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E- CONTRACT

INTRODUCTION

Advancements in computer, telecommunications, software, and information technology have significantly improved people's quality of life. Communication is no longer bound by place or time. Modern technology allows for faster and more widespread dissemination of information. Electronic commerce allows businesses to be flexible in terms of location, time, space, distance, and payment options.¹ E-commerce involves purchasing and selling information, products, and services using computer networks. Electronic commercial transactions typically take place over the Internet. It is the instrument that enables 'enterprise integration'. The use of e-contracts is rapidly increasing as e-commerce grows. Deploying electronic contracts raises obstacles at three levels: conceptual, logical, and execution. Our page covers the scope, nature, and validity of e-contracts, along with other relevant topics.²

KEY WORDS

E-Contract, IT Act of 2000, Digital Signature, Ecommerce.

BACKGROUND

Because E-commerce is a key component of E-commerce, we must first grasp its history prior to entering into an E-contract. In the 1960s, corporations used Electronic Data Interchange (EDI) to execute electronic transactions. E-commerce became widely acknowledged in 1991, when the Internet was utilised for trade. With the creation of the World Wide Web in 1990, a large number of firms, like Amazon and eBay, began to provide services via the internet.³

In India, Rediff was the first to implement E-commerce in the late 1990s. The Indian Railway Catering & Tourism Corporation Limited (IRCTC) was the first corporation to launch an E-commerce platform in India.

In 2000, the Indian Parliament passed the Information Technology Act to legalise e-commerce transactions in India and align with global trade trends.

THE CONCEPT OF E-CONTRACT

¹ Toshan Watts, 'The Role Of Technology In The Future And Its Impact On Society', Times of India (APR 14, 2023)

² ANDREW BLOOMENTHAL, 'E-commerce Defined: Types, History, and Examples', <<https://www.investopedia.com/terms/e/ecommerce.asp>>

³ By Miva, 'The History Of Ecommerce: How Did It All Begin?' <<https://blog.miva.com/the-history-of-ecommerce-how-did-it-all-begin>> accessed 18 March 2024

E-Commerce is based on electronic contracts, often known as online contracts. The term "e-commerce contract" refers to a contract made between two or more parties using electronic methods. The IT Act of 2000 and the Indian Contract Act of 1872 do not define "Electronic Contracts" or "Online Contracts." The Information Technology Act, 2000, as modified by the Information Technology (Amendment) Act, 2008, addresses the legitimacy of electronic contracts. The law states that if proposals, acceptances, and revocations are communicated in electronic form or through an electronic record during contract formation, the contract will not be considered unenforceable solely because of the electronic form or means used. Any agreement that includes electronic permission or terms and conditions is considered an electronic contract.

ESSENTIALS OF E-CONTRACT

1. Offer Made-

Whether online or offline, offers are often not offered directly to individuals. Consumers visit the seller's website for available goods and services before making a purchase. The website's display of products for sale at certain prices does not constitute an offer. This is an invitation to make an offer, which is revocable until acceptance. The consumer makes an offer after adding things to the virtual 'basket' or 'shopping cart' for payment.

2. The offer needs to be acknowledged:

Business after the offer has been made by the consumer in relation with the invitation to offer An offer is reversible at any moment until it is accepted...

Processes available for forming electronic contracts include:

- E-mail: Offers and acceptances can be exchanged by email, physical papers, faxes, or phone calls.
- Web Site Forms: Sellers can provide items or services (e.g., flight tickets, software) on their website. The consumer puts an order by filling out and transmitting the order form available on the internet. The things may be delivered later (for example, clothing, music CDs) or electronically (for example, e-tickets, software, mp3 files).
- Online Agreements: Users may be required to sign an online agreement to use services, such as clicking "I accept" when connecting software or "I agree" when creating an email account.

3. There has to be legal consideration:

Any contract that is legally binding must have legal consideration, which occurs when both parties offer and receive something in exchange. As a result, if an auction site facilitates a contract between two parties where one Ecommerce - Legal Issues, such as a person, gives a pornographic video as compensation for acquiring an mp3 player, such a contract is void.⁴

4. There has to be an intention to create lawful relations:

⁴ Rachna Choudhary, 'REMEDIES FOR BREACH OF E-CONTRACTS', <<https://jril.isyndicate.com/wp-content/uploads/2023/06/Rachna-Choudhary.pdf>> accessed 18 March 2024

If the parties do not intend to form legitimate connections, they cannot enter into a contract. Domestic or social agreements are typically not contracts and hence cannot be enforced, such as a website that provides basic health-related facts and instructions.

5. Competency

Contracts made by minors, lunatics, and so forth are invalid. To enter into the contract, both parties must be lawfully competent.

6. There must be free and undisturbed consent.

Free consent is described as the absence of coercion, deception, undue influence, or fraud. To form a contract, neither party's will should be swayed. A click-through approach is commonly used in online contracts without real-time communication, such as those between a website and a customer, to ensure free and valid authorization.

7. The goal of the contract must be lawful:

A genuine contract serves a legal purpose. A contract to sell drugs or pornography online is void.

8. There must be conviction and the ability to perform:

To be enforceable, a contract must be clear and allow for performance. A contract that cannot be fulfilled, such as a website promising to sell lunar land, cannot be legally enforced.

DIGITAL SIGNATURE

Section 2(p) of The Information Technology Act, 2000 defines digital signatures as a subscriber's authentication of an electronic record using an electronic technique or procedure. A digital signature serves the same purpose as a handwritten signature on printed papers. A signature confirms that the document was written or agreed upon by a certain individual. Digital signatures offer higher security than handwritten signatures. A digitally signed communication may be verified by the receiver to ensure that it came from the intended sender and has not been changed. Secure digital signatures are non-repudiable, meaning the signer cannot subsequently reject the document by claiming it was fabricated. Digital signatures ensure the sender's identity and message integrity, allowing for "authentication" of digital messages. Online contracts have the disadvantage of relying solely on digital signatures or public keys to identify the other party, which can lead to misrepresentation and impersonation.⁵

CONCLUSION

E-contracts can help organisations re-engineer their business operations by integrating technology, procedures, and strategies to enable rapid information interchange. E-contracts have their own advantages and disadvantages. Reducing paperwork and boosting automation can decrease expenses, save time, increase customer responsiveness, and enhance service quality. E-commerce offers firms unparalleled access to a worldwide market with millions of clients and thousands of products and services, leading to increased productivity and competitiveness.

⁵ Adv. Apurva Chodankar, 'Digital Signature & Electronic Signature under Information Technology Act, 2000' <<https://llbmania.com/technology-law/digital-signature-electronic-signature-under-information-technology-act-2000/>> Accessed 18 March 2024

