

China Competition Policy & IP

MONTHLY UPDATE

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Meetings/Seminars/Projects

National Market Supervision Work Conference & Deployment of Anti-Monopoly Enforcement Campaign Held in Qingdao

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On February 9, 2023, the National Market Supervision System Anti-Monopoly Work Conference & the Deployment of a National Campaign for Anti-Monopoly Enforcement in the Field of People's Livelihoods was held in Qingdao, Shandong Province. The conference reviewed anti-monopoly work in China over the past five years, discussed ideas for future anti-monopoly work, identified key tasks for 2023, and deployed a national campaign of anti-monopoly enforcement in the field of people's livelihoods. Gan Lin, the Deputy Director of the State Administration for Market Regulation (SAMR) and Director of the National Anti-Monopoly Bureau, and Wang Guiying, Vice Governor of Shandong Provincial People's Government, attended the conference and delivered speeches.

Regulators reported that anti-monopoly and fair competition policies were enhanced in 2022, with steady improvements in the construction of a fair competition environment and the capacity of anti-monopoly regulation and enforcement. Regulators have improved the quality and efficiency in concentrations of undertakings reviews and effectively regulated local protection and market segmentation.

Several anti-monopoly achievements were made in 2022. Nationwide, 187 monopoly cases were investigated and handled, with fines totaling RMB 784 million, and 794 concentrations of undertakings cases were concluded, of which five were approved with conditions. The Anti-Monopoly Law was amended for the first time since its promulgation 15 years ago. The first China Fair Competition Policy Publicity Week was successfully held, which boosted market entities' development expectations and confidence, stimulated market entities' impetus for competition and innovation, and promoted the construction of a unified national market.

The conference identified five priorities for anti-monopoly work in 2023, including:

1. Eliminating local protection and administrative monopolies
2. Improving the vitality and quality of market competition
3. Improving the effectiveness of anti-monopoly regulation and law enforcement
4. Enhancing the coordination between resources in domestic and international markets
5. Strengthening the synergy of fair competition governance

Seminar on Digital Economy Supervision and Innovation-Driven Development Held in Wuzhen

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On February 27, 2023, the Seminar on Digital Economy Supervision and Innovation-Driven Development was hosted by SAMR's Development Research Center in Wuzhen, Zhejiang. Representatives and scholars from market supervision systems, research institutes, and platform enterprises attended the seminar and exchanged opinions on issues such as the development of the digital economy and its new regulatory model. They also proposed suggestions for ways to promote regulation and development and create a standardized, orderly, fair, and competitive development environment.

Xue Jun, a professor at the Peking University Law School, and Fan Liangcong, a professor at the Guanghua Law School of Zhejiang University, delivered speeches on the regulation method for the digital economy. Experts from government agencies, academia, and the legal practice field commented on their presentations.

In the panel discussions, representatives from leading companies – including Alibaba, Tencent, JD.com, Meituan, Didi, Baidu, Huawei, Xiaomi, and Ctrip – examined the current regulatory challenges in the digital economy. Additionally, representatives from the Expert Committee of New Retail and Livestreaming E-commerce and multiple local administrations for market regulation (AMRs) discussed front-line supervision practices in the digital economy.

Regulatory News

Jiangsu AMR Imposes Administrative Penalty on Zhongran for Monopoly

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On January 18, 2023, the Jiangsu Administration for Market Regulation (Jiangsu AMR) imposed an administrative penalty on Nanjing Zhongran Urban Fuel Development Co., Ltd. (Zhongran) for abusing its dominant market position.

According to the decision, Zhongran has, since 2016, abused its dominant market position by implementing monopolistic behavior. For real estate developers needing gas to be supplied to households, Zhongran would only provide the supply if the developers also purchased products – such as metal bellows and gas insurance, alarms, and appliances – from the company. If the developers refused these additional purchases, Zhongran would take measures, including delaying projects' progress, to force the developers to comply. Moreover, Zhongran has charged unreasonable installation fees to developers.

Given this monopolistic conduct, Jiangsu AMR fined Zhongran RMB 20.8 million, ordered the company to cease its illegal behavior, and confiscated its illegal income, which amounted to RMB 29.6 million.

CNKI Monopoly Case Included on CCA's Top 10 List of Consumer Rights Protection Issues in 2022

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[Read the Chinese version here](#)

On January 30, 2023, the China Consumers Association (CCA) and the Public Opinion Data Center of *People's Daily* jointly released a list of the top 10 consumer rights protection-related issues in 2022 that drew nationwide attention. The China National Knowledge Infrastructure (CNKI) monopoly case was included on the list.

On December 26, 2022, SAMR imposed an administrative penalty of RMB 87.6 million on CNKI for abusing its dominant market position in the Chinese academic literature online database service market in China by implementing unfairly high prices and limited trading practices. SAMR found that CNKI's abusive conduct excluded and restricted competition in the relevant market, violated users' legitimate rights and interests, affected the innovation and development of the relevant market, and

hindered academic exchanges and dissemination. CNKI has expressed acceptance of the punishment, pledged to comply with SAMR's decision, and announced 15 reform measures.

SAMR's penalty against CNKI is a significant move in enforcing antitrust regulations in the platform economy. It is expected to promote fair competition in the academic literature database service market, encourage knowledge production and diffusion, stimulate innovative development, and protect intellectual property rights. The case was selected for the CCA's top 10 list since it serves as a reminder that platform developers cannot ignore consumers' rights and interests.

Industry Updates

Final Judgment Handed Down in Monopoly Case Against Lianjia

[Read the Chinese version here](#)

On December 14, 2022, the Supreme People's Court (SPC) issued a final judgment on the monopoly dispute between Ms. Wang and Beijing Lianjia Real Estate Broker Co., Ltd. (Lianjia). The SPC upheld the ruling that Lianjia's behavior did not constitute an abuse of market dominance and dismissed Ms. Wang's appeal.

Lianjia is one of China's largest real estate brokerage firms. In February 2016, Ms. Wang purchased a previously owned house in Beijing's Shijingshan District through Lianjia. Under the contract, Ms. Wang paid a commission fee of 2.2% of the total house price and a service fee of 0.5% of the total house price to Zhongrongxin Financing Guarantee Company (Zhongrongxin), whose actual controller is Lianjia, for assistance with loan procedures. Ms. Wang argued that Lianjia had abused its dominant market position by charging an unfairly high commission and conducting bundled sales. She requested that the defendant return the commission fee of RMB 2,250 and security service fee of RMB 9,750, and pay the reasonable expenditure of RMB 8,000.

On June 28, 2020, the Beijing Intellectual Property Court dismissed the plaintiff's lawsuit in the first instance. The court defined the relevant market as the new housing, stock housing sales, leasing brokerage services, and stock housing transaction markets in all areas of Beijing. After considering the defendant's below-50% market share, market concentration, and entry barriers for potential operators, the court held that the defendant did not hold a dominant market position in the scope of the relevant market in this case. Therefore, the court concluded that the plaintiff's request had no factual and legal basis and rejected it.

Ms. Wang appealed to the SPC. The SPC defined the relevant market as the brokerage service market for stock housing sales, where Lianjia was found to hold a dominant position. However, the SPC held that the plaintiff failed to prove that Lianjia's commission fee was unfairly high. The court believed that the 2.2% intermediary service fee was determined by the company's cost, service quality, transaction conditions, and market conditions for providing stock housing brokerage services. Furthermore, since the plaintiff failed to prove that Lianjia forced Ms. Wang into the transaction protection contract with Zhongrongxin, the SPC held that the claim that Lianjia committed bundled sales had no factual and legal basis.

Based on this analysis, the SPC believed that the determination by the court of first instance of the relevant market definition and market dominance was flawed. However, since Ms. Wang failed to prove that Lianjia committed abuses of dominance, the first-instance judgment was upheld.

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