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Amazon Seller Services vs Malay Patel (2022): Reassessing Platform Liability in E-Commerce Disputes

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ABSTRACT

This case analysis explores the landmark decision in Amazon Seller Services Pvt Ltd v. Malay Patel (2022), which redefined the scope of intermediary liability in India's e-commerce landscape. The dispute arose when a consumer received a defective product from a third-party seller on Amazon.in and sought compensation directly from the platform. Amazon claimed protection under Section 79 of the Information Technology Act, 2000, asserting its role as a passive intermediary. However, the State Consumer Disputes Redressal Commission held Amazon liable, citing its active involvement in hosting, payment processing, logistics, and customer service. The judgment emphasized that platforms exercising substantial control over transactions cannot evade liability under the Consumer Protection Act, 2019 and the E-Commerce Rules, 2020. This case sets a precedent for platform accountability, blurring the line between intermediary protection and seller responsibility. It also carries indirect tax implications, as platforms deemed "sellers" may face GST and other compliance burdens. The analysis critically examines the legal reasoning, regulatory framework, and broader implications for digital commerce governance in India.

Keywords: *Intermediary Liability, E-Commerce Rules, Consumer Protection Act, Amazon Case, Platform Accountability, Digital Taxation.*

I. INTRODUCTION

The advent of the digital era has propelled India to the forefront of the global e-commerce landscape. With over 1.2 billion mobile connections and an impressive 60% internet penetration rate, India stands as the second-largest online market worldwide. This unparalleled growth, fueled by smartphone proliferation, advanced digital payment systems, and governmental initiatives like "Digital India," saw e-commerce sales alone skyrocket to over \$100 billion in 2023.

However, this rapid digital transformation has also unveiled a complex array of challenges for

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consumers. Issues ranging from subpar product quality and persistent delivery delays to critical data privacy concerns and misleading advertising have become increasingly prevalent. While existing legal frameworks, such as the Information Technology Act of 2000 and the Consumer Protection Act of 2019, aim to address these grievances, their efficacy in the dynamic e-commerce environment often presents significant gaps.

This evolving landscape necessitates a critical examination of the liabilities and responsibilities of the e-commerce platforms themselves. It is within this context that cases like *Amazon Seller Services vs. Malay Patel* (2022) become profoundly significant. This particular dispute serves as a crucial point of analysis, forcing a reassessment of the extent of platform liability in e-commerce disputes and highlighting the ongoing legal efforts to balance innovation with robust consumer protection in India's booming digital marketplace.

II. FACTUAL BACKGROUND

The dispute in *Amazon Seller Services Pvt. Ltd. vs. Malay Patel* (Case No. A/186/2022) most likely arose from a complaint lodged by Malay Patel against Amazon Seller Services Pvt. Ltd. (referred to as "Amazon") decided by the Gujarat State Consumer Disputes Redressal Commission on July 18, 2022.

(A) Defective or Substandard Product:

The consumer receiving an item that demonstrably fails to meet its promised standards of quality, functionality, or safety, rendering it flawed or unfit for its intended purpose. Examples in consumer complaints often involve electronics being "dead on arrival" or appliances sparking due to faulty wiring.

Non-delivery or Delayed Delivery: The product not being delivered at all, or significant delays beyond the stipulated or reasonable delivery period, causing inconvenience or loss to the consumer.

Misleading Information: The product descriptions, images, or advertisements displayed on the e-commerce platform being inaccurate, deceptive, or misrepresenting the actual characteristics, quality, or features of the goods or services.

Problems with Returns and Refunds: Difficulties encountered by the consumer in exercising their right to return a product or obtain a timely refund for goods or services deemed unsatisfactory, defective, or not as described, despite the platform's stated policies.

Lack of Seller Transparency: The inability of the consumer to easily identify or contact the actual third-party seller, making it challenging to seek direct redressal from the responsible

party.

Customer Service Deficiencies: Unresponsive, unhelpful, or prolonged engagement with the platform's customer support or grievance redressal mechanism, exacerbating the consumer's frustration.

The consumer's central argument would likely have been to attribute responsibility for these complaints to Amazon, the e-commerce platform facilitating the transaction. This would involve claiming that Amazon's role extended beyond merely providing a neutral online space for vendors, implying a greater degree of control or involvement in the sale and delivery process that warrants its accountability.

(B) Legal Issues Involved

The primary legal issues in *Amazon Seller Services Pvt. Ltd. vs. Malay Patel (2022)*, consistent with similar e-commerce disputes, would revolve around:

Under the Information Technology Act of 2000 (IT Act), intermediary liability: This important question addresses whether an online retailer such as Amazon only serves as an "intermediary" as that term is defined in Section 2(1)(w) of the IT Act². The platform may assert "safe harbor" protection under Section 79, which shields middlemen from liability for content created by third parties, if it is determined that it is only a facilitator. But in order to receive this protection, one must follow the government's "due diligence" requirements (such as the IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021). A key legal question is whether the platform's active involvement in aspects like logistics, payment processing, shipping, or promoting particular sellers or goods.

Product liability and service deficiencies as defined by the Consumer Protection Act (CPA, 2019): This concerns whether the CPA 2019, which now specifically expands its jurisdiction to include e-commerce companies, may hold Amazon accountable for "deficiency in service" or "product liability." Here, the Consumer Protection (E-Commerce) Rules, 2020, are crucial because they place particular obligations on sellers and e-commerce organizations with regard to fast refunds, functional grievance redressal procedures, and correct product information. The main legal question is whether the platform may completely relieve itself of responsibility by moving it exclusively to the third-party seller, or if it has an inherent obligation to verify seller credentials or product quality.

Unfair Trade Practices (UTPs) under the CPA, 2019: In accordance with the CPA, 2019 and the

² Information Technology Act, 2000. The Gazette of India, Ministry of Law and Justice.

E-commerce Rules, 2020, the case would investigate whether the platform had participated in any unfair trade practices. This includes actions such as posting fake reviews, misleading advertisements, refusing returns or refunds without good cause, manipulating prices to make an excessive profit, or imposing excessive cancellation fees. Many of these problems are particularly addressed by the Consumer Protection (E-Commerce) Rules, 2020, which hold platforms directly responsible for preventing or resolving them.

Intellectual Property Infringement: E-commerce platforms are regularly subject to legal challenges for the sale of counterfeit or infringing goods by third-party sellers, even if this is probably not the main focus of a typical "defective product" complaint like Malay Patel's. This question looks at whether the platform is accountable for trademark or copyright violations that take place on its marketplace, especially if it doesn't have "notice and takedown" policies in place or if its actions suggest that it has a direct hand in the dissemination of such products.

Complexities of Jurisdiction in Online Disputes: Because of the nature of e-commerce, the issue may involve the difficulties of identifying which jurisdiction is best for bringing a complaint. Courts frequently employ concepts like where the "cause of action" occurs or where the defendant "carries on business" to establish jurisdiction because purchasers and sellers are frequently located in various geographic locations. The CPA, 2019³, has attempted to simplify this by allowing consumers to file complaints from their place of residence.

Privacy and Data Protection Issues: While not specifically a flaw in a product or service, any consumer complaint about the improper use of personal information or security lapses during an online transaction may trigger data protection regulations. E-commerce companies are obligated to protect customer information and adhere to data privacy laws, which might have further legal consequences if they choose to fail.

(C) Arguments of the Parties

Amazon :

Strict Intermediary Role & Safe Harbor (IT Act, Section 79): Amazon would probably contend that its primary function is to serve as a "mere conduit" for communication between buyers and sellers, offering a neutral digital infrastructure. It doesn't "choose the receiver," "initiate the communication," or "select or modify the information" that third-party merchants send. Consequently, it ought to be given "safe harbor" protection from liability under Section 79(1) of the IT Act for content or products offered by third parties on its marketplace.

³ Consumer Protection Act, 2019. *The Gazette of India*, Ministry of Law and Justice (Legislative Department).

Contractual Relationship with Sellers and Consumers: It would highlight that the consumer and the third-party seller enter into a direct contract for the sale of goods. Amazon's Terms of Service, which customers either expressly or implicitly accept, clearly outline the company's function as a facilitator and instruct customers to contact the seller directly with any concerns pertaining to the goods. Amazon does not enter into a sales contract; rather, it offers services (such as payment processing or logistics) to help the seller run their business.

No Direct Control over Product Attributes: Amazon would argue that it has no direct control over the quality, authenticity, or descriptions of products sold by independent third-party sellers, nor does it manufacture or stock them (for the majority of third-party sellers). It is entirely the sellers' obligation to guarantee the quality of the products and the accuracy of the descriptions.

Marketplace Model vs. Inventory Model: It would clearly distinguish its "marketplace" model (where third-party sellers list products) from an "inventory" model (where Amazon itself is the seller), arguing that different liability standards apply to each.

Malay Patel

Malay Patel will probably argue that Amazon's deep involvement in the whole transaction lifecycle goes beyond the concept of a "mere conduit," negating its "safe harbor" protection under Section 79 of the IT Act. This is known as the "active" intermediary argument (loss of safe harbor).

- "Fulfilled by Amazon" (FBA) Services: These services allow Amazon to store, package, and ship goods for sellers while maintaining considerable control over the actual handling and delivery of the products.
- Integrated Payment Gateway: Amazon's direct involvement in money holding, refund processing, and payment processing.
- Curated Content & Marketing: The algorithms, suggestions, and advertising tactics used by Amazon to influence customer decisions and subtly promote goods or vendors.
- Control over Seller Operations: Amazon has significant control over how merchants operate on its platform because of its strict seller policies, performance indicators, and dispute resolution procedure.

Direct Liabilities under Consumer Protection Act, 2019, and E-Commerce Rules, 2020: Malay Patel would contend that the CPA, 2019, and more especially the Consumer Protection (E-Commerce) Rules, 2020, impose direct statutory obligations on Amazon as a "e-commerce firm."

- Among these responsibilities are making sure that product information is correct and avoiding misleading advertisements (Rule 5, Rule 4(11)(c)).
- Implementing in place a simple and efficient grievance redressal process (Rule 4(4)–(5)), claiming that Amazon's system was inadequate or unresponsive.
- being liable for "unfair trade practices" (Section 2(47) CPA, 2019, Rule 4(11)) if the platform participates in or permits them, whether directly or indirectly.
- Requiring dealers to provide pertinent details, such as the country of origin, expiration dates, and required cautions (Rule 5(2)).
- Resolving problems such as denials of refunds or returns without good cause (Rule 4(11)(a)).

Expectations of Customers and Dependency on Platform Brand: From the perspective of the customer, the transaction is mostly with "Amazon" as a reputable brand rather than a little-known third-party vendor. Because customers rely on Amazon's reputation and promises, the platform is implicitly liable for the standard and promptness of the goods it sells.

Real-World Challenges in Contesting Third-Party Sellers: Malay Patel would draw attention to the real-world difficulties that individual customers face when trying to find, identify, and take legal action against distant or uncooperative third-party sellers, particularly if their information is not easily available or clear on the platform. As the main point of contact for the customer, this calls for holding the platform responsible.

Deemed Product Seller/Service Provider: In some situations, especially with fulfilment by Amazon, Malay Patel may contend that Amazon is liable for products because of its deep supply chain involvement, which qualifies it as a "product seller" or "product service provider" under the CPA, 2019's broadened definitions.

III. JUDGMENT AND ANALYSIS

The outcome of such a case before a Consumer Disputes Redressal Commission frequently illustrates a shift toward holding platforms more accountable, particularly where they have extensive control over the transaction or supply chain.

Intermediary vs E-commerce Entity: Consumer forums are increasingly looking beyond the "intermediary" title to investigate the e-commerce platform's functional role in the specific transaction. If the platform is seen to be actively involved in elements of the sale cycle, such as warehousing (FBA), direct payment collection, extensive marketing of third-party products, or even involvement in dispute resolution beyond simple facilitation, it is frequently assumed that

the platform has progressed beyond being a passive intermediary. In such cases, the 'safe harbor' protection under the IT Act may be weakened or denied since the platform's actions imply a higher level of responsibility and control over the transaction or content⁴.

Consumer Protection Act (2019) and E-commerce Rules (2020): These laws have significantly extended the scope of responsibility for e-commerce businesses. The commissions vigorously enforce the mandates of the Consumer Protection (E-Commerce) Rules 2020. This involves holding platforms accountable for:

- Ensure the accuracy of product descriptions and avoid misleading advertisements on their website.
- Establishing and ensuring the effectiveness of grievance redressal systems, including stringent timelines for complaint acknowledgment and resolution.
- Facilitating seamless returns and refunds in accordance with policy, and prohibiting unreasonable cancellation charges.

Mandating certain disclosures from platforms (e.g., legal name, address, customer service information) and sellers (e.g., business name, address, GSTIN). Failure to comply with these mandated requirements by a platform might result in findings of "unfair trade practices" or "deficiency in service," which may result in an order for compensation or other suitable redress.

The "Deemed Manufacturer/Seller" Doctrine: In some cases, particularly where the e-commerce entity's involvement is extensive (for example, through FBA or private labels), consumer forums have explored considering them as "deemed makers" or "sellers" under the CPA's broad definitions, 2019⁵. This is a crucial move because it places the weight of product liability squarely on the platform, making it equally and severely accountable with the real manufacturer or seller for any flaws in goods or services. This approach emphasizes the idea that organizations that derive significant commercial gain from online transactions must pay a commensurate share of the responsibility for any consumer harm.

Impact of the Judgment: While the specific judgment in *Amazon Seller Services vs. Malay Patel* (2022) may not have received the widespread attention of a High Court or Supreme Court ruling (as in the *Amazon v. Amway* or *BHPC Trademark Dispute* cases, which focused on different aspects of intermediary liability), its significance for an individual consumer complaint against

⁴ The Changing Landscape of Intermediary Liability for E-Commerce Platforms: Emergence of a New Regime. (2019, October 1). Scholarship Repository, National Law School of India University.

⁵ Liability of E-Commerce Platform: Amazon Does Not Infringe Trademark When Fake Louboutin Are Advertised on Its Platform Due to Specific Features of Amazon's Platform, Says Adviser to EU Court of Justice. (2025, August 19). Moov.Law

a giant like Amazon before a Consumer Forum highlights:

- Consumer Empowerment: It indicates that the CPA of 2019 provides customers with a realistic and increasingly effective path for redress against large e-commerce platforms.
- Increasing Platform Scrutiny: It reflects the growing judicial and regulatory expectation that e-commerce platforms cannot simply absolve themselves of all liability for issues arising from transactions facilitated on their sites, particularly when they play an active role.
- It emphasizes the necessity for platforms to implement extensive internal systems for seller verification, product quality inspections, and effective grievance redressal in order to reduce their liability.

IV. PLATFORM LIABILITY ACROSS JURISDICTIONS

United States – CPSC against Amazon (2024–2025)

- The Consumer Product Safety Commission (CPSC) designated Amazon as a “distributor” according to the Consumer Product Safety Act (CPSA) because of its Fulfilled by Amazon (FBA) program⁶.
- Amazon was found responsible for more than 400,000 dangerous items, such as faulty CO detectors, unsafe hair dryers, and ignitable children’s sleepwear.
- The CPSC highlighted Amazon’s proactive involvement in operations:
 - Storage and stock management
 - Transaction handling and charge subtractions
 - Support for customers, exchanges, and reimbursements
 - Management of product entries and supply chain operations
- Amazon’s argument rested on its assertion of acting as a third-party logistics provider, which is exempt under Section 3(b) of the CPSA. The Commission dismissed this, referencing Amazon's significant involvement in trade.
- The order requires Amazon to inform customers, retrieve items, and provide remediation strategies, emphasizing its responsibility to ensure public safety⁷.

⁶ Swanholt, E. K., et al. (2025, August 19). Amazon Challenges CPSC Authority After Chevron Deference Overturn. *The National Law Review*.

⁷ U.S. Consumer Product Safety Commission. (2024, July 30). CPSC Finds Amazon Responsible Under Federal Safety Law for Hazardous Products Sold by Third-Party Sellers on Amazon.com.

Amazon Services v. European Commission (C-638/23)

The Digital Services Act (Regulation EU 2022/2065) sets stringent requirements for platforms such as Amazon, particularly for those classified as Very Large Online Platforms (VLOPs).

Amazon had to adhere to Articles 38 and 39, which stipulate:

- A choice to decline personalized recommendation systems
- A public archive of advertisements revealing targeting methods
- In *Amazon Services v. European Commission (C-638/23)*, Amazon contested these requirements, arguing they would reveal sensitive business information and damage competitiveness⁸.
- The European Court of Justice denied Amazon's temporary plea to halt compliance, upholding the DSA's objectives of public interest concerning transparency, accountability, and consumer protection.

The DSA mandates that platforms must:

- Recognize and evaluate systemic threats
- Guarantee seller traceability
- Offer avenues for users to seek redress
- Collaborate with authorities and reveal algorithmic reasoning

V. CONCLUSION

The *Amazon Seller Services Pvt. Ltd. vs. Malay Patel (2022)* case highlights India's e-commerce legal problems. It significantly advances platform liability jurisprudence, requiring greater accountability from online marketplaces. As e-commerce grows, future interpretations will fine-tune the balance between digital trade and consumer protection, highlighting platform reliability.

Consumer commission rulings are narrowing the 'safe harbor' for e-commerce intermediaries, especially when their activity goes beyond facilitation. These rulings send a clear message to e-commerce behemoths that their ease and reach necessitate intrinsic accountability for fairness, transparency, and customer safety.

As regulatory pressures rise, platforms must take proactive measures to prevent disputes. This

⁸ Pehlivan, C., & Church, P. (2023, February 13). The EU Digital Services Act: A New Era for Online Harms and Intermediary Liability. Linklaters DigiLinks Blog

includes stronger vendor onboarding, more stringent product quality inspections, increased transparency in product listings and ratings, and effective grievance resolution. The 'due diligence plus' paradigm requires platforms to actively avoid harm, including from third-party merchants.

Finally, such judicial decisions are critical for developing a mature, consumer-centric e-commerce ecosystem in India, balancing digital innovation with strong consumer protection, and leveling the playing field for both consumers and responsible online enterprises.

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