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# **THE GREEN LABEL TRAP: FALSE SUSTAINABILITY CLAIMS AND TRADEMARK DECEPTION IN GREEN MARKETING**

AUTHORED BY - R MAHIMA & DURGA

## **1. ABSTRACT**

The growing global emphasis on sustainability has led to a surge in environmentally branded products, with trademarks and eco-labels playing a crucial role in shaping consumer perception. However, this trend has also given rise to greenwashing, wherein businesses make false or misleading claims about the environmental benefits of their products or services. This paper examines the phenomenon of greenwashing within the framework of trademark law and consumer protection, focusing on how deceptive sustainability claims distort market practices and undermine genuine environmental efforts.

The study examines how trademarks function as instruments of trust and communication, emphasizing how ambiguous terms like “eco-friendly,” “natural,” and “sustainable” are frequently employed without supporting evidence. Along with pertinent advertising standards, it examines the legal difficulties in regulating such claims, especially under the Trademark Act of 1999 and the Consumer Protection Act of 2019 in India. The issue is made worse by the lack of consistent eco-labelling guidelines and lax enforcement procedures, which let businesses take advantage of legal loop holes. In order to provide comparative insights, the paper also assesses international approaches, such as regulatory developments in the US and the EU. It contends that although trademarks are meant to safeguard brand identity and avoid consumer confusion, their improper use in green marketing leads to a paradox where legal protection encourages dishonesty.

The paper concludes by advocating for stricter trademark scrutiny, standardized eco-labelling frameworks, and enhanced regulatory oversight to ensure transparency and accountability. It emphasizes that effective legal intervention is essential to safeguard consumer interests and promote authentic sustainability in the marketplace.

**Keywords:** Greenwashing, Trademarks, Eco-labelling, Consumer Protection

## **2. INTRODUCTION**

In recent years, sustainability has emerged as a dominant factor influencing consumer behaviour and corporate strategy. A growing number of consumers now prefer environmentally responsible products, prompting businesses to integrate sustainability into branding and marketing practices. Terms such as “eco-friendly,” “natural,” and “green” have become powerful commercial tools, often embedded within trademarks, packaging, and advertising narratives.<sup>1</sup>

This shift is further reinforced by global climate concerns and policy movements aligned with sustainable development goals. Companies increasingly seek to position themselves as environmentally conscious, not only to attract consumers but also to gain competitive advantage in expanding green markets.<sup>2</sup> However, the absence of universally accepted standards for environmental claims has created opportunities for misuse and manipulation.

### **2.1 The Concept of Greenwashing and Trademark Deception**

Greenwashing describes the method through which businesses present incorrect environmental assessment results for their products and services and their entire company operation.<sup>3</sup> The practice uses ambiguous terms together with unverified statements and branding methods which trick customers into believing false information about the environmental advantages of their products.

Trademarks play a crucial role in this process. Trademarks function as product identifiers which establish product origin and quality level and contain trustworthiness elements which enhance customer trust. Trademarks which use sustainability-related terms without proof of actual sustainability value lead to incorrect environmental responsibility perceptions. The situation results in what people call “trademark-enabled deception.”<sup>4</sup>

Trademark law maintains its historic focus on evaluating product uniqueness and customer confusion potential because environmental claims need to demonstrate actual accuracy. The registration process permits green trademarks to create consumer confusion while their actual environmental claims remain unverified.

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<sup>1</sup> Ottman, J. A. (2017). *The new rules of green marketing*. Routledge.

<sup>2</sup> United Nations Environment Programme. (2021).

<sup>3</sup> Delmas, M. A., & Burbano, V. C. (2011). The drivers of greenwashing. *California Management Review*, 54(1), 64–87.

<sup>4</sup> Ramakrishnan, R. (2020). Trademark law and consumer deception in India. *Journal of Intellectual Property Law*, 12(2), 45–60.

## 2.2 Research Problem: The “Green Label Trap”

The Green Label Trap emerges as the primary research problem of this study because it shows how customers use environmental labels and trademarks to judge sustainability despite lacking efficient verification systems. The research shows that a large number of customers believe eco-labels are trustworthy and they will spend more money on products which they think have environmentally friendly characteristics.<sup>5</sup>

The misplaced trust creates two harmful effects for people. First, shoppers make their purchasing choices based on faulty information. Businesses that use sustainable methods face business challenges from organizations that use deceptive methods to mislead customers. Market operations together with environmental outcomes experience long-lasting damage because of such market distortions.

## 2.3 Scope and Significance

This research paper examines trademark deception through the lens of international intellectual property (IP) regulations together with climate justice initiatives and the principle of equal access. IP law protects brand identity and encourages innovation through its designed functions but businesses misuse it in green marketing which creates more climate crisis and social inequality challenges.

The practice of making false sustainability claims leads to consumers turning away from genuine eco-friendly products which results in a slower pace of economic development towards sustainable practices.<sup>6</sup> False green branding operations create a hazardous situation for disadvantaged groups because they require correct details to make affordable and environmentally friendly decisions.

The research demonstrates how intellectual property law interacts with financial regulation through the examination of green bonds and sustainable finance systems. The public sector suffers from misrepresentation problems because companies use these channels to build false trust which leads to environmental damage through resource misallocation and loss of investor trust.

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<sup>5</sup> Nielsen. (2018). *Global consumers and sustainability report*.

<sup>6</sup> European Environment Agency. (2022). *Sustainability transitions and climate policy*.

### 3. CONCEPTUAL FRAMEWORK

Green marketing promotes environmentally friendly products and services based on their actual or imagined environmental advantages. The practice includes sustainable production, eco-friendly packaging, reduced carbon emissions and ethical sourcing.<sup>7</sup> Green marketing has developed from its original niche position to become a standard business strategy that businesses use to boost their environmental footprint based on customer demand for eco-friendly solutions.

Eco-labelling serves as a fundamental element of green marketing through its use of symbols and certifications and written statements which show which products meet specific environmental requirements. The labels provide consumers with straightforward sustainability indicators which help them make their purchasing choices.<sup>8</sup> The growth of unregulated eco-labels from private organizations has created a situation where multiple labels exist which confuses customers and decreases their trustworthiness.

The Ecomark Scheme and similar eco-labelling programs were established in India to promote products which meet environmental standards. The programs have not achieved their intended purpose because people do not know about them and there is no enforcement of the programs.<sup>9</sup> The process has led businesses to depend more on self-declared labels which create a situation where companies can easily misuse their labels.

#### 3.1 Trademarks as Tools of Consumer Trust

Trademarks function as tools to identify the origin and quality and market standing of products or services. They help consumers identify reliable products because they provide information which protects consumers from dishonest marketing.<sup>10</sup> Trademarks which feature environmental elements through their use of earth symbols or green color schemes or leaf designs help consumers better understand green marketing products.

The sustainability context creates a strong psychological effect which trademarks use to establish their presence in the market. Consumers make green-themed purchasing decisions because they believe the products which display those marks follow ethical standards even

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<sup>7</sup> Peattie, K., & Crane, A. (2005). Green marketing: Legend, myth, farce or prophesy? *Qualitative Market Research*, 8(4), 357–370.

<sup>8</sup> OECD. (2013). *Guidelines for environmental claims*.

<sup>9</sup> Ministry of Environment, Forest and Climate Change. (2019). *Ecomark Scheme guidelines*.

<sup>10</sup> Landes, W. M., & Posner, R. A. (2003).

when there is no proof.<sup>11</sup> The trust-based purchasing system of products occurs when people make product choices based on the products' visual design rather than the actual product content.

The system of trademarks creates security for businesses while at the same time allowing fraud to occur. Environmental trademarks which lack proper validation can mislead customers because they create environmental claims for trademark protection. Trademarks serve to protect brand identity while they function as tools for people to cheat which creates a need for proper regulation.

### **3.2 False Sustainability Claims and Market Distortion**

The commercial system becomes unbalanced because greenwashing creates false sustainability claims which give unfair advantage to real businesses and companies that lie about their sustainability practices. Companies that deceive their customers achieve financial benefits which boost their revenue and brand reputation while they escape the costs which come with actual sustainable operations.<sup>12</sup>

The distortion creates three major impacts.

- Consumer Harm: Buyers are misled into purchasing products that do not meet expected environmental standards.
- Unfair Competition: Authentic sustainable businesses lose market share to deceptive competitors.
- Environmental Harm: Resources are diverted away from genuinely sustainable initiatives, delaying climate progress.

### **3.2 Climate Justice and Equitable Access to Green Technology**

Climate justice promotes equal distribution of environmental advantages and disadvantages between different community groups based on their social status and special protection needs. The people who contributed least to environmental harm face the greatest difficulties from environmental impacts.<sup>13</sup>

Climate justice establishes essential rules which determine the fair distribution of green marketing benefits through its control over intellectual property rights. When misleading

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<sup>11</sup> Hartmann, P., & Apaolaza-Ibáñez, V. (2012). Consumer attitude and purchase intention toward green energy brands.

<sup>12</sup> Lyon, T. P., & Maxwell, J. W. (2011). Greenwash: Corporate environmental disclosure. *Journal of Economics & Management Strategy*, 20(1), 3–41.

<sup>13</sup> Schlosberg, D. (2007). *Defining environmental justice*. Oxford University Press.

sustainability claims dominate the market, consumers—especially those with limited resources—may be unable to distinguish between genuine and false products. The system creates barriers which prevent consumers from accessing sustainable products, thus damaging their ability to make educated choices.

The system of intellectual property rights creates two competing forces which control the distribution of green technologies. IP protection creates a need for innovation to occur, but excessive control which leads to technology environmental control through deceptive branding limits technology distribution.<sup>14</sup>

The integration of financial mechanisms, such as green bonds and sustainable finance initiatives, further complicates this landscape. The deceptive practices that happen in these fields create negative consequences for consumers and investors, which damage public confidence in economic systems that depend on sustainability. The process of combating trademark deception serves to protect consumers while implementing climate justice through sustainable development access.

#### **4. LEGAL FRAMEWORK IN INDIA**

##### **Trade Marks Act, 1999 and Deceptive Marks**

The Trade Marks Act, 1999 functions as the principal legal system which governs both trademark registration and trademark protection throughout India. The law aims to safeguard consumers by stopping people from being misled and confused about products which they find in stores. The Act forbids the registration of all marks that possess deceptive characteristics together with all marks which mislead consumers and all marks which fail to demonstrate unique identity.<sup>15</sup>

The provision establishes strong relevance to green marketing initiatives which exist through its implementation. Trademarks containing the words "eco-friendly" or "green" or "sustainable" will face registration rejection when they create customer confusion about product characteristics and product standards and product environmental performance. Environmental claims should be evaluated through their scientific accuracy but distinctiveness remains the primary focus during examination procedures.<sup>16</sup>

The regulations permit registration of marks which suggest sustainability claims even when companies fail to provide evidence of their environmental compliance. Businesses use this

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<sup>14</sup> Abbott, F. M. (2009). Innovation and technology transfer to address climate change.

<sup>15</sup> Government of India. (1999). *The Trade Marks Act, 1999*, §9.

<sup>16</sup> Narayanan, P. (2017). *Law of trademarks and passing off* (7th ed.). Eastern Law House.

method to gain legal rights over green terms which mislead consumers about their environmental implications.

Judicial interpretation has shown that protective measures against deceptive marks have crucial legal importance. The Supreme Court determined in *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.* that trademark law requires complete avoidance of any situation which could lead to customer confusion or product misrepresentation especially when public welfare concerns emerge.<sup>17</sup> The case established principles which apply to green trademarks because these trademarks need customer trust to succeed although the case did not examine environmental claims.

### **Consumer Protection Act, 2019 and Misleading Advertisements**

The Consumer Protection Act, 2019 establishes a comprehensive system to tackle misleading advertisement practices and improper business conduct. Section 2(28) defines a misleading advertisement as one that falsely describes a product or gives a false guarantee regarding its nature, substance, or quality.<sup>18</sup>

Greenwashing practices exist as a direct match to this definition because they frequently involve environmental claims which companies make without providing sufficient evidence. Consumer protection law assesses how claims affect customers whereas trademark law deals with the process of obtaining rights over trademarks.

The Central Consumer Protection Authority (CCPA) possesses the authority to take various actions which serve as the main achievement under this Act. The authority has the power to:

- Order discontinuation of misleading advertisements
- Impose penalties on manufacturers and endorsers
- Issue guidelines to prevent unfair trade practices<sup>19</sup>

Enforcement activities face difficulties because existing regulations need to be implemented. The market lacks active monitoring systems which should track environmental claims while regulatory bodies require customer complaints to initiate their operations. The current approach permits false sustainability marketing practices to continue until major damages become evident.

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<sup>17</sup> *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, (2001) 5 SCC 73.

<sup>18</sup> Government of India. (2019). *Consumer Protection Act, 2019*, §2(28).

<sup>19</sup> Central Consumer Protection Authority. (2022).

### **3.3 Role of Central Consumer Protection Authority (CCPA)**

The Central Consumer Protection Authority (CCPA) functions as an essential organization which investigates misleading marketing activities that include greenwashing. The organization established advertising guidelines which require companies to maintain both credible evidence for their claims and proper product information.

The CCPA can take action when companies use environmental claims which remain unclear and unverified and their claims exceed actual proof. The phrases "100% natural" and "environmentally safe" become misleading when they lack scientific evidence to support their usage. The CCPA contains several limitations which restrict its operational capabilities. The system lacks specific environmental standards which organizations should follow. Trademark authorities need to work with each other to establish protection for their trademarks. The organization possesses limited technical knowledge about measuring sustainability standards. The existing problems demonstrate the necessity for regulatory bodies to develop rules which combine trademark law and consumer protection systems to eliminate deceptive practices from green marketing.

### **3.4 Environmental Law and Sustainability Regulations**

Environmental law in India including the Environment Protection Act 1986 establishes pollution control methods which markets must follow to meet environmental standards.<sup>20</sup> The existing branding claims lack environmental compliance because companies need to comply with environmental rules.

The gap enables businesses to create an environmentally responsible appearance while they fail to meet fundamental environmental obligations. A product can achieve basic regulatory standards yet its marketing claims of "sustainable" create an untrue impression.

The absence of a unified eco-labelling framework further complicates the issue. The Ecomark Scheme exists but its low usage rate prevents it from effectively countering deceptive performance claims.<sup>21</sup>

The gap needs to be filled through:

- Integration of environmental compliance with trademark registration
- Mandatory verification of sustainability claims

The process requires environmental regulators to work with consumer protection authorities.

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<sup>20</sup> Government of India. (1986). *Environment (Protection) Act, 1986*.

<sup>21</sup> Ministry of Environment, Forest and Climate Change. (2019).

The implementation of these measures will make sure that environmental claims receive real validation through established standards which will decrease the opportunities for deceptive practices.

## **5. FINANCIAL AND REGULATORY DIMENSIONS OF GREEN CLAIMS**

### **SEBI Green Bonds and Disclosure Requirements**

The section examines financial and regulatory aspects of green claims which includes SEBI Green Bonds and their associated disclosure requirements. The Securities and Exchange Board of India (SEBI) has established regulatory frameworks which enable green bonds to operate as a method to support sustainable financing. Green bonds function as debt instruments which fund projects that achieve environmental sustainability through renewable energy and clean transportation and climate adaptation initiatives.<sup>22</sup>

SEBI's guidelines on green debt securities require issuers to provide detailed disclosures regarding:

- Use of proceeds
- Environmental objectives
- Project evaluation and selection criteria
- Monitoring and reporting mechanisms<sup>2</sup>

The disclosure requirements serve to establish transparency while preventing organizations from misusing funds which they claim to spend on sustainability initiatives.<sup>23</sup> The rising interest in green bonds has created a situation where financial institutions face an increased threat of "greenwashing in finance," which occurs when project issuers present their projects as having greater environmental benefits than what they actually possess.

The verification process needs to establish whether the collected funds are actually being used to reach environmental goals. Businesses can use sustainability labels as deceptive tools to draw investors because there are no strict authentication processes to check their ecological claims.

### **RBI Green Finance and Sustainable Banking Initiatives**

The Reserve Bank of India (RBI) has developed green finance programs which enable financial institutions to implement sustainable practices. The programs encourage banks to assess

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<sup>22</sup> Climate Bonds Initiative. (2020).

<sup>23</sup> Securities and Exchange Board of India. (2017).

environmental risks before they make lending decisions and to back sustainable project investments.<sup>24</sup>

The RBI has stressed that climate-related financial disclosures together with responsible banking practices form essential components of environmental sustainability. Financial institutions are increasingly expected to align their operations with Environmental, Social, and Governance (ESG) principles.

The product markets create a problem because there are no standardized definitions and verification mechanisms which allow businesses to create misleading representations. Banks and financial institutions may label their products as “green” or “sustainable” without adequate substantiation, leading to potential deception of investors and stakeholders.<sup>25</sup>

The financial markets require both regulatory agencies and standardized sustainability assessment methods to establish authentic verification processes for sustainability claims.

### **ESG (Environmental, Social, Governance) Compliance and Branding**

ESG compliance has become a central aspect of corporate governance and branding strategies. Companies increasingly use ESG credentials to enhance their reputation, attract investment, and differentiate themselves in competitive markets.<sup>26</sup>

But organizations face challenges because ESG metrics lack consistency and create interpretation difficulties. This creates a risk of selective disclosure, where companies highlight positive aspects while concealing negative environmental impacts. Corporate organizations engage in practices which lead to "ESG washing," a specific type of greenwashing that occurs at the corporate level.

ESG claims establish a connection between trademarks and branding which affects their status as intellectual property. Companies use sustainability-oriented brand names together with logos and certifications to demonstrate their partial or unverifiable compliance with ESG requirements.<sup>27</sup>

The intersection between ESG and trademark law requires the creation of:

- Standardized ESG reporting frameworks
- Independent verification mechanisms
- legal accountability for false sustainability branding

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<sup>24</sup> Reserve Bank of India. (2022).

<sup>25</sup> OECD. (2021). *ESG investing and climate transition*

<sup>26</sup> Friede, G., Busch, T., & Bassen, A. (2015).

<sup>27</sup> Eccles, R. G., & Klimenko, S. (2019). The investor revolution. *Harvard Business Review*, 97(3), 106–116.

The absence of these protections will result in ESG-based branding transforming into a deceptive practice instead of a method to support true ecological sustainability.

### **Risks of Misrepresentation in Green Financial Products**

The rise of sustainability claims in financial markets creates multiple ways for organizations to perform greenwashing. Financial instruments suffer from misleading claims because they create widespread effects which extend beyond the individual buyer to impact major investments and public confidence.<sup>28</sup>

The primary risks include:

- **Investor Deception:** Investors may allocate funds based on false sustainability claims
- **Market Instability:** Misallocation of capital undermines genuine green projects
- **Reputational Damage:** The organization faces a decline in sustainable finance credibility.
- **Regulatory Backlash:** Regulatory authorities will increase their examination of the situation which may lead to legal action.

## **6. TRADEMARK DECEPTION AND GREENWASHING: CASE STUDIES**

### **6.1 Global Case Studies on Greenwashing**

The increasing occurrence of greenwashing gets demonstrated through multiple international examples which show how companies faced legal and financial and reputational damage because of their false sustainability statements. The cases demonstrate that environmental branding establishes incorrect consumer beliefs which trademarks and marketing maintain through their repeated use.

The Volkswagen Emissions Scandal serves as a notable example because the company promoted its diesel vehicles as “clean” and environmentally friendly while using software to cheat emission tests.<sup>29</sup> The practice misled consumers while breaking environmental rules which resulted in fines that exceeded billions of dollars.

Keurig Dr Pepper faced legal consequences because it falsely claimed its coffee pods could be recycled. The recycling process needed special facilities which most users could not reach.<sup>30</sup>

The case shows how companies can misguide customers through imprecise environmental statements which they can successfully defend.

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<sup>28</sup> European Securities and Markets Authority. (2021). *Risks of greenwashing in financial markets*.

<sup>29</sup> United States Environmental Protection Agency. (2016).

<sup>30</sup> Competition Bureau Canada. (2022). *Keurig Canada settlement on recycling claims*.

DWS Group, which operates as a Deutsche Bank subsidiary, received penalties for its excessive claims about ESG credentials and sustainability performance.<sup>31</sup> The case demonstrates that greenwashing affects both consumer products and financial markets, which decreases investor confidence and hinders regulatory compliance.

The fashion sector saw H&M receive public criticism and legal inspection for its “Conscious Collection” which presented itself as sustainable but lacked proof to substantiate those assertions.<sup>32</sup> The company faced allegations of deceptive branding because its lack of transparency resulted in harm to its brand image.

## **6.2 Indian Market Trends and Emerging Concerns**

Greenwashing practices have begun to rise in India as greenwashing practices become more prevalent despite the absence of significant enforcement operations across the country. Businesses frequently use terms such as “natural,” “organic,” and “eco-friendly” in trademarks and advertising without standardized verification mechanisms.<sup>33</sup>

Companies use the lack of a single environmental labeling rule to develop their self-assessed environmental claims. The claims depend on visual elements, which include green packaging and leaf symbols and nature images, because these elements can influence consumer view even when actual evidence does not exist.

The Central Consumer Protection Authority (CCPA) started to handle false advertising, yet its capacity to implement laws remains restricted and mostly responds to existing cases.<sup>34</sup> The trademark authorities and consumer protection agencies do not share information, which makes it harder to control misleading green branding practices.

India needs proactive regulation to stop the process of greenwashing becoming an accepted worldwide practice.

## **6.3 Impact on Consumers, Competition, and Climate Goals**

Trademark-enabled greenwashing creates economic effects which generate environmental impacts that reach beyond each separate instance.

### **(a) Consumer Impact**

People think they make eco-friendly choices, but their product choices result from

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<sup>31</sup> U.S. Securities and Exchange Commission. (2023). *DWS ESG enforcement action*.

<sup>32</sup> Changing Markets Foundation. (2021).

<sup>33</sup> Advertising Standards Council of India. (2020).

<sup>34</sup> Central Consumer Protection Authority. (2022).

incomplete information. The research shows that consumers will spend additional money on sustainable products, which makes them more likely to fall victim to phony marketing.<sup>35</sup>

(b) Competitive Distortion

Greenwashing enables companies to gain a market advantage through their sustainable brand marketing while keeping their actual expenses to zero. The accurate sustainability efforts of environmentally responsible companies face dilution from competitors who engage in deceptive marketing.<sup>36</sup>

(c) Environmental Consequences

Environmental sustainability suffers the most from this direct impact. The market sees a dominance of deceptive claims which results in resource misallocation because real sustainable initiatives face resource loss. The current situation creates obstacles that prevent climate goals from being achieved while damaging worldwide efforts to stop environmental damage.<sup>37</sup>

## 7. INTERNATIONAL REGULATORY APPROACHES

### 7.1 United States: FTC Green Guides

The Federal Trade Commission (FTC) establishes environmental marketing claim regulations in the United States through its Green Guides. The guidelines provide businesses with specific requirements to follow for their environmental claims to achieve truthful and substantiated and non-misleading status.<sup>38</sup>

The FTC Green Guides establish rules to control greenwashing operations through their management of three main areas. The FTC Green Guides establish rules to control greenwashing operations through their management of three main areas. The FTC Green Guides establish rules to control greenwashing operations through their management of three main areas. The FTC Green Guides establish rules to control greenwashing operations through their management of three main areas. The FTC Green Guides establish rules to control greenwashing operations through their management of three main areas. The FTC Green Guides establish rules to control greenwashing operations through their management of three main areas. The FTC Green Guides operate through three main operational areas which include general environmental benefit claims and certifications and seals and recyclability and biodegradability claims and

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<sup>35</sup> Nielsen. (2018). *Global sustainability report*.

<sup>36</sup> Lyon, T. P., & Montgomery, A. W. (2015). The means and end of greenwash.

<sup>37</sup> United Nations Environment Programme. (2021). *Emissions gap report*.

<sup>38</sup> Federal Trade Commission. (2012).

the use of vague terminology. The FTC Green Guides operate through three main operational areas which include general environmental benefit claims and certifications and seals and recyclability and biodegradability claims and the use of vague terminology. The FTC Green Guides operate through three main operational areas which include general environmental benefit claims and certifications and seals and recyclability and biodegradability claims and the use of vague terminology. The FTC Green Guides operate through three main operational areas which include general environmental benefit claims and certifications and seals and recyclability and biodegradability claims and the use of vague terminology. The FTC Green Guides operate three main areas which include environmental benefit claims and certifications and seals and recyclability claims and the use of vague terminology.<sup>39</sup>

The FTC framework demonstrates its strongest quality through its requirement for businesses to demonstrate scientific evidence for their environmental claims. Businesses must obtain valid proof which can be trusted to support their marketing claims about environmental matters.<sup>40</sup> This requirement creates strong protection against misleading practices.

The FTC Green Guides function as guidelines which lack the authority to enforce violations independently. The consumer protection laws which provide enforcement mechanisms face limitations during specific enforcement actions.

## **7.2 European Union: Green Claims Directive**

The European Union established a legally binding system through the proposed EU Green Claims Directive which protects the environment by preventing greenwashing activities while making environmental marketing processes completely transparent.<sup>41</sup>

The framework requires all companies which use environmental claims to achieve five specific requirements. The framework requires all companies which use environmental claims to achieve five specific requirements. The framework requires all companies which use environmental claims to achieve five specific requirements. The framework requires all companies which use environmental claims to achieve five specific requirements. The framework requires all companies which use environmental claims to achieve five specific requirements. Environmental claims require scientific evidence as proof and companies need to pass third-party verification needs and organizations must deliver consumer information through direct and simple methods and companies need to avoid using general or unclear

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<sup>39</sup> Supra 28

<sup>40</sup> Federal Trade Commission. (2012). *Green Guides overview*.

<sup>41</sup> European Commission. (2023). *Proposal for a directive on green claims*.

sustainability statements.<sup>42</sup>

The Directive establishes strict non-compliance penalties which include market access restrictions and financial penalties. The EU system operates through preventive measures which enable consumers to receive verified claims before making purchases. The European Union establishes a comprehensive framework which connects sustainability regulations with environmental protection laws and consumer rights laws to create multiple levels of protection against greenwashing activities. The system requires regulatory authorities to work together while using standardized labelling systems and digital transparency tools for effective control of greenwashing activities.

## **8. CHALLENGES IN REGULATING GREEN TRADEMARK DECEPTION**

### **8.1 Lack of Uniform Eco-Labeling Standards**

The main obstacle to regulating greenwashing exists because there is no complete eco-labeling system that can be enforced through legally binding requirements. India operates multiple eco-label systems which originate from both public and private entities yet these systems maintain different standards together with various degrees of certification authority.<sup>43</sup>

The existing system creates confusion for consumers who need to tell apart real certifications from self-proclaimed environmental claims. Businesses develop their labeling systems which imitate real certification labels without needing any verification method through official certification.

India currently does not possess a unified framework which would enable businesses to make consistent and truthful sustainability claims from their current state because European Union territories are developing standardized eco-labeling systems.<sup>44</sup> The existing gap enables businesses to keep using deceptive green marketing strategies which persist in the market.

### **8.2 Enforcement Gaps and Regulatory Overlaps**

The existing method of regulatory enforcement reaches through its division into various parts into another core problem. The legal framework creates three distinct regulatory systems which handle various aspects of greenwashing:

- Trademark registration → Trade Marks Act, 1999

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<sup>42</sup> European Commission. (2023). *Proposal for a directive on green claims*.

<sup>43</sup> OECD. (2013). *Environmental labelling and information schemes*.

<sup>44</sup> European Commission. (2020). *Eco-labelling framework report*.

- Misleading advertisements → Consumer Protection Act, 2019
- Environmental compliance → Environmental laws

The three frameworks operate as independent systems which handle distinct elements yet regulatory bodies including the Trademark Registry and Central Consumer Protection Authority (CCPA) and environmental protection agencies establish limited connections.<sup>45</sup>

The existing situation creates dual oversight conditions which permit deceptive practices to continue unimpeded because regulatory bodies from different domains lack effective communication methods to address these practices. The current enforcement system works through reactive methods which depend on incoming complaints while it lacks active monitoring functions.<sup>46</sup>

The current situation enables companies to utilize fake sustainability assertions until regulators decide to take enforcement action against them.

### **8.3 Burden of Proof in Sustainability Claims**

The need to establish the truthfulness of environmental declarations stands as a fundamental challenge which needs to be solved. The regulatory authorities must first establish exactly what businesses claim as their product information before they can proceed with their investigation.<sup>47</sup>

This approach creates several difficulties:

- Scientific verification of environmental claims can be complex and resource-intensive
- The assessment process requires technical knowledge which regulatory bodies do not possess
- Companies can use ambiguous statements to establish their non-responsibility toward potential legal consequences

The terms eco-friendly and green lack exact legal definitions because they exist as broad expressions without specific boundaries. The business world can create product descriptions which have technical defense yet create actual customer confusion about product capabilities. International frameworks developed by the Federal Trade Commission require businesses to provide proof before they make any claims.<sup>48</sup> The implementation of this method in India would create a major barrier for companies which want to deceive customers.

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<sup>45</sup> Government of India. (1999 & 2019). *Trade Marks Act and Consumer Protection Act*.

<sup>46</sup> Central Consumer Protection Authority. (2022).

<sup>47</sup> Delmas, M. A., & Burbano, V. C. (2011). Greenwashing drivers. *California Management Review*.

<sup>48</sup> Federal Trade Commission. (2012). *Green Guides*.

#### **8.4 Market Incentives for Greenwashing**

Greenwashing exists as both an economic matter and a regulatory trouble. The increasing need for sustainable products creates strong market pressure which forces businesses to implement green branding strategies without regard for their actual environmental performance.<sup>49</sup>

The main factors which drive this process include:

- Consumer Demand: Increasing preference for eco-friendly products
- Price Premiums: Willingness of consumers to pay higher prices
- Reputational Benefits: Positive brand image associated with sustainability
- Investor Pressure: Growing emphasis on ESG performance

These market forces push businesses to focus their resources on advertising operations instead of real sustainable development activities. The absence of strict regulation enables businesses to use greenwashing techniques because they require less financial investment for competitive market success.

#### **9.5 Technological and Knowledge Barriers**

The second major obstacle comes from the complicated nature which needs assessment to determine actual environmental claims. Sustainability evaluation covers multiple aspects including carbon emissions resource consumption lifecycle analysis and ecological effects of products.<sup>50</sup>

Regulatory authorities do not possess the necessary physical resources and technical knowledge which they need to properly assess environmental claims. Businesses depend on self-declared information which raises the possibility for them to commit false representation. Consumers do not have adequate skills to assess sustainability claims which means they will believe in false branding all the time. The existing situation creates information gaps which lead to the development of the "Green Label Trap."

### **RECOMMENDATIONS**

1. Pre-Approval Mechanism for Green Trademarks
2. Standardised National Eco-Labeling Framework
3. Strengthening SEBI and RBI Monitoring Mechanisms
4. Strict Penalties for False Sustainability Claims

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<sup>49</sup> Nielsen. (2018). *Global sustainability report*.

<sup>50</sup> ISO. (2018). *Environmental management standards*.

5. Consumer Awareness and Transparency Measures
6. Integration of IP Law with Climate Governance

## CONCLUSION

Sustainability has emerged as the main force driving market development which results in fundamental changes to the connections between customers, companies, and government laws. Consumers need to understand their choices better through trademarks and eco-labelling systems which developed from their original purpose to protect brand identity. The paper establishes that environmental claims lead to the Green Label Trap because organizations use deceptive sustainability claims which result in customer misunderstanding and damage to real environmental initiatives.

The Indian legal framework analysis shows that the Trade Marks Act, 1999 and Consumer Protection Act, 2019 establish a basic legal framework to tackle deceptive practices but lack sufficient strength to combat greenwashing violations. The system allows deceptive trademarks and sustainability claims to continue because of three main factors: missing pre-verification processes, absence of standard eco-labelling rules, and disjointed enforcement methods. The regulatory shortfall measures become more crucial when examining new financial products because sustainability claims now enter areas controlled by the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) which heightens the likelihood of false representation.

International frameworks show that greenwashing needs regulation which switches from reactive enforcement to methods based on proactive verification. The United States and European Union establish a standard which requires entities to provide evidence for their claims through distinct eco-labelling systems and effective institutional monitoring. The Indian regulatory framework will benefit from these models which supply crucial insights needed to create a more powerful and interconnected system of regulatory control.

The problem of trademark deception goes beyond protecting consumers to create challenges which directly affect climate justice. Environmental claims that mislead consumers actually steal their trust while diverting resources from real sustainable methods which postpone environmental progress. The situation creates multiple disadvantages for vulnerable communities because they face difficulties accessing green technologies while indigenous knowledge systems face increased marginalization. Greenwashing exists as a legal problem for businesses but it extends to create a social and environmental problem for society.

Trademarks should transform from basic business identity tools into trust-building instruments which represent genuine sustainability practices. The green market system maintains its credibility when legal systems guarantee that environmental claims match their present standards while people can check their accuracy. A green economy which operates without deception protects consumers while delivering true sustainability through fair competition and climate justice in the contemporary world.

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