AILET

Legal Primer: Avnish Bajaj v. State (NCT of Delhi) (2005)

Adtiya Aryan · 12 Mar 2026

Introduction

In 2005, the Indian internet was still in its adolescence. E-commerce was a novel concept, and the laws governing it were nascent and untested. It was in this environment that a case emerged which would send a seismic shockwave through the country's budding tech industry, forcing the legislature and judiciary to define the very nature of the internet.

The case of *Avnish Bajaj v. State (NCT of Delhi)*, popularly known as the **Bazee.com case**, became the crucible in which India's modern digital liability framework was forged. It revolved around a single, stark question: When a user posts something illegal on a website, is the CEO of that website a criminal?

The arrest of Avnish Bajaj, the CEO of a major e-commerce platform, for an obscene clip sold by a user, created a profound "chilling effect" on the industry. The case's resolution, and the legislative fallout that followed, directly led to the "safe harbor" protections under **Section 79 of the Information Technology Act, 2000 (IT Act)**—the foundational legal principle that allows platforms like Google, Facebook, X (formerly Twitter), and YouTube to operate in India today.

Facts of the Case

- The Platform: Bazee.com (subsequently acquired by eBay) was India's leading online auction and marketplace website in the early 2000s. It functioned as a facilitator, allowing users to list items for sale and other users to bid on or purchase them, much like its parent company, eBay.
- The Incident: In November 2004, a user listed an "MMS clip" for sale on the platform. This item was, in fact, a sexually explicit video clip (reportedly non-consensual) involving two students from a prominent Delhi school, which had gained notoriety.

- The Transaction: Another user (later identified as a journalist investigating the site) placed a bid and "won" the auction. The seller, after receiving payment, emailed the clip to the buyer. The transaction was completed, and Bazee.com, as the platform facilitator, likely received a small commission or transaction fee.
- The Takedown: After the transaction was complete and the matter was reported, Bazee.com quickly removed the listing from its website and provided the seller's details to the police.
- The Arrest: Despite this cooperation, the Delhi Police Cyber Crime Cell filed a First Information Report (FIR). In December 2004, they arrested the seller, the buyer, and, most alarmingly, Avnish Bajaj, the CEO of Bazee.com, who was based in Mumbai.
- The Charges: Bajaj was charged under several sections:
  - Indian Penal Code (IPC), 1860: Section 292 (Sale of obscene material) and Section 294 (Obscene acts and songs).
  - Information Technology Act, 2000: Section 67 (Punishment for publishing or transmitting obscene material in electronic form).
  - Information Technology Act, 2000: Section 85 (Offences by companies), which holds key managerial personnel (like directors or managers) vicariously liable for offenses committed by the company, unless they can prove it occurred without their knowledge or that they exercised all due diligence to prevent it.

Procedural History and the Core Legal Question

Avnish Bajaj was arrested and remanded to judicial custody. His initial bail application was **rejected by the Additional Sessions Judge**. The trial court took a starkly literal view of the law. It held that by *hosting* the listing, Bazee.com had "published" the obscene material. Under Section 85, as the CEO, Bajaj was *prima facie* (on the face of it) responsible for the company's actions. This decision implied that an intermediary was no different from a traditional publisher, like a magazine editor, who is responsible for all content.

Bajaj filed a petition in the **High Court of Delhi**, seeking both bail and, more fundamentally, the quashing of the charges against him.

The central legal question before the Delhi High Court was:

Can the head of an online marketplace be held criminally liable for an illegal transaction conducted by a third-party user on that platform, especially when he had no "actual knowledge" of the specific item?

Arguments of the Parties

Petitioner (Avnish Bajaj):

- Intermediary, Not Publisher: The primary argument was that Bazee.com was a "network service provider" or "intermediary," not a publisher. It was a passive conduit for information and transactions set up by users.
- Lack of Mens Rea (Guilty Mind): For a criminal charge like Section 292 (IPC) or Section 67 (IT Act) to stick, the prosecution must prove mens rea, or a "guilty mind" (i.e., intent or knowledge). Bajaj had no personal knowledge of this specific listing among the millions on his site.
- Impossibility of Pre-Screening: It is technically and logistically impossible for a platform with millions of daily listings to manually pre-screen every single one. Imposing such a duty would effectively outlaw the e-commerce auction model.
- "Notice and Takedown" Protocol: The platform had user agreements that prohibited such content. More importantly, as soon as the company gained "actual knowledge" of the illicit listing, it took prompt action to remove it, fulfilling its responsibility.
- Misapplication of Section 85: Section 85 could not imply automatic vicarious liability. It requires proof that the offense was committed with the "consent or connivance" or was attributable to the "neglect" of the CEO. There was no such evidence.

Respondent (The State):

- "Publishing" Defined Broadly: The State argued that "publishing" under Section 67 (IT Act) and "sale" under Section 292 (IPC) should be interpreted broadly. By providing the platform and making the item visible to the public, Bazee.com was "publishing" it.
- Profiting from the Crime: Bazee.com was not a passive party; it profited from the sale by taking a commission. This financial interest made it an active participant in the transaction.

- Negligence and Lack of Due Diligence: The platform was negligent. It should have had filters or mechanisms in place to prevent such "obviously" obscene material from being listed.
- CEO's Responsibility (Section 85): As the person "in charge of" the company's business, Section 85 made Bajaj liable by default. The burden was on him to prove his innocence, not on the prosecution to prove his guilt (a common feature of such vicarious liability clauses).

Judgment and Rationale of the Delhi High Court

In a landmark decision in 2005, **Justice Vikramajit Sen of the Delhi High Court granted bail to Avnish Bajaj** and made critical observations that would shape Indian cyber law. (Note: The case for *quashing* the charges continued and was finally settled in 2012 by the Supreme Court, which fully discharged him).

The High Court's reasoning for granting bail was a direct rejection of the trial court's logic:

1. Prima Facie No Case for Obscenity: The court found it difficult to attribute the mens rea required for an obscenity charge to the CEO. It held that there was no evidence to show that Bajaj had "any personal role… in the posting of the offensive material."
2. The "Knowledge" Prerequisite: The court held that "knowledge" is a prerequisite for liability. It noted that Bajaj was "not privy to the transaction at all" and that the website "acted merely as a facilitator."
3. Distinguishing Platform from Publisher: The court implicitly accepted the "intermediary" argument. It recognized the practical impossibility of pre-screening all content. It observed that holding the CEO liable in such a scenario would be an extreme and unjust interpretation of the law.
4. Vicarious Liability Not Automatic: The court read down the application of Section 85. It held that a director or CEO cannot be automatically roped in simply by virtue of their title. There must be a prima facie showing of their personal involvement, consent, or "culpable neglect," which the prosecution had failed to provide.

The Legacy: Paving the Way for the "Safe Harbor"

The *Avnish Bajaj* case was a watershed moment. The initial arrest and rejection of bail by the lower court had terrified the global tech industry. It signaled that India was a hostile environment for investment, where a CEO could be jailed for a user's actions. The High Court's ruling provided a much-needed course correction, but the legal ambiguity remained. The *law itself* was flawed.

The case exposed the glaring inadequacy of the original **Section 79 of the IT Act, 2000**. The original section was a weak “safe harbor” that only protected intermediaries if they could prove they had *no knowledge* and had exercised *all due diligence*. This was a vague and weak defense.

In direct response to the *Bajaj* case and the industry’s outcry, Parliament passed the **Information Technology (Amendment) Act, 2008**. This amendment fundamentally rewrote the law on intermediary liability.

The New Section 79 (The “Safe Harbor”):

The new Section 79 created a robust, clear, and powerful safe harbor. It states that an intermediary **shall not be held liable** for any third-party content it hosts, provided it meets two key conditions:

1. Passive Conduit: The intermediary’s role is limited to being a technical facilitator (it doesn’t initiate the post, select the receiver, or modify the content).
2. Due Diligence & “Notice and Takedown”: This is the most critical part. The safe harbor protection is lost if the intermediary, upon receiving “actual knowledge” (either from a court order or a specific complaint), fails to “expeditiously remove or disable access” to the illegal content.

Why it Matters:

The *Avnish Bajaj* case was the crisis that forced this legislative solution. It drew a bright, clear line between being a **platform** (a neutral conduit) and a **publisher** (a content curator).

Today, this “notice and takedown” regime, born from the 2008 amendment, is the legal bedrock of India’s digital ecosystem. It is the reason why:

- YouTube is not liable for a user-uploaded video (but must take it down on notice).
- Facebook/X is not liable for a user’s defamatory post (but must take it down on notice).
- Amazon/Flipkart is not liable for a third-party seller’s fraudulent product (but must delist it on notice).

Avnish Bajaj’s arrest was the legal system’s painful encounter with a new technological reality. The High Court’s judgment provided the judicial common sense, and Parliament’s subsequent amendment provided the legal framework. This case established that platforms are not the "keepers" of user content, but they are the "gatekeepers" who must act once a problem is brought to their attention.