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**PASSING OFF IN THE DIGITAL ERA: TRADEMARK MISUSE ON  
SOCIAL MEDIA AND ONLINE PLATFORM**

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**ABSTRACT**

*“The essence of passing off is deception of the consumer and damage to the goodwill of the trader.” - J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition.*

The rapid increase in the use of social media and online platforms has significantly transformed the way businesses build their brand reputation and interact with their customers. This shift to the digital world has made it much simpler for companies to reach a wider audience and increase their visibility. However, this change has also brought about more challenges related to improper use of trademarks, especially when it comes to the legal concept known as passing off. In today's digital era, actions such as using a brand's reputation or logo without authorization, copying hashtags or meta-tags, impersonating influencers, or creating deceptive website addresses are becoming increasingly common. These activities are causing serious problems for businesses that own these trademarks. Unlike traditional markets, the online environment allows those who violate rules to operate anonymously and from various locations, making it harder to hold them responsible and take legal action against them. This research explores the concept of passing off in the context of online business, particularly looking at how it is being tested by social media advertising, e-commerce platforms, and user-generated content. The study goes into detail about the main elements of passing off, such as the loss of brand goodwill, the spread of false information, and the damage caused to businesses, and examines how these elements apply to cases where trademarks are misused online. By comparing how courts in India and the United Kingdom handle these issues, the study highlights how the understanding of passing off is evolving and the role that online platforms play in this change. It also discusses the challenges in enforcing trademark laws, including difficulties in determining which country's legal system applies,

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gathering sufficient evidence to support a case, and assessing whether current legal tools are effective. The research emphasizes the importance of updating legal frameworks and encourages online platforms to take an active role in protecting trademarks within the digital space.

**Keywords:** Passing Off, Digital Trademark Infringement, Social Media Misuse, Online Platforms, Brand Protection.

### AIM

This aims to thoroughly examine the doctrine of passing off in the context of the digital age, focusing particularly on cases where trademarks are misused on social media and other online platforms. It also seeks to evaluate how well current legal principles are equipped to handle the evolving and new challenges that arise in the area of passing off.

### OBJECTIVE

1. To thoroughly examine the idea of passing off, including how it has developed over time, and to identify the key components that make it work, like the importance of goodwill, the presence of misleading information, and the harm caused to the rightful owner.
2. To carefully study how modern digital tools like social media platforms, online shopping websites, and search engines are influencing the traditional concept of passing off, and to understand the role they play in both challenging and shaping its application in today's digital world.
3. To analyse the various kinds of passing off that occur in the digital world, such as:
  - Social media passing off,
  - Keyword passing off,
  - Cybersquatting passing off.

The study focuses on a detailed look at the concept of passing off within the realm of digital commerce, considering global commitments, how courts have interpreted the law, and the relevant laws in place. It looks into the need for legal changes to ensure that trademarks are properly protected and that consumers' rights are looked after in today's digital environment. The analysis specifically highlights new challenges that have emerged due to the rise of social media platforms and online marketplaces.

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## METHODOLOGY

The methodology of this research will be based on a doctrinal research methodology, which relies mainly on secondary materials such as case laws, statutes, and literature. This methodology will involve a critical and comparative analysis of legal principles and cases to assess the growth of passing off in the virtual sphere. This research will be qualitative in nature.

## RESEARCH QUESTIONS

1. How far is passing off as a concept helpful in dealing with the problem of trademark infringement in the digital space?
2. How have Indian courts modified the concept of passing off to tackle the problem of trademark infringement in the digital space?
3. What is the role of intermediaries in the prevention of digital passing off, and how far is the current framework helpful?
4. How the Indian judiciary dealt with digital passing off, and what has can be learned from significant case studies involving the misuse of trademarks online?

## STATEMENT OF THE RESEARCH PROBLEM

Despite the existence of statutory trademark protection under national laws and international agreements such as TRIPS,<sup>2</sup> digital environments present challenges that traditional legal frameworks were not expressly designed to address. Rapid, anonymous, and cross-jurisdictional online passing off makes enforcement difficult and uneven. The discrepancy between conventional passing off principles and their successful implementation in digital and social media contexts gives rise to the research problem. Although courts have made an effort to apply existing doctrines to online infringement, the absence of clear legislative guidance leads to ambiguity, uneven enforcement, and challenges in safeguarding goodwill in virtual marketplaces. This calls for a critical analysis of how the passing off doctrine functions in the digital era and whether the existing legal framework is adequate to handle new types of deception.

## Concept and Evolution of the Doctrine of Passing Off

A common law remedy called "passing off" was established to address unfair competition and protect traders from misleading customers in a way that causes confusion. Even when

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<sup>2</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights Article. 16, 1869 U.N.T.S. 299.

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there was no formal trademark registration, passing off was used as a legal tool to preserve the goodwill associated with a trader's products or services. The courts recognized that no trader has the right to present someone else's goods as their own, as this would mislead customers and damage the reputation of the original trader. Over time, passing off evolved from a limited remedy focused on protecting trade symbols to a broader legal principle that safeguards the overall commercial identity of a business. Today, passing off remains a valid legal action, supported by modern court decisions, and is based on three key elements: the goodwill of the trader, the act of misrepresentation, and the resulting harm or damage to the rightful owner. In circumstances where there is no statutory protection available, the Indian courts have supported this doctrine, especially in case *Perry v. Truefitt, (1842)* in situations where there is no statutory protection available.<sup>3</sup>

### **Importance of Goodwill and Reputation in Trademark Law**

The foundation of passing off and trademark protection lies in the concepts of goodwill and reputation. Reputation shows how much the public recognizes and trusts a particular mark, which helps distinguish it from others. On the other hand, goodwill is the attractive quality that makes customers prefer one business over another, drawing them towards the brand and fostering loyalty. By guaranteeing that goods and services come from their actual source, trademark law aims to prevent consumer deception in addition to safeguarding traders' proprietary interests. The literature that has been uploaded highlights how trademarks have evolved into valuable intangible assets that frequently surpass the value of tangible goods. The integrity of the market and consumer confidence are compromised when goodwill is misappropriated through imitation or reputation-riding. Therefore, passing off laws serve two purposes: they protect business goodwill and protect consumers from deception, especially in cases where counterfeit or deceptively similar goods are circulated.

### **Shift - Traditional Marketplaces to Digital and Social Media Platforms**

The shift from traditional physical marketplaces to digital platforms has greatly changed how trademark infringement and passing off operate. In today's digital economy, trademarks are no longer just found on product labels or packaging; they now appear in a variety of online forms, such as domain names<sup>4</sup>, websites, social media profiles, hashtags, online ads, and even

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<sup>3</sup>*Perry v Truefitt* (1842) 6 Beav 66, 73; 49 Eng. Rep. 749 (Ch.).

<sup>4</sup>*Satyam Infoway Ltd. V. Sifynet Solutions Pvt. Ltd.*, (2004) 6 SCC 145 (India).

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in the data that describes digital content. Because the internet is fast, offers anonymity, and connects people across the globe, it has made it easier for online shoppers to be confused or misled. This has led to an increase in the chances of deception and the emergence of new kinds of passing off. These include practices like cybersquatting, where someone registers a domain name with the intention of selling it to the rightful owner, social media impersonation, where fake profiles mimic real people or brands, false domain names that trick users into visiting the wrong website, and misleading e-commerce listings that present products falsely. To deal with these issues, courts have updated their understanding of passing off by recognizing that social media identities and domain names can act as indicators of a brand's source. This means the legal principles behind passing off have evolved to include the digital world while still holding onto their basic ideas and goals.<sup>5</sup>

## CONCEPTUAL FRAMEWORK OF PASSING OFF

### Meaning and Nature of Passing Off

Passing off is a common law tort aimed at preventing unfair competition and protecting the commercial goodwill of traders. It arises when one party misrepresents their goods or services as being those of another, thereby deceiving consumers and causing injury to the goodwill and reputation of the original trader.<sup>6</sup> In contrast to statutory trademark infringement, is based on prior use and the presence of goodwill in the market rather than trademark registration. In the past, the doctrine evolved to deal with circumstances in which strict legal frameworks were inadequate to safeguard honest traders. Regardless of official registration, courts acknowledged that commercial reputation should be protected because dishonesty in commerce damages not only individual traders but also the trust of consumers and the integrity of the market. Over time, passing off developed into a doctrine that is adaptable to shifting business practices. In today's digital era, the concept of passing off has grown significantly wider than it used to be. Now, it covers various forms of misleading representation that take place online, such as using similar domain names, copying website designs, imitating mobile apps, adopting similar social media profiles, running deceptive online advertisements, and even misrepresenting products in e-commerce platforms. The internet's fast-paced nature, along with the ability to remain anonymous and its global

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<sup>5</sup>Yahoo! Inc. v. Akash Arora, 1999 PTC (19) 201 (Del) (India).

<sup>6</sup> David Bainbridge, *Intellectual Property* 742–760 (11th ed. 2022)- Common Law Tort

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accessibility, has made it easier for people to engage in deceptive practices. As a result, passing off has become an essential legal tool for businesses to protect their brand identity and reputation in the ever-expanding online marketplace.

### Essential Elements of Passing Off

Courts have repeatedly decided that for a case of passing off to succeed, certain key elements must be present, specifically, goodwill, misrepresentation, and damage. These are commonly known as the classical trinity. Together, they form the basis of the legal principle and are essential to the fair and just application of the law in such cases.

- A. **Goodwill:** The concept of a passing-off action is built on the idea of goodwill. Goodwill represents the positive reputation, good name, and strong relationships with customers that a business develops through its activities. It signifies that goodwill is a valuable and legally protected asset in the business world, which emerges when customers connect certain products or services with a particular source. Importantly, for goodwill to be protected, it must exist within the market where the alleged misleading act is taking place. However, the idea of territorial boundaries has become less clear in today's digital environment. Even without a physical presence, online businesses can build goodwill through their websites, social media engagement, online advertisements, and e-commerce platforms. With reference to the case of *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, (2001),<sup>7</sup> it recognises that digital goodwill may arise from consumer recognition and trust developed through sustained online interaction. It is significant to note that goodwill does not necessarily have to be linked to a registered trademark. Businesses that are not formally registered, including unregistered brands, online start-ups, and service providers, can still build up goodwill through consistent and continuous use of their brand. This accumulated goodwill can then be protected under the passing off law, which helps prevent others from using a similar brand to confuse customers. This point is particularly relevant in today's digital economy, where many companies develop and establish their brand identity before even going through the official process of trademark registration.
- B. **Misrepresentation:** Misrepresentation involves the defendant's false representation, which leads to, or is likely to lead to, the public believing that the defendant's goods

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<sup>7</sup> *Cadila Health Care Ltd v Cadila Pharmaceuticals Ltd* (2001) 5 SCC 73 (India).

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and services are associated with the plaintiff. The misrepresentation may be either intentional or unintentional. The significance lies not in the intent, but the effect on the public. Misrepresentation, therefore, underscores the fact that there are different types of misrepresentation, ranging from deceptively similar domain names, imitation of website design, and unauthorized use of brand identifiers on social media, misleading advertisements, and deceptive e-commerce. The courts have held that the proof of actual deception is not necessary. A likelihood of confusion among an average consumer of ordinary intelligence is sufficient. This principle is especially relevant online, where consumers often make quick decisions based on limited information and are therefore more susceptible to confusion.<sup>8</sup>

**C. Damage:** Damage refers to the damage or harm sustained or to be sustained by the plaintiff as a result of the misrepresentation. Cyber misrepresentation can misdirect internet traffic, damage consumer trust, and expose consumers to inferior or counterfeit products, thereby damaging the goodwill of the genuine trader over time. The risk of damage is deemed sufficient grounds to sustain a claim, and the plaintiffs do not have to prove the actual extent of damage at the initial stage. The recognition of reputational harm as actionable damage underscores the preventive nature of passing off, allowing courts to grant injunctive relief before irreparable harm occurs.<sup>9</sup>

### Passing Off vs. Trademark Infringement

Passing off and infringement of trademarks have different, though associated, objectives. Trademark infringement is a remedy that is only applicable to owners of registered trademarks and is governed by a set of specific laws. On the other hand, passing off is a common law remedy that is dependent on the use and reputation. It protects the goodwill as opposed to the mark itself. While infringement cases like, *N.R. Dongre v. Whirlpool Corporation, (1996)* require registration and legal definitions, passing off cases rely on factual evidence of goodwill, misrepresentation, and damage<sup>10</sup>. In digital disputes, courts often use passing off when registration is lacking or when legal rules do not fully cover online misuse. Therefore, passing off remains essential in adding to trademark protection, especially in new digital situations.

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<sup>8</sup> *Reckitt & Colman Prods. Ltd. v. Borden Inc.*, [1990] 1 WLR 491 (HL)

<sup>9</sup> Graeme B. Dinwoodie & Mark D. Janis, *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar 2008).

<sup>10</sup> *N.R. Dongre v. Whirlpool Corp.*, (1996) 5 S.C.C. 714 (India).

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## Protection of Unregistered Trademarks

One of the most significant contributions of passing off law is its protection of unregistered trademarks. Section 27 of the Trademarks Act, 1999<sup>11</sup> expressly preserves the right to institute passing off actions, affirming the coexistence of common law and statutory remedies<sup>12</sup>. It emphasizes the fact that a number of businesses, especially digital start-ups and online service providers, do not immediately register their trademarks. Passing off offers these businesses with the necessary protection from imitation, misrepresentation, and riding on their reputation. It ensures that the lack of registration does not provide an opportunity for unscrupulous competitors to take undue advantage. The digital age, characterized by the swift development of brands before their formal registration, makes the protection of unregistered trademarks through passing off indispensable.

## Passing Off InTheDigital Environment

### 1. Changing Nature of Commercial Activities in the Digital Era

The digital revolution has changed the structure and functioning of business activities to a great extent. The traditional concept of commerce was mostly limited to physical locations or marketplaces. However, with the advent of digital revolution, the concept of digital platforms such as e-commerce websites, social media platforms, etc., has replaced traditional commerce. Businesses today do not require physical locations to create their market presence as compared to traditional businesses. However, the digital revolution has also made businesses vulnerable to unfair competition to a greater extent. The ease of anonymity on the internet along with the ease of replication of digital content has made it easier for dishonest businesses to infringe on the goodwill of other businesses and mislead consumers to a greater extent.

It is evident from the above discussion that digital commerce enables infringing activities to a greater extent compared to traditional commerce. Moreover, consumers on digital platforms mostly rely on limited information such as brand names, website design, domain names, etc., to make their purchasing decisions. Unlike physical markets, where consumers can inspect goods and verify sellers, digital environments encourage quick, trust-based transactions. This

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<sup>11</sup> Trade Marks Act, No. 47 of 1999, § 27(1)–(2), India Code (1999).

<sup>12</sup> Trade Marks Act 1999, § 27(India).

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fundamental change in commercial behaviour has expanded the scope and relevance of passing off, making it a crucial tool for regulating fair competition in the digital economy.<sup>13</sup>

## 2. Application of Traditional Passing off Principles to Online Platforms

Despite the technological transformation of commerce, courts have largely relied on traditional passing off principles to resolve digital disputes. The classical trinity of goodwill, misrepresentation, and damage continues to guide judicial analysis, demonstrating the inherent flexibility of the common law.<sup>14</sup> The courts have accepted that it is possible to create goodwill through digital presence alone, irrespective of physical presence. Misrepresentation in the digital environment refers to the act of the defendant using similar domain names, layouts, logos, or social media profiles that cause a false impression of association with the plaintiff. The courts have accepted that the act of misrepresentation causes damage because it amounts to the diversion of internet traffic, the erosion of digital goodwill, and the destruction of consumer trust. What is noteworthy is that the courts have not established a new set of principles for digital passing off. Instead, they have applied the existing principles to new factual circumstances.

## 3. Concept of Digital Goodwill and Online Consumer Confusion

Digital goodwill represents the reputation and commercial value generated by a business through its online activities.<sup>15</sup> Unlike traditional goodwill, which may be restricted to a certain region, digital goodwill is not restricted by territorial boundaries. It is created by continuous online presence, interaction with consumers, social media, customer reviews, and digital marketing strategies. It focuses on the fact that digital goodwill does not require the establishment of physical businesses. Digital businesses, start-ups, and service providers may create considerable goodwill. It is important to protect digital goodwill by passing off law, as its infringement may cause substantial business injury. Confusion among consumers, especially in the context of the digital environment, is a major issue that arises in the context of digital passing off. In the context of the fast-paced digital environment, consumers may be easily confused by the similarities between two different businesses. This indicates that the digital environment increases the probability of confusion among consumers, and they may not exercise the same level of scrutiny. It has been acknowledged by the courts that initial

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<sup>13</sup>Stacey L. Dogan & Mark A. Lemley, Grounding Trademark Law Through Trademark Use, 92 Iowa L. Rev. 1669 (2007).

<sup>14</sup>*Supra* 7

<sup>15</sup> Graeme B. Dinwoodie & Mark D. Janis, *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar 2008).

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interest confusion, where the consumer may be initially confused by the similarity between two different businesses, constitutes passing off.

#### 4. Critical Analysis: Adequacy of Passing Off in the Digital Context

Although the dynamic nature of passing off law is beneficial to the determination of digital misrepresentation cases, it also indicates the limitations of the law.<sup>16</sup> The fact that there is no specific provision on digital passing off leads to inconsistent decisions from the courts. However, the passing off law is a fundamental legal concept in the digital world,<sup>17</sup> especially with regards to unregistered trademarks and start-ups. The dynamic nature of the law is beneficial to the determination of digital misrepresentation cases,<sup>18</sup> but the law must continue to adapt to the changing face of misrepresentation with clearer judicial guidelines and legislative provisions to effectively safeguard digital goodwill.<sup>19</sup>

### FORMS OF TRADEMARK MISUSE ON SOCIAL MEDIA AND ONLINE PLATFORMS

The development and growth of social media and digital technologies have created a number of different ways in which trademark infringement could be committed. In the context of the internet, the trademark does not simply function to identify the origin of the products, but also to make the products more visible, to enable search engine optimization, and to interact with consumers.<sup>20</sup> Therefore, the different types of infringement discussed below demonstrate the manner in which the traditional passing off test applies to modern-day digital environments.

**A. Misuse through Social Media Usernames and Handles:** In the context of social media, usernames, page names, and handles act as identifiers.<sup>21</sup> In some cases, they may be the first point of contact between a business and its consumers. The unauthorized use of a trademark, either in its original form or in a deceptively similar manner, as a username may create an immediate false impression of association, sponsorship, or authenticity.<sup>22</sup> This type of misuse may be especially damaging because users may assume that the account with the trademark handle is the official

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<sup>16</sup> Dev Gangjee, "Passing Off and Unfair Competition," in *Intellectual Property Law* (Oxford Univ. Press 2021).

<sup>17</sup> Supra 7

<sup>18</sup> J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 25:1 (5th ed. 2023).

<sup>19</sup> Supra 15

<sup>20</sup> Jeremy Phillips, *Trademark Law: A Practical Anatomy* (Oxford 2020).

<sup>21</sup> David Bainbridge, *Intellectual Property* 874-876 (11th ed. 2022).

<sup>22</sup> *Christian Louboutin SAS v. Nakul Bajaj*, 2018 SCCOnLine Del 12215.

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account of the trademark owner. Even if the infringing account carries different goods and services, the similarity in usernames may cause confusion, harm the brand's reputation, and lead to fraudulent activities. In the context of passing off, the misuse may be seen as an act of misrepresentation by taking advantage of the goodwill inherent in the trademark and may cause confusion to the consumer at the initial stage of interaction.<sup>23</sup>

**B. Misuse through Hashtags, Meta-Tags, and Keywords:** Hashtags, Meta tags, and keywords all play an important role in improving the overall visibility and directing the flow of consumers. The unauthorized use of trademarks in the form of hashtags and search keywords allows the infringing party to take advantage of the popularity and prestige of the trademark without the direct use of the trademark on the goods and services. This may not be easily noticeable to the consumers at the outset, but the unauthorized use amounts to initial interest confusion, where the infringing party is diverting the flow of consumers looking for a certain trademark to their products. This is an unfair and unjustified use of the trademark, and the trademark owner's goodwill is being exploited. The courts have held that the indirect and unauthorized use may amount to passing off.

**C. Misuse through Sponsored Advertisements and Paid Promotions:** Sponsored advertisements and paid promotions are prominent features of digital marketing. Trademark misuse in digital marketing occurs when an advertiser uses a competitor's trademark to bid on keywords or uses a competitor's trademark in their advertisements to attract consumer attention. This type of trademark misuse is misleading and deceptive to consumers. This type of trademark infringement occurs when an advertiser uses a competitor's trademark to bid on keywords or uses a competitor's trademark in their advertisements to attract consumer attention. This type of trademark infringement is misleading and deceptive to consumers. In this type of trademark infringement, also known as 'passing off,' an advertiser benefits from the goodwill of the trademark owner.

**D. Misuse through Influencer Marketing and False Endorsements:** Influencer marketing is largely dependent on consumer trust and authenticity.<sup>24</sup> Trademark

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<sup>23</sup> Supra 7

<sup>24</sup> Federal Trade Commission, *Guides Concerning the Use of Endorsements and Testimonials in Advertising*, 16 C.F.R. § 255 (2023).

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misuse occurs when an influencer uses a mark in a way that falsely suggests endorsement, sponsorship, or other affiliation without authorization. False endorsement is a form of deception, which tricks consumers into believing that a product has been endorsed or recommended by the owner of the mark<sup>25</sup>. Trademark misuse is particularly damaging because consumers rely so much on the opinion of the influencer. From a legal standpoint, this form of representation can be considered misrepresentation because, by doing so, they deceive consumers, damaging not only their trust but also the goodwill of the brand. The lack of disclosures adds to the level of deception.<sup>26</sup>

**E. Misuse through Domain Names and Cybersquatting:** Domain names act as gateways for online businesses, and they have also been likened to the identity of a brand.<sup>27</sup> Cybersquatting refers to the act of registering domain names that are identical or similar to trademarks with the intent of deceiving consumers or deriving business benefit. This type of misuse of domain names enables passing off through the diversion of online consumers, deception, and the restriction of the utilization of the true online identity of a brand. Even the holding of domain names that are used for passing off creates a loss of goodwill through the restriction of online brand utilization. Domain names have been recognized as source identifiers in the passing off law.

### **Role and Liability Of Online Intermediaries**

The development and expansion of digital commerce and social media websites have made online intermediaries major players in the dissemination of information, goods, and services. Online intermediaries do not contribute to the creation of infringing content, but they facilitate the misuse of trademark, passing off, and deception of consumers. Therefore, the liability of online intermediaries has emerged as a critical issue in the enforcement of digital trademark.<sup>28</sup>

#### **1. Legal Status of Intermediaries under Indian Law**

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<sup>25</sup> Advertising Standards Council of India (ASCI), *Guidelines for Influencer Advertising in Digital Media*(2021).

<sup>26</sup> Supra 23

<sup>27</sup> *Yahoo! Inc. v. Akash Arora*, 1999 PTC (19) 201 (Del) (recognizing domain names)

<sup>28</sup> World Intellectual Property Organization (WIPO), *Global Brand Database & Enforcement Reports* (2022).

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In the context of Indian law, the status of online intermediaries is largely governed through the Information Technology Act of 2000. Section 2(1)(w) of the Act provides a definition of what an intermediary is. An intermediary, as per the Act, is a person who receives, stores, or transmits electronic records or provides services in respect of the electronic records.<sup>29</sup>This includes internet service providers, social media platforms, search engines, online shopping platforms, payment gateways, etc. It is important to note that the law treats online intermediaries as facilitators of online content rather than the originators of the same. This is important because online intermediaries do not have any control over the online content. However, it is also important to note that online intermediaries have control over the technology. This shows that online intermediaries have a very important role to play in the context of preventing the infringement of trademarks.

## 2. Safe Harbour Provisions under the Information Technology Act, 2000

Section 79 of the Information Technology Act provides *safe harbour protection* to intermediaries, shielding them from liability for third-party content hosted or transmitted through their platforms.<sup>30</sup>This immunity is conditional and applies only where the intermediary functions in a passive, neutral manner.<sup>31</sup>

Safe harbour protection is not available where the intermediary:

- Initiates the transmission of infringing content;
- Selects the receiver of the transmission; or
- Modifies the information contained in the transmission.

Itemphasises that safe harbour does not grant blanket immunity. Once an intermediary obtains actual knowledge of unlawful activity, such as trademark misuse or passing off, it is required to act prompt. Failure to do so may effect in loss of protection and potential liability. Courts have clarified that safe harbour is a conditional privilege, dependent on compliance with statutory obligations.

## 3. Due Diligence and Takedown Obligations

Further, intermediaries have to adhere to the principle of due diligence as prescribed by the IT Act and the Information Technology (Intermediary Guidelines and Digital Media Ethics

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<sup>29</sup> Information Technology Act, 2000, § 2(1)(w) (India).

<sup>30</sup> Information Technology Act, 2000, § 79 (India).

<sup>31</sup> *Shreya Singhal v. Union of India*, (2015) 5 SCC 1. (India)

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Code) Rules, 2021<sup>32</sup>. This is to ensure that the intermediaries do not facilitate any unlawful activity, including infringement of trademarks and passing off.

It mentions that the responsibility of removing infringing content is very important when it comes to protecting trademarks, especially in online spaces where problems can spread quickly. If websites or other platforms don't act quickly or at all, it can lead to continued confusion for customers and harm the brand's reputation, which is why courts may step in to ensure things are handled properly.<sup>33</sup>

#### 4. Platform Policies and Grievance Redressal Mechanisms

Besides the legal requirements, online platforms have also developed their own mechanisms for dealing with the issue of infringement of trademarks and passing off. Some of the measures adopted include intellectual property protection programs, brand registry, reporting, and detection systems. Such measures have enabled the owners of trademarks to report infringement in a quick manner. Furthermore, the IT Rules, 2021 have also emphasized the need for the establishment of grievance redressal mechanisms. In this context, intermediaries have to appoint a grievance officer. Moreover, it also provides a quick remedy for the owners of trademarks. It also shows that the issue of the effectiveness of the grievance redressal mechanisms is important for the platforms.<sup>34</sup>

### JURISDICTIONAL APPROACH

The Indian judiciary has shown a flexible and dynamic approach to the doctrine of passing off, especially with regard to the realm of e-commerce and the Internet. As passing off is a common law doctrine, it still plays an important role in the protection of unregistered trademarks and goodwill in India.<sup>35</sup>

Indian courts have consistently followed the classical test for passing off, which requires proof of the following elements:-

- Goodwill or reputation,
- Misrepresentation,

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<sup>32</sup> Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (India).

<sup>33</sup> *L'Oréal SA v. eBay International AG*, Case C-324/09, [2011]

<sup>34</sup> Information Technology Rules, 2021 (India).

<sup>35</sup> *Cadila Health Care Ltd. v. Cadila Pharm. Ltd.*, (2001) 5 SCC 73.

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- Likelihood of damage.<sup>36</sup>

This test has been adapted to the Internet scenario, where consumer perception and the overall impression are relevant factors.

More importantly, courts have held that passing off extends beyond traditional marketplaces and applies equally to domain names, websites, social media platforms, and even digital advertising. The courts have recognized that passing off on the internet may cause initial interest confusion, diversion of internet traffic, and unjust enrichment of infringing parties.

Furthermore, Indian courts take a factual approach to analyse cases on a case-by-case basis, considering factors such as:-

- Nature of marks,
- Similarity between competing marks,
- Consumers of goods (especially internet users), and
- Modes of purchasing (especially internet usage).

An important development in the Indian judicial approach to passing off cases has been recognizing that even a registered proprietor may be sued in a passing off action if goodwill exists.

### Key Judgements for Digital Trademark Misuse

#### A. *Yahoo! Inc. v. Akash Arora (1999)*<sup>37</sup>

1. The Delhi High Court held that using a similar domain name to “Yahoo!” amounts to passing off.
2. The court highlighted that:
  - Internet users might be confused due to similar domain names,
  - Even small variations in names might mislead people in cyberspace,
  - Accessibility of websites on a global scale increases the possibilities of deception.
3. This case was one of the first instances of misrepresentation on the internet in India.

#### B. *Kent RO Systems Ltd. v. Amit Kotak (2017)*<sup>38</sup>

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<sup>36</sup> Supra 7

<sup>37</sup> *Yahoo! Inc. v. Akash Arora*, 1999 PTC (19) 201 (Del).

<sup>38</sup> *Kent RO Systems Ltd. v. Amit Kotak*, 2017 SCC OnLine Del 7201.

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1. The issue of intermediary liability and trademark infringement was addressed by the Delhi High Court in relation to e-commerce platforms.
2. The Court noted:
  - Intermediaries cannot take a completely passive role,
  - Once informed, they must take action against infringing listings,
  - Failure to take action may result in liability.
3. This case reflects judicial concern regarding **platform responsibility in digital passing off.**

#### C. **Christian Louboutin SAS v. Nakul Bajaj (2018)**<sup>39</sup>

1. The Delhi High Court addressed the issue of trademark misuse on e-commerce and social media.
2. The Court held that:
  - Online platforms may be held liable if they actively participate in the sale of goods,
  - Misuse of the luxury brand identity on the Internet may constitute passing off,
  - The description of goods on the Internet should not mislead consumers.

### CONCLUSION & SUGGESTIONS

The doctrine of passing off remains a crucial tool in protecting trademark rights and the goodwill of businesses in the online world. Even though this legal principle was originally created to handle unfair competition in traditional markets, it has proven to be quite flexible and capable of adapting to the new challenges brought about by e-commerce and digital marketing. The core ideas behind passing off, like maintaining goodwill, preventing misleading information, and addressing harm, still hold true. However, the way these ideas

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<sup>39</sup>*Christian Louboutin SAS v. Nakul Bajaj*, 2018 SCC OnLine Del 12215.

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are applied has expanded significantly to cover areas such as domain names, social media profiles, and other modern forms of trademark violations.<sup>40</sup>The digital era has completely changed how people do business and connect with others. This transformation has brought about a wider range of business opportunities, faster brand building, and more intense competition. Yet, it has also introduced new challenges, such as confusion among consumers, weakening of brand identity, and unfair use of well-known trademarks. The ability to copy and mimic digital identifiers with ease, along with the fact that online transactions are often anonymous and cross-border, has made it more difficult and expensive to defend trademark rights. In this situation, passing off acts as a vital legal solution, especially for trademarks that are not officially registered and for new digital businesses that might not have strong legal protections.

In addition, online platforms have become key players in managing and protecting digital trademarks. While the legal system in India offers some level of protection to these platforms, it also requires them to take certain responsibilities, including checking for and removing illegal content to stop the spread of trademark violations. Despite the existing legal structures in India that help address digital passing off and trademark violations, they are not yet strong enough to fully handle the ongoing changes in how digital business is conducted, by using safe harbor protection.<sup>41</sup> There is a clear need to improve legal standards and enforce greater accountability on online platforms to ensure that trademark laws continue to protect both businesses and consumers in the digital era.

## SUGGESTIONS

- A. **Statutory Recognition of Digital Passing Off:** The Trademarks Act, 1999 should be amended to specifically recognize digital passing off, including its misuse via social

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<sup>40</sup>Reckitt & Colman Prods. Ltd v. Borden Inc., [1990] 1 W.L.R 491 (HL)

<sup>41</sup>Information Technology Act, 2000, § 79 (India).

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media handles, domain names, hashtags, sponsored ads, and influencer marketing campaigns. Such specific statutory recognition would help avoid any confusion.<sup>42</sup>

- B. Establish Clear Guidelines Regarding Consumer Confusion:** It is important for the legislature as well as the courts to establish clear guidelines regarding consumer confusion, especially regarding initial interest confusion, keyword advertising, and influencer marketing campaigns. Such clear guidelines would help the courts apply the law of passing off more effectively in cyber law disputes.
- C. Strengthening Intermediary Accountability:** Even as safe harbour immunity is important to ensure the viability of innovation, intermediaries must be made more accountable through more stringent due diligence requirements in cases involving repeat or systemic trademark infringement. Proactive monitoring tools and repeat infringer policies must be incentivized to prevent ongoing consumer deception.<sup>43</sup>
- D. Efficient and Transparent Takedown Mechanisms:** Platforms must be made to adopt efficient and transparent takedown procedures for trademark infringement complaints. This will help ensure uniform notice and takedown procedures, which will provide quick relief to trademark owners and prevent prolonged harm to goodwill.
- E. International Cooperation and Harmonisation:** In view of the international nature of digital commerce, India must engage in international cooperation to harmonise the standards for the protection of trademarks in the virtual world. This will help in the more effective enforcement of remedies against digital passing off.<sup>44</sup>

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<sup>42</sup> TRIPS Agreement, arts. 15–16, Apr. 15, 1994.

<sup>43</sup> *L'Oréal SA v. eBay International AG*, Case C-324/09, [2011] ECR I-6011.

<sup>44</sup> *Supra* 36

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