Legal Responsibility of Social Media Platforms for Misleading Advertisement: Issues and Challenges

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ARTICLE DETAILS	ABSTRACT
	Social media's explosive expansion has revolutionized advertising, giving companies access to a previously unheard-of audience but also raising the possibility of dishonest and misleading marketing. False expectations, distorted consumer perceptions, and financial or health-related harm can all result from deceptive advertising. This study looks at social media companies' legal obligations to control deceptive advertising, with a particular emphasis on the US and India. Along with significant case laws like FTC v. Colgate-Palmolive Co. and historic Indian consumer disputes involving Vedas Cure Pvt. Ltd. and Patanjali Ayurved Ltd., it examines the Consumer Protection Act, 2019, the Central Consumer Protection Authority (CCPA), the FTC Act, and the Lanham Act. Issues including worldwide jurisdictional disputes, platform immunity, and the use of artificial intelligence to produce misleading information are examined. In order to ensure accurate advertising and safeguard consumer interests in the digital age, the study highlights the necessity of shared accountability among platforms, endorsers, and advertisers in addition to stricter regulatory measures, technology monitoring, and public awareness.

1. INTRODUCTION

Social media platforms' widespread use has drastically changed how companies interact with their customers by providing previously unheard-of levels of reach, engagement, and marketing opportunities. Platforms like Facebook, Instagram, YouTube, and Twitter have emerged as the main avenues for

promoting goods and services, using sponsored content, influencer marketing, and targeted advertisements to draw in customers. These advancements have enhanced commercial potential, but they have also raised the possibility of deceptive and misleading advertising, which can skew consumer views, support unsubstantiated claims, or raise unrealistic expectations.

There are significant ethical and legal issues with the proliferation of these commercials. Social media advertising is more dynamic, user-generated, and frequently cross-border than traditional advertising, which makes it challenging to monitor and control. Celebrities and influencers are important in spreading these beliefs, and their support can give unfounded statements excessive weight. Social media deceptive advertising can lead to monetary loss, health hazards, and a decline in consumer confidence, underscoring the necessity of strong legal frameworks and accountability systems.

Through legislation like the Central Consumer Protection Authority (CCPA) and India's Consumer Protection Act, 2019, as well as the Federal Trade Commission (FTC) Act and Lanham Act of the United States, regulatory bodies around the world have attempted to address these issues. These frameworks provide forth precise rules for honest advertising, disclosure specifications for recommendations, and sanctions for infractions. However, problems including jurisdictional disputes between nations, platform immunity under intermediary laws, and the quick development of technology like artificial intelligence that make it possible to produce complex deceptive content make enforcement difficult.

Examining national and international frameworks, significant case laws, and the real-world difficulties of enforcement, this paper looks at social media companies' legal obligations to stop and deal with deceptive advertising. The study emphasizes the critical need for shared accountability, more transparency, and proactive steps to defend consumer interests in the digital age by examining the interactions between regulators, platforms, and endorsers in the context of consumer protection.

2. LITERATURE REVIEW

Rahmatiar (2024) highlighted how existing laws in many jurisdictions sought to protect consumer interests and underlined the significance of providing consumers with legal protection against deceptive advertising. The study showed that even with extensive legal frameworks, enforcement frequently failed to keep up with the rapid spread of digital information, leaving consumers open to misleading advertising and fraudulent claims.

Reisach (2021) explored the wider social and political ramifications of social media, contending that platforms bore significant accountability for the spread of false information as well as for commercial

advertising. According to the study, platforms must strike a balance between their business goals and their social responsibilities, especially when advertising content has the potential to affect public opinion, consumer behavior, or decisions about health. In order to make sure that ads don't deceive or hurt the public, this effort emphasized the necessity of platform accountability.

Balkin (2021) examined social media regulation strategies, arguing that both excessive and little control may be harmful. Balkin promoted a complex legal system that, without restricting free speech, held platforms accountable for explicitly defined detrimental content, such as deceptive advertising. This study advanced knowledge of the fine line that exists in the digital age between legislation, corporate social responsibility, and consumer protection.

Lipschultz (2023) gave a thorough analysis of social media communication, highlighting the interaction of ethical commitments, regulatory frameworks, and data-driven advertising strategies. The study emphasized how the regulation of misleading information has become more challenging due to influencer marketing and algorithmically focused advertisements. Lipschultz noted that in order to guarantee that advertising methods remained honest and open, platforms needed to combine legal compliance with ethical standards.

Lefouili and Madio (2022) examined how legal responsibility affected the financial and operational plans of social media organizations in order to understand the economic aspects of platform liability. According to their research, platform regulations, advertising moderation procedures, and investment in monitoring technologies were all impacted by the possibility of responsibility for deceptive advertisements. The study shed light on the factors that encourage and discourage platforms from self-regulation and reducing consumer harm.

Dang (2021) examined how social media had a part in the COVID-19 outbreak in Southeast Asia, emphasizing the spread of false information and deceptive health product ads. The study highlighted the need for regulatory control to shield vulnerable groups from misleading advertising and demonstrated the hazards to public health posed by unregulated digital material.

Zenone, Kenworthy, and Maani (2022) presented the social media sector as a commercial determinant of health, demonstrating how deceptive advertising could have a direct impact on the decisions, actions, and health outcomes of consumers. In order to avert harm, their work reaffirmed the necessity of ethical and legal governance systems, especially when marketing featured health-related goods or services.

Vese (2022) examined the conflict between the need to control damaging information and the right to free speech when it comes to emergency situations and the regulation of fake news and misleading content. Vese's study made clear that in order to guarantee adherence to ethical and legal requirements, social media companies needed to take the initiative to verify material, including advertisements.

Li et al. (2025) suggested the idea of a Global Digital Compact, a governance framework designed to curb deceptive and discriminatory content on the internet. In order to effectively counteract deceptive marketing, their paper envisioned a worldwide framework that would unify laws for social media platforms, with a focus on cross-border cooperation. In order to provide uniform consumer protection across the globe, this study was in line with new debates on international regulatory coordination for digital platforms.

LEGAL FRAMEWORK GOVERNING MISLEADING ADVERTISEMENTS

Protecting consumers against deceptive advertising has become more important as digital marketing and social media advertising have grown in popularity. In order to handle the complexity of advertising and make sure that customers are not duped by deceptive claims, legal frameworks in various countries have developed. The scope, methods of enforcement, and significant case laws of the rules controlling deceptive advertising in the US and India are all covered in detail in this section.

2.1.   India

Consumer Protection Act, 2019

The cornerstone of India's consumer rights protection is the Consumer Protection Act (CPA), 2019. Any advertisement that misrepresents a product or service or has the potential to deceive customers about the nature, substance, quantity, quality, or standard of products or services is specifically defined as a "misleading advertisement" under Section 2(28) of the Act. This clause guarantees that advertisers and manufacturers are held responsible for the veracity of the statements they make in their advertising. Exaggerated claims regarding the effectiveness of a product, fabricated endorsements, or unsupported guarantees are examples of misleading ads.

Effective enforcement of these laws is made possible by the CPA, 2019, which also gives customers the ability to file complaints and seek remedy through consumer forums. It addresses the contemporary environment of influencer-driven marketing by extending liability to endorsers and advertisers in addition to the manufacturers of goods and services.

Central Consumer Protection Authority (CCPA)

Under the CPA, 2019, the Central Consumer Protection Authority (CCPA) was created as a regulatory agency with the authority to keep an eye on and look into deceptive advertising. Companies that violate advertising standards may face penalties, cease and desist orders, and suo motu action from the authority.

For instance, Rapido was fined ₹10 lakh by the CCPA for making false claims in their marketing on "Guaranteed Auto." Get Rs 50 or auto in 5 minutes. The authority's proactive role in shielding consumers from false claims is demonstrated by this action. The CCPA seeks to improve fairness and openness in the Indian advertising industry by making businesses answerable for the promises they make as well as the content of their ads.

Endorsement Guidelines

Particular rules regarding endorsements were required due to the growing importance of celebrities and influencers in product promotion. Influencers are required to explicitly disclose paid promotions under the 2020 Consumer Protection (E-Commerce) Rules in order to avoid misleading customers.

This idea has been upheld by the Indian Supreme Court, which has emphasized that endorsers bear equal accountability for the veracity of the ads they support. Legal liability may result from failing to disclose financial interests or inflating the benefits of a product, underscoring the shared responsibility between endorsers and brands. This guarantees that customers won't be duped by influencer marketing or hidden ads, which are already common on social media sites.

2.2. United States

Federal Trade Commission (FTC) Act

The main piece of law regulating advertising activities in the US is the Federal Trade Commission (FTC) Act. Misleading advertisements are among the "unfair or deceptive acts or practices" that are prohibited by the Act. All advertisements must be truthful, supported by evidence, and not deceptive under the FTC framework. Where appropriate, statements must also be supported by scientific data.

The FTC issues standards for social media campaigns and online influencers and keeps a close eye on advertising on both traditional and digital venues. Fines, cease-and-desist orders, and corrective advertising requirements are possible outcomes of noncompliance, which holds businesses responsible for customer deceit and misrepresentation.

- *Lanham Act*

Another legal option for dealing with deceptive advertising is the Lanham Act, which focuses on business-to-business rivalry. If an advertisement is deceptive or inaccurate and damages the plaintiff's business financially, competitors may sue under this Act.

Both the public interest and market fairness are protected by this dual system, which includes consumer protection under the FTC and competitor protection under the Lanham Act. It gives businesses a strong incentive to make sure their marketing is accurate and to steer clear of making untrue statements that could harm their reputations or the competition in the market.

- *Case Law: FTC v. Colgate-Palmolive Co. (1965)*

The seminal case of FTC v. Colgate-Palmolive Co. (1965) serves as an example of how these principles are enforced. The FTC Act was violated, according to the U.S. Supreme Court, when misleading demonstrations were used in commercials. In this instance, the business had produced deceptive visual depictions of the functionality of its product, causing customers to believe that it was effective.

This decision set a precedent that requires advertisements to have verifiable and true visual and demonstrative content in addition to textual claims. It draws attention to the thorough process the American judicial system uses to assess the veracity and possible deceptiveness of commercials.

3. CASE STUDIES

Analyzing real-life case studies provides practical insights into how regulations prohibiting deceptive marketing are handled and enforced. These instances draw attention to the obligations of social media companies and marketers, as well as the difficulties faced by regulating bodies in various jurisdictions. Important examples from India and other foreign contexts are presented in this section.

3.1. India

Vedas Cure Pvt. Ltd.

The Ghaziabad District Consumer Forum dealt with a matter concerning Vedas Cure Pvt. Ltd., a company that sold weight-loss goods on social media sites. After being duped by promises of assured weight loss, a couple filed a complaint. The forum concluded that the business had violated the 2019 Consumer Protection Act's provisions by using deceptive and false advertising.

The business was consequently fined ₹10,000 and mandated to reimburse the impacted customers ₹2,400. This case serves as an example of how Indian consumer forums shield people from misleading advertising. It also emphasizes how crucial it is to confirm claims, particularly when they are made on social media, where customers are more susceptible to deceptive advertising tactics.

Patanjali Ayurved Ltd.

The Supreme Court of India considered matters pertaining to Patanjali Ayurved Ltd., a business that had been accused of making false claims in its advertising, in another significant case. The Court emphasized that endorsers, including influencers and celebrities, share accountability for the veracity of product marketing and ordered the corporation to guarantee complete adherence to advertising laws.

Because it emphasizes the shared culpability of endorsers and brands under Indian law, this case is especially important. The decision upholds the idea that consumers need to be shielded from both the businesses making the claims and from well-known individuals whose support could give false products legitimacy.

3.2. International

Meta Platforms in Brazil

Meta Platforms (previously Facebook) was fined $3.6 million in Brazil for allowing deceptive ads under the Havan brand. These advertisements caused financial and reputational damage by tricking customers into thinking they were connected to the retail chain.

The lawsuit highlights social media companies' increasing responsibility to keep an eye on and validate ads housed on their networks. Regulatory bodies are increasingly holding platforms accountable for their failure to prevent fraud, even though they frequently assert intermediary immunity under local rules. Global platforms that operate in several jurisdictions should take note of this case, which highlights the importance of proactive ad verification procedures.

Australian Competition and Consumer Commission (ACCC) vs. Meta

Meta was sued by the ACCC for permitting misleading bitcoin ads on its platform, which resulted in large losses for customers. These advertisements frequently targeted vulnerable individuals by making deceptive claims like assured returns or endorsements. The case highlights the difficulties of policing digital advertising, particularly in new markets like cryptocurrencies. The ACCC underlined the need for social media companies to put in place strong monitoring systems in order to stop fraud, uphold transparency, and safeguard the interests of users. The global trend of holding platforms responsible for the ads they host, even when the content is created by third parties, is further highlighted by this case.

4. CHALLENGES IN ENFORCEMENT

Although there are legal frameworks in place to control deceptive advertising, it can be difficult to enforce these prohibitions on social media platforms. Enforcement is complicated by the special features of digital advertising, such as the rapidity of content distribution, the worldwide reach of platforms, and the application of cutting-edge technologies. The main difficulties regulators encounter in guaranteeing adherence to advertising regulations are covered in this section.

- Platform Immunity

According to Section 79 of the Information Technology Act of 2000, social media companies in India frequently have limited liability for user-generated content. This clause exempts "intermediaries" from liability for user-posted content as long as they are not actually aware of any unlawful activity or content.

This immunity is conditional, though. Platforms may lose their protection if they violate laws like the Intermediary Guidelines and Digital Media Ethics Code, 2021, which hold them responsible for deceptive advertising. Platforms must, for example, put in place efficient content monitoring systems, address complaints right away, and take down offensive material within predetermined time limits. Notwithstanding these regulations, it can be difficult to demonstrate real awareness of deceptive advertisements, which exempts certain platforms from responsibility. This highlights a significant enforcement gap, where regulators must balance platform freedom with consumer protection.

- Global Jurisdictional Issues

Social media networks operate across numerous nations, making compliance of national advertising regulations particularly challenging. Users in hundreds of different countries, each with its own legal system, may see a deceptive advertisement uploaded in one nation.

For instance, jurisdictional disputes have presented legal difficulties for Meta's operations in Brazil and India. While comparable situations in India necessitated adherence to domestic regulations like the Consumer Protection Act, 2019, Meta was penalized in Brazil for permitting deceptive advertisements utilizing Havan's brand. In order to enforce a national law internationally, it is frequently necessary to coordinate with foreign regulators, comprehend local legal norms, and occasionally handle legal issues. These difficulties make it more difficult to enforce laws promptly and restrict the effectiveness of consumer protection organizations' actions against offenders.

- Technological Advancements

Rapid technical improvements have made it more difficult to identify and stop deceptive ads, especially in the areas of artificial intelligence (AI) and automated content creation. AI-powered technologies are capable of producing deepfakes, extremely realistic material, and intricate advertising that are challenging to authenticate.

Consumers are exposed to misleading advertisements that take advantage of these sophisticated capabilities since regulatory systems frequently lag behind technological advancement. Furthermore, automated detection techniques are required because manual monitoring is unfeasible because to the massive amount of content created every day on sites like Facebook, Instagram, and TikTok. Malicious actors, however, are always coming up with new techniques to avoid detection, therefore AI detection tools are not infallible. For both platforms and regulators, this continual technical arms race is a constant challenge that necessitates regular modifications to enforcement procedures, legal frameworks, and monitoring plans.

5. CONCLUSION

In conclusion, there are a number of intricate legal, technological, and jurisdictional issues that must be resolved in order to regulate deceptive advertising on social media sites. Platform immunity, cross-border operations, and quick technical advancements like AI-generated content make practical implementation challenging, even though strong frameworks like the U.S. FTC, Lanham Acts, India's Consumer Protection Act, 2019, the CCPA, and others offer clear standards and enforcement mechanisms. Case studies from India and overseas illustrate that both marketers and social media platforms can be held

accountable, underlining the need for shared responsibility, proactive monitoring, and transparency. Stricter laws, international collaboration, technical alertness, and public knowledge are therefore necessary for effective consumer protection in the digital age in order to reduce the dangers of misleading advertising.

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