

Navigating Legal Complexities and Jurisdiction in E-Contracts: A Critical Analysis

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Abstract

Any agreement made on an electronic platform that creates a legally enforceable relationship between the parties is referred to as a "electronic contract I.e. e-contract." Due to the beneficial increase in e-commerce, these contracts are a crucial component of the modern business environment. Any viewer worldwide might choose to sign a contract to purchase the goods being marketed online in this age of digital marketing. Since an electronic contract may be created from any location, it is not limited by jurisdiction. Here, concerns are raised about the court's capacity to consider disagreements between the parties. The basic contract law mostly governs these electronic contracts. The insufficiency of the existing legislation governing contracts, the potential legal problems that could arise from these electronic contracts, and the frequent failure of these contemporary electronic contracts to satisfy the requirements of a legally binding contract described in the contract legislation are all highlighted in this paper.

Keywords: E-contracts, Indian Contract Act, Information and Technology

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I.Introduction

Business conducted electronically, such as business-to-business (B2B), business-to-consumer (B2C), or consumer-to-consumer (C2C) exchanges, is referred to as e-commerce. The concept of "globalization" has affected the global economic regime by opening up market economies (William, 2024). Globalization has accelerated the spread of technology. Cross-border tech transmission has significantly reworked the technological ecosystem in addition to increasing regional output stage in industrial and emerging nations. Globalization has had a significant influence on e-commerce companies and their rapid expansion. The enormous profits generated by e-commerce companies today have also had an influence on the increasing investments in new business channels, which has resulted in a large number of transactions necessitating the execution of legal contracts.

The rise in technology components of business has had a significant influence on e-contract business transactions between businesses in the "B2B" format and between businesses and their consumers in the "B2C" format. We may now conduct commercial activities using "digital transactions" instead of "conventional paper transactions" thanks to technological advancements. Emails have given way to instant messaging applications, which allow people to contact with each other instantly. This has also affected how commercial transactions are conducted, since digitally signed and performed contracts are now more common than paper contracts.

As seen by the growth of social media apps, e-commerce websites, and digital or contactless payment methods, transnational convergence has increased with the aid of these technological developments. Major commercial operations, including the trade of goods and services as well as financial transactions, are now carried out via digital methods. Investors are obligated by the terms and conditions of an electronically arranged transaction between the broker and the investor, even in the stock market, which operates through digital apps.

These days, technology permeates every aspect of existence. Globally, the extensive use of computer and technological devices has fundamentally altered how we live. To keep up with the speed of technological innovation, the Indian Congress passed and implemented the Information and Technology Act of 2000. The goal of the current research is to determine the legal concerns related to the functioning and enforcement of e-contracts in India.

II.E-Contracts and its Types

Under the present contract law, agreements established by electronic means could not be addressed. Electronic contracts, or contracts that are conducted electronically rather than on paper, were created in response to the need for speed, appropriateness, and efficiency.

Despite the ubiquitous use of computers and the internet these days, there is presently no law governing contracts based on these technologies. The development of e-contracts in India may be traced back to the computer age, when significant technology breakthroughs affected how businesses operated. Although the e-commerce business model is not new, it was observed in India in the early 1900s. The e-commerce company sector experienced a growth as a result of advancements in networking and the internet. The lawmakers believed that a legislation regulating contracts using electronic devices was absolutely necessary. Fazal Ali J., who oversaw the study, fervently argued in favor of enacting a distinct legislation to control electronic devices. He rejected to amend the existing legislation to bring electronic devices into the purview of the existing contract law (Singh and Singh 2019).

2.1 Click Wrap Contracts

People typically aren't aware that they are engaging into an electronic contract when they tap on pop-ups like "Ok" or "I agree." Websites, app registrations, and software installs are common uses for this.

2.2 Browse Wrap Contract

Through the use of the webpage, the contracting party is intended to be bound by this agreement. These words are essentially related to the "terms of service" and "user policy."

2.3 Shrink Wrap Contract

In these situations, the user is considered to have given their "consent" when they begin using a product. These agreements are typically unenforceable, though, because consumers frequently aren't aware that they were signed. In a related instance, the user began using the product, and the court determined that he was legally bound by its terms since, once the product is put to use, its conditions are displayed, and it cannot be accessed if the terms are not accepted.

2.4 Cyber Contracts

On the basis of contract performance, the contracts may also be divided into "E-mails" and "EDI." Email uses servers to electronically move messages from one computer system to another. Electronic data exchange, or EDI for short, is the process of moving organized, business-oriented data over a computer network.

III.E-Contract in India

The Indian Contract Act of 1872 provides essential regulations for contract creation in India. In India, the IT Act of 2000 and the Contract Act both have a big influence on how electronic contracts are run.

3.1. Indian Contract Act, 1872

One important piece of legislation governing contractual interactions in India is the Indian Contract Act, 1872. Since its implementation on September 1, 1872, it has mostly dealt with the broad principles of contracts and specific types of contracts, including indemnification, guarantee, bailment, pledge, and agency. Originally, it included contracts, partnerships, sales of products, and agency. A legitimate contract must have the following fundamental components, under Section 10: offer and acceptance, lawful consideration, parties' ability, free consent, and lawful aim.

The Act distinguishes between valid, invalid, and voidable contracts and defines a contract as an arrangement that is legally binding. Important concepts like consideration, free consent, privity of contract, and frustration of contract are also covered. By offering a legal framework for resolving conflicts and upholding trust in both personal and business transactions, the Act is essential in guaranteeing that agreements established between parties are enforceable and legally binding (Singh, 2023 and Kapoor, 2022).

3.2. Information & Technology Act, 2000

When the IT Act was enacted in India, consideration was given to the "Model Law on Electronic Commerce" created by the "UN Commission on International Trade Law." 8. By providing legal recognition to transactions conducted using computerized systems and other digital message transmission technologies, the legislation seeks to create a framework for the effective operation of electronic contracts. The Act uses terms like "electronic records" to provide legal recognition to those electronic communications that create contracts, but it does not employ terms like "offer" or "acceptance." Any communication carried out using online electronic transmission technologies is referred to as a "electronic record."

3.3. Indian Evidence Act, 1872

It is crucial to remember that electronic devices that are used to record or store evidence are given the same status as evidence. The importance of evidence gathered, generated, or held on a computer system

experienced a dramatic shift from secondary to main as technology and telecommunication grew more pervasive. The requirements of this Act regulate the "admissibility" and "validity" of agreements that are performed electronically.

IV. Issues related to E-Contracts

The parties that want to establish a legal connection must be competent enough to sign a contract in terms of a party's competency. The contract law limits the ability of "minors" (those under the age of eighteen) to enter into an agreement. Since technology has been accessible to almost everyone in the modern world, it is now challenging for internet service providers to determine how to remotely repair problems. Additionally, the number of "fraud" and "identity misrepresentation" cases is gradually increasing, which has an impact on how e-contracts operate. Another concern with e-contracts is legal relationships (Singh and Singh 2019; Pollock and Mulla, 2022).

For a contract to be deemed authentic, the parties must have a clear purpose to establish a legally enforceable agreement with obligations and consequences. Regrettably, e-contracts are frequently lengthy and detailed, making it difficult for the average person to understand them. Because it is difficult to understand the terminology used in these lengthy agreements, very few customers really read their agreements before making a purchase, which leads to these online merchants taking advantage of users. Due to the fact that the majority of users are not aware of the enforceable force, obligations, and default provisions in their contracts, merchant-favored contracts have emerged in terms of contract terms (Khan, 2023).

Since many internet portals aren't very closely controlled, the terms stated in e-contracts are usually immoral and against public policy when it comes to making agreements with good intentions. Because there is no appropriate system in place to determine if a person is of legal age, there have been cases when illegal goods like alcohol and cigarettes are sold to minors. Because it affects the general public, the object issue is crucial. Regulating this is essential, but the existing technology infrastructure is not strong enough to verify that the user-entered verification information are accurate. The "free consent" of the parties to the transaction is a crucial component in contract formation. Users of online portals, webpages, or mobile applications have the option to "discontinue" after reading the terms, but in most cases, each person is not expected to have read the entire terms. In online platforms, there is no such tangible interaction between the contracting parties, which raises the question of whether the consent obtained was free or not. In these situations, the scope of negotiation is zero, placing one party to the contract at a disadvantage.

Users encounter these "take it or leave it" offers every day. Under a landmark decision, the Supreme Court emphasized that under "dotted line contracts," a party with weak brain ability would not be able to infer equal negotiating power at any point. Therefore, it can be concluded that users of these online services should exercise caution and vigilance while granting permission to avoid any potential legal problems in the future.

V. Jurisdiction related to E-Contracts

The legal power of a court to decide cases involving online agreements is known as jurisdiction in e-contracts. E-contracts, in contrast to traditional contracts, are created in virtual settings where parties may be spread out across multiple continents, which complicates the process of determining jurisdiction. In accordance with Indian law, Section 20 of the Civil Procedure Code, 1908, which takes into account the location of the contract's creation, performance, defendant's residence, or place of business, governs jurisdiction in contractual proceedings. However, because the internet is global, these issues are frequently unclear in e-contracts. The Information Technology Act of 2000 (Section 10A of the IT Act) and the Indian Contract Act of 1872 both recognize the creation of electronic contracts, although they do not specifically provide jurisdictional restrictions. In order to resolve jurisdictional concerns, courts have so turned to case law and conventional legal concepts. For example, the Supreme Court affirmed exclusive jurisdiction clauses in contracts where both parties agreed to them in *Swastik Gases Pvt. Ltd. v. Indian Oil Corporation Ltd.* (2013). Similar to this, the Delhi High Court ruled in *Banyan Tree Holding (P) Ltd. v. A. Murali Krishna Reddy* (2010) that a website must be intended for users in that jurisdiction in order to be considered to have jurisdiction. It is recommended that parties entering into e-contracts include explicit jurisdiction terms and understand the legal ramifications of their online contacts, especially when conducting business across state or national borders, in order to prevent legal confusion.

VI. Validity of E-Contracts

Regarding validity, the enforceability of contracts made electronically is the topic that has to be addressed. A particular provision addressing the validity and enforceability of contracts made electronically is included in the Information and Technology Act of 2000. Along with several procedural provisions of the Indian Evidence Act of 1872, the basic requirements outlined in the Indian Contract Act of 1872 must be followed. "Where in a contract formation, the communication of proposals, the acceptance of proposals, the

revocation of proposals and acceptances, as the case may be, are expressed in electronic form or by means of an electronic record, such contract shall not be deemed to be unenforceable solely on the ground that such electronic form or means were used for that purpose," states the paragraph discussing the validity of e-contracts. In a landmark decision, the court recognized that section 10(A) of the IT Act addresses the contractual obligations resulting from electronically completed contracts in addition to their legality and enforceability. To keep up with the emerging requirements of companies and technology improvements, this particular phrase was included. In this case, the legislature has recognized and granted legal force to contracts that are signed online. In a landmark decision, the Supreme Court emphasized that contracts whose terms and conditions are communicated and discussed between the contractual parties via email or other internet channels are recognized by the law, even if no formal or explicit agreements were signed. According to section 65B of the Evidence Act, these "electronic records" have been given evidential importance. The admissibility of "electronic records" in court is the special topic of this section. In a landmark decision, the Supreme Court emphasized that electronic documents presented as secondary evidence cannot be admitted as substantial proof unless the requirements outlined in section 65(B) are met.

The Supreme Court further emphasized that Section 65(B) of the Indian Evidence Act defines procedural features, while Section 63 of the Act covers the acceptance of computer outputs. The legal issue regarding the practical validity of e-contracts in India has been resolved by the combined legislative and judicial efforts.

VII. Conclusions and Suggestions

The evolution of e-contracts has redefined the traditional understanding of contract law by introducing complexities related to digital consent, enforceability, and jurisdiction. While the Indian legal framework—through the Indian Contract Act, 1872, the Information Technology Act, 2000, and judicial interpretations—recognizes the validity of electronic agreements, it remains challenged by issues such as unequal bargaining power, identity misrepresentation, and the ambiguity of jurisdiction in cross-border transactions. Courts have made considerable progress in addressing these concerns, particularly by scrutinizing standard-form contracts and upholding fair dealing. However, the lack of explicit statutory guidelines concerning online jurisdiction and enforceability still leaves significant room for interpretation, leading to legal uncertainty for parties involved in digital transactions. Hence, the following points should need as suggestions i. There is an urgent need to amend existing laws or introduce new legislation that clearly defines jurisdictional rules for online contracts, including cross-border e-commerce transactions. ii. Mandatory Disclosures is essential like Online platforms should be legally mandated to provide clear, concise and accessible terms and conditions with specific clauses on jurisdiction and dispute resolution. iii. Consumer education is also essential in which Governments and regulatory bodies should promote digital literacy programs that inform users about the legal implications of e-contracts, especially regarding consent and dispute resolution. iv. India can consider aligning with internationally accepted models like the UNCITRAL Model Law on Electronic Commerce to ensure better harmonization and recognition of e-contracts globally. v. Creating specialized cyber-law benches and training judicial officers on digital contract complexities can lead to more consistent and informed decisions.

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