

Saha & Ray Articles and Newsletters

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Spam – *A new bug in town* (Part – II) by Banerjee Soumya.¹

This document is a continuation of the write-up on 'Spam – A new bug in town' published on 30th May, 2005, Issue No. 2.

Action Under Trademark Law: Trademark law is designed to secure to the owner of a trademark, the goodwill of his/her business. Internet Service Providers (ISP), such as American Online (AOL) and Compuserve, often incorporate their trademark name within their Internet domain names. Spammers often enter false return addresses in the messages they send and sometimes even go so far as to enter the name of an ISP in order to avoid receiving rejected mail or requests to cease and desist from subscribers. If a spammer uses such a domain name in conjunction with its own advertising service in a manner that causes confusion as to the origin of its service, the spammer may be liable for trademark infringement or fraud.

Similarly, if a spammer uses an ISP's domain name trademark in a manner that results in the "dilution of the distinctive quality" of the mark, the spammer may be liable for trademark dilution. However, in order to succeed in a trademark

dilution claim, a trademark owner must show that he owns a famous and distinctive mark and that the alleged use of the mark is likely to result in its dilution through blurring or tarnishment.

*Case Study: America Online Inc v. IMS*² - This case is an example of how principles of trademark law could be successfully applied in a case of spamming. In this case, the plaintiff, an ISP successfully brought suit against a spammer using the principles of trademark law. AOL, the plaintiff ISP successfully brought false designation of origin and trademark dilution actions against IMS, an electronic marketing company. AOL alleged that the defendant improperly sent over 60 million unauthorized e-mail messages to AOL subscribers. The court held that defendant's act of forging "aol.com" in the headers of his e-mail constituted both a false designation of origin and dilution in violation of federal trademark law.

This conduct constituted false designation of origin because *any e-mail recipient could logically conclude that a message containing the initials "aol.com" in the header would originate from AOL's registered Internet domain and thereby be deceived into thinking that AOL sponsored or approved of defendant's bulk mailing activities.* This injured AOL's reputation with its subscribers.³

Criminal Trespass Under Indian Penal Code:

Apart from remedies under Tort & Trademark Law there is a possibility of spamming being brought within the purview of Section 441 of the Indian Penal Code (IPC), 1860, which deals with Criminal trespass. Section 441 of the IPC states that, *Whoever enters into or upon property in possession of another with an intent to commit an offence or to intimidate, insult or annoy any person in possession of such property, or having lawfully entered into or upon such property, unlawfully remains there with intent thereby to intimidate, insult or annoy any such person, or with intent to commit an offence, is said to commit "criminal trespass".*⁴

It is submitted that action can be taken against a spammer under the provisions of this section because to disseminate spam, a spammer will have to use the server of the ISP, and therefore the ISP may be "annoyed" by the misuse of his property and thus it could constitute "criminal trespass" within the meaning of Section 441 of the IPC. However, since in India, till now there is hardly any case on spamming, so there is no case law where the Court has allowed an action of criminal trespass under section 441 of the IPC against a spammer. Apart from the abovementioned forms of relief, section 66 and 43 (e) of the Information Technology Act, 2000, may also help Internet Service Providers to fight against spamming. Section 66 of the Information Technology Act primarily deals with hacking. However, it has been defined that, hacking in such a wide way may be applied in cases of spamming also. The Section states that;

Whoever with the intent to cause or knowing that he is likely to cause wrongful loss or damage to the public or any person destroys or deletes or alters any information residing in a computer resource or diminishes its value or utility or affects it injuriously by any means,

*commits hacking*⁵

By including the phrase *diminishes its value or utility* the legislators may have unknowingly made this section applicable to cases of spamming also. It has been discussed earlier in the Compuserve's case⁶ that the transmission of unsolicited e-mails and the resultant clogging of the entire server of the Internet Service Providers, although do not damage the server physically but certainly diminishes its value or utility. So, by that principle since the action of the spammers diminishes the value of the computer resource of the ISPs, as per Section 66 spamming could also be termed as hacking. Although this is theoretically possible but whether it will be applied in practice would depend upon what interpretation the Courts give to the word "its" in the Section. This is because if the word "its" within the phrase *diminishes its value or utility* means or qualify the *computer resource* then this section can be applied to spamming. However if "its" means or qualify the *information residing in a computer resource* then this section can not be applied to cases of spamming, since in cases of spamming the information stored in a computer system does not get affected.

Section 43(e) of the Information Technology Act, 2000 may also be applied to cases of spamming. This section says that – *"if any person without permission of the owner or any other person who is in charge of a computer, computer system or computer network disrupts or causes disruption of any computer, computer system or computer network he shall be liable to pay damages by way of compensation not exceeding one hundred lac rupee to the person so affected."*⁷ It is submitted that since spamming slows down the server of the ISPs and hampers its normal working and also since no ISP expressly authorizes a spammer to send spam mails through its server, so it can be said that the sender of spam mails causes disruption of the Computer Network of the ISPs within the meaning of section 43(e) of the Information Technology Act. Thus this section can be interpreted in this way to make a spammer liable to pay damages to an ISP.

Conclusion: Spam presents a dangerous threat to the efficiency and cost effectiveness that has made e-mails so popular among individuals and corporate world as a major source of communication.⁸ Neither technical measures nor self-regulation or other informal measures have succeeded in solving the problem of spamming. So now it is up to legal approaches to end this menace. In this document two basic types of legal approaches has been discussed - legislation & litigation. Countries like USA, UK, Italy,

⁵ See: Section 66 of Information Technology Act, 2000.

⁶ See: 962 F. Supp. 1015, 1022 (S.D. Ohio 1997).

⁷ See: Section 43 of the Information Technology Act, 2000.

⁸ SPAM – It's not Just for Breakfast Anymore: Federal Legislation and the Fight to Free the Internet From Unsolicited Commercial E-Mail, Gary S. Moorefield at www.bu.edu/law/scitech/volume5/5bujs10.pdf

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² See: 46 F. Supp. 2d 444.

³ *ibid.*

⁴ See: Section 441 of Indian Penal Code.

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Germany, Austria, etc have specific anti-spam legislation in place to deal with problem. These legislative responses to spam, ranges from mere disclosure requirements to outright prohibition of unsolicited bulk or commercial e-mail messages. For example, in the United States, Delaware has enacted what appears to be the most restrictive spam law.⁹ As per this law, sending of any unsolicited bulk commercial e-mail is an offence. The European Union does not prohibit unsolicited commercial email, but permits individual member states to do so. Finland, Germany, and Italy all have laws prohibiting Unsolicited Commercial E-mails, while Austria prohibits both Unsolicited Commercial E-mails and Unsolicited Bulk E-mails.¹⁰

Apart from enacting legislations which specifically deal with unsolicited e-mails, litigation is the other method to deal with spamming. The two legal principles which are frequently used in cases filed against spammers are – trespass to chattel & trademark dilution. However, litigation has its well known drawbacks – firstly it is time consuming & secondly, it is quite expensive. For this reason, litigation may not be always an ideal choice for fighting spam. For countries like India however, where till date there is no specific anti-spam legislation, litigation remains the only option. In this respect it is important to mention the recent interim order (final order is awaited) of the Delhi High Court, which must be the first-ever judicial order in India on the issue of spam. In the case of *Tata Sons v. Amit Kumar Gupta*, Justice R.C. Chopra has passed an interim injunction against McCoy Infosystems Pvt Ltd restraining it from causing transmission of unsolicited bulk electronic mail to any user of the services of VSNL Internet server.¹¹ A suit was instituted by Tata Sons, on behalf of VSNL, wherein it was alleged that through the Unsolicited Bulk Commercial E-mail (UBCE), McCoy Infosystems Pvt Ltd were intentionally "trespassing" on VSNL's property despite being black-listed for habitual transmission of UBCE.¹² The interim order of the Delhi High Court is significant because firstly, it recognizes that spamming is a problem and needs regulation, and secondly, it lays down that in the absence of a specific law, judicial recognition through interpretation of other laws is necessary.

End.

Durgapur Monolithic Private Limited And West Bengal Financial Corporation¹³

⁹ See: David E. Sorkin, "Technical and Legal Approaches to Unsolicited Electronic Mail", 35 U.S.F. L. REV. 325 (2001), at <http://www.sorkin.org/articles/usf.pdf>.

¹⁰ See: EuroCAUCE, at http://www.euro.cauce.org/en/countries/c_it.html

¹¹ See: Azmul Haque & Ajay Shaw, SPAM & Indian Legal Position, Economic Times, 15th February, 2004.

¹² *ibid.*

¹³ **Mukherji Samrat** (LL.B., Master of Business Law) [Advocate for Durgapur Monolithic Private Limited] is a Senior Associate of Saha & Ray. He may be reached at samrat.mukherji@saharay.com

Messieurs Durgapur Monolithic Private Limited (**Plaintiff**) a franchisee of ACC Limited responding to an advertisement for sale of Fixed Assets of one Messieurs Hind Refractories Limited (in liquidation) by West Bengal Financial Corporation (**Defendant**), the Plaintiff responded to the Notice of Invitation of Tender and entered into a negotiation for purchase of the Fixed Assets of the Company (in liquidation) for a price of Rs.44,00,000/- (Forty four lac) on deferred payment basis. An agreement to this effect was entered into between the Parties. Upon payment of the first installment, the Plaintiff was handed over the possession of the Fixed Assets of the Company on 20th April, 2004.

The Plaintiff had been assured by the Defendant that it would extend all assistance in order to obtain working capital loan from a Nationalized Bank. The Plaintiff had approached West Bengal Industrial Development (WBIDC) for financial assistance and for a viability report. WBIDC found the Plaintiff technically feasible and economically viable and granted a rehabilitation package of Rs.269 (Two hundred and sixty nine) Lac, provided the Plaintiff obtained working capital from a nationalized bank. The Defendant did not hand over charge of the fixed assets of the Company and as such bank could not provide working capital. Plaintiff failed to pay the installments to Defendant, the Defendant issued a letter on January 21, 2003, demanding handing over of the possession to Defendant. The Plaintiff had issued a letter demanding justice but the same was denied, the Plaintiff filed a suit being T.S 39/03 seeking a Decree of Declaration and for injunction restraining the Defendants from dispossessing the Plaintiff from the factory premises.

An Ad-interim Order was granted in favour of the Plaintiff and subsequently, when the Injunction Petition was heard in presence of both the parties. Plaintiff had relied on various Judgments.¹⁴ Upon perusal of the documents and the pleadings of the Parties, the Learned Trial Court was pleased to pass an Order of Injunction till disposal of the Suit. It is pertinent to mention that Section 29 of State Financial Corporation Act, is indeed a very adverse section for companies and in no way a company is given liberty to restrain the action of the State Financial Corporation for taking over of its management and the premises. Keeping in view the Judgment of the Karnataka High Court, Division Bench, the Hon'ble Court held that when the Financial Corporation had a claim against the Company's Petitioner, he is to first exercise Section 31, failing which, actions under Section 29 of the said Act can be adopted.

Many a times there has been various applications before various High Courts and including the Apex Court for declaring Section 29 of the said Act ultra

¹⁴ AIR (2004) Karnataka 47; AIR (2000) Patna 275; AIR (1993) SC 1435.

vires, but, on all occasions it failed and there are innumerable Judgments on Section 29. This trust of ours in the suit is no doubt a challenging one and we have successfully got the Order restraining Defendant from taking over the possession and management of the Plaintiff.

End.

Comment: Steel has shaped up modern Indian houses to look like the Empire State Building by Roy Santanu.¹⁵

One of the ancient activities of human beings was construction of houses. In India, the concept of construction know-how can be traced from the Indus Valley Civilization. Today's construction style for buildings calls for the best aesthetic look, high quality of construction materials, faster construction, cost effectiveness and innovative touch. Massive building and construction is taking place in various parts of the country. Given that 30% of Indian population lives in towns and cities, consequently construction is more in the urban places. The requirement of modern housing is remarkable, but there will always be a shortage of house accessibility as the present masonry construction know-how cannot meet the intensifying demand every year. That's why one has to think for unconventional construction system like steel buildings. India has an installed steel capacity of 35 to 40 million tons and apparent steel consumption is around 27 to 30 million tons.¹⁶

On the contrary, already there has been a superfluous facility of flat steel products available in India particularly of hot and cold rolled sheets. These steel apparatus can be utilised in the construction of building mechanism. Also in pre-engineered building theory the complete designing is done at the factory and the building apparatus are brought to the site in knock down condition. These apparatus are then fixed at the construction site and lifted up with the help of cranes. This type of building are completed very quickly with good aesthetic and visual looks accompanied by world class quality construction. Pre-engineered buildings can be used extensively for construction of industrial and residential buildings (3-6 floors). These buildings can also restrain various environmental hazards. The buildings provides good insulation effect and would be highly suitable for a tropical country like India with remote & hilly areas.

End.

¹⁵ **Roy Santanu** (LL.B. Honours, LL.M. Commercial Law) is an Associate of Saha & Ray. He may be reached at santanu.roy@saharay.com

¹⁶ See: [http://steel.nic.in/Annual%20Report%20\(2002-03\)/Chapter%20II.pdf](http://steel.nic.in/Annual%20Report%20(2002-03)/Chapter%20II.pdf)