Program : **B.E**

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Subject Code: **CS-8004**

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E-commerce

Ecommerce also known as *Electronic Commerce*, refers to buying and selling of products or services over the Internet. Normally ecommerce is used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet.
The first ever online sale was in 1994 when a man sold a CD by the band Sting to his friend through his website *NetMarket*, an American retail platform. This is the first example of a consumer buying a product from a business through the World Wide Web or *e-commerce* as we commonly know it today. After that ecommerce has evolved to make products easier to discover and purchase through online retailers and marketplaces. All freelancers as well as small and large businesses have been benefited from e-commerce which enables them to sell their goods and services at a scale that was not possible with traditional offline retail.
Types of Ecommerce model:
There are basically 4 main types of ecommerce models that can describe almost every transaction that takes place between consumers and businesses.

1. **Business to Consumer (B2C):**
   When a good or service is sold to an individual consumer by a business, e.g., we buy a pair of shoes from an online retailer.
2. **Business to Business (B2B):**
   When a good or service is sold by a business to another business, e.g., a software-as-a-service is sold by a business for other businesses to use.
3. **Consumer to Consumer (C2C):**
   When a good or service is sold by a consumer to another consumer, e.g., we sell our old furniture on eBay to another consumer.
4. **Consumer to Business (C2B):**
   When a consumer's own products or services is sold to a business or organization, e.g., an authority offers exposure to their online audience in exchange for a fee or a photographer licenses their photo for a business to use.

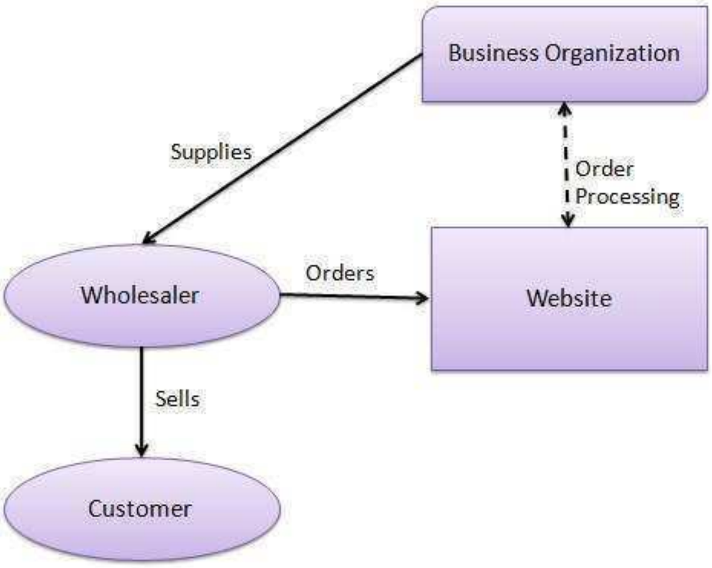
Seven Unique features of E-commerce

1. Ubiquity- The traditional business market is a physical place, access to treatment by means of document circulation. For example, clothes and shoes are usually directed to encourage customers to go somewhere to buy. E-commerce is ubiquitous meaning that it can be everywhere. E-commerce is the worlds reduce cognitive energy required to complete the task.
2. Global Reach- E-commerce allows business transactions on the cross country bound can be more convenient and more effective as compared with the traditional commerce. On the e-commerce businesses potential market scale is roughly equivalent to the network the size of the world's population.
3. Universal Standards- E-commerce technologies is an unusual feature, is the technical standard of the Internet, so to carry out the technical standard of e-commerce is shared by all countries around the world standard. Standard can greatly affect the market entry cost and considering the cost of the goods on the market. The standard can make technology business existing become more easily, which can reduce the cost, technique of indirect costs in addition can set the electronic commerce website 10$ / month.

4. Richness- Advertising and branding are an important part of commerce. E-commerce can deliver video, audio, animation, billboards, signs and etc. However, it's about as rich as television technology.
5. Interactivity- Twentieth Century electronic commerce business technology is called interactive, so they allow for two-way communication between businesses and consumers.
6. Information Density- The density of information the Internet has greatly improved, as long as the total amount and all markets, consumers and businesses quality information. The electronic commerce technology, reduce the information collection, storage, communication and processing cost. At the same time, accuracy and timeliness of the information technology increases greatly, information is more useful, more important than ever.
7. Personalization- E-commerce technology allows for personalization. Business can be adjusted for a name, a person's interests and past purchase message objects and marketing message to a specific individual. The technology also allows for custom. Merchants can change the product or service based on user preferences, or previous behavior.

E-Commerce - B2B Model

A website following the B2B business model sells its products to an intermediate buyer who then sells the products to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, it sells the endproduct to the final customer who comes to buy the product at the wholesaler's retail outlet.



B2B identifies both the seller as well as the buyer as business entities. B2B covers a large number of applications, which enables business to form relationships with their distributors, re-sellers, suppliers, etc. Following are the leading items in B2B eCommerce.

- Electronics
- Shipping and Warehousing

- Motor Vehicles
- Petrochemicals
- Paper
- Office products
- Food
- Agriculture

Key Technologies

Following are the key technologies used in B2B e-commerce −

- **Electronic Data Interchange (EDI)** − EDI is an inter-organizational exchange of business documents in a structured and machine processable format.
- **Internet** − Internet represents the World Wide Web or the network of networks connecting computers across the world.
- **Intranet** − Intranet represents a dedicated network of computers within a single organization.
- **Extranet** − Extranet represents a network where the outside business partners, suppliers, or customers can have a limited access to a portion of enterprise intranet/network.
- **Back-End Information System Integration** − Back-end information systems are database management systems used to manage the business data.

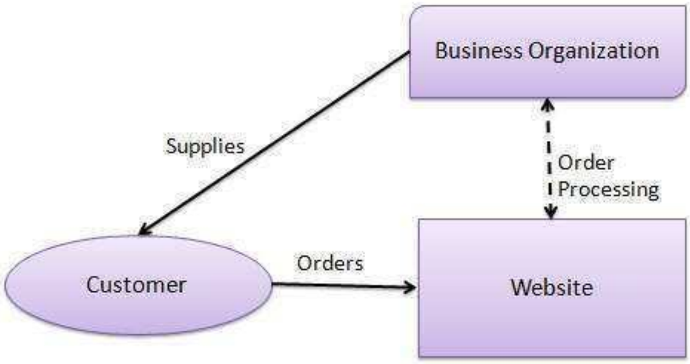
Architectural Models

Following are the architectural models in B2B e-commerce −

- **Supplier Oriented marketplace** − In this type of model, a common marketplace provided by supplier is used by both individual customers as well as business users. A supplier offers an e-stores for sales promotion.
- **Buyer Oriented marketplace** − In this type of model, buyer has his/her own market place or e-market. He invites suppliers to bid on product's catalog. A Buyer company opens a bidding site.
- **Intermediary Oriented marketplace** − In this type of model, an intermediary company runs a market place where business buyers and sellers can transact with each other.

E-Commerce - B2C Model

In B2C model, a business website is a place where all the transactions take place directly between a business organization and a consumer.



In the B2C model, a consumer goes to the website, selects a catalog, orders the catalog, and an email is sent to the business organization. After receiving the order, goods are dispatched to the customer. Following are the key features of the B2C model −

- Heavy advertising required to attract customers.
- High investments in terms of hardware/software.
- Support or good customer care service.

Consumer Shopping Procedure

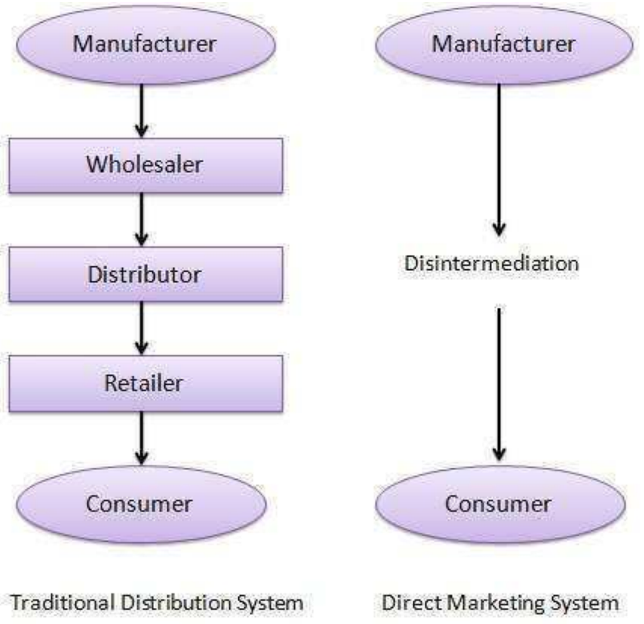
Following are the steps used in B2C e-commerce −

A consumer −

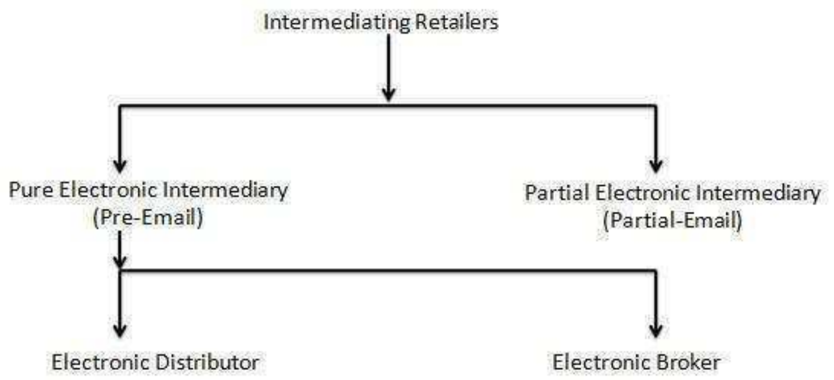
- determines the requirement.
- searches available items on the website meeting the requirment.
- compares similar items for price, delivery date or any other terms.
- places the order.
- pays the bill.
- receives the delivered item and review/inspect them.
- consults the vendor to get after service support or returns the product if not satisfied with the delivered product.

Disintermediation and Re-intermediation

In traditional commerce, there are intermediating agents like wholesalers, distributors, and retailers between the manufacturer and the consumer. In B2C websites, a manufacturer can sell its products directly to potential consumers. This process of removal of business layers responsible for intermediary functions is called **disintermediation**.

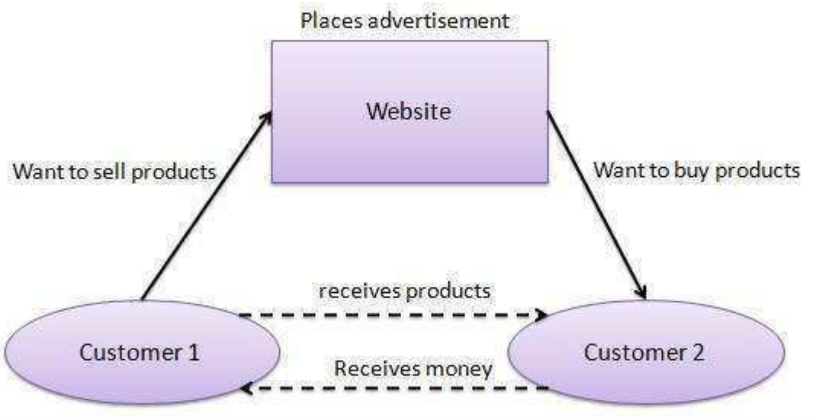


Nowadays, new electronic intermediary breeds such as e-mall and product selection agents are emerging. This process of shifting of business layers responsible for intermediary functions from traditional to electronic mediums is called **re-intermediation**.



Consumer - to - Consumer

A website following the C2C business model helps consumers to sell their assets like residential property, cars, motorcycles, etc., or rent a room by publishing their information on the website. Website may or may not charge the consumer for its services. Another consumer may opt to buy the product of the first customer by viewing the post/advertisement on the website.



C2C process is simple

The consumer-to-consumer model differs from others because consumers interact with each other. The process of selling is relatively simple. It is much simpler than, for example, in the B2B or B2G worlds.

B2B stands for business-to-business, i.e., companies selling to other companies. B2G, on the other hand, means business-to-government.

In most cases, consumers need no marketing strategies because they can offer their products through different platforms online.

The consumer-to-consumer model has become progressively more popular since the advent of the Internet.

Some Important Features or Functionalities of C2C Web Application

- The buyer can purchase products from multiple sellers
- The same customer can act as both buyer as well as seller
- The online market place will allow buyer to browse products by using different criteria such as; best seller, most popular product, from your city and many more
- Different sellers can bid on the products wish list item listed by the buyer, what they are looking for so that the buyer can get different best prices and offers from sellers
- The social media linking functionalities include, community or forum discussion and blog and other social media website link interface.
- The back end interface includes features for administration to manage buyer and seller accounts, payment settings, gallery setting, etc.

Advantages of C2C E-Commerce

- It is always available so that consumers can have access to whenever they feel like shopping
- There is regular updating of the website
- Consumers selling products to other consumers benefit from the higher profitability that result from selling directly to one another
- There is a low transaction cost; sellers can post their goods over the internet at a cheaper rate far better than higher price of renting a space in a store

- Customer can directly contact sellers and do without an intermediary.

4.2. Disadvantages of C2C E-Commerce

- Payment made has no guarantee
- There could be theft as scammers might try to create their website with names of some famous C2C websites such as eBay to attract customers.
- There is lack of controlling quality of the products

WHAT IS AN ONLINE CONTRACT

With the advance use of internet and electronic commerce, online contracts have assumed importance mainly in terms of reach and multiplicity. Online contract or an electronic contract is an agreement modelled, signed and executed electronically, usually over internet. An Online contract is conceptually very similar and is drafted in the same manner in which a traditional paper-based contract is drafted. In case of an online contract, the seller who intends to sell their products, present their products, prices and terms for buying such products to the prospective buyers. In turn, the buyers who are interested in buying the products either consider or click on the 'I Agree' or 'Click to Agree' option for indicating the acceptance of the terms presented by the seller or they can sign electronically. Electronic signatures can be done in different ways like typing the name of the signer's in the specific signature space, copying and pasting the scanned version of the signature or clicking an option meant for that purpose. Once the terms are accepted and the payment is made, the transaction can be completed. The communication is basically made between two computers through servers. The online contract is brought to the scenario to help people in the way of formulating and implementing policies of commercial contracts within business directed over internet. Online Contract is modelled for the sale, purchase and supply of products and services to both consumers and business associates.

Online can be categorized into three types mainly i.e. browse or web wrap contracts, shrink wrap contracts and clickwrap contracts. Other kinds of online contracts include employment contract, contractor agreement, consultant agreement, Sale re-sale and distributor agreements, non-disclosure agreements, software development and licensing agreements, source code escrow agreements. Though these online contracts are witnessed in our everyday life, most of us are not aware of the legal complexities connected to it; the use of online contract faces many technical and legal challenges.

TYPES OF ONLINE CONTRACT

Online contracts can be of three types mainly i.e. shrink-wrap agreements, click or web-wrap agreements and browse-wrap agreements. In our everyday life, we usually witness these types of online contracts. Other types of online contracts include employment contract, contractor agreement, consultant agreement, Sale re-sale and distributor agreements, non-disclosure agreements, software development and licensing agreements, source code escrow agreements.

- Shrink-wrap agreements are usually the licensed agreement applicable in case of software products buying. In case of shrink-wrap agreements, with opening of the packaging of the software product, the terms and conditions to access such software product are enforced upon the person who buys it. Shrink-wrap agreements are simply those which are accepted by user at the time of installation of software from a CD-ROM, for example, Nokia pc-suite. Sometimes additional terms can be observed only after loading the product on the computer and then if the buyer does not agree to those additional terms, then he has an option of returning the software product. As soon as the purchaser tears the packaging or the cover for accessing the software product, shrink-wrap agreement gives protection by indemnifying the manufacturer of the product for any copyright or intellectual property rights violation. Though, in India, there is no stable judicial decision or precedent on the validity of shrink-wrap agreements.
- Click- wrap agreements are web based agreements which require the assent or consent of the user by way of clicking “I Agree’ or “I Accept” or “Ok” button on the dialog box. In click –wrap agreements, the user basically have to agree to the terms and conditions for usage of the particular software. Users who disagree to the terms and conditions will not be able to use or buy the product upon cancellation or rejection. A person witnesses web-wrap agreements almost regularly. The terms and conditions for usage are exposed to the users prior to acceptance. For agreement of an online shopping site etc.
- An agreement made intended to be binding on two or more parties by the use of website can be called a browse wrap agreement. In case of browse wrap agreement a regular user of a particular website deemed to accept the terms of use and other policies of the website for continuous use.

Though these online contracts have become common in our daily, there are no precise judicial precedents on the validity and enforceability of shrink-wrap and click-wrap agreements. Other countries have dealt with these online agreements such as courts in the United States have held that as far as the general principles of contract are not violated, both shrink-wrap agreements and click- wrap agreements are enforceable.

What Is a Clickwrap Agreement?

Clickwrap is an online agreement between a user and a company that requires the user to click a box or a button before they download content, make a purchase, or use a website. The box or button confirms that the user agrees to an online contract with the company, and substitutes for the user's signature.

In a clickwrap agreement, in order to use a website or download content, the user has to check a box saying they've read and agree to the terms and conditions that apply to the website or software. Sometimes the agreements are many pages long and difficult to read. They usually contain two things:

- A checkbox or button
- A notice telling you that you agree to the terms if you click the box

Clickwrap agreements are also called:

- Clickthrough agreements
- Clickwrap licenses

Types of clickwrap (and browsewrap) include:

- Terms and conditions
- Terms of use
- Privacy policies
- End user license agreements (EULAs)

Buttons that signify clickwrap agreements include:

- I agree
- OK
- I consent
- I accept

Why Is a Clickwrap Agreement Important?

Clickwrap agreements add convenience for companies in lots of ways:

- Speedy and easy customer agreement
- Not just for software programs but for other kinds of agreements, too
- Simple, encrypted digital contract records
- Automatic downloading of any contract revisions
- e-Signature law and court case compliant
- Clickwrap web forms embedded directly into websites

With clickwrap agreements companies can:

- Have lots of customers sign the same contract without discussing contract terms with any one customer
- Save an electronic signature
- Include terms and conditions that aren't covered by the law

Legal Terms

Clickwrap agreements usually contain:

- Class-action waivers
- Where any lawsuits would take place
- Requirements for using mediation or arbitration to resolve problems
- A maximum amount that a user can claim as damages

ADP v. Lynch

Clickwrap agreements don't have to happen between companies and third parties. Some clickwrap agreements happen between employers and employees.

- ADP sued former employees for taking jobs with competitors
- ADP argued that the former employees breached contracts they agreed to when they accepted stock option grants
- The employee argument was that they didn't have good enough notice of the terms
- The employees could not accept the grants without clicking a box that said they read the documents
- The court ruled in favor of ADP's clickwrap being enforceable
- Take note: Even though the language around the box didn't specifically state clicking meant agreeing, in this case the court said there was no difference

Why Use a Clickwrap Agreement?

The law doesn't specify if you should use clickwrap or browsewrap. Lots of businesses prefer clickwrap, however, because of the legal terms around contracts.

To make a contract enforceable:

- The user needs to have notice
- The user needs to give consent
- Enforcing the contract has to be fair

Notice

The parties agreeing to the contract need to know if the policy changes. You at least need to give users the opportunity to look at any contract changes, so it's on them if they choose not to look.

- Pinterest lets all users know when they update their clickwrap even if you're not logged in
- Airbnb gives you new terms when you open the app, and you have to agree to the update if you want to use it
- Pingdom makes you click in agreement to their policy before you can get a free trial

Consent

Sometimes people call consent meeting of the minds. Consent can either be:

- Express - clearly stated, either verbally or nonverbally
- Implied - concluded based on someone's actions

Express consent is much easier to prove in court, and express consent is what you're getting when you use clickwrap over browsewrap.

Fair

The idea of fairness means:

- Enforcing the contract can't be unconscionable, which means nobody well-informed would actually consent to the contract
- One party of the contract can't have significantly more options than the other party

Indian Contract Act, 1872

The **Indian Contract Act, 1872**[1] prescribes the law relating to contracts in India. The Act is based on the principles of English Common Law. It is applicable to all the states of India except the state of Jammu and Kashmir. It determines the circumstances in which promises made by the parties to a contract shall be legally binding. Under Section 2(h), the Indian Contract Act defines a contract as an agreement which is enforceable by law.

Development[edit]

The Act as enacted originally had 266 Sections, it had wide scope and included.

- General Principles of Law of Contract- Sections 01 to 75
- Contract relating to Sale of Goods- Sections 76 to 123
- Special Contracts- Indemnity, Guarantee, Bailment & Pledge and Agency - Sections 124 to 238
- Contracts relating to Partnership- Sections 239 to 266

At present the Indian Contract Act may be divided into two parts

- Part 1:deals with the General Principles of Law of Contract Sections 1 to 75
- Part 2:deals with Special kinds of Contracts such as

(1)Contract of Indemnity and Guarantee

(2)Contract of Bailment and Pledge

(3)Contract of Agency.

1. Offer 2(a):- When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal.

2. Acceptance 2(b):- When the person to whom the proposal is made, signifies his assent there to, the proposal is said to be accepted.

3. Promise 2(b) :- A Proposal when accepted becomes a promise. In simple words, when an offer is accepted it becomes promise.

4. Promisor and promisee 2(c) :- When the proposal is accepted, the person making the proposal is called as promisor and the person accepting the proposal is called as promisee.

5. Consideration 2(d):- When at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing or promises to do or to abstain from doing something such act or abstinence or promise is called a consideration for the promise. Price paid by one party for the promise of the other Technical word meaning QUID-PRO-QUO i.e. something in return.

6. Agreement 2(e) **:-** Every promise and set of promises forming the consideration for each other. In short,

7. Contract 2(h) :- An agreement enforceable by Law is a contract.

Therefore, there must be an agreement and it should be enforceable by law.

8. Reciprocal Promises 2(f):- Promises which form the consideration or part of the consideration for each other are called 'reciprocal promises'.

9. Void agreement 2(g):- An agreement not enforceable by law is void.

10. Voidable contract 2(i):- An agreement is a voidable contract if it is enforceable by Law at the option of one or more of the parties there to (i.e. the aggrieved party), and it is not enforceable by Law at the option of the other or others.

11. Void contract 2(j) :- A contract which ceases to be enforceable by Law becomes void when it ceases to be enforceable

