

# A Study on Legal Dilemmas and Their Causes in Protecting Online Consumers' Rights and Interests in the E-Commerce Environment

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## Abstract

**With the rapid development of the platform economy, online consumption has become an important part of daily life for residents in China. However, the protection of consumers' rights and interests still faces many new challenges. Against the backdrop of the platform economy, this paper systematically sorts out the frequent issues arising at various stages of transactions and explores the legal dilemmas in the protection of online consumers' rights and interests. Secondly, it analyzes the existing problems in China's current legal system from three dimensions: legislation, law enforcement, and judicature, and explores the underlying causes, aiming to provide ideas for improving the legal system in the e-commerce field and promoting the sustainable development of the platform economy.**

## Keywords

**E-commerce law; algorithmic discrimination; online consumption.**

## 1. Introduction

With the rapid development of the digital economy, the platform economy has emerged as a pivotal engine for China's economic growth. According to the 55th Statistical Report on China's Internet Development released by the China Internet Network Information Center (CNNIC) on January 17, 2025, the number of online shopping users in China reached 974 million by December 2024, reflecting an increase of 59.47 million compared to December 2023 and accounting for 87.9% of the total internet user population. According to 2023 China Online Retail Market Development Report, statistics indicate that China's online retail sales in 2023 amounted to RMB 15.4 trillion, constituting 27.6% of the total retail sales of consumer goods.

However, while the platform economy has enhanced transactional efficiency, it has also given rise to numerous novel issues of consumer rights infringement. The 2024 Annual Report on E-Commerce User Experience and Complaints in China reveals that the number of consumer complaints accepted between 2019 and 2021 exhibited negative growth, with a year-on-year decline of 45.59% in 2020. In contrast, complaints surged by 73.65% in 2024 compared to 2023, indicating an accelerated upward trend. These statistics demonstrate that consumer rights violations in China's e-commerce sector have become increasingly prevalent, necessitating urgent resolution.

On the one hand, advanced algorithmic discrimination—such as algorithmic black boxes, price discrimination, and big data-enabled price exploitation—has exacerbated the imbalance in digital consumer rights. On the other hand, the dilution of platform accountability has undermined consumer redress mechanisms. In this context, rising costs and prolonged cycles of consumer rights protection have diminished consumer confidence, leading to frequent violations of online consumer rights and fostering unfair market practices.

Although China has enacted the E-Commerce Law of the People's Republic of China (hereinafter referred to as the E-Commerce Law) and the Personal Information Protection Law of the People's Republic of China (hereinafter referred to as the Personal Information Protection

Law), regulatory fragmentation and weak enforcement remain prominent challenges, demanding a systematic legal response.

## **2. Manifestations of Online Consumer Rights Infringement**

### **2.1. Pre-Transaction Stage: Information Asymmetry Restricts Consumers' Right to Know**

Article 8 of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (hereinafter referred to as Consumer Rights Protection Law) explicitly stipulates that consumers have the right to be informed of the true circumstances of the goods or services they purchase. In traditional offline transactions, consumers can directly exercise this right through physical inspection or face-to-face inquiries, thereby ensuring transactional information symmetry. However, in the context of online transactions, the realization of this right faces significant challenges. According to data released by the Beijing Internet Court, from 2018 to the end of February 2025, the court accepted a total of 6,734 cases involving false advertising in online consumption. Specifically, there were 767 cases in 2022, 1,676 in 2023, and 1,333 in 2024, indicating an overall upward trend in litigation.

The virtual nature of online transactions creates structural challenges for consumers exercising their right to know. On one hand, consumers must simultaneously access basic product information and derivative details such as logistics and reviews, significantly increasing cognitive load. On the other hand, the two-dimensional presentation of information cannot replicate the multi-sensory experience of traditional transactions, creating opportunities for false advertising. In practice, information asymmetry manifests in three ways: First, rampant false advertising, as seen in the 2025 "Taobao Silk Products Case" adjudicated by the Beijing Internet Court, where merchants misled consumers by obscuring product attributes. Second, insufficient transparency, with key terms often hidden in multi-level pages. Third, questionable information authenticity, as claims like "best-selling product" lack third-party verification. More fundamentally, platforms monopolize consumer behavior data through algorithms, creating an information hegemony that serves merchants rather than consumers. This profound imbalance urgently requires corrective measures such as algorithmic transparency and mandatory disclosure.[1]

### **2.2. Transaction Stage: Algorithmic Discrimination Violates Consumers' Right to Fair Trade**

The widespread use of algorithmic technology enhances efficiency but also threatens consumers' right to fair trade. For instance, platforms employ dynamic pricing to charge different users varying prices, abuse automatic renewal rules, and conceal clauses to undermine consumer choice, all while masking discriminatory decisions behind algorithmic black boxes. These practices exacerbate inequality between transacting parties and demand coordinated legal and technological governance.

According to a questionnaire survey conducted by the Beijing Consumers Association, 1 in 2019 (sample size: 3,185) and 2021 (sample size: 4,186), the proportion of respondents who encountered dynamic pricing was 88.32% and 86.91%, respectively. Notably, the proportion involving online shopping scenarios rose sharply from 44.14% in 2019 to 82.44% in 2021. In 2021, the Anti-Monopoly Committee of the State Council issued the Anti-Monopoly Guidelines for the Platform Economy (hereinafter referred to as the Guidelines), which for the first time defined dynamic pricing as price discrimination and brought it under anti-monopoly regulation.<sup>2</sup> However, Article 17 of the Guidelines also stipulates legitimate reasons for

differential treatment by platforms, narrowing the scope for identifying discriminatory practices and allowing violations to persist. Additionally, the Guidelines address algorithm-driven forced exclusivity and bundling but include justifications like "necessary for maintaining reasonable business models" or "consistent with legitimate industry practices." Without specific legal definitions for these justifications, they risk becoming excuses for platforms to disguise discriminatory behavior.[2]

### **2.3. Post-Transaction Phase: Ambiguous Liability Subjects Intensify After-Sales Remedy Difficulties**

Within the "platform-merchant-consumer" tripartite structure, platforms frequently evade responsibility by invoking claims of "technological neutrality." Although Article 44 of China's Consumer Rights Protection Law permits online consumers to seek compensation from sellers, service providers, or e-commerce platforms, significant institutional deficiencies persist in its implementation.

First, the provision fails to clearly define liability allocation standards among the three parties. In judicial practice, courts typically assess third-party platforms' subjective fault based on the cognitive standards applicable to online sales contract parties. Given that platforms are not direct participants in specific goods or services transactions, holding them to the same level of awareness as merchants presents practical challenges.

Second, existing legal frameworks lack concrete provisions governing obligation fulfillment in online transactions. In adjudicating cases, courts predominantly rely on presumptions to determine platforms' subjective states—absent explicit consumer notifications—and may only require platforms to exercise duty of care commensurate with prevailing industry standards. This ambiguity in defining merchant liability often traps consumers in a cycle of mutual buck-passing between platforms and sellers.[3]

Such systemic shortcomings not only undermine consumers' legitimate rights but also impede the healthy development of online transaction markets. Urgent measures—including legislative refinements and enhanced regulatory oversight—are needed to rectify these issues.

## **3. Analysis of Current Protection Mechanisms**

### **3.1. Legislative Level**

China's current e-commerce legal system construction faces dual structural contradictions. First, the contradiction of lagging legal updates. At the legal level, the E-Commerce Law implemented in 2019, as the basic industry law, still mainly constructs its legislative framework based on traditional e-commerce models such as B2C and C2C. Although Article 2 of this law defines e-commerce operators, it failed to foresee the rapid development of new business formats such as live-streaming e-commerce and social e-commerce. In particular, there is a lack of clear legal positioning for emerging entities such as MCN institutions and live-streaming hosts, resulting in difficulties in determining liability in practice. Although the Contract Section of the Civil Code provides basic norms for online transactions, its traditional contract theory cannot fully adapt to the digital economy. For example, algorithmic contracting issues typified by automatic renewal clauses, and new types of online transaction infringement typified by algorithmic discrimination. Currently, there is clearly insufficient systematic research in academia on how the Civil Code applies to new online consumption scenarios, and there is little research in China that systematically explores new forms of infringement of online consumer rights under the Contract Section of the Civil Code against the background of the digital economy. [4] Second, at the level of administrative regulations, there is an obvious problem of insufficient supporting rules. For example, although the Online Transaction Supervision and Management Measures refine the E-Commerce Law, they lack targeted provisions for new

transaction models such as live-streaming commerce; the Market Supervision Administrative Penalty Procedures do not provide clear evidentiary rules and penalty standards for new e-commerce violations, and there are no specific criteria for dividing platform responsibilities; recently, the Consumer Rights Protection Law Implementation Regulations implemented in July 2024 have not yet made special provisions for new problems such as algorithmic discrimination and data abuse in online consumption. Although these supporting regulations have to some extent filled and improved the legal gaps existing in laws such as the E-Commerce Law, the Consumer Rights Protection Law, and the Personal Information Protection Law, their revision speed clearly cannot keep up with the pace of business model innovation. For example, targeted regulatory rules have not yet been established for new transaction models such as "impulse consumption inducement" in live-streaming commerce and "multi-level distribution" in social e-commerce.

China's online consumer rights protection legal system has a fragmentation problem, with different laws having inconsistent regulatory standards for the same conduct. Taking false advertising in live-streaming commerce as an example, the "corresponding liability" of platforms stipulated in Article 38 of the E-Commerce Law needs to be refined in conjunction with Article 20 of the Online Transaction Supervision and Management Measures, while Article 56 of the Advertising Law sets joint liability for advertisers, resulting in conflicts between liable subjects and scope of obligations. This legislative fragmentation increases platform compliance costs and reduces legal predictability, with the root cause being that the sectoral legislation model cannot adapt to the cross-boundary nature of the digital economy. The solution lies in building a flexible "basic law + special law" system, formulating special norms for new business formats under the framework of the E-Commerce Law, and establishing legal conflict coordination mechanisms.

### **3.2. Enforcement Level**

Platform economy, as a new business model in the digital economy era, spans multiple fields including telecommunications transmission, market transactions, information dissemination, and capital flows. Consequently, consumer rights protection issues in the online environment cut across multiple traditional regulatory domains, exhibiting distinct functional fragmentation characteristics. Various regulatory departments have established relatively independent regulatory frameworks within their respective fields based on the principle of specialization. At the infrastructure level, telecommunications authorities have established a market access system centered on business licenses in accordance with laws and regulations such as the Telecommunications Regulations, implementing administrative licensing management for critical links like internet access services and data center operations, while regulating network infrastructure construction through technical standards. In the market order supervision dimension, market regulatory departments have constructed a dual-track system of "entity registration-behavior supervision" based on laws such as the E-Commerce Law and the Market Entity Registration Administration Regulations, implementing both a market entity registration system for e-commerce operators and dynamic monitoring and compliance reviews of platform transaction rules, pricing behaviors, and standard terms. In the information security field, public security authorities exercise cybersecurity supervision functions in accordance with laws such as the Cybersecurity Law and the Data Security Law, focusing on strengthening law enforcement supervision over network information content, critical information infrastructure, and data security protection. Financial regulators concentrate on supervising payment and settlement processes, implementing comprehensive oversight of third-party payment institutions through payment business licensing systems, reserve fund management systems, and anti-money laundering monitoring mechanisms. Although this specialized regulatory framework has certain rationality, it has generated evident institutional defects in practice. Due

to the lack of high-level laws clearly defining the regulatory boundaries of various departments, current e-commerce supervision presents typical characteristics of fragmentation: on one hand, the same e-commerce operation may simultaneously trigger regulatory authority from multiple departments, such as live-stream marketing involving both advertising supervision by market regulators and online content management by cyberspace authorities; on the other hand, different departments often formulate regulatory standards based on their own scope of authority, leading to inconsistent enforcement scales and even conflicting regulatory requirements.

More seriously, China has not yet established an effective cross-departmental coordinated regulatory mechanism. Under the current system, regulatory data from various departments has not achieved interconnection, and case transfers and joint law enforcement lack standardized procedures. For regulatory bodies, this easily creates an awkward situation of "many dragons governing water but failing to manage it," with departments either competing for jurisdiction or shifting responsibilities; for market entities, it means facing compliance dilemmas of repeated inspections and inconsistent standards; and for consumer rights protection, this fragmented regulatory model significantly increases rights protection costs, requiring consumers to navigate multiple departments when filing e-commerce dispute complaints, severely affecting the timeliness and effectiveness of rights relief.

### 3.3. Judicial Level

Currently, the judicial relief system for e-commerce disputes is facing dual structural dilemmas, which not only constrain the effective protection of consumer rights but also pose severe challenges to the rational allocation of judicial resources. From the perspective of litigation economics, online consumption disputes typically exhibit characteristics of "small-value but high-frequency," with average claims amounting to less than 5,000 yuan. However, the cost of rights protection presents a significant "inverted pyramid" structure. In actual litigation, consumers must bear multiple rigid expenses, including notarization fees, basic attorney representation fees, and electronic evidence preservation costs. These expenses combined nearly equal or even exceed the claim amount itself, creating an economic paradox where "the cost of rights protection exceeds the compensation amount," severely undermining the accessibility of legal remedies.

A more profound issue lies in the generational gap in evidentiary capability. In online consumption disputes, there exists a substantial disparity between consumers and e-commerce platforms in terms of the ability to obtain, preserve, and present evidence. Platform enterprises have constructed an asymmetrical evidentiary landscape through technological barriers. First, algorithmic black boxes make it difficult for consumers to obtain crucial evidence.[5] For instance, core data such as platform pricing algorithm parameters, user profile tags, and traffic allocation logs are stored on private servers inaccessible to consumers, who lack both the means to access and the technical capability to retrieve such information. Platforms sometimes refuse to provide complete transaction chain data under the pretext of protecting trade secrets, making it legally challenging for consumers to obtain this electronic evidence. Second, this evidentiary imbalance is further exacerbated by the ephemeral nature of electronic data—platform systems typically retain original transaction logs for only 3-6 months. By the time consumers complete lengthy rights protection procedures, critical evidence has often been overwritten, either manually or by automated systems. Consequently, a vicious cycle of "platform data monopoly—consumer inability to provide evidence—regulatory intervention difficulties" has emerged, urgently requiring resolution through institutional innovation.

## 4. Conclusion

The rapid development of the platform economy has greatly facilitated online consumption, but it has also exposed multiple shortcomings in the consumer rights protection system. This paper systematically analyzes the legal issues existing in various stages of online consumption, revealing the structural defects in the current institutional framework: legislative lag creates regulatory gaps for new business formats, fragmented enforcement leads to insufficient regulatory effectiveness, and judicial relief faces practical difficulties such as high costs and difficulties in obtaining evidence.

Improving the online consumer rights protection system requires multi-dimensional coordinated advancement: at the legislative level, the formulation of supporting rules for the E-Commerce Law should be accelerated to establish specialized regulations for new issues such as algorithmic discrimination and live streaming commerce; at the enforcement level, departmental barriers need to be broken down to build cross-domain collaborative regulatory mechanisms; at the judicial level, measures such as simplifying rights protection procedures and implementing electronic evidence rules can be adopted to lower the threshold for consumer rights protection.

The healthy development of the platform economy cannot be separated from the guarantee of the rule of law. Only by establishing a consumer rights protection system that adapts to the development of the digital economy can the balance between efficiency and fairness be truly achieved. Future research can further focus on cutting-edge issues such as algorithm transparency and platform responsibility definition to provide theoretical support for improving relevant legal systems.

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