



FASHION LAW COMPLIANCE FOR E-COMMERCE STARTUPS: LEGAL CHALLENGES AND STRATEGIC SOLUTIONS

Mahima Singh*

ABSTRACT

The rapid rise of e-commerce in the fashion industry has democratized fashion entrepreneurship, but it has also introduced complex legal challenges. From intellectual property protection and consumer rights to advertising regulations and international trade compliance, fashion law plays a pivotal role in ensuring sustainable business practices. This paper examines the legal landscape for fashion e-commerce startups, highlights major compliance challenges, and offers strategic recommendations for startups to navigate the intersection of law and fashion effectively.

Keywords: E-Commerce, IP laws, Fashion Business.

INTRODUCTION

Fashion e-commerce startups have emerged as powerful players in the global fashion ecosystem, driven by digital innovation and the shift in consumer behaviour. However, operating in this highly competitive and creative space requires not just business acumen but also legal foresight. Fashion law, a hybrid legal field combining elements of intellectual property, consumer protection, labour law, and international trade, governs many aspects of an e-commerce startup's lifecycle.

How Intellectual Property Protects Fashion: The fashion industry uses intellectual property (IP) Laws to protect its creative images and work.

Intellectual property (IP) protection is a cornerstone of legal compliance and brand sustainability for fashion e-commerce startups. As these businesses rely heavily on creativity

*BBA LLB, FOURTH YEAR, MAHARAJA AGRASEN INSTITUTE OF MANAGEMENT STUDIES, NEW DELHI.

and brand identity, safeguarding intellectual assets is critical. Copyright law¹ provides automatic protection for original works such as fashion sketches, photographs, website designs, editorial content, and promotional material. This ensures that unauthorised reproduction or use by third parties can be legally challenged. Trademarks² play a crucial role in distinguishing a startup's goods and services from those of others in the market. They protect logos, brand names, slogans, hashtags, and even product packaging (trade dress), which are essential to building brand recognition and consumer trust. In addition, design rights³ provide legal protection for the unique visual appearance of a product, such as its shape, configuration, or surface decoration of clothing and accessories. The availability and enforcement of design rights vary across jurisdictions; some countries, like the United Kingdom and the European Union, provide unregistered design rights, while others, like India and the United States, require formal registration. By strategically using these forms of IP protection, fashion startups can defend against infringement, enhance brand value, and establish a competitive edge in the digital marketplace.

Consumer protection⁴ is a critical area of compliance for fashion e-commerce startups, directly influencing customer trust and brand credibility. One of the primary legal requirements involves having clear and transparent return and refund policies, which must align with local consumer protection laws⁵. These policies should clearly outline timelines, conditions for returns, refund processes, and any exclusions, ensuring that customers are fully informed before making a purchase. Inaccurate or misleading product descriptions and advertising practices can lead to legal challenges under deceptive marketing laws. This includes exaggerating product features, omitting essential information, or engaging in greenwashing, a practice where brands falsely claim environmental benefits to attract eco-conscious consumers. Additionally, as fashion startups increasingly rely on digital marketing and personalised shopping experiences, strict adherence to data privacy laws is essential. This includes compliance with regulations like the General Data Protection Regulation (GDPR) in the EU, the California Consumer Privacy Act (CCPA) in the U.S., and India's forthcoming Digital Personal Data Protection Act. These laws govern the collection, storage, usage, and sharing of consumer data and require businesses to obtain explicit consent, provide data access rights, and

¹ The Copyright Act, 1957

² The Trade Marks Act, 1999

³ The Designs Act, 2000

⁴ The Consumer Protection Act, 2019

⁵ Consumer Protection (E-Commerce) Rules 2020

implement robust security measures. Failure to comply can result in heavy penalties and loss of consumer trust. Therefore, aligning operations with consumer protection standards is not only a legal obligation but also a strategic necessity for sustainable growth.

RECENT TRENDS AND THE FUTURE OF FASHION LAW

In the digital era, advertising and influencer partnerships are integral to the marketing strategy of fashion e-commerce startups, but they come with significant legal obligations. One of the most crucial aspects is the disclosure of paid or gifted collaborations. Regulatory bodies such as the Federal Trade Commission (FTC) in the U.S., the Advertising Standards Council of India (ASCI),⁶ and the Competition and Markets Authority (CMA) in the UK mandate that influencers and brands disclose any material relationship in their content. Terms like "#ad," "#sponsored," or "paid partnership" must be prominently displayed to ensure transparency and prevent misleading consumers. Failure to comply can lead to regulatory action, fines, and reputational damage. Moreover, startups must be cautious of false claims and comparative advertising. Promoting products with unsubstantiated claims such as "100% organic," "most sustainable," or "better than competitors" without scientific or factual backing can be considered deceptive. Such practices may violate consumer protection laws and lead to lawsuits or bans on advertising. Startups must ensure all marketing materials are honest, evidence-based, and do not disparage other brands unfairly. By adhering to advertising and influencer compliance standards, fashion e-commerce businesses can build consumer trust while avoiding legal pitfalls. As fashion e-commerce startups increasingly market themselves as ethical and sustainable, regulatory scrutiny around environmental claims and business practices has intensified. Startups must ensure that any sustainability claims such as "eco-friendly," "carbon neutral," or "biodegradable" are substantiated with verifiable evidence. Misleading consumers through greenwashing⁷ not only damages brand reputation but may also violate advertising and consumer protection laws. Regulations such as the European Union's Green Claims Directive and India's Extended Producer Responsibility (EPR) mandates require businesses to provide detailed disclosures and take responsibility for product lifecycle impacts. Additionally, labour and supply chain compliance has become a global priority. Laws targeting modern slavery, including the UK Modern Slavery Act,⁸ Australia's Modern Slavery Act,⁹ and California's

⁶ Advertising Standards Council of India, Guidelines for Influencer Advertising in Digital Media (2021)

⁷ Plastic Waste Management Rules, 2016 (India)

⁸ Modern Slavery Act 2015

⁹ Modern Slavery Act 2018

Transparency in Supply Chains Act,¹⁰ impose obligations on businesses to disclose efforts taken to eliminate forced labour, child labour, and exploitative working conditions within their supply chains. E-commerce brands must ensure transparency by regularly auditing their suppliers and publicly reporting on labour practices and factory conditions. On the international front, cross-border legal compliance is essential for startups operating or shipping globally.¹¹ This includes correctly classifying products for customs duties and tariffs, adhering to import/export regulations, particularly for luxury goods, animal-derived materials, or restricted items and respecting geographical indications (GIs) to avoid falsely marketing products as being from culturally protected regions (e.g., "Kanjivaram silk" or "Made in Italy").¹² Navigating these layers of compliance not only protects businesses from legal penalties but also strengthens their ethical brand positioning in a highly competitive global market.

LEGAL STRATEGIES FOR COMPLIANCE

To effectively navigate the complex legal landscape of the fashion e-commerce industry, startups must adopt proactive and structured legal strategies from the outset. One of the foundational steps is to develop an intellectual property (IP) portfolio early, ideally at the ideation stage. This includes filing for trademarks, copyrights, and, where applicable, design registrations to secure brand assets and prevent misuse. Conducting regular IP audits helps identify potential infringement risks and safeguards proprietary content and product designs. Equally important is the need to draft robust contracts that govern relationships with suppliers, influencers, employees, and freelancers. These contracts should be legally vetted and include essential clauses related to confidentiality, exclusivity, liability, and IP ownership, ensuring clarity and enforceability. In terms of consumer relations, startups must implement transparent policies on shipping, returns, and refunds, which align with applicable consumer protection laws. Additionally, websites should incorporate compliance features such as cookie banners, privacy policies, and terms of data usage to meet global privacy standards like GDPR and CCPA. Internally, startups should train their teams on legal risk, particularly those involved in marketing, design, and content creation. Educating staff about copyright laws, advertising regulations, and social media guidelines reduces the likelihood of unintentional legal violations. Finally, leveraging technology for compliance can greatly enhance efficiency. Tools such as AI-based copyright monitoring systems and automated compliance platforms can help

¹⁰ California Transparency in Supply Chains Act, 2010.

¹¹ Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), 1994.

¹² Geographical Indications of Goods (Registration and Protection) Act, 1999

manage tax obligations, customs duties, and privacy audits in real time. Together, these strategies form a comprehensive framework that not only ensures legal compliance but also fosters brand integrity and long-term sustainability.

CASE STUDIES

Campus Activewear vs. Campus Sutra – Trademark Dispute (India, 2025): In a case heard in July 2025, Campus Activewear sued Campus Sutra over the standalone use of the word “Campus” in footwear listings, arguing consumer confusion. Although Campus Sutra maintained that any use was limited and unintentional, the Delhi High Court has issued summons, and the next hearing is scheduled for November 2025. The case highlights brand dilution risks even when two brands share a common term.

Reliance / Jio Trademark Enforcement: On July 10, 2025, the Delhi High Court issued a dynamic injunction against Amazon, Flipkart, and Meesho, ordering the removal of 21 products infringing RIL’s Reliance and Jio trademarks. The decision required platforms to disclose vendor identities and delist listings immediately, reinforcing the proactive liability of e-commerce intermediaries.

CONCLUSION

In the fast-paced and highly competitive world of fashion e-commerce, legal compliance is no longer a mere checkbox; it is a strategic imperative. Far from being a luxury reserved for large corporations, fashion law compliance is essential for startups seeking to build credible, resilient, and globally scalable businesses. From intellectual property protection and consumer rights to advertising standards, data privacy, and sustainability regulations, each legal domain plays a pivotal role in shaping how startups engage with customers, suppliers, investors, and regulators.

Embedding legal strategy at the earliest stages of business development allows startups to proactively manage risks, avoid costly litigation, and safeguard their creative and commercial assets. For instance, registering trademarks, copyrights, and design rights from the outset prevents IP theft and brand dilution, while transparent consumer policies and responsible advertising practices strengthen trust and loyalty among digitally savvy consumers. Moreover, compliance with environmental and labour laws not only avoids regulatory penalties but also aligns with the growing demand for ethical and sustainable business practices.

As regulatory scrutiny intensifies globally, whether through the EU's Green Claims Directive, India's evolving e-commerce and data laws, or cross-border trade rules, startups that neglect legal compliance risk falling behind or facing operational disruptions. On the other hand, businesses that integrate legal compliance into their core operations gain a competitive edge by building a robust brand, securing investor confidence, and paving the way for seamless international expansion.

Ultimately, fashion law compliance is not just about staying on the right side of the law; it is about building a future-proof business that can innovate responsibly, scale sustainably, and lead with integrity in a digitally connected global market.