

Alibaba wins case over fake reviews, sales

In a landmark decision, a court in Hangzhou, Zhejiang province, ruled in favor of e-commerce behemoth Alibaba after it sued a company for fabricating transactions and favorable comments related to online stores. It was the first such case in the country.

The verdict was decided on Oct 27 and took effect on Nov 11. The defendant, Hangzhou Jianshi Network Technology, did not appeal within 15 days of the verdict.

Xihu District People's Court ordered it to pay 202,000 yuan (\$30,500) in compensation to Alibaba for violating the Law Against Unfair Competition and disturbing the market order of e-commerce platforms, according to a written statement from Alibaba, which is headquartered in Hangzhou.

The case has far-reaching significance in the healthy development of e-commerce, Alibaba said, as "such a verdict serves as a warning to deter copycats".

"Only when lawbreakers' income from illegal business is all used for compensation and they can no longer make a profit will the legitimate rights and interests of law-abiding companies and consumers be safeguarded," it said.

To create a fair, transparent and honest shopping environment, Alibaba's Taobao and Tmall set up an evaluation system for consumers to evaluate products and services after each purchase, the company said.

Being able to browse a product's transaction records and prior customers' evaluations has become an important decision-making tool for people selecting from a large number of products.

The court said Hangzhou Jianshi established a website in 2014 specializing in accepting requests from online stores to make fake purchases and leave favorable user comments. The company made 360,000 yuan in brokerage and membership fees from September 2014 to March 2016, when its operation was suspended by Hangzhou's market supervision administration.

Altogether, 3,001 Taobao and Tmall stores asked the company to fabricate transactions and user comments, according to court documents.

Alibaba sued the company in December and requested compensation of 2.16 million yuan. A hearing was held on Feb 15.

"Such fake evaluations constitute serious pollution of the evaluation data formed by real consumers, and mislead consumers who rely on the data to make purchase decisions," said Zhang Yiwen, a senior legal expert at Alibaba.

China's top legislature recently adopted a revision of its Law Against Unfair Competition, stating that e-commerce operators must not deceive consumers by faking sales volume or user comments.