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## FAKE REVIEWS: AN UNFAIR TRADE TACTIC – A COMPARATIVE ANALYSIS OF THE LEGAL FRAMEWORK

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### ABSTRACT

Technological innovation in the past few decades have been phenomenal. we have a whole shopping complex in our small devices. Business has become more convenient and they do not require to have a storefront. Sellers can launch their business exclusively online and never have a physical store or showroom to showcase their products. Their brand campaigns can be done is social media with the help of a few popular people with a large social media following and grow an online customer-base. Consumers rely on other consumer's opinions to buy products and services on the internet. The online reviews are more effective than an advertisement. Reviews are the internet's 'word of mouth'. Reviews on the websites are valued by the customers who browse shopping websites. People who buy products from a shopping website voluntarily leave reviews, either negative or positive and the product is rated based on the user experience. It is hard to trust a seller and buy a product without any reviews and ratings than the one with 4.5 + rating and 100+ good reviews. This paper explores the unfair trade practices and manipulative tactics of fake reviews and the legality of online reviews. The paper also explores the impacts of the fake reviews. This article seeks to answer legal gap of how do the Indian Consumer protection laws respond to the problem of fake reviews and make a comparative analysis of the Legal Framework of US and UK to gain more idea about the laws in different Countries.

**Keywords:** advertisement, business law, consumerism, fake review

## CHAPTER I - INTRODUCTION

E-commerce websites have become the new marketplace. People who find shopping tedious prefer it online. Shopping has become browsing and few clicks. Starting a business has become a breezy work. To attain popularity and more sales, it is essential for a brand to have an online Presence. Digital marketing and influencer marketing helps to spread brand awareness. But the game changer is the online reviews.<sup>1</sup> Public opinion of a brand or business that supply services are through ratings and reviews in the e-commerce websites or websites that are specifically for rating helps the customers in deciding whether to buy the products or services from the e-commerce platforms. The information in the reviews are not just opinions but they aid in regulating the fair competition in the market thereby contributing market efficiency and customer satisfaction. Most e-commerce hosting websites like Amazon, Myntra, Nykaa , ola, uber , rapido etc., people to rate the products and services. Some platforms allow only the buyers to write reviews on the product. Some platforms that rate the products cannot mandate the consumer to buy due to the nature of the product. Imdb, rotten tomatoes, goodreads websites host reviews for movies and books where it cannot be checked whether the reviewer has actually has seen the movie, read the book respectively. The reviews are mostly rating system to gauge the consumer's satisfaction. The written reviews narrate the quality of the product, how satisfied the consumer is, the delivery of the product, consumer's opinion, and his buying experience. The hosting platforms also asks the potential buyers who read the review to mark where a particular review is helpful. This feedback is an essential information for the potential buyers. They read the reviews and decide whether to buy the item. They trust and rely on the other customer's reviews. This is because the reviews reveals whether the product might fit the user's preferences, the nuanced condition and usage of the product<sup>2</sup>. A reason why consumers rely on the review is that any item found on e-commerce websites cannot be physically touched or tried on before the buyer purchases and if the seller offers a demo or trial, the time and cost of returning the product and replacing defeats the idea of the e-commerce and purchasing it in physical stores would be easier than buying something online. To avoid this hassle, reviews are a necessary. These reviews can increase or reduce the item's reputation. Therefore, these reviews on the internet are impactful. Since these ratings and reviews on the

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<sup>1</sup> Mathews Hunt K, 'Gaming the System: Fake Online Reviews v. Consumer Law' (2015) 31 Computer Law & Security Review 3

<sup>2</sup> Lappas T, 'Fake Reviews: The Malicious Perspective' in Gosse Bouma and others (eds), *Natural Language Processing and Information Systems*, vol 7337 (Springer Berlin Heidelberg 2012) <[http://link.springer.com/10.1007/978-3-642-31178-9\\_3](http://link.springer.com/10.1007/978-3-642-31178-9_3)> accessed 21 February 2024

product influences the sales of the item, the seller in most cases resort to writing fake reviews or paid reviews. Instead of giving out real and honest opinions of the customers, the seller manipulates the reviews to increase the sales of the product to achieve profit. Fake reviews can be anything ranging from a very positive review on the seller's product or service or a negative review on the competitor's products or services to deter the potential buyers. These brands not only disseminate fake reviews. They also pay influencers to make content. Fake reviews are found in e-commerce websites, the business or brand's website and websites that host reviews for an item. Most business websites showcase positive reviews to show potential customers that the product is beneficial to other customers to convince the potential buyer to choose their products or services<sup>3</sup>. The paper seeks to discuss the legal authority for fake reviews in India and compares the legal framework regarding 'fake reviews' with the UK and USA's legal framework. The first chapter deals with the introduction. The review was carried out by analysing the recent relevant data relating to 'fake reviews. The second chapter deals with the classification and impacts of the fake reviews. The third chapter deals with the legal framework that exists in India. The preceding chapter deals with the legal framework in USA and UK. The final chapter deals with the recommendation and Conclusion.

#### *A. Relevant literature*

Fake reviews have been proved to increase popularity of a product. Any person can write a review in e-commerce websites that sell the product anonymously. Inserting fake reviews rises the reputation of the products. It has a significant effect on the buyers who look for similar product to buy. Fake reviews mislead the consumers. A fake review might contradict the majority consensus on the product. Factors that make the fake reviews go undetectable seems authentic and is written in a way that it decreases or increases a product's reputation (Lappas 2012) Online reviews are essential information to the potential buyers of a product. Some sellers add fake reviews on the products to boost the product's reputation so the potential buyers pick the product believing the reviews. Some traders also post negative reviews on their competitor's product to diminish its reputation and popularity. Online reviews are influential. Potential buyers look into reviews before buying any product on e-commerce websites. Reviews has a huge impact on the success or failure of a product. Fake reviews deceive consumers. This pose as one of the challenges of consumer protection laws in e-commerce and

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<sup>3</sup> *ibid*

on the internet.(Otero, 2021) Consumers rely more on the information in the e-commerce websites. A good marketplace will provide accurate information on the products and services for the customers to make rational decisions. Online reviews are generated by the users. Positive feedback reassures the customer's trust in the brand and the product they are about to buy. When the customers have positive experience with the product or services from the e-commerce website, they tend to trust more and rely on the reviews and buy more. A review that doesn't exactly match the genuine and authentic experience of a customer with a product or service or any e-commerce business is a fake review.(Pandey, 2022) Influencer is someone who makes videos, short skits and other types of content to a target audience and gains a huge following on the social media. They make a career out of creation of social media content and gain paid sponsorships and brand deals with a payment for the endorsement of brands. They may be given paid vacations, trips, experiences and other arrangements in exchange of promotion of the brands in their social media webpage. (Asquith,2020) Fake reviews are not only user-generated but they are also generated by Artificial intelligence models like Chat-gpt. It is cheaper in comparison to user generated fake reviews. Machine generated ones are indistinguishable from the user generated reviews. They both serve the same purpose of manipulation and distortion of market. (Gambetti, 2023)

## CHAPTER II - CLASSIFICATION AND IMPACTS OF FAKE REVIEWS

### A. *Classification*

#### a) *Positive fake reviews*

These are fake testimonials showing positive feedback on the product or service. Usually these are made by the business itself. Its either by the employees and friends and families to promote the product in a positive light. Most employees are asked to leave a positive review. Some of these positive reviews are bought in private Facebook groups. The seller solicits in the groups and social media platforms in private groups. There exists a huge market for buying and selling of fake reviews. <sup>4</sup> Sometimes, the seller also deletes honest negative opinions which likely to affect the brand image. The consumer reviews on a product or any services requested by the

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<sup>4</sup>He S, Hollenbeck B and Proserpio D, 'The Market for Fake Reviews' [2021] MPRA Paper No. 109381 <<https://mpra.ub.uni-muenchen.de/109381/>> accessed 23 February 2014

seller himself is called a ‘**solicited review**’<sup>5</sup>

***b) Negative fake reviews***

These are negative feedback mostly posted by a competitor to bring down the brand name and popularity of the product. These are falsified facts and are unethical. Word of mouth is a powerful marketing tool and reviews act as a word of mouth on the internet<sup>6</sup>. Consumers pay more attention to the negative reviews than the positive reviews.<sup>7</sup>

***c) AI generated fake reviews***

Machine generated fake reviews are fraudulent since it lacks authenticity. Machine generated reviews are based on an original review. Online reviews can be generated at a large scale, with fraction of cost compared to user generated ones without much time delay with AI. A user generated fake review may give away its in-authenticity through language cues. But a machine generated fake review can be indistinguishable from a user generated review. An antidote to this problem is that, machine can detect machine generated content.<sup>8</sup>

***d) Paid fake reviews***

Some businesses give customers gifts, discounts for exchange of positive reviews. This sort of incentivised transaction to get positive feedback is a paid fake review. These kinds of paid reviews are difficult to detect as the buyers itself post those reviews. Some businesses pay third-party and buys large number of reviews. Posting of fake reviews is called ‘opinion Spamming’ and group of spammers with more members generated lot of positive spam of reviews in exchange of a payment.<sup>9</sup>

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<sup>5</sup> BIS IS 19000: 2022 Online Consumer Reviews — Principles and Requirements for their Collection, Moderation and Publication, 3.17

<sup>6</sup> Hu N and others, ‘Manipulation of Online Reviews: An Analysis of Ratings, Readability, and Sentiments’ (2012) 52 Decision Support Systems 674

<sup>7</sup> Sen S and Lerman D, ‘Why Are You Telling Me This? An Examination into Negative Consumer Reviews on the Web’ (2007) 21 Journal of Interactive Marketing 76

<sup>8</sup> Salminen J and others, ‘Creating and Detecting Fake Reviews of Online Products’ (2022) 64 Journal of Retailing and Consumer Services 102771

<sup>9</sup> Mukherjee A, Liu B and Glance N, ‘Spotting Fake Reviewer Groups in Consumer Reviews’, *Proceedings of the 21st international conference on World Wide Web* (ACM 2012)

<<https://dl.acm.org/doi/10.1145/2187836.2187863>> accessed 24 February 2024

### **B. Impacts of deceptive reviews**

Fake reviews are manipulative and distort the competition. This destroys the customer's trust on reviews and doubts the credibility of the rating system in the e-commerce and review hosting websites.<sup>10</sup> The deceptive and manipulative nature of the fake reviews on review hosting and e-commerce websites makes it indistinguishable from an honest user's review. The impacts being that, a potential buyer might be misled to buy a sub-par product or service and may be disappointed. The products and services may not be up to the standards expected from the online reviews. This leads to customer dissatisfaction and a decline in trust and usage of e-commerce website. Online platforms have invested in removing the fake reviews and the AI generated reviews.<sup>11</sup>

These practices spread misinformation and mislead customers. The company profit through the fraudulent and fictitious reviews and customers. Many companies also lose customers due to fake negative reviews aimed to deter potential customers. These deceptive reviews lead to customer dissatisfaction and general lack of trust on the e-commerce websites. Overwhelmingly cheery positive review also has the same effect and raises suspicion on the legitimacy of the reviews. To counter this, it has been suggested that an online verification system that allows consumers to maintain their anonymity but with a background identity verification to add reviews to the platform. Another method to control fake reviews is through a block-chain based identity verification system which verifies the user's identity and tracks and aggregates the user's reviews and is used to detect the fake reviews. All these verification systems have the downfall is that it requires extra steps and consumer privacy issues.<sup>12</sup>

## **CHAPTER III - LEGALITY OF 'FAKE REVIEWS'**

Consumer review is defined as **“Recorded information made publicly available by a consumer deemed to be a review author about a specified product or service provided or**

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<sup>10</sup> Martínez Otero JM, 'Fake Reviews on Online Platforms: Perspectives from the US, UK and EU Legislations' (2021) 1 SN Social Sciences 181

<sup>11</sup> Gambetti A and Han Q, 'Dissecting AI-Generated Fake Reviews: Detection and Analysis of GPT-Based Restaurant Reviews on Social Media', *Rising like a Phoenix: Emerging from the Pandemic and Reshaping Human Endeavours with Digital Technologies* (ICIS 2023) <<https://aisel.aisnet.org/icis2023/emobilecomm/emobilecomm/8>>

<sup>12</sup>Shukla AD and Goh JM, 'Fighting Fake Reviews: Authenticated Anonymous Reviews Using Identity Verification' (2024) 67 Business Horizons 71

**sold by a supplier/seller”.**<sup>13</sup>

Fake reviews are deceptive communication that mislead does not reflect the true feeling of the person who wrote a review on the e-commerce website. Fake reviews are geared to either improve or worsen the reputation of the product in the market thereby impacting the sales. Fake reviews are manipulative and create a market distortion. What makes fake reviews escape the radar of the statute is the anonymity and the stealthiness of the content of reviews that is tailored to look like a genuine user's experience.<sup>14</sup>

S. 16 of Consumer Protection Act 2019 (Hereafter called COPRA 2019) defines e-commerce. The definition also the online platforms. These online platforms and market places are service providers u/s 17 of COPRA 2019. Therefore, any fraudulent transaction on the internet can be brought to court to seek remedies.

S. 2(1) of the COPRA 2019 defines 'advertisements' include endorsements. Influencer marketing, sponsored contents are also within the purview of advertisements. Fake positive reviews that were paid to endorse the product or service in a good light can also be included in within the ambit of the definition. S. 18 of COPRA described under the act encompass the endorsements. The definition also includes positive fake reviews since it's a form of disguised advertisement to increase the brand popularity.

Positive fake reviews by the seller himself or either by paying any rewards to individuals or machine generated reviews to increase good reputation is a 'advertisement' under 2(1) of COPRA 2019.

#### ***A. does 'fake reviews' come under 'unfair trade practice'?***

S. 9 (2) of COPRA 2019 defines 'consumer rights' which includes right to be protected against unfair trade practices. Manipulation of purchaser decisions through advertisements disguised as honest customer opinion is an unfair trade practise which affects not only the customer but also distorts the competition in the marketplace. Therefore, Fake reviews are unfair trade practises and is against the agenda of the Consumer Protection Act, 2019. Fake Positive

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<sup>13</sup> BIS 9000:2022, Online Consumer Reviews, 3.5

<sup>14</sup> Lappas T (n-3), 2

reviews are disguised advertisements while fake negative reviews are aimed to distort the competition in the market.

S. 47 of COPRA 2019 defines Unfair trade practices. A fake review adopts a fraudulent method to manipulate customers and comes under the bracket of s.47. Therefore, fake reviews are 'unfair trade practises' under the COPRA,2019

A fake positive review may also embellish the nature, quality or quantity of the product and the inauthenticity of a positive fake review is itself fraudulent and an unfair trade practice and if such reviews are misleading, they can be termed as misleading advertisements and can be brought under the ambit of S. 28 of COPRA 2019

***B. Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022<sup>15</sup>***

Guideline 4 of Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022 stipulates condition for a non-misleading and a valid advertisement – The advertisement disseminates the truth and is a honest representation of the goods and service sold by the seller. The advertisement should not exaggerate about the product and mislead the consumers by giving false statements about the claims, complies with specific laws, it does not present the consumer's right as an offer.

A fake review is not an honest representation from the seller rather a disguised fraudulent representation. The seller poses as an honest customer to advertise his products and services as a customer's true opinion.

Guideline 13 the regulation stipulates the due diligence necessary for an endorsement. Any endorsement in an advertisement that must convey a genuine, reasonably correct opinion of the individual, group or organisation making such representation and must be based on adequate information about, or experience with, the identified goods, product or service and must not otherwise be deceptive. The nature of the fake review is a fraudulent advert and is contrary to the guideline 13.

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<sup>15</sup> A regulation under the Consumer Protection Act,2019

According to guideline 14 of the regulation stipulates where there exists a connection between the endorser and the trader, manufacturer or advertiser of the endorsed product that might materially affect the value or credibility of the endorsement and the connection is not reasonably expected by the audience, such connection shall be fully disclosed in making the endorsement.

It is established that the fake reviews can be classified as a disguised advertisement and based on the contents of the review, it can be considered as a misleading advert.

### ***C. Consumer Protection (E-Commerce) Rules, 2020.***

These rules apply to all the products and services that are being sold over the e-commerce websites on the internet. It includes all type of retailers and market places and inventory type of e-commerce.

Rule 4(3) prohibits unfair trade practices which includes publishing ‘fake reviews’

Rule 6 lays down the duties of sellers in marketplace. According to the Rule 6, No seller offering goods or services through a marketplace e-commerce entity shall adopt any unfair trade practice No such seller shall falsely represent itself as a consumer and post reviews about goods or services or misrepresent the quality or the features of any goods or services.

### ***D. BIS 19000:2022 Online Consumer Reviews Principles and Requirements for their Collection, Moderation and Publication***

Indian Standard was adopted by the Bureau of Indian Standards. These guidelines are applicable to any business organization that collects and publishes online reviews.

Publishing fake reviews is an unfair trade tactics most businesses adopted to boost profit and throw off their competitors, the Department of Consumer Affairs recognised the menace and the Bureau of Indian Standards adopted the BIS 19000:2022 Online Consumer Reviews Principles and Requirements for their Collection, Moderation and Publication

Guiding principles under 4.5 – A review administrator that is being appointed must uphold the principle of integrity, accuracy, privacy, security, transparency. The reviews must reflect the legitimate experience of the customer with the product or service. The reviews must be

accessible to the potential customers. The seller must respond to the customers and solve their queries. The business that sells on e-commerce platforms must be responsive. Every business organization that trades through e-commerce platforms must have a written code of practise stipulating how the guiding principles under the standard codes are met by the organization.<sup>16</sup> It must also contain a written terms and conditions for the reviewers on the website willing to submit a review of the product/service and the terms and conditions must be accessible.<sup>17</sup> The reviews that doesn't adhere to the terms and conditions will be removed by the review administrator<sup>18</sup> The terms and conditions must set down the criteria of the content of the review. The review must be only the personal experience of the customer and the review must be factually true and the best of the review author's knowledge. The language used must not be defamatory. The content of the review must be comprehensible to potential buyer. It must not contain any identifiable personal information of the reviewer that might result in identity theft or privacy breach and the review shall not contain any marketing material.<sup>19</sup>

#### ***a) Proper communication channel***

There must exist a clear communication channel between the review administrator and the sellers of the product and services which is reviewed.<sup>20</sup>

#### ***b) Collection of reviews***

The reviews that are collected in a way that minimizes bias and prejudice on the reviewers. The process of review collection happen by the following way:

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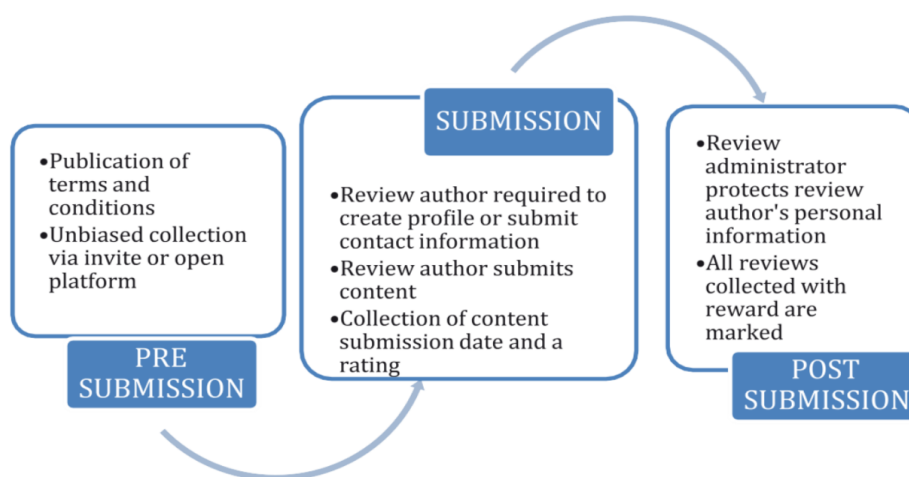
<sup>16</sup>BIS 19000:2022, 4.2.2

<sup>17</sup>ibid, 4.2.3.2.

<sup>18</sup>ibid, 4.2.3.3.

<sup>19</sup>ibid, 4.2.3.4.

<sup>20</sup>ibid, 4.4.1



**Fig 1. – Review collection process** <sup>21</sup>

The review can feature pictures, videos and audio recordings relating to the product reviewed.

### c) Solicited review

The review admin shall send an invitation to review a specific product to all the consumers who has purchased the product. The invitation must contain – who is seeking the review (the review administrator or the supplier himself), how the review will be used and published, which content of the review and personal information will be used and what will be published and the terms and conditions of the review. The review author will also be informed that their identity will be verified by any one of the methods like verifying by email address, text, address, telephone call, captcha system, identification by geo-location, IP address etc., <sup>22</sup>

The review administrator has the obligation to minimize biased and fraudulent reviews. He must not publish the reviews that has been known to be purchased or written by an individual employed by the seller or a third-party to write fake reviews. <sup>23</sup>

In case, a reward is given for a solicited review, the reward must be mentioned in the terms and conditions. The reward can be cash, products, lottery draw, prize in a competition. The review administrator must display a mark indicating it to the customer that a reward was given for the

<sup>21</sup> Ibid, p.4 Fig 1

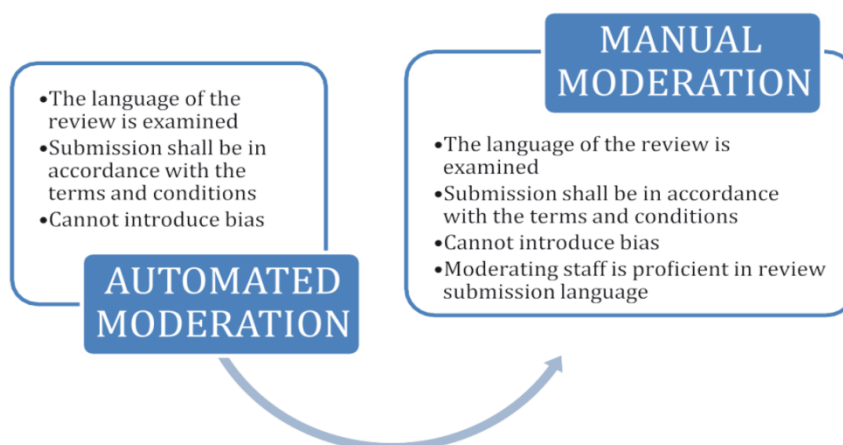
<sup>22</sup>Ibid, 5.5.2.

<sup>23</sup>Ibid, 5.6.1

review. Most importantly, when it comes to a paid solicited reviews, the reward should not be based on the contents of the review.<sup>24</sup>

The review administrator moderates the reviews checking for the review’s compliance with the terms and conditions, checking of review author’s identity to be true, moderation when there is a huge volume of reviews, time limit set for review, tracking of people involved in the moderation activities connected with the reviews, training and support for the moderators, and equal treatment to all the reviews moderated.<sup>25</sup>

Moderation can also be manual or automated.



**Fig 2 – Review Moderation process<sup>26</sup>**

Moderation can be partially automated which does the initial filtering process which checks the adherence to the terms and conditions.

The reviews can also be removed by the administrator, the review author themselves on their request<sup>27</sup>. The reviews that don’t comply with the terms and condition gets automatically removed.<sup>28</sup>

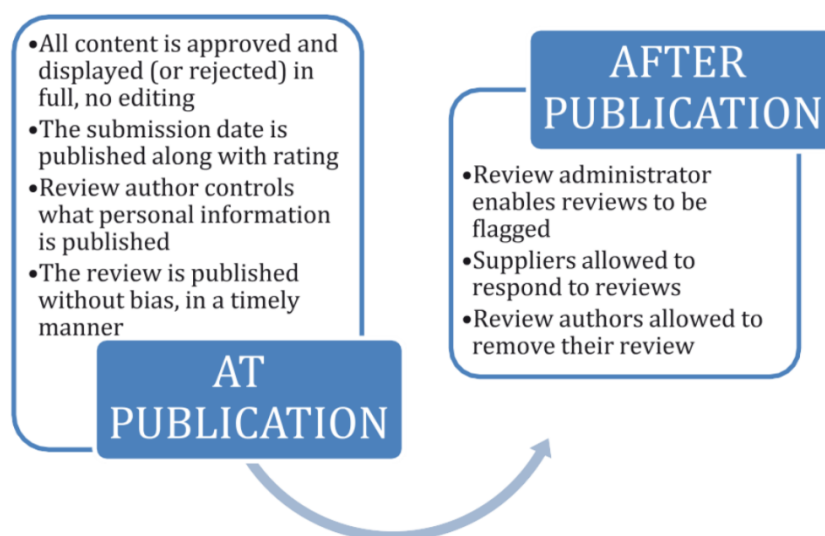
<sup>24</sup> Ibid, 5.6.2

<sup>25</sup> Ibid, 6.2

<sup>26</sup> Ibid, p. 7, Fig 2

<sup>27</sup> Ibid, 6.7.

<sup>28</sup> Ibid, 6.9.5

*d)Publication of reviews.***Fig.3 – Publication of reviews<sup>29</sup>**

The reviews must be published as soon as possible within a reasonable time to avoid a bias on the product. The minimum time required to publish the review is 72 hrs and a maximum of 1 month but not more than that as per the terms and conditions.<sup>30</sup> Further, after published, the review can be flagged with a reason by user, seller, anyone who finds the review inappropriate and illicit or anything to harm the product or service's reputation.<sup>31</sup> The flagged review, again goes for a manual moderation and it shall be removed unless it is not against the terms and conditions of the website.<sup>32</sup>

The sellers are allowed to respond to the reviews and the seller's response is subject to same moderation and publishing as a user's review.<sup>33</sup> The reviews shall be removed at the request of the review author. The information of the removed review is retained for at least 180 days.<sup>34</sup>

<sup>29</sup> Ibid, p.11, fig 3

<sup>30</sup> Ibid, 7.6

<sup>31</sup> Ibid, 7.7

<sup>32</sup> Ibid, 7.7.1

<sup>33</sup> Ibid, 7.8

<sup>34</sup> Ibid, 7.9.4

## CHAPTER V - LAWS AGAINST FAKE REVIEWS IN OTHER JURISDICTIONS: US AND UK

### *A. USA and UK: Codes of Advertising*

In UK, the market competition is regulated by the competition and market authority (CMA). The Trading Standards Services deals with consumer rights and is funded by the CMA.

The advertisements in UK are regulated by the advertising Standards Authority. Committee of Advertising Practise codes and the codes regulates adverts. UK's advertisement codes have the important principles of Authenticity, truthfulness, fair-competition, legality which protects fundamental rights of the people and is based on the public interest.

The Better Business Bureau regulates advertisements and the Better Business Bureau Codes are applied to regulate the advertisements. These codes contain provisions relating the principles of legality, truthfulness, fair competition, and authenticity.

Both UK and US codes that regulates Advertisements complies with the Advertising and Markets communication Code adopted by the International Chambers of Commerce. According the codes, an advertisement must reflect all the principles stipulated in the codes. Any deviation would render the advert unethical and illegal.

### *B. USA and UK: Regulations regarding fake reviews*

Fake reviews from a seller are a promotional message and therefore, it is an advertisement. But they are covert advertising.<sup>35</sup> The manipulative and inauthentic nature of the fake reviews render itself to be against the codes. It does not adhere to the principle of truthfulness and authenticity. A fake review is a fraudulent and inauthentic opinion spam on a product or service. It can be used by a seller to purport bad reviews on their competitors and to ward off potential customers from the other party. Therefore, it is against the principle of fair competition. The nature of the fake review renders itself to be illegal.

Fake reviews are against the principles of the Committee of advertising practise codes and the Better Business Bureau codes. Covert advertisements are illegal in both US and UK. The US's

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<sup>35</sup> Otero, p.9

Federal Trade Commission Act prohibits unfair trade tactics in business.<sup>36</sup> the Guides Concerning the Use of Endorsements and Testimonials in Advertising, 2009 lays down that the adverts must be truthful and they must disclose that its an ad in social media platforms.

Trade Regulation Rule on the Use of Consumer Reviews and Testimonials was proposed by US Federal Trade Commission to curb fake reviews in US and recognises Generative AI is also a menace.

United Kingdom's Digital Markets, Competition and Consumer Bill that yet to be enacted is a new legal framework regarding e-commerce. This regulatory regime is to regulate the consumer affairs in the e-commerce markets and allow Competition Market Authority to penalize Businesses in case of breach of consumer laws.<sup>37</sup> The Bill also aims to address the problem of fake reviews.<sup>38</sup>

### *C. Some US Cases relating Fake reviews*

#### *a) Penalty given by FTC against a retail store for paid fake reviews on weight loss supplements*

This case is Federal Trade commission's first case on fake paid reviews. The facts entail the defendant, a retailer, sold weight loss supplements on Amazon, an e-commerce website. FTC claimed that the defendant paid amazon verified reviews to add ratings on amazon product page to boost sales. Also defendant fabricated all the reviews in the product page and had many misleading claims. The court ordered to prohibit the sales and only add claims if there's any scientific evidence to substantiate it. The court penalized the retailer a penalty of 12.8 million USD.<sup>39</sup>

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<sup>36</sup> Federal Trade Commission Act, 1914, s.5

<sup>37</sup> Broadbent M, 'UK Digital Markets, Competition and Consumers Bill: Extraterritorial Regulation Affecting the Tech Investment Climate' (4 March 2024) <<https://www.csis.org/analysis/uk-digital-markets-competition-and-consumers-bill-extraterritorial-regulation-affecting>> accessed 23 February 2024

<sup>38</sup> Conway L, 'Research Briefing: Digital Markets, Competition and Consumers Bill 2022-23: Consumers: Progress of the Bill' (15 November 2023) <<https://commonslibrary.parliament.uk/research-briefings/cbp-9845/>> accessed 23 February 2024

<sup>39</sup> "FTC Brings First Case Challenging Paid Fake Reviews on an Independent Retail Website", <<https://www.ftc.gov/news-events/press-releases/2019/02/ftcbrings-first-case-challenging-fake-paid-reviews-independent>> accessed 23 February 2024

***b) Fashionova blocking negative reviews – FTC fines 4.2 million***

Fast fashion website, Fashionova, blocked negative reviews to be posted on their website on their products and mislead customers. The website suppressed all the negative reviews and ratings below 4. The FTC slapped a penalty on fashionova of 4.2 million USD and has launched a refund of claims process to the customers who purchased products before November 21 2019 if their decisions were influenced by the reviews and ratings and after purchase, they were not satisfied with the product and didn't receive any refunds.<sup>40</sup>

***c) Room corp - paid fake reviews lawsuit***

6 States and FTC filed a suit against Room Corp, a rental listing online Platform, mislead their clients through paid fake reviews and charging their customers for accessing their listings. The Room Corp was fined to pay \$36,260,899.84 to the plaintiff state for fraud, misleading customers.<sup>41</sup>

***d) Sunday Reily Morning Skincare LLC given a penalty of 2.5 million USD for using fake product reviews***

The defendant is a cosmetic brand selling cosmetic items to its customer base. Employees of Sunday Reily posted fake reviews on retail websites on their own brand's products. They failed to reveal that the reviews were written and posted by the brand's employees with fake accounts hiding which was found to be in violation of s. 5 of Federal Trade Commission Act<sup>42</sup>

From the following examples, US takes serious actions for faking reviews in e-commerce website when such activities fall under unfair trade practises and penalizes to prohibit these market distortions. UK's and India's Legal framework regarding fake reviews are still in the nascent stages.

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<sup>40</sup> “FTC Announces Refund Claims process for Fashion Nova customers affected by deceptive Review Practices”, <https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-announces-refund-claims-process-fashion-nova-customers-affected-deceptive-review-practices> accessed 23 February 2024

<sup>41</sup> “FTC and State Partners secure proposed order banning roomsters and owners from using Deceptive reviews < <https://www.ftc.gov/news-events/news/press-releases/2023/08/ftc-state-partners-secure-proposed-order-banning-roomster-owners-using-deceptive-reviews>> accessed on 25 February 2024

<sup>42</sup> Devumi, Owner and CEO Settle FTC Charges They Sold Fake Indicators of Social Media Influence; Cosmetics Firm Sunday Riley, CEO Settle FTC Charges That Employees Posted Fake Online Reviews at CEO's Direction', < <https://www.ftc.gov/news-events/pressreleases/2019/10/devumi-owner-ceo-settle-ftc-charges-they-sold-fake-indicators>> accessed on 25 February 2024

## CHAPTER V - CONCLUSION

A fake review is an unfair trade practice and COPRA, Regulations under COPRA, brings fake reviews under the ambit of Consumer Protection Act, 2019. BIS 19000: 2022 is a standard how reviews must be moderated and published and other related affairs on e-commerce and review hosting websites to prevent unfair trade practices and consumer rights violations. The BIS standards have given a clear framework on how the reviews on e-commerce websites must be handled and COPRA, 2019 has accommodated for e-commerce. The new guidelines and rules regarding misleading advertisements brings many new age problems into the legal framework.

The Indian Consumer laws are up to mark with the current trends but in the nascent stages from comparison with other countries.

### *A. Suggestions*

'Fake reviews' are a menace to the growing consumer base. To curb the manipulative reviews, the Indian BIS standards have issued to adopt a review administrator system to filter out the fake reviews. Just like popular e-commerce websites, all the e-commerce websites must adopt the system of reporting the reviews for being 'fake' There must be an authoritative law enacted that gives a system to supervise and ensure compliance and have the mechanism to issue penalty for publishing fake reviews. More businesses must not only report and delete negative fake reviews, but also make a proper legal report to the competition commission on the following repeated publishing of fake reviews by the competitors. People must be made aware of the fake reviews circulating on the internet. There must be a recourse mechanism channel the cases regarding fake reviews specifically.

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