

# **Study on the Legal Obligations and Responsibilities of Online Trading Platform Providers from the Perspective of Economic Law**

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**Abstract:** From the perspective of economic law, this paper conducts an intensive study on the legal obligations and responsibilities of online trading platform providers. Firstly, this study analyzes the legal issues that platform providers have in the context of economic law, namely the anti-unfair competition issues, product quality responsibility issues, consumer rights protection issues and government regulatory issues involved in online trading platform providers. Focusing on this, the study then analyzes the problem of obligations and responsibilities between them. The purpose is to provide reference for improving the legal norms of online trading platform providers and provide solutions for disputes arising in online transactions.

## **1. Introduction**

Online trading platform is a companion product developed along with the Internet. Its main purpose is to meet the rapidly growing demand for transactions and to carry out revolutionary updates through various electronic means, which are deeply involved in all aspects of society. [1] Therefore, how to effectively integrate existing limited resources and strengthen China's competitiveness in the international online trading market is both an important opportunity and a serious challenge to be faced in China's future economic development.[2] This requires that the legal responsibility of the parties involved in the online transaction should be timely with the legislative background, thus accelerating the innovation of technology to lay a solid foundation for the development of online transactions in the future.

## **2. Online Trading Platform Providers**

Online trading platform is defined as an e-commerce trading platform, referred to as an e-commerce platform. [3] In the "Service Specification of Online Trading Platform" issued by China's Ministry of Commerce, the main operating modes of the online trading platform are B to B, B to C and C to C. [4] It is a computer Internet system that provides trading venues and technical services for various types of online transactions. It belongs to a kind of "material" objectively in legal attributes and does not have capacity as a subject of law.[5] The "online trading platform" in the official document promulgated by the State Administration for Industry and Commerce refers to an information network system providing webpage space, virtual business premises, trading rules, transaction matching, information release, etc. for two or more parties in the online commodity trading activities to independently conduct trading activities.

## **3. Legal Issues that the Online Trading Platform Providers are Involved in.**

### **3.1 Anti-unfair competition issues**

How to judge an unfair competition behavior should start with the behavioral environment and the subject, in other words, the subject of direct infringement that is generated in the business activity. Especially in the field of online transactions, because of the diversity of the main forms, it should be analyzed whether it is a platform, direct provider or interest third party when it is judged. At the same time, attention should also be paid to the identification of competitive behavior. The

most typical example is the unfair competition behavior of the online trading platform providers, such as the B to C trading model. In the face of providers of online trading platforms, dealers are vulnerable groups. The purpose of judicial practice and law enforcement is to guide enterprises to abide by the law, to be honest and self-disciplined, to effectively improve the efficiency of law enforcement, and to prevent the occurrence of unfair competition by investigating and handling cases to maintain a fair market order.

### **3.2 Product quality responsibility issues**

The industrial and commercial departments are constantly taking corresponding measures to prevent various problems in the transaction, but there are still many actual cases of product quality problems occurring every year, infringing the legitimate rights and interests of consumers. Due to the immediacy of online consumption, people's disputes have been growing because of the quality problems in the consumption process. In order to solve this problem, platform providers should provide quality assurance for products sold on their platforms, in order to increase people's desire and confidence in online shopping, so that platform providers can compete fairly in a highly competitive market. Therefore, in addition to the supervision of the industrial and commercial departments, the online trading platform providers should also strengthen the internal supervision of the platforms, so as to achieve unification of online and offline supervision, and effectively protect the shopping security of consumers in the online trading platform. In this way, people's desires and confidence in online shopping are increased, so that platform providers can compete fairly in a highly competitive market. This should be a new trend to promote the development of the future market economy. It is also the value of the pursuits and rules that should be followed in the construction and improvement of relevant laws and regulations in online transactions.

### **3.3 Consumer protection issues**

The issue of consumer rights protection that the online trading platforms providers are involved in mainly refers to the problems caused by the providers and consumers of online trading platforms, mainly reflected in the protection of the privacy rights of consumers by platform providers. Since the consumers in the online transaction do not see the main body of the merchant and the physical object of the product, the platform provider presents relevant information on the platform sufficient to induce the infringement of the consumer's rights. Although the revised law clearly stipulates the form of responsibility of the platform providers, due to the inconsistency of the legislative norms, the provisions of the law show a dogmatic situation in the mixed online transactions, which leads to the failure of the platform providers' legal responsibility realized, so that consumers only have the idea of finding the operator to compensate when their rights are violated.

### **3.4 Government regulatory issues**

The government regulatory issues that the online trading platforms providers are involved in mainly refer to the government's supervision of platform providers. As far as the regulatory authorities themselves are concerned, it is the regulatory bodies established to solve the disorder in the market due to the lag of the law. In China, the main body of supervision of online trading platform providers is the government department, and most of the regulatory content involved is pre-regulation of the platform providers. There is little supervision on the event and post-mortem supervision, which reflects that the government supervision is extremely passive, leading to the failure of the online trading market. The relevant security legal system of the online trading platform provider is scattered in various norms, and the content of the regulations is complex and not uniform. This is the fundamental reason why the law cannot effectively regulate the market.

## **4. Legal Obligations of Online Trading Platform Providers**

### **4.1 Obligation to review the online trading platform**

The obligation of the online trading platform provider to review the online trading platform is the most basic obligation in the whole online trading process and one of the prerequisites for the

development of the market economy. However, the platform provider's auditing obligations will vary depending on the mode of the online trading platform: in the C to C trading platform, taking the most typical example "Taobao.com", thousands of merchants are mainly composed of most professional natural persons and individual industrial and commercial households, while the platform provider's review of the platform entry qualification is very simple and lenient, leading to the emergence of a large number of infringement cases. In the B to C trading platform, taking "Taobao Mall" under the name of Alibaba as an example, since all sellers on the platform are operators with their own brands or direct authorization, it is necessary to ensure the legal operation. The platform provider's requirements for auditing the operators entering the trading platform are also more stringent.

#### **4.2 Obligation for reasonable review of merchants**

The review obligation of the online trading platform provider is usually the identity review and qualification review of the merchant. This should also be analyzed according to the different trading platform models: in the C to C trading platform, the platform provider should review the real-name registration and real information of the unregistered natural person business; for corporate legal persons, individual industrial and commercial households and other organizations, the business license, organization code certificate, etc. should be reviewed; in the B to C trading platform, for merchants who have already registered through the business administration department or have special products that need to obtain the relevant administrative license, the registration information or the relevant certificate of the administrative license should be reviewed. Therefore, from the market operation rules of the platform provider, the merchants of the platform should be properly reviewed.

#### **4.3 Obligation to protect the privacy of consumers' information**

Since consumers are in a weak position in online market transactions, they should provide information related to disputes after the transaction disputes, and assist the parties to resolve the actual problems caused by the disputes. However, the platform provider cannot disclose any information related to the privacy of the consumers and the detailed information of the consumers, and cannot sell any information of the consumers for the purpose of self-interest, so as to ensure that the legitimate rights and interests of the consumers are not damaged. When a online dispute arises, the platform provider shall bear the corresponding responsibility for causing damage if it does not fulfill the obligation of information security.

#### **4.4 Obligation to assist government agencies in investigation**

The obligation to assist investigation is that after the actual infringement occurs, the online trading platform providers assist the government in the investigation and thus promote the settlement of the dispute. Because in the online transaction mode, consumers face the problem of difficulty in proof and the problem of high cost of rights protection. After measuring the various costs of rights protection such as time, energy and economy, they think that they are not worth the loss, and finally choose to give up relief. In order to solve the dilemma of consumer rights protection, relevant government departments should be involved in the online trading market as a tangible hand. Since the platform providers aggregate and store the information and transaction records of all parties in the online transaction, when the government administrative supervision department investigates the disputes in the transaction process and collects evidence, they should actively cooperate with the investigation.

### **5. Suggestions for Improving the Legal Norms of Online Trading Platforms Providers**

The online trading platform provider is the main operating body of the online trading platform and the main responsible person. Therefore, it is especially important to improve the relevant legal norms of the online trading platform. For the improvement of the legal liability of the online trading platform provider, we should start from the following suggestions.

### **5.1 Strengthen the self-discipline of the online trading platform industry**

For the industry regulation of online trading platform, the most important thing is to strengthen the management of online trading platform providers. As the provider of online trading platform, it undertakes the first important position to supervise the infringement of online merchants. Therefore, in addition to providing services for online transactions, the review obligation is at the core of its work. The scope of autonomy in the online trading industry should be extended to the limits that the government can tolerate. Otherwise, it is highly likely that the government will impose mandatory interventions. Therefore, it is necessary to stipulate the rules for self-discipline in the online trading industry. And when it reaches appropriate maturity, the industry autonomy norms will be raised to relevant laws and regulations, so that the government's rule of law and industry autonomy can achieve a win-win situation. Therefore, in the future, China should combine the Chinese national conditions and the characteristics of the industry autonomy of the online trading platform in the legislation of online transactions. It can try to cooperate with industry autonomy and government regulation as the path of the legislative model.

### **5.2 Establish a credit system for online trading platforms**

Strengthen the construction of the credit legal system for online trading platforms providers. Firstly, establish a main credit file and improve the credit evaluation system; the management department should actively encourage the support of online trading platform providers to establish an open, fair and just credit evaluation service within the platform, and according to the evaluation of consumers in the transaction and the credit degree of the online platform operators, establish a sound credit evaluation system, and build individual files for the operators based on this and then submit them to relevant departments for filing. The second is to improve the credit reward and punishment system; a successful and effective system must have a perfect reward method, otherwise the system may be a mere formality. To establish a sound credit system, we must have a complete reward and punishment method. In the entire trading network system, for operators who are honest and law-abiding, if the consumers praise more, the operator's credit index will be higher.

### **5.3 Increase supervision of online trading platforms**

In addition to strengthening industry self-discipline and building a credit system, the online trading platform needs to strengthen its supervision to play its role better. Since China's online transaction supervision system run from July 1, 2016, it basically has been able to find illegal business operations in a timely manner and can also answer relevant legal issues related to disputes in online transactions. However, with the development of the online trading industry, the existing regulatory system simply cannot meet the needs. In addition, in the online transaction dispute litigation, the stored electronic data plays a very important role in the implementation of credit classification supervision. Therefore, the supervision of the online trading platform must be strengthened and improved more.

## **6. Conclusion**

The online trading mode is a new type of trading mode that is different from the traditional trading mode. It can break through the limitation of time and space and break the current situation of traditional trading mode that is restricted by place, which plays an important role in accelerating the development of foreign trade with various countries and is an important way to achieve the great strategic goals of the "One Belt and One Road" initiative. From the perspective of economic law, taking the legal relationship and status of the online trading platform provider as the entry point, this article has analyzed its legal relationship and status with merchants, consumers and government regulatory authorities, and has explored the legal obligations and responsibilities of the online trading platform providers according to the contradictions and disputes that may occur during the operation process in online trading platform.

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