

## **Amway, Oriflame Products Not To Be Sold Online Without Authorisation: Delhi HC**

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- *Ecommerce players will have to get direct selling companies authorisation to sell their products online*
- *Direct selling companies include companies such as Amway, Oriflame and Avon among others*
- *IDSA said deep discounts offered by ecommerce players adversely impact their actual sales*

Last week, the Delhi High Court has ruled that ecommerce players such as Amazon, Flipkart, Snapdeal and others cannot sell direct selling companies products on their platform without the direct sellers authorisation. Direct selling companies include names such as Amway, Oriflame and Avon, who sell products directly to consumers and are not usually found at typical retail locations.

Indian Direct Selling Association has reportedly said that deep discounts offered by ecommerce platforms adversely affect direct sellers actual sales, which in turn cause a significant dent to their businesses. IDSA is an industry body representing companies such as Avon, Modicare, Tupperware, Unicity, Amway, Oriflame and more.

Commenting on the Delhi HC order, an Amazon spokesperson told Inc42, “We have the utmost respect for the judgment of the Delhi High Court. Our lawyers are studying the judgment, at the moment, and reserve our comments till we have reviewed the entire judgment and understood the details of the Hon’ble Court’s decision.”

While, the IDSA chairman Vivek Katoch has reportedly said, “The HC’s judgement is expected to provide a level-playing field to direct sellers. It also clarifies that neither ecommerce players nor sellers can claim rights on products.”

Earlier this year, Delhi-based direct selling company Modicare has taken Amazon to Delhi High Court for selling its products illegally. At that time, Delhi HC had ordered Amazon sellers — M/s. Laxmi Enterprises and M/s. Modicare DP Store to stop selling, advertising, offering for sale or displaying Modicare products on Amazon India store.

To which, Amazon said that it is an intermediary as defined under the IT Act and thus protected by the safe harbour provisions under Section 79 of the IT Act.

Earlier in 2018, the US-based direct selling giant Amway has also reportedly sent a notice to ecommerce players Flipkart for allowing Amway’s direct sales representatives for selling its products ‘illegally’ on its platform. The company said it had earlier sent notices to Flipkart asking it to bar such sellers from the platform but the marketplace had failed to do so, thus prompting it to approach Delhi Court.

In March 2017, India Direct Selling Association (IDSA) also wrote to players such as Amazon India, Flipkart, Snapdeal, Shopclues and Paytm, seeking action to stop unauthorised sale of products from member companies.

## **Govt. Push For Ecommerce Regulations**

India's new ecommerce rules which came into effect on February 1, had targeted deep discounts being offered by online marketplaces such as Flipkart and Amazon. Such policy provisions are expected to help the government in ensuring a level playing field for offline and online retailers.

Also recently, the government was reported to be planning an ecommerce policy which might set a limit on the maximum discount that can be offered on a product. Further, the platforms might have to also give detailed break-up of the discount in the pricing details to ensure ecommerce players are not the ones financing it.

Companies would even need to get yearly audits of discounts done mandatorily by independent auditors to ensure there has been no predatory pricing.

Earlier last month, Indian Commerce Minister Piyush Goyal had also met with the representatives of Indian ecommerce companies to carry out an in-depth discussion on ways to boost the India ecommerce market and thus benefit both the small Indian retailers and ecommerce consumers.

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