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The Legal Regime of Digital Competition in Electronic Marketplaces

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Annotation: This article examines the evolving legal framework governing competition in electronic marketplaces amid rapid digital and creative economic transformation. It explores how digitalization reshapes civil transactions and challenges traditional antitrust paradigms by introducing unique issues such as network effects, algorithmic collusion, and data-driven monopolistic practices. Focusing on the legal regime in Uzbekistan and drawing on international legal instruments and comparative regulatory practices, the study identifies shortcomings in current national legislation regarding digital platforms and e-commerce. It proposes targeted amendments to enhance antitrust oversight—emphasizing the need for integrated legal mechanisms that address unfair competition, ensure transparency in digital transactions, and safeguard consumer rights. By analyzing the interplay between emerging technologies (including artificial intelligence and big data analytics) and competitive market dynamics, the article provides comprehensive insights into reforming legal instruments to foster a balanced, fair, and innovation-friendly digital economy.

Key words: Digital Competition, Electronic Marketplaces, E-commerce, Digital Platforms, Network Effects, Antitrust Regulation, Unfair Competition, Algorithmic Collusion, Data-Driven Monopolistic Practices, Digital Transformation, Consumer Protection, Artificial Intelligence, Big Data Analytics, Legal Framework, Competition Law.

Introduction

In today's environment of digital and creative economic transformation, the legal regulation of competition in e-commerce has significant theoretical and practical importance. E-commerce is currently one of the most rapidly developing segments of the trading sector and the creative economy in any country, reflecting the substantial influence of digitization on civil transactions. Consequently, as digital civil transactions take shape, e-commerce law is evolving as a growing sub-branch of civil law. In this context, legal mechanisms play an important role in protecting the rights and interests of e-commerce participants from monopolistic practices and unfair competition. From a civil-law perspective, competition—an essential element of the digital market—is the rivalry among business entities (competitors). Their independent actions prevent or limit each entity's ability to unilaterally influence the general conditions for the circulation of goods in the goods or financial digital market. Digital transformation has also reshaped the nature of unfair competition. By its legal essence, unfair competition involves actions of a business entity or group of individuals seeking to gain advantages in digital and creative economic activities by violating legal norms or business customs. Such actions cause or can potentially cause losses to other market participants (competitors), or harm or can potentially harm their business reputation in the digital space. Today, competition as an object of legal regulation is transforming to meet the objective demands of the digital market[1]. Thoughtfully implemented artificial intelligence technologies[2] can not only enhance the quality of work and

[1] Сушкевич А.Г., Сокур В.С. Цифровые активы как товар в контексте антимонопольного регулирования// Российское конкурентное право и экономика/ file:///C:/Users/Dell/Downloads/36-68-1-SM.pdf

[2] The Chinese government predicts that by 2025, China will make a fundamental contribution to the core theory of artificial intelligence, thereby strengthening its position as a global leader in this field of research. By that time, the Chinese authorities aim to make AI "the main driving force behind industrial modernization and economic transformation in China." By 2030, they seek to position China as the world leader in the development of AI theory and technology, and the

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significantly reduce organizational costs but also strengthen the core principles of regulated procurement: transparency of procedures, competition among qualified suppliers, well-reasoned decisions, and efficient use of the buyer's funds. Unfortunately, national legislation fails to devote sufficient attention to the antitrust regulation of digital platforms. As a result, regulators must take steps to prevent, identify, and curtail monopolistic activities in order to combat unfair competition in the digital civil marketplace.

President of the Republic of Uzbekistan Shavkat Mirziyoyev emphasizes, "Times are changing, but monopoly enterprises are not. We cannot move forward with them. It is time to take decisive measures. For us, this is a matter of economic life and death." Under the 2024 State Program for Implementing the "Uzbekistan – 2030" Strategy, approved by Presidential Decree of the Republic of Uzbekistan No. UP-37 on February 21, 2024, the government calls for a swift review and resolution of cases involving violations of competition laws and consumer protection rights. The Program stipulates the full digitalization of cases involving these legal violations and their consideration throughout the entire information system of the Committee on Competition Development and Consumer Protection. This includes: electronic complaints concerning competition violations, natural monopolies, consumer protection, and advertising, electronic registration of incoming requests and automated notifications to the parties involved, electronic or online issuance of commission decisions, online tracking of case statuses, and electronic storage of reports. A digital platform is an information system that provides paid or free access to digital products via the global Internet[3]. In this context, a digital trading platform is an e-commerce business model that connects consumers and suppliers online to exchange products, services, and information (digital services), including those that the platform itself produces. In antitrust law scholarship, digital platforms are understood as products that facilitate interaction between consumers and suppliers of various goods, services, and information[4]. Platforms may include devices (phones, tablets), software (operating systems, browsers), or information services (search engines, social networks). From a functional perspective, digital platforms fulfill two primary objectives: firstly, they serve as an entry point for consumers to obtain goods and services beyond the platform's own functions; secondly, hey give businesses an opportunity to offer their products and services to a large number of consumers[5]. Leading global companies build ecosystems that sustain long-term appeal and growth (for example, Amazon has spent 20 years developing its ecosystem). Today, there are two countries whose national ecosystems collectively account for 30% of the global e-commerce market. The United States and China together hold 75% of all blockchain-related patents, 50% of the Internet of Things market, and 75% of the cloud computing market. In most other countries, including those in the European Union, national ecosystems have not formed, and markets are largely dominated by American and Chinese ecosystems[6].

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scientific community will develop a "mature theory and technological system for next-generation AI" to achieve this goal. Meanwhile, the authorities guide the activities of Chinese companies in the AI sector, fund them, and protect them from foreign competition by safeguarding the domestic market. At the same time, they grant these companies advantages as they expand into international markets. / Индустрия искусственного интеллекта в Китае или как зарождался DeepSeek// https://habr.com/ru/articles/877202

[3] See: Международный бизнес: конкуренция на глобальном рынке// https://openu.kz/storage/lessons/1582/mezhdunarodniy-biznes-konkurenciya-na-globalnom-rynke_1_lecture.pdf

[4] See: Shelanski H.A. Op. cit. P. 1665.

[5] Доценко А. В. Антимонопольное регулирование, цифровые платформы и инновации: дело google и выработка подходов к защите конкуренции в цифровой среде// file:///C:/Users/Dell/Downloads/1457489388.pdf

[6] Концепция общего регулирования деятельности групп компаний, развивающих различные цифровые сервисы на базе одной «экосистемы»// https://economy.gov.ru/material/file/cb29a7d08290120645a871be41599850/koncepciya_21052021.pdf

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It is worth noting that in the 2023 Index of Economic Freedom, Uzbekistan ranked 109th out of 176 countries with 56.5 points, remaining on the list of countries with unfree economies. As we know, the United Nations Industrial Development Organization (UNIDO) has calculated the Competitive Industrial Performance (CIP) Index since 2003, publishing it every two years with a two-year delay. Uzbekistan, taking 92nd place, appeared for the first time in the CIP rankings, which currently measure the ability of countries to produce and export manufactured goods at a competitive level among 152 nations. It is important to emphasize that the Constitution of the Republic of Uzbekistan establishes the constitutional foundations of fair competition[7]: first, it grants fair competition its own specific legal framework; second, it references norms indicating that monopolistic activity is regulated and restricted by law[8]. In addition, Article 33 of the Basic Law stipulates that the state ensures conditions for access to the global Internet, and, most significantly, it explicitly states that monopolistic activities are regulated and limited by law.

Method

In today's environment, building an effective legal framework for regulating digital markets is one of the key objectives of any state's antitrust policy. Technologies based on distributed ledger principles (including blockchain), the Internet of Things, artificial intelligence and machine learning, cloud services and computing, "smart" complexes and devices, Big Data analytics, virtual and augmented reality, cybersecurity solutions, as well as social networks and platforms (Telegram, Facebook, VK) and electronic services used across a wide range of human activities have collectively created new conditions—a new "technological foundation." This foundation is transforming traditional legal institutions and adapting them to the new realities of humanity's modern "habitat," the digital ecosystem. Global experience shows that abuse of dominant market position is the most widespread violation of antitrust laws in digital markets. Some scholars have proposed a new approach to competition investigations, focusing particularly on the anticompetitive consequences of platform control over personal data, while others have called for privacy and competition policy reforms that account for the relationship between market share and data control. Khan notes that a consumer-welfare-based approach does not uncover or mitigate anticompetitive harm in the digital economy and stresses the need for a process-oriented approach to digital platforms. This approach emphasizes barriers to entry, conflicts of interest, the rise of companies that control access or critical resources, the use and control of data, and the dynamics of market influence. Recently, there has been significant scholarly interest in this issue. Legal literature rightly points out that new business practices in the digital economy require determining which actions by Internet companies can harm competition or constitute monopolistic conduct and therefore should be deemed antitrust violations. The so-called "network effects" and Big Data arise when the value of connecting to an online platform for each user depends on the number of participants. Network effects give platform owners an economic advantage by virtue of a large user base and access to user data. Big Data helps improve service quality through massive sets of search queries that enable platforms to account for consumer interests. However, such effects can pose barriers to market entry for competing companies. The significance of network effects

[7] https://lex.uz/docs/6445147

[8] The history of legislative and legal system evolution in many countries with new and emerging competition protection regimes has led to the transplantation of constitutional doctrines such as the doctrine of separation of powers, which is primarily a common law concept and has given meaning to the vesting of authority in different, independent branches of government. This doctrine has become so deeply ingrained in many legal systems that it is explicitly reflected in certain constitutions. Separating institutions and granting each one the proper authority in line with best practices is the most effective way to guarantee respect for citizens' fundamental rights in the context of antitrust enforcement and to ensure that relationships among these institutions are regulated in a manner that prevents arbitrary, discriminatory, or biased decisions, as well as decisions tailored to achieve a predetermined outcome.// chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://unctad.org/system/files/official-document/ciclpL12_ru.pdf

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for antitrust regulation becomes evident when reviewing mergers, because these effects may further restrict competition. Authorized agencies must analyze whether consumers can realistically choose alternative platforms, as well as determine how a platform influences the conditions of goods circulation and pricing.

Result and Discussion

In the context of the digitalization of civil turnover and competitive relations, modern legal scholarship and law enforcement practice encounter new forms of traditional antitrust violations tied to the digitization of the competitive environment. A systemic analysis of the evolutionary trends in modern digital markets suggests that the primary cause of monopoly growth in the digital economic space is the rapid creation of goods and digital markets, along with monopolies and high levels of economic concentration of capital, which infringe on the rights and interests of business entities in the digital realm. O. Kobelev defines international e-commerce from a technological perspective as "technologies for improving commercial operations and managing production processes through electronic data exchange[9]." T. N. Tardaskina also provides a "technological" definition, stating that "international e-commerce is a technology that enables a complete, closed cycle of business operations—including ordering goods/services and executing payments—using digital methods to transfer usage or ownership rights from legal or physical persons to others[10]." According to O.S. Bulgakov, the distinctive feature of monopolistic activity in today's digital environment is the use of dominant market positions, which are connected to controlling large data sets and various information technologies. Such resources allow companies to build information systems (including digital platforms) and to hold exclusive intellectual property rights necessary for maintaining those systems and sustaining virtual markets. Some authors also note that the emergence of the fintech industry, for example, has introduced unique forms of digital competition that differ significantly from those in the traditional economy. These changes pose various risks and challenges for competition in the digital sphere, particularly as digital platforms' influence grows and inequality increases. Existing responses to new digital challenges often replicate legal traditions established at earlier stages of industrial development, leading to fragmented, disjointed regulatory regimes for phenomena such as Big Data, digital platforms, social networks, and artificial intelligence. Consequently, lawmakers fail to create a cohesive vision of a "digital future" that benefits society and consumers. A.A. Pranevich argues that adapting antitrust legislation to the needs of the digital economy requires refining it to develop the legal tools to combat cartels using digital algorithms, counter anticompetitive conduct in innovative markets, and align oversight of economic concentration with the conditions of the digital economy. This alignment includes addressing the accumulation of extensive data sets as a means of monopolization and taking network effects of digital platforms into account. Digital competition transformation is closely connected to artificial intelligence technologies. Foreign scholars Li Yao and A. Kurdin, among others, thoroughly discuss AI-related legal violations in their research. They point out that automated pricing algorithms represent a central issue for antitrust regulators. Many companies employ bots to monitor and adjust prices; if these pricing algorithms are similarly configured, there is a risk of price coordination, which can be considered a cartel agreement. We believe that the responsible application of AI in civil transactions requires detailed experimental research that takes both subjective and objective factors into account. Any premature or insufficiently substantiated scientific and technological conclusions can adversely affect the safe and economically beneficial development of digital civil turnover, as well as hinder the natural progression of technological innovation in both the state and society. Most importantly, there must be a balance

[9] Катаев А. В. Электронный бизнес и электронная коммерция: основные понятия. URL: http://kataev.ru/1265/ (дата обращения: 14.11.2024).

[10] Крутин Ю. В. Электронная коммерция. Екатеринбург : РГППУ, 2018. 103 43с

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between the rule of law and digitalization that fosters the safe and economically viable growth of AI. Policymakers must also uphold the supremacy of the law and individual freedoms while recognizing universal values, national traditions, and public mentality. Today, digital technology significantly influences the actions of unfair competitors operating in the digital domain. From this perspective, digitization—understood as an institution of the digital market—negatively affects unscrupulous behavior by participants in civil turnover. By using digital tools, manufacturers and vendors can offer their goods and services well beyond the geographic regions where they normally conduct business. This reach leads to a reshuffling of supply and demand (offer and acceptance) among competitors in the digital environment. Meanwhile, businesses create websites to promote their goods and services (including digital products and services). Studies show that advertising a company's digital trademark often attracts attention from firms with a dominant position, especially if the company has operated in the digital market for a long period. In this scenario, an unscrupulous competitor who learns about a registered trademark (including one in a digital market) may create a similar graphic or textual mark that can easily be confused with the original. Consumers lacking specific expertise might then mistakenly take the dishonest competitor's mark for the original. On the other hand, spotting such misuse of similar brand elements online can help the injured party take legal measures more promptly to minimize adverse effects. Additionally, if a business entity circulates false or misleading information about a competitor in the digital marketplace, the information can spread rapidly online, causing reputational damage and customer attrition in e-commerce. The main issue is that current national legislation does not meet contemporary requirements for legally regulating digital technologies in competition (including AI[11]). As a result, business entities lack equal access to promotional tools and the exercise of digital rights in e-commerce. Therefore, ensuring the rational and effective growth of competition in e-commerce—particularly amid ongoing digitalization—remains one of the most important priorities for legislative reform in this domain.

The United Nations Conference on Trade and Development (UNCTAD), through its Trade and Development Board, Commission on Trade and Development, and Intergovernmental Group of Experts on Competition Law and Policy, emphasized during its eighteenth session (Geneva, July 10–12, 2019, item 3(a)(i) of the provisional agenda, "Competition Issues in the Digital Economy")—as noted in the UNCTAD Secretariat's report[12]—that monopolization in the digital economy can harm not only the economy but also society and democracy. Competition authorities in both developed and developing countries must remain vigilant and forward-thinking. Digitalization will continue to expand into every economic sector, with global digital platforms influencing the daily lives of people worldwide. Consequently, to address the challenges posed by the digital economy and to mitigate any negative impacts arising from the use of digital platforms, it is crucial for competition authorities to cooperate on bilateral, regional, and international levels (para. 46). Rapid technological advancements have changed the nature of markets and business models, creating specific challenges for competition law and policy. Governments need to adapt these laws and policies to new market realities and business models to ensure strong competition (para. 11). To tackle the problems of the twenty-first century, lawmakers must adjust antitrust legislation and the related toolkit. In this regard, the competitive process is of paramount importance: "One overarching idea links these three issues (mistrust of concentrated power, concern for consumers, and the desire to provide opportunities for entrepreneurs): competition as a process. The competitive process is the preferred regulator of markets"[13] (para. 13).

[11] Искусственный интеллект (ИИ) создает больше равных возможностей и конкуренции между крупными и малыми компаниями в сфере продаж и маркетинга.// https://xpert.digital/ru/

[12] chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://unctad.org/system/files/official-document/ciclpd54_ru.pdf

[13] EM Fox, 1981, Modernization of antitrust: A new equilibrium, Cornell Law Review, 66(6):1140–1192.

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Studies indicate that evaluating market influence in the context of digital platforms requires analyzing various criteria. Access to data and control over it are critical, granting market leverage that is further reinforced by network effects. As a result, companies increasingly "compete for the market, not in the market," creating a "winner-takes-all" scenario[14]. The revised German Competition Act includes a new provision specifying criteria for assessing a company's market position in multi-sided markets and networks, such as direct and indirect network effects; the parallel use of different providers' services and users' switching costs; economies of scale arising from network effects; a company's access to data relevant to competition; and innovation-driven competitive pressure (subparagraph (a) of paragraph 3 of Article 18). In the United Kingdom, the Competition and Markets Authority (CMA) proved that Trod Ltd and GB eye Ltd, both selling posters and frames, set identical prices on Amazon by configuring their pricing algorithms in tandem. Trod's owner cooperated with the investigation, a fact the CMA considered when imposing a penalty. In Russia, the Federal Antimonopoly Service (FAS) has also found potential algorithmic collusion: in 2017, it discovered the use of automated tools in more than 2,000 auctions and has repeatedly examined cases of non-competitive conduct. Big Data and how companies use it can likewise create challenges. While users receive many benefits and free services, they often know very little about how their data is subsequently utilized. The digital realm facilitates easier and more extensive data collection than the traditional economy, allowing, for example, algorithms to offer prices at the highest rate each individual is willing to pay. Uber acknowledged using artificial intelligence to tailor its pricing according to a client's wealth, so you may well pay more if you request a ride from a wealthy district on your iPhone. A foreign antitrust authority has already examined a series of cases involving abuse of dominant market position, mergers, cartels, concerted practices, and unlawful coordination of economic activity, where digital technologies either established a firm's market power or served as tools for anticompetitive strategies[15].

An analysis of the legislation shows that the legal foundations of competitive relations are set out in a dedicated Competition Law. This is one of the key features of the legal regulation of competition. Overall, the purpose of competition legislation is to ensure the effective functioning of a market economy and entrepreneurial activities based on competition, under government oversight of monopolies. Another defining characteristic is that this law takes the form of a comprehensive legal act containing provisions that regulate both civil and administrative legal relationships. These provisions establish prohibitions in the area of competition protection and authorize both persuasive and coercive measures to secure compliance with those prohibitions. Such measures are intended to achieve either voluntary or compulsory elimination of identified violations[16].

[14] Federal Cartel Office, Germany, 2019a, Facebook, exploitative business terms pursuant to section 19(1) GWB [German Competition Act] for inadequate data processing, Case summary, 15 February. OECD, 2016.

[15] Антимонопольное регулирование в цифровую эпоху: Как защищать конкуренцию в условиях глобализации и четвертой промышленной революции [Текст] : монография / Нац. исслед. ун-т «Высшая школа экономики» ; ФАС России ; под ред. А. Ю. Цариковского, А. Ю. Иванова и Е. А. Войниканис. — 2-е изд., испр. и доп. — М. : Изд. дом Высшей школы экономики, 2019.10с.

[16] According to Article 9 of the Law of the Republic of Uzbekistan "On Competition," antimonopoly compliance is defined as an internal organizational system aimed at ensuring that activities adhere to competition legislation, identifying risks of violations of this legislation, and preventing such risks. The main objectives of antimonopoly compliance include ensuring and monitoring that the activities of republican executive authorities, local authorities (including state unitary enterprises or institutions that license certain types of activities, issue permits through a specialized electronic notification system, and have registration or accreditation powers), as well as state targeted funds (referred to here as "republican executive authorities and other organizations"), business entities, and associations of legal entities, conform to competition legislation; managing risks of violating competition law requirements; detecting and preventing such violations by republican executive authorities and other organizations, business entities, and associations of legal entities; and fostering

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According to Article 18 of the Law of the Republic of Uzbekistan "On Competition," dated July 3, 2023, No. 850, a digital platform operator recognized as holding a dominant position is prohibited from performing any actions that restrict competition through the establishment of requirements for using information, technologies, and digital products. The Cabinet of Ministers of the Republic of Uzbekistan determines how to identify actions by a digital platform operator that has been found to be dominant and that lead to restrictions on competition. Furthermore, Article 29 of the same Law stipulates that in auctions, any actions that result or may result in the restriction of competition are prohibited, including anticompetitive agreements and coordinated activities by auction operators and (or) organizers and (or) customers and (or) auction participants, as well as the use of pricing algorithms in electronically conducted auctions that lead to artificially setting prices, meaning software designed to monitor, calculate, set, and control product prices based on predefined parameters, among other functionalities. Meanwhile, Article 32 states that the authorized government body has the right to obtain information in real time by integrating the electronic databases of business entities and associations of legal entities authorized to conduct auctions. However, it is not allowed to disclose any information that constitutes a commercial or other legally protected secret, nor personal data that becomes known in the course of exercising the powers granted by this Law.

Civil-law sanctions (as a form of liability) for unfair competition are subdivided into confiscatory, fines, compensatory measures, denial of legal protection, and other forms of liability and remedies against such offenses. Article 33 of the Law of the Republic of Uzbekistan "On Competition," dated July 3, 2023, No.850, defines the consequences of violating competition legislation. Specifically, in the event of a violation of competition law, republican executive authorities and other organizations, business entities, associations of legal entities, their officials, and other individuals are required to carry out within the prescribed time the instructions or consider the submissions of the authorized state body to remedy the violations of competition legislation; to compensate the harm caused; to return unjustified income; and to pay fines. Persons whose rights and lawful interests have been infringed as a result of such a violation are entitled to file a lawsuit in court. It appears that the list of forms of unfair competition is not exhaustive. Generally, civil-law liability for unfair competition in e-commerce contemplates the possibility of seeking compensation for damages and applying other measures of liability under the legislation.

In accordance with Article 14 of the Civil Code of the Republic of Uzbekistan, a person whose right has been infringed may demand full compensation for the damages caused to them, unless the law or a contract provides for less. Damages include any expenses incurred or to be incurred by the person whose right has been violated in order to restore that right, loss or damage to their property (actual loss), as well as lost profits that they would have received under normal civil turnover conditions had their right not been infringed. If the person who violated the right obtained income as a result of that violation, the injured party may, alongside other damages, claim lost profits in an amount not less than such income. According to Article 34 of the Law of the Republic of Uzbekistan "On Competition,"

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and promoting fair competition. To introduce antimonopoly compliance, ensure its functioning, and monitor its execution, a responsible person is appointed within republican executive authorities, other organizations, business entities, and associations of legal entities. Antimonopoly compliance is mandatory in republican executive authorities and other organizations; in business entities that hold a dominant position in a goods or financial market; in legal entities whose average annual revenue from product sales over the last three years exceeds one hundred thousand times the base calculation amount and in which 50 percent or more of the charter fund (charter capital) belongs to the state; in legal entities whose average annual revenue from product sales over the last three years exceeds one hundred thousand times the base calculation amount and in which 50 percent or more of the charter fund (charter capital) is owned by a legal entity that itself is at least 50 percent state-owned; and in associations of legal entities. The introduction of antimonopoly compliance in business entities not mentioned in the fourth part of this article is voluntary. The procedure for organizing and implementing antimonopoly compliance is defined by law.

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No.850 dated July 3, 2023, any damage caused to a business entity or another person by an act of republican executive authorities and other organizations or their officials that violates competition legislation is subject to compensation under the procedure established by law. If the actions (or inaction) of republican executive authorities and other organizations or their officials violate competition legislation and cause harm to a business entity or other individual, that harm is similarly subject to compensation in accordance with the procedure prescribed by law. Based on an analysis of this rule, unfair competition is understood to involve the infringement of the rights, freedoms, and lawful interests of competitors and consumers, along with wrongful conduct that causes harm; the degree of fault on the part of the wrongdoer, as well as proof that the harm was indeed caused by the individual who violated the right, must be established. In the context of holding someone liable under civil law for unfair competition, the offender must show that they acted fairly or that they were not engaged in competitive relations; it must also be determined whether the injured party is a competitor or a consumer who sustained harm as a consequence of the unfair competition. At the same time, the party alleging unfair competition must demonstrate that harm actually occurred. In this regard, damages arising from unfair competition include actual losses (expenses tied to the loss or damage of property) and lost profits (the income the injured party could not earn under normal civil turnover conditions if their right had not been violated). Restoring the infringed right in the case of unfair competition constitutes a universal and most common form of legal protection, and in the event of unfair competition, a court may satisfy a claim to restore the infringed right in accordance with the procedure defined by law. Furthermore, if a dispute over unfair competition arises, the court may make rulings that entail all the legal consequences of the offense. It should be noted that the law governs lawful conduct in the sphere of free competition and protects against unlawful conduct related to unfair competition. The free exercise of rights in goods and financial markets does not mean the absence of limits. Research shows that effective implementation of free competition requires compliance not only with the law but also with society's moral and ethical norms. It is equally important to recognize that any abuse of rights is incompatible with the principles of fairness, reasonableness, and legality. By prohibiting unfair competition, business entities, irrespective of their position in the market, are obliged to refrain from actions that conflict with legislation or with established notions of conscientious, reasonable, and equitable conduct in civil transactions.

A study of certain conceptual foundations of civil liability for competition violations in general, and in e-commerce in particular, reveals numerous practical and goal-oriented legal issues and their consequences. Therefore, a thorough examination of the rational and equitable application of civil liability for competition violations in e-commerce will help elucidate the essence of this topic, in line with the objectives of the research. In our view, several questions arise in this civil-law context, which make it possible to grasp the scientific and practical aspects of civil liability for competition violations in e-commerce. First, there is a need for an in-depth analysis of civil-law rules regulating competition in e-commerce, including legislation on consumer protection, trade secrets, and antitrust law. Second, various forms of competition violations in e-commerce should be examined from a civil-law perspective, such as unfair competition, abuse of dominant market position, and restraints on competition. Third, it is important to analyze legislative procedures and mechanisms for compensating damages stemming from competition violations in e-commerce, including the return of losses to the injured party and compensation for moral harm. Fourth, there is a need to study case law on e-commerce competition violations and assess the justifications for judicial decisions[17]. Fifth, prevention

[17] Статья 30^2. Экономический процессуальный кодекс Республики Узбекистан от 01.04.2018 посвящена дела о конкуренции. В нём указано, что к делам о конкуренции относятся споры между юридическими лицами, в том числе иностранными, органами хозяйственного управления, индивидуальными предпринимателями и антимонопольным органом, вытекающие из отношений в области конкуренции на товарных и финансовых рынках.// https://lex.uz/docs/3523895

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mechanisms for competition violations in e-commerce should be developed using civil-law tools, such as contractual terms and agreements. Sixth, a comprehensive examination of international best practices in civil liability for competition violations in e-commerce is required, with a view to adapting these practices to national conditions. Seventh, it is crucial to analyze evidentiary requirements in civil proceedings concerning competition violations, including digital evidence and expert opinions. It is especially important to design reasonable antimonopoly measures that take into account the features of the digital economy. In this context, antitrust regulation must be integrated with other aspects—personal data, digital markets, and electronic document management for competition oversight (including holding violators accountable)—to reflect contemporary realities. It is also necessary to study the system of fines and compensation for competition violations in e-commerce from a civil-law standpoint, including criteria for determining amounts of fines and compensation. As a result, improving law-enforcement practices in the digital sphere and increasing the rationality and effectiveness of civil liability for antimonopoly law violations will not only restore the rights and legal interests of e-commerce participants but also incentivize lawful conduct by businesses and authorities, thereby preventing anticompetitive behavior and unfair competition in the digital environment. Most importantly, the Competition Law must be adapted to international legal instruments, including those developed by the United Nations Conference on Trade and Development (UNCTAD) Intergovernmental Group of Experts on Competition Law and Policy at its Eighteenth Session (Geneva, July 10–12, 2019)[18]. One distinctive feature of digital platforms is the presence of network effects associated with data usage. A network effect is the influence that one user of a product or service has on the value of that product for other existing or potential users. According to the UNCTAD document, certain actions taken by dominant platforms or within the framework of mergers may nonetheless harm consumers in ways unrelated to price. Consequently, the concept of consumer welfare should be broadened to include other criteria, such as privacy, the right of consumer choice, personal data protection, switching costs, and the “lock-in effect” linked to dominant platforms. National legislation must take these factors into account when undergoing modernization. We believe that safe and economically beneficial AI technologies contribute significantly to the digital transformation of civil transactions as well as to related competition issues. In this regard, it should be noted that machine-learning algorithms foster greater economic concentration in the digital and creative sectors, provided that AI technologies are used in a rational and efficient manner. This economic and technological assumption may overlap with network effects and ultimately lead to an even more dominant position for certain business entities on digital platforms. Though mere dominance is not in itself an antitrust violation, if a company engages in unlawful practices such as price discrimination, this can produce negative outcomes under the law. AI can exacerbate these issues because, by processing large volumes of user data, it can effectively facilitate user differentiation, potentially approximating perfect price discrimination. Another antitrust risk posed by AI usage is the possibility of algorithmic collusion, which can occur even without the express intent of algorithm owners. Based on best foreign practices, the improvement of national competition legislation is essential to address contemporary digitalization trends.

Amend Article 4 of the Law of the Republic of Uzbekistan “On Competition” dated July 3, 2023, No.850, by adding the following clause:

1) Article 4 is supplemented with the following clause:

"Network effect – the property of a goods market (or goods markets) in which the consumer value of a program (or suite of programs) for electronic computing machines operating in information and telecommunications networks, including the Internet—which facilitates transactions between sellers

[18] chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://unctad.org/system/files/official-document/ciclpd54_ru.pdf

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and buyers of certain goods (hereinafter referred to as a digital platform)—varies depending on changes in the number of such sellers and buyers."

2) Article 8 of the Law of the Republic of Uzbekistan "On Competition" dated July 3, 2023, No.850 is supplemented with the following text as the second paragraph of Part Eight:

"When analyzing the state of competition on a goods market (or goods markets) where transactions between sellers and buyers are conducted via a digital platform, the antimonopoly authority shall determine the presence of network effects and assess whether a business entity that owns a digital platform—and facilitates transactions between other parties acting as sellers and buyers of certain goods through its use—can exert decisive influence on the general conditions governing the circulation of goods on the relevant market and/or eliminate other business entities from that market and/or hinder other business entities' access to that market, including through the volume of transactions conducted via such a digital platform."

4) Supplement the Law of the Republic of Uzbekistan "On Competition" dated July 3, 2023, No.850 with Article 18 having the following content:

Article 18. Prohibition on the Exercise of Monopolistic Activities by a Business Entity Owning a Digital Platform

Actions (or omissions) provided for in Part 1 of Article 10 of this Law, committed by a business entity that owns a digital platform and facilitates transactions between other persons acting as sellers and buyers of certain goods through its use, are prohibited if, in combination, the following conditions are met:

the network effect gives such a business entity the ability to exert decisive influence on the general conditions governing the circulation of goods in the goods market—on which transactions between sellers and buyers are conducted via a digital platform—and/or to eliminate other business entities from that goods market, and/or to hinder other business entities' access to that goods market;

the share of transactions conducted between sellers and buyers via the digital platform exceeds, in monetary terms, thirty-five percent of the total volume of transactions conducted on the relevant goods market;

and the revenue of such a business entity for the last calendar year exceeds two billion rubles.

At the legislative level, we must establish legal mechanisms that provide a methodology for determining unfair competition in the digital space, define the procedure for identifying actions by a digital platform operator holding a dominant position that restrict competition, and thoroughly regulate the digital process for initiating cases concerning violations of competition law, natural monopolies, consumer protection, and advertising, as well as their review within a unified information system called "FAIR TECH." Using this platform, individuals can submit inquiries electronically, register those inquiries online, notify the parties involved, track the status of inquiries in real time, issue commission decisions electronically or present them online, and maintain records electronically, among other functions.

Furthermore, in view of the comprehensive and detailed consolidation of law enforcement practices, including judicial practices, we must adopt a Resolution of the Plenum of the Supreme Court of the Republic of Uzbekistan "On Some Issues Arising in Connection with the Application of Antitrust Legislation by the Courts." We note that such an in-depth scientific-methodological, comparative-legal, and practical analysis will allow us to fully and profoundly understand civil liability for competition violations in e-commerce and to develop the most effective mechanisms for preventing and resolving these violations.

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Conclusion

Thus, we conclude that effective legal regulation of digital transformation in the field of competition will enable the rational realization of the rights of e-commerce participants, in light of the objective trend in the development of digital civil turnover.

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