

# ***Platform Liability for False Comparative Pricing in the Live Streaming E-commerce Environment***

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**Abstract.** With the rapid development of live-streaming e-commerce, its immediacy, interactivity, and entertainment value have made it a core growth engine of my country's digital economy. However, behind this industry boom, fraudulent pricing, a new, covert, and systematic form of price fraud, is rampant, seriously infringing on consumers' right to know and right to fair trade, and disrupting healthy market competition. Against this backdrop, clarifying the legal responsibility boundaries of e-commerce platforms as key hubs is of urgent theoretical and practical significance for regulating market behavior and protecting consumer rights. This paper, based on the principle of good faith and related legal liability theories in civil and commercial law, and in conjunction with provisions of the E-commerce Law and the Consumer Rights Protection Law, systematically analyzes the legal responsibility of platforms in live-streaming fraudulent pricing. Using normative analysis and case studies, this paper finds that the determination of platform responsibility should follow the principle of "consistency between rights and responsibilities." If a platform knows or should know about fraudulent pricing but fails to take necessary measures, it must bear corresponding joint liability; its pre-screening and in-process monitoring obligations are key to determining responsibility. Simultaneously, combining judicial practice and relevant cases, this paper explores ways to improve the determination of platform responsibility, thereby promoting the construction of a fairer, more transparent, and trustworthy digital consumption ecosystem.

**Keywords:** False Comparative Pricing, Platform Liability, Price Fraud, Gradated Liability

## **1. Introduction**

With the popularization and deep application of digital technology, emerging e-commerce formats represented by live-streaming e-commerce have achieved explosive growth, reshaping traditional consumption scenarios and becoming the core growth pole for promoting the development of my country's digital economy. According to industry reports, the scale of China's live-streaming e-commerce market continues to expand, creating huge commercial value. However, under the prosperous appearance of the industry, there are many problems. False discounts are a particularly prominent new, hidden and systematic form of price fraud. According to the data released by the State Administration for Market Regulation, the number of complaints and reports related to live-streaming e-commerce received by the 12315 platform across the country in 2023 increased by 47.1

times compared to five years ago, and among them, complaints about false discounts and price fraud accounted for over 30% [1]. This data clearly reveals that this issue has become a key bottleneck eroding consumer trust and restricting the healthy development of the industry.

The act of false discounting fundamentally violates the principle of good faith and honesty established in Article 7 of the Civil Code. By fabricating the original price and forging discounts, it directly infringes upon consumers' right to know and their right to fair transactions, disrupting the market order. In this context, e-commerce platforms, as key hubs, have their legal liability boundaries becoming the focus of controversy. The rules they have formulated and the technical support they provide are actually deeply integrated into the transaction chain. Platforms often claim "technological neutrality," arguing that they only provide network technology services, attempting to evade their deeper obligations regarding price information verification and monitoring. However, driven by the "traffic-first" business logic, platform algorithm recommendation mechanisms may inadvertently amplify the spread of false discounting information, and their deeply embedded technical support may amplify the risk of fraud.

Therefore, merely adhering to the traditional indirect liability rules of e-commerce is no longer sufficient to effectively address the dynamic and scenario-based fraud challenges in live-streaming e-commerce. Clearly defining the legal responsibilities of the platform in cases of false discounts during live-streaming is not only an urgent need for precisely combating price fraud and protecting consumers' rights and interests, but also a core issue in clarifying the equal relationship between platform power and responsibility in the digital economy era and building a trustworthy digital consumption ecosystem.

Based on the aforementioned issues, this paper focuses on the determination of platform liability for false discounting in the context of live-streaming e-commerce. This article will comprehensively employ normative analysis and case study methods to systematically review and explain the current legal framework related to false discounts and platform responsibilities, including the "E-commerce Law", "Consumer Rights Protection Law", "Price Law", and "Provisions on Transparent Pricing and Prohibition of Price Fraud", etc. It will also combine typical cases from judicial practice to deeply analyze the legal basis, practical challenges, and improvement paths for the determination of platform responsibilities. This research not only has significant theoretical value, aiming to enrich and develop the theory of online transaction platform liability, especially the detailed division of liability in the specific scenario of live-streaming e-commerce, but also has urgent practical significance. It is hoped that by constructing a clear and operable platform liability determination mechanism, it can provide reference for judicial decisions, guide platform compliance operations, and ultimately promote a positive situation of multi-party governance involving government regulation, platform self-governance, and social supervision.

To systematically develop this argument, this paper is structured as follows: Section Two will first legally define false discounting and analyze its evolutionary forms, laying the factual foundation for subsequent discussions. And Section Three will progressively demonstrate the legal basis for platforms to bear legal responsibility from three dimensions: contractual liability, tort liability, and regulatory liability. In conjunction with practical experience, Section Four will reveal the current difficulties in proving causation, the abuse of platform defenses, and the apportionment of liability shares. In addition to what's talked about above, Section Five will propose specific solutions to address the aforementioned dilemmas, such as constructing a tiered liability mechanism. Last but not least, the conclusion will summarize the entire paper and look towards future governance directions.

## **2. Legal characterization and manifestations of false comparative pricing**

### **2.1. Fraudulent nature within the legal framework**

False discounts are clearly defined as price fraud under the legal framework. According to Article 19 of the "Regulations on Clearly Marked Prices and Prohibition of Price Fraud", its core feature is to mislead consumers into making irrational purchasing decisions by fabricating price comparison benchmarks or forging discount ranges [2]. For example, in the "Beijing Fuqi Lianlian Culture Media Co., Ltd. False Price Comparison Case", the party compared the liquor it sold with a fictitious product priced at 7,980 yuan, claiming that the live broadcast room discount price was only 998 yuan, creating the illusion of a discount of 7,000 yuan. Investigations confirmed that the high-priced comparison product had never been actually sold. Market regulators deemed this action constitutive of price fraud, violating Article 14 of the Price Law, and imposed a fine [3]. Such behavior also triggers Article 55 of the Consumer Rights Protection Law, allowing consumers to claim punitive damages.

### **2.2. Evolving forms of false comparative pricing**

False comparative pricing practices continue to evolve in regulatory practice, shifting from direct and explicit fraud towards more concealed and complex forms to circumvent supervision and mislead consumers. Beyond fabricating original prices, two typical variant forms are failing to indicate the discount basis and failing to honor discount promises. For example, in the Beijing Ximei Medical Aesthetic Clinic price fraud case, the merchant's platform store page marked a product as "¥17,940, already discounted by ¥8,060," but failed to clearly indicate the benchmark price against which this discount was calculated, preventing consumers from assessing the authenticity and reasonableness of the discount, constituting misleading through informational ambiguity [4]. Furthermore, in the Haikou Longhua District Huajie Clothing Store false discount case, although the merchant explicitly advertised a discount promise of "40% off for one item, 50% off for two items," it failed to honor this promise when actually selling its "YEEZY" brand shoes, selling 32 pairs at prices higher than the advertised discount, collecting an excess of ¥6,433.4 [5]. This type of behavior has evolved from fraud in "price comparison" to a direct breach of the "promotional promise" itself, reflecting the systematic and concealed trend of false comparative pricing at the operational level, which demands higher precision in regulation and post-facto evidence collection.

## **3. Jurisprudential basis and hierarchical determination of platform liability**

### **3.1. Contractual liability: protection of reliance interest and information disclosure obligations**

From a contractual liability perspective, price advertisements in live streaming e-commerce constitute invitations to treat. Consumers make purchasing decisions based on reliance on the price information displayed on the platform, forming a factual contractual relationship. If the merchant on the platform engages in false comparative pricing, it constitutes a misrepresentation regarding a core contractual term—the price term. According to relevant judicial interpretations of the Supreme People's Court, consumers can seek contract rescission and claim damages for losses [6]. Taking the "Beijing Fuqi Lianlian Case" as an example, the court found that the platform operator colluded with associated enterprises to fabricate comparison information, constituting "collusive fraud," and thus bore corresponding legal liability [3]. As a key conduit of information, if a platform fails to initiate

necessary review mechanisms for obviously abnormal price information, it may be deemed to have violated the information disclosure obligations stipulated in the E-Commerce Law [7]. Simultaneously, platforms bear a duty of fair highlighting for their standard terms (e.g., "the right to interpret prices belongs to the merchant"); if such terms exclude or limit consumers' primary rights and were not prominently brought to their attention, they may be deemed invalid.

### **3.2. Tort liability: objectification of fault and the erosion of the principle of technological neutrality**

At the level of tort liability, the core of the platform's liability determination lies in the judgment of its "should have known" status. Article 1197 of the Civil Code stipulates that if a network service provider knows or should know that a network user is using its network service to infringe on the civil rights and interests of others and fails to take necessary measures, it shall bear joint and several liability with the network user [8]. In the live streaming scenario, the determination of "should have known" needs to be combined with the platform's technical control and data advantages. For example, if the platform has deployed a basic price monitoring algorithm, it can identify abnormal situations where the selling price is far below reasonable costs. This shows that the application space of the principle of technological neutrality is shrinking. When the platform's algorithm actively pushes false discount information to price-sensitive consumers, or uses digital human and other technical means to fabricate a sense of urgency in sales, its technical application itself has deeply participated and may amplify the consequences of fraud. The platform cannot simply be exempted from liability on the grounds of "passive access" [9].

### **3.3. Regulatory liability: statutory expansion and hierarchical fulfillment of gatekeeper obligations**

Regarding regulatory liability, as market organizers, the "gatekeeper" obligations of platforms have been legalized and are showing an expanding trend. The E-commerce Law clearly stipulates that platform operators must bear responsibilities such as reviewing product and service information, protecting consumer rights, and reporting and stopping illegal activities [7]. Relevant regulatory provisions further refine the platform's full-chain regulatory obligations before, during, and after the event. Pre-event review is no longer limited to formal qualification verification, but requires substantive verification of price claims. During-event monitoring requires platforms to use technical means to dynamically control price behavior during the live broadcast. Post-event handling emphasizes rapid response and credit punishment, and explores the use of technologies such as blockchain to solidify evidence and reduce the difficulty of consumer rights protection [9].

## **4. Practical difficulties in determining platform liability in judicial practice**

### **4.1. Difficulty in proving causation**

During litigation, consumers often struggle to prove a direct causal link between their purchase decision and false price claims made during livestreaming sessions. Due to the transient and non-repeatable nature of livestream content, coupled with the short retention periods or access restrictions imposed by some platforms on replay videos, consumers find it difficult to secure crucial evidence such as verbal promises from the streamer and price comparison footage. For example, in the "false price-cutting case involving a learning machine," the streamer created a sense of urgency by rapidly switching product links and using phrases like "limited-time discount" and "last batch" to

induce consumers to complete transactions within a short period. By the time consumers realized the price discrepancy after receiving the goods, the livestream footage was no longer available for review, making it difficult for the court to determine that the consumers' purchases were directly caused by being misled by false price information. This difficulty in preserving evidence effectively undermines consumers' right to seek redress through legal channels.

#### 4.2. Abuse of platform defenses

To avoid liability, platform operators often abuse the "technological neutrality" principle or claim that they are merely network service providers as a defense. However, as the functions of platforms have continuously expanded, their roles have far exceeded that of a simple information channel. The relevant judicial interpretations of the Supreme People's Court clearly state that if a platform fails to distinguish its own identity from that of merchants in a prominent manner, or exercises substantive control over the transaction process, it shall bear a higher duty of care [6]. In practice, some platforms actively push high-discount live broadcast rooms through algorithm optimization, extract commissions from transaction volume, and even participate in the design of marketing rhetoric. At this time, it is obviously unreasonable to exempt them from liability on the grounds of "technological neutrality". When handling such cases, the judicial organs are gradually forming a consensus: they should comprehensively consider factors such as the platform's right to allocate traffic, the profit sharing model with merchants, and the review of live broadcast content, and carefully judge the scope of the platform's defense to prevent it from using its dominant position to evade statutory regulatory responsibilities.

#### 4.3. Ambiguity in apportioning liability shares

Even when courts find platforms liable, there is a lack of clear standards for reasonably allocating the share of responsibility between them and merchants. Current laws do not specify the proportion of responsibility platforms should bear under different degrees of fault, leading to excessive discretion in judicial decisions. For example, if a platform knowingly fails to take necessary measures regarding false discounts, its liability may be close to joint and several liability; while for negligence due to inadequate review mechanisms, it may bear proportionate liability. However, there is a lack of objective standards for determining "knowing" or "should have known." The same type of case may result in vastly different judgments in different courts regarding the proportion of responsibility, which not only affects the uniformity and predictability of legal application but may also weaken the incentive for platforms to proactively fulfill their supervisory obligations. Therefore, there is an urgent need to construct clearer rules for determining liability stratification through judicial interpretations or guiding cases to achieve a proportionate punishment for wrongdoing.

### 5. Pathways for improving the platform liability mechanism

To address the aforementioned issues and establish a clearer, fairer and more effective platform liability system, this paper proposes the following improvement paths.

The core direction is to establish a hierarchical mechanism for determining platform liability. This means matching different levels of legal liability based on the subjective fault degree of the platform and its technical control capabilities. Specifically, it can be divided into three levels, as shown in the Table 1 below.

Table 1. Proposed gradated platform liability mechanism

Gradient Level	Triggering Standards	Platform Obligations	Liability Apportionment Suggestions
First Gradient: Intentional /Known	Platform has definite knowledge of false pricing (e.g., reliable internal whistleblower report, formal warning from authority).	Immediately take necessary measures like removing products, shutting down live stream, freezing merchant funds; proactively report to regulators.	Joint and Several Liability: Platform bears full joint and several liability. E.g., in the "Beijing Fuqi Lianlian Case," if the platform tolerated the fraud after being informed, it should bear liability at this level.
Second Gradient: Gross Negligence/Should Have Known	Based on platform's technical capability/data advantage, it should have detected obviously abnormal false pricing but failed to do so (e.g., price significantly below reasonable cost/historical price).	Establish and effectively operate dynamic price monitoring systems; implement automatic verification/warning mechanisms for claims like "historical low price," "price break."	Supplementary Liability: Platform bears a high proportion (e.g., 30%-70%) of supplementary compensation based on its degree of fault. This effectively incentivizes platforms to increase technical investment and perform substantive review duties.
Third Gradient: General Negligence/Formal Oversight	Negligence arising from flaws in audit process design, errors in non-critical information entry, etc., not subjective intent (e.g., omission in formal review of merchant qualifications).	Establish standardized merchant onboarding process and price information release norms; ensure basic formal review obligations are fulfilled.	Limited Supplementary Liability/Right of Recourse: Platform bears a lower proportion (e.g., <30%) of supplementary liability, or enjoys full recourse against the direct infringer (merchant) after bearing liability. Aims to warn platforms to improve internal processes while avoiding excessive liability expansion.

The effective operation of a gradated liability mechanism requires robust institutional support. Firstly, promote the legal codification of technical obligations. It is recommended to further specify the technical standards for platform price monitoring in supporting regulations of the E-Commerce Law, for instance, requiring platforms to establish dynamic price baseline databases and setting mandatory data verification rules for claims like "original price" or "price break." Secondly, strengthen industry collaborative governance and technological innovation. Encourage the adoption of technologies like blockchain for price labeling certification in live streams, requiring hosts to record key comparison information on-chain before broadcasting, providing immutable evidence for subsequent dispute resolution [10]. Finally, improve credit punishment and risk-sharing mechanisms. Platforms should impose strict traffic restrictions and increase deposit thresholds for merchants repeatedly engaging in false comparative pricing to enhance deterrence.

## 6. Conclusion

The core contradiction in governing false comparative pricing lies in the mismatch between platforms' technical capabilities and their social responsibilities. In today's increasingly complex digital business environment, platforms possess powerful technical means and vast data resources, but significant gaps remain in their assumption of corresponding social responsibilities. Currently, this mismatch is becoming increasingly apparent, urgently necessitating a transition from formal compliance to substantive justice. Merely satisfying formal compliance requirements can only superficially address regulatory demands but fails to genuinely protect consumers' legitimate rights and interests. Only by achieving a leap towards substantive justice in responsibility can the market disorder of false comparative pricing be fundamentally addressed.

The gradient responsibility mechanism, through the precise matching of "fault - responsibility", prompts platforms to shift from passive compliance to proactive prevention and control.



Specifically, when a platform is aware of fraudulent behavior, it is held fully and jointly liable. This is a strong response to the platform's malicious tolerance of false discounting. As an important organizer and manager of commercial activities, if a platform is aware of a merchant's fraudulent behavior but turns a blind eye or even provides convenience for it, it must bear full compensation liability, thereby demonstrating the punishment for malicious behavior. For situations where the platform should have known but did not, supplementary liability is set. With advanced technology and professional teams, platforms should have certain monitoring and identification capabilities. If they fail to detect fraudulent behavior in a timely manner due to their own negligence or laxity, they need to bear supplementary liability. This responsibility setting can motivate platforms to increase investment in algorithm monitoring and continuously enhance their monitoring capabilities and technical levels. For formal negligence, it reserves the space for compensation, avoiding excessive expansion of liability. In commercial activities, platforms may encounter formal negligence due to some non-intentional reasons, such as data entry errors or system malfunctions. If the platform's responsibility is overly pursued in such cases, it may dampen the platform's enthusiasm and be detrimental to the healthy development of the market. Therefore, reserving the space for compensation is a reasonable balancing measure.

With the explicit listing of "false discount" in Article 19 of the "Regulations on Prohibiting Price Fraud", and the accumulation of judicial rules in cases such as the fake cashmere sweater case and the Fuyang case of fictitious original price, the gradient determination of platform responsibility now has sufficient normative basis and practical consensus. The explicit listing in the "Regulations on Prohibiting Price Fraud" provides a clear legal standard for the determination of platform responsibility, enabling regulatory authorities and judicial organs to handle related cases in accordance with the law. Moreover, the accumulation of judicial rules in actual cases has provided valuable practical experience for the gradient determination of platform responsibility. The handling process and results of these cases not only make platforms clearly aware of the responsibilities they should bear in different situations but also set clear behavioral norms for market participants.

In the future, through the promotion of data interoperability in regulation, the popularization of blockchain-based evidence storage, and the disclosure of cost thresholds, a virtuous cycle of "price transparency → platform responsibility → consumer trust" can be ultimately achieved. Data interoperability in regulation can break down information barriers, enabling information sharing among regulatory authorities, platforms, and consumers, and facilitating the timely detection and resolution of false discount issues. When prices become transparent, platforms will be more consciously fulfilling their responsibilities, and consumers will trust the platform due to its diligence, thereby creating a mutually reinforcing and healthy market environment.

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