



## RESEARCH ARTICLE

# China's Online Dispute Resolution Mechanism for Cross-Border E-Commerce: Challenges and Solutions

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With the pervasive use of the Internet and the rapid advancement of modern information communication technology (ICT), e-commerce has emerged as a significant and dynamic force in the global economy. However, this rapid expansion of e-commerce has also led to a surge in online disputes. Traditional methods of dispute resolution, which are often time-consuming and costly, have proven inadequate in addressing the unique challenges presented by the fast-paced and borderless nature of online transactions. As a result, the online dispute resolution (ODR) mechanism has been developed as a specialized tool to resolve conflicts in the digital marketplace. ODR offers several advantages, including speed, efficiency, and the ability to handle cases involving parties from different jurisdictions. However, despite its potential, the ODR is not without its challenges. Issues such as the lack of comprehensive legislation, jurisdictional complexities, inconsistencies in legal application, the absence of unified rules and platforms, and concerns over consumer trust and data security continue to hinder the effectiveness of ODR. This paper provides an in-depth review of the current state of the ODR mechanism in the context of cross-border e-commerce in China. It examines the aforementioned issues, highlights the challenges faced by stakeholders, and offers recommendations for improving the ODR system to better serve the needs of the global e-commerce community.

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**1. INTRODUCTION**

The pervasive use of the Internet and the rapid advancement of ICT have revolutionized the way businesses operate, making e-commerce a cornerstone of the global economy. As noted by Xiao & Xie (2003), the convenience and accessibility provided by online platforms have revolutionized the way businesses operate, offering consumers and companies new opportunities for trade and interaction. The digital marketplace has grown rapidly, with cross-border e-commerce emerging as a significant driver of international trade and economic integration. This expansion has enabled businesses of all sizes to reach customers across the globe, breaking down geographical barriers and fostering unprecedented levels of commerce.

However, alongside these opportunities, the rise of e-commerce has also brought about new challenges. The increased volume and complexity of online transactions have led to a surge in disputes, ranging from issues related to product quality and delivery to payment discrepancies and intellectual property concerns. Traditional methods of dispute resolution, such as litigation and arbitration, often prove inadequate in this context due to their lengthy processes and high costs, which can be particularly burdensome for smaller businesses and individual consumers.

In response to these challenges, the development of ODR has emerged as a significant innovation. ODR leverages digital technologies to streamline the dispute resolution process, offering a more efficient, cost-effective, and accessible alternative to traditional methods. By providing platforms for negotiation, mediation, arbitration and litigation that can be conducted entirely online, ODR enables parties to resolve their disputes quickly and with greater convenience, regardless of their physical location. This approach not only reduces the time and expense associated with resolving e-commerce disputes but also enhances the overall efficiency and fairness of the global digital marketplace. As e-commerce continues to grow, ODR is poised to play a crucial role in ensuring that the benefits of this economic transformation are realized while minimizing the potential for conflict.

## 2. LITERATURE REVIEW

The rapid expansion of cross-border e-commerce has underscored the urgent need for effective dispute resolution methods, particularly in consumer transactions. The emergence of the ODR has attracted considerable attention from scholars around the world. Xiao & Xie (2003) examine the global development of ODR, emphasizing the necessity for its advancement in China. Gao (2008) explores the legal and enforceable aspects of ODR jurisdiction, while Zhou (2018) highlights the rising trend of overseas shopping in China, pointing out the limitations of its current ODR framework. This indicates a disconnect between the growing market demands and the available dispute resolution solutions.

Research has identified various challenges associated with arbitration and mediation processes in the context of ODR. Kang (2019) and Jiang (2019) detail these challenges, while Zhao (2018) delves into jurisdictional concerns and proposes necessary legislative improvements. Jin (2020) emphasizes the importance of clearer jurisdiction and enforcement legislation, which is crucial for the effectiveness of ODR. Zhao (2020) discusses the complexities of cross-border disputes, advocating for enhancements to ODR through indirect enforcement mechanisms.

Katsh & Rabinovich-Einy (2017) explore ODR, highlighting how it allows individuals who might avoid traditional courts to seek assistance through their smartphones. Breeze (2020) analyzes the power dynamics within ODR platforms, and Reddy (2020) calls for a consumer dispute resolution system in South Africa similar to eBay's Resolution Center, reflecting the global challenges faced by ODR. Strikaitė (2020) analyses the reasons for the low popularity of these systems, compares court-integrated ODR with ODR in the private sector, and explores the potential for a new legal framework to enhance ODR development in both contexts.

Zheng & Gao (2018) and Cui (2021) explore the issue of Cross-Border E-Commerce under the Belt and Road Initiative. Li (2023) discusses the (Regional Comprehensive Economic Partnership) RCEP agreement's potential to enhance cross-border e-commerce through effective dispute resolution, while Tong (2023) emphasizes the need for improved ODR in the China-ASEAN context.

Despite this extensive body of research, a more comprehensive exploration of how to effectively integrate ODR into China's existing legal framework for cross-border e-commerce transactions remains necessary. Understanding this integration is crucial for the successful implementation and acceptance of ODR solutions in a rapidly evolving market. This paper aims to address this gap by reviewing the current state of ODR in China, analyzing challenges related to legislation, jurisdiction, unified rules, and consumer trust. Furthermore, it will propose potential solutions to enhance the efficacy and reliability of ODR in the realm of cross-border e-commerce.

## 3. DISCUSSION AND FINDINGS

### 3.1 The Concept and Classification of ODR Mechanisms

There is still no consensus on the precise definition of ODR within academic circles, but scholars generally consider ODR to be the use of information and communication technology to assist in resolving conflicts. Katsh & Rifkin (2001) describe it as leveraging technology to help disputants find solutions. Kaufmann-Kohler & Schultz (2004) defines it as the use of Internet technology, particularly websites, e-mail, and other web-based communication, to conduct the process of dispute resolution. Ahalt (2009) holds that ODR is a branch of dispute resolution which uses technology to facilitate the resolution of disputes between parties, regarding it as an online equivalent of ADR. Cortés (2010)

refers to it as a form of ADR which takes advantage of the speed and convenience of the Internet and ICT. Katsh & Rabinovich-Einy (2017) identify it as a branch of dispute resolution that utilizes digital technology to facilitate conflict resolution.

According to UNCITRAL (United Nations Commission on International Trade Law) ((2016), ODR is a "mechanism for resolving disputes through the use of electronic communications and other information and communication technology" (p.4).

Ahalt (2009) holds that ODR primarily involves negotiation, mediation or arbitration, or combination of all three. However, this article regards online litigation as a form of ODR, especially considering the rising trend of smart courts. This perspective aligns with UNCITRAL's definition of ODR. Therefore, ODR encompasses online negotiation, online mediation, online arbitration, and online litigation.

Online negotiation refers to the process in which parties reach an agreement on an Internet platform through negotiation to resolve transaction disputes. Compared to online mediation and online arbitration, it is more straightforward, more flexible, and largely depends on the communication and negotiation skills of the parties involved. It typically occurs on an Internet platform, where parties communicate through instant messaging, email, and other means to seek a compromise solution through negotiation.

Online mediation involves creating a network dispute resolution environment with the assistance of a third party. Like online negotiation, it aims to help parties reach a voluntary and equitable consensus, but it places greater emphasis on the intervention and guidance of a mediator. It offers convenience, allowing parties to use network information technology to transmit, exchange, and communicate information to resolve disputes and reach an agreement, which reduces travel time and costs.

Online arbitration uses network technology and Internet platforms to implement arbitration procedures. It combines traditional arbitration methods with modern IT, allowing arbitration activities in a virtual environment. It can be formal or informal based on the award's binding force. Both formal and informal online arbitration have advantages and limitations. Formal arbitration aligns more with legal processes and is more binding, but it may be longer and more costly. Informal arbitration is practical and efficient, though its results may lack legal binding.

Online litigation involves using digital platforms to manage legal processes such as filing documents and conducting hearings. It provides convenience, allowing parties to participate from anywhere. It is cost-effective, reducing expenses related to travel and court appearances. It enhances accessibility for individuals who face barriers in traditional court settings.

### **3.2 The Advantages of the ODR Mechanism in Resolving Cross-Border E-Commerce Disputes**

The ODR mechanism has great advantages for resolving cross-border e-commerce disputes. Disputes arising from e-commerce are seldom taken into the public courts and therefore ODR is becoming a mainstream solution for resolving them (Koulu, 2016). In time, most dispute resolution processes will likely migrate online, and ODR will be relevant to almost every kind of dispute (Katsh & Rule, 2016). ODR is most suitable for solving small Internet civil disputes (Zheng, 2017). While ODR is not a cure-all for social justice issues, it can support justice if it upholds relevant norms (Davis 2020).

#### **3.2.1 Flexible and Convenient Dispute Resolution Procedure**

Litigation relies on state power rather than the parties themselves, offering limited flexibility in procedures and substantive laws. Consequently, parties have little autonomy in choosing the time and place of dispute resolution. ODR, which utilizes Internet technology for out-of-court dispute resolution, allows parties greater freedom in choosing the procedure, time, and place of resolution. The application of technology, the "fourth party," plays an increasingly integral role in how we negotiate resolutions to our disputes, with or without a third party (Wing et al., 2021). With the expansion of AI and machine learning, ODR has the potential to become the new default for fast and fair resolutions (Rule, 2020).

The Internet enables parties to agree on convenient times for resolution, utilize online forms instead of face-to-face meetings, and communicate through email, video, or voice calls as needed to facilitate dispute resolution. Additionally, if online mediation and settlement fail, parties can opt for online arbitration, ensuring continued support for dispute resolution.

### 3.2.2 Low Cost and High Efficiency

In cross-border e-commerce, parties are often located in different countries, making dispute resolution costs a significant concern, especially for disputes involving small amounts. The costs involved are often disproportionate to the value of small cross-border e-commerce disputes. Traditional litigation for cross-border e-commerce disputes is time-consuming and costly. Courts are too expensive—mainly because of costs of filing, travel and legal counsel and they are too slow (Schultz, 2002).

ODR allows parties to resolve disputes online, avoiding travel and transportation costs and the electronic submission and online delivery of evidence materials improve efficiency and reduce printing and mailing costs, lessening the financial burden on the parties. Corts (2010) and (Liu, 2016) note that while parties can easily contract online, litigation is often inconvenient, time-consuming, and costly, making ODR the best option for addressing consumer grievances, building trust in the market, and promoting sustainable e-commerce growth. Similarly, Hiscock (2011) highlights ODR's value in low-cost cross-border transactions. Since ODR processes are conducted entirely online, parties from different regions or countries can participate in cross-border e-commerce dispute resolution from home, avoiding high costs associated with travel and venue expenses for in-person meetings (Li, 2023).

### 3.2.3 Minimizing Conflict in Dispute Resolution

Traditional dispute resolution often involves direct, face-to-face interactions, which can lead to confrontation due to the differing interests and perspectives of the parties involved. This direct engagement can sometimes escalate tensions, create new conflicts, and ultimately hinder the resolution process.

In contrast, the ODR mechanism employs digital communication tools such as text, voice, and video to facilitate the resolution process. This method allows parties to communicate indirectly, reducing the immediate emotional impact of direct confrontation. By using online platforms, parties have the opportunity to present their statements and appeals more thoughtfully and deliberately. This can lead to a less confrontational and more constructive approach to resolving disputes. Additionally, the flexibility of ODR allows parties to participate in the process at their convenience, further reducing the stress and pressure often associated with traditional, in-person dispute resolution methods. ODR enables dispute resolution through virtual “screen to screen” communication, which minimizes confrontational behaviors between parties (Li, 2023).

## 3.3 ODR Platforms in Cross-Border E-Commerce in China

As cross-border e-commerce rapidly expands in China, ODR platforms have become essential for managing disputes effectively. Representative examples include AliExpress, the The China International Economic and Trade Arbitration Commission (CIETAC) Online Arbitration System, Hangzhou Smart Arbitration Platform, Beijing Internet Court, and B.Ming Casettle ODR, all of which leverage technology to provide accessible and streamlined services, facilitating quick resolutions that help maintain trust in the global marketplace.

### 3.3.1 AliExpress

AliExpress features the AliExpress Dispute Center, which is designed for international buyers and sellers, providing resolution services for disputes related to transactions on AliExpress. The following dispute resolution process is based on Basic Rules for AliExpress Sellers (Transactions), amended on 31 July, 2024.

The AliExpress dispute resolution involves a three-stage process, including negotiation, mediation, and, if necessary, arbitration. It begins with buyers being able to apply for refunds 10 days after the seller has shipped all items, or immediately under certain conditions. There is an after-sales

protection period that lasts from order confirmation until either 15 days after receipt or up to 90 days for specific orders. Buyers and sellers must negotiate within a set timeframe; if no agreement is reached, disputes can escalate to platform arbitration. Evidence must be submitted by both parties, and the platform makes a final ruling based on this evidence. Buyers are generally responsible for return shipping costs unless the return is due to product issues, in which case the seller bears the cost. The platform reserves the right to intervene in disputes as needed, and sellers can appeal arbitration decisions within 7 days.

### **3.3.2 CIETAC Online Arbitration System**

CIETAC Online Arbitration System is one of the earliest online arbitration platforms in China, enabling parties to resolve their disputes. According to Article 3 of the Online Arbitration Rules of the CIETAC enacted on May 1, 2009, these rules will apply to cases handled by the arbitration committee if the parties agree to use them; if there is no such agreement, the "Arbitration Rules of the CIETAC" or other mutually agreed-upon rules will be applicable. The following online arbitration process is based on the Online Arbitration Rules of the CIETAC.

The arbitration process begins when parties submit an application with the required fees and essential information. The application is then assessed for acceptance in 5 days; if accepted, the respondent has 30 days to submit a defense and relevant evidence, while counterclaims must be submitted within 20 days. Once the application is accepted, an arbitration tribunal is formed, consisting of either one or three arbitrators. The arbitration tribunal can choose how to conduct hearings, ensuring fairness and allowing both parties to present their cases. While hearings are usually required, they may proceed based solely on written submissions if agreed upon. For heard cases, the tribunal must notify both parties of the hearing date at least 12 days in advance, and requests for postponement must be made in writing within 5 days of the notice. If both parties wish to mediate, or if one party expresses a desire for mediation with the other party's consent, the arbitration tribunal may conduct mediation during the arbitration process, and the parties can also resolve the dispute independently. The final arbitration decision must be issued within 4 months.

Additionally, to enhance efficiency, simplified procedures and expedited procedures are available, which can resolve cases more quickly.

### **3.3.3 Hangzhou Smart Arbitration Platform**

The Hangzhou Smart Arbitration Platform is specifically designed to serve the Hangzhou Internet Arbitration Court, which was established by the Hangzhou Arbitration Commission on July 5, 2019. It is an online system that provides efficient and fair arbitration services for disputes not exceeding 5 million yuan. It specializes in handling disputes that arise from online transactions, e-commerce, and other internet-related activities. By leveraging modern technology, it enhances the quality and efficiency of arbitration through a fully online process that covers all stages, including application, acceptance, delivery, mediation, evidence submission, cross-examination, and case conclusion. This streamlined approach reduces the typical arbitration timeframe from 90 days to 30 days for electronic cases and includes specialized mediation and batch arbitration procedures. Operating 24/7, the platform allows users to submit arbitration requests and participate in hearings anytime, anywhere, significantly improving overall convenience.

### **3.3.4 Beijing Internet Court**

The Beijing Internet Court was established on September 9, 2018. It is designed to handle first-instance internet-related cases that should be processed by grassroots courts, including disputes over online shopping, service contracts, internet finance loans, copyright, domain names, and administrative issues related to the internet. The court leverages blockchain smart contract technology to streamline case filing through a "one-click filing" system. In conjunction with this, the Tianping Chain electronic evidence platform, developed on blockchain technology, was also launched on the same day.

Tianping Blockchain aims to create a secure and impactful judicial blockchain. It was founded by the Beijing Internet Court in collaboration with 20 entities, including the Beijing High Court, judicial appraisal centers, notary offices, major central enterprises, financial institutions, and internet

platforms. It leverages blockchain technology for reliable storage and efficient verification of electronic evidence, reducing costs for users and improving judges' acceptance of such evidence. The development and operation of Tianping Blockchain exemplify a new model, "Tianping Chain 2.0," which integrates social participation and governance, creating a judicial alliance blockchain with high social influence, industry engagement, and trustworthiness.

Notably, on October 26, 2019, the court successfully implemented "one-click filing" in a network infringement case, marking a significant advancement in the practical application of judicial blockchain technology. The first judgment using evidence from the Tianping Chain was issued on April 9, 2019.

### **3.3.5 B.Ming Casettle ODR**

In August 2019, the APEC Economic Committee approved the "APEC Cross-Border E-commerce (B2B) ODR Cooperation Framework," aimed at encouraging non-litigious methods such as online negotiation, mediation, and arbitration to assist micro, small, and medium-sized enterprises (MSMEs). This framework provides a structured approach for resolving cross-border e-commerce disputes, making it easier for MSMEs to navigate the complexities of international trade.

Following this initiative, the B.Ming Casettle ODR platform was launched on January 12, 2021, as the world's first ODR platform specifically designed for APEC member MSMEs. Developed through a collaboration between the Guangzhou Arbitration Commission and Beiming Software Co., Ltd., B.Ming Casettle ODR fully complies with the APEC Collaborative Framework for ODR and the Model Procedural Rule. The platform integrates online negotiation, mediation, and arbitration, offering a comprehensive process along with professional resources, translation services, and support for multiple languages, including Simplified Chinese, Traditional Chinese, and English, to facilitate efficient dispute resolution in cross-border e-commerce.

## **3.4 Problems with China's ODR Mechanism for Cross-border E-commerce**

China's ODR mechanism for cross-border e-commerce faces several significant challenges, which hinder the effectiveness and reliability of ODR in resolving disputes arising from international transactions.

### **3.4.1 Lack of Relevant Legislation**

Currently, there is no specific legislation addressing cross-border e-commerce and related issues ODR, although China has enacted several laws in the field of e-commerce, such as the E-commerce Law, the Consumer Rights Protection Law, the Electronic Signature Law, the Data Security Law, the Personal Information Protection Law. In the E-commerce Law, Article 63 allows e-commerce platform operators to establish ODR mechanisms; Article 71 promotes cross-border e-commerce by establishing tailored management systems; Article 72 requires import and export management authorities to enhance the integrated services and regulatory systems; Article 73 encourages international cooperation in cross-border e-commerce.

Although Articles 63 and Articles 71-73 of the E-commerce Law do touch on cross-border e-commerce, they only provide general provisions, lacking detailed procedures and mechanisms to effectively manage and resolve cross-border e-commerce disputes. Article 63 allows e-commerce platforms to establish internal ODR systems but lacks detailed provisions for recognizing other platforms or assigning legal responsibilities (Tong, 2023). Similarly, Article 73 does not provide specific regulations for cross-border dispute resolution (Li, 2023).

A comprehensive supervision system for ODR is yet to be established. E-commerce, with its global and virtual characteristics, requires a specialized ODR mechanism, but China currently lacks specific legislation to address this need within its existing legal frameworks (Jin, 2020).

### **3.4.2 Disputes over ODR Jurisdiction**

Jurisdiction is fundamental to the dispute resolution process. Proper resolution of jurisdictional issues determines whether the ODR procedure can commence and the legality of subsequent activities. Although many countries and regions have integrated jurisdictional issues of ADR

mechanisms into their legal frameworks, ODR providers, mostly non-governmental entities, often operate in a self-regulatory manner.

Whether the dispute falls under the compulsory jurisdiction of the laws of the country or region where it is located and whether an ODR platform has jurisdiction in both countries or regions involved in the dispute are factors significantly affect the resolution of disputes. To ensure fair and efficient resolution of cross-border e-commerce disputes through ODR, jurisdictional issues must be thoroughly considered and managed.

### **3.4.3 Conflicts in the Application of Law**

ODR faces significant challenges in determining the applicable law due to several factors. First, the international nature of transactions and differing legal frameworks create complexity, as variations in jurisdictional conflict of law rules can lead to uncertainty about which law applies to a given dispute. Second, although parties may include choice of law clauses in their agreements to clarify this issue, disputes often arise regarding the validity of these clauses. Additionally, the cross-border operation of ODR platforms complicates matters by raising questions about whether the applicable law should be that of the platform's location, the parties' locations, or another jurisdiction altogether. Moreover, the virtual nature of online contracts makes it difficult to establish a clear connection to any specific jurisdiction.

Article 6 of China's Law on the Application of Laws provides: In foreign-related civil matters, the applicable law is that of the foreign country; If different laws apply in different regions, the law of the region with the closest connection to the matter prevails. However, this "closest connection" principle proves inadequate for identifying the applicable law in the digital context, as it is challenging to determine which jurisdiction is most relevant. Factors like server locations, user residences, and the nature of digital services make it more difficult to establish a clear connection to a specific legal framework. As a result, a more flexible and effective approach is essential to address the legal complexities of ODR in an increasingly interconnected digital context.

### **3.4.4 Lack of Unified ODR Rules and Platforms**

Currently, there is not a global platform for ODR and no unified rules governing it; while there are some regional ODR platforms like B.Ming Casettle ODR, the number is small. Major platforms like Alibaba and JD.com have their own mechanisms for handling disputes, but these are typically restricted to internal conflicts. This fragmentation becomes problematic when disputes involve multiple platforms. Different platforms operating under varying rules can result in inconsistent rulings on similar cases, multiple dispute resolution procedures, and duplication of efforts. Such inefficiencies ultimately diminish the overall effectiveness of the dispute resolution system. Moreover, the lack of uniform standards erodes user trust in the ODR process. Without consistent rules and procedures, users encounter confusion, leading to perceptions of unfairness and distrust in the system, adversely affecting their willingness to engage with ODR. Additionally, the current fragmented environment hampers the development of ODR, as establishing separate platforms requires significant resources, increasing costs and complicating maintenance.

### **3.4.5 Low Consumer Trust and Data Security Concerns**

ODR faces significant challenges in ensuring data security and confidentiality. Many consumers worry about providing sensitive data on ODR platforms, and this concern about privacy breaches can affect trust (Li, 2023). Additionally, doubts about the enforceability of ODR rulings in cross-border disputes, which may lead to distrust and avoid ODR platforms (Tong, 2023). Furthermore, private, for-profit ODR platforms can be perceived as biased or having undisclosed partnerships with certain businesses or stakeholders, which may undermine their credibility and fairness in dispute resolution, further eroding trust (Xie, 20203).

## **4. RECOMMENDATION**

Addressing the above-mentioned problems is essential to improve the ODR framework to make it meets the needs of cross-border e-commerce participants and supports the growth of global trade. The following measures aim to ensure fair, effective, and reliable dispute resolution for cross-border transactions.

#### **4.1 Formulate Comprehensive Legislation**

ODR is crucial for resolving cross-border e-commerce disputes, but the current legislation is inadequate to address their complexities. Conflict is a by-product of innovation and we undoubtedly need new laws and regulations (Katsh & Rabinovich-Einy, 2017). China need to strengthen its legal framework by introducing a unified law dedicated to ODR in cross-border e-commerce to enhance predictability and protect the rights of consumers and businesses. This law should consolidate relevant provisions from existing laws like E-commerce Law, the Consumer Rights Protection Law, the Electronic Signature Law, the Data Security Law, the Personal Information Protection Law into a unified framework. It should outline clear procedures, mechanisms, and standards for managing and resolving disputes arising from cross-border transactions. Besides, existing international conventions, such as the UNCITRAL's guidelines on ODR and the EU Consumer ODR Regulation, can serve as valuable references for developing unified this law.

Furthermore, for ODR to be effective, there must be a robust legal framework that supports the enforcement of agreements reached through online negotiation and mediation. To promote the development of ODR, national unified operating regulations are needed. In developing these regulations, it's important to collaborate with other countries and respect international conventions, practices, and legal norms, while adhering to the core principles of dispute resolution.

#### **4.2 Clarify ODR Jurisdiction**

Jurisdictional ambiguity can arise when parties are in different countries because it can be unclear which country's laws apply or which court has the authority to resolve a dispute. This ambiguity can complicate the resolution process and create challenges for enforcing any resulting agreements or rulings. Therefore, clarifying jurisdiction in ODR for cross-border e-commerce is important for effective conflict resolution, as it helps determine which laws and legal frameworks apply.

To address jurisdictional ambiguity, clear guidelines are essential. The guidelines should define jurisdictional authority in cross-border e-commerce based on factors like party locations and transaction nature, enhancing transparency and user understanding on ODR platforms. Additionally, fostering international cooperation among legal systems can promote consistent application of jurisdictional rules, boosting confidence in cross-border transactions.

#### **4.3 Resolve Conflicts in Law Application**

Resolving conflicts in law application within ODR mechanisms for cross-border e-commerce is essential due to the complexities arising from diverse legal systems. Jurisdictional challenges, the determination of applicable law, cultural differences, and enforcement issues complicate disputes between parties in different countries. In addressing the issue of applicable law, the traditional principle of "closest connection" outlined in China's Law on the Application of Laws may be less applicable to contracts executed online, which are inherently virtualized through the internet. To effectively tackle these challenges, China can enhance regional cooperation with other countries to establish a regional framework for applicable law rules. This will facilitate more effective legal standards for cross-border transactions and enhance the overall effectiveness of dispute resolution mechanisms.

Additionally, to determine the applicable law, parties should be encouraged to exercise their autonomy by mutually agreeing on the applicable law for their contracts. If they cannot reach a consensus on applicable laws, neutral parties can select the applicable law based on principles of fairness, good faith, and relevant commercial practices like industry norms and established trade customs. This ensures a more flexible and equitable framework for dispute resolution in the e-commerce environment, ultimately enhancing the effectiveness of ODR in addressing cross-border disputes.

#### **4.4 Establish Unified ODR Rules and Platforms**

Establishing a global ODR platform could be highly beneficial. Such a platform would facilitate cross-border dispute resolution by providing a standardized process for handling disputes arising from international transactions. Yet, it may be unrealistic in the short term. In this case, establishing more unified regional ODR rules and platforms is essential for minimizing friction from varying legal



systems and creating an efficient dispute resolution process in cross-border e-commerce. Unified rules offer consistency and clarity, helping parties understand their rights across jurisdictions and reducing uncertainty in cross-border transactions. International collaborative efforts among government bodies, legal practitioners, industry associations, technology developers and key stakeholders are essential to create unified rules that can ensure consistency and clarity throughout the dispute resolution process. Unified platforms like B.Ming Casettle ODR streamlines the dispute resolution process, allowing for faster and more cost-effective case handling, making the process more affordable for MSMEs and individual consumers. China need to cooperate with other countries to establish more unified ODR platforms and B.Ming Casettle ODR can serve as a model for creating such platforms.

#### **4.5 Increase Consumer Trust and Address Data Security Concerns**

To enhance the effectiveness of ODR platforms, it is essential to develop strict technical specifications and safety standards that prioritize ease of use, reliability, and cybersecurity. Implementing robust data protection and privacy policies will further ensure user information security, thereby increasing trust in these platforms. Additionally, establishing a professional training system for mediators and arbitrators is crucial to guarantee professionalism and impartiality; this includes a qualification certification system with regular assessments to maintain high standards. Government and industry associations should oversee ODR service providers, addressing violations through investigation and penalties. The platform should be user-friendly and offer multi-language support, providing clear information about the dispute resolution process, costs, and timelines to assist consumers foster greater confidence in online transactions and facilitate smoother dispute resolution processes.

### **5. CONCLUSION**

With the development of modern information and communication technology, traditional dispute resolution faces significant challenges. The transnational and virtual nature of cross-border e-commerce imposes greater demands on dispute resolution methods. ODR transcends the limitations of traditional mechanisms in terms of space and time, providing more convenient solutions for the parties involved. Although practical issues exist regarding the integration of ODR with traditional legal frameworks, various national, regional, and international organizations are actively exploring and implementing it.

Developing uniform global rules for ODR is challenging, particularly concerning the application of law and jurisdiction, as different regions have varying tendencies to protect parties' rights and interests. Until a unified global ODR mechanism is achieved, strengthening regional cooperation to build consensus on ODR within regions is a viable way to promote its development. Compared to the European Union and the United States, China's ODR mechanism is still relatively underdeveloped. Therefore, China can draw lessons from the practices of other countries and organizations so as to enhance the ODR mechanism, facilitating the settlement of cross-border e-commerce disputes.

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