pradesh Gaming Act, 1974 and Delhi Public Gambling Act 1955. The PGA criminalises (i) the act of gambling in a public forum in India¹⁷ and (ii) the maintenance of a 'common gaming house'¹⁸. State specific statutes largely mirror the provisions of the PGA, and accordingly have similar provisions prohibiting gambling in public and the maintenance of a 'common gaming house'.

¹⁵ S. 5, Information Technology Act, 2000 and Information Technology (Use of Electronic Records and Digital Signatures) Rules, 2004.

¹⁶ See Information Technology Act (Certifying Authorities) Rules, 2000.

¹⁷ S. 4 and S. 13, Public Gambling Act, 1867.

¹⁸ S. 3, Public Gambling Act, 1867. A 'common gaming house' comprises of any place or premises where instruments of gaming are kept or used for the profit or gain of the occupier of the premises

However, the PGA and a majority of state specific statutes¹⁹ create an important exception in favour of games of skill and render the prohibition on gambling inapplicable to games of skill, wherever played²⁰. In determining whether a game is a 'game of skill', courts have acknowledged that the element of chance cannot be entirely discounted in games, and thus rely on the dominant factor test, holding that a game of skill is a game where the elements of skill in a game predominate over the elements of chance in the determination of the winning outcome of the game²¹.

Accordingly, in *Satyanarayana's*²² case, the game of rummy was found to be a game of skill as it required players to memorise the fall of the cards and exercise skill in holding onto and discarding cards²³. Similarly, wagering on horse-racing²⁴ and variants of poker²⁵ have been found to constitute games of skill, as the participant's knowledge and skill in the game were found to outweigh the role of chance in determining outcomes.

It should be noted that the PGA prescribes the governing principles for the permissibility of playing games with stakes. At a principle level, its norms on the illegality of games of chance, when played for stakes and exemption for games of skill would stand extended to online games as well.

¹⁹ Except for the Assam Game and Betting Act, 1970 and the Orissa Prevention of Gambling Act, 1955.

²⁰ S. 12, Public Gambling Act, 1867: "*Act not to apply to certain games. — Nothing in the foregoing provisions of this Act contained shall be held to apply to any game of mere skill wherever played.*"

²¹ See *State of Andhra Pradesh v. K. Satyanarayana*, 1968 SCR (2) 387; *K.R. Lakshmanan v. State of Tamil Nadu*, AIR 1996 SC 1153. This is commonly known as the 'dominant factor test'.

²² *State of Andhra Pradesh v. K. Satyanarayana*, 1968 SCR (2) 387.

²³ *Ibid.*, at 394.

²⁴ *K.R. Lakshmanan v. State of Tamil Nadu*, AIR 1996 SC 1153.

²⁵ *Indian Poker Association v. State of Karnataka*, WP Nos. 39167 to 39169 of 2013 (Karnataka High Court, 08/10/2013).

4. RECOGNITION OF SKILL ELEMENTS IN ONLINE GAMES

The principal determinant of whether a game constitutes a game of chance or a game of skill is the degree to which the player's skill determines the outcome of the game relative to the role played by chance. Such skill is not confined to physical skill alone, and includes the participant's knowledge of the game and skill in choosing when to act, and in assessing and responding to other participants' behaviour and actions.

The inclusion of non-physical elements within the ambit of 'skill', as the term is used in judicial precedents, in effect supports recognition of exhibitions of knowledge, attention and experience in the context of online gaming and merits their evaluation against the element of chance for the purpose of application of the dominant factor test to online gaming.

However, in *Gaussian Networks v. State of NCT*²⁶, the Additional District Judge opined against such recognition of skill elements in the online context, and ruled that all online variants of offline games constitute games of chance as (i) the degree of skills required in the physical form cannot be equated with games played online; and (ii) the online format enables manipulation of game dynamics. It should be noted that this is a ruling of a district judge, and its effect is thus limited to the parties to the case. It should also be noted that the equation of skill with physical skill alone, as suggested by the *Gaussian Networks* order conflicts with the higher judiciary's rulings in *Satyanarayana's case*²⁷ and *Lakshmanan's*²⁸ case, as non-physical factors such knowledge and strategy were accepted as elements of skill in the application of the dominant factor test.

That said, there has also been a marked hesitancy on the part of the executive and higher judicial authorities to discuss the

²⁶ Suit No. 32/12, (Additional District Judge-I Patiala House Courts, 17/09/2012).

²⁷ *State of Andhra Pradesh v. K. Satyanarayana*, 1968 SCR (2) 387.

²⁸ *K.R Lakshmanan v. State of Tamil Nadu*, AIR 1996 SC 1153.

nature and legality of online variants of games of skill. In this respect, in an appeal filed against a Madras High Court order ruling that playing rummy with stakes constitutes a gambling activity, the Supreme Court limited the order to physical rummy alone and expressly acknowledged that the respondent - executive authority (Director, Inspector General of Police) had not taken a position on the legality of online rummy²⁹.

The resulting vagueness on the regulation of online gaming and extension of the safeguard provided for offline games of skill to online formats has an adverse effect on the risk perception of participation in the industry either directly as a game developer, game operator or a user or indirectly as a service provider or supporting infrastructure provider, which in effect acts as a barrier to entry. An ancillary effect of this lack of clarity is that existing participants take a more cautionary approach to innovating and altering the game format as there is a conspicuous lack of direction on the recognition of skills exhibited online. This has a putative 'chilling effect' on the growth of the industry.

An argument in favour of functionally equivalent regulatory treatment of online game formats stems from the existence of significant regulatory direction and practice in the offline gaming space. An online game comprises of participants competing against each through control of virtual playing pieces, and is operationally equivalent to an offline game give that the offline game operates on the same principle with the addition of the requirement of each participant's physical presence. Thus, as the starting point of regulation, the offline format ought to be considered an analogous form of the online game format.

However, in assessing and arguing for equivalence, it becomes necessary to examine the equivalence of the element of skill in

²⁹ See: Mahalakshmi Cultural Association v. Director, Inspector General of Police, SLA (C) No. 15371/2012 (Supreme Court, 13/08/2015).

the online context. The key inquiry is whether the online medium offers the means to subvert the element of skill or in effect discounts material elements of skill.

5. ONLINE EQUIVALENCE AND THE PHYSICAL ENVIRONMENT

The inquiry into whether an online reflection of an offline game of skill is functionally equivalent to such offline game must be directed at the new or different factors or elements introduced by the online medium or the factors or elements which arise out of a particular online implementation.

The principal new factors introduced by the online format of the game are the removal of the physical environment and the possible ability to alter the online game's physics/architecture. The effect of the first factor, i.e., the removal of the physical environment, would have an effect on games that involve physical effort or rely on monitoring physical attributes of other players.

For example, the game of Snooker or Tennis requires skills linked to physical effort and endurance, and thus the outcome of the game requires superior physical skill and ability to manage fatigue. An online equivalent of such a game would lack replication of these elements of skill, and thus a pure reflection of the game would rely solely on user's instance of clicking a button to trigger the desired response. In such cases, material elements of physical skill and endurance would stand excluded and the remaining elements of skill in the game, such as selecting the angle of impact of the online ball, will have to be evaluated against the elements of chance inherent in the game and game's architecture and design to determine whether the elements of skill or the elements of chance influence the outcome of the online game.

The first factor would not materially affect an online reflection of a game where the physical effort is incidental to the mental skills utilised by a participant. Games such as Chess or Puzzle Games (such as Crossword) rely on a participant's superior knowledge or ability with strategy, which skills continue to be relevant in the online equivalent of the game. Thus, pure online reflections of such games would undoubtedly continue to exhibit the traits of games of skill.

However, games such as poker or bluff, where the monitoring of physical attributes or reactions and attempts to influence them are relevant elements of skill present an interesting problem. An online reflection of such game would necessitate the discounting of this element of skill, and an assessment of the materiality of the element to the determination of the outcome, that is, if the element is key to the determination of the outcome of the game or the remaining skill elements (such as superior knowledge or strategy) involved in the game would outweigh the inherent element of chance in the game.

With respect to the second factor, that is, the ability to alter the game physics/attributes, this factor assumes relevance in games that rely on the interaction or monitoring of physical playing pieces. For example, the game of rummy requires participants to monitor the fall of cards while assessing which cards to hold on to and which to drop. Such monitoring serves to enhance the chances of success in the game as the nature of cards in the playing deck is known. However, in the online format, in case the online deck randomises the issue of cards without accounting for cards in play and the ordinary composition of a deck of playing cards, such an attribute of the game design would operate to discount the skill element and enhance the level of chance involved in the game.

Similarly, a game format with limited protections to prevent the hacking or altering of the game environment and dynamics would operate to subvert the elements of skill involved in the

game itself, as it would enable discretionary application of the game physics and attributes to the game play. While such subversion itself would require a user to be skilled in coding in the game design language, the effect of the exercise of such skill would be the subversion of skills required by the game. Such subversion would operate to render the exhibition of skill in the game as redundant, and thereby discount the relative skills of the participating players in the game as a determinative factor of the outcome of the game.

The incidence of this factor as an enhancer of the element of chance is influenced by the game design and the coding of the game. The incorporation of definite and predictable game rules and environmental rules to govern the interaction of objects in the game and the application of such rules to each interaction in the game would create a predictable environment. While such rules may not perfectly replicate the physical (offline) environment, their definite character would serve to minimise randomness in game interactions and thereby reduce the instance of chance as a determinative factor of the game outcome. The implementation and uniform application of game rules and environmental rules would also create avenues for skill exhibition, as a participant's knowledge of, training in and mastering of these rules, and the ability to account for game rules in the participant's game strategy, would represent elements of skill.

Conversely, the presence of bugs in the game design and coding may operate to enhance the element of chance by enabling the subversion of the element of skill. Thus, for example, if a particular game bug results in the user obtaining a favourable result in each instance of game play, once the bug has been found, then the game outcome is likely to be materially influenced by the user's discovery of the bug (an event primarily of chance) rather than the relative skill level of the participant in the game.

Thus, in games involving the interaction of the playing pieces, such as carrom, pool or snooker, the uniform application of game dynamics, particularly of the angles of interaction of the game playing pieces, would serve to preserve the element of skill. Any variation in the game dynamics from one instance to another, either on account of the game design, presence of bugs or due to easy access to game code, could in effect render the interaction of the playing pieces as a matter of chance.

6. BUILDING IN THE ELEMENT OF SKILL

The game architecture and design have a significant part to play in determining the nature of the game, and offer the means of creating avenues for skill exhibition. In case a developer consciously designs the online game format with reductions in binary triggers and elements of randomisation and an increase of the available player reaction options, the likelihood of the game being construed as a game of skill rather than chance is enhanced.

The factoring of game design is of particular relevance in the Indian gaming environment due to the strict prohibition of wagering on games of chance, and the provision of a narrow exception for games predominantly of skill. Thus, for engagement in a legitimate online gaming business in India, where participants pay to play and receive rewards for winning outcomes, the building-in of features that serve to enhance the elements of skill is a necessity.

For example, a multiple answer quiz which requires users to pick the answer from two options is less likely to test the knowledge (skill) of a participant than a quiz that provides four options. Similarly, an online game of snooker with the strike direction limited to four quadrants would involve less skill than an online game of snooker with 30 radial variations of the

shooting angle, as in the latter case the user's adroitness in assessing the appropriate shooting angle for the desired result is exhibited to a greater degree.

In the course of such design, while it would not be possible or desirable to entirely eliminate the element of chance in the game, the intent of conscious design is the enhancement of the element of skill or reduction of the elements of chance. Such design serves to ensure that the element of participant skill has a greater influence on the game outcome than the elements of chance in the game, and thus render the game as a game of skill, as understood under the PGA and related enactments

7. ONLINE EQUIVALENCE AND THE 'COMMON GAMING HOUSES' PROHIBITION

The element of equivalence also arises with respect to the prohibition on the operation of a 'common gaming house' for profit. The prohibition has been read to apply to places that offer games of skill as well³⁰. Whether such reading of the provision is appropriate in light of the exemption of games of skill from the purview of the PGA and its allied enactments is a legitimate concern in interpretation. However, as it stands currently, the regulation bars the operators of such premises from charging a fee in excess of a basic maintenance fee necessary for the operation of the premises and provision of services to users, or linking the fee amount to the stakes involved in the game of skill³¹.

A 'common gaming house' is defined under the PGA as a house or similar place in which instruments of gaming are stored or used for the profit of the owner of the premises, by way of charge for the use of the instruments of gaming, for

³⁰ State of Andhra Pradesh v. K. Satyanarayana, 1968 SCR (2) 387, 392-393.

³¹ *Ibid.*

accessing the premises or in any other way³². While the definition envisions a physical space or premises, its usage of the broader term 'place' enables its extension to online platforms or servers which host or enable operation of an online game, as it is arguable that these spaces mimic the real world and have a definite (by reason of fixation in a medium) and persistent (non-degrading) character³³. These characteristics militate in favour of the construction of online spaces as operational equivalents of physical premises.

In assessing the viability of the extension of the prohibition, regard must be given to the underlying intent of the provision. The provision does not bar the operation and maintenance of a gaming house and is limited to a prohibition on the use of any cards, dice or other instruments of gaming kept in the gaming house for the profit of the owner/operator of such premises. Thereafter, the penalising provisions of the PGA create a rebuttable presumption whereby the presence of instruments of gaming in a gaming house is deemed sufficient for a finding that the premises are a 'common gaming house' (operated for profit)³⁴, and expressly exempt the requirement of proving engagement in a game for stakes for a finding of guilt³⁵. From a conjoint reading of these provisions, it appears that the restriction on the operation of a 'common gaming house' for profit stems from the possibility of dual use of gaming instruments, such as cards and game boards.

While these instruments can be legitimately used for recognised games of skill (like rummy or poker), they can just as easily be employed for games of chance (like flush or brag) at the instance of the game participants. Thus, the underlying intent of the restriction on operation for a profit appears to be a

³² S. 1, Public Gambling Act 1867.

³³ Joshua A.T. Fairfield, *Virtual Property*, 85(4) Boston University Law Review 1047, 1053-54 (2005).

³⁴ S. 6, Public Gambling Act, 1867.

³⁵ S. 9, Public Gambling Act, 1867.

regulatory measure to deal with potential dual use by removing the incentive for the establishment of gaming houses and limiting the growth of such gaming houses. At its root, this regulatory measure arises out of the dual use potential of gaming instruments. When considering the online medium, the game design and architecture is rigidly designed to align with the rules of a specific game. Thus, an online rummy game is only capable of offering rummy and cannot offer another game like brag or flush at the instance of a user. Such a change would require a revision of the game architecture as the rules of flush are materially different from the rules of rummy. The effect of this inherent limitation of the online game is that the possibility of dual use of the single game format is practically eliminated. Thus, the underlying principle and reason for the prohibition of operation of a 'common gaming house' for profit is rendered moot. In such circumstances, it would be illogical to automatically extend the prohibition from the offline to the online world as the offline and online gaming 'premises' are not analogous and functionally equivalent.

However, while such an argument for limiting the extension of the prohibition may be made, the regulator may disagree with such construction of the PGA and rely on the implication of the order in *Satyanarayana's* case that playing games for stakes (even games of skill) is itself a vice and must not offer an opportunity of profit to any third person (such as a gaming house operator) not directly involved in the game. Such a position would militate in favour of the extension of the prohibition to online gaming 'premises' and its effect would be a limitation on the ability of the game operator to profit from offering the online game, and would restrict the fees chargeable by it to a basic fee for the maintenance of the game's operational premises, i.e., the server and web-domain, and for the provision of services to the user in respect of the game. In particular, the game operator would be restricted from

charging a percentage of the stakes played by the user in the online game.

As a means of resisting such extension, it is arguable that 'instruments of gaming' as envisaged in the Act, such as cards, dice and game-boards³⁶, are not relatable or functionally equivalent to the 'instruments' involved in offering online games (like the website domain, host or server) as these instruments are not functionally similar to the contemplated offline instruments and are capable of a number of other unrelated uses.

Thus, it is arguable that the extension of the common gaming house regulation through functional equivalence to online resources will lead to an absurd consequence as resources that are capable of substantially differing uses and which can legitimately be used for profit would have their usage restricted solely on the ground of their potential use of online gaming. However, while this argument may be employed to resist the extension of the regulation to background infrastructure (such as servers and terminals), it would have little effect on the extension of the regulation to the webpage itself, as the principal purpose of the webpage (albeit a digital instrument of gaming) would be the offer of online games.

8. CONCLUSION

The principle of functional equivalence requires application of the same governing norms in offline transactions to their analogous online variants. In the context of online gaming, it would imply the recognition of exhibitions of skill and application of the dominant factor test to online games, and may operate to extend the regulation of 'common gaming houses' to web pages concerned with gaming.

³⁶ S. 6, Public Gambling Act, 1867.

In this respect, the recognition of non-physical skill elements in the application of the dominant factor test to offline games is vital to the proposition that exhibitions of skill in online game format merit recognition.

Such recognition also serves to rebut the claim in the *Gaussian Networks*³⁷ order that online game formats lack elements of skill as they are imperfect replications of skills exhibited in physical form. However, such recognition by itself is not sufficient to render an online game format as a game of skill, but serves as the starting point for the evaluation of the game dynamics of the online game for the purpose of application of the dominant factor test.

While the intrinsic nature of the online medium does necessitate the exclusion of the physical environment and limits the ability of replication of the offline game dynamic, such limiting factors do not exclude the application of the dominant factor test as the game design and in-game environmental rules would require the participant to exhibit knowledge, adroitness and strategy in the course of engagement in the game, and would operate to enhance or reduce the element of randomness (chance) in the online game.

While the application of the principle to the evaluation of online games would enable favourable regulatory treatment of online games of skill, its application could bite both ways, by demanding of developers and operators sophistication in game play that at least replicates the offline equivalent of the game.

We believe that a clearer understanding and the acknowledgement of these various factors by regulators and game developers alike can lay the legal foundation for a thriving online gaming industry in India.

³⁷ *Gaussian Networks v. State of NCT*, Suit No.32/12, (Additional District Judge-I Patiala House Courts, 17/09/ 2012).

[ARTICLES]

THE CURIOUS CASE OF TRADEMARK DILUTION IN INDIA: ANALYSING THE SIGNIFICANCE OF ITC LTD. V. PHILIP MORRIS LTD. IN THE INDIAN TRADEMARK REGIME

- Pragalbh Bharadhwaj*

ABSTRACT

Trademark dilution doctrine aims to provide for a greater protection to well-known trademarks. The remedy of trademark dilution is a departure from traditional trademark law as, unlike traditional trademark law, the primary consideration behind the concept of trademark dilution is, to protect the hard work and financial investment of the owner in order to build the reputation and distinctiveness of the trademark. In India, the trademark dilution provisions were first brought in by the enactment of the Act of 1999.

This paper, with the help of relevant case laws, will go on to show that before the Trademarks Act of 1999 was enacted, the Indian courts applied remedy of passing off to reach findings of dilution. High Courts were often found confused between the concepts of 'dilution' and 'passing off'. Moreover, the paper will also show how even after the enactment of the Act of 1999 the court rendered decisions as per flawed understanding of the trademark dilution concept.

The case of ITC v. Philip Morris can be said to be the most significant case with regards to the Indian trademark dilution till

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date as it was in this case that the court sought to address various ambiguities and confusion pertaining to this particular provision. This paper analyses the case and further stresses upon the significance of the ITC Case as this case, inter alia, finally put to rest the debate over the applicability of the 'likelihood of confusion test' by rejecting it as not being an essential requirement for dilution to be established. Finally, the article concurs with the decision rendered by the court in the ITC case. The author points out that ITC judgment provides a firm ground from where the trademark dilution jurisprudence can further be built upon in India.

1. INTRODUCTORY OVERVIEW OF TRADEMARK DILUTION

Trademark law aims at saving consumers from any likelihood of confusion which may arise due to deceptively similar marks and protect the trader's reputation in order to assist him in marketing his goods.¹ A trademark can be characterised of words, symbols, packaging or combination of colours or anything by which a company can differentiate its goods from those available in the market.² The most crucial constituent of a trademark is the exclusive right of its owner to use it to differentiate its own goods and services from those of others.³ Trademark serves to be a sign of reliable source and quality and also aids consumers in identification of the products they prefer from a wide range of other similar products.⁴

¹ Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 Boston University Law Review 567, (2006); Anne E. Kennedy, *From Delusion to Dilution: Proposals to Improve Problematic Aspects of the Federal Trademark Dilution Act*, 9 New York University of Legislature and Public Policy, 399-400 (2005-2006).

² S. 2 (m), The Trademarks Act, 1999.

³ Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols* 57 Yale Law Journal 1165, 1206 (1948).

⁴ T.G. Agitha, *Trademark Dilution: Indian Approach* 50(3) Journal of Indian Law Institute 341 (2008); Robert N. Klieger, *Trademark Dilution: Whittling Away of the Rational Basis for Trademark Protection*, 58 University of Pittsburgh Law Review 789, 790 (1996-1997).

Frank I. Schechter is credited with proposing the concept of trademark dilution for the first time in the year 1927.⁵ Schechter in an article he wrote for the Harvard Law Review explicated that the true purpose of a trademark is '*to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public.*'⁶ Schechter also argued for preservation of uniqueness of a trademark⁷ and noted that every time a trademark is used by another, even when used on non-competing goods, injury occurs to a trademark owner.⁸

Trademark dilution is a kind of trademark infringement which applies only to famous trademarks.⁹ Unlike traditional trademark law, the primary consideration of trademark dilution is that the hard work and financial investment of the owner in building the reputation through use of a distinctive trademark is protected.¹⁰ Trademark dilution is a manifestation of the growing demand for providing greater protection to trademarks that have become famous.¹¹ Trademark dilution applies to situations where the plaintiff's trademark is famous and the defendant's trademark for unrelated goods is similar to that of the plaintiff.¹²

In *Yale Electric Corp. v. Robertson*¹³, Learned Hand, J., explained the relevance of the doctrine:

"[A trademark]...carries name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury,

⁵ *Intermatic Incorporated v. Dennis TOEPPEN* No. 96 C 1982.

⁶ Frank I. Schechter, *The Rational Basis of Trade Mark Protection*, 40 *Harvard Law Review* 813 (1927).

⁷ *Moseley v. Victoria Secret Catalogue Inc.*, 537 U.S. 418 (2003).

⁸ Frank L. Schechter, *The Rational Basis of Trademark Protection*, 40 *Harvard Law Review* 813, 831 (1927).

⁹ *TCPIP Holding Co. Inc., v. Haar Commc'n Inc.*, 244 F.3d 88, 95 (2nd Cir. 2001).

¹⁰ *Thane Int'l Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 904 (9th Cir. 2002); Clarisa Long, *Dilution*, 106 *Columbia Law Review* 1029, 1033-34 (2006).

¹¹ *Supra* 4.

¹² *The Dilution Solution: The History and Evolution of Trademark Dilution*, 12 *DePaul-LCA Journal of Art and Entertainment Law and Policy* 143, 145 (2002).

¹³ *Yale Electric Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928).

even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask."

The statutory provisions relating to trademark dilution were introduced for the first time into Indian law with the enactment of Trademarks Act of 1999,¹⁴ which came into effect in the year 2003.¹⁵

Dilution of a famous trademark, can take place in two ways: first, 'dilution by blurring' which harms the distinctiveness of a trademark¹⁶ due to its association in the minds of consumers as to the resemblance between two marks, one of them being a well-known mark.¹⁷ That is to say, the link between the mark and the goods becomes indistinct¹⁸ and; second 'dilution by tarnishment', which is where the use of the trademark harms the reputation due to the negative connections arising out of the resemblance between a famous trademark and some other mark.¹⁹ Tarnishment is said to take place when substandard quality of goods is associated with a similar mark.²⁰ It is important to note that for a case of dilution to be made, the mark has to be famous, and that use of the dissimilar good has to cause harm to its hard-earned repute.²¹

¹⁴ The Trademarks Act, 1999.

¹⁵ Notification No. SO 1048(E), Gazette of India, Sept. 15, 2003.

¹⁶ *Daimler Benzaktiegesellschaft & Anr.v. Eagle Flask Industries Ltd.*, ILR (1995) 2 Del 817.

¹⁷ Robert N. Klieger, *Trademark Dilution: Whittling Away of the Rational Basis for Trademark Protection*, 58 University of Pittsburgh Law Review 789, 790 (1996-1997).

¹⁸ Paul Edward Kim, *Preventing Dilution of the Federal Trademark Dilution Act: Why the FTDA Requires Actual Economic Harm*, 150(2) University of Pennsylvania Law Review 719, 732 (2001).

¹⁹ *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 464 F. Supp. 2d 495 (E.D. Va. 2006).

²⁰ Mathias Strasser, *The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context*, 10 Fordham Intellectual Property, Media & Entertainment Law Journal 375 (2000).

²¹ Clarisa Long, *Dilution* 106(5) Columbia Law Review 1034 (2006).

The anti-dilution provisions in India, although not worded in such a manner, offer protection against the above listed types of dilution through Section 29(4) of the Trademarks Act, 1999.²²

The test of 'Likelihood of Confusion' has been at the root and is widely regarded as the foundation of the trademark law for ages.²³ However, the debate and controversy has been going on for quite some time as in case of trademark dilution there is a departure from the traditional trademark law as trademark dilution dismisses the test of 'Likelihood of Confusion'. This paper explores this departure from application of the classical trademark laws and the related confusions in greater detail.

Further, this paper, analyses the Delhi High Court's holding in the case of *ITC Ltd. v. Philip Morris Ltd.*²⁴ It is one of the most significant cases dealing with trademark dilution where the court analysed the concept of trademark dilution and noted that the 'likelihood of confusion' test cannot be part of a test for dilution. While concurring with the judgment rendered by the court in the *ITC* case, the author will reiterate with supporting arguments that the test evolved for infringement actions are inapplicable to cases falling under the purview of Section 29(4) of the Trademarks Act, 1999.

1.1 Scheme of the paper:

Part I gives an introductory overview of the concept of trademark dilution. Part II of the piece briefly discusses the evolution of the doctrine of trademark dilution in India. Under this, the author looks at dilution scenario before the enactment of the Act of 1999 as well as the trademark dilution scenario after the enactment of the Act of 1999. Part III of the piece briefly discusses the case of *ITC v. Philip Morris*. Part IV of this paper analyses the judgment given by the court in the *ITC* case. While concurring with the decision rendered therein, the author discusses the significance of this judgment in the Indian Trademark Regime. Part V finally concludes the paper.

²² S. 29(4) of the Trademarks Act, 1999

²³ S. 11(1) of the Trade Marks Act, 1999; *Amritdhara Pharmacy v. Satyadeo Gupta*, AIR 1963 SC 449; *H. C Dixon & Sons Ltd. v. Geo Richardson & Co. Ltd.*, 50 RPC 36, p. 374.

²⁴ *ITC Ltd. v. Philip Morris Ltd.*, 166 (2010) DLT 177.

2. EVOLUTION OF THE CONCEPT OF TRADEMARK DILUTION IN INDIA

2.1 *The trademark dilution scenario before the enactment of Trademarks Act, 1999*

Before the Trademarks Act, 1999 was enacted; the trademark law in India was governed by Trade and Merchandise Marks Act of 1958 (hereinafter referred to as Act of 1958). The Act of 1958, did not have requisite provisions to deal with the issue of dilution and it was thus upon the Courts, to include it within the Indian trademark jurisprudence.

Section 47 of the Act of 1958,²⁵ provides protection to well-known marks. It provides for legal instruments such as defensive registration of well-known marks and passing off actions. In various cases, Indian courts upheld rights, even without defensive registration of well-known marks through passing off actions. No specific provision on trademark dilution, courts in India often confused the concept of 'dilution' with 'passing off'.

The principle of dilution was developed by our courts, having considered the internationally recognized standards about the need to protect generally famous trademarks, whose misuse, in relation to dissimilar products or services could "dilute" its appeal.²⁶

The Delhi High Court in the case of *Daimler Benzaktiegesellschaft & Anr. v. Eagle Flask Industries Ltd.*²⁷, pointed out:

"... [T]rade Mark law is not intended to protect a person who deliberately, sets out to take the benefit of somebody else's reputation with reference to goods, especially so when the reputation extends worldwide. By no stretch of

²⁵ S. 47(1), The Trade And Merchandise Marks Act, 1958.

²⁶ Supra 24, at 33.

²⁷ *Daimler Benzaktiegesellschaft & Anr. v. Eagle Flask Industries Ltd.*, ILR (1995) 2 Del 817.

imagination can it be said that use for any length of time of the name —Mercedes should be not, objected to.”²⁸ “In the instant case, —Mercedes is a name given to a very high priced and extremely well engineered product. In my view, the defendant cannot dilute that by user of the name Mercedes with respect to a product like a thermos or a casserole.”²⁹

The case of *Daimler Benz Aktiegessellschaft & Anr. v. Hybo Hindustan*³⁰ explains the judicial reasoning on trademark dilution prior to the enactment of the Act of 1999. The facts include the use of the device mark where the word “Benz” along with a “three pointed human being in a ring” was used for defendant’s innerwear clothing line. The Delhi High Court granted injunction to the plaintiff ignoring the defence of ‘honest and concurrent use’ and noted that replication of a mark such as of “Benz” by anyone would result in a violation of the trademark law in India. The Court, inter alia, observed that:

“Such a mark is not up for grabs—not available to any person to apply upon anything or goods. That name . . . is well known in India and worldwide, with respect to cars, as is its symbol a three pointed star.”³¹

The Delhi High Court placed its reliance upon the “unique place” assumed by the “Benz” mark to restrain the defendant from deriving any unwarranted benefit from the plaintiff’s reputation to sell its goods.³² The case is the first case law in India which restrained the defendant from using the plaintiff’s famous mark without attracting any analysis of likelihood of confusion or deception into scene.

Another famous case, which finds relevance and must be noted here, is the case of *Caterpillar Inc. v. Mehtab Ahmed*³³, a well-known trademark “Caterpillar” came under attack when a local

²⁸ Ibid.

²⁹ Supra 27 at 18.

³⁰ *Daimler Benz Aktiegessellschaft & Anr. v. Hybo Hindustan*, AIR 1994 Delhi 239.

³¹ Ibid.

³² Supra 30 at 14, 15.

³³ *Caterpillar Inc. v. Mehtab Ahmed*, 2002 (25) PTC 483 Del.

manufacturer in Delhi adopted it by using the “CAT” mark on its footwear. Caterpillar Inc. thereby filed a suit for passing off and copyright infringement before the Delhi High Court. Caterpillar Inc. sought an injunction against the local manufacturers for using the “CAT” mark on its footwear. The Delhi High Court observed that the doctrine of dilution was applicable to competitive goods as well, that is to say, the unlawful use of the trademark in itself amounts to dilution.³⁴

“Another important aspect for protecting such marks or trademarks is to avoid weakening or dilution of the mark. If the subsequent user adopts similar mark even in respect of same goods it would not only decrease the value of the trademark of a prior user but also ultimately may result in dilution the trademark itself.”³⁵

In this case, the Court looked at trademark dilution in greater detail and found that the purpose behind protecting famous trademarks is to avoid the weakening or dilution of the concerned mark. It then went on to add the test of confusion, to this understanding of dilution, and noted:

“Since the goods are identical, it has immense effect of diluting the identification value of the plaintiff’s mark. Such a dilution is accompanied with confusion as to source, sponsorship, connection or licence.”³⁶

The Court further stated that such use resulted in smearing or blurring the descriptive link between the mark of the prior user and its goods and reduced the force or value of the trademark. Thus, the court ordered the grant of a permanent injunction restraining the defendants from further manufacture and sales of such goods.

Another notable case is the case of *Honda Motors Co. Ltd. v. Charanjit Singh*³⁷ in this case the Delhi High Court decided on the use of the trademark “Honda” by manufacturers of pressure cookers used in kitchens. The plaintiff in the present case filed

³⁴ Ibid.

³⁵ Supra at 33.

³⁶ Supra at 33.

³⁷ *Honda Motors Co. Ltd. v. Charanjit Singh*, 101 (2002) DLT 359.

an opposition and a suit for passing off, on the grounds of its international reputation and goodwill. The defendant claimed that he was the prior user of the mark in connection with pressure cookers. Moreover, the defendant claimed that since the parties' respective goods were dissimilar, there was no possibility of any confusion or deception.

The Court, while noting that the goods were indeed different from each other, once again established the likelihood of confusion in an action for passing off, by placing reliance on the harm caused to the reputation and distinctiveness of "Honda" as a brand.³⁸ The court pointed out:

*"The plaintiff's trade mark HONDA, which is of global repute, is used by the defendants for a product like pressure cooker, to acquire the benefit of its goodwill and reputation so as to create deception for the public who are likely to buy defendant's product believing the same as coming from the house of HONDA or associated with the plaintiff in some manner. By doing so, it would dilute the goodwill and reputation of the plaintiff and the wrong committed by the defendants would certainly be an actionable wrong..."*³⁹

The Court in the above cases did not analyse the conceptual differences between infringement, passing off and dilution of trademark.⁴⁰ The case laws make it clear that before the Trademarks Act of 1999 was enacted, the Indian courts applied the common law remedy of passing off to reach findings of dilution as an act of unfair competition. Thus, it is clear that before the Act of 1999 was enacted, Indian High Courts often found itself confused between the concepts of 'dilution' and 'passing off'.

2.2 The Trademark Dilution scenario after the enactment of Trademarks Act, 1999

³⁸ Ibid.

³⁹ Supra 37 at 44.

⁴⁰ Supra at 4.

Section 29(4) of the Trademarks Act, 1999 sought to introduce the concept of trademark dilution in India. The section is the statutory equivalent of section 10(3) of the United Kingdom's Trade Marks Act of 1994.⁴¹

The primary objective of dilution as a form of infringement under Section 29(4) is to provide wider protection to well-known trademarks sans the requirement of 'likelihood of confusion'; as such protection is with regards to dissimilar goods. Therefore, the test of 'likelihood of confusion' does not find mention in the section.

It is pertinent to note that the jurisprudence of Section 29(4) of the Trademarks Act, 1999 is still in its budding stage as not many cases have arrived to the courts dealing with this issue till now. The structure of the provision of Section 29(4) dealing with trademark dilution clearly conveys the legislative intent regarding the standards required to ascertain dilution of trademarks, in connection with dissimilar products. Still, despite the existence of clear statutory guidelines, the judiciary continues to render decisions under flawed understanding of the concept of trademark dilution.

In order to understand how the court rendered decisions as per flawed understanding of the trademark dilution concept, reference must be made to the case of *Hamdard National Foundation v. Abdul Jalil*⁴², where the plaintiff who was the owner of the mark "Hamdard" used in connection with Unani medicines filed a suit for passing off and infringement before the Delhi High Court alleging that the defendants were using the plaintiff's well-known mark "Hamdard" for Basmati rice.

The Court determined that the standard for deciding what amounted to trademark infringement in connection with dissimilar goods was "likelihood of deception". Here, once again, despite having a discussion of Section 29(4) of the Act of 1999, which does not require proof of deceptive similarity, the Court erroneously relied on the definition of "deceptively

⁴¹ S. 10(3), Trade Marks Act, 1994 (United Kingdom).

⁴² *Hamdard National Foundation v. Abdul Jalil*, IA 7385/2004 IN CS(OS) 1240/2004.

similar” in Section 2(1) (h) to import the test of confusion even for dissimilar and unrelated goods.⁴³ The court pointed out:

“The goods are to some extent dissimilar; yet there is likelihood of confusion or deception, on account of overlapping trade channels...”⁴⁴

The Delhi High Court even while interpreting Section 29 (4) stuck to the requirement of likelihood of confusion or deception. It was based on such an interpretation that the defendant’s use of the mark “Hamdard” for its rice product was held violative of Section 29(4) by the High Court.

Another case of the Delhi High Court where the Court sought to clarify its position with regards to 29 (4) of the Act of 1999 is the case of *Ford Motor Co. v. C.R. Borman*, where the plaintiff filed a suit before a single Judge of the Delhi High Court, alleging that the defendants used the mark “Ford” in connection with footwear that they were manufacturing. The plaintiff filed for a case of infringement under Section 29(4) of the Act of 1999. The single judge of the High Court granted the defendants’ motion to dismiss the plaintiff’s complaint. Finally, on appeal, the Division Bench of the High Court reversed the order of the Single Judge and noted:

“What should not be lost sight of is the fact that Section 29(4) is palpably an exception to the scheme of the Act and applies only to those trademarks which have earned a reputation in India.” “...the Plaintiffs do not have to prove deception on the part of the Defendants or likelihood of the customer being misled because of the use of the challenged trademark.”

So, it is clear that unlike in the decision of the High Court in the Hamdard National Foundation case⁴⁵, the Court in this case strictly followed the language of Section 29(4) of the Act of 1999 and observed that if the trademark is well-known in India and

⁴³ Ibid.

⁴⁴ Supra 42 at 28, 29.

⁴⁵ Supra 42.

has repute, the plaintiff does not have to establish the defendant's deception.

Even though, in this case, the Court strictly followed the actual relevant provision of the Act of 1999, to deal with the issue of trademark dilution, the judgment still lacked the authoritative value since the merits of the case were hardly discussed by the court.

In light of the confusion surrounding the concept of trademark dilution, the judgment rendered by the Delhi High Court in the case of ITC v. Philip Morris can be stated to be of immense significance from the point of view of trademark dilution jurisprudence in India as in this case, the court indulged in an elaborate discussion with regards to the concept of trademark dilution and section 29 (4) of the Act of 1999. It can be said that the ratio of the ITC case has been the most thorough elucidation on the issue of trademark dilution to surface from an Indian court till date.

3. THE CASE OF ITC LTD. V. PHILIP MORRIS PRODUCTS SA & ORS.

ITC Ltd. v. Philip Morris decided by Justice Ravindra Bhat is the first comprehensive discussion of the legislative and policy components of Section 29(4) of the Act. The case is noted to be the first instance where an Indian court took the decisive step of articulating the requisites that are to be satisfied to constitute trademark dilution. The details of the case are described below:

3.1 Facts of the case

In the present case, the two marks in question belonged to two companies with well-established reputations in India. The plaintiff, ITC Ltd., argue that in the year 2008, Philip Morris had begun using a hollow flaming roof design similar to the "WELCOMEGROUP" mark that ITC had been using in respect of its hospitality business for many years. ITC Ltd. claimed that Philip Morris has done away with its traditional roof design used for marketing Marlboro cigarettes in India and has been using a

mark similar to theirs.⁴⁶ ITC Ltd. contended that the persistent use of the mark on the covers of the Marlboro cigarettes, had the effect of diluting the distinctiveness of ITC's trademark, and thereby sought relief on the basis of Section 29(4) of the Trademarks Act, 1999.⁴⁷

3.2 The plaintiff's contention

In the present case, the plaintiff, ITC Ltd., contends to be one of India's largest private sector companies with an annual turnover of Rs.23, 144 Crores.⁴⁸ ITC Ltd. commenced with its hotel business in the year 1975 and in the present suit has claimed to be using the "WELCOMGROUP" logo since its inception in 1975.⁴⁹ Further, ITC points out about the extensive, constant and widespread use of the "WELCOMGROUP" logo which was adopted and was in use since 1975. The plaintiff in this case claimed that since it was also in the tobacco business and one of its main products was cigarettes, the use of a similar mark by the defendant for their cigarettes would link its products with that of defendants, which, the plaintiffs claim, would amount to both infringement and passing-off.

It placed its reliance on Section 29(4) of the Trademark Act, 1999, to note that the logo of the defendant's product caused '*blurring and dilution*' of the distinctive character of the plaintiff's logo. In the present case, ITC Ltd. argued that all it has to establish is the likelihood of confusion in the minds of unwary consumers with imperfect recollection due to the substantial similarity of the marks, and not the actual infringement.

It is relevant to note here that ITC Ltd. referred to the case of *Ramdev Food Products Pvt. Ltd. v. Arvindbhai Rambhai Patel & Ors* 2006(33) PTC 281 while pointing out that even though Philip Morris may not be using the plaintiff's "WELCOMGROUP" mark, its guise is such that it amounts to

⁴⁶ Sumatha Chandrashekar, *ITC loses TM Dilution case against Philip Morris*, Spicylp (1/17/2010), available at <http://spicypindia.blogspot.com/2010/01/itc-loses-tm-dilution-case-against.html>, last seen on 31/07/2015.

⁴⁷ Supra 24, at 47.

⁴⁸ Supra 24, at 2.

⁴⁹ Supra 24, at 3.

passing-off and infringement.⁵⁰ Further, the plaintiff placed its reliance on the case of *Daimler Benz Aktiengesellschaft v. Hybo Hindustan* to establish that trademark dilution through damaging association, by unrelated products was accepted where the trademark was distinctive and famous in nature.⁵¹

In all, the plaintiff in the present case, tried to show that Section 29 (4) of the Trademarks Act, 1999 was brought with the intention of protecting such distinctive and famous marks against arbitrary exploitation by others on dissimilar products that cause the blurring of the identity of the mark.

3.3 The defendants' submission

The defendants, in the present case, point out that the plaintiff's logo was primarily used with respect to its hospitality services and not in respect of the cigarettes it produced.⁵² The defendants also note that ITC Ltd. is estopped from alleging any form of trademark infringement by reason of Section 17 of the Trademarks Act, 1999. Philip Morris Ltd. also submitted that the disputed logo is one of the several matters forming part of the overall trademarks, in respect of which registrations are allegedly obtained by ITC Ltd.⁵³ Further, the defendants note that, the mark in contention was a relatively insignificant element of a larger composite mark of their "WELCOMGROUP" logo, and it was also pointed out that it had not been registered as an independent mark.⁵⁴ To substantiate its claims further, the defendant placed its reliance on the plaintiff's copyright registration certificates to show that the plaintiff certainly never deliberately intended to project its "WELCOMGROUP" logo as a leading part of its mark. Moreover, the defendants bring to the notice of the court that the impugned logo had, even in the past, been used for marketing their festival packs, without any objections being raised.

⁵⁰ Supra 24, at 10.

⁵¹ Supra 30.

⁵² Supra 24, at 14.

⁵³ Supra 24, at 15.

⁵⁴ Supra 24, at 13.

It was pointed out that the Marlboro cigarettes are sold in over 160 countries around the world.⁵⁵ In the Indian context, they have been imported into and sold since the year 2003. Countering the dilution claims of the plaintiff's mark, the defendants submitted that Marlboro cigarettes were targeted at the '*higher end of the market of cigarette smokers*' who were ostensibly well-aware of diverse brand identities, negating any question of confusion or deception with the plaintiff's logo. Moreover, it was stated that trademark dilution happens to be a strict test now explicated by the statute under Section 29 (4) of the Trademarks Act, 1999, and it is a requisite that the plaintiff establishes a *prima facie* similarity between the two marks as well as a 'linkage' or 'mental association' between the two marks in the minds of the purchaser. To conclude, the defendant pointed out that the plaintiff in the present case has not shown even a single incident of likelihood, passing-off or unfair competition due to their logo and hence it argued that injunction cannot be sought against its use.

3.4 The decision of the court:

In this landmark judgement, the Court engaged in an extensive discussion on the trademark dilution doctrine. The court, for the very first time in this judgment, stated that the test evolved for the traditional trademark infringement actions were inapplicable or inapposite to cases falling under Section 29(4)⁵⁶, and consequently detached the likelihood of confusion test from all actions falling under this clause. It is to be noted that Section 29(4) of the Trademarks Act, 1999, which codified the dilution doctrine mirrored Section 10(3) of the UK Trademarks Act, 1994, though the term is not explicitly referred to in the clause of the 1999 Act. The Court pointed out that the absence of a presupposition of infringement under Section 29(4) of the Act of 1999, unlike the other clauses of Section 29, was suggestive of the legislative intent requiring a higher standard of proof for the cases falling under Section 29(4) of the Act of 1999.

The court observed that the heart of trademark protection revolved around protecting consumers from being deceived in

⁵⁵ Supra 24, at 22.

⁵⁶ Supra 24, at 49.

anyway, which could even possibly occur among unrelated products. While attempting to distinguish between trademark dilution as provided in Clause (4) and other Clauses (1), (2) and (3) of Section 29, the Court observed that the 'likelihood of confusion' test, which is considered to be the foundation of traditional trademark law, is not envisioned under Clause (4), as it is apparent that it excludes the need for the resemblance to be of 'deceptive' nature.⁵⁷ The dilution clause under section 29 (4) of the 1999 Act presented a much wider protection in respect of unrelated products. The Court stated that the difference between traditional trademark law and trademark dilution is that the former was intended for the protection of consumer interest, while the consideration of the latter was protecting the uniqueness of the trademark itself.

Additionally, the Court noted that there was no presumption of infringement under Clause (4) of Section 29 of the 1999 Act, in contrast to the preceding clauses, and the plaintiff would have to prove the existence of all three conditions under the clause to substantiate his allegation. The court elaborately discussed the various elements of Section 29 (4) of Trademarks Act, 1999. With regards to the phrase in Clause (4) that the mark '*is identical with or similar to the registered trade mark*', the court noted that the test for the similarity of marks is not deceptive similarity, it is a notch higher, roughly a near identification of the two marks or "closest similarity"⁵⁸ must be shown while viewing the marks from a global point of view.⁵⁹ Moreover, with regards to the phrase '*the registered trademark has a reputation in India*', the Court relied on a study from the Canadian jurisprudence⁶⁰ to find out whether the mark of the plaintiff has a reputation in India with respect to the category of products in question, ruled in the negative. It was observed that no material placed before the Court could suggest that the reputation of mark of the plaintiff extend to the category of premium cigarettes.⁶¹ And, on the subject of infringement by dilution, with regard to the phrase that '*the use of the mark without due*

⁵⁷ Supra 24, at 35.

⁵⁸ Supra 24, at 48.

⁵⁹ Supra 24, at 49.

⁶⁰ Supra 24, at 42.

⁶¹ Supra 24, at 50.

cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark' in clause (4), the Court observed that the plaintiff had failed in substantiating that the use of the mark by the defendant would affect prejudicially the business of the plaintiff.⁶²

On the basis of the facts, the Court stated that the plaintiff had failed in making out a case of dilution of the 'WELCOMEGROUP' logo. The court accepted the claim that its brand had acquired distinction in the hospitality sector and further added that the plaintiff was required to show that the logo had been diluted and not that its "WELCOMGROUP" brand was affected. In that regard, the logo was only part of the overall mark which also had other elements in it. The Court in the instant matter found no 'similarity' in their overall presentation of the two logos, more so because the plaintiff's mark was a stylized logo, which had to be juxtaposed with another mark.⁶³ Further, the court noted that there was nothing to show that the association of plaintiff's logo extended to cigarettes, which was very important to be proved, since plaintiff too was in the tobacco and cigarettes producing company. It was pointed out by the court that the 'class of users' of plaintiff's hospitality services and defendant's cigarettes were not the kind likely to associate the two marks. Consequently, it can be said that no detriment was caused to plaintiff's mark by defendant's use. To conclude, the court denied the grant of an injunction and the plaintiff was asked to bear costs of Rs. 75,000/- to be paid to the defendant.⁶⁴

⁶² Supra 24, at 50.

⁶³ Supra 24, at 49.

⁶⁴ Supra 24, at 51.

4. ANALYSIS OF THE CASE

The decision rendered by the court in the ITC case correctly analyses the requirements under Section 29 (4) of the Act of 1999. However, it is interesting to note that the judgment in the ITC case was delivered by the same judge who issued the decision in the case of *Hamdard National Foundation v. Abdul Jalil*⁶⁵ where the Court mistakenly relied on the definition of “deceptively similar” in Section 2(1) (h) to import the test of confusion even for dissimilar goods.

It is in this regard that the decision rendered and the discussion undertaken on trademark dilution doctrine in this case deserves appreciation. From the time of the enactment of the Trademark Act, the holdings of this case can certainly be termed as most significant among the ones that discussed the Trademark dilution doctrine.

As the court rightly pointed out, the absence of presumption of infringement under Section 29 (4) of the Act of 1999 unlike the preceding clauses of Section 29 clearly indicates the legislative intent requiring a higher standard of proof in cases falling under Section 29 (4) of the Act of 1999. In this case, the Court sought to use trademark dilution doctrine as a means to enhance the potency of Trademark protection; thereby, the court has made the requisite standards higher to establish dilution and in doing so the court has noted that the degree of the protection provided is proportionate to the distinctiveness of the mark. All the plaintiff seeks is the preservation of the value his brand has achieved.

It is pertinent to note that the provision of trademark dilution as provided under Section 29 (4) of the Act of 1999 was a new concept in the 1999 Act and was not present in the Act of 1958. Moreover, test evolved for infringement actions under traditional trademark regime are inapplicable to cases falling under the purview of Section 29(4) of the Act of 1999.

⁶⁵ Supra 42.

Section 29 (4) of the Act of 1999 provides for 3 elements that must be cumulatively satisfied⁶⁶:

- A. The mark in question has to be identical or similar to the registered trademark.

Under this element, the plaintiff is required to show some linkage of mental association of his mark with the offending one in the mind of the consumer. In the ITC case, the court pointed out that the 'class of consumers' is also relevant to determine any possible link.⁶⁷ Moreover, the courts in India have time and again stressed immensely upon the requirement of 'high' or 'nation-wide' reputation for a mark to be considered distinctive. The same was stressed upon sought to be established by ITC in this case.⁶⁸

The author is of the view that the court should consider the time period for which the plaintiff used his mark before the defendant began using the similar mark. Moreover, with respect to the reputation of the brand, or the mark operating in a geographical area, 'nation-wide' reputation must not be a requisite as it places an additional and unnecessary requirement.

- B. The use of the mark should be upon some unrelated or dissimilar products or services

This element primarily serves to distinguish the traditional trademark remedies as codified under Section 29 (1) to (3) of the Act of 1999 from Section 29 (4) of the Act which provides for the doctrine of trademark dilution in the Indian Trademarks Act of 1999. This element goes along with the need for the mark to be distinct.

- C. The use of the mark has to be without due cause and the results have to detrimental to the reputation of the registered trademark.

This element can be said to be a combination of three factors-

⁶⁶ Supra 24, at 9.

⁶⁷ Supra 24, at 50.

⁶⁸ Supra 24, at 37.

- i. Mark has to have a reputation.
- ii. Use of the mark has to be without due cause.
- iii. Such use has to be detrimental to the distinctiveness of the mark.

As already stated above, there is no settled rule for establishing the fame or the reputation of a mark. In the *ITC case*, the Court has observed that the mark must have a “*reputation in India*”⁶⁹ which, as the author has pointed out already in the paper, is not a correct parameter as it places unnecessary requirement.

The Court in the *ITC case* made it clear that only the ‘likelihood of dilution’ has to be proved even though the language of the provision in Section 29 (4) does not explicitly state the same and in a way suggests that actual dilution has to be proven. The *ITC case* served to address this ambiguity in detail and noted that proving actual dilution is not necessary.

Therefore, as it is clear from the above analysis, the *ITC case* is the first broad discussion of the legislative and policy components of Section 29(4) of the Act of 1999. Additionally, this case also marks to be the first instance where an Indian court took the decisive step of charting out the basic essentials that are to be satisfied there under. The court, for the very first time, stated that the test evolved for the traditional trademark infringement actions were not applicable to cases falling under Section 29(4)⁷⁰ of the Act of 1999, and consequently detached the likelihood of confusion test from all actions falling under this clause. The *ITC case* served to address various ambiguities and confusion with regards to the new provision of trademark dilution under the Act of 1999, as has been made clear in above parts of the piece. The *ITC case* provides a firm ground from where the trademark dilution jurisprudence can further develop in India. For these above stated reasons, the *ITC judgment* can be said to be a very significant judgment in the Indian Trademark Regime.

⁶⁹ *Supra* 24, at 44.

⁷⁰ *Supra* 24, at 49.

5. CONCLUSION

To conclude, as it is clear, trademark dilution doctrine is an attempt at providing and ensuring greater protection to trademarks that have become famous. The remedy of trademark dilution is designed for situations where the plaintiff's trademark is famous and the defendant's trademark for dissimilar goods is like that of the plaintiff. It is a departure from traditional trademark law as, unlike traditional trademark law, the primary consideration behind the concept of trademark dilution is to protect the hard work and financial investment of the owner in order to build the reputation and distinctiveness of the trademark.

In India, the trademark dilution provisions were first brought in by the enactment of the Act of 1999. The paper describes that before the Trademarks Act of 1999 was enacted, the Indian courts applied remedy of passing off to reach findings of dilution. Before the Act of 1999 was enacted, Indian High Courts often found itself confused between the concepts of 'dilution' and 'passing off'. Even after the enactment of the Act of 1999 the court rendered decisions as per flawed understanding of the trademark dilution concept.

It is in this backdrop that the ITC v. Philip Morris⁷¹ case can be considered to be of extreme importance with regards to the Indian trademark law regime as it was in this case that the court sought to address various ambiguities and confusion pertaining to this particular provision. The ITC Case can be stated to be of huge significance because this case, inter alia, finally put to rest the debate over the applicability of the 'likelihood of confusion test' by rejecting it as not being an essential for dilution to be established. The author believes that ITC judgment provides a firm ground from where the trademark dilution jurisprudence can further be built upon.

⁷¹ Supra note 24.

THE RIGHT TO BE FORGOTTEN: THE STRUGGLE BETWEEN MEMORY AND FORGETTING

- Archi Agarwal *

ABSTRACT

1. INTRODUCTION

The Right to be forgotten as described by the European Commission is essentially ‘the right of individuals to have their data fully removed when it is no longer needed for the purposes for which it was collected’¹. When the data appears to be “inadequate, irrelevant or no longer relevant, or excessive in relation to those purposes and in the light of the time that has elapsed”², the individuals under certain conditions can ask the search engines to remove links with personal information about them.³

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¹ European Commission Press Release Database, *Data Protection Reforms- Frequently asked questions* (4/11/2014) available at http://europa.eu/rapid/press-release_MEMO-10-542_en.htm, last seen on 15/07/2015.

² Google Spain SL, Google Inc. v. Agencia Española de Protección de Datos (AEPD) and Mario Costeja González, C-131/12.

³ European Commission, *Factsheet on the ‘Right to be forgotten’ ruling (C-131/12)* available at http://ec.europa.eu/justice/dataprotection/files/factsheets/factsheet_data_protection_en.pdf, last seen on 15/07/2015.

In Europe, the concept of the right to be forgotten has its origin in the French Law (the 'droit à l'oubli') and Italian Law (the 'diritto al' oblio') of a 'right to oblivion'.⁴The 'right of oblivion' allows a criminal offender who has served his sentence, get the information about his crime and conviction removed.⁵ The reason behind granting this right was to give these criminal offenders a chance to turn their life around.⁶

What fueled the need for a 'right to be forgotten' and how did it come into being? What is the scope of this right? Does it not violate the right to freedom of speech and expression? Taking cognizance of the fact that internet is all pervasive, how do we find a solution in case of conflicts of jurisdiction for countries with different perspectives on the right? What effect will it have on social networking sites like Facebook? What problems can hinder its implementation? What is its scenario in India?

This article seeks to give its readers an insight to all of these questions and many other aspects of the right to be forgotten.

2. NEED FOR THE "RIGHT TO BE FORGOTTEN"

The right to be forgotten was proposed to be a fundamental right a few years back only, but it has been a topic of discussion in Europe and in the United States since many years.⁷ France was the first government to recognize the right

⁴ Paul A. Bernal, *A Right to delete?*, 2 European Journal of Law and Technology (2011,) available at http://ejlt.org/article/view/75/144#_edn4, last seen on 15/07/2015.

⁵ Jeffrey Rosen, *The Right to be Forgotten*, Stanford Law Review (2012), available at <http://www.stanfordlawreview.org/online/privacy-paradox/right-to-be-forgotten>, last seen on 15/07.2015.

⁶ M. Garcia Murillo and Ian Maccinnes, *The right to be forgotten: its weaknesses and alternatives*, Social Science Research Network, available at http://papers.ssm.com/sol3/papers.cfm?abstract_id=2529396, last seen on 27/07/2015.

⁷ Rolf H. Weber, *The Right to be Forgotten: More than a Pandora's Box?*, Journal of Intellectual Property, Information Technology and Electronic Commerce Law (2011), available at <https://www.jipitec.eu/issues/jipitec-2-2-2011/3084/jipitec%202%20-%20a%20-%20weber.pdf>, last seen on 16/07/2015.

to be forgotten which obliged the online and mobile service providers to dispose of emails and text messages at the request of their customers.⁸

There are two main reasons that have fueled the need for a right to oblivion or right to be forgotten viz. the Internet's omnipresence and expansion of search engines. The increasing popularity of tablets and smart phones which facilitates people in getting past information of any individual at a lightning speed, has further helped in this change.⁹ The innate nature of Internet's architecture is to promote freedom of expression, which was also emphasized by the American founding fathers.¹⁰ Both old and new media¹¹ have started invading the privacy of individuals. This was very well observed by Justice Louis Brandeis in 1928 that "Subtler and more far reaching means of invading privacy have become available"¹³. The Internet has the most extensive database and poses a severe threat to privacy by creeping into lives of all.¹⁴ It was only after World War II, that the national governments in Europe realized that a tension exists between data protection and information access i.e. more of data protection reduces the right to access information and vice versa.¹⁵

After recognition of the right to be forgotten by France in 2010, Spain's Data protection Agency ordered the search engine giant Google to remove links to information of about 90 people

⁸ *Ibid.*

⁹ Cláudio de Oliveira Santos Colnago, *The Right To Be Forgotten And The Duty To Implement Oblivion: A Challenge To Both "Old" And "New" Media*, available at <http://www.jus.uio.no/english/research/news-and-events/events/conferences/2014/wccl-cmdc/wccl/papers/ws14/w14-colnago.pdf>, last seen on 16/07/2015

¹⁰ *Ibid*

¹¹ *Ibid.*

¹³ *Olmstead v. United States: The Constitutional Challenges of Prohibition Enforcement*, Federal Judicial Center, http://www.fjc.gov/history/home.nsf/page/tu_olmstead_doc_15.html, last seen on 21/07/2011.

¹⁴ Elbert Lin, *Prioritizing Privacy: A Constitutional Response to the Internet*, Berkeley Technology Law Journal (June, 2002), <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1383&context=btj>, last seen on 21/07/2015.

¹⁵ *Supra* 7.

on the request of the parties aggrieved by old Internet references about them which pop up in Google searches¹⁶ infringing their right to privacy. This was a case termed as 'first of its kind'¹⁷ in Spain. At around same time, new rules were laid down in Italy according to which YouTube and parent Google were to be considered just like TV broadcasters and restrictions were put on their content.¹⁸ Earlier also, three Google executives were convicted over a bullying video showed on the Google videos.¹⁹ Before these developments in Italy, in 2011, two German killers Wolfgang Werlé and Manfred Lauber famous for killing a German actor in 1990 sued Wikipedia to forget their links. The German Court allowed the suppression of links of both the criminals out of the prison as they have already paid their debt to society by serving their sentence.²¹ Moreover, most court cases claiming right to be forgotten are filed by criminals in Europe.²²

Right to be forgotten is important for individuals in today's digital age as the unlike on paper, publication in the internet once made, retains permanence. This can be best exemplified by landmark cases of Stacy Snyder²³ and Andrew Feldmar. Stacy Snyder, a 25 years old single mother wanted to be a teacher but she was denied her certificate by the Millersville University despite passing all her exams because of her unprofessional behavior. Stacy had actually put an online picture of her wearing a pirate's hat captioned 'drunken pirate' and drinking from a plastic cup. Internet remembered what

¹⁶ Ciaran Giles, *Spain Launches First 'Right to be forgotten' case against Google*, The Huffington Post (21/04/2014).

¹⁷ Ciaran Giles, *Spain, Google clash over 'right to be forgotten'*, The Washington Times (21/04/2011).

¹⁸ Greg Sterling, *Italy to Regulate YouTube & Other Video Sites like TV Stations*, available at <http://searchengineland.com/italy-to-regulate-youtube-other-video-sites-like-tv-stations-60098>, last seen on 16/07/2015.

¹⁹ Danny Sullivan, *Italian Court finds Google Execs guilty of violating Privacy Code*, available at <http://searchengineland.com/italian-court-finds-google-execs-guilty-of-violating-privacy-code-36813>, last seen on 16/07/2015.

²¹ John Schwartz, *Two German Killers demanding anonymity sue Wikipedia's Parent*, The New York Times (November 12, 2009).

²² Supra 6.

²³ *Snyder v. Millersville University et al*, 2008 WL 5093140 (E.D. Pa., 2008) (2007, U.S. District Court of Eastern Pennsylvania).

Stacy wanted to have forgotten.²⁴ In another case, Andrew Feldmar a Canadian psychotherapist, in 2006 tried to cross the U.S./Canadian border which he had done several times. But this time, the border guard searched for Feldmar in an internet search engine and found an article which mentioned that he had taken LSD back in 1960s. Based on this, he was barred from further entry into the United States.²⁵ These incidences necessitated the introduction of the right to be forgotten.

The Court of Justice of the European Union in its ruling on 13 May 2014 in the matter of Google Spain and Google Inc. v. Agencia Española De Protección De Datos²⁶ and Mario Costeja González²⁷, further recognized the right to be forgotten and explained its scope. In 2010, a Spanish citizen Mario Costeja González lodged a complaint against a Spanish newspaper La Vanguardia Edicions SL (the publisher of a daily newspaper with a large circulation in Spain, in particular in Catalonia) with the AEPD and against Google Spain and Google Inc.²⁸ His grievance was that an auction notice of his home which was repossessed later is still on Google's search results infringed his right to privacy. In reality, the proceedings concerning him had been fully resolved for a number of years and hence the links available on Google regarding this are now totally irrelevant. The Spanish citizen requested the newspaper to remove the information or change the pages so that his personal information no longer appeared. He also requested Google Spain to remove his personal data, so that it no longer appeared in the Google search results.²⁹

The Court ruled that "*an internet search engine operator is responsible for the processing that it carries out of personal data which appear on web pages published by*

²⁴ Princeton University Press, *Failing to forget the "Drunken Pirate"*, available at <http://press.princeton.edu/chapters/s9436.pdf> (last accessed on 18/07/2015).

²⁵ Viktor Mayer-Schonberger, *Delete: The Virtue Of Forgetting In The Digital Age* (Princeton University Press) (2009).

²⁶ Hereinafter referred to as AEPD.

²⁷ C-131/12 (2014, European Court of Justice).

²⁸ Google Spain SL v. AEPD & Mario Costeja González, C-131/12 at ¶ 14 (2014, European Court of Justice).

²⁹ Supra 3.

third parties. Thus, if, following a search made on the basis of a person's name, the list of results displays a link to a web page which contains information on the person in question, that data subject may approach the operator directly and, where the operator does not grant his request, bring the matter before the competent authorities in order to obtain, under certain conditions, the removal of that link from the list of results."³⁰

3. SCOPE OF THE RIGHT

The European Court of Justice in the above mentioned case spelled out the scope of the right to be forgotten and clarified the intricacies of the European Data Protection Law. The Court further analyzed the issues of territoriality of the European data protection rules, its applicability to search engines, who can be called "data controllers" and much more. Much of the Court's ruling is in consonance with the European Union Data Protection Directive³¹.

As to the issue of whether the operator of the search engine should be considered the "data controller" or not, the Court observed that it is the search engine operator which determines the purposes and means of that activity and thus of the processing of personal data that it itself carries out within the framework of that activity. Thus, the Court ruled that the operator of the search engine be regarded as the "controller" in respect of the processing of the data pursuant to Article 2(d)^{32, 33}.

³⁰ Cyria, *Court of Justice of the European Union, Press Release No. 70/14*, (11/05/2014), available at <http://curia.europa.eu/jcms/upload/docs/application/pdf/2014-05/cp140070en.pdf>, last seen on 20/07/2015.

³¹ European Union, *Directive 95/46/EC of the European Parliament and of the Council on the Protection of Individuals with Regard to the Processing of Personal Data and on the Free Movement of Such Data*, (24 October 1995) available at <http://www.dataprotection.ie/docs/EU-Directive-95-46-EC/89.htm>, last seen on 20/07/2015.

³² Article 2(d) of The EU Data Protection Directive defines a "controller" as "the natural or legal person, public authority, agency or any other body which alone or jointly with others determines the purposes and means of the processing of personal data; where the purposes and means of

This ruling of the Court was in contrast to the opinion given by the Advocate General Jääskinen³⁴ on the case as the Advocate General opined that operator of the search engine is to be considered data processor and thus, will not be subject to the data protection compliance obligations under the directive.³⁵

Further, to the question of territoriality of the EU Data Protection rules, the Court clarified that even if the physical server of a company which is processing the data is situated somewhere outside Europe, EU Data Protection rules would apply to such operators of search engine if they have a branch or subsidiary in a Member State and promotes the selling of advertising space offered by the search engine which makes its services profitable.³⁶ This dictum was in the light of objective of the EU Data Protection Directive and the wordings of Article 4(1) (a) of the Directive.³⁷ This was ruled so because the activities of the local establishments situated in Member States are “inextricably linked” to the activities of the Google headquarters in the United States and their activities make profit for them.³⁹ On this basis, the EU Data Protection rules should be given “particularly broad territorial scope” in order to prevent individuals from being deprived of the protection provided in the EU Directive.⁴⁰

processing are determined by national or Community laws or regulations, the controller or the specific criteria for his nomination may be designated by national or Community law”.

³³ Google Spain SL v. AEPD & Mario Costeja González, C-131/12 ¶ 33 (2014, European Court of Justice).

³⁴ See Opinion of Advocate General Jääskinen Delivered on 25 June 2013 available at <http://curia.europa.eu/juris/document/document.jsf?docid=138782&doclang=EN> (last accessed on 22/07/2015).

³⁵ Christopher Kuner, *The Court of Justice of the EU Judgment on Data Protection and Internet Search Engines: Current Issues and Future Challenges* (September 2014), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2496060 (Last accessed on 22/07/2015)

³⁶ Supra 3.

³⁷ Google Spain SL v. AEPD & Mario Costeja González, C-131/12 ¶ 55.

³⁹ Supra 33.

⁴⁰ Google Spain SL v. AEPD & Mario Costeja González, C-131/12 ¶ 54.

Following question was asked by the AEPD to the Court regarding the scope of the right of erasure⁴¹ and/or the right to object⁴², in relation to the “derecho al olvido” (the “right to be forgotten”): must it be considered that the rights to erasure and blocking of data, provided for in Article 12(b), and the right to object, provided for by [subparagraph (a) of the first paragraph of Article 14] of Directive 95/46, extend to enabling the data subject to address himself to search engines in order to prevent indexing of the information relating to him personally, published on third parties’ web pages, invoking his wish that such information should not be known to internet users when he considers that it might be prejudicial to him or he wishes it to be consigned to oblivion, even though the information in question has been lawfully published by third parties?⁴³.

The Court answered this question in affirmation and ruled that the search engine operator is obliged to delete the links to web pages, which appear in the search results when the data subject’s name is searched which is published by the third

⁴¹ Article 12(b) of The EU Data Protection Directive provides for data subject’s right to erasure as “as appropriate the rectification, erasure or blocking of data the processing of which does not comply with the provisions of this Directive, in particular because of the incomplete or inaccurate nature of the data”.

⁴² Article 14 of The EU Data Protection Directive provides for data subject’s right to object which shall be granted by the Member States :

(a) to object at any time on compelling legitimate grounds relating to his particular situation to the processing of data relating to him, save where otherwise provided by national legislation. Where there is a justified objection, the processing instigated by the controller may no longer involve those data or

(b) to object, on request and free of charge, to the processing of personal data relating to him which the controller anticipates being processed for the purposes of direct marketing,

or to be informed before personal data are disclosed for the first time to third parties or used on their behalf for the purposes of direct marketing, and to be expressly offered the right to object free of charge to such disclosures or uses.

⁴³ Google Spain SL v. AEPD & Mario Costeja González, C-131/12¶ 20(3, (2014, European Court of Justice))

parties and contain information about that person (data subject). This has to be done even if the publication on the web pages is itself lawful.⁴⁴

The Court also took into account Article 7 and Article 8 of the Charter of Fundamental Rights⁴⁵ which guarantees Right to respect for private and family life and Right to protection of data respectively. Thus in the light of these two rights, the data subject can request that the information or the data be excluded from the search results and be made no longer available to the general public and this “overrides, as a rule”, both the economic interest of search engine operator and the general public. This aspect of the right was however narrowed down by the Court as the individual’s rights shall not take precedence over interest of the general public if there is preponderant interest of the public in having that information of the data subject.⁴⁶ This interest of the public may vary according to the role played by the data subject in his/her public life.⁴⁷

In pursuance of the above ruling, Google launched its web form for claiming right to be forgotten. Till now, Google has evaluated total of 1,055,700 URLs for removal out of which 40.1% of the URLs have been removed. In total, Google has received 290,353 requests. Google has mentioned some examples of requests received by them. Like in a claim, a woman requested the Google to remove a decades-old article about his husband’s murder, which included her name too. So Google has removed the page from search results for her name.⁴⁸ Moreover, France ranks at the top followed by Germany and UK for removal of requests.⁴⁹

⁴⁴ *Ibid.*

⁴⁵ *Charter of Fundamental Rights of the European Union* (2000/C 364/01) available at http://www.europarl.europa.eu/charter/pdf/text_en.pdf, last seen on 24/07/2015.

⁴⁶ *Supra* 40.

⁴⁷ *Ibid.*

⁴⁸ *European privacy requests for search removals* available at <http://www.google.com/transparencyreport/removals/europeprivacy/> (last accessed on 30/07/2015).

⁴⁹ Samuel Gibbs, *EU to Google: expand ‘right to be forgotten’ to Google.com*, *The Guardian* (November 27, 2014),

Now, after Google, Yahoo and Microsoft's Bing have also joined the league. Bing published its request form in July 2014. Bing is handling 'search engine removal' requests via Forget.me site.⁵⁰⁵¹

4. TUG-OF-WAR BETWEEN RIGHT TO PRIVACY AND RIGHT TO SPEECH

Internet acts as a tool for human beings to develop their own ideas and express their opinion without previous filters and thus, helps in growth of a democratic culture.⁵² This was possible only by virtue of right to freedom of opinion and expression guaranteed by nations to its citizens. Even the Universal Declaration of Human Rights⁵³ has incorporated this right of freedom of opinion and expression⁵⁴. This Article was drafted so as to accommodate future technological developments and is thus relevant even today and equally applicable to the new communication technologies such as Internet.⁵⁵ But as a human creation, it is imperfect just like human beings. The Internet may be used even for bad things, and so is free

<http://www.theguardian.com/technology/2014/nov/27/eu-to-google-expand-right-to-be-forgotten-to-googlecom> (last accessed on 23/07/2015).

⁵⁰ See <https://forget.me/>

⁵¹ Stuart Dredge, *Microsoft and Yahoo respond to European 'right to be forgotten' requests*, The Guardian (December 1, 2014), available at <http://www.theguardian.com/technology/2014/dec/01/microsoft-yahoo-right-to-be-forgotten> (last accessed on 23/07/2015).

⁵² Supra 9.

⁵³ UN General Assembly, Universal Declaration of Human Rights, 10 December 1948, 217 A (III) available at http://www.ohchr.org/EN/UDHR/Documents/UDHR_Translations/eng.pdf (hereinafter referred to as UDHR).

⁵⁴ Article 19 of the UDHR states that "Everyone has the right to freedom of opinion and expression; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance".

⁵⁵ Report of the Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression, Frank La Rue (16 May 2011), A/HRC/17/27 available at http://www2.ohchr.org/english/bodies/hrcouncil/docs/17session/A.HRC.17.27_en.pdf

speech. Hence, one cannot ignore the downfall of other fundamental rights like right to privacy because of rise of the right to freedom of speech.⁵⁶

Information that was once scattered, forgettable, and localized is now becoming permanent and searchable.⁵⁷ The fact that Internet never seems to forget is threatening.⁵⁸ The Internet has as almost unlimited search and memory capacity.⁵⁹ This omnipresence of Internet in human life led to the demand of the right to be forgotten. The right to be forgotten intends to protect the privacy of the individuals. It's natural for people to have control over their personal information displayed on web. So even tiny scraps of past information may ruin an individual's future as evident from the case of Stacy Snyder⁶⁰ and Andrew Feldmar⁶¹ discussed previously.

Further, this right of privacy to keep certain information as secret has already been extended to the right of Internet users not to make their activity trails available to third persons.⁶² We have already seen how this right was recognized in countries like Germany, Italy, France, etc.

Having seen how freedom of speech could prove to be threat to right to privacy, the other aspects of this right is explored. It is true that the right to privacy of the individuals is to be protected from unscrupulous use of freedom of expression. But in some way or the other, the right to be forgotten does violate the universally recognized right to freedom of opinion and expression. Critics have condemned the right to be forgotten as a "weird kind of censorship". It illegalizes links to legal

⁵⁶ Supra 9.

⁵⁷ Daniel J. Solove, *the Future of Reputation: Gossip, Rumour, and Privacy on the Internet*, (Yale University Press New Haven and London 2007).

⁵⁸ Jeffrey Rosen, *The Web means the end of forgetting*, *The New York Times*(July 21, 2010)

⁵⁹ John Hendel, *Why Journalists shouldn't fear Europe's 'right to be forgotten'*, *The Atlantic* (January 25, 2012).

⁶⁰ Supra 22.

⁶¹ Supra 23.

⁶² Supra 7.

content.⁶³ This censorship is being imposed on giant search engines like Google. Moreover, as pointed out by the critics of this right, a search engine is not supposed to be an accurate reflection of the 'truth'. Rather, it is supposed to be an accurate reflection of what is on the internet. But Europe's right to be forgotten is making it less accurate.⁶⁴

Padraig Reidy⁶⁵ reproached this right saying that it encroaches on privacy law, and has massive ramifications on freedom of expression and how the internet works. If Spain is punishing search engines for indexing content then how can there be freedom of expression? It looks like a plan by people who don't know how the internet works.⁶⁶ The right to free speech is affected when individuals or companies delete some information even when some other person posts it on Internet. Among all these conflicts, the bigger question which comes up is to what extent should individuals be allowed to request the search engines to delete some information about them posted by someone else?⁶⁷ The recent ruling by the European Court of Justice might also give tremendous power to companies like Google to become the "decider" in what content to delete and what not to.

Surely there is no clear winner between in the battle between privacy and free speech. Both are essential to our freedom.

5. CONFLICT BETWEEN US AND EU RULES

While in Europe, privacy protection is given precedence over freedom of speech, the case is just opposite in the United States. The First Amendment to the US Constitution protects

⁶³ Mike Elgan, *Why Google should leave Europe*, available at <http://www.computerworld.com/article/2859176/why-google-should-leave-europe.html>, last seen on 25/07/2015.

⁶⁴ *Ibid.*

⁶⁵ Padraig Reddy is the news editor of the British Magazine *Index of Censorship*.

⁶⁶ Josh Halliday, *Google to fight Spanish privacy battle*, *The Guardian* (16/01/2011).

⁶⁷ *Supra* 6.

freedom of speech from any kind of restriction⁶⁸. The potential scope of right to be forgotten is usually narrowed down because any kind of limitation on freedom of speech has to satisfy the standard of “highest order” of public confidentiality interest⁶⁹.

Privacy means different things to Europeans and American. In the United States, privacy is usually couched in the language of liberty; public policy is mainly concerned with protecting a citizen’s ‘reasonable expectations of privacy’ against impermissible government interference.⁷⁰This is embedded in the Fourth Amendment to the US Constitution⁷¹. The Court doctrine in the United States continues to take it for granted that the state is the prime ‘enemy’ of its citizen’s privacy.⁷²

In contrast to the US, in Europe, privacy laws are mainly intended to protect its citizen’s dignity and public image, rather than to protect them against government interference.⁷³ This notion is reflected in the Article 8 of the European Convention on Human Rights.⁷⁴ Article 8 has its roots in the French tradition of protecting citizens’ reputation against intrusion by other people, especially the media.⁷⁵

⁶⁸ First Amendment to the US Constitution runs as follows: “*Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances*”.

⁶⁹ *Smith v. Daily Mail Pub.Co.* 443 U.S. 97 (1979) (1979, Supreme Court of United States of America). Also see Rolf H. Weber, *The Right to be Forgotten: More than a Pandora’s Box?* (Supra7).

⁷⁰ Robert Kirk Walker, *The Right to be forgotten*, *Hastings Law Journal* (December 2012), available at <http://www.hastingslawjournal.org/wp-content/uploads/2014/04/Walker-64.1.pdf>, last seen 27/12/2014).

⁷¹ Available at http://www.law.cornell.edu/constitution/fourth_amendment.

⁷² James Q. Whitman, *The Two Western Cultures of Privacy: Dignity v. Liberty*, Yale Law School Legal Scholarship Repository (1/012004), available at http://digitalcommons.law.yale.edu/cgi/viewcontent.cgi?article=1647&context=fss_papers, last seen on 26/07/2015.

⁷³ Supra 63.

⁷⁴ Article 8 of ECHR envisages that everyone has the right to respect for private and family life, his home and his correspondence.

⁷⁵ Supra 63.

Thus, the tradition followed in US is to emphasize more on freedom of expression and freedom of press. Some suggest that right to be forgotten is unprotected in the United States. The media and the press have got the constitutional right to display and publicize information as long as it is legally available.⁷⁶ The Superior Court of California in San Francisco ruled that “Google’s search results are protected under free speech laws in the US”. This was the first ruling since 2007 declaring search results of search engine as the part of free speech and protected by the first Amendment to the US Constitution.⁷⁷

Yet, there have been some circumstances where privacy claims were considered by the Courts, even when the matter was worthy of media attention.⁷⁸ Some US commentators were ready to accept a more narrowed version of the right to be forgotten.⁷⁹ This right could be beneficial in cases where youth out of lack of judgment post some information on web and may later want to erase that information. Some others pointed out that the US law does recognize some elements of the right to be forgotten.⁸⁰

⁷⁶ Franz Werro, *The Right to Inform v. The Right to be Forgotten: A Transatlantic Clash*, Georgetown University Centre for transnational Legal Studies Colloquium, (11/05/2009), available at http://papers.ssm.com/sol3/papers.cfm?abstract_id=1401357, last accessed on 27/07/2015.

⁷⁷ Samuel Gibbs, *Editing Google’s search results would damage free speech, judge rules*, The Guardian (18/11/2014), available at <http://www.theguardian.com/technology/2014/nov/18/google-search-judge-free-speech>, last seen on 27/07/2015.

⁷⁸ Steven C. Bennett, *The “Right to be forgotten”: Reconciling EU and US Perspectives*, Berkeley Journal of International Law (2012), <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1429&context=bjil> last seen on 27/07/2015.

⁷⁹ Paul De Hert, a law professor specialised in data privacy at the Free University of Brussels said that “Even if the ‘right to be forgotten’ would be a weak one in the final legislation, it is a step forward to at least develop a concept of it.”. See Valentina Pop, *EU to press for ‘right to be forgotten’ online*, EU Observer, (4/11/2010), available at <http://euobserver.com/social/31200>, last seen on 27/07/2015.

⁸⁰ Supra 70

6. CONFLICT OF JURISDICTIONS

Disputes about conflict in jurisdictions are bound to come up when the issue involves more than two nations with different laws relating to privacy and freedom of speech. We have already seen how there is a clash between EU and US laws. Further, with no uniform law, content lawfully published in one country may be struck down by some other nation considering it inappropriate.

Further, as we have already seen that the European Court of Justice has ruled that if the physical server of a company which is processing the data is situated somewhere outside Europe, EU Data Protection rules would apply to their search operations. This would be the first time in history that a European would control a company like Google situated in the United States.⁸²As if this was not enough that the European Data Regulators are now to instruct Google to make “right to be forgotten” rules applicable outside Europe too i.e. expanding “right to be forgotten” to Google.com. Not abiding by this would largely affect Google as Google has approximately a 90% market share in Europe.⁸³But technically, international law subjects a state to limitations on its authority to exercise “prescriptive, adjudicative, and enforcement jurisdiction”.⁸⁴ So there is an urgent need to solve this conflict of jurisdictions between different nations with different laws.

7. SOCIAL NETWORKING SITES

Now everything is going online, and more and more content is becoming sharable which can be found easily by anyone, be it Facebook, Twitter or Instagram. Everything is connected because of the global nature of Internet. The information is not

⁸² Supra 56.

⁸³ Supra 46.

⁸⁴ Kathleen Hixson, *Extraterritorial Jurisdiction Under the Third Restatement of Foreign Relations Law of the United States*, *Fordham International Law Journal* (1988), available at <http://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=1207&context=ilj>; last seen on 28/07/2015.

limited to a nation or two. Further, it is important to note that social networking sites provide people with a platform to share with world whatever they wish to. But this freedom is now in danger because of “right to be forgotten” ruling. Social networking sites are at the frontline of this issue.

With so many demands by people to recognize “right to be forgotten”, there is a different image of what it is in people’s mind. Most of the people have a very blurred image of how actually the right to be forgotten should be and what they really want to forget. Peter Fleischer⁸⁵ has come up with three concepts which people want to forget especially on social networking sites.

If I post something online, should I have the right to delete it again? This would be the least controversial and simple case. Already, most of the online services offer this option to delete once posted. This was also sponsored by the French Government in its Charter on the Droit al'Oubli. But is not always necessary that if a user deletes the unwanted content from his/her site, it is deleted forever from the Internet. There is huge disconnect between these two aspects.⁸⁶

Another situation could be that if I post something, and someone else copies it and re-posts it on their site. Then do I have a right to get that content deleted from other’s site too. Clearly, I should have a right to do so. But what if the other person refuses to do so, or don’t respond or cannot be found out. Then, I can surely pursue judicial proceedings, but they might not prove to be very helpful as they are expensive and time consuming. So, I can go to the site hosting that content and if the content violates their terms of services or violates the law, I can ask them to remove it. But that would put the platform in a very difficult position, as it will have to delete my photo from the album’s owner without the owner’s consent. In this situation, the platform would have to arbitrate between my privacy claim and the freedom of expression of the album’s

⁸⁵ Mr. Peter Fleischer works as a Google’s Global Privacy Counsel, See <http://peterfleischer.blogspot.in/>

⁸⁶ Peter Fleischer, *Foggy thinking about the Right to be Oblivion* (March 9, 2011) available at <http://peterfleischer.blogspot.in/2011/03/foggy-thinking-about-right-to-oblivion.html>, last seen on 27/07/2015.

owner. Perhaps, this can be resolved by letting the platforms like Facebook, Instagram to have their own terms and conditions on this, since they being the arbitrator may choose either side and that too, in a legitimate way.⁸⁷

Real issue of conflict between privacy claims arises in case someone else posts something about me, then should I have a right to get it deleted? This is the most controversial aspect of the right to be forgotten. Defamation or libel allows a person to seek judicial redress if the content posted is untrue. But the privacy claim is not based on untruth. A right like this cannot be introduced without infringing freedom of speech of individuals. Peter Fleischer rightly observed that “Privacy is the new black in censorship fashion”.⁸⁸

An alternative to right to be forgotten could be that the content on the Internet just auto-expire. But then, should the posts on the social networking sites auto-expire? Or should the users be given their own auto-expiry settings? Given that, there are still technical problems involved in auto-expiry settings as they never work completely. But even, if auto-expiry settings existed, usual privacy issues would still exist as one can copy the content before expiry and post it somewhere else.⁸⁹

Hence, social networking sites with information of millions of people have to be much more careful as burden to implement the right to be forgotten may come upon them.

8. CONS OF THE RIGHT TO BE FORGOTTEN

The author would now like to bring forth some arguments against the right to be forgotten and major problems in its implementation.

Today, we are creating digital legacies for ourselves everyday with the information that we put online about ourselves and others. The information we put about ourselves online is the

⁸⁷ *Ibid.*

⁸⁸ *Ibid.*

⁸⁹ *Ibid.*

sum of our relationships, interests, and belief. It's who we are.⁹² But due to enforcement of right to be forgotten, it might just happen that the generations after us leave no digital trace about them. There would be left just "authorised biographies"⁹³. Right to be forgotten has the potential of removing information to such extent that our coming generation might not be able to understand human history.⁹⁴

Further, this right denies people a chance to start afresh. Shon Hopwood could be great example for this. He went from being a drug addict and someone with no purpose in life to a jailhouse lawyer. He and some accomplices stole about \$20,000 during a chain of bank robberies. He spent about a decade in prison but now is soon to be clerking for a judge on the prestigious U.S. Court of Appeals for the D.C. Circuit.⁹⁵ This information about Shon Hopwood could not have existed if he had also petitioned to enforce right to be forgotten just like Mario Costeja González.

Furthermore, the right to be forgotten represents the biggest threat to free speech on Internet. It could lead to a clash between different nations especially the United States and the European Union as every nation has different perspectives about freedom of speech and privacy, which could eventually lead to a far less open Internet.

⁹² Sumit Paul Choudhary, *Digital Legacy: The fate of your online soul*, available at <http://www.newscientist.com/article/mg21028091.400-digital-legacy-the-fate-of-your-online-soul.html?full=true#.VKDitsAY>, last seen on 28/07/2015. Hans-Peter Brondmo, the head of social software and services at Nokia in San Francisco has termed this information that we put online as our "digital soul"

⁹³ *Ibid*

⁹⁴ *Supra* 6.

⁹⁵ Mark Memmott, *The Incredible case of the bank robber who's now a law clerk*, available at <http://www.npr.org/blogs/thetwo-way/2013/09/10/219295368/the-incredible-case-of-the-bank-robber-whos-now-a-law-clerk>, last seen on 29/07/2015.

Report by a Committee of the House of Lords⁹⁶ has called the European Union's "right to be forgotten" ruling as "unworkable, unreasonable, and wrong in principle".⁹⁷ The Lords gave two reasons for terming the right to be 'unworkable'. Firstly, it does not take into account smaller search engines which might not have the required resources to process removal of unwanted links. Secondly, the search engines cannot be given the task of deciding what to delete and what not to that too based on "vague, ambiguous and unhelpful criteria". Further, witnesses are also not comfortable with the idea of commercial companies like Google to sit in their cause.⁹⁸

Besides above arguments, another point to note is that even if some of the data is removed from Google.uk, there are still workarounds available by which people can get that information from some other source. The global nature of Internet heats up this situation. Conflict in jurisdiction is another argument which has been discussed in detail in previous section.

9. INDIAN LEGAL FRAMEWORK

An Indian perspective on the ruling of the ECJ presents an interesting account of the 'right to be forgotten'. Wherever, the topic of right to be forgotten comes and the need to balance freedom of speech and right to privacy go hand in hand. We will now see what the constitutional basis of these rights is and how India Judiciary has balanced both of these rights.

9.1. *Constitutional Basis of Rights*

The Indian Constitution does not grant in specific terms any right to privacy as such. However, this right to privacy has been

⁹⁶ *European Union Committee – Second Report on EU Data Protection law: a 'right to be forgotten'?* available at <http://www.publications.parliament.uk/pa/ld201415/ldselect/ldcom/40/4002.htm>, last accessed on 29/07/2015.

⁹⁷ Alex Hern,, *Lords describe Right to be Forgotten as 'unworkable, unreasonable, and wrong'*, *The Guardian* (30/07/2014), <http://www.theguardian.com/technology/2014/jul/30/lords-right-to-be-forgotten-ruling-unworkable>, last seen on 29/07/2015).

⁹⁸ *Ibid.*

culled by Supreme Court from Article 21⁹⁹ and several other provisions of the Constitution read with the Directive principles of State Policy.¹⁰⁰

The very first case to come before the Supreme Court to determine whether right to privacy could be implied from the existing fundamental rights was *Kharak Singh v. State of Uttar Pradesh*¹⁰¹. The majority of the judges refused to interpret right to privacy to be included within the ambit of Article 21 stating the reason that “right to privacy is not guaranteed right under our Constitution”. However, minority of two judges dissented from this opinion and recognized the right to privacy as a part of Article 21. The dispute of right to privacy as a fundamental right came again before the Apex Court in the case of *Govind v. State of Madhya Pradesh*¹⁰². The Court held that “many of the fundamental rights of citizens can be described as contributing to right to privacy”. However, this is not absolute as “it must be subject to restriction on the basis of compelling public interest”.

Freedom of speech and expression¹⁰³ is a fundamental right guaranteed under Part III of the Constitution subject to some reasonable restrictions. The issue of balancing “freedom of speech” against “right to privacy” first arose in the matter of *R. Rajagopal v. State of Tamil Nadu*¹⁰⁴, the petitioner, a Tamil weekly magazine Nakkheeran sought directions from the Court to restrain the State of Tamil Nadu from interfering with the publication of the autobiography of the condemned prisoner, Auto Shankar, in their magazine. The Apex Court held:

“(1) the right to privacy is implicit in the right to life and liberty guaranteed to the citizens of this country by Article 21. It is a “right to be let alone”. A citizen has a right to safeguard the privacy of his own, his family, marriage, procreation, motherhood, child-bearing and education among other matters. None can publish anything concerning the above matters

⁹⁹ Article 21, the Constitution of India.

¹⁰⁰ M.P. Jain, *Indian Constitutional Law* (Lexis Nexis ButtersworthWadhwa Nagpur, 7th Ed. 2014).

¹⁰¹ AIR 1963 SC 1295.

¹⁰² AIR 1975 SC 1378.

¹⁰³ Art. 19(1)(a), the Constitution of India

¹⁰⁴ 1994 SCC (6) 632.

without his consent whether truthful or otherwise and whether laudatory or critical. If he does so, he would be violating the right to privacy of the person concerned and would be liable in an action for damages. Position may, however, be different, if a person voluntarily thrusts himself into controversy or voluntarily invites or raises a controversy.

(2)The rule aforesaid is subject to the exception, that any publication concerning the aforesaid aspects becomes unobjectionable if such publication is based upon public records including court records.”

Thus, right to privacy was given constitutional status by the Court.

Further, in the landmark case of Mr. ‘X’ v. Hospital ‘Z’¹⁰⁵, the hospital disclosed the fact that the blood donor was diagnosed as being HIV patient without the permission of the blood donor Mr. ‘X’ because of which his fiancée broke her engagement with him and he was then has to face social ostracism. The Court held that medical records are considered to be private, but doctors and hospitals could make some exceptions in cases where non- disclosure of medical information could endanger the lives of other citizens.¹⁰⁶

The “right to be forgotten” from the context of Indian legal framework, requires an understanding of the relevant provisions of the Information Technology Amendment Act, 2008.¹⁰⁷ Under the Act, any ‘body corporate’ which possess, deals or handles any sensitive personal information in computer resources which it owns, controls or operates, is liable to pay damages if it causes wrongful loss to any person by any way.¹⁰⁸

¹⁰⁵ AIR 1999 SC 495.

¹⁰⁶ Planning Commission of India, *Report of the Group of Experts on Privacy* (October 16, 2012) available at http://planningcommission.nic.in/reports/genrep/rep_privacy.pdf, last seen on 30/07/2015.

¹⁰⁷ Hereinafter referred to as the Act.

¹⁰⁸ The Information Technology Act, 2008, §43A.

Unlike EU Data Protection Directive, there are limited provisions under the Act to provide the 'providers of information' the right to object to process their personal information.¹⁰⁹

Further, under the rules issued under Section 79 of the Act¹¹⁰, the 'intermediaries'¹¹¹ are to 'publish the rules and regulations, privacy policy and user agreement for access or usage of the intermediary's computer resource by any person'. Such rules and regulations are to inform the 'users of computer resource' not to host, display, upload, modify, publish, transmit, update or share information that is 'invasive of another's privacy'.¹¹² The intermediary has to publish the name and contact details of the Grievance Officer who shall redress the complaints of the victims on violation of above said rules.¹¹³ There seem to be a correlation between 'invasion of privacy' u/s 79 of the Act and 'right to be forgotten', though there could be interpretational challenges to this.¹¹⁴

10. CONCLUSION

Internet has an unending memory. Everyone is available on Internet from Vedas to the Presidential elections in United States. It contains some scraps of information about almost everyone. It's just one search on the search engine and everything will be out. Consequently, people have begun to realize that some of the information that is online and pertaining to them is no longer relevant. In the sense, that the purpose for which it was put on web is now fulfilled. This realization among people led to the genesis of the "right to be forgotten".

¹⁰⁹ Rahul Jain, *Right to be Forgotten- an Indian Perspective* (June 24, 2014) available at <http://cio.economictimes.indiatimes.com/tech-talk/Right-to-be-forgotten-an-Indian-perspective/240>, last seen on 30/07/2015).

¹¹⁰ The Information Technology (Intermediaries Guidelines) Rules, 2011.

¹¹¹ Section 2(w) of the Act defines 'intermediary' with respect to any particular electronic records and includes search engines.

¹¹² The Information Technology (Intermediaries Guidelines) Rules, 2011, Rule 3.

¹¹³ The Information Technology (Intermediaries Guidelines) Rules, 2011, Rule 11.

¹¹⁴ *Supra* 104.

The right to be forgotten impedes freedom of speech. Therefore, if the right ought to be accepted it has to be done not on some “vague, ambiguous and unhelpful” set of criteria. Moreover, it places the burden on the companies to decide. This can never be the right solution even if any data infringes an individual’s right to privacy. There has to be “fair” set of rules based on which “right to be forgotten” can be implemented. Though, this can be done by amending the data protection laws, but it has to be “fair” too i.e. there has to be a balance between what we can post and what we can remove owing to our privacy. Further, it should also resolve conflict of jurisdictions of different nations.

History as called by the Wikipedia co- founder Jimmy Wales is a “human right”. It cannot be erased even in bits and pieces. It is human knowledge. So the “right to be forgotten” should be implemented balancing its every aspect.

PATENT LAW AND NANOTECHNOLOGY: EXAMINING THE PATENT LANDSCAPE IN THE MINIATURE WORLD

- Pallavi Kishore*

ABSTRACT

1. INTRODUCTION

The term 'nano' has been derived from the Greek word 'nannos' which means a dwarf.¹ It denotes one billionth of the basic unit.² The conceptual underpinnings of nanotechnology were laid down by Richard Feynman in 1959.³ However the term 'nanotechnology' was not used until 1974. The term 'Nanotechnology' was coined by Norio Taniguchi in 1974 in order to describe the ability of engineers to manipulate

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¹ Fritz Allhoff, Patrick Lin and Daniel Moore, *What Is Nanotechnology And Why Does It Matter?*, Wiley-Blackwell, available at <http://www.kacst.edu.sa/en/research/nt/Documents/r9.pdf>, last seen on 31/10/2015.

² Ibid.

³ Richard Feynman, *There is plenty of room at the bottom*, The Royal Society & The Royal Academy of Engineering, Nanoscience & Nanotechnologies, available at <http://www.raeng.org.uk/publications/reports/nanoscience-and-nanotechnologies-opportunities>, last seen on 31/10/2015.

materials at the nano scale.⁴ Nanotechnology refers to the three fold elements of research at the spectrum ranging from one to hundred nanometres, creation using structures that have size induced novel characteristics and the ability to manipulate matter at dimensions below hundred nanometres.⁵ Owing to the unique properties exhibited by matter at the nano scale, nanotechnology has cross-industry application as a result of which it has immense potential across varied industries like medicine, energy, information technology, food, defence etc.⁶ Some applications of nanotechnology that have already been commercialised are stain-resistant cloth and transparent sunscreen.⁷ This field is still in its infancy and the trajectory of its future growth will be influenced by the patent landscape since the patent regime provides an incentive for invention and investment in such new fields of technology. Against this backdrop, the author seeks to examine the way in which the patent regime has adapted itself to technological advancements in the field of nanotechnology. Further, the author seeks to analyse the problem of patent thickets that holds the potential to stifle the nanotechnology industry at its infancy and to suggest solutions for the same.

2. EXAMINING THE NEED FOR PATENTS IN THE NANO WORLD

Nanotechnology has been projected to be a 'transformative technology'⁸ that has the potential to revolutionise varied

⁴ Ibid.

⁵ Raj Bawa, *Patents, Nanotechnology & the US Patent Office*, IPR in Nanotechnology-Lessons from experiences Worldwide, available at ftp://ftp.cordis.europa.eu/pub/nanotechnology/docs/iprworkshop_bawa_en.pdf, last seen on 31/10/2015.

⁶ Indrani Barpujari, *The Patent Regime & Nanotechnology: Issues & Challenges*, 15 *Journal of Intellectual Property Rights* 207 (2010).

⁷ Andrew Wasson, *Protecting the next small thing: Nanotechnology and the reverse doctrine of equivalents*, 10 *Duke Law & Technology Law Review*, 2 (2004).

⁸ Graham Reynolds, *Nanotechnology and the Tragedy of Anticommons: Towards a Strict Utility Requirement*, *University of Ottawa Law & Technology Journal*, 81 (2009); Also see Ted Sabety, *Nanotechnology Innovation and the Patent Thicket : Which IP Policies Promote Growth?*, 15 *Alb. L. J. Sci & Tech.* 479 (2004-2005)

industries such as health, information technology, energy, food, defence etc.⁹ This is because a single nanotechnology invention has applications across varied industries.¹⁰ Further, nanotechnology deals with the understanding and control of matter at the sub-atomic level whereby matter exhibits unexpected properties that are different from the properties exhibited by bulk material.¹¹ For instance, carbon, which is a good conductor, turns into a bad conductor, at the nano scale.¹² Manipulation of matter at the nano scale maybe useful across varied industries since matter at the nano scale forms the basic building unit of all products in all industries. By being able to control the properties of matter at the sub-atomic level, one will be able to control the properties of all products across all industries. Cross-industry application of nanotechnology highlights the immense potential that this field holds.¹³ It has been estimated that nanotechnology has the potential to grow into a one trillion dollar industry in the next few decades.¹⁴

In light of the immense potential that the burgeoning field of nanotechnology holds, it is imperative for the patent regime to respond favourably to this new technology.¹⁵ This is because patents incentivise innovation and investment and play a crucial role in determining the growth trajectory of a particular field of technology.¹⁶ Against the backdrop of a global

⁹ Ibid.

¹⁰ ETC Group Report, *Nanotech's "Second Nature" Patents: Implications for the Global South*, ETC Group Special Report – Communiqués No. 87 and 88, available at <http://www.nanowerk.com/nanotechnology/reports/reportpdf/report7.pdf>, last seen on 31/10/2015.

¹¹ Stefan Huebner, *The validity of European Patents in Germany*, Nanotechnology Law and Business (2008), available at https://srhuebner.com/uploads/media/nanotechnology_validity_huebner_nlb.pdf, last seen on 31/10/2015.

¹² Ibid.

¹³ H. Shand & K. Wetter, *Trends in Intellectual Property and Nanotechnology: Implications for the Global South*, 17 *Journal of Intellectual Property Rights*, 111 (2007).

¹⁴ Supra 7.

¹⁵ Ibid.

¹⁶ *Intellectual Property And Emerging Technologies*, 25 (M. Rimmer & Alison McLennan, 2012).

knowledge marketplace,¹⁷ it is crucial for technology developers to use the tool of patent law in order to ensure that the gap between the laboratory and the marketplace is bridged. From the sovereign's perspective this bridging is important as it would provide the sovereign an edge over other competitors.¹⁸ Consequently, it is crucial to examine whether the existing patent landscape is well equipped to keep pace with the rapid technological advancement that is colouring the field of nanotechnology. The author will delve into this issue in the following chapter.

¹⁷ *Patent Markets In The Global Knowledge Economy*, 96 (Madies & Prager, 2014).

¹⁸ High Level Expert Group, *Mastering and Deploying Key Enabling Technologies*, European Commission, available at http://ec.europa.eu/enterprise/sectors/ict/files/kets/hlgworkingdocument_en.pdf, last seen on 31/10/2015.

3. MOULDING PATENT LAW TO ACCOMMODATE THE NEWLY DEVELOPING TECHNOLOGICAL TERRAIN

3.1. *Tweaking the Requirements of Novelty and Non-Obviousness*

As per Trade Related Aspects of Intellectual Property Rights (TRIPS) the patent system is geared towards providing a technology neutral protection to all kinds of innovations.¹⁹ Patent protection is provided to inventions that fulfil the three pronged criteria of novelty, non-obviousness and usefulness. In USA, the requirements are novelty, non-obviousness and usefulness and in UK these requirements are referred to as novelty, realisation of inventive step and industrial application.²⁰ Sometimes, the existing principles of patent law might not fit well with technological advancements, resulting in the need for tweaking the existing principles in order to bring new technological innovations within the net of patent protection.

For instance, as per the general principle, a mere miniaturisation of a product does not clear the hurdles of novelty and non-obviousness.²¹ As observed by the US court, *“an invention may not be patentable where the sole element of novelty is a difference in size.”*²² If we use this general principle related to downsizing of traditional products, a majority of nanotechnology inventions²³ would not be able to satisfy novelty and non-obviousness. As a result of this, the requirements of novelty and non-obviousness have been diluted to a certain extent in order to bring nanotechnology inventions within the umbrella of patent protection. Departing from the general rule, a nano scale miniaturisation is

¹⁹ Supra 6.

²⁰ Luca Escoffier, *Nanotechnology under the Magnifying Lens, from a European and US perspective*, TTLF Working Papers, available at http://www.law.stanford.edu/sites/default/files/publication/205107/doc/slspublic/escoffier_wp3.pdf, last seen on 31/10/2015.

²¹ Supra 6.

²² Supra 6.

²³ *Nanotechnology: The Industrial Revolution of the 21st Century*, Accenture Foundation- Future Trends Forum, available at <https://www.fundacionbankinter.org/documents/11036/16211/Publicacion+PDF+IN+FTF+Nanotecnologia/03fd2b3c-0807-4cb3-a1fe-d2b2af21aed9>, last seen on 31/10/2015.

considered to fulfil the requirements of novelty and non-obviousness. The primary reason for this is that the laws of physics that apply at the nano scale are fundamentally different.²⁴ The laws of quantum physics take over as a result of which nano scale particles exhibit unexpected properties, different from their macro scale counterparts.²⁵ These unexpected changes in properties are called 'quantum effects'.²⁶ Ergo, by their very nature, nanotech inventions exhibit properties that are not witnessed at the macro scale.²⁷ With respect to nanotechnology, patent claims based on new unexpected properties due to downsizing are considered to cross the novelty barrier as was seen in *BASF v. Orica Australia BO Appeal* whereby the difference in properties between polymer particles larger than hundred and eleven nanometres and smaller than hundred nanometres was held to be sufficient in order to establish novelty.²⁸

Further, a mere change in dimensions is not obvious if it leads to unexpected outcomes;²⁹ or if it overcomes technical problems relating to prior art.³⁰ It is pertinent to note that a nanotech invention crosses the inventive step barrier despite being a miniaturised version of a traditional product because for a person skilled in the art it is not obviously derivable from the

²⁴ Supra 7.

²⁵ *Patenting Nanotechnology: Exploring the Challenges*, WIPO Magazine, 2011 available at http://www.wipo.int/wipo_magazine/en/2011/02/article_0009.html, last seen on 31/10/2015; Also See ETC Group, *Commodity Markets: The Implications for Commodity Dependent Developing Countries*, Trade-Related Agenda, Development And Equity, available at <http://www.etcgroup.org/files/publication/45/01/southcentre.commodities.pdf>, last seen on 31/10/2015.

²⁶ *A Tiny Little Primer on Nano-Scale Technology and the Little Bang Theory*, ETC Group, 2009, available at <http://www.etcgroup.org/content/tiny-little-primer-nano-scale-technology-and-little-bang-theory>, last seen on 31/10/2015.

²⁷ Jordan Paradise, *Claiming Nanotechnology: Improving USPTO efforts at classification of emerging nano enabled pharmaceutical technologies*, Northwestern 10 Journal of Technology and Intellectual Property, 175 (2012).

²⁸ Supra 27.

²⁹ Scott Roe, *Nanotechnology: When Making Something Smaller is Non obvious*, 12 B.U. J. Sci. & Tech. L, 175 (2006).

³⁰ *European Law and New Health Technologies*, 164 (Mark L. Flear, 2013).

existing prior art due to the different properties exhibited by the invention;³¹ and due to the non-obvious technical considerations that are at work while making a nanotech counterpart of a product.³²

3.2. Analysing the Stretch of the Patent Net in case of Traditional Products

Another crucial question that arises with respect to patenting nanotechnology inventions which are miniaturised versions of their macro-sized traditional counterparts is that whether the patent rights given on a traditional product without specifying any size could be regarded as being infringed by its miniaturised nanotech invention.³³

The reverse doctrine of equivalents³⁴ which states that “*where a device is so far changed in principle from a patented article that it performs the same or a similar function in a substantially different way but nevertheless falls within the literal words of the claim the reverse doctrine of equivalents maybe used to restrict the claim and defeat the patentee’s action for infringement*”³⁵ maybe used in order to excuse the literal infringement of traditional product patents by nanotech inventions. Further, the author will put forth a two pronged

³¹ Lisa Abe, *Nanotechnology Law : The legal issues*, ICE Technology Conference 2005, available at, <http://www.fasken.com/files/Publication/1db6f3c3-a757-4067-af7c-901a5498ecd8/Presentation/PublicationAttachment/da755b60-42ff-44e8-9e57-582e2a83b8f7/NANOTECHNOLOGY.PDF>, last seen on 31/10/2015; Also see Marko Schauwecker, *Nanotechnology Inventions in US Patent Law*, TTLF Working Papers, available at http://www.law.stanford.edu/sites/default/files/publication/205786/doc/slspublic/schauwecker_wp_nanotech.pdf, last seen on 31/10/2015.

³² Supra 7; Also see Kirthi Jayakumar, *Patenting Nanotechnology: The challenges posed to the Indian Patent Regime*, India Law Journal, available at http://www.indialawjournal.com/volume3/issue_2/article_by_kirhti.html, last seen on 31/10/2015.

³³ *Nanotechnology and Patents*, WIPO, available at <http://www.wipo.int/patent-law/en/developments/nanotechnology.html>, last seen on 31/10/2015.

³⁴ *Graver Tank & Manufacturing Company v. Linde Air Products Company*, 339 U.S. 605 (1950, Supreme Court of the United States).

³⁵ Supra 7.

argument to suggest that the net of patent protection granted to a traditional product without any size specification does not extend to its nanotech counterpart. Firstly, the traditional product and the nanotech counterpart are fundamentally very different not only in terms of size but also in terms of properties. The patent holder of a macro scale product could neither have envisaged the properties that a nano scale version of his product would have exhibited nor the technical issues that would be involved in actually bringing the nanotech counterpart into existence. Secondly, until the inventor of a macro scale product comes up with a technical solution to apply the laws of quantum physics and come up with a nano scale counterpart, the idea of making a miniaturised version of the macro scale product, exhibiting different properties would in fact just be an abstract idea which is not covered by the net of patent protection.³⁶

Thus, the requirements of novelty and non-obviousness have been diluted in order to aid patent law adapt to new technological advancements. Further, the rights of a patent holder on a traditional product with no size specification cannot be regarded as infringed by its miniaturised nanotech counterpart. Against this backdrop, the author will now discuss the way in which nanotech patents have been granted by patent offices.

4. HAS FEYNMAN'S 'BOTTOM' BECOME OVERCROWDED WITH PATENTS?

4.1. The Patent Land Grab and Formation of Patent Thickets

Over the last couple of years, nanotechnology patents have been obtained in a way, resembling a 'gold rush' or a 'land grab'.³⁷ This gold rush has particularly targeted nano materials.³⁸

³⁶ Supra 31.

³⁷ Amber Rose Stiles, *Hacking through the thicket: A proposed patent pooling solution to the nanotechnology building block patent thicket problem*, 4 Drexel Law Review, 558 (2012); Also see Simon Hadlington, *Nanotech Patent Jungle Set To Become Thicker In 2013*, Chemistry World,

Nano materials are “*arrangements of matter that exhibit unique characteristics and properties as a result of their size.*”³⁹ Nano materials have been covered by the net of patents as they are a result of technological innovation at the nano scale. Just as bricks, wood and cement are basic building blocks of a house, nano materials⁴⁰ like nanotubes (which are “*large molecules of pure carbon that are long and thin and shaped like tubes and are usually about 1-3 nanometres in diameter*”⁴¹), quantum dots (which are “*three dimensionally constrained semi-conductor nanostructures typically between 1-100 nanometres in diameter*”)⁴² etc. form the basic building blocks using which complex materials and devices can be made.⁴³ Nano materials may thus be described as the bedrock upon which future advances in the field nanotechnology would take place. It is pertinent to note that nanotechnology is the first field to have its basic research material patented.⁴⁴ Further, granting of patents on building blocks has been supported by the development oriented model of patents which states that granting patents in initial stages of innovation would incentivise channelling of resources and investment towards innovation.⁴⁵

The author will delineate two main reasons behind this nano material’s patent arms race.⁴⁶ Firstly, patents on the basic building blocks of a field like nanotechnology which is still in its infancy and which holds a lot of potential would enable the patentee to wield control over the future development of this field. The patentee would be in a position to fence off portions of basic research in this field. Secondly, nano-technological inventions and nano materials have cross-sectoral application

available at <http://www.rsc.org/chemistryworld/2013/01/nanotechnology-patent-thicket-jungle-graphene-nanotubes>, last seen on 31/10/2015.

³⁸ Supra 5.

³⁹ Supra 8.

⁴⁰ Ibid.

⁴¹ Supra 10.

⁴² Supra 31.

⁴³ Supra 41.

⁴⁴ J.Miller & D.Harris, *Nanoech May Face Patent Problems*, *Innovation*, 5 America’s Journal of Technology Commercialisation, 18 (2007).

⁴⁵ Arti Kaur Rai, *Regulating Scientific Research: IPRs and the Norms of Science*, 94 Northwestern University Law Review, 44 (1999); Also see Supra 45.

⁴⁶ G.Hunt & M. Mehta, *Nanotechnology: Risks, Ethics and Law*, 232 (2013).

owing to their unique properties.⁴⁷ For instance, carbon nano tubes have application in multiple industries ranging from the electronics and materials industries to the life sciences and energy industries.⁴⁸ This has encouraged the patent gold rush mentality⁴⁹ since patentees having control over the basic research tools of nanotechnology would gain influence in various other industries.

The euphoria of patenting basic building blocks of nanotechnology has not been handled efficiently by patent offices. This is because of the complexities attached to granting patents in a field which is at its infancy and which has prior art scattered across the patent classification system owing to its 'multidisciplinary nature'.⁵⁰ The problem of searching for prior art related to nanotechnology was solved to a certain extent by the introduction of subclass 977⁵¹ and Y01N⁵² (specifically dealing with nanotechnology patents) by the United States Patent & Trademark Office (USPTO) and the European Patent Office (EPO) respectively. Despite this, it is very difficult to search for nanotechnology prior art due to lack of standard nanotechnology terminology which impedes identification of nano patents.⁵³ Further, nano-inventions are difficult to describe by using the terminology which is used to describe traditional inventions.⁵⁴ This problem is compounded by lack of qualified people in the patent office,⁵⁵ who would be in a position to understand nanotech patent applications, most of which use self-coined terms due to lack of any standard terminology. All this has resulted in the grant of broad, fragmented and overlapping patents in the field of nanotechnology.⁵⁶

⁴⁷ Supra 6.

⁴⁸ Ibid.

⁴⁹ Supra 10.

⁵⁰ Supra 6.

⁵¹ Charles Eloshway, *Nanotechnology Related Issues at the USPTO*, United States Patent and Trademark Office, available at ftp://ftp.cordis.europa.eu/pub/nanotechnology/docs/iprworkshop_eloшway_en.pdf, last seen on 31/10/2015.

⁵² Supra 27.

⁵³ Supra 39.

⁵⁴ Supra 53.

⁵⁵ Ibid.

⁵⁶ Supra 13.

Due to the grant of broad and overlapping patents on the basic building blocks of nanotechnology, patentees are now in a position to lock up the use of large areas of basic research tools in the field of nanotechnology, resulting in the formation of patent thickets.⁵⁷ A patent thicket is a web of overlapping patent rights requiring those who want to use the patented subject matter to obtain the permission of multiple patent holders.⁵⁸

4.2. Hurdles that might stifle the growth of Nanotechnology

The creation of patent thickets has resulted in a chaotic nanotechnology patent landscape. The author will analyse the ways in which patent thickets hold the potential to stifle the growth of nanotechnology

4.2.1. Tragedy of Anti-Commons

Tragedy of anti-commons results when a large number of individuals are given the rights of exclusion vis-a-vis a scarce resource as a result of which the resource remains underutilised.⁵⁹ For instance, if a large number of individuals are given exclusionary rights over parts of a metaphorical pie (scarce resource) and if these exclusionary rights are not bundled together, no one will be able to utilise the pie and the pie would be wasted.

This concept maybe extrapolated to the realm patent thickets. The creation of patent thickets in the field of nanotechnology has led to the requirement of obtaining licenses from multiple patentees in order to be able to make use of patented nano materials, the building blocks of nanotechnology. If the patentees holding overlapping patents refuse to grant such

⁵⁷ G.Clarkson & D. Dekorte, *The Problem of Patent Thickets in Convergent Technologies*, University of Michigan, available at http://ipeg.eu/wp-content/uploads/2011/05/Keunen_Unraveling-the-Patent-Thicket-an-economic-analysis-of-an-intangible-reality-2008.pdf, last seen on 31/10/2015.

⁵⁸ Carl Shapiro, *Navigating the Patent Thicket: Cross Licenses, Patent Pools and Standard Setting* Innovation Policy and Economy, Volume 1, available at <http://www.nber.org/chapters/c10778.pdf>, last seen on 31/10/2015.

⁵⁹ Supra 41; Also see Michael Heller, *The Tragedy of Anti-Commons: Property in Transition from Marx to Markets*, 111 Harvard Law Review, 2 (1997).

licenses, the basic building blocks of nanotechnology would remain locked leading to their underutilisation. This would lead to tragedy of anti-commons at the basic building block level which in turn would stifle the growth of nanotechnology.

4.2.2. *Impeding Cumulative innovation*

Cumulative innovation refers to using an already patented invention in order to develop a second-generation invention.⁶⁰ Broad and overlapping patents granted to the original inventor on a nano material would delay or prohibit the activity of the second generation inventor since his activity would be contingent on obtaining licenses for the use of such nano material.⁶¹ Further, if the second generation inventor fails to accumulate the required bundle of licenses, he would not be able to come up with a cumulative innovation, leading to the stagnation of the nanotechnology industry.

This problem may also be viewed from the prism of Hegel's Personality theory as per which an invention is the extension of the inventor's personality.⁶² Fencing off basic research material by using the web of a patent thicket, would deny the second generation inventor an opportunity to come up with a product by way of extension of his personality. Further, a person's brainchild may serve as a vehicle for self-actualisation.⁶³ An inventor might be recognised by his invention leading to self-validation. The creation of a patent thicket might deny this opportunity of self-actualisation to the second-generation inventor. Further, in the market place of ideas where everyone is jostling for space, it is crucial that second generation inventors must get an opportunity to come up with cumulative innovations which in turn might hold the potential for technological advancement. The second generation invention might have the potential to not only serve as a vehicle for self-

⁶⁰ Tur Sinai, *Cumulative Innovation in Patent Law: Making Sense of Incentives*, 50 *The Intellectual Property Law Review*, 731 (2010).

⁶¹ *Supra* 41.

⁶² *Supra* 61; Kanu Priya, *Intellectual Property and Hegelian Justification*, 1 *N.U.J.S. Law Review*, 360 (2008).

⁶³ *Intellectual Property*, *Stanford Encyclopaedia of Philosophy*, available at <http://plato.stanford.edu/entries/intellectual-property/>, last seen on 31/10/2015.

actualisation for the second generation inventor but it might also be viewed as currency in the knowledge market.⁶⁴ Consequently, by acting as roadblocks to second generation innovation, patent thickets might impede the development of inventions embodying the twin elements of self-actualisation and currency.

4.2.3. Royalty stacking and transaction costs

Due to the existence of a patent thicket, an individual wishing to use a nano material to build improvements in order to take nanotechnology from the laboratory to commercial viability, must bundle all overlapping and fragmented rights with regard to the nano material.⁶⁵ The transaction costs involved in identifying the patentees of overlapping nano material patents and negotiating with them might be enormous.⁶⁶ Further, even if the patentees agree to grant licenses for the use of the nano material, the total amount of royalty that an individual might have to pay to varied overlapping patent holders might be astronomical. This excessive burden of royalties on an individual seeking patent licenses is known as royalty stacking.⁶⁷ This would increase the cost of the cumulative innovation which might be passed on to the consumers leading to double marginalisation. “*The double marginalization problem refers to a vertical sequence of monopolists in which a mark-up is charged on a mark-up.*”⁶⁸ In case of intellectual property rights, a subsequent inventor is a downstream monopolist who is required to get licenses from upstream monopolists (that is the owners of existing patents upon which the subsequent

⁶⁴ Ibid.

⁶⁵ *IPRs, Nanotechnology: Issues, Trends and Challenges for India*, Teri, available at http://www.teriin.org/events/Nano-IPR_Note.pdf, last seen on 31/10/2015.

⁶⁶ Damien Geradin & Others, *Royalty Stacking in High Tech Industries: Separating Myth from Reality*, CEMFI, available at <ftp://ftp.cemfi.es/wp/07/0701.pdf>, last seen on 31/10/2015.

⁶⁷ Ibid; Also see Thorsten Kaseberg, *Intellectual Property, Antitrust & Cumulative Innovation*, The Eu & The US, 212 (2012).

⁶⁸ Mahdiyeh Entezarkheir, *Essays on Innovation, Patents and Econometrics*, Waterloo Library, available at https://uwspace.uwaterloo.ca/bitstream/handle/10012/5320/entezarkheir_mahdiyeh.pdf?sequence=1, last seen on 31/10/2015.

inventor's own invention is built upon).⁶⁹ This leads to a double mark-up and enhances the licensing fee for the subsequent inventor.⁷⁰ Further, even if the individual manages to cross these 'patent tollbooths',⁷¹ there is always a risk of being sued for patent infringement by an unidentified patent holder since it is very difficult to keep track of overlapping and fragmented patents in a complex web of patent thickets existing at the basic research level.

Ergo, although the patent system is geared towards spurring innovation and technological advancement, patent thickets in the field of nanotechnology hold the potential to delay or prohibit cumulative innovation. Further, they make cumulative innovation extremely expensive and risky. This would deter inventors from venturing into coming up with second generation nanotechnology inventions. Further, because of the risk posed by the formation of the nanotechnology patent thicket at the building block level, very few investors would be willing to invest in projects or ventures dealing with second generation nanotechnology inventions. This in turn might stifle the growth of nanotechnology at its infancy.

5. SUGGESTING SOLUTIONS TO HACK THROUGH THE PATENT THICKET

In order to ensure that the nanotechnology industry is not stifled in its early stages of growth due to the reasons highlighted in the previous chapter, it is essential to navigate through the nanotechnology patent thicket. The author will suggest ways of hacking through the patent thicket.

5.1. Development of standard terminology

The development of standard nanotechnology terminology will help the patent office classify nanotechnology patent

⁶⁹ *Ibid.*

⁷⁰ Mark Lemley, *Patenting Nanotechnology*, 58 *Stanford Law Review*, 625 (2005).

⁷¹ Raj Bawa & Others, *The Nanotechnology Patent Gold Rush*, 10 *Journal of Intellectual Property Rights*, 429 (2005).

applications systematically and will make it easier for them to conduct prior art searches.⁷² This in turn would reduce the chances of overlapping patents being granted in the future, thus, preventing the patent thicket from getting denser. Thus, the development of standard nanotechnology terminology would help towards ensuring that the growth of nanotechnology is not stifled.

5.2. Formation of patent pools

Patent pools are cooperative agreements whereby two or more parties pool their patent rights into a package which is then licensed to the members of the pool and other third parties for a set fee.⁷³ Patent pools would reduce transaction costs related to obtaining licenses from multiple overlapping and fragmented patent owners since all overlapping and fragmented patents would be packaged into a bundle. Further, the need to enter into negotiations with multiple patentees would be eliminated and patent pool would also mitigate royalty stacking since the bundle of patent licenses would be obtained by paying a lump-sum amount.⁷⁴ Ergo, patent pools facilitate cumulative inventions as they provide a vehicle for second-generation inventors to stand on the shoulders of original inventors;⁷⁵ by obtaining licenses to use patented products easily. Also, this would reduce the expenses and risks associated with venturing into projects related to cumulative inventions in the field of nanotechnology, thus incentivising second generation inventors and investors to invest their efforts in the field of nanotechnology.

⁷² Supra 56.

⁷³ *Patently Absurd?*, The Economist, available at <http://www.economist.com/node/662374>, last seen on 31/10/2015.

⁷⁴ *Anti-trust Analysis of Portfolio Cross Licensing Agreements and Patent Pools*, The US Department of Justice, available at http://www.justice.gov/atr/public/hearings/ip/chapter_3.htm, last seen on 31/10/2015.

⁷⁵ Anna Abdon, *The Patent Systems of Today- At a Cross Road*, Master Thesis, Faculty of Law, University of Lund, available at <http://lup.lub.lu.se/luur/download?func=downloadFile&recordId=1541753&fileId=1541762>, last seen on 31/10/2015.

In the author's opinion, the tension between cooperation and self-interest embodied in the game theory⁷⁶ maybe applied to the formation of a patent pool. For instance if X, Y and Z are three companies holding patents that are pooled, the fee obtained for licensing the pooled patents would be divided among them. If X opts out of the pool, it could charge a higher royalty and consequently the licensee would end up paying a higher royalty to X in addition to the fee charged by Y and Z (patent pool fee). All three companies would have a tendency to opt out of the pool and charge a higher royalty. However if all three companies do not cooperate, and charge separate royalties, the total royalty required to be paid by the licensee would be astronomical;⁷⁷ and he might end up abandoning his venture of coming up with a second-generation product, resulting in X, Y and Z receiving no royalty for their patents.

The formation of patent pools also reflects a utilitarian approach (greatest good of the greatest number)⁷⁸ as it would mitigate royalty stacking and the problem of double marginalisation,⁷⁹ which in turn would be 'good' for the growth of the nanotechnology industry and the consumers of the second-generation nanotech products.⁸⁰

5.3. Experimental exception

Since the very basic building blocks of nanotechnology have been patented, there is a need for an experimental exception to be recognised by the law in order to enable future inventors

⁷⁶ Avinash Dixit & Barry Nalebuff, *Game Theory*, The Concise Encyclopaedia of Economics, available at <http://www.econlib.org/library/Enc/GameTheory.html> last seen on 31/10/2015.

⁷⁷ R. Aoki & S. Nagaoka, *Formation of a Pool with Essential Patents*, (2006), Centre for Intergenerational Studies, available at <http://cis.ier.hit-u.ac.jp/Common/pdf/dp/2006/dp326.pdf>, last seen on 31/10/2015.

⁷⁸ Supra 67.

⁷⁹ Leveque, *Early Commitments Help In Patent Pool Formation*, Institute for Economic Research, available at http://www.ier.hit-u.ac.jp/pie/stage2/Japanese/d_p/dp2008/dp384/text.pdf, last seen on 31/10/2015.

⁸⁰ Steffen Brenner, *Optimal Formation Rules for Patent Pools*, Springer Link, available at <http://link.springer.com/article/10.1007%2Fs00199-008-0379-z>, last seen on 31/10/2015.

including second-generation inventors to use patented nano materials for further research and invention.⁸¹ This would also ensure that the growth of the nanotechnology industry is not stifled in its infancy.

6. CONCLUSION

Patents play a crucial role in determining the growth trajectory of a particular field of technology. In order to ensure that the patent regime responds favourably to nanotechnology patent claims, the requirements of novelty and non-obviousness have been tweaked whereby a mere nano scale miniaturisation of a product would be considered to cross the hurdles of novelty and non-obviousness. This is because of the unexpected and unique properties exhibited by nano scale matter as a result of the operation of laws of quantum physics at the nano scale. For instance, gold as bulk material is an excellent conductor. However at the nano-level, it turns into a semi-conductor.⁸² Further, the patent system is geared towards spurring innovation. However, it might end up having the exact opposite effect of stifling innovation due to the formation of patent thickets which refers to a web of overlapping patent rights requiring those who want to use the patented subject matter to obtain the permission of multiple patent holders. A patent thicket has been formed in the field of nanotechnology due to reasons like the grant of overlapping patent rights over basic building blocks of nanotechnology by patent offices. Patent thickets stifle innovation as they hold the potential to result in tragedy of anti-commons. If the patentees holding overlapping patents refuse to grant such licenses to those who seek them, the basic building blocks of nanotechnology would remain locked from the reach of other inventors, leading to their underutilisation. Patent thickets might also impede second generation innovation and they might provide soil for the germination of problems like royalty stacking and double marginalisation. Ergo, in order to ensure that the field of nanotechnology is not stifled in its infancy, there is a need for

⁸¹ Supra 41.

⁸² Supra 11.

all stakeholders to encourage the formation of patent pools and to support the development of standard nanotech terminology. These solutions would mitigate problems related to granting overlapping patents. Further, the suggested solutions would ensure that prior art searches in the field of nanotechnology are streamlined, expenses and risks related to obtaining licenses from multiple patentees are minimised and the burden of litigation related to being sued due to the failure of identifying multiple patentees holding patents over basic building block of nanotechnology, is reduced significantly. In addition to the development of standard nanotechnology terminology by patent offices and formation of patent pools, there is a need for an experimental exception to be recognised by law in the field of nanotechnology in order to enable inventors use patented nanotechnology building blocks for further research and invention. Ergo, the field of nanotechnology holds the key to revolutionise varied industries and in light of the immense potential that the burgeoning field of nanotechnology holds, it is imperative for the patent regime to respond favourably to this new technology. This article highlighted the reasons as to why the existing patent landscape is not well equipped to keep pace with the rapid technological advancement that is colouring the field of nanotechnology and it is important that patent law should be moulded to accommodate the solutions that have been suggested in this article in order to ensure that the tool of patent law helps advance the growth of this burgeoning field of nanotechnology.

INTERMEDIARY LIABILITY OF E-COMMERCE COMPANIES IN INDIA

- **Ipshita Bhuwania And Shubham Jain** *

ABSTRACT

1. INTRODUCTION

E-commerce (electronic commerce) companies such as Flipkart, eBay, Snapdeal, Amazon *et al.* have become a byword for shopping these days. Because of its relative cheapness and convenience, online retailing has become so

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popular (primarily in urban centers) that it is giving stiff competition to traditional brick-and-mortar stores.¹

But it is undoubted that this booming section of the economy is in need of regulation.² Transactions carried out by e-commerce companies operate in a grey area (legally). For instance, e-commerce sites are able to offer steep discounts. It is alleged that these discounts are probably funded by foreign investments. However, FDI is not allowed in online multi-brand retail. This kind of back-door funding would suggest illegal transactions.³ *Secondly*, many e-commerce sites use warehouses to stock goods. Goods tax and VAT is payable on this. Additionally, inter-state sale of goods is also liable to taxation. But till now, only Tamil Nadu and Karnataka have taken note of this.⁴ The fact that e-commerce sites can offer lower prices without complying with the restrictions which ordinary retailers have to comply with has led to allegations of predatory pricing and anti-competitive practices.⁵

¹ Ashwini K. Sharma, *Clicks overtake footfalls in realty*, Livemint (January 22, 2015), available at

<http://www.livemint.com/Money/TwEw39IsEAw9hC7F76gz7L/Clicks-overtake-footfalls-in-realty.html> Last visited on May 25, 2015.

² Mihir Dalal, *India's e-commerce boom*, Livemint (June 20, 2014), available at <http://www.livemint.com/Industry/Z5LsukiJKgjfdbU3oiTDBO/Indias-ecommerce-boom.html> (Last visited on May 25, 2015).

³ Dhanya Ann Thoppil, *India is one of the Least E-commerce Friendly Markets*, Wall Street Journal (March 30, 2015), available at <http://blogs.wsj.com/indiarealtime/2015/03/30/india-is-one-of-the-least-e-commerce-friendly-markets-says-u-n-body/?KEYWORDS=e-commerce+india> (Last visited on May 25, 2015). See Mihir Dalal and Shrutika Verma, *How Flipkart, Amazon and Snapdeal fund discounts*, LIVEMINT (October 21, 2014), available at <http://www.livemint.com/Industry/boWA7iCWJ2sa6eDrNh4YdL/How-Flipkart-Amazon-and-Snapdeal-fund-discounts.html> (Last visited on May 25, 2015).

⁴ Prashant Deshpande, *E-commerce needs a fair tax deal*, BUSINESS LINE (February 16, 2015), available at <http://www.thehindubusinessline.com/opinion/ecommerce-needs-a-fair-tax-deal/article6902289.ece> (Last visited on May 25, 2015).

⁵ MM Sharma, *India: Do Online Markets Effect Competitions?*, Mondaq (November 14, 2014), available at <http://www.mondaq.com/india/x/353986/Trade+Regulation+Practices/Do+Online+Markets+Effect+Competition> (Last visited on May 25, 2015).

Another regulatory head-scratcher is the intellectual property rights (“IPR”) violations taking place due to the content hosted by e-commerce sites. Content is created by third-party users, and in the absence of a specific agreement between them and copyright-owners regarding trademark, copyright and patent rights, there is an ever-present threat of infringement.⁶The issue is further exacerbated by the fact that there are numerous business models in the e-commerce space. The multiplicity of business models makes it difficult for regulators and government to regulate these companies and ascribe liability particularly in cases where e-commerce companies claim immunity on the basis of the intermediary liability regime in India. A large percentage of the disputes that concern e-commerce companies in the recent past have involved them as intermediaries in some respect or another. They are able to escape liability due to the generic nature of the intermediary liability regime in India which fails to account for the plurality in the business models of e-commerce companies. Consequently, then, this paper will propose an alternative intermediary liability regime to achieve a greater balance between the interest of e-commerce companies on one hand and the aggrieved parties particularly the consumers on the other. The first part of the paper will describe the various business models and try to understand their working. The second part will elucidate the current intermediary liability regime in India. Subsequently, the authors will analyze the problems with the current regime in the third section. Lastly, the fourth part will be devoted to solutions where the authors will propose solutions to the problems with the current system.

2. BUSINESS MODELS OF E-COMMERCE SITES: HOW DO THEY WORK?

It is important to *firstly*, describe what constitutes e-commerce, and *secondly*, to discuss the existing business models in the e-commerce sector.

⁶ Neeraj Dubey, *India: Legal Issues in E-Commerce-Think Before You Click!*, Mondaq (March 14, 2014), available at <http://www.mondaq.com:80/india/x/299686/IT%20internet/Legal%20Issues%20In%20Ecommerce%20Think%20Before%20You%20Click> (Last visited on May 25, 2015).

Though there exists no universally accepted definition of e-commerce, it is generally used to denote a method of conducting business through electronic means than through conventional physical means. The OECD defines it as “*commercial transactions occurring over open networks, such as the Internet.*”⁷The European Commission has more expansively defined it as “*...doing business electronically. It is based on the processing and transmission of data, including electronic trading of goods and services, online delivery of digital content, electronic fund transfers, electronic share trading, electronic bills of lading, commercial auctions, online sourcing, public procurement, direct consumer marketing, and after-sales service.*”⁸

Thus, it is clear that ‘e-commerce’ takes into account not just the sale of goods and services on an online platform, but other related transactions such as delivery, payment facilitation, supply chain and service management.⁹

The following business models have emerged as popular ones in the e-commerce sector: B2B, B2C, C2C, C2B and B2B2C (where: B-business, C-customer, 2-to).¹⁰

The B2B e-commerce model has enabled businesses to connect to new businesses, thus allowing them to perform their commercial functions (distribution, procurement, locating an online marketplace etc.) more efficiently. For instance, IndiaMART.com provides a platform for businesses to find

⁷ *Measuring Electronic Commerce*, Committee For Information, Computer And Communications Policy, OCDE/GD(97)185 (1997), available at [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=OCDE/GD\(97\)185&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=OCDE/GD(97)185&docLanguage=En) (Last visited on May 25, 2015).

⁸ *A European Initiative in Electronic Commerce*, Communication to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, COM (97) 157 (April 15, 1997), available at <ftp://ftp.cordis.europa.eu/pub/esprit/docs/ecomcom.pdf> (Last visited on May 25, 2015).

⁹ Nishith Desai Associates, *E-Commerce in India: Legal, Tax and Regulatory Analysis*, 1(March 2015), available at http://www.nishithdesai.com/fileadmin/user_upload/pdfs/Research%20Papers/E-Commerce_in_India.pdf (Last visited on May 24, 2015).

¹⁰ *Id.*, at 2.

competitive suppliers; Ariba provides access to a digital electronic market.

B2C e-retail entails manufacturers selling directly to consumers, thereby eliminating the middleman (the retailer). To circumvent FDI-related restrictions in India, many e-commerce sites have adopted the marketplace model, i.e. providing a *platform* for business transactions between buyers and sellers.¹¹ The e-commerce company earns commission from the sellers. Most popular e-commerce sites like Flipkart, Snapdeal, Jabong, follow this model. Amazon in the US follows a hybrid marketplace model, but because of the restrictive FDI norms in India, it has to follow a marketplace model like other companies.

A variant of the B2C model is the B2B2C model, where there is an additional intermediary business to assist the first business transact with the end consumer.¹² For instance, several online platforms are tying up with payment gateway facilitators, like Paytm. In this case, Paytm is acting as an intermediary.

C2C enables customer-to-customer transactions by providing a platform for strangers to trade with one another. Portals like eBay and Quikr are perfect examples of this. Quikr, for instance, allows people to sell off goods possessed by them on the site; negotiations on price, quality, and place of exchange can be conducted by the parties themselves.

The C2B model is an interesting reversal of the traditional business models. The consumer in this relationship could be “*any entity who has something to offer a business, either a*

¹¹ Atreyee Sarkar, *India: FDI In B2C E-Retail*, Mondaq (July 4, 2014), available at <http://www.mondaq.com/404.asp?action=login&404;http://www.mondaq.com:80/india/x/325224/international%20trade%20investment/FDI%20in%20B2C%20eretail> (Last visited on May 24, 2015). See Shreeja Sen and Shrutika Verma, *Delhi high court asks govt to consider FDI parity plea by retailers*, Livemint (May 20, 2015), available at <http://www.livemint.com/Politics/ppNjwffGLtKXKZp6Drb4ML/Delhi-HC-asks-govt-to-consider-feud-over-FDI-in-ecommerce-a.html> (Last visited on May 25, 2015).

¹² Desai Associates, *supra* note 9, at 2.

*service or a good.*¹³ Consumers or bloggers reviewing a product, someone answering a poll through a survey site etc. are examples. Intermediary services like PayPal and Google Wallet ease the financial and legal processes involved in this model.

3. INTERMEDIARY LIABILITY FRAMEWORK IN INDIA

Liability for online intermediaries exists in India. It is governed primarily by the Information Technology Act, 2000 (“the IT Act”), supplemented by the IT Amendment Acts of 2006 and 2008 and the IT (Intermediaries Guidelines) Rules, 2011 (“the IT Rules”). The RBI has also given directions in 2009 for electronic payments through intermediaries.¹⁴

Section 2(1) (w) of the IT Act, as amended in 2008, defines ‘intermediary’ “*with respect to any particular electronic records, means any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record and includes telecom service providers, network service providers, internet service providers, web hosting service providers, search engines, online payment sites, online-auction sites, online market places and cyber cafes.*” (Emphasis supplied) This definition squarely identifies e-commerce companies named in the first section as intermediaries.

Section 79 of the IT Act, as it stands today (having been amended in 2006 and 2008), debars an intermediary from being held liable for any third party information, data or communication link hosted by him/her in certain cases. If an intermediary is a mere *conduit* to information (by “*providing access to a communication system over which information*

¹³ Katherine Arline, *What is C2B?*, Business News Daily (January 2, 2015), available at <http://www.businessnewsdaily.com/5001-what-is-c2b.html> (Last visited on May 24, 2015).

¹⁴ Reserve Bank of India, *Directions for opening and operation of Accounts and settlement of payments for electronic payment transactions involving intermediaries*, RBI/2009-10/231 (2009), available at <https://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=5379#M> (Last visited on May 24, 2015).

made available by third parties is transmitted or temporarily stored"¹⁵), or merely *hosts* the content without initiating, or modifying the content in, the transmission, or without selecting the receiver,¹⁶ and the intermediary generally observes *due diligence* while discharging his duties,¹⁷ such an intermediary cannot be held liable. However, this exemption does not apply if the intermediary has played a part in the commission of the unlawful act (by conspiring, abetting, inducing or otherwise)¹⁸ or had knowledge of the said unlawful information, and failed to expeditiously remove it/disable access to it.¹⁹ An important clarificatory provision is the Explanation to this section, which states that 'third party information' means any information dealt with by an intermediary in his/her capacity as intermediary. Section 81 of the IT Act gives overriding powers to the provisions of the IT Act over those of other existing legislations, except for the Copyright Act, 1957 and the Patents Act, 1970.

The above provisions lay down a *notice-and-takedown* regime of intermediary liability for India. Simply put, this mandates that to avail of *safe harbor* provisions, a host must comply with takedown notices expeditiously, by removing the illegal content or disabling access to it. This puts India in the same category as the EU²⁰ and the USA²¹ who also espouse a notice-and-takedown regime, as opposed to Canada which prefers a unique notice-and-notice regime.²²

Rule 3 of the IT Rules lays down the specific measures which intermediaries must comply with, to meet the 'due diligence' standard (given in Section 79(2) (c) of the IT Act). Publication of the privacy policy, rules and regulations and user agreement is necessary for access to the intermediary's resources,²³ contravention of which can lead to the termination of user's

¹⁵ S. 79(2)(a), IT Act, 2000.

¹⁶ S. 79(2)(b), IT Act, 2000.

¹⁷ S. 79(2)(c), IT Act, 2000.

¹⁸ S. 79(3)(a), IT Act, 2000.

¹⁹ S. 79(3)(b), IT Act, 2000.

²⁰ Articles 12-14, the E-Commerce Directive 2000 (Directive 2000/31/EC).

²¹ S. 512(c), Digital Millennium Copyright Act, 1998.

²² Ss. 41.25, 41.26 and 41.27(3), Copyright Modernization Act, 2012.

²³ Rule 3(1), the IT (Intermediaries Guidelines) Rules, 2011.

rights to access.²⁴ Certain kind of information (that which is harmful, libelous, violative of IPR, contains viruses etc.) must not be hosted, uploaded, transmitted or shared.²⁵ Violations are not constituted by the temporary storage of such information, if there is no human editorial control.²⁶ When an intermediary is informed (i.e. given notice) by the affected person that his/her computer system is storing or hosting such information, he/she must remove or render inaccessible such information within 36 hours of receiving the notice.²⁷

A rather dangerous position was adopted by the Delhi High Court in the case of *Super Cassettes v. Myspace*,²⁸ when it assumed that an intermediary held a *reasonable ground of belief* in respect of the infringing activity on his/her site.²⁹ While such an assumption holds true in the physical world, it breaks down in virtual space; intermediaries have little monitoring control over the dissemination of information on their site. However, the High Court used this faulty line of reasoning to hold the defendant liable for running a website that facilitated the sharing of media content by users/subscribers.

4. CRITICISM OF THE EXISTING INTERMEDIARY LIABILITY FRAMEWORK

There are several criticisms of the current intermediary liability framework in India. *Firstly*, holding intermediaries responsible for third-party violations would have a chilling effect on user-privacy and freedom of expression, as intermediaries would be more likely to pre-emptively take down content which they think

²⁴ Rule 3(5), the IT (Intermediaries Guidelines) Rules, 2011.

²⁵ Rule 3(2), the IT (Intermediaries Guidelines) Rules, 2011.

²⁶ Rule 3(3), the IT (Intermediaries Guidelines) Rules, 2011.

²⁷ Rule 3(4), the IT (Intermediaries Guidelines) Rules, 2011.

²⁸ *Super Cassettes Industries Ltd. v. Myspace Inc.* [2011] (48) PTC 49 (Delhi High Court).

²⁹ Ananth Padmanabhan, *Give Me My Space and Take Down His*, 9 Indian Journal of Law and Technology 8 (2013), available at <http://www.ijlt.in/archive/volume9/Ananth%20Padmanabhan.pdf> (Last visited on May 25, 2015).

might constitute a violation.³⁰ An empirical study conducted actually proves this to be true.³¹ Moreover, the requirement of *pre-censorship*, as embodied in Rules 3(2) and 3(3) of the IT Rules, is permissible within certain circumstances only, which were laid down in *Prakash Jha Productions v. Union of India*.³² These are not met by the existing IT Rules. Also, Rules 3(2) and 3(3) envisage an unrestrained degree of prior-censorship,³⁴ as is clear from a bare reading of the provisions. Moreover, the terms listed in Rule 3(2) are *vague* and subjective, due to which there is a definite threat of *over-censorship*.³⁵

Secondly, the redressal mechanism (carried out by the designated Grievance Officer),³⁶ seems prone to the filing of frivolous complaints and possible misuse of the process. The complaining party, who claims to be affected, is not required to show any grounds for his/her complaint. The complainant has no fear of repercussions and can thus end up suppressing legitimate expression.³⁷ No opportunity to be heard is given to the third party creator/provider of information. Lastly, there is no procedure to get information which has been removed wrongly restored by filing a counter notice or by appealing to a higher authority.

Thirdly, there is no substantive requirement to distinguish between the different kinds of intermediaries which emerge as

³⁰ Margot Kaminski, *Positive Proposals for Treatment of Online Intermediaries*, 28 American University of International Law Review 203, 206 (2013).

³¹ *Intermediary Liability in India: Chilling Effects on Free Expression on the Internet*, Centre for Internet & Society, 29 (2011), available at cis-india.org/internet-governance/chilling-effects-on-free-expression-on-internet/intermediary-liability-in-india.pdf (Last visited on May 25, 2015).

³² *Prakash Jha Productions v. Union of India* (2011) 8 SCC 372.

³⁴ Ujwala Uppaluri, *Constitutional Analysis of the Information Technology (Intermediaries' Guidelines) Rules, 2011*, Centre for Internet and Society, available at <http://cis-india.org/internet-governance/constitutional-analysis-of-intermediaries-guidelines-rules> (Last visited on May 25, 2015).

³⁵ *Id.*

³⁶ Rule 3(11), the IT (Intermediaries Guidelines) Rules, 2011.

³⁷ *Intermediary Liability & Freedom of Expression*, Centre for Internet and Society, available at <http://cis-india.org/internet-governance/intermediary-liability-and-foe-executive-summary.pdf> (Last visited on May 25, 2015).

a result of diverse e-commerce business models. Despite carrying out miscellaneous operations, they have been lumped into one category for the purposes of the IT Rules. For instance, intermediaries which act as 'mere conduits'³⁸ are entirely exempt from liability for copyright infringement by virtue of Section 52(1) of the Copyright Act, 1957. Section 79(2) of the IT Act also provides such an exemption, in the opinion of the researcher. However, a contrary decision was given in *R.K. Productions v. BSNL and Others*.³⁹ The complainant filed for the removal of its song (which was widely accessible on torrent and video-sharing sites, prior to the release of the film). The defendants were unknown 'John Does' (third-party users/creators were unidentified) as well as ISPs (Internet Service Providers). The Court accepted the contention that the ISPs must necessarily be parties to the suit, as the act of piracy occurs on the network provided by them.⁴⁰ By doing so, the researcher believes that the use of the *reasonable grounds of belief* argument in the *Myspace* judgement, faulty as it is, has been over-extended here.

Fourthly, there is also a strong public choice problem. There is always an asymmetry between private benefits from recognizing IPR and denying IPR.⁴¹ The highest stakeholders in intermediary liability (the potential plaintiff and defendant) have a greater interest in designing liability laws, than Interest users whose interests are diffuse.⁴² Thus, intermediaries' interests may not entirely be aligned with those of their users.⁴³

5. EXAMINING POSSIBLE SOLUTIONS

It is not uncommon to hear pornographic and sexually explicit material, prescription drugs, sex determination tests etc. being

³⁸ A conduit is an entity which solely facilitates the technical process of electronic transmission or communication of information. See Article 12, E-Commerce Directive 2000 (Directive 2000/31/EC). Speaking footnote.

³⁹ *R.K. Productions v. BSNL and Others* (2012) 5 LW 626

⁴⁰ Padmanabhan, *supra* note 29, at 10-11.

⁴¹ William M. Landes and Richard A. Posner, *The Political Economy of Intellectual Property Law*, 15-16 (2004). (Volume number and full name of the journal missing)

⁴² Kaminski, *supra* note 30, at 206.

⁴³ Kaminski, *supra* note 30, at 206.

offered on these websites.⁴⁴ There have also been instances of infringement of intellectual property rights (IP) as counterfeits and fake products are bought and sold on these platforms.⁴⁵ Further, there are occasions where goods remain undelivered, empty boxes were delivered or warranties were not honored. In all these cases, the question that comes for debate is who is responsible? While on one hand, placing an absolute liability on the intermediaries would amount to a restriction on their fundamental right to carry on trade or business,⁴⁶ exonerating them from any liability whatsoever will have significant ramifications for the interest of consumers and copyright holders. Hence, it is essential to find a solution that balances the rights of all concerned parties.

In contrast to other intermediaries on the internet, the activities of e-commerce companies have deeper ramifications for consumer protection. Hence, manual filtering or automatic screening requirements should be imposed on them in order to prevent copyright infringement, sale of counterfeit products, prescription drugs, obscene material *et al.* Since intermediaries are the *cheapest cost avoiders*, they are best placed to effectively protect the interest of consumers.⁴⁷ To put it simply, such a requirement needs to be accepted by e-commerce companies as a balancing act among rights exercised by different stakeholders.⁴⁸

⁴⁴ Alok Deshpande, *Snapdeal faces heat over sale of prescription drugs*, The Hindu (April 18, 2015), available at <http://www.thehindu.com/news/national/snapdeal-faces-heat-over-sale-of-prescription-drugs/article7114960.ece> (Last visited on May 25, 2015).

⁴⁵ RasulBailay, *Saree distributor Shree Meena Creations drags Flipkart, Amazon, eBay, others to court for selling replicas of products*, The Economic Times (May 1, 2015), available at http://articles.economictimes.indiatimes.com/2015-05-01/news/61723933_1_amazon-india-flipkart-spokesperson-sarees (Last visited on May 25, 2015).

⁴⁶ Art. 19(1)(g), The Constitution Of India.

⁴⁷ Stephen G. Gilles, *Negligence, Strict Liability and the Cheapest Cost-Avoider*, 78(6) Virginia Law Review 1291, 1306 (1992).

⁴⁸ Lilian Edwards and, Charlotte Waelde, *Online Intermediaries and Liability for Copyright Infringement*, 19 (Workshop Keynote Paper, WIPO, 2005) available at <http://www.era.lib.ed.ac.uk/bitstream/1842/2305/1/wipoonlineintermediaries.pdf> (Last visited on May 25, 2105).

At this juncture, it might be argued that allowing e-commerce companies to judge the legality of the good being sold will amount to private censorship. A similar question was considered by the apex court in the recent case of *Shreya Singhal v. Union of India*.⁴⁹ Section 79(3) (b) of the IT Act was read down to mean that the requirement of “knowledge” in the section will be fulfilled only if it is acquired in pursuance of a court order. This concern regarding private censorship also provides a counter to the proponents of manual filtering.

Admittedly, such a position is desirable as the general position of law. However, the same is likely to give a free ride to the e-commerce companies as well as the spurious sellers to continue selling the good unless the hapless consumer or IP holder manages to get an interim order of the court in his favor. It is absurd to require a court order in cases such as sale of prescription drugs or where the owner of IP can produce the IP certificate declaring his ownership. Hence, in the opinion of the authors, the ideal position of law in this regard should be to provide for a general rule of non-removal unless directed by the court. In addition, a list of specific items or situations should be provided where access to a particular item can be disabled even without a court order.

It is surprising to note that most of the e-commerce companies neither carry out any physical verification nor authenticate the credentials or past record of a vendor or a seller before it is allowed to list its product on their websites. Admittedly, verification will involve cost and time. However, at the same time, it will help in improving the overall consumer experience and satisfaction in the long run.⁵⁰ E-commerce companies can take assistance from independent professional agencies in this regard. Hence, it is proposed that B2C and B2B2C companies should be required by law to verify a seller before it is allowed to list its products in order to introduce a modicum of authenticity.

⁴⁹ *Shreya Singhal v. Union of India*, 2015 SCC OnLine SC 248.

⁵⁰ PayalGanguly, *How e-retailers such as Flipkart, Amazon are keeping fake products at bay*, *The Economic Times* (January 8, 2015), available at http://articles.economictimes.indiatimes.com/2015-01-08/news/57791521_1_amazon-india-sellers-mystery-shoppers (Last visited on July 25, 2015).

When it comes to C2C models, the major distinction between this and the B2C/B2B2C model is the fact that the C2C model provides a much greater scope for physical interaction between the buyer and the seller and hence, a real opportunity to discuss terms, negotiate, inspect the product and conduct due diligence. The e-commerce company only provides a platform for establishing the link between the prospective buyer and seller. The isolated nature of transactions means that the verification procedure suggested for B2C/B2B2C model cannot be made applicable here. Therefore, placing any additional liability apart from the takedown requirement on C2C companies will not serve any utility.

For companies like Airbnb, Uber, Ola Cabs, Taxi For Sure *et al.*, the company is merely providing access to a transmission channel which automatically selects the nearest available cab and hence are exempted under Section 79(2) of the IT Act.⁵¹ It is clear that the notice and takedown requirement and the due diligence conditions will not be of any utility here. Hence, such services offer unique challenges to the intermediary liability regime as there is virtually no provision in the current law to regulate their activities. The same was visible quite recently in the infamous Uber rape case in Delhi.⁵² Consumers are increasingly dependent on such services and hence, a suitable approach to reduce the potential of harm is to provide for a mandatory background check and verification of the driver in case of cab companies. Similar measures should be adopted with respect to other aggregator services too.

However, it is evident that with the growth of the internet in future, new business models will continue to test the manner in which law interacts with technology. Unfortunately, experience shows that law fails to keep pace with technology. A suitable remedy to address the same could be the establishment of flexible guidelines to regulate future business models on the lines of U.S. Federal Communications Commission's future

⁵¹ S. 79(2)(a), IT Act, 2000.

⁵² *India woman sues Uber over driver rape allegation*, BBC News (January 30, 2015), available at <http://www.bbc.com/news/world-asia-india-31052849> (Last visited on May 25, 2015).

conduct standard for determination of new practices' compliance with net neutrality principles.⁵³

6. CONCLUSION

In this paper, the authors have examined the boom of the e-commerce sector. This has formed the backdrop for the discussion on the various business models which e-commerce companies are following today. This initial discussion paved the way for examining the existing intermediary liability regime in India, mainly with regard to the IT Act and the IT Rules of 2011.

It is clear that the intermediary liability regime in India is far from satisfactory. International and national media's reaction to the IT Rules of 2011 is particularly telling. The New York Times reported it as "*India Puts Tight Leash on Internet Free Speech*",⁵⁴ the Washington Post as "*India and China anger webizens with new Internet laws and government censorship*"⁵⁵ and the Economic Times as "*New internet rules open to arbitrary interpretation*".⁵⁶ These perfectly encapsulate all of the problems that the existing intermediary liability framework is beset with and which have been enumerated here.

The authors themselves identified four criticisms for the existing regime. There are both ideological and theoretical issues, such as those of chilling effect and the public choice problems.

⁵³ *Net neutrality rules let FCC police future ISP conduct*, cio.in (March 20, 2015), available at <http://www.cio.in/analysis/net-neutrality-rules-let-fcc-police-future-isp-conduct> (Last visited on May 25, 2015).

⁵⁴ Vikas Bajaj, *India Puts Tight Leash on Internet Free Speech*, The New York Times (April 27, 2011), available at http://www.nytimes.com/2011/04/28/technology/28internet.html?_r=0 (Last visited on May 25, 2015).

⁵⁵ *New Internet Laws Crackdown in India and China anger webizens*, Washington Post (2011), available at http://www.washingtonpost.com/blogs/worldviews/post/new-internet-laws-crackdown-in-india-and-china-anger-webizens/2011/08/01/gIQAazFQnl_blog.html (Last visited on May 25, 2015).

⁵⁶ ManojMitra and JavedAnwer, *New internet rules open to arbitrary interpretation*, THE ECONOMIC TIMES (April 27, 2011), available at http://articles.economictimes.indiatimes.com/2011-04-27/news/29479039_1_intermediaries-internet-user-rules (Last visited on May 25, 2015).

There are also practical considerations such as the glitches within the redressal mechanism. The lumping together of all e-commerce companies for liability purposes, without regard for the fine distinctions among different business models is also quite problematic.

Thus, the authors sought to provide more differentiated solutions, keeping in mind the varying business models of the companies. Because grouping them together will lead to violation of laws on one front or another as one or more will slip through the wide meshes of a broad liability regime. The measures suggested appear to be stop-gap or short-term solutions. But these are the need of the day, as violations by the e-commerce sector are mounting. These do not preclude the urgent need for legislative deliberation, discussion and codification in this sphere. Reformation must also seek to provide necessary infrastructure for further growth and better sustenance of e-commerce companies.

[CASE COMMENT]

MOMENTOUS VICTORY OR PILLOW SHAM: A CRITIQUE ON SHREYA SINGHAL v. UNION OF INDIA

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- Anuj Bhansal and Shubham Chaudhury*

ABSTRACT

The scrapping of S. 66-A of the Information Technology Act, 2000 by the Supreme Court of India in Shreya Singhal v. Union of India for being violative of Article 19 (1) (a) of the Indian Constitution has received much appreciation and is expected to catalyze positively the realization of free speech in cyber space.

Authors have however attempted to evaluate the merit in such claims so as to determine if the judgment progressively contributes to the Indian Democracy by strengthening the fundamental freedom of speech and expression or it is a hollow shield apparently safeguarding the hallowed freedom. The strength of arguments advanced against the constitutionality of S. 66-A as well as the other impugned provisions, namely S. 69-A and S. 79 of the Act has been observed so as to put forth the fallacies contained therein, which makes it palpably clear that the Honourable Court has created a bedlam by proceeding along two inconsistent jurisprudential approaches by deploying variable connotations to homogenous submissions. It is somehow unfortunate that the constitutionality of impugned provisions has been gauged considering a priori ideals rather than empirical standards since the court acknowledges a bundle of factors as significant at one place and irrelevant at another. Authors have also highlighted as to how the court has

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committed a breach of constitutional spirit while applying the doctrine of severability.

It is concluded that reading down of S. 66-A serves no good for the betterment of free speech in electronic age owing to a large number of statutory provisions which are much more draconian in nature and arbitrary in action as compared to S. 66-A.

1. INTRODUCTION

The fortress of democracy elevates on the pillars of freedom, and freedom of speech and expression is indubitably one such pivotal pillar which enjoys the status of a fundamental right vested in every citizen of India by the virtue of Article 19 (1) (a) of the Indian Constitution. Supreme Court of India, acting as the guardian of Indian Constitution has time and again invalidated the statutory provisions contravening this freedom.¹

With the advent of technological era, serious threats have been posed to the state machinery under the guise of freedom of speech and expression owing to the widespread reach of technology. It is therefore indispensable for the state to intervene by enacting legislations to curb down such abuse² and Section 66-A of the Information Technology Act, 2000 is one such legislation. However, the apex court reading it down in the historic case of *Shreya Singhal v. Union of India*³ held it to be violative of Article 19 (1) (a) on account of vagueness that encumbered the freedom in an arbitrary and disproportionate manner. The validity of S. 69-A and S. 79 was however upheld. While many comments have already popped up commending

¹ See *Sakal Papers (P) Ltd. v. Union of India*, AIR 1962 SC 305; *Bennet Coleman Co. v. Union of India*, (1972) 2 SCC 788; *Romesh Thappar v. State of Madras*, AIR 1950 SC 124.

² See Noah D. Zatz, *Sidewalks in Cyberspace: Making Space for Public Forums in the Electronic Environment*, 12 *Harvard Journal of Law & Technology* 236 (1998), available at [http://jolt.law.harvard.edu/articles/pdf/v12/oldNonPaginated\(DONOTUSE\)/12HarvardJournalofLawandTechmology149.pdf](http://jolt.law.harvard.edu/articles/pdf/v12/oldNonPaginated(DONOTUSE)/12HarvardJournalofLawandTechmology149.pdf), last seen on 30/07/2015.

³ *Shreya Singhal v. Union of India*, (2015) 5 SCC 1.

the momentous victory of freedom of speech and expression⁴, there is a dearth of analysis on the other side of it. Authors have attempted to dwell into the same in order to figure out if scrapping the impugned provision actually solves the problem.

Part II of the comment discusses the fallacies in the arguments considered by the court in invalidating the impugned law while the justifications over constitutionality of S. 69-A vis-à-vis S. 79 of the act have been questioned in Part III, followed by the suggestive conclusive remarks of the authors.

2. VALIDITY OF S. 66-A: VERACITY OF CLAIMS

Element of vagueness in S. 66-A was not severable and was determined to be lethal for its constitutionality whereas the provision was not held to be violative of Article 14. This part puts to test all such claims on the touchstone of free speech jurisprudence in India to figure out the accuracy contained therein.

2.1. *Vagueness and Unconstitutionality: Where to toe the line?*

Imprecision not necessarily means vague and vagueness in law is desired many a times since a strait jacketed provision may leave scope for orifices using which the wrongdoers might escape the liability, thus defeating the objective law sought to achieve.⁵ However, the legislature cannot set a net large enough to catch all possible offenders and leave it to the court to step in and say who could be rightfully detained and who should be set at liberty.⁶ To put it simply, such vagueness paves way for arbitrary exercise of authority if it crosses the threshold of reasonableness. It becomes undesirable when the

⁴ See Sunil Abraham, *Shreya Singhal and 66-A: A cup half full and half empty*, L (15), Economic & Political Weekly 12, 15 (2015) available at <http://cis-india.org/internet-governance/blog/shreya-singhal-judgment.pdf>, last seen on 30/07/2015.

⁵ See Wil Waluchow, Stefan Sciarffa, *Philosophical Foundations of the Nature of Law*, 71 (1st ed., 2013).

⁶ *United States v. Reese*, 92 U.S. 214 (1875, United States Supreme Court).

persons applying it are in a boundless sea of uncertainty⁷ and cannot possibly determine the stretch of such law.

Section 66-A was held to be vague in its scope and application for the indeterminate language in which it was couched. Analyzing the rulings of English Courts in cases cited, the court opined that if judicially trained minds can come to diametrically opposite conclusions on the same set of facts it is obvious that expressions such as “grossly offensive” or “menacing” are so vague that there is no manageable standard by which a person can be said to have committed an offence or not to have committed an offence.⁸

It should be noted here that the process of adjudication is based neither on the notions of *a priori* ideals which the adjudicator seeks to achieve nor on the felicific calculus of its pros and cons.⁹ It is rather guided by a sociological balancing of interests which essentially involves both quantitative and qualitative analysis.¹⁰ Whenever divergent stands are encountered by the court, it resorts to the aid of sociological approach, as vigilant from the evolution of ‘rarest of rare’ doctrine in *Bachan Singh*.¹¹ The court in this case not only failed to carve out the merit in the above stated contention but also stretched the application of doctrine of vagueness to what seems to be an illogical extent. Such failure is substantiated by the misapplication of the *Kedar Nath*¹² to the present context where S.124-A of the Indian Penal Code was upheld by construing it narrowly and stating that the offence would only be complete if the words complained of have a tendency of creating public disorder by violence. It is unclear as to why such narrow construction of the impugned provision is not feasible which has deliberately been left hung in the corridor of uncertainty by the court.

⁷ K.A. Abbas v. Union of India, (1970) 2 SCC 780.

⁸ Supra 3, at 86.

⁹ Philippe Nonet, Philip Selznick, *Law and Society in Transition: Toward Responsive Law*, 93 (1st ed., 2001).

¹⁰ R.W.S. Dias, *Jurisprudence* 430 (5th ed., 2014)

¹¹ Bachan Singh v. State of Punjab, (1982) 3 SCC 24.

¹² KedarNath v. State of Bihar, AIR 1962 SC 955.

The court also discussed some provisions of the Indian Penal Code language of which stood on the same pedestal as that of the impugned provision in order to emphatically illustrate the dividing line between an acceptable threshold of vagueness in law and otherwise. Illustration using S.294 of IPC, which punishes obscene acts essentially adds to the ambiguity for that it provides only for an inclusive definition of obscenity which is equally capable of being applied arbitrarily owing to its vagueness since the guilt under the provision shall depend on the notions in which obscenity is perceived by the executive, thus rendering the situation no better than what is contained in the impugned provision. Moreover, it is surprising to witness that S. 298 of IPC (reproduced as under) was not taken into consideration even though it also contains imprecise, rather vague terms as S. 66-A of the IT Act.

298. Uttering, words, etc., with deliberate intent to wound the religious feelings of any person—Whoever, with the deliberate intention of wounding the religious feelings of any person, utters any word or makes any sound in the hearing of that person or makes any gesture in the sight of that person or places, any object in the sight of that person, shall be punished with imprisonment of either description for a term which may extend to one year, or with fine, or with both.¹³

While the above stated provision is a clear violation of Article 19 (1) (a), it is obvious that the “**wounding of religious sentiments**” is a facet highly variable dependent upon the quantum of belief existent in an individual. The precedential test of determining vagueness as employed by the court therefore falls foul for being unjustifiable to S. 298 of IPC.

As far as the question over the element of Mens Rea in the impugned provision is concerned, there has to be a presumption of the presence of fault element as a constituent in every crime unless it has been explicitly ruled out by the legislature or the implied ruling out of Mens Rea is compellingly clear.¹⁴ The court concluded in haste the absence of Mens Rea

¹³ S. 298, The Indian Penal Code, 1860.

¹⁴ K.A. Pandey, *Principles of Criminal Law in India: Cases and Materials*, 97 (1st ed., 2014).

without explaining as to how it interpreted such an implication from the statute.

2.2. Was S. 66-A really inseverable?

It has already been explained as to how there are innumerable vague laws existent on statute books and that the vagueness in Section 66-A is not fatal to its validity. Being the guardian of Indian Constitution, Supreme Court is laden with the responsibility of ensuring its infallible implementation and owes a duty to apply the sacrosanct doctrinal aspects embedded thereof.¹⁵ However, the court in the instant case seems to have set a bad precedent by refusing to resort to the doctrine of severability primarily because the submissions made on behalf of the government in that regard were vague.¹⁶

Doctrine of Severability is contained in Article 13 (1) of the Indian Constitution, which explicitly states that a law contravening with the provisions of Part III shall be invalid to the extent of contravention. It is clear from the multiple rulings of the court that the doctrine is not applied only in the cases where it is impossible to segregate the contravening and non-contravening provisions of the impugned law, which is not the case here.

Placing heavy reliance on *Romesh Thapar*,¹⁷ court opined that the sole test for determining if provisions of an impugned law are severable or not is to see whether the provisions are possible to survive after split up. Anticipating failure of such split up, the court rejected the application of severability without putting forth any plausible reasons for the same. It is submitted that even if the court held the impugned law to be substantially vague, S. 66-A (b) and S. 66-A (c) could have been spared from the axe of unconstitutionality for that the requisite Mens Rea was mentioned thereof and the acts constituting the offence essentially find place in the Indian Penal Code also as indicated earlier.

¹⁵ A.V. Dicey, *Law of the Constitution*, 24 (10th ed., 1993).

¹⁶ *Supra* 3, at 97.

¹⁷ *Romesh Thappar v. State of Madras*, AIR 1950 SC 124.

What the authors contend is that the court cannot simply refrain from applying the doctrine of severability on account of poor submissions on behalf of government, since the onus of administering its adherence is upon the court and not the government. The court may or may not be correct in rejecting the application of severability to S. 66-A, but it ought to have dealt with any such possibility by dwelling into merit of such claims.

2.3. Procedural Unreasonableness and Right to Equality.

Petitioners in this case challenged the validity of the impugned provision contending it to be violative of Article 14, for that it was inappropriate to discriminate between offences on the basis of the mode of committing the act. Moreover, it was contended that the provision also suffered from the vice of procedural unreasonableness.¹⁸ While the Honourable Court correctly rejected the former contention explaining as to how an intelligible differentia indeed existed in segregating the offences on the basis of mode of commission, it offered a mystical answer to the latter contention. What is interesting to note here is that the court deliberately kept the argument of procedural unreasonableness outside the realm of Article 14 challenge.

It is submitted that the interpretation of Article 14 acquired a new dimension in the historic case of *E.P. Royappa*¹⁹ where it was held that equality is a dynamic concept with many aspects and dimensions which cannot be cribbed, cabined and confined within traditional and doctrinaire limits. Since then, the general rule to test any impugned provision on the touchstone of right to equality has been to determine as to whether any sort of arbitrariness in state action exists thereof.²⁰ This general rule has been emphatically reiterated in a plethora of judgments by the apex court which indubitably establishes that every kind of arbitrariness is a breach of equality guaranteed by Article 14. Further, there exists no tinge of doubt that a provision unfair in

¹⁸ *Supra* 3, at 101.

¹⁹ *E.P. Royappa v. State of T.N.*, (1974) 4 SCC 3.

²⁰ *Ibid*

procedural aspect is in direct contravention with the principle of equality and therefore void.²¹

Though the court decided not to dwell into the argument of procedural unreasonableness owing to the fact that the impugned provision was already held invalid for being violative of Article 19 (1) (a), but it is erroneous to consider procedural unreasonableness beyond the domain of Article 14.

3. S. 69-A AND S. 79: ADOPTING DUAL STANDARDS?

Given the detailed discussion in the context of Section 66-A, the manner in which the court has dealt with S. 69-A is highly astonishing and the authors are skeptical of the accuracy of such approach. S. 69-A, which deals with website blocking has been upheld by the court for that it is a narrowly drawn provision with adequate safeguards, and hence not constitutionally infirm.

While Examining the constitutionality of the provision and the rules notified in this regard, the Court has noted that the Blocking Rules provide for a hearing to the concerned intermediary or originator of content and specific conditions need be adhered to for content to be blocked. There are multiple levels of decision-making and review which eradicates arbitrary actions. Given these safeguards, the Court found the provision constitutional. The Court stressed upon the importance of a written order for blocking and thus chose to leave Section 69-A intact citing it as an existing safeguard. However, the court seems to have been under the impression that either the intermediary or the content originator is normally informed but the reality portrays a totally different scenario since the safeguard is not evidenced in practice.²² While the rules indicate that a hearing is given to the originator of the content, not even a single instance exists on record for such a hearing ever conducted. It is also worth considering at this juncture as to what happens in the case of information

²¹ *Shrilekha Vidyarthi v. State of U.P.*, (1991) 1 SCC 212.

²² *32 Websites Go Blank*, *The Hindu*, available at <http://www.thehindu.com/news/national/now-modi-govt-blocks-32-websites/article6742372.ece>, last seen on 30/07/2015.

disseminated from outside India. Will the originator of the content bother deposing before the Indian government on why the content should be kept online? The court unfortunately fails to unveil the curtains of chaos on such aspects.

An example in this regard is the case of a website like *GitHub*, which is a global code repository used by software engineers. Should the Government Issue (even a questionable) order to ISPs to block the website? In the event *GitHub* itself is unable or unwilling to make representations to the Indian government in this regard, the content will be taken down – even if this is against the interests of Indian citizens, thus curtailing market place of ideas.²³

Though Section 69A provides that any information sought to be blocked must have a reasonable nexus with six restrictions contained therein but these conditions are hardly fulfilled. Statistics revealed in an RTI query from the Software Freedom Law Centre, DEITY said that 708 URLs were blocked in 2012, 1,349 URLs in 2013, and 2,341 URLs in 2014.²⁴ Analysis of a leaked block lists received as responses to RTI requests have revealed that the block orders are full of errors as in some orders items do not exist, in some items are not technically valid web addresses and web pages from mainstream media houses including a Times Now report, a Telegraph picture gallery, etc. have also been blocked. Moreover, some URLs are base URLs blocking of which would result in thousands of pages getting blocked when only a few pages might contain allegedly illegal content and in a wholesale manner that leads to innocent speech also being proscribed.²⁵ This is what leads to what the Supreme Court has referred to in the contest of Section 66A as the ‘chilling effect’ affecting people right to know, which is an equally important facet of Article 19 (1) (a). Such

²³ *Ibid.*

²⁴ Ministry of Information and Communications Technology, Government of India, No. 14 (74)/2014-ESD, available at <http://sflc.in/wp-content/uploads/2015/04/RTI-blocking-final-reply-from-DEITY.pdf>, last seen on 30/07/2015.

²⁵ Pranesh Prakash, *Analysing Latest List of Blocked Sites (Communalism and Rioting Edition)*, CILS Blog, available at <http://cis-india.org/internet-governance/blog/analysing-blocked-sites-riots-communalism/>. (last seen on 30/07/2015).

over breadth is an illegitimate infringement with the freedom of speech and cannot be saved under the garb of regulation measures.²⁶

Anomaly pertaining to S. 69-A does not end here. Rule 16 of Procedure and Safeguards for Blocking for Access of Information by Public, 2009 enacted under S.69-A (2) requires confidentiality with respect to blocking requests and complaints, and actions taken in that regard. This essential gives the leverage to the executive authorities to exercise the power to block information arbitrarily and without transparency. The worst part about Rule 16 is that it makes it impossible for anyone to independently monitor and reach a conclusion as to whether an internet resource is inaccessible as a result of a block order executed against the content or due to a network anomaly. Information of a block order remains limited to the authorities or at the most intermediaries, however non conveyance of such information to recipients is a breach of right to receive which is indubitably a vital aspect of freedom of speech and expression.²⁷ Recipients definitely require to be informed more than just a flash of 404 error!

Another deficiency which S. 69-A suffers from is the lack of external checks and balances over the execution of blocking orders. Governments are known to fix committees so they are aligned with their own leaning.²⁸ If all the executives in the Committee comprise of executives from the Ministry of Home Affairs and the Department of Telecommunications, then owing to the presence of Rule 16, the maintenance of confidentiality leaves no scope for watching the activities of watchdogs, i.e., the Review Committee.

²⁶ Elizabeth G. Olson, *As Hate Spills Onto the Web, a Struggle Over Whether, and How, to Control It*, The New York Times 11 (New York, 24/11/1997).

²⁷ Indian Soaps and Toiletries Makers Assn. v. Union of India, (2013) 3 SCC 641.

²⁸ *Transparency reports of Internet companies are skewed: Gulshan Rai*, Business Standard, available at http://www.business-standard.com/article/current-affairs/transparency-reports-of-internet-companies-are-skewed-gulshan-rai-115033000808_1.html, last seen on 30/07/2015.

Instances depicted above along with a glance of how the act has worked out shows that S. 69-A as well as the rules made thereof suffer from procedural unreasonableness, thus in contravention of Article 14 of Indian Constitution²⁹ and should have been struck down by the Honourable Court. A fair act would be transparent, inclusive, evidence based and consistent with the spirit of the constitution. In *Charan Lal Sahu*,³⁰ it was ruled by the court that in judging the constitutional validity of an impugned law, the subsequent events, primarily the manner in which the Act has worked out have to be looked into.

The manner in which the Supreme Court has dealt with the claims against constitutionality of S. 79 of the act vis-à-vis Rule 3 (2) and 3 (4) of Intermediary Guidelines, 2011 enacted thereof breaks out a complete mayhem for that it unreasonably deviates from the strength of arguments that lead to the unconstitutionality of S. 66-A. S.79 provides a safe harbor to the intermediaries by exempting their liability in certain cases and has been held valid by the court except for a narrowed down construction of its (3).

Rule 3 of the Guidelines provides for the observance of due diligence by the intermediary while performing its duties under S. 79 of the Act and Rule 3 (2) contains a profusion of conditions wherein the content need be taken down by the intermediaries. Not only the provision is foul for privatization of censorship³¹, the conditions contain many vague terms which are far beyond the purview of reasonable restrictions contained in Article 19 (2), such as “grossly harmful”, “blasphemous”, “hateful”, “harming minors in any way” and much more. The contentions as to the vagueness in law and breach of Article 19 (2) have been taken into consideration by the court while dealing with S. 66-A, but an unexplained deviation from such consideration in context of S. 79 has jeopardized the rationale of the judgment. Though the court has recognized this fallacy to some extent which is evident from the narrowed down reading

²⁹ *New Horizons Ltd. v. Union of India*, (1995) 1 SCC 478.

³⁰ *Charan Lal Sahu v. Union of India*, (1990) 1 SCC 614.

³¹ Jon Perr, *Google's Gag Order: An Internet Giant Threatens Free Speech*, *Perspectives Blog*, available at http://www.perspectives.com/articles/art_gagorder01.htm, last seen on 30/07/2015

of S. 79 (3) whereby an action shall be taken by the intermediaries to take down the content which falls within Article 19 (2) which shall be determined by the Government or a Court Order, it is absurd to contend that such narrow construction is not possible for S. 66-A.

Babel does not end here and further confusion is created with the silence of the court over the absence of procedural safeguards absent in the rules made under S. 79 unlike the 2009 rules made under S. 69-A. Such an absence is indubitably paves way for procedural unreasonableness and in turn arbitrariness, thus violative of Article 14.³²

4. CONCLUSION

Supreme Court seems to have weaved two incompatible strands of free speech jurisprudence in this decision by invalidating S. 66-A of the Information Technology Act, 2000 on certain grounds at one hand and validating a few other provisions which necessarily comprised of inconsistencies similar to those in S. 66-A. The decision apparently highlights the importance of right to freedom of speech and expression in a democratic setup but fails to ensure it in the realm of cyber space for that the verdict does not make any good to the status quo. The scrapping of S. 66-A does not put to trash the bulk of draconian penal provisions contained in the Information Technology Act as well as other penal statutes. For instance, S. 67-A of the act punishes dissemination of sexually explicit information which does not necessarily need be obscene. Many provisions of Indian Penal Code are still existent to oppress free speech outside the ambit of Article 19 (2); such as S. 505 which punishes public mischief and causing fear to public by sending or making any rumors, reports or statements, S. 506 dealing with criminal intimidation causing threats to injure person, S. 354 and S. 509 pertaining to the modesty of a woman, S. 354-D which punishes stalking, S. 507 punishing criminal intimidation by anonymous communication and a many more.

³² Supra 29.

The incoherent strands might become too tough to resolve in future and in the absence of any progressive guidance on the matter by judiciary, it can only be hoped that the legislature comes up with an amendment to the Information Technology Act which defines offences and other terms more precisely not only in S. 66-A, but to the whole lot of provisions containing such terms so that the unimpeachable freedom of speech and expression may not get persecuted by the whims and fancies of the state.

[NORMATIVE ARTICLE]

‘SAVING’ THE HOUSE TO ROAST THE PIG: NORMATIVE ANALYSIS OF SECTION 66A IT ACT, 2000

- Medha Rao*

ABSTRACT

At the very heart of right to freedom of speech and expression lies the right to dissent. However, even the strongest advocates of the freedom of speech state that this right is not absolute. It takes sound legal framework to strike a balance between the right of the speaker, the audience and the bystander. The author through the current advocacy begins by tracing the history behind the freedom of speech and expression jurisprudence in India along with the reasons for the passing of the Information Technology Act, 2000. This paper analyses the scope of Section 66A, Information Technology Act keeping in mind primarily the statement of object and reason, the scope of the other offences in the Act and the original Section. In the course of discussing the factors to be considered while drafting the Section, the paper explores the limitations set by the Constitution of India, the internet as a distinct medium, cybercrimes, need to compound penalties and lastly the threshold for provisions of Section 66A to apply. This paper is an attempt to balance the right to freedom of speech of the speaker and the rights of the bystander or audience by redrafting the contested Section 66A in the hope of ‘saving’ the house of rights.

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1. INTRODUCTION

Dissent is not easily cabined; it resides in many quarters and goes by many names. It manifests its opposition to orthodoxy in religious realms, political circles, economic arenas, and other social and cultural contexts.¹ Jurisprudence has defined freedom of speech by the scope of its protection, when in fact freedom of speech and expression simply means the freedom for the thought we hate,² or in other words the freedom to dissent.

Free speech forms the very basis of a successful democratic society.³ In the absence of an adequate legal framework protecting the same, people of the State have to resort to revolutions to keep their voices of dissent from being suppressed. In 2011, the world witnessed dissents culminate into one such revolution now referred to as Arab spring. Come 2015 however, the only offspring of this revolution that has been able to establish political stability and democracy is Tunisia. So what sets Tunisia apart from its counterparts of the Arab spring? Tunisia was the only State to take the first step towards establishing a democracy by adopting a *sound progressive Constitution*. In contrast, Egypt has not been able to protect freedom of speech and bring about political stability due to the absence of rule of law.⁴ Therefore a sound Constitutional framework is indispensable for the protection of freedom of speech and expression.

Innovations in technology have facilitated increased possibilities for communication and freedom of expression, enabling anonymity, rapid information sharing, and cross-cultural dialogues.⁵ The Internet has become a vital communication medium which individuals can use to exercise their right to freedom of expression, or the right to seek, receive

¹ Collins & Skover, *On Dissent Its Meaning in America*, 81([Edition, Year](#)).

² *United States v. Schwimmer*, 279 U.S 644 (1929, Supreme Court of the United States).

³ *Union of India v. Motion Picture Association*, AIR 1999 SC 2334.

⁴ See Report on freedom in the world, *Discarding democracy: Return to the iron fist*, 2015.

⁵ *Report of the Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression*, General Assembly, Sess.23, U.N Document A/HRC/23/40, 4, (17/04/2013) ([available at](#)).

and impart information and ideas of all kinds, regardless of frontiers, as guaranteed under article 19 of both; the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights.⁶ It has become a forum where people gather and interact both socially and commercially and it also presents ample space as well as information for an opportunist to prey upon the unsophisticated, the uninformed or the naive.⁷ Any ignorance of the State with respect to this situation shall result in chaos akin to the situation present in Egypt. Therefore, States have to establish rule of law through a sound legislative framework governing the internet so as to protect the rights of its people.

At the heart of making any policy limiting the right to free speech is the art of balancing rights of the three primary participants of free speech- the speaker, the audience and the bystander.⁸ The internet adds to the dilemma of States as they now have to ensure adequate protection to the speaker's right to freedom of speech on the internet as well as resort to surveillance or intervention limiting the same so as to protect the other rights of the audience or third party. Moreover, given the intimate relationship between the right to freedom of speech and means of expression, any excessive limitation of the right to internet shall inevitably lead to limitation of a person's right to freedom of speech.⁹ Therefore, in other words, States must ensure that in the process of trying to restrict the freedom of speech, their policies do not "burn the house to roast the pig."

This paper is an attempt to strike such a balance. The first part explains the history behind the drafting of Article 19(1) and 19(2) of the Constitution of India, 1950 as well as explores the objective and reasoning as stated in Information Technology

⁶ *Report by the Secretary General on the promotion and protection of the right to freedom of opinion and expression*, General Assembly, Sess.66, U.N Document A/66/290, 5 (10/08/2011) ([available at](#)).

⁷ Decker Charlotte, *Cyber Crime 2.0: An argument to update the United States Criminal Code to reflect the changing nature of crime*, 81, S.Cal. L. Rev.959, 961.

⁸ Eric Barnedt, *Freedom of Speech*, 23 (2nd ed., 2008).

⁹ Molly Land, *Toward an International law of the Internet*, 54 Harvard International Law Journal 393, 395.

Act, 2000 so as to understand the background to Section 66A of the Information Technology Act. The second part deals with the scope of the section, factors that should have been considered in the drafting of the section and lays down the legislation as it should have been drafted.

2. PART I

2.1 The 'Reasonably Restricted' Freedom of Speech and Expression

The Constitution of India, 1950 is first and foremost a social document as most of its provisions aim to foster a social revolution.¹⁰ The drafting of the Constitution was vested in the hands of the Constituent Assembly.¹¹ The Committee on fundamental rights which was to assist the Constituent Assembly in the drafting of the fundamental rights presented reports containing positive and negative rights from various foreign Constitutions. The Assembly in its discussions concluded that rights cannot be of an absolute nature.¹² From the jurisprudence they had read, the then member of the Committee N.G. Ayyangar informed the Sub-Committee that there were two alternatives to choose from.¹³ The first being that the provisions with respect to the rights could be drafted in a general manner as is seen in the Constitution of the United States of America and leave the expansion or limitation to be decided by the Courts or the second being that they could limit the rights by introducing provisos in the Constitution based on the judicial decisions of the American Courts. The Sub-Committee chose the second alternative in drafting the 'right to freedom' and introduced the same subject to the proviso of public order and morality.¹⁴ However, this was never implemented in the Constitution. Consequently this gave rise to

¹⁰ Granville Austin, *The Indian Constitution: Cornerstone of a Nation*, 50. (ed. Year)

¹¹ Indian Independence Act, 1947.

¹² Granville Austin, *The Indian Constitution*, 68. (ed. Year)

¹³ *Law Ministry Archives*, File. CA/43/Com/47, 5 March 1947.

¹⁴ *Prasad papers*, File I-F/47.

Article 19(1) (a) of the Constitution which guaranteed the fundamental right to freedom of speech and expression.

In 1951, Jawaharlal Nehru introduced the first amendment to the Constitution,¹⁵ the main object of which was to impose reasonable restrictions for the 'general good of the public'. As a result, Article 19(2) was inserted which made the right to freedom of speech and expression subject to reasonable restrictions imposed in the interest of security of the State, friendly relations with foreign states, public order, decency or morality, or in relation to contempt of Court, defamation or incitement of an offence.¹⁶ An additional proviso 'the sovereignty and integrity of India' was introduced by the sixteenth amendment.¹⁷ The legislature cannot restrict the right to freedom of speech beyond the purview of Article 19(2) of the Constitution of India.¹⁸ Therefore the rights represent the claim of the individuals, the limitations protect the individuals and the limitations are not to destroy the balance which Article 19 was designed to give.¹⁹

2.2 Information and Technology Act, 2000

In August 1995, Videsh Sanchar Nigam Limited (VSNL) was the first company to introduce internet in India. With the change in economic policy, by the year 2000 about 0.53%²⁰ of India's population used the internet. That percentage has increased to 12.58% in 2012²¹ and in the year 2014 India had 259.59 million internet users.²² By 2020, Mckinsey & Company in its report estimates that there will be 500 million users in India.²³

¹⁵ The Constitution (First Amendment) Act, 1951.

¹⁶ S.3 (a) for clause (2), *ibid* (with retrospective effect).

¹⁷ S. 2(a), The Constitution (Sixteenth Amendment) Act, 1963 (w.e.f 5-10-1963).

¹⁸ Durga Das Basu, *Constitution of India*, 2122 (8th ed., 2007).

¹⁹ H.M Seervai, *Constitutional Law of India-Vol I*, 703 (4th ed., 2005).

²⁰ Report on the percentage of individual users of the internet, ITU, 2014.

²¹ *Ibid*.

²² The Indian Telecom Regulatory performance Indicators, TRAI,(30 /07/2014),available at <http://www.trai.gov.in/WriteReadData/PIRReport/Documents/Indicator%20Reports%20-%20Mar -14.pdf>. ([last seen](#))

²³ Mckisney & Company, Online and Upcoming: the internet's impact on India, 15,(Dec. 2012), available at

Recognising the commercial and legal implications an internet boom in India could have in the future and in light of the resolution passed by the United Nations General Assembly establishing the model law on electronic commerce,²⁴ the Indian Parliament enacted the Information Technology Act, 2000 (hereinafter referred to as the IT Act) whose primary object as reflected in the preamble²⁵ is to provide legal recognition for transactions carried out by means of electronic commerce which involves the use of alternatives to paper based methods of communication and storage of information and also facilitates the filing of electronic documents with Government agencies. Therefore, the main object of the original legislation was to legalise writing and signature so as to facilitate electronic commerce and governance.²⁶ The amendment to the Act in 2008²⁷ recognised the rapid increase in the misuse of the internet and recognised among other things the need to prevent the transit of offensive messages through communication services. It was this amendment that inserted Section 66A of the IT Act.

Section 66A of the IT act deals with sending of offensive messages for commercial services etc. and states “*Any person who sends, by means of a computer resource or a communication device,-*

(a) Any information that is grossly offensive or has menacing character; or

(b) any information which he knows to be false, but for the purpose of causing annoyance, inconvenience, danger, obstruction, insult, injury, criminal intimidation, enmity, hatred, or ill will, persistently makes by making use of such computer resource or a communication device,

file:///C:/Users/Hp/Downloads/Online_and_Upcoming_The_internets_impact_on_India.pdf. [\(last seen\)](#)

²⁴ U.N General Assembly, *Model Law on Electronic Commerce adopted by the United Nations Commission on International Trade Law*, Res 51/162, Sess. 51, U.N Document Res/51/162,(30/01/1997).

²⁵ Preamble, IT Act, 2000.

²⁶ *Ibid*, statement of object and reasons.

²⁷ *Ibid*.

(c) Any electronic mail or electronic mail message for the purpose of causing annoyance or inconvenience or to deceive or to mislead the addressee or recipient about the origin of such messages

Shall be punishable with imprisonment for a term which may extend to three years and with fine.

Explanation: For the purposes of this section, terms "Electronic mail" and "Electronic Mail Message" means a message or information created or transmitted or received on a computer, computer system, computer resource or communication device including attachments in text, image, audio, video and any other electronic record, which may be transmitted with the message."

This Section was recently adjudged void by the Supreme Court in the case of *Shreya Singhal v. Union of India*²⁸ on several grounds. The Section as it should have been drafted shall be discussed in detail in Part II.

3. PART II

3.1 General scope of section 66a

There are three factors which must be taken into consideration in order to determine the scope of the crimes that Section 66A IT Act aims to prevent:-

- (1) The statement of object and reasons to identify the purpose behind the amendment
- (2) The scope of other Sections in the Chapter²⁹ to identify the crime by a process of elimination
- (3) The original Section 66A.

²⁸ *Shreya Singhal v. Union of India*, Writ Petition (Criminal) no. 167 of 2012, (Supreme Court, 24/03/2015).

²⁹ *Supra* 25, Chapter XI.

The statement of objects and reasons referred to in the Act is merely an attempt to explain the reasons which induced the mover of the bill to introduce the same in the House as well as what objects he sought to achieve.³⁰ However, the statement of objects and reason can be referred to ascertain the circumstances which led to the legislation in order to understand what mischief the legislation aimed to rectify.³¹ Hence, pursuant to the statement of objects and reasons accompanying the Amendment Act of 2009 and applying the same, the following should be noted while defining the scope of Section 66A:-

(a) The section must be defined to prevent computer based cybercrime in the context of the *widest possible use of information technology worldwide*³²

(b) It must consider *new crimes* like the publishing of explicit sexual materials, video voyeurism, breach of confidentiality and leakage of data by intermediary, e-commerce frauds like phishing, identity theft and offensive messages through communication services³³

(c) It must provide for *penal provisions*³⁴

(d) It must also take into account that the act is to introduce suitable amendments to *the Indian Penal Code, Indian Evidence Act and the Code of Criminal Procedure*³⁵

All offences are mentioned in Chapter XI of the IT Act. Section 66A therefore in general cannot aim to:-

³⁰ Kafaltiya A.B, *Interpretation of Statutes*, 178 (2008).

³¹ S.C. Prashar, Income Tax Officer, Market Ward, Bombay and Anr. v. Vasantsen Dwarkadas and Ors. AIR 1963 SC 1356.

³² Para 1, Statement of objects and reasons, IT (Amendment) Act 10 of 2009.

³³ *Ibid*, Para 2.

³⁴ *Ibid*.

³⁵ *Ibid*.

- (a) Prevent the tampering of computer documents³⁶
- (b) Punish a person who fraudulently and dishonestly commits an act which leads to the damage of a computer, computer system, etc. as stated under Section 43 of the Act³⁷
- (c) Punish a person for dishonestly receiving a stolen computer resource or communication device³⁸
- (d) Punish a person for identity theft³⁹
- (e) Punish a person who by means of any communication device or computer resource cheats another by impersonation⁴⁰
- (f) Punish a person for violation of another's privacy⁴¹
- (g) Punish a person for cyber terrorism⁴²
- (h) Punish a person for publishing or transmitting obscene material in the electronic form⁴³
- (I) punish a person for publishing or transferring sexually explicit material⁴⁴
- (j) Punish a person for publishing or transmitting sexually explicit material of a child⁴⁵

It may be inferred from the original section that section 66A of the IT Act aims to prevent the communication of offensive messages through the use of electronic messaging. Moreover,

³⁶ *Supra* 25, S. 65.

³⁷ *Ibid*, S. 66.

³⁸ *Ibid*, S. 66-B.

³⁹ *Ibid*, S. 66-C.

⁴⁰ *Ibid*, S. 66-D.

⁴¹ *Ibid*, S. 66-E.

⁴² *Ibid*, S. 66-F.

⁴³ *Ibid*, S. 67.

⁴⁴ *Ibid*, S. 67-A.

⁴⁵ *Ibid*, S. 67-B.

except for section 66E which includes the term 'transmit' as has been defined to include visual texts and sections 67, 67A and 67B wherein 'transmit' has not been defined, there exists no such section which deals with the transmission of electronic message.

Therefore, section 66A *should* cover cybercrimes in the form of spamming, cyber stalking etc. and should also include within its ambit transmission of messages which incite or cause the commission of an offence covered by the other sections in the Act. Moreover, section 66A while specifying the crimes it aims to prevent, shall not restrict its scope to technology currently known but also to technology which is foreseeable in the future.

3.2 Factors to be considered while drafting legislation

3.2.1 Limitations under Article 19(2), Constitution of India

Section 66A can only criminalize and restrict freedom of speech for acts which fall within the purview of Article 19(2) of the Constitution of India.⁴⁶ All such restrictions must be reasonable⁴⁷ and it must not be applied arbitrarily or beyond what is required in the interests of the public.⁴⁸ There should be a direct and proximate nexus or a reasonable connection between the restriction imposed and the object sought to be achieved.⁴⁹ Section 66A cannot be vague, as a law affecting a fundamental right shall be held bad for sheer vagueness.⁵⁰ Considering freedom of speech also includes the right to acquire and disseminate information,⁵¹ the section while limiting the freedom to transmit messages, cannot include within its ambit speech which would ideally be protected. Otherwise there shall be a 'chilling effect'⁵² on free speech. Hence, the section must make a clear distinction between people who are merely advocating their opinion through the sharing of

⁴⁶ M.P Jain, *The Constitution Of India*, 1072 (6th ed. 2012).

⁴⁷ *State of Madras v. V.G Row*, AIR 1952 SC 196.

⁴⁸ *M.R.F Ltd. v. Inspector Kerala Govt.*, AIR 1999 SC 188.

⁴⁹ *Papnasam Labour Union v. Madhura Coats Ltd.*, AIR 1995 SC 2200.

⁵⁰ *K.A Abbas v. Union of India*, AIR 1973 SC 123.

⁵¹ *PUCL v. Union of India*, (2003) 4 SCC 399.

⁵² *R.Rajagopal v. State of T.N.*, (1994) 6 SCC 632; *S. Khushboo v. Kanniammal*, (2010) 5 SCC 600.

information as compared to people who are misusing the right to message so as to incite others into committing acts which fall within the restrictions imposed by the Constitution.

3.2.2 *Internet as a medium*

The internet is an international network of interconnected computers and is a unique and wholly new medium of worldwide communication.⁵³ It differs from traditional mass media in two very important aspects - the first being that it is neither unidirectional nor asymmetrical like broadcasting and second aspect being that it makes the costs of copying or dissemination extremely low due to the absence of intermediaries who are prevalent in traditional media.⁵⁴ It is these characteristics of the internet which make it extremely easy for perpetrators of crime to disseminate wrong information or send offensive messages or spam as compared to their ability to do the same in traditional media.

It is essential to take into consideration the nature of the medium while making laws. This was reflected in the decision of the Supreme Court in *K.A Abbas v. Union of India*⁵⁵ wherein it upheld censoring of films under Article 19(1) (a) on the grounds that the same must be treated differently from other forms of art and expression as a motion picture is able to stir up emotions more deeply than any other product of art.⁵⁶ Since the ability of causing damage is extremely great through the internet, the legislation must provide for penalties at a threshold higher than that provided for other media.

3.2.3 *Cyber crimes*

The IT Act does not define 'cybercrime'. However the act defines computer, computer network, computer resource and computer system. Every criminal conduct involving a computer has two victims - a computer or a person. Where section 66A is concerned, a computer/network/system can be made a victim

⁵³ *Reno v. ACLU*, 521 U.S. 844(1997, Supreme Court of United States).

⁵⁴ (Name of the author(s)), *How Rights Change: Freedom of Speech in the Digital Era*, 26 Sydney Law. Review. 5 2004, 6-7.

⁵⁵ *Supra* note 50.

⁵⁶ *Supra* note 46, at 1101.

of spamming. Spam means to crash a program by over sending a fixed size buffer with excessively large input data.⁵⁷ This is usually done through unsolicited emails containing advertising from credit card companies, dating card services etc. In a study by an agency, a random sample of 1000 unsolicited emails taken from a pool of 11 million spam pieces contained 20% spam involving business opportunities, 18% spam from dating services and 17% from credit card services, mortgage etc.⁵⁸ Since all other forms of damage to computer/network/system is included in section 43 of the Act, section 66A should take primarily into consideration spamming. With respect to persons as victims of transmission of messages, examples shall include corporate smearing, cyber stalking, cyber bullying etc. The wide ambit of its effect resulted in the vague provisions of the original Section 66A when ideally it should have equated the offences with those under Sections 499, 503 etc. under the IPC.

3.2.4 Reason for compounded penal provisions

Section 66A should penalise in addition to the provisions under IPC so as to act as deterrence. An additional fine or imprisonment should be attached due to the lasting effect the crime has on society and difficulty faced in keeping track of such an offence. To substantiate the former, an example may be given of Equity Funding Corporation, United States. The Company was an insurance company and the directors as well as other senior staff were engaging in embezzlement. To hide the amount taken, the staff would sell Life Insurance policies to people online. The auditors accepted computer printouts as definitive evidence of the policies. By the time the crime was discovered, 64000 of the 97000 who had been issued policies had with them false policies.⁵⁹ The extent of the damage that can be caused due to the nature of the internet itself is the reason behind compounded offences.

⁵⁷ Devashish Baruka & Ajit Joy, *Computer Crimes in Legal Dimensions of Cyber Space*, 258. (edition, year)

⁵⁸ *Ibid* at 259.

⁵⁹ A.R.D Norman, *Computer Security*, 119 (London, 1983).

3.2.5 Threshold for Section 66A to apply

There are three approaches that the legislature can adopt to make a law with respect to speech that could steer away an audience from committing a crime - first, it could focus only on punishing the audience for the crimes committed; second, either through the threat of punishment or outright muzzling it may decide to prevent the speaker from uttering the words which will stir up the illegality and the last approach would be to negotiate a balance between the two.⁶⁰ The first is most conducive to free speech while the second completely bans it. The first approach is best reflected in the Indian Penal Code wherein the law punishes the audience the moment they commit the crime and the original section 66A is a perfect example of the second approach as it was an attempt to completely gag the speaker.

The section should have ideally been defined along the lines of the third approach. This approach poses several problems. The primary problem is the difficulty of language interpretation and the use of vague or unclear language. It may be open to multiple meanings and interpretations. There are phrases which are used colloquially and do not have serious ramifications. So how does the Government or the Judiciary decide what speech constitutes 'threat'?

The US Supreme Court has established the Brandenburg test⁶¹ which lays out that Constitutional guarantees of free speech do not permit the State to forbid or proscribe advocacy of the use of force or law violations except where such advocacy is *directed to inciting* and producing *imminent lawless action* and is *likely to incite or produce such action*. The term "directed to inciting" implies an element of intent/ Mens Rea to incite an act. The problem with the original Section 66A especially sub-clause (a) and (c) was that the crimes in the Indian Penal Code that it aimed to prevent did not have the element of Mens Rea as a prerequisite. For example - the cartoonist Aseem Trivedi was arrested under Section 66A and on several grounds under

⁶⁰ Larry Alexander, *Reddish on freedom of speech*, 107 Northwestern University Law Review 593 at 595.

⁶¹ *Brandenburg v. Ohio*, 395 U.S. 444,447 (1969, Supreme Court of the United States).

the IPC including Section 124-A (sedition) for publishing a cartoon. It is pertinent to note that section 124-A has no element of Mens Rea as a prerequisite. This also reflects the shortcomings of the Indian Penal Code. The code which is as old as 1860 only takes into account actual physical action or speech wherein it is easier to judge the effect it may have on the audience as compared to the social media. There are certain terms which have been incorporated in the IPC into different sections to denote 'intention' like voluntarily, intentionally, knowingly etc.⁶² These terms should be included in the drafting of Section 66A and are defined in the code. 'Likely' was defined from the perspective of a reasonable man. Under Indian law, the term 'reasonable man' is a part of common law under negligence. Therefore if the situation is such that a reasonable prudent man under the circumstances has reason to believe⁶³ that the message is likely to incite or produce the commission of a crime, the transmission of the message will amount to commission of an offence under Section 66A.

3.3 Legislation

66-A Punishment for misuse of electronic mail or message services-

Any person who voluntarily sends message/messages by means of a computer resource or any other communication device-

- (1) having reason to believe that the message shall directly incite or is likely to incite the commission of an offence under the Act or the Indian Penal Code; or
- (2) having reason to believe that the messages he intends to send or has been sending is of a data size or will result in a data size that is likely to cause inconvenience in the access and use of a computer network; or

⁶² K.D Gaur, *The Indian Penal Code*, 81(4th ed., 2008).

⁶³ S. 26, The Indian Penal Code, 1860.

- (3) having knowledge that the message/messages is part of a criminal conspiracy or other conspiracy to overthrow the State; or
- (4) intending to cause criminal intimidation or public mischief; or
- (5) having knowledge that the message/messages is false with the intention of causing harm, or knowing or having reason to believe that such message will harm the reputation of another person;

Shall be punishable with a term which may extend to at the most 2 years and a fine up to rupees one lakh.

Explanation 1- “Message” refers to electronic message or electronic mail created or transmitted or received on a computer, computer system, computer resource or communication device including attachments in text, image, audio, video and any other electronic record, which may be transmitted with the message.

Provided that with respect to clause 2 the term ‘message’ shall also include unsolicited electronic mail or electronic messages from commercial services.

Explanation 2- “Likely to incite” means that a reasonable prudent man under the circumstances has reason to believe that the message is likely to incite the commission of a crime.

Explanation 3- The terms “reason to believe”, “voluntarily”, “criminal intimidation”, “public mischief”, “criminal conspiracy” and “conspiracy to overthrow the States” have the same meanings as the corresponding relevant sections in the Indian Penal Code.

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