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**E- CONTRACTS IN THE CORPORATE WORLD AND THEIR LEGAL
VALIDITY**- Vrinda Singh¹**ABSTRACT**

This paper will explore the legal background surrounding e-commerce contracts in the corporate field and examine the principles, regulations, and precedents that govern their validity. We will delve into fundamental concepts of offer and acceptance, consideration, capacity, intention to create legal relations, etc. We aim to explain the fundamentals which underpin the development of e-commerce contracts in the industry. It will also showcase the importance of addressing the legal principles that govern e-contracts to ensure their enforceability in the digital era. The paper seeks to provide insights into e-contracts in the corporate world through a comprehensive analysis of legal provisions and scholarly commentary.

INTRODUCTION

Today's digital age has made e-commerce contracts integral to business operations, revolutionizing how companies engage and conduct consumer transactions. Companies are increasingly relying on today's electronic platforms to ease their day-to-day commercial activities, making the legal validity of e-commerce contracts to emerge as a crucial consideration.

The digital era gave rise to online transactions, leading to e-commerce contracts. These types of contracts encompass various agreements, including sales contracts, service agreements, licensing arrangements, etc. They also administer the rights and obligations of parties involved in the contract without the traditional method, which includes paper-based documentation and physical signatures.

¹ Student at Symbiosis Law School, Noida

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However, this shift from traditional to e-commerce contracting has introduced some legal issues vis-à-vis the validity and enforceability of these types of agreements. Corporate law provides a framework for enforcing e-commerce contracts to address these challenges.

The paper will analyze the influence of technologies, such as blockchain and smart contracts, as a part of e-commerce contract law. Ultimately, the aim is to contribute to a profound understanding of the legal principles that govern electronic commerce in the digital realm.

OBJECTIVES OF STUDY

The objective of this paper is to:

1. Understand Electronic contracts and their validity in a corporate setup and
2. Understand the way Electronic Contracts stand parallel with traditional contracts.
3. Challenges that are posed in enforcing an Electronic Contract.

WHAT IS AN ELECTRONIC CONTRACT?

With the internet, businesses are shifting from the traditional way of dealing with contracts to going online. The contracts were paper-based in the classic era, but this shift from paper contracts to online agreements has led to the making of a new contract known as “electronic contracts.” Contracts that are formed electronically are electronic. In today’s era, almost everyone enters into an e-contract while buying groceries, booking trips, playing games, etc.; hence, one can say that we are very well known to them. E- E-contracts are preferably used in corporate setups as well. Nowadays, online contracts/ paperless contracts are being formulated to ease the process and eliminate traditional paper-based agreements.

Generally, E-contracts are of the following types: -

1. Click- Wrap Agreement

These agreements require a person’s consent to the terms and conditions to be given by clicking the “I accept,” “OK,” and “Allow” buttons.

2. Browse Wrap Agreements

These agreements generally do not require a person to consent to the agreement. There is an automatic acceptance of the agreements by using the website. The terms and conditions are stated at the bottom of the website.

3. Shrink- Wrap Agreements

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When a user consents to a printed agreement on software, these are shrink-wrap agreements, and as the user has to open the wrapper to use it, the terms and conditions are enforced upon him only.

VALIDITY OF ELECTRONIC CONTRACTS: KEY LEGAL PRINCIPLES

E-commerce contracts are governed by some legal principles such as the Indian Contract Act of 1872 in India. Section 10 of the Act² provides the prerequisites for a valid contract. E-contracts are considered valid when we equate them with the fundamentals of an enforceable pen-paper contract where the traditional rules of contract formation are to be followed for e-contracts to be correct per the law. A contract is defined as “An agreement enforceable by law.”³

Contracts, in general, provide basic premises for a commercial activity. A commercial contract cannot take place unless there is an enforceable contract. The Electronic Signature in Global and National Commerce Act, 2000 (ECSIGN), provides legal validity to e-signatures and e-contracts. Based on the Uniform Electronic Transactions Act (UETA), the Act gives the same legal effect to e-signatures and e-contracts as handwritten signatures and paper contracts dealing with interstate commerce.⁴

Any law is satisfied by an electronic record until it requires a contract in writing for those contracts covered by the ECISGN Act. In addition, necessary elements of any valid and enforceable agreement also apply to e-contracts. However, the e-contracts must follow specific steps to become valid and enforceable under ESIGN, UETA, and other state laws. Individuals who regularly use e-contracts should consult an attorney to review their electronic practices and disclosure.⁵ Some best practices should be followed while drafting e-contracts. Pre-ticked checkboxes are not valid to be used to record consent for the purchase of goods and services. There is a requirement for e-commerce contracts to have explicit and affirmative actions from the consumers so that their consent is recorded. If any e-contract fulfills the vital requirements of a traditional contract, it is considered valid. Still, the validity

²The Indian Contract Act, 1872, No. 9, Acts of Parliament, 1872 (India).

³Tanisha Das, *The law of E-Contracts, their Legal Validity, and Stamping*, MY LAW RD (Feb 27, 2024, 1:20 AM), <https://www.mylawrd.com/the-law-of-e-contracts-their-legal-validity-and-stamping/>.

⁴*Creating Enforceable Electronic Contracts*, DUNNER LAW- YOUR IP ANCHOR, (Feb 27, 2024, 1:22 AM), <https://dunnerlaw.com/creating-enforceable-electronic-contracts/>.

⁵Ann O’Connell, *Legal Guide to Electronic Contracts and Electronic Signatures*, NOLO, (Feb. 27, 2023, 1:28 AM), <https://www.nolo.com/legal-encyclopedia/electronic-signatures-online-contracts-29495.html>.

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of e-contracts is ambiguous as they are not included in the Indian Contract Act. Therefore, the role of a lawyer becomes essential in this case as he can ensure that an e-contract has the required elements that can be enforced and can determine whether an e-sign is binding.

APPLICABILITY OF TRADITIONAL CONTRACT LAW TO E-COMMERCE CONTRACTS

Traditional law principles still apply in the case of an e-commerce contract. The UETA is a pertinent law that outlines how e-contracts can be legally binding. The E-Sign Act and UETA require the parties to manifest an agreement to engage in e-transactions. In addition, for an e-commerce contract to be valid under the E-Sign Act, the vital information must be disclosed electronically, and the individual has to provide his consent.

E-contracts include email exchanges and text messages, which can demonstrate an unambiguous and enforceable personal guarantee of debts. Electronic records serve as a copy of e-signed contracts, including identifying information obtained from the party that signed the contract lawfully. If electronic communications are to be viewed as “contractual,” then the requirements under UETA or the E-sign Act should be met, and the terms of the contract are to be included in the electronic records. In addition, e-transactions and documents that adhere to the UETA and E-sign Act requirements have the same validity and are legally enforceable as tangible documents.

It is necessary to understand the legal regulations of e-commerce contracts as it can help to establish enforceable agreements and avoid unenforceable ones. The principles of traditional contract law apply to e-commerce contracts like other types of contracts.

CHALLENGES POSED WHILE ENFORCING AN E-CONTRACT IN CORPORATE LAW

Challenges and potential pitfalls exist while enforcing an e-commerce contract in a corporate law. The maintenance of electronic records is one. E- documents can be easily altered and deleted and may not be as reliable as hard copies in certain situations. However, some protection has been provided by the E-C-SIGN Act for individuals who do not wish to be forced to use e-contracts by allowing them to select.

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Despite all, there are concerns about the validity and enforceability of e-contracts in corporate law. It can be challenging to verify the party's individuality involved in e-transactions, and it is also difficult to ensure that the parties have read the contract and understand its terms. Furthermore, there can be language barriers that may impact a contract's enforceability. Therefore, it becomes fundamental for companies to carefully examine these challenges and pitfalls while drafting such agreements to ensure that the contract is legally binding and enforceable.

CONCLUSION

The emergence of e-contracts has considerably transformed business operations and offered people efficiency and, most importantly, convenience. However, this has posed several legal complexities as well. While e-commerce contracts parallel traditional contract principles, several challenges are faced in corporate law. The validity centers on adherence to legal frameworks like the Indian Contract Act and some regulations such as the ECSIGN Act and UETA. The challenges, however, persist, including maintaining the integrity of e-records and verifying the parties' identity. Despite these, rigorous drafting and adherence to best practices can boost the enforceability of e-contracts. Corporations need to look through the complexities of an e-contract with the help of legal consultation and adaptation to evolving technologies. It is crucial to address these challenges, and hence, businesses can ensure the integrity and enforceability of e-commerce contracts in today's digital era.