

# Research on the Problem of Unfair Competition in Online Games

Jingmin Fang

Jinan University, Guangzhou, Guangdong Province, China

**Keywords:** Unfair competition, The third-party game service platforms, Online games

**Abstract:** Since the 21st century, the world has entered a new stage of development. The industrial structure has also changed under the influence of market demand and supply structure. New forms of cultural industries have sprung up like bamboo shoots after a rain. The most typical is the e-sports industry, which has now developed into the largest branch of the entertainment industry. As an emerging industry, the market space and potential of online games cannot be ignored. However, where there is a market, there is competition. In the face of online games, all market players want to part of it, and it is inevitable that there will be various forms of unfair competition. The emergence of third-party game service platforms has made market competition diversified. This paper takes the third-party online game service platforms as a perspective to research and analyze the related unfair competition issues.

## 1. Introduction

According to the data of *2020 China Game Industry Report*, the actual sales revenue of the Chinese game market in 2020 reached more than 270 billion yuan, and the number of game users increased by about 24 million year-on-year. It is not difficult to see the game market is in a golden period of rapid development.

With the development of the game market, legal issues in the game industry have emerged one after another, and lawsuits related to game disputes have also increased year by year. The legal regulation of the game industry is facing increasing challenges. Judging from the data in 2020, the types of litigation in game cases in 2020 was more diversified, and labor and management was more prominent, but unfair competition and intellectual property disputes were still important types of disputes in the development of the game industry [1].

## 2. Reasons for Disputes over Unfair Competition in Online Games

In order to better resolve the frequent unfair competition disputes in online games, it is necessary to understand the reasons for their occurrence. For now, the main reasons for disputes over unfair competition in online games are:

### 2.1 Lack of Industry Self-Regulation and Perfect Market Restriction Mechanism

Restricted by rapid development, the game industry has not yet established a systematic industry standard and industry management mechanism. When the online game economy is getting stronger, the lack of online game industry management system and industry self-discipline mechanism has led to lower infringement costs of unfair competition in the industry, which in turn makes unfair competition on the Internet increasingly rampant.

### 2.2 Long Judicial Litigation Time, High Cost of Rights Protection

At present, ordinary civil cases take more than half a year, and it is not uncommon for game rights protection cases to take several years in actual litigation due to the determination of technical nature. But the life of a game is limited. The average lifespan of a game on the market is about three months. For new forms of online game unfair competition, relevant stakeholders need to bear the risk of being abandoned by the market due to the loss of popularity in the process of litigation and rights protection. Popularity is the life for game companies. When the game is not popular any more,

even though the company wins in the litigation, the market gains may have significantly reduced.

### **2.3 Legal Norms Lag Behind the Rapidly Developing Network Economy**

The technological update iterations of online games and the diversity of service models make the current laws appear to be somewhat stretched. There is a lack of clear and direct legal regulations for the regulation of new technological forms and service models. Many new types of unfair competition behaviors have not been clearly stipulated by Anti-Unfair Competition Law.

### **3. Research on the Unfair Competition of the Third-Party Game Service Platforms**

The profitability of online game operators largely depends on online game players' top-up consumption, and this part of the income is the main source of income in their overall operation. At present, the online game industry extends to third-party game platform websites. The main businesses of these platforms include gold coin recharge, coupon recharge, account lease, account transaction, account transfer, equipment transaction, game boosting, etc. This type of game service platform websites can provide players with a wide variety of services. Generally speaking, popular games on the market all have corresponding services. At present, there are not a few mature third-party online game service platforms in the market. One of the well-known game service platforms was established in 2008. Its main business is to provide online game equipment, account numbers, gold coins, props and other virtual goods transactions. There are more than 6 million registered users. Another platform mainly provides online game props, online game accounts, recharge points and other transaction services. Its website has more than one million registered users, and the number of new users per day can reach more than 1,000 people. These online game service platforms establish a guarantee system to allow players to conduct direct transactions, from which they charge a fee ranging from 3% to 10% to make a profit. Players in need can quickly obtain the equipment or accounts they want through direct transactions with other players. At the same time, they can trade through third-party game service platforms instead of official channels designated by the game to obtain higher revenue and lower expenditures. For example, if someone is a novice player who has just come into contact with *Glory of Kings* and wants to have a full-level, all-hero, and full-rune account to better experience the game, he can choose a third-party game platform similar to the one mentioned above for transactions. When the author opened this type of game service website, it was easily to find the account transaction column, nearly 30 accounts that meet the conditions for sale on the platform when the author selected the game, and entered the search criteria of "all heroes". The price ranged from 699 to 4,000 yuan. On the contrary, a player needs to recharge their accounts and spend about 6,000 yuan in the official website to have a full-level, all-hero, and full-rune account. Of course, game players do not necessarily need to recharge, and they can also obtain similar accounts without recharging through long-term play accumulation.

Based on the above simple operation analysis of the game service platform website, the author believes that the behavior of the game service platform websites should be regulated by Anti-Unfair Competition Law, which will be discussed in detail below.

#### **3.1 The Service Behavior Provided by the Online Game Service Platform is a Competitive Behavior**

Market competition, as an act of competing for trading opportunities or seeking competitive advantage, has a wide range and is not restricted by narrow competitive relations [2]. In the context of the Internet era, competition is no longer limited to competition in the same industry. As a new branch of the Internet industry, online games mainly compete for market resources such as game users, daily active traffic, and trading opportunities in the game industry. Online game service platforms are actually competing for trading opportunities in games developed and operated by major game operators and developers. Market competition behavior has the following characteristics: (1) It is a unilateral act, and does not rely on competitors and competitors to make a certain expression as a condition. (2) The purpose is to promote transactions and profitability. (3)

The object of action is purchasers and competitors. On the one hand, it may increase a certain number of buyers to exchange goods with themselves, and on the other hand, it may reduce the number of buyers who have a commodity exchange relationship with competitors. Here, taking the game gold coin trading service as an example. The service behavior is provided by the game service platforms. This behavior can be regarded as an invitation to offer. When the game player needs this, he can send an offer to the game service platform to obtain game service. After the platform's commitment, the transaction contract is established and can be quickly fulfilled in a short time. It is not difficult to see from this that, as the operators of platforms, the online game service websites participate in the market competition in the game industry, even though they are not the developers or operators of a certain game, the behavior of the game service platforms can fully meet the requirements of competitive behaviors.

### **3.2 Analysis on the Legitimacy of Service Behaviors Provided by Online Game Service Platforms**

After it is judged to be a competitive behavior, it is necessary to further discriminate and analyze the legitimacy of the behavior. From the perspective of the classification of unfair conduct, the behavior of online game service platforms does not belong to any unfair competition behaviors such as commercial bribery and false propaganda listed in Articles 6 to 12 of Anti-Unfair Competition Law, but It actually complies with the general terms of Article 2 [3]. China's Anti-Unfair Competition Law generally provides for the unfairness of competition behavior, that is, disrupting the order of market competition and harming the legitimate rights and interests of other operators or consumers [4]. From the perspective of economics, both the Classical School of Economics and the Keynesian School of Economics have profoundly revealed the internal laws of market operation and development. Comprehensive economic theories can understand the destruction of market competition order and can determine the legitimacy of competitive behavior from the aspect of whether they are afraid of disrupting market mechanism components such as access, prices, supply and demand, credit, and information [5]. From the above analysis, it can be concluded that the services provided by the online game service platform are destructive to the price mechanism and the supply and demand mechanism in the market competition order, because it only relies on special channels without the need to build a game system. Sell equivalent services at prices lower than game operators. Competitors, that is, game players, will inevitably choose low-priced services when there is demand, resulting in distortion of the price mechanism set by game operators. This will inevitably lead to a mismatch of supply and demand and a mismatch of resources. Due to the distortion of the price mechanism, the decision-making of market entities has been disturbed, which has substantially destroyed the normal supply and demand mechanism and artificially distorted the relationship between supply and demand. In summary, the author believes that the competitive behavior of online game service platforms to provide services is improper.

### **3.3 Analysis of the Damage of the Service Provided by the Online Game Service Platforms**

As an operator of a game, taking the recharge point coupon as an example, its officially designated game recharge method is based on the establishment of the entire game system. It has been invested and tested and continuously improved the design to form an ecological game chain, such as relevant game rules, game interface, game elements, etc. Therefore, it is reasonable for game developers to have the right to set game coupon prices and specify recharge channels. The competitive behavior of online game service platforms providing services is improper. Because it destroys the price mechanism and supply and demand mechanism, on the one hand, the trading opportunities that should belong to the game operator are occupied by the game operators, and the original income of the game operators is stolen [6]. On the other hand, this kind of improper behavior has also disrupted the order of the game operators' operation of the entire games, disrupted the game balance, and reduced the game users' play time, resulting in a shortened game life. This behavior of squeezing the market share of competitors by means of unfair competition has effectively harmed the legitimate rights and interests of game developers, and at the same time has a negative impact on the normal trading order of the market [7]. This runs counter to the principle of

good faith and generally recognized business ethics advocated by Anti-Unfair Competition Law and should be stopped.

#### 4. Conclusion

The problem of unfair competition in online games under the Internet environment is a hot research topic of Anti-Unfair Competition Law. As a new and important industry, the online game industry has a huge market potential, and the correct guidance of its development requires laws and regulations to keep pace with the times [8]. From the perspective of the unfair competition of the third-party online game service platforms, the author analyzes the operation modes of the online game service platforms and the service behavior. The paper cuts into the behavior qualitative and the legitimacy and damage of the behavior, and draws the conclusion that the acts of competition that disrupt the market order provided by the game service platforms are acts of unfair competition and shall be subject to Anti-Unfair Competition Law.

#### References

- [1] Game Working Committee of China Publishing Association. 2020 China Game Industry Report [M]. Beijing: China Renmin University Press, 2021, pp.44-46.
- [2] Xiangjun Kong. On the new positioning of Anti-Unfair Competition Law [J]. Peking University Law Journal, 03, pp.736, 2017.
- [3] Jun Wu. The judicial application mode of the general provisions of Anti-Unfair Competition Law [J]. Chinese Journal of Law, 38 (02), pp.134-153, 2016.
- [4] Kangsheng Hu. Interpretation of People's Republic of China Anti-Unfair Competition Law [M]. Law Press·China, 1994, pp.132.
- [5] Wenlian Ding. Market mechanism and competition order-an analytical approach under the new paradigm of anti-unfair competition [J]. Judicial Think Tank, 04, pp.32, 2020.
- [6] Wei Tang, Xiaoying Qian. An analysis of the competitiveness of online game industry in China [J]. World of Entrepreneurs, 07, pp.72-73, 2007.
- [7] The change in the industrial structure of China's online game and the choice of behavior of businesses --based on the value elasticity of the competitive part of the industrial value chain [J]. Contemporary Finance & Economics, 08, pp.98-102, 2007.
- [8] Long Ni, Weiwei Zhou. Research on regulation of unfair competition behavior in online game industry [J]. Research on China Market Supervision, 09, pp.66-70, 2019.