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ARTICLES

PLATFORM ECONOMY IN LEGAL PROFESSION: An Empirical Study of Online Legal Service Providers in China

Jing Li*

Platform economy breaks into the legal profession by pooling lawyers with different specializations into a simple user-friendly platform, consolidating the lower-tier supply side of the legal market and generating an economy of scale. This paper is the very first empirical piece looking into China's online legal service portals. It shows that the intermediary functions of the portals as the "matchmaker" between the supply and the demand side are often comingled with certain substantive legal services that cannot be easily unbundled from each other. Given the grand information asymmetry in legal service provision and the potential importance users may attach to the portals' recommendations, the quality of such intermediation and matchmaking still leaves much to be desired. However, the portals do help to improve the access to justice in China by virtue of offering an extra channel for acquiring and comparing potentially useful information, which is made available at a much lower cost than visiting a physical law firm. Thus, the regulators of China's legal profession should strive to improve the quality of, rather than block up the source of the information. To that end, this paper proposes, based on the inspiration of the ABS regime, an alternative license for these online legal service providers, which imposes minimal regulation and leaves room for new innovative business structures to evolve.

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INTRODUCTION

In today's Internet era, law is being integrated into everyday life at an unprecedented pace. Consumers feel the need to visit physical law firms less when many legal services are accessible online. For example, people can easily locate a law firm near their home thanks to search engines and lawyer directories, familiarize themselves with basic knowledge on various legal topics with the help of legal encyclopedias, databases, Q&A sites and discussion forums, generate simple legal documents by navigating through the relevant questionnaires, and even assess and compare lawyers' reputation from the comments and reviews left by previous consumers.¹ As a result, some scholars argue that we now live in a robust "legal information market," where a great deal of the transmission of information about the law is done through sale in a general market rather than through one-on-one advice.²

But the story does not end here yet—on the contrary, it is just about to unfold. Inspired by the great success of unicorns like Uber, Airbnb, and Didi Chuxing, platform economy has already broken into the legal profession, enabling people to buy and sell personalized legal advice online. Under this business model, lawyers with different specializations are pooled into a simple user-friendly platform. Benefiting from the cutting-edge breakthroughs made in recent years in computational science, especially machine learning technology and mobile payment, the platforms are able to offer not only more intelligent search functions and real-time matchmaking between lawyers and consumers, but also higher levels of resource integration, so that the provision of many legal services, and the payment, review/rating, and dispute resolution related to such services, can all be done online. Technically, these online platforms are neither organized as partnerships, nor owned or run by licensed legal professionals, yet consumers can indeed shop and purchase legal advice from them. In this

1. See Raymond H. Brescia *et al.*, *Embracing Disruption: How Technological Change in the Delivery of Legal Services Can Improve Access to Justice*, 78 ALB. L. REV. 553, 567–77 (2014) (naming various kinds of web-based innovations that enable people to access legal help).

2. Bruce H. Kobayashi & Larry E. Ribstein, *Law's Information Revolution*, 53 ARIZ. L. REV. 1169, 1173 (2011).

sense, they act effectively like virtual law firms, but are not bound by the professional regulations on market entry qualifications and business form and ownership of law firms, thus disrupting a lot of incumbents in the heavily regulated profession, especially those mid-range all-service law firms.³

The emergence of the online platform legal service providers brings new implications and challenges to the current debate on the regulation of legal service provision. Theoretically, the current regulatory framework for the legal profession consists primarily of four key pillars, namely, (i) market entry restrictions (both qualitative and quantitative), (ii) fee and advertising restrictions, (iii) regulations on business form, ownership and management of law firms, and (iv) requirements for providing legal aid (at discounted prices).⁴ On the one hand, these regulations aim to mitigate information asymmetry and correct market failure, and thus ensure the quality of legal services and consumer protection. On the other, they also run the risk of limiting competition in the market and jeopardizing the access to justice. The balance between the two sides can be very subtle and thus difficult to reach when it comes to the new generation of online legal service portals. On the one hand, the online platforms do provide the convenience of easily shopping for legal services. Compared to going to a local law firm, consumers can search and consult with different lawyers about their legal problems at a fraction of the cost, and compare their advice without even leaving their home. In this sense, the access to justice is made both easier and cheaper. On the other, these sites are selling not only commoditized legal products and general legal information, but also personalized legal advice. While the legal advice is provided by the licensed lawyers in the pool, the portal, acting as the intermediary between the consumers and the lawyers, needs to already primitively diagnose the nature of the legal problem in order to match the buyer with an appropriate selling lawyer. Arguably, such diagnosis could have profound impact over the efficacy of the potential legal remedies, yet it is given by an unlicensed entrant like the platform. Moreover, given the substantial information asymmetry between professionals and nonprofessionals, a consumer cannot easily judge the substantive quality of the lawyer that is matched to him/her. On this note, we cannot rule out the concern about the neutrality of the portal as the matchmaker.

So how should we react to this? Motivated by this question, this paper sheds light on the much needed yet largely missing empirics about

3. See *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A European Agenda for the Collaborative Economy*, at 2, COM (2016) 356 final (June 2, 2016) (submitting that the collaborative economy businesses not only create new markets and expand existing ones, but also enter markets so far served by traditional service providers).

4. OECD Secretariat, *Protecting and Promoting Competition in Response to "Disruptive" Innovations in Legal Services*, at 16–17, DAF/COMP/WP2(2016)1 (June 13, 2016), [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DAF/COMP/WP2\(2016\)1&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DAF/COMP/WP2(2016)1&docLanguage=En).

innovative online legal service platforms in China. The focus on China is easily justified in two dimensions. On the one hand, as a result of China's transition from a developing to an upper middle-income country,⁵ people tend to be more aware of their legal needs, and are also more capable of fulfilling them. On the other, China has the world's largest Internet population, which reached 731 million as of the end of 2016. Even more impressively, 95 percent of that number are mobile device users.⁶ This lays down the foundation for a gigantic digital ecosystem,⁷ in which people heavily rely on the Internet platform to satisfy many of their everyday needs. Since both the demand and the facilities are present, it is reasonable to expect the Internet to play a significant role in the growth of China's legal service market. Based on a hand-collected dataset of 130 online providers of law-related services and solutions in China that adopt the platform economy model, this paper aims to offer a comprehensive overview of the online legal service providers in China *vis-a-vis* the incumbent law firms. In addition, it also explores in depth the high-profiled players in the market, such as Pocket Lawyer, Dianjily, and Yingle. Drawing from the experience of the recent empirical studies on alternative business structures (ABS) in Australia, the UK and the US,⁸ the key findings of this paper include, among other things, the business and profit models, lines of legal services provided, methods of contracting with legal professionals, monitoring and control mechanisms for the quality of legal services, collection and splitting of services fees between lawyers and the portal, and methods of resolving disputes between clients and the contracted legal professionals. The knowledge on these issues is undoubtedly important, as it helps to answer the fundamental question of whether these Internet platforms are able to deliver the highly anticipated improvement in access to justice on the positive side, and in the meantime stay clear of the accusations that they may potentially violate core legal ethical rules on the negative side. All in all, such enhanced understanding of the platform legal service providers will lend valuable help to China's legal profession in striking the right balance between mitigating the information asymmetry in the legal service market and correcting potential market failures on the one hand, and encouraging competition and safeguarding access to justice on the other.

5. See *The World Bank in China*, <http://www.worldbank.org/en/country/china/overview> [<https://perma.cc/96GJ-YGNA>] (last updated Mar. 28, 2017).

6. Jon Russel, *Half of China's population now uses the internet on a mobile device*, TECHCRUNCH (Jan. 23, 2017), <https://techcrunch.com/2017/01/23/china-internet-half-population-mobile> [<https://perma.cc/D2ZG-XCL9>] (last visited Jan. 25, 2018).

7. Kai-Fu Lee & Jonathan Woetzel, *China's Internet Giants Fund a Digital Ecosystem*, BARRON'S, <https://www.barrons.com/articles/chinas-internet-giants-fund-a-digital-ecosystem-1512788502> [<https://perma.cc/LAW2-PUZU>] (last visited Jan. 25, 2018).

8. See generally Nick Robinson, *When Lawyers Don't Get All the Profits, Non-Lawyer Ownership of Legal Services, Access, and Professionalism*, 29 GEO. J. LEGAL ETHICS 1 (2016), for a comprehensive discussion of the empirical studies.

In this vein, the Chinese experience makes a unique contribution to the broader discussion on the regulatory challenges posed by disruptive legal innovations in general.

This paper is structured as follows. Part I reviews the existing research on the regulation of the legal profession on the one hand and the platform economy on the other. Part II presents the empirical findings of the Chinese legal service providers employing the platform economy business model, revealing their key practices by giving examples of a number of representative portals in the sample. Part III discusses the findings and sheds light on the key regulatory issues about and potential responses to these online legal service portals. The last part concludes.

I. LITERATURE REVIEW

A. *Theories on the Regulation and Deregulation of Legal Profession*

Regulation means “the employment of legal instruments for the implementation of social-economic policy objectives.”⁹ Along the line of public interest theories, regulation is necessary for the purposes of correcting potential market failure and creating social welfare.¹⁰ Because legal knowledge and expertise require years of training and experience, legal services are highly specialized. As such, a client is naturally less informed about the nature of the legal problem in the first place, then the potential remedies,¹¹ and finally, the quality of the professionals.¹² Left unregulated, the market may fail to achieve efficient allocation of resources, leading to adverse selection. Information asymmetry is less a problem for commercial clients like corporations, who are repeat purchasers and have their own in-house counsel to screen and select legal services.¹³ Once the legal problem is identified and diagnosed, asymmetric information may also give rise to potential moral hazards. A lawyer may have an incentive to keep the client to himself or his own law firm by also performing the consequent service function, despite the fact that another professional may have better expertise or is more cost efficient in solving the legal problem.¹⁴ Another example along this line is the so-called supplier-induced demand, where the lawyer may suggest the clients to acquire legal services that they do not need.¹⁵ In addition, because legal services are essentially experience goods which cannot be evaluated until actually received,¹⁶ prices are not sufficient statistics that carry

9. Johan den Hertog, *Economic Theories of Regulation*, in REGULATION AND ECONOMICS 25, 27 (Roger J. Van den Bergh & Alessio M. Paccès eds., 2012).

10. *Id.* at 25.

11. Frank H. Stephen, James H. Love & Neil Rickman, *Regulation of the Legal Profession*, in REGULATION AND ECONOMICS 647, 649 (Roger J. Van den Bergh & Alessio M. Paccès eds., 2012).

12. *Id.* at 650.

13. *Id.* at 649.

14. *Id.* at 665.

15. OECD Secretariat, *supra* note 4, at 15.

16. Phillip Nelson, *Information and Consumer Behavior*, 78 J. POL. ECON. 311

all the information necessary to the purchaser of the legal services. Regular heuristics such as “high price translates into high quality” may not be necessarily true when it comes to legal service purchase. Lawyers may use the information asymmetry to charge unreasonably high prices that deviate from the marginal cost of their services, while clients may have to accept the prices if their legal needs are really urgent, or worse, they may even be deterred by the unaffordable prices and give up on seeking legal remedies to their problems. All of these market failures impair people’s access to justice. In addition to the market failures generated by information asymmetry as the most critical rationale, regulation of the legal profession is also justified by other concerns such as guarding against potential negative externalities resulted from sub-optimal legal services, and ensuring social fairness so that all consumers, especially low-income consumers, can also access legal services.¹⁷

Along this line, the legal profession is generally regulated from four perspectives across different jurisdictions, namely, entry restrictions, fees and advertising restrictions, restrictions on law firm ownership and management, as well as a requirement for providing legal aid.¹⁸ To be more specific, lawyers and other legal professionals such as notaries, prosecutors, and judges, typically need to be licensed in order to be able to practice;¹⁹ there may be fee schedules or recommended price ranges for certain types of legal services; certain tasks may be reserved only to a limited group of professionals and not others;²⁰ and lawyers may also be required to organize their business in certain structures, which may limit nonprofessional participation and multidisciplinary practices.²¹ In the words of Susskind and Susskind (2015), in exchange for their extraordinary knowledge and technical precision in delivering affordable, accessible, up-to-date, reassuring, and reliable services, the society reaches a “grand bargain” with the professionals, who are granted with fair monetary return, together with independence, autonomy, self-determination

(1970); see also George Akerlof, *The Market for “Lemons”: Quality Uncertainty and the Market Mechanism*, 84 Q. J. ECON. 488 (1970).

17. OECD Secretariat, *supra* note 4, at 15–16.

18. OECD Secretariat, *supra* note 4.

19. R.L. Marcus, *The Balkanized American Legal Profession*, in *THE LANDSCAPE OF THE LEGAL PROFESSIONS IN EUROPE AND THE USA: CONTINUITY AND CHANGE* 3, 16 n.42 (A. Uzelac & C.H. van Rhee eds., 2011) (submitting that compared to Europe, the legal profession in the US is rather uniform in character, in that a lawyer may perform a large number of tasks that on the European continent are performed by different, highly specialized legal professionals).

20. For example, in the UK, Section 12 of the Legal Services Act 2007 sets out the six specific legal services activities that only those who are authorized or exempted can carry on. Lawyers carrying on these activities are regulated by the approved regulators in the legal services sector, working under the oversight of the Legal Service Board. See Legal Services Act 2007, c.29, § 12.

21. See generally, *Communication from the Commission—Report on Competition in Professional Services*, COM (2004) 83 final (Feb. 9, 2004).

rights, and respect and social status.²² While these regulatory measures are well-meant as they directly speak to the market failures and fairness considerations in the profession, their effect in practice has been subject to debate. One often raised concern is competition and consumer protection. It is submitted that the entry restrictions imposed by the professional self-regulatory bodies are motivated not only by the need to ensure quality of the services, but also by the tendency to fend off potential competition from the supply of new entrants, thus keeping prices at a high level to entrench the incumbents.²³ In this sense, professional associations also represent the professionals, and such representative function cannot be easily reconciled with their function of regulating the access and pursuit of the given profession.²⁴ According to private interest theories that explain regulation from the perspective of interest group behavior, there is potential risk of regulatory capture whereby wealth is transferred to the powerful incumbents that dominate the occupation at the cost of decreased social welfare.²⁵

Besides competition concerns, the necessity of regulation is also challenged when the cause of market failure can be removed by technological development or by demand; and when there are more efficient alternatives to regulation.²⁶ Thanks to the technological advancements, typically automation and innovation,²⁷ people have to admit that the ways in which professional knowledge and expertise are used, shared, reused, and transmitted are very different from the past.²⁸ The entry restrictions and exclusivity enjoyed by legal professionals are becoming unclear as unlicensed entrants offer a widening range of services, many of which could easily be made available online. Faced with these challenges, legal professional self-regulators may be either unable or unwilling to identify accommodations that permit innovative entrants to serve consumers.²⁹ For example, the classic argument for law firms to be organized as partnerships is that the key asset for the legal profession, which is the knowledge about the needs and interests of clients, rests in lawyers' heads.³⁰ Because such asset is hardly specific to a particular firm, it is impracticable to lock it in, thus rendering the capital lock-in function

22. RICHARD SUSSKIND & DANIEL SUSSKIND, *THE FUTURE OF THE PROFESSIONS* 23 (2015).

23. MORRIS KLEINER, *LICENSING OCCUPATIONS: ENSURING QUALITY OR RESTRICTING COMPETITION?* 65 (2006).

24. Panagiotis Delimatsis, *The Future of Transnational Self-Regulation—Enforcement and Compliance in Professional Services*, 40 *HASTINGS INT'L & COMP. L. REV.* 1, 12 (2017).

25. Den Hertog, *supra* note 9, at 25.

26. *Id.* at 70.

27. SUSSKIND & SUSSKIND, *supra* note 22, at 109–113.

28. *Id.* at 109.

29. OECD Secretariat, *supra* note 4, at 4.

30. James B. Rebitzer & Lowell J. Taylor, *When Knowledge Is an Asset: Explaining the Organizational Structure of Large Law Firms*, 25 *J. LAB. ECON.* 201, 203 (2007).

of the corporations unattractive to professional service firms.³¹ In today's information era, however, there is not much that is so special or unique about professional's knowledge that some of it cannot be made easily accessible and understandable on an online basis.³² When a law firm is able to invest in and use a variety of contract automation software to generate and manage many legal documents, and/or subscribe to some new-generation artificial intelligence technology such as ROSS to help lawyers do legal research,³³ it becomes questionable how much the end legal service is still produced from the professional knowledge and expertise rested in lawyers' heads. In this sense, the argument that there is a lack of firm-specific assets in the legal profession may not hold, which casts doubt on the necessity of the regulation on law firm structure. In fact, it is submitted that the historical dominance of the partnership archetype can be better attributed to normative constraints,³⁴ rather than managerial choice driven by economic advantages and the need to offer incentives to attract, develop, or motivate effort from skilled professionals.³⁵

In addition to technological advancements, demand is also a strong argument in support of the deregulation of the legal profession. The core of this array of thoughts is that deregulation has the potential of improving access to justice. By liberalizing the unauthorized practice of law and allowing non-lawyer ownership in law firms, for example, the access gap in civil legal services can be addressed to meet the under-met demand, especially of those low-income consumers.³⁶ As Alex Roy, the then-head of development and research of the Legal Services Board of England and Wales, has pointed out, "the UK reforms [to allow ABS in legal service provision] are about putting the customer at the heart of the relationship, and about prioritizing the needs of the customer. The reforms allow for people who have different skills and expertise to be brought together—people who typically aren't brought together—in order to meet customer needs, and in order to improve access to justice and to legal services."³⁷ Although deregulation has gained high levels of support in jurisdictions

31. Lynn A. Stout, *On the Nature of Corporations*, 2005 U. ILL. L. REV. 253, 264 (2005).

32. SUSSKIND & SUSSKIND, *supra* note 22, at 34.

33. Anthogy Sills, *ROSS and Watson tackle the law*, IBM (Jan. 14, 2016), <https://www.ibm.com/blogs/watson/2016/01/ross-and-watson-tackle-the-law> [<https://perma.cc/BM2Q-W8S6>].

34. Andrew von Nordenflycht, *Does the emergence of publicly traded professional service firms undermine the theory of the professional partnership? A cross-industry historical analysis*, 1 JOURNAL OF PROFESSIONS AND ORGANIZATIONS 137, 155 (2014).

35. Royston Greenwood & Laura Empson, *The professional partnership: Relic or exemplary form of governance?*, 24 ORGANIZATION STUDIES 909 (2003).

36. Robinson, *supra* note 8, at 3. See also OECD Secretariat, *supra* note 4, at 5.

37. Laura Snyder, *Flexing ABS: Does the U.K. Know Something We Don't About Alternative Business Structures? Two U.S. Legal Companies Are Hoping to See the Light*, ABA JOURNAL, Jan. 2015, at 1, http://www.abajournal.com/magazine/article/does_the_uk_know_something_we_dont_about_alternative_business_structures [<https://perma.cc/2W27-YQYM>].

like the UK and Australia, as well as among academics,³⁸ the arguments there have also been criticized for being overly abstract and lacking empirical support.³⁹ Moreover, it is also questioned whether deregulation is really able to bring about the intended effect of improved access to justice in practice.⁴⁰ In terms of the non-lawyer ownership of legal practices, outside capital is typically attracted to highly commoditized legal sectors, where access is less of an issue. The real bottleneck in meeting the demand for civil legal services is, however, that more legal problems are less standard in nature and thus cannot be easily taken care of by commoditized services. In these situations, people still frequently have too few resources to access affordable and reliable legal help.⁴¹

Relative to regulation, which controls behavior by means of prevention,⁴² legal intervention can also step in on an *ex post* basis in the form of liability,⁴³ which can be either act-based or harm-based.⁴⁴ Comparatively, regulation would be a more preferable option than liability when the regulator has better information than private parties in formulating good rules to correct potential market failure.⁴⁵ In this sense, regulation is justified by the association of market failures with private law failures. However, this is not always the case. In order to write sensible standards, regulators need to gather information, which may suffer from problems such as self-interest, lack of technical ability, expense, and anti-industry bias. As a result, regulators often make decisions based on inadequate information about the behaviors of market participants.⁴⁶ As a result, they may react by adding new ones instead of repealing the failing ones, thus perpetuating inefficient regulations and making it difficult

38. See, e.g., Larry E. Ribstein, *The Death of Big Law*, 2010(3) Wisc. L. Rev. 749, 810–11 (2010); Gillian Hadfield, *The Cost of Law: Promoting Access to Justice Through the (Un)corporate Practice of Law*, 38 INT'L REV. L. & ECON. (Supplement) 43 (2014); Edward S. Adams, *Rethinking the Law Firm Organizational Form and Capitalization Structure*, 78 Mo. L. Rev. 777 (2013); and Judith A. McMorrow, *UK Alternative Business Structures for Legal Practice: Emerging Models and Lessons for the US*, 47 GEO. J. INT'L L. 665 (2016). All of these research papers argue for a more liberalized approach in the US on the capital and ownership structure of law firms.

39. Robinson, *supra* note 8, at 6.

40. *Id.* at 15.

41. *Id.* at 15; see also Harvard Law School Center on the Legal Profession, *Disruptive Innovation Conference—The Nature of Disruptive Innovation in Professional Services* (Mar. 16, 2014), <https://youtu.be/RBtAMcrbFXg> (discussion to panel keynote by Sarah Reed at 1:24:00).

42. Steven Shavell, *The Optimal Structure of Law Enforcement*, 36 J.L. AND ECON. 255, 279 (1993).

43. Alessio M. Paccès & Roger J. Van den Bergh, *An Introduction to the Law and Economics of Regulation*, in REGULATION AND ECONOMICS, 5 (Roger J. Van den Bergh & Alessio M. Paccès eds., 2012).

44. Shavell, *supra* note 42, at 257–58.

45. *Id.* at 280–81.

46. Abbey Stempler, *Regulation 2.0: The Marriage of New Governance and Lex Informatica*, 19 VAND. J. ENT. & TECH. L. 87, 98 (2016).

to improve market outcomes.⁴⁷ Moreover, the efficiency of regulation also depends on the institutional setting. Transaction costs affect the functioning of markets, private and public institutions in different manners and intensity levels. Therefore, regulation might work in some situations but not in others.⁴⁸ Overall, because the concept of innovation is inherently associated with uncertainty, complexity, temporariness and flexibility, regulating it is a tortuous task and also involves more than one particular field of law.⁴⁹

B. *Regulatory Challenges of the Platform Economy*

According to the European Commission, platform economy (a.k.a. collaborative economy or sharing economy) involves three categories of actors, namely, (i) service providers that share assets, resources, time and/or skills, and can be either peers or professionals; (ii) users of these services; and last but not least, (iii) intermediaries that connect providers with users and facilitate transactions between them via an online platform.⁵⁰ In particular, when individuals deliver services using their time or skills via a platform that matches freelancers with consumers, it can also be named “on-demand economy” or “gig economy.”⁵¹ Although the platform economy has already successfully created its own marketplace in some lines of business and even ends up controlling something closer to an entire economy in others,⁵² it is so far still largely left unregulated. Applying the existing regulations often fails to yield ideal results due to their unsuitability, inadequacy, and rigidity, and thus possibly stifling innovation.⁵³ As a more innovation-friendly approach, it is submitted that regulators should instead establish broader, principle-based rules specific to the sharing economy, which are not bound to the limitation of the existing technology but are open to potential new practices in the platform economy model.⁵⁴ Regulations could also be enacted on an experimental basis, leaving space for later evaluation or adaptation.⁵⁵ In the same vein, other academics propose that instead of imposing a top-down

47. Paccès & Van den Bergh, *supra* note 43, at 6.

48. *Id.*

49. Sofia Ranchordás, *Does Sharing Mean Caring? Regulating Innovation in the Sharing Economy*, 16 MINN. J.L. SCI. & TECH. 413, 444–55 (2015).

50. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A European Agenda for the Collaborative Economy*, *supra* note 3, at 3.

51. Koen Frenken, *Political economies and environmental futures for the sharing economy*, 375 PHIL. TRANSACTIONS ROYAL SOC'Y A 1, 4 (2016).

52. John Herrman, *Platform Companies Are Becoming More Powerful—But What Exactly Do They Want?*, THE NEW YORK TIMES MAGAZINE, Mar. 21, 2017, https://www.nytimes.com/2017/03/21/magazine/platform-companies-are-becoming-more-powerful-but-what-exactly-do-they-want.html?_r=2 [<http://perma.cc/68PB-QW44>].

53. Ranchordás, *supra* note 49, at 469–71 (giving various examples of how excessive and outdated regulations have failed to address new challenges and protect consumers in carpooling and accommodation-sharing businesses).

54. *Id.* at 472.

55. *Id.* at 473.

regulatory regime, self-regulation might be the better approach. Platform economy could look at the experience from other sectors, one prime example being the legal profession, which has a rich self-regulatory history itself.⁵⁶ In particular, rather than being viewed as part of the problem, platforms actually could become part of the solution and thus should be included as key actors in a self-regulatory regime.⁵⁷ The rationale for such a proposal is that the platforms, being the business conduits and controlling the demand channels, have the natural informational advantage and ample potential enforcement capabilities.⁵⁸ A more concrete regulatory proposal focuses on the potential of the so-called *lex informatica*, i.e., using technological architectures to regulate the flow of information and require or prohibit certain actions on technology platforms.⁵⁹ Under such a proposal, regulators should collaborate with stakeholders to develop effective technology-driven performance standards that are appropriately audited and enforced by regulators.⁶⁰

That said, it has also been pointed out that self-regulation by the platform economy alone might not be sufficient. Regulators should still search for responsible and balanced solutions.⁶¹ For example, the EU's approach to the platform economy is rather cautious: it has tried to exploit to the maximum the existing regulatory arsenal, which involves transposing legal concepts from different legal frameworks into the platform economy. Although this approach may be a sensible starting point, it is arguably inefficient and prone to regulatory capture.⁶² It is predicted that as the platforms move from newcomers to important and permanent players in markets, which involve not only sharing tangible and intangible resources and not only seeking profits but also fulfilling a broader menu of social purposes,⁶³ governments will need to be more open-minded in arranging the policy goals in their regulatory agenda and adopt mixed strategies.⁶⁴ In particular, it is submitted that one of the daunting tasks that regulators are facing is the rapid "corporatization" of

56. Raymond H. Brescia, *Regulating the Sharing Economy: New and Old Insights into an Oversight Regime for the Peer-to-Peer Economy*, 95 NEBRASKA LAW REVIEW 87 (2016).

57. Molly Cohen & Arun Sundararajan, *Self-Regulation and Innovation in the Peer-to-Peer Sharing Economy*, 82 U. CHI. L. REV. ONLINE 116, 119 (2015).

58. *See id.* at 130.

59. Joel Reidenberg, *Governing Networks in Cyberspace*, 45 EMORY L.J. 911, 929–30 (1996).

60. Stempler, *supra* note 46, at 131.

61. Vanessa Katz, *Regulating the Sharing Economy*, 30 BERKELEY TECH. L.J. 1067 (2015).

62. Vassilis Hatzopoulos & Sofia Roma, *Caring for Sharing? The Collaborative Economy under EU Law*, 54 COMMON MKT. L. REV. 81, 126–27 (2017).

63. NESTA, *More than Profit: A Collaborative Economy with a Social Purpose* (July 2016), <http://ec.europa.eu/DocsRoom/documents/18443>.

64. Daniel E. Rauch & David Schleicher, *Like Uber, but for Local Government Policy: The Future of Local Regulation of the Sharing Economy*, 76 OHIO ST. L.J. 901 (2015).

the sharing economy, whereby established market participants seek to retain their market share and/or assert themselves in the platform economy's domain. As such, the regulators need to closely follow the evolution of the industry and understand who and what it is regulating.⁶⁵ Faced with the disruption from the platform economy, it is suggested that policymakers should adopt a "deregulation down" approach by relaxing old rules on incumbents, so that the playing field is leveled and the new entrants face minimal regulatory requirements.⁶⁶

II. PLATFORM ECONOMY IN LEGAL SERVICE PROVISION—THE CASE OF CHINA

A. *Data Collection and Overview*

Legaland (www.legaland.cn) is a web portal that integrates the relevant resources in relation to legal services provision in China.⁶⁷ Among other things, it has compiled a list of innovative providers of law-related services and solutions, which consists of altogether 388 records as of April 30, 2017.⁶⁸ Each record provides a short overview of the key features of the business model or the innovative product, the name of the developer/founder, and the official website to the extent available. These data are then cleaned up by removing: (a) the entries that are repetitive or are no longer active or in operation; (b) the providers/products that do not specifically provide legal or law-related services;⁶⁹ (c) blogs, social media public accounts, and online discussion forums that provide no service other than exchange of knowledge or ideas; (d) other traditional law-related portal websites or firm websites that only present information and do not offer online services; and (e) the Chinese version of a foreign service provider/product. After doing these steps, the final sample consists of an aggregate of 252 entries. This sample then serves as the start of my data analysis and discussion.

An interesting finding is that, out of the total 252 providers/products, a notable group of 130 employs the so-called "platform economy" model, which is most known to the public thanks to the success of Uber. Typically, these providers focus on offering "small law" services, mostly

65. Stephen R. Miller, *First Principles on Regulating the Sharing Economy*, 53 HARV. J. ON LEGIS. 147 (2016).

66. Christopher Koopman, Matthew Mitchell, & Adam Thierer, *The Sharing Economy and Consumer Protection Regulation: The Case for Policy Change*, 8 J. BUS. ENTREPRENEURSHIP & L. 529, 544 (2015).

67. *About Legaland*, LEGALAND, <http://www.legaland.cn/About> [<https://perma.cc/PZ5Z-RMXX>] (last visited Nov. 20, 2017).

68. On file with the author.

69. For example, a mobile app that provides audio recording functions does not really deserve to be classified as a "legal app"; despite that lawyers are likely to make use of it more often than other groups of people for the purposes of preserving evidence. In contrast, another app that combines the same audio recording function with extra functions that allow the recorded audio clip to be easily uploaded to a contracted notary office is considered as a specific legal app.

targeting the legal needs of individuals in everyday life, and also often the small and micro businesses for which the benefits of keeping permanent in-house legal counsel do not justify the financial costs. Essentially, these platforms pool lawyers together and group them according to their main specialties, thus creating a virtual all-service online law firm. In the same vein, such a business model is also frequently identified among providers of somehow more derivative legal services, such as those in connection with the formalities in incorporations, business registrations, intellectual property registrations and transfers, debt recovery businesses, as well as online legal training. Fundamentally, all of these services involve the so-called online-to-offline (O2O) commerce, which connects online users to offline service providers,⁷⁰ be they licensed lawyers or trademark/patent agents. For the rest of the providers/products in the sample, the major reason for their non-adoption of the platform economy model is that they do not provide O2O services in the first place, and the business model is simply out of the question. If this factor is taken into account, the popularity of the platform economy model is even more underscored. If we admit that online legal service provision is an important innovation in the legal profession, we can reasonably argue that such innovation is mainly realized through the platform economy model. Therefore, this business model deserves to be specifically studied, and the following subparts go on to present a detailed discussion about its important features.

B. *Platform Economy in Legal Profession—General Features*

My key focus in researching the platform economy model is twofold. I want to know not only about how the model operates in practice, but also about how it reflects the special regulatory requirements for the legal profession in its operation. The information that speaks to these questions is collected primarily from the official websites of the service providers, and supplemented by relevant anecdotal reports in case the official websites do not exist or are too general.⁷¹ For the information that is less likely to be disclosed directly from these sources, such as dispute resolution and liability issues among the user, the lawyer, and the portal, I then check the service agreements/user registration agreements where the rights and obligations of the parties are stipulated in greater detail. The following Table 1 offers an overview of the service providers that employ the platform economy business model. Given that Legaland's

70. For an explanation of the O2O e-commerce model, see Yingsheng Du & Youchun Tang, *Study on the Development of O2O E-Commerce Platform of China from the Perspective of Offline Service Quality*, 5 INTERNATIONAL JOURNAL OF BUSINESS AND SOCIAL SCIENCE 308 (2014).

71. This is actually the case for quite a number of the service providers, which conduct the business through mobile phone apps. As such, their official websites only contain fancy but very general pitch, while the important details over their services and business models are not mentioned. A user must download the app and make an account with a Chinese mobile phone number in order to browse the interface and use the services.

dichotomy is not overall rigorous, I define each of the involved categories to elucidate their connotations and reclassify some of the data accordingly, so as to remove the overlapping and grouping errors in the original dataset.

TABLE 1: SERVICE PROVIDERS USING PLATFORM ECONOMY BUSINESS MODEL (N=130)

Number of Providers per Legaland's Classification	Legaland Classification	Classification Explanation	Corrected Number of Providers	Representative Provider(s)
85	Online legal service provision	Providers of ordinary legal services needed by individuals and small businesses in their daily life	93	Pocket Lawyer (口袋律师), Yifatong (易法通), Yingle (赢了网), Dianjilv (点击律), Hui-fawang (汇法网)
20	Business services	Services targeted at businesses. Can include both legal services and non-legal derivative services, such as business registration and book keeping services	18	Kuaifawu (快法务)
6	Contract related services	Online contract drafting, review, and editing; electronic signature and cloud storage services	6	17law (E契) Fatianshi (法天使) ⁷²
5	Tools	Services that cannot be grouped into the rest of the categories; such as tools for evidence preservation	1	Zhenzheng (真证)
4	Financial services	Mainly litigation financing, litigation preservation liability insurance, and debt recovery services	5	Cuitx (催天下) Rerenzhui (人人追)
4	Knowledge services	Legal knowledge sharing and dissemination	1	Laodao (老到)
3	IP related services	Registration, transfer and other services related to IP rights	3	Zhiguoguo (知果果)
2	Legal education and training	Online legal education, training, and discussion forum services	2	Dianjingwang (点睛网)
1	New media services	New media channels on legal knowledge, news, and web feeds services	1	Andlvshi (俺的律师)

72. Note that, Fatianshi updated its business model and website at the end of October 2017. See *About Us*, FATIANSHI, <http://www.fatianshi.cn/AboutUs> (last visited Nov. 20, 2017). While the current version 4.0 of the portal still provides O2O legal services using the platform economy business model, this is no longer its main focus. Instead, the portal has developed the LegalOffice system to deliver integrated solutions to online provision of legal services.

C. *The Supply Side—Creating the Lawyers Pool*

1. General Qualifications for Lawyers to Join the Pool

Before accepting a lawyer, an online legal service provider generally needs to make sure that he/she is licensed to practice. For that purpose, the lawyer needs to provide his/her name, telephone number, law firm, address, and upload the relevant identity documents and the license for the website to verify. In addition, the lawyer should also indicate at least one specialized practice, so that the website can match him/her to the relevant users accordingly. The lawyer may also promote him/herself by listing relevant previous experience, cases, honors, awards, titles, and speeches & lectures, etc. in a pitch or biography, but that is optional. Figure 1 shows an example of what such a lawyer registration page looks like, taken from a service provider called Lvqiao (literally, Law Bridge, www.lvqiao.net). The verification is only formal—the website does a background check about whether there have been complaints against the lawyer and whether he/she is in good professional standing. It is unclear, however, whether the website will also check on such issues as, say, whether a lawyer really has experience in certain specialty or practice areas as he/she claims. Based on the very limited number of service agreements/registration agreements between the website and the lawyers,⁷³ upon registration, a lawyer represents that all the information he/she provides to the website shall be “true, complete and up-to-date.” The lawyer shall be responsible for all the potential damages and liabilities in case such representation is not true, and the websites may also stop providing services to the lawyer if the misrepresentation is discovered.⁷⁴

73. As long as my sample is concerned, most of the service agreements/registration agreements published on the websites of these online legal service providers are between the users (buyers of services) and the website, which do not touch upon such issues as how the lawyers (the sellers of the services) are contracted and compensated.

74. See, e.g., *Yifatong Lawyer Registration Agreement*, YIFATONG, <http://www.yifatong.com/Lawyers/register> [<https://perma.cc/NWS2-KXP8>], at art. 3.1.2 (last visited Nov. 20, 2017); *Lvqiao Lawyer Registration Agreement (Beta)*, LVQIAO, <http://www.lvqiao.net/Lawyer.aspx> [<https://perma.cc/H24T-DTSA>], at art. 3.1.2 (last visited Nov. 20, 2017). See also *XmanLegal Legal Consultants Collaboration Agreement*, XMANLEGAL, <http://lvshi.xmanlegal.com/agreement> [<https://perma.cc/PDF2-N5E4>], at arts. 1 & 6 (last visited Nov. 20, 2017).

Figure 1: Lawyer Registration Interface at Lvqiao*

From top to bottom:
Gender;
Number of years in practice;
Contact address;
Main legal specialization(s);
Other appointments (than being a lawyer);
Brief description of cases;
(Upload) license and other relevant documents.

From top to bottom:
Age;
License number;
Honorary titles.

* Accessed on August 5, 2017.

2. Free to Join—Difference from Paid Listing Model

Under the platform economy model, it is generally free for a lawyer to join an online portal and register as a service provider. The portal takes a small percent from the legal fees that the lawyer gets from users as a compensation for using its facilities. This is the fundamental difference from the “paid listing” model, which is followed by 16 service providers in my sample. In order to show how it works in practice, my example here is 66Law (www.66law.cn), which has a very extensive “Help” section disclosing many important details of the business model.

To begin with, 66Law’s listing service charges a fee.⁷⁵ The fee may differ depending on the lawyer’s location, position of the listing on the website, and the combination of different listing services, etc. As such, a lawyer should first consult the website’s customer service for a definitive quote. In exchange for the listing fee, the lawyer receives a package

75. *How do lawyers join 66Law?*, 66LAW, <http://www.66law.cn/help/detail/139.shtml> [https://perma.cc/96CS-YVMP], at art. 5 (last visited Nov. 20, 2017).

of promoting and advertising services, including a personal page, a VIP mark next to his/her name, and a designated position of advertisement on 66Law's homepage, etc. Such lawyer advertisements will also be caught by the web crawlers of general search engines such as Baidu, so that even if a user does not know 66Law, he/she may still be directed to the lawyer listings on 66Law when searching, for example, "lawyers in xx place" in the search engine. In addition, paying lawyers may also view the case information and retainers published by users on the website so that they can respond to them and potentially get retained offline.⁷⁶ Overall, 66Law's services are to help lawyers increase their visibility. There is not much disruption involved in this business model as the legal services are still provided offline. Although its lawyers do answer questions posted by users on the portal or through the phone,⁷⁷ doing so does not bring in income for them directly as they are not supposed to charge users. There is no matchmaking from the website either—a lawyer goes out to answer a question because he knows the answer and a user chooses a lawyer out of his own initiative. Instead of monetary compensation, the motivation for answering questions or sharing knowledge on the portal⁷⁸ is that doing so will enhance the ranking of the lawyers on the portal so that they become more visible and thus are more likely to attract future business.⁷⁹

Such fees for joining a web portal do not exist in the platform economy model because it is fundamentally different. In this model, lawyers join the pool mainly to provide services to users, not only to attract network traffic. The service provision is much more integrated and a great deal thereof is done directly online, with the help of facilities such as electronic document transmission, and online money custody and transfer. The more services they deliver, the more legal fees they earn and consequently, the more the web portal will gain from splitting the fees with the lawyers. As such, the portal earns money not from the advertisement services, but from setting up and operating an integrated matchmaking and transaction facilitation platform. In order to make sure that the legal services provided by the contracted lawyers live up to standards, some portals, such as Pocket Lawyer (www.pocketlawyer.cn), also require their lawyers to pay an upfront deposit to them, which is then used to cover the potential liabilities in case a

76. *Id.* at art. 3.1.

77. *Id.* at art. 4.2 (pointing out that one obligation of the lawyers is that they should regularly log onto the website and answer the questions posted by users).

78. 66Law has a set of detailed rules on where and how to gain points, and in which cases the points may be deducted. See *66Law Reward Points Rules*, 66LAW, <http://www.66law.cn/help/detail/56.shtml>

79. The ranking of lawyers on 66Law is based on its reward points system. For example, it has a "Most Popular Lawyers" rank, which covers the top ten lawyers that have gained the most points for the past seven days in a province. See *What are popular lawyers*, 66LAW, <http://www.66law.cn/help/detail/130.shtml> [<https://perma.cc/J5UY-4BNH>] (last visited Nov. 20, 2017).

lawyer fails to render services to the satisfaction of the users.⁸⁰ The two models have also been fused into more hybrid service packages such as WTOIP (www.wtoip.com), a portal focusing on providing IP related services to small businesses. On its website, contracted IP service providers directly sell services to users for standard prices, but they may also choose to pay the portal an annual fee for extra exposure and visibility, just as the paid listing services.⁸¹

3. Other Special Qualifications for Lawyers to Join the Pool

Besides the basic qualifications, a few portals also impose additional requirements for lawyers to join. One type of these additional requirements is the minimum working experience (in certain fields), for example two years.⁸² The other type is that a portal may only accept lawyers from their contracted law firms/service providers, thus no individual registration is allowed.⁸³

As far as my sample is concerned, most of the online legal service providers using the platform economy model are not founded by law firms. Instead, the companies behind the scene are most often in the technology sector, or information technology to be more precise. Out of the 130 service providers, only 25 are founded by law firms, and this number already includes the cases where the founder or founders are law graduates or former lawyers. To the extent the relevant information is available, 12 of these 25 service providers allow other law firms/lawyers to join and provide services via their portals, while in the meantime 3 of such law firm-created portals are only open to their own lawyers. In this sense, it can be argued that lawyers, as the incumbents of the profession,

80. *Provisions for Deposits*, POCKET LAWYER, <http://lawyer.pocketlawyer.cn/marginRule> [<https://perma.cc/A3QW-9SEH>] (last visited Nov. 20, 2017). The same deposit also exists for Lvyou (literally, Law Dog, www.lvyou.com), an O2O service provider specialized in legal and related services for small business. See *Lawyer Registration*, Lvyou, <http://www.lvyou.com/lawyer/passport/register.html> [<https://perma.cc/UZ9V-U8XB>] (last visited Nov. 20, 2017).

81. See, e.g., *Tengfeibao*, WTOIP, <https://member.wtoip.com/v2/product/detail/2000000042> [<https://perma.cc/Y3VK-33RQ>] (last visited Nov. 20, 2017); where one of the WTOIP service packages, namely Tengfeibao, offers a series of Internet advertising and promotional services to the contracted IP service providers, for an annual fee of RMB3980 yuan.

82. For example, a portal named Lvge (literally, Law Grids, www.lvge.com) only allows lawyers with a minimum of two years of practice experience to bid and serve the users. See *FAQs*, LVGE, available at <http://www.lvge.com/about-us/instructions> [<https://perma.cc/6D7W-VL3S>] (follow first the “FAQ” tab, and then the question “How do I choose a lawyer when more than one lawyers bid to provide services?”) (last visited Nov. 20, 2017).

83. For example, in the lawyer registration agreement for a portal named Lvboyuan (literally, Law Expo, www.lvboyuan.club), it is expressly requested that a registering lawyer should produce the “strategic collaboration agreement” signed between the Lvboyuan and his/her law firm. See *Lvboyuan Lawyer Registration Agreement*, LVBOYUAN, <http://www.lvboyuan.club/Agreement/Lawyer> [<https://perma.cc/UZ4P-JEY4>], at art. 3.3.2 (last visited Nov. 20, 2017).

do see the threat of the disruptive virtual online law firms created by non-professionals using the platform economy model. In fighting back, fast movers have already started to copy the model and expand their own turf beyond the bricks and mortars.

D. *The Supply Side—Types of Services Provided*

While the types of services are largely self-explanatory according to Table 1 above, one may wonder what would constitute the “ordinary legal services needed by individuals and small businesses in their daily life.” To give an example, Figure 2 below presents a screen print of one of the service providers, namely, Yifatong (literally, Easy Law Access, www.yifatong.com), which shows the types of legal services that are offered on the website. Yifatong seems to have quite an easy-to-navigate website. Based on the top menu line, one can quickly locate the kind of service that he/she is looking for. Individuals will be primarily interested in “Online Lawyer Consultation” and “Search for a Litigation Lawyer,” or “Contract Review” and “Sample Contracts” if the problem is contract-related. The other tabs are clearly irrelevant as they are about legal counsel for businesses, trademark registrations, and various legal knowledge topics. When it comes down to “Online Lawyer Consultation,” Yifatong again offers an extensive list of services, covering labor and employment issues, issues related to being an entrepreneur, contract disputes, debt disputes, divorce and child custody issues, civil and criminal litigations and bail, and consultations on other possible issues, such as insurance claims and intellectual property. Similar lists are also available for the functions of “Search for a Litigation Lawyer,” as well as contract review and drafting to guide the user to his/her desired legal service.

Figure 2: Types of Legal Services Provided by Yifatong*

From left to right: Home page: legal counsel for businesses; contract review; online lawyer consultation; search for a litigation lawyer; trademark registrations; sample contracts, and legal knowledge topics.

These are the types of legal problems that fall under the “online lawyer consultation” tab. From left to right: Labor law issues; entrepreneurship and business operation related issues; contract disputes; debt disputes; traffic accidents; divorce related consultations; criminal and civil law issues; and other consultations.

* Accessed on August 5, 2017.

Although the terminology may seem quite straightforward to a legal professional, the important question here is whether a layman without any legal training or knowledge can successfully navigate through these lists and reach a lawyer with the specialty that matches his legal needs. To that end, an orientation might still be needed, just as the purpose served by the first visit to a physical law firm. This is taken care of, in the case of Yifatong, by retaining its in-house legal consultants to fill the roles of gatekeeper and business conduit.⁸⁴ These people do not provide legal services themselves, but rather conduct a *prima facie* review of the submitted cases to identify the major issues and classify the area of law practice. They then shortlist a number of potential competent lawyer(s) for the users to select from. Once the user makes the decision to retain the lawyer, legal fees are paid online through the platform, which charges a percentage thereof as a commission fee for the matchmaking services.⁸⁵ To the extent the relevant information is available, 39 out of the 130 service providers (including Yifatong) rely primarily on such human intermediation to match users to the appropriate lawyers, 5 rely primarily on technology for the same purpose, while another 5 use human intermediation to supplement technology powered matchmaking.

E. *Bridging Together Users and Lawyers*

1. Human Intermediation

While choosing a lawyer might appear as quite a challenge to a user of an online legal service provider, it is worth noting that he/she does not always have to make the choice in the first place. To the extent that the relevant information is available, 28 out of the 130 service providers close this door from the very beginning. Typically, disabled user choice is coupled with standardized services, whose content and workload are clearly stipulated on the website and must be delivered within the set time frame and for the fixed price. Because the user is essentially buying a prepackaged standard product, the opportunity of choosing which lawyer to actually carry out the services would not be of great importance, as long as the delivered services comply with the description. In such cases, the user and the lawyer are then bridged together by the website, which, through its customer support team, communicates with the user about his specific needs, requirements, and potential questions, and then directs the order to the suitable lawyer(s). Box 1 below illustrates how this works in practice at Business Law Brain (www.blb.com.cn), an online service provider

84. See 厦门易法通法务信息管理股份有限公司公开转让说明书 [Prospectus of Xiamen Yifatong Legal Information Management Co., Ltd. for NEEQ Quotation and Public Share Transfers], at 56 (Dec. 2015) http://www.neeq.com.cn/upload/disclosure/2015/2015-09-21/1442820853_726210.pdf (explaining that Yifatong hires in-house legal experts to filter demands, match them to the relevant lawyers, and monitor the execution of services).

85. The business model is summarized from the Prospectus of Xiamen Yifatong Legal Information Management Co., Ltd. for NEEQ Quotation and Public Share Transfers, *id.* at 56 & 77 (Dec. 2015).

primarily specializing in contract drafting, review, editing, and the related consultation services.

Box 1: Contract-Related Legal Service at Business Law Brain*

Service: Contract drafting.

Price: RMB388 yuan per contract, no limit on the maximum length or word count.

Performance: The service will be provided by the in-house legal team at BLB.

Delivery: The user will be contacted within five minutes after the order is placed to communicate with the user about his/her needs and requirements. The first draft of the contract will be ready within 24 hours thereafter.

After sales service: BLB offers 15-day unlimited revision services on the contract.

* Source: *Business Law Brain*.⁸⁶

It is thus clear that human intermediation can play a key role in alleviating the information asymmetry in legal service purchase and provision, by virtue of refining or replacing the users' selection of lawyers. Next to such business conduit and matchmaking functions, human intermediation has also, in a small number of cases, been involved in providing more direct and integrated services, such as the work of a legal secretary and basic legal consultation. An example of the former is Kuailv (literally, Fast Law, www.kuailv.org), which primarily focuses on providing legal services to businesses. One of the key features in its prepaid subscription plans is the so-called "exclusive legal secretary," who is assigned on a one-on-one basis to every user. Besides matching the user to the competent and appropriate lawyers, such legal secretary is also ready as the "butler," who administers a file of the user's legal issues and stands on call around the clock for potential questions.⁸⁷ An example of the latter, i.e., basic legal consultation services, is a portal named CH64 (literally, Rainbow Lawyers, www.ch64.com), which specializes in delivering legal and other services (such as business registration, and outsourced social insurance payment and book keeping services, etc.) to small and micro businesses. CH64's online legal support team not only acts as the legal secretary for the users, but also directly provides simple but substantive legal services via the prepaid subscription plans.⁸⁸ The same goes also for Yifatong in

86. *Contract Drafting*, BLB, <https://www.blb.com.cn/product/2016022996.html> [<https://perma.cc/42R6-RTMA>] (last visited Nov. 20, 2017).

87. See *Hetong Fawu Bao*, KUAILV, <http://www.kuailv.org/index.php/Product/allProduct/id/11> [<https://perma.cc/8FTL-LBSQ>] (last visited Nov. 20, 2017), which is a prepaid package for unlimited contract drafting and review services in one year; see also *Zixun Fawu Bao*, KUAILV, <http://www.kuailv.org/index.php/Product/allProduct/id/8> [<https://perma.cc/BV4T-LLPN>] (last visited Nov. 20, 2017), which is a prepaid package for unlimited telephone consultation services in one year; see also *Qiyi Fawu Bao*, KUAILV, <http://www.kuailv.org/fw> [<https://perma.cc/3YLX-QGNT>] (last visited Nov. 20, 2017), which are a set of different one-year long prepaid legal counsel packages, designed specifically for small and micro businesses. All of these prepaid packages offer the "exclusive legal secretary" services.

88. See SME LEGAL DEPARTMENT, <http://www.ch64.cn> [<https://perma.cc/HF2B-WCSE>] (last visited Nov. 20, 2017). According to this page, at the price of RMB3600 yuan a year, the portal offers standardized legal counsel services for small and micro businesses, such as routine legal consultation and contract drafting, which are provided

its outsourced legal counsel service plans targeted at small and medium sized enterprises (SMEs).⁸⁹ By paying a monthly or annual subscription fee, an SME receives a series of regular business-related legal and IP services, provided primarily by Yifatong's in-house legal consultants, and supplemented by the in-depth support from its whole team of lawyers.⁹⁰ It can thus be seen that, at least in these two examples, the in-house legal team already goes beyond conducting mere human intermediation but effectively acts as paralegals.

2. Technology Intermediation

Compared to human intermediation, technology-powered intermediation is used by a much smaller group of online legal service providers. To illustrate how technology plays a role in such intermediation, I discuss one example, Pocket Lawyer, here in great detail.

Basically, the Pocket Lawyer app runs a platform on which registered users can place and pay for orders for legal services using standard forms and at competitive transparent prices. Similarly, licensed lawyers can also become registered service providers on the supply side. A user can make different choices depending on the legal service he/she wants to get. The user can choose the desired lawyer from the app's pool based on the credentials and ratings of the lawyers. But if the case is rather urgent or if the user cannot make a decision, he/she can also choose the "speed service." The system then will, based on the data of the lawyers in the pool, transmit the user's order to the competent lawyers located nearby the user to respond. For fixed-price services, the lawyer that comes back with the quickest response will automatically get the order. Otherwise, the lawyer can decide whether the transmitted order is interesting, and if so, respond with a quote of price. If there is more than one quote, the user has the final say over which lawyer to transact with. Once the order is accepted, the lawyer then should perform the relevant legal services according to the request in the order, be it a telephone consultation, calling a third person on behalf of the user, drafting a contract, or attending a business negotiation meeting. In order to guarantee the quality of the services, Pocket Lawyer imposes a whole set of code of conducts on its lawyers, such as the effective duration of the call, number of mandatory callbacks, the timeframe during which the service must be rendered, etc. A lawyer must fill in a short report form online in order to close a case and get paid. Users are always offered with the opportunity to rate the

by its "Online Legal Services Department." More tailored services, such face-to-face meetings and representing the firm in court, are not included in the plan and are provided by licensed lawyers at discounted prices for plan subscribers.

89. *Outsourced Legal Counsel Services + Lawyer On-Site Services*, YIFATONG, <http://www.yifatong.com/p/falvguwen> [<https://perma.cc/F6WH-DE2L>] (last visited Nov. 20, 2017).

90. *FAQs for Outsourced Legal Counsel Services*, YIFATONG, <http://www.yifatong.com/koubei> [<https://perma.cc/S3LN-6NYF>] (Q1: How do I contact you after I pay, and how do you provide the services) (last visited Nov. 20, 2017).

services of their lawyers, and the ratings will be displayed online for the reference of future users.⁹¹

The advantage of using technology as the intermediary is straightforward. Since the matchmaking is based on location and time, both of which are objective standards, intermediation is also impartial. This minimizes potential ethical concerns over the portal's role between the lawyer and the client. On the flip side, however, pure technology-powered intermediation may result in less ideal matchmaking, as the lawyer who gets the order might not necessarily be the most appropriate for the client's needs but is just acting fast enough. In comparison, the in-house customer support teams of the portals relying on human intermediation, regardless of their title as legal consultants, legal secretaries, legal butlers, legal managers, or simply just as customer service, are typically constituted by junior graduates that have received legal training. Given their better legal knowledge, they may add value by providing personalized filtering and recommendation services, especially when the legal issues are complex and involve more than one legal practice area, which may be highly confusing to laymen. But these advantages also come in pair with possible ethical challenges. Essentially, because the portal shares with the lawyer the legal fees paid from the client, concerns can arise about the neutrality of the portal serving as the intermediary. For example, the portal may just use its informational advantage to recommend to the client the lawyers who have a "friendly cooperative" relationship with it,⁹² but may or may not be the best choice for the client's individual case.

3. Combined Intermediation

Besides direct matchmaking, technology can also play a subtler role in the intermediation process by reducing the information asymmetry between professionals (lawyers) and nonprofessionals (users), thus enhancing the efficiency of choosing legal services. In case a user still has problems choosing which lawyers to hire, the online support team then jumps in to answer questions and complete the matchmaking. Dianjilv (literally, Click Law, www.51djl.com) serves as a good example of such technology-led and human-supplemented intermediation. The most innovative feature of the website is that it presents a visualized profile for each lawyer. The two Figures 3 and 4 below show what such profile looks like.

91. The business model of Pocket Lawyer is summarized from various information sources, including the Help and FAQ pages inside the app, the websites (both the user version and the lawyer version) of the app, the user registration and service agreements, and also the website of its developer (i.e., Shanghai Bestone Information Technology Co., Ltd.).

92. For example, some portals have collaborative law firms and if offline services are needed, they will, by default, be channeled to these law firms. See *User Agreement*, BLB, <https://www.blb.com.cn/footer/userdeal.jsp> [<https://perma.cc/PZ3F-V22V>], at art. 2.1 (last visited Nov. 20, 2017). See also *supra* note 83 and the accompanying text.

Figure 3: Visualized Profile at Dianjilv—for a Registered Lawyer*

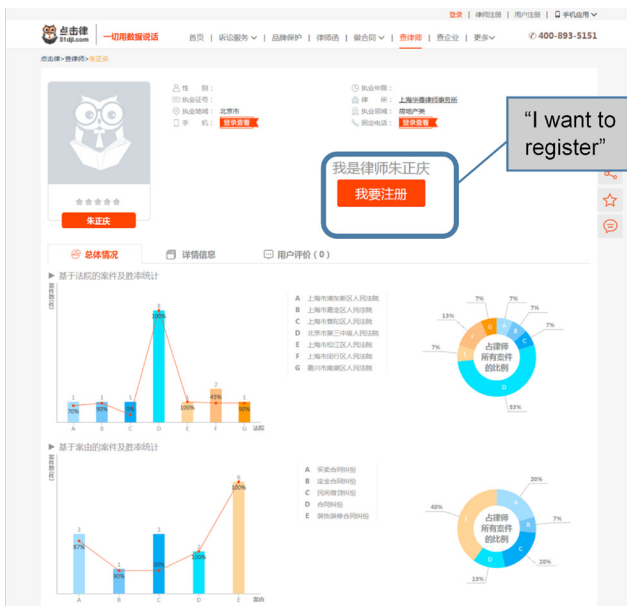
* Accessed on August 5, 2017.



Figure 4: Visualized Profile at Dianjilv—for an Unregistered Lawyer*

* Accessed on August 5, 2017.

Dianjilv offers on its website a series of different legal ser-



vices, including litigation, integrated IP protection solutions (covering

infringement discovery, investigation, evidence preservation, and dispute resolutions, etc.), attorney's letter, contract drafting and review, search function for a lawyer, and search function for a business.⁹³ In order to search and browse lawyers, a user first needs to trigger the search engine by designating a cause of action, such as intellectual property disputes, labor law disputes, car accidents, credit card defaults, product liability, etc.,⁹⁴ and combine it with a geographical area, or more narrowly, with one particular court.⁹⁵ For each of the lawyers in the search results, there is a profile about the win rates of all of his cases. To be more specific, such profile consists of three sections. The top section is about the key personal information of the lawyer, including his name and license number, years of practice, firm of practice, main specialty, main (geographical) practice area, and a biography/pitch. The lawyer's telephone number can only be viewed once one becomes a registered user at the website. For an unregistered lawyer, this personal information section is empty and the concerned lawyer can become a registered lawyer for Dianjilv to complete the section (the circled button in Figure 4, which Figure 3 does not have, means "I want to register").

The next two sections show the lawyer's win rates. The middle section plots them on the basis of the adjudicating courts: the column chart shows the number of cases that the lawyer has been involved in for each court and the win rate there, while the doughnut chart shows the number of cases in each of the courts relative to all of his cases, so that a user has a vivid idea about in which court the lawyer has the most experience. Comparatively, the bottom section plots the win rates in terms of the causes of action. Again, the column chart on the left shows the number of cases and the win rates in each of the causes of action. The doughnut chart on the right shows the number of cases under each of the causes of action relative to all of his cases, so that the user gets to know in which kind of cases the lawyer has the most experience. In addition to these visualized data, the profile also presents in a separate tab (i.e., the "Detailed Information" tab) a list of the cases, each of which can be clicked on to read the full text of the verdict. For those users that want to know about the lawyer in more detail, this is convenient because they do not have to go to an external website to read the verdicts. There is also a tab that displays all the reviews from previous users.

93. See 51DJL, www.51djl.com [<https://perma.cc/Q28M-M57N>] (last visited Nov. 20, 2017). In particular, the "Business Search" function allows users to search and review the past cases and verdicts concerning a business.

94. Actually, Dianjilv compiles a list of "hot search phrases" for a group of "hot cities"; which gives a snapshot of the kinds of causes of action that people are most concerned with. See *Hot Searches*, 51DJL, <http://www.51djl.com/lawyer/hot> [<https://perma.cc/67XZ-JAZF>] (last visited Mar. 6, 2018).

95. See *How to Use the Lawyer Search Service*, 51DJL, <http://www.51djl.com/help/findlawyer> [<https://perma.cc/GM6W-RD3K>] (last visited Nov. 20, 2017).

It is worth noting that all such data are collected from public sources and then analyzed according to Dianjilv's own rules.⁹⁶ The calculation of the win rates is free from human intervention, but is completely generated by machine according to predefined data mining algorithms. As such, the ranking of the lawyers in the search results is objective. The website will not accept any request from any lawyer to modify his position in the ranking.⁹⁷ A user can look up all the lawyers under the designated filters in the search engine, not only those who have registered at the website. Arguably, a platform such as Dianjilv can be praised as a public good. It benefits the potential buyers of legal services, as it effectively repackages and presents the vast public information into more easily understood forms, so that nonprofessionals do not have to go out and search for verdicts themselves extensively. Additionally, it is unbiased as it does not only benefit the lawyers that register themselves at the platform but all lawyers.

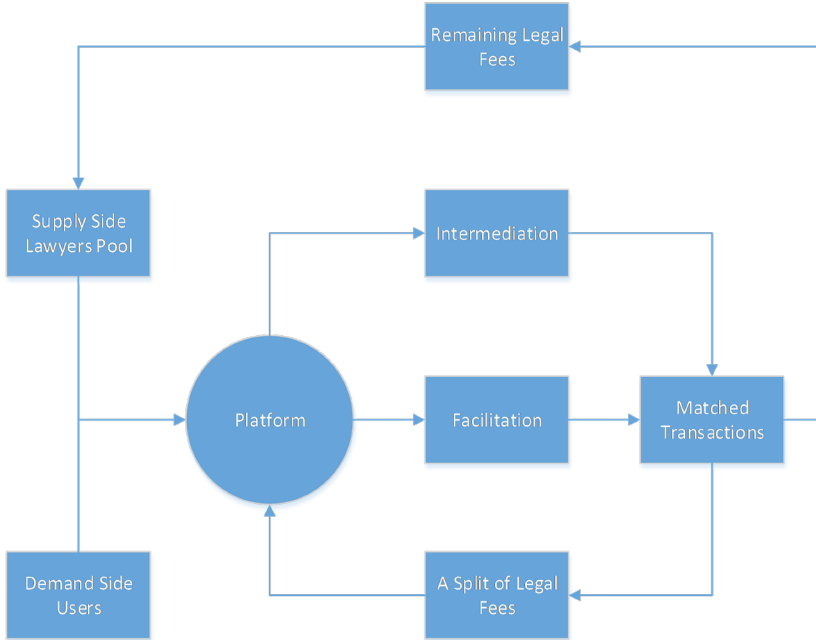
F. *Different Versions of the Business Model—How Does It Operate in Practice?*

1. Common Key Features of the Model

As already briefly mentioned above, online legal service providers connect the supply side (licensed lawyers) with the demand side (registered users that search for legal services), so that they meet each other on the portal. Unlike in the paid listing model, where lawyers pay to join, service providers using the platform economy model are open to both the users and lawyers for free. The platform offers a series of intermediation and facilitation services, powered either by technology or human or both, to help the users find the needed lawyers and then match the transactions. It also supports convenient online payment, so that the legal fees are paid to the portal first, in an escrow account. If everything goes smoothly and the user is satisfied, the portal will, upon the completion of the legal services, take a small percentage from the fees as a compensation for its intermediation and facilitation services, and release the rest of the funds to the lawyers. If, however, the user is not happy and files complaints about the services, holding the money in escrow means that it is easy for the portal to refund the user if needed. Figure 5 below illustrates how the model operates. In practice, the model appears in a couple of different versions, and while each differs somehow from another, overall, they are still in line with the spirit of the platform economy. The different versions of the model are described in the following subparts.

96. *Legal Service Platform (User) Registration Agreement*, 51DJL, <http://www.51djl.com/protocol> [<https://perma.cc/3H9B-64BY>], at art. 17 (last visited Nov. 20, 2017).

97. *Id.* at arts. 19 & 20 (last visited Nov. 20, 2017).

Figure 5: Platform Economy Model in Legal Services Provision

2. Version 1: Standard Products

In this version, the services are priced at fixed amounts, just like the articles sold in supermarkets. No billable hours are concerned; and the prices are much more competitive than the quotes from physical law firms. A user can browse through the services and click and buy one or more of them at the set price(s). These services may be of a one-off nature, such as drafting a contract, but may also be offered as a long term subscription, for example one year outsourced in-house legal counsel work for a small business with 20–50 employees. In both cases, detailed descriptive texts are put in place to show what the services exactly include, as well as their terms and conditions. In such standard products models, the user typically cannot choose which lawyer to carry out the service or negotiate over the price. A typical example of the standard service products model is Business Law Brain, where all the paid services have transparent fixed prices.

Because of its high level of standardization and limited possibility of customization, this model is not equally suitable for every type of legal services. A ready example is litigation: it is no easy job for a long-distance service provider to accurately predict how complex the case might be beforehand without first knowing the facts of the case. Thus, a seemingly simple estate planning or divorce case may turn out to cost lawyer a lot of time, which cannot be compensated by the standard price of the

service. From the users' perspective, they might also feel better served if they get to choose *the* lawyer that they feel they can trust, rather than accept *a* lawyer designated by the system. As such, a portal normally does not offer standard legal service products alone, but combines them with lawyer search functions to allow users to search and choose lawyers themselves. By doing so, the portal is also able to cover those cases that are potentially more complicated or need greater amount of personalized tailoring. There are many examples of such portals in my sample, such as Yingzaixian (literally, Win Online, www.yingzaixian.cn), which is an online legal service provider founded and operated by the Yinghe franchise law firms, and joined by other lawyers all over China.⁹⁸ On its website, a user can choose from a list of standard services for various fixed prices.⁹⁹ For less standard or definable services, the portal offers a list of lawyers so that a user can easily browse, search, select, consult, and schedule them online.¹⁰⁰ Alternatively, the user may also choose to describe his legal needs online and let the portal recommend the appropriate lawyer(s).¹⁰¹

3. Version 2: Competitive Bidding

As discussed in Part II.E above, when it comes to users selecting lawyers, the intermediation help from the portal is often necessary to moderate the information asymmetry. In the competitive bidding model, however, the portal's intermediation is minimized and largely replaced by a bidding system in which lawyers bid for users' retainers or bid to answer users' questions themselves. In my sample, such competitive bidding has been realized in three different variations.

a. Bidding to Answer (Free) Online Consultation Questions

In this variation, users can post questions online and wait for lawyers to answer them. In portals that adopt this variation, questions can be published gratis, or users may choose to attach a small bounty, such as a few yuan, to the question for the purposes of attracting more lawyers,¹⁰²

98. *About Us*, YINGZAI XIAN, <http://www.yingzaixian.cn/about/1.html> [<https://perma.cc/3LT7-CQSJ>] (last visited Nov. 20, 2017).

99. *Products and Services*, YINGZAI XIAN, <http://www.yingzaixian.cn/product-index.html> [<https://perma.cc/G7YU-GH2N>] (last visited Nov. 20, 2017).

100. *List of Lawyers*, YINGZAI XIAN, <http://www.yingzaixian.cn/lawyer.html> [<https://perma.cc/P4E6-ZVSD>] (last visited Nov. 20, 2017). Note that, a lawyer's contact details, kinds of services and the prices are only to be seen by clicking on his/her description, and then scanning the QR code on the lawyer's profile page.

101. *Retaining a Lawyer at Ease*, YINGZAI XIAN, <http://www.yingzaixian.cn/depute.html> [<https://perma.cc/2NB4-F847>] (last visited Nov. 20, 2017); *see also Legal Advice*, YINGZAI XIAN, <http://www.yingzaixian.cn/product-list.html?url=B-SUKfFsmAjYCbW85XWYGZAFq> [<https://perma.cc/X397-VDR6>] (last visited Nov. 20, 2017).

102. *Posting a Consultation Question (Normal or with Bounty)*, CHONGFA, <http://chongfa.cn/helpDetails?hid=38> [<https://perma.cc/A7MZ-QWGK>] (last visited Nov. 20, 2017). *See also Posting a Consultation Question*, FANIU WENDA, <https://www.faniuwenda.com/Ask/Post/index.html?content> [<https://perma.cc/R6KW-84UZ>] (last

just like the world's most famous knowledge sharing platform Quora (www.quora.com).¹⁰³ Thanks to the advanced development of Fintech in China, the bounty in the latter case can be easily realized with the online payment function integrated into many social media apps in China, among which the most popular and influential one is WeChat. As such, some online legal service providers take this easy route and build up their platform directly on WeChat rather than developing a separate app. An example here is Legaland's own legal knowledge sharing community Laodao (Literally, Seasoned, <https://laodao.legaland.cn/>). Users can enter the platform easily by scanning the QR code on the website using the WeChat app installed on their smart phone. On the platform, a user may ask questions to lawyers about their legal problems, but a lawyer or a legal academic may also take initiative and share their knowledge on their own by publishing articles or lectures. There is no cap-and-collar with respect to the amount of bounty or the price of the knowledge, which is to be decided by the user or legal expert.

The motivations for lawyers to go out and provide good answers to these questions are multifold. To start off, if a lawyer's answer is selected by the user as the "best answer," he/she is entitled to get the bounty, thus earn extra money.¹⁰⁴ If a third person other than the question asker finds the question relevant and thus wants to read/listen to the lawyer's answer, this third person needs to pay a tiny amount of money, usually one yuan, to do so.¹⁰⁵ Both the bounty and the "snooping" fee will go to the lawyer, after the portal takes its portion for facilitating the service.¹⁰⁶ These monetary incentives, however, are not the major reason that motivates lawyers to devote time into answering the questions. This is because the amount of such bounties and fees are usually quite small (typically not

visited Nov. 20, 2017), where a user has the choice of attaching a bounty in the amount from 5 yuan to 300 yuan, depending on the deemed complexity and emergency of the case.

103. See Richard Henry, *Knowledge Prizes: Unlock answers to important questions*, THE QUORA BLOG, <https://blog.quora.com/Knowledge-Prizes-Unlock-answers-to-important-questions> [<https://perma.cc/ESE7-2UU5>] (last visited Nov. 20, 2017).

104. See, e.g., *Adopting an Answer and Paying Bounty to the Lawyer*, CHONGFA, <http://chongfa.cn/helpDetails?hid=44> [<https://perma.cc/D5GR-NZAM>] (last visited Nov. 20, 2017).

105. See, e.g., *Legal Consultation Questions in Jinan*, FANIU WENDA, <https://www.faniuwenda.com/Ask/Index/index.html> [<https://perma.cc/7KWT-HJ6Q>] (last visited Nov. 20, 2017). Jinan is chosen as the default city because the Faniu Wenda portal is based in Jinan. For every answered legal consultation question listed on the page, there is a pink-colored callout button which allows a user to "secretly listen to" the answer by paying RMB1 yuan. The same is also found in Laodao.

106. In Faniu Wenda, this split is 3/7 for the bounty (3 goes to the portal), and 2/5 for the snooping fee, where 2 goes to the portal and the remaining 3 goes to the question asker. See *Faniu Wenda User Agreement*, FANIU WENDA, available at <https://www.faniuwenda.com/Paid/Reg/index.html> [<https://perma.cc/TM3D-V2DT>] (follow "I have read and agree to Faniu Wenda User Agreement" hyperlink), at arts. 5.1 & 5.4 (last visited Nov. 20, 2017).

more than RMB 100 yuan), needless to say that not every portal offers the bounty feature, and even if it does, not every user attaches a bounty when posting questions. The second, and more powerful motivation, is the potential business opportunities behind the questions: after seeing an enlightening answer, a user may get into contact with the lawyer for further consultations and even retain him/her as attorney to solve the problem. Even if this is not happening, the lawyer may still benefit from enhanced popularity if there is a big number of “answered questions” and/or “selected answers” in his/her profile. Some portals actually count these numbers as a factor in the ranking system for their lawyers, so that the more they answer online consultations, the higher they will be positioned in the rankings.¹⁰⁷ Ultimately, the record of sharing knowledge is proof of the lawyer’s professionalism and expertise, which is beneficial to the end of bringing in future work.

b. Bidding for Retainers With a Quote

In the second variation, a user does not just post questions online for orientation, but expressly indicates the need to retain an attorney. In order to respond, interested lawyers need to bid with a brief contemplated solution and a quote of the involved legal fees, and the user then selects the best solution and quote out of all the bidders. An imperative issue in this model is that, although the burden of making the first disclosure is already shifted to the party with better information, it is still difficult for a nonprofessional to distinguish on an educated basis among the stack of different information packages. Faced with this, Yingle (literally, Won, www.yingle.com), a leading online legal service provider that specializes in litigation, has come up with an “original innovative solution”¹⁰⁸ First, a user submits his case online to the portal. Presenting a legal problem effectively in writing can be challenging for a layman, thus the portal has a questionnaire to guide the user through all the key issues.¹⁰⁹ As soon as a case is submitted for bidding, the user is assigned an online service team from Yingle, comparable to the legal secretary or butler mentioned previously, to administer the case files, answer any potential questions, monitor the lawyer, and remind the user of important dates or missing documents.¹¹⁰ Upon reading the case briefs, an interested lawyer submits his/her opinion on the case, including what the lawyer can win for the client, the chance of

107. For example, on the home page of a portal called Yilvs (literally, Hundred Million Lawyers, <http://www.yilvs.com> [<https://perma.cc/UZ9V-U8XB>] (last visited Nov. 20, 2017)), it is indicated that users can post questions online for free for lawyers to answer; and answering these questions will also help lawyers to accumulate points and boost their position in the ranking system.

108. *Finding a Lawyer by (Having Them) Bidding*, YINGLE, <http://www.yingle.com/lawsuit/entry> [<https://perma.cc/8FTL-LBSQ>] (last visited Nov. 20, 2017).

109. *Submitting Your Case*, YINGLE, <http://www.yingle.com/lawsuit/main> [<https://perma.cc/7HAV-Q78Y>] (last visited Nov. 20, 2017).

110. *Adviser Available for Help, All Along the Way*, YINGLE, <http://www.yingle.com/assurance/gwqcph> [<https://perma.cc/DRS9-XKBF>] (last visited Nov. 20, 2017).

winning and the potential risks, as well as the lawyer's litigation strategy.¹¹¹ The true innovation happens during the following step. Given the difficulty for the user to make the selection, Yingle has its own professional reviewers team, which examines and grades the legal opinion from each of the bidding lawyers using a set of predefined rules and algorithms.¹¹² The end result of such examination is a score, and the nonprofessional user simply needs to compare the different scores for each of the legal opinions and make a decision about which lawyer to retain in the end.¹¹³ When the opinions converge in terms of the solutions provided, or they generate similar scores, Yingle reminds the user to make the final decision after carefully looking into a few specific reference points according to one's own needs/preferences, which include professional expertise, resume of the lawyer (and his/her team), and the price quote.¹¹⁴ These reference points should help the user to shortlist the bidders, and get in direct contact with the shortlisted lawyers to discuss their opinions in more detail and make the final decision.¹¹⁵ The following Figure 6 shows how the review report looks.

Figure 6: Yingle's Review Report for Different Legal Opinions*



* Accessed at: <http://www.yingle.com/lawfaq/seeklawyer/rhxzls>, August 16, 2017.

c. Responding to Priced Retainers

This variation is similar to the previous one, but the price of the retainer is already set by the user. Lawyers cannot negotiate over the

111. See YINGLE, *Finding a Lawyer by (Having Them) Bidding*, *supra* note 108.

112. *How to Avoid Mistakes When Selecting a Lawyer*, YINGLE, <http://www.yingle.com/lawfaq/seeklawyer/rhxzls> [https://perma.cc/A2X6-YHDQ] (last visited Nov. 20, 2017).

113. *Id.*

114. *Id.*

115. *Let's See How Mr. Li Finds a Lawyer on Yingle*, YINGLE, <http://www.yingle.com/lawsuit/classiccase/lawsuitworkflow> [https://perma.cc/2EU4-2EV4] (last visited Nov. 20, 2017).

amount of the legal fees and may only choose between doing the job for the price and leaving it to others. This variation is used so far almost only in debt recovery services, where the creditor willingly shares a percentage of the recovered debt as the fee for retaining a lawyer to recover it. This is easy to understand: for nonprofessionals without much knowledge on all the pricing techniques in the legal services market, splitting the proceeds sounds like a more conceivable and realistic plan than making an educated estimate on the amount of money to be paid for a lawyer. Another important feature about debt recovery services is that the case facts are usually straightforward and require relatively less legal planning. For this particular type of service, a lawyer is retained less because the creditor thinks that he/she can come up with more creative ways to get the money back, but more as the last resort when the creditor has already exhausted every other possible remedy. Therefore, if there are no other legal relationships underlying the loan between the creditor and the debtor, the creditor (user) has proof of lending, and also knows the personal information of the debtor, it can be argued that the user actually has better information, at least from the factual perspective, than the debt collector (lawyer) about how difficult it is to recover a defaulted loan. It is thus logical to let the user reveal the true information about difficulty of debt recovery by setting the price of service fees. Figure 7 is a screen print of the page where creditors publish retainers for debt collectors, taken from Cuitianxia (literally, (Debt) Collecting World, www.cuitix.cn), a dedicated O2O debt recovery services portal. The list consists of ten columns, namely (from left to right), (i) number of the retainer, (ii) the nature of the debt (such as defaulted loan between natural persons, defaulted peer-to-peer lending, defaulted payments for goods, etc.), (iii) date of publishing, (iv) city, (v) amount of debt to be recovered, (vi) commission fees (as a percentage of the recovered debt), (vii) number of days in default, (viii) number of days for recovery, (ix) difficulty of the recovery, and (x) the status of the retainer (waiting for response, responded, completed, etc.). Conditions (ii), (iv), (v), (vi), and (vii) are also listed in the upper section of the page as search filters.

Figure 7: Retainers for Debt Recovery Services at Cuitianxia*

The screenshot shows the Cuitianxia website interface. At the top, there are navigation tabs: 首页 (Home), 我要发布 (I want to post), 我要搜索 (I want to search), 我要委托 (I want to entrust), 催收公告 (Debt collection announcement), 送达公告 (Delivery announcement), 缴费大厅 (Payment hall), and 催收天下 (Debt collection everywhere). Below the navigation is a search bar and a filter section. The filter section includes dropdown menus for 所在城市 (City), 催收金额 (Debt amount), 催收期限 (Debt collection period), and 催收类型 (Debt collection type). Below the filters is a table titled "所有催收订单" (All debt collection orders). The table has columns for 催收编号 (Debt collection number), 催收类型 (Debt collection type), 催收日期 (Debt collection date), 城市 (City), 催收金额 (元) (Debt amount (Yuan)), 佣金比例 (Commission ratio), 逾期天数 (天) (Overdue days (days)), 逾期金额 (元) (Overdue amount (Yuan)), and 状态 (Status). The table lists 12 rows of data. Below the table is a QR code and contact information for Cuitianxia.

催收编号	催收类型	催收日期	城市	催收金额 (元)	佣金比例	逾期天数 (天)	逾期金额 (元)	状态
1138093	拖欠货款	2017-08-15	金华市	29711.00	20.00%	4	90	审核
1139195	民间借贷逾期	2017-08-15	金华市	70000.00	15.00%	579	90	审核
1139177	互联网金融逾期	2017-08-14	廊坊市	21000.00	10.00%	654	90	审核
1130394	拖欠货款	2017-08-11	芜湖市	3900.00	15.00%	523	180	审核
1132322	民间借贷逾期	2017-08-11	佛山市	80000.00	18.00%	566	90	审核
1154073	民间借贷逾期	2017-08-11	德阳市	1200000.00	10.00%	838	90	审核
1127090	互联网金融逾期	2017-08-16	潍坊市	1500.00	自动催收	484	0	审核
1127091	互联网金融逾期	2017-08-16	上海市	1500.00	自动催收	528	0	审核
1127092	互联网金融逾期	2017-08-16	潍坊市	1500.00	自动催收	491	0	审核
1127093	互联网金融逾期	2017-08-16	潍坊市	1500.00	自动催收	528	0	审核

* Accessed on August 16, 2017.

Cuitianxia’s debt recovery services are accompanied by a number of important supportive features. To start with, before a user creditor can publish a retainer on its website, he must pay a deposit in order to avoid a situation in which a creditor is abusing the portal to make up a nonexistent debt and defame somebody else.¹¹⁶ Moreover, the portal also offers a so-called “DIY debt recovery” service. Compared to the regular “commissioned debt recovery”, which costs 10–20 percent of the recovered debt,¹¹⁷ DIY service only costs 1–3 percent.¹¹⁸ The lower fee is charged for using the relevant recovery tools integrated on Cuitianxia’s portal, including an attorney’s letter, reporting debtor’s personal information to financial institutions such as banks, and public disclosure as a “dishonest debtor”; etc.¹¹⁹ In addition, a commissioned debt recovery will automatically change into DIY recovery if the defaulted debt cannot be recovered within the commissioned recovery period.¹²⁰

4. Version 3: Taobao

This version is named “Taobao” because it literally copies and transplants the Taobao business model into the provision of legal

116. *Why Do I Need to Pay a Deposit and How Much is That*, CUITIANXIA, <http://www.cuitx.cn/Help/DebtLoreShow.aspx?id=78> [<https://perma.cc/EAE7-867G>] (last visited Apr. 12, 2018).

117. *How Do We Fix the 10–20% Fees for Commissioned Debt Recovery Services?* CUITIANXIA, <http://www.cuitx.cn/Help/DebtLoreShow.aspx?id=79> [<https://perma.cc/AD9X-GJEA>] (last visited Apr. 12, 2018).

118. *How Do We Fix the 1–3% Fees for DIY Services?*, CUITIANXIA, <http://www.cuitx.cn/Help/DebtLoreShow.aspx?id=80> [<https://perma.cc/S9DV-YQFF>] (last visited Apr. 12, 2018).

119. *Debt Recovery Tools*, CUITIANXIA, <http://www.cuitx.cn/help/DebtTool.aspx> [<https://perma.cc/A6ZX-E5ZQ>] (last visited Apr. 12, 2018).

120. *See About Commissioned Debt Recovery*, CUITIANXIA, <http://www.cuitx.cn/help/EntrustDebt.aspx> [<https://perma.cc/835Y-ZR7M>], at Q5 (last visited Apr. 12, 2018).

services. As China's biggest customer-to-customer online shopping site, Taobao has a number of unique features in its business model. First, the portal is free to join—it does not charge merchants for using this marketplace to do business.¹²¹ Instead, Taobao generates its revenues primarily from the advertisement fees voluntarily paid by merchants to Taobao¹²² so that their goods are put “under the spotlight” or become “today's recommendations” on the homepages of different Taobao channels, or displayed in the first few pages of results of a user's search. Moreover, buyers can directly get into contact with merchants to ask questions, which is done typically through Aliwangwang, the instant messenger software developed by Alibaba Group.¹²³ An important feature of Taobao's business model is a mutual review system, where both a buyer and a seller can rate each other¹²⁴ from one star (poor) to five stars (excellent) based on a few benchmarks, such as an article's conformity to its description, quality of service, and speed of shipment, etc.¹²⁵ Positives reviews will be translated into positive credit points,¹²⁶ and the higher the credits points are, the more trustworthy the merchant appears.

An example explaining how this business model applies to legal services is Fawuzaixian (literally, Legal Counsel Online, www.fawuzaixian.com). Lawyers and law firms, as merchants, can open shops on the portal after registration and verification.¹²⁷ They may exercise discretion in deciding the types and prices of the services offered in their shop,¹²⁸ thus there is no standard price with respect to, for example, how much a phone call or a meeting with a lawyer would cost. A user can review and rate every service, even the lawyer's answers to free online consultation questions. Similar to Taobao's system, all of these ratings are recorded and

121. See Alibaba Group Holdings Limited, Registration Statement (Form F-1), at 84-85 (May 16, 2014), available at https://www.sec.gov/Archives/edgar/data/1577552/000119312514184994/d709111df1.htm#toc709111_14 [<https://perma.cc/JNR6-5SDX>] (explaining in detail how Alibaba generates revenue on Taobao and various other online marketplaces. Basically, Alibaba group's revenues are derived from its online marketing services, where sellers pay marketing fees to acquire user traffic, as well as from commissions on transactions; but neither of these services are mandatory).

122. It is up to the sellers to decide whether to pay the advertisement fees, but doing so will help them stand out among millions of other merchants on the portal and potentially boost sales. See Dan Blystone, *Understanding Alibaba's Business Model*, INVESTOPEDIA (June 23, 2015), <http://www.investopedia.com/articles/investing/062315/understanding-alibabas-business-model.asp> [<https://perma.cc/9MAW-HS57>].

123. See Alibaba Group Holdings Limited, *supra* note 121, at 161.

124. *Taobao Rules on Feedback and Rating*, TAobao, <https://rule.taobao.com/detail-2352.htm?spm=a2177.7231205.0.0.7f5c901eFleh8x&tag=self>, at art. 4 [<https://perma.cc/L9M8-NY4C>] (last visited Nov. 20, 2017).

125. *Id.* at art. 6.

126. *Id.* at art. 7.

127. *Lawyer Registration*, FAWUZAIXIAN, <http://www.fawuzaixian.com/user/sreg> [<https://perma.cc/XZ5Y-MSXW>].

128. *Service Rules*, FAWUZAIXIAN, <http://www.fawuzaixian.com/bangzhu/zaixian-guize> [<https://perma.cc/GB9J-4Q5Z>], at art. 13.

calculated into the lawyer's credit point values.¹²⁹ As argued previously, this incentivizes lawyers to provide answers to the free consultations—the more they do so, the higher is the number of transactions recorded under their names, and the more trustworthy they would appear to users. A lawyer may also choose to pay the portal for promotional services, such as “prioritized positioning in search results, tickets for taking part in lawyer promotion campaigns, and homepage display, etc.”¹³⁰ Figure 8 exhibits the wall page of a lawyer's shop, which I randomly selected on Fawuzaixian. Overall, the Taobao model seems to be a hybrid of the paid listing model and the pure platform economy model. Compared to the former, it is *not* an advertising platform, but is, in essence, still a virtual marketplace where users can browse and purchase services directly online. Relative to the latter, it not only shares with the lawyers the legal fees paid by the users, but also earns money from the advertisement fees voluntarily paid by the lawyers.¹³¹

Figure 8: A Lawyer's Shop at Fawuzaixian*

The image shows a screenshot of a lawyer's shop on the Fawuzaixian platform. The shop is for a lawyer named Wang Yanyan (王延彦), who has an overall score of 4.99. The shop page includes a navigation bar with options like '首页' (Home), '专业介绍' (Professional Introduction), '法律服务' (Legal Services), '案件展示' (Case Display), '律师评价' (Lawyer Reviews), and '联系我们' (Contact Us). The main content area is divided into several sections:

- Lawyer's personal info:** Includes the lawyer's name, profile picture, and contact information.
- Overall score of the shop:** Shows a 4.99 rating with a star icon and a progress bar.
- Lawyer's specializations:** Lists various legal services such as '合同纠纷' (Contract Disputes), '债权债务' (Debts and Credits), and '婚姻家庭' (Marriage and Family).
- Types of services provided, namely, online and telephone consultation, and retain as attorney:** A section with icons for '在线咨询' (Online Consultation), '电话咨询' (Telephone Consultation), and '聘请律师' (Engage Lawyer).
- Numbers of consultations answered (overall, paid and gratis), and snapshots of most recent consultations:** A section showing a list of recent consultations with details like the question, the lawyer's response, and the date.
- Credit points and rating:** A section showing the lawyer's credit points and a rating bar.
- Records of received virtual gifts, which can be used by the user to thank the lawyer for his answers to, e.g., free consultation questions:** A section showing a list of virtual gifts received by the lawyer, such as '虚拟礼物' (Virtual Gifts) and '虚拟红包' (Virtual Red Envelopes).
- List of services, their prices and number of transactions:** A section showing a list of services with their prices and the number of transactions.
- Previous cases and articles:** A section showing a list of previous cases and articles.
- Snapshots of recent user reviews:** A section showing a list of recent user reviews.
- Key statistics, such as network traffic, number of users helped, etc.:** A section showing key statistics like '访问量' (Page Views), '访问量' (Page Views), '访问量' (Page Views), and '访问量' (Page Views).

*<http://wangyuanyang.fawuzaixian.com>, last visited Nov. 20, 2017.

129. *Id.* at art. 32.

130. *I Want to Join*, FAWUZAIXIAN, <http://www.fawuzaixian.com/bangzhu/woyaoji-amen> [<https://perma.cc/TM3Y-LFZ3>]

131. *Merchant Service Agreement*, FAWUZAIXIAN, <http://www.fawuzaixian.com/bangzhu/shangjiaxieyi> [<https://perma.cc/2JHR-PDVM>], at art. 3.

G. Proportions of Fee Splitting

Among the 130 online service portals using the platform economy model, only 15 disclose information with respect to how they share fees with their contracted lawyers/service providers. Table 2 summarizes such information.

TABLE 2: FEE SPLITTING AMONG PORTAL AND SERVICE PROVIDERS (N=15)*

Portal	Type of Service	Share for Service Provider	Share for Portal	Note
Boolaw, www.boolaw.com	Legal service	Min. 85%	Max. 15%	
Cuitianxia (literally, (Debt) Collecting World), www.cuitx.cn	Debt recovery	70%	30%	For DIY debt recovery, the portal pays the lawyer RMB 100 yuan for each attorney's letter.
Faniu Wenda (literally, Law Girl Q&As) www.faniuwenda.com	Legal service	70%	30%	The split is 3/7 when it comes to bounty, virtual gifts, and tips from users to lawyers; and 2/5 for the snooping fee, where the remaining 3 goes to the question asker.
Fatianshi (literally, Law Angel) www.fatianshi.cn	Legal service	Min. 70%	Max. 30%	
Fawuzaixian (literally, Legal Counsel Online), www.fawuzaixian.com	Legal service	50% or 80%	50% or 20%	The portal takes 50 percent for legal document drafting and legal consultation services; while 20 percent for services such as litigation, general legal counsel, power of attorney, etc.
Fazai (literally, Law is Here), www.fa-zai.com	Legal service	90%	10%	
Ibsonet (literally, International Bar Service Online), www.ibsonet.com	Legal service	90%	10%	
iCaiwu (literally, Everybody Finance), www.i-caiwu.com	Book keeping & tax reporting	70%	30%	
Laodao (literally, Seasoned) www.legaland.cn/ProAnd-Serv/LaoDao	Legal service	90%	10%	
Law Check, www.lawcheck.com.cn	Legal service	70–90%	10–30%	
Law Spirit, www.lawspirit.com	Legal training	N/A	N/A	The portal does not compensate trainers with money. Instead, the trainers get a whole set of services to promote themselves on various social media platforms.

Portal	Type of Service	Share for Service Provider	Share for Portal	Note
Lawyer Super new.lawyersuperman.com	Legal service	80%	20%	The portal only starts to pay a lawyer when his/her portion is no less than RMB300 yuan.
Lvboyuan, (literally, Law Expo) www.lvboyuan.club	Legal service	80%	20%	
Lvqiao (literally, Law Bridge) www.lvqiao.net	Legal service	Variable	Variable	Charged on a case-by-case basis dependent on actual situations.
Renrenzhui (literally, Everybody Collects), www.renrenzhui.com	Debt recovery	90%	10%	

* Collected from the websites and the service/registration agreements of these service providers.

H. Monitoring Transactions

A portal monitors the transactions in two senses. From a formal perspective, it needs to make sure that it is the *only* conduit to channel the transactions, so that it can control the cash flows and get a portion thereof to generate its own revenues. From a substantive perspective, it needs to make sure that the lawyers exert due diligence in carrying out the commissioned tasks for their clients. Through monitoring, the portal can avoid potential disputes from users and maintain its reputation as a reliable and trustworthy platform.

1. Formal Monitoring: Preventing Parties from Circumventing the Portal

Not every transaction calls for an equal amount of monitoring. For standard priced products such as contract-related services and telephone consultations, the legal fees are first paid directly online and are kept temporarily in the portal's escrow account. In this case, it is not possible for a user and a lawyer to get around the portal and transact with each other privately, because the lawyer starts working only after the user pays. In contrast, when cases are posted online for bidding, the portal cannot adequately control the transaction due to ambiguity regarding legal fees. This raises the following concern: how does the portal make sure that the users and lawyers still pay the portal for matchmaking when they can meet each other without first paying the portal?

This question is actually not very difficult to tackle in practice. As the intermediary, a portal has information about the identity of its users and contracted lawyers. Once a user accepts a bid from a lawyer, the portal will know about it. Further, the portal maintains an escrow account for the legal service fees. The benefits of making use of the escrow service

can be easily sold to the users, because it works as additional insurance. Given that the legal fees will only be released to the lawyer once the user accepts and confirms the service, it is actually in the best interest of the user to honestly report and deposit the fees to the portal. By doing so, the user could still be refunded in case the lawyer engages in any misconduct while rendering the services.¹³² A portal may also offer to give a small discount on the payable legal fees to entice users to use its platform in making the payment.¹³³ Collection of legal fees becomes even easier if a portal has a long-term collaborative local law firm, which will stand by for potential offline legal services. In this case, the user pays directly to the law firm and the portal just gets its share from the collaborative relationship.¹³⁴

Besides these affirmative mechanisms, a portal also has measures to address noncompliance if users and lawyers still circumvent the portal and transact under the table. For example, if a user fails to deposit legal fees to the portal in time, he may have to pay the lawyer and the portal an overdue fine.¹³⁵ Upon finding out about offline transactions, a portal may record them into the lawyer's credit file, and may stop matching users to the lawyer in the future.¹³⁶ In addition to the financial interests, a portal needs to safeguard its informational advantage as the intermediary that brings the supply and demand together. Such informational advantage would be largely diminished if someone used the portal to obtain information about potential clients and cases, and then resold/outsourced it to other lawyers for a profit. Following this logic, a portal may encourage any user or lawyer to report such actions.¹³⁷

132. See YINGLE, *Finding a Lawyer by (Having Them) Bidding*, *supra* note 108 (stipulating that the portal shall promptly communicate with the lawyer if the user is unsatisfied with the services. If the lawyer is found to have any of the predefined misconduct, the portal shall pay back the legal fees to the user). See also Lvqiao Service Agreement (Beta), LVQIAO, available at <http://www.lvqiao.net/Regist.aspx?st> [https://perma.cc/9ULJ-TXUN] (follow "I agree to the Lvqiao Service Agreement" hyperlink), at arts. 5.7 & 6.3 (stipulating that a user should inform the portal about all the agreements that he/she has with the lawyer. The portal shall not be held liable for any agreements unknown to it. In case the lawyer matched by Lvqiao has been seriously derelict in rendering the services, the portal will pay damages to the user to the extent of the paid legal fees).

133. *Regular User Registration Agreement*, LVBOYUAN, <http://www.lvboyuan.club/Agreement/User> [https://perma.cc/PN3E-4RLF], at art. 5.2 (stipulating that the portal shall return 5 percent of the legal fees to the users that make the payment via the portal. Such rebate is not applicable to those users that retain and pay the lawyer offline).

134. See BLB, *User Agreement*, *supra* note 92, at arts. 2.1, 3.7, & 6.2. See also *Member Registration Agreement*, ZGLSFW, available at http://www.zglsfw.com/do/reg.php?step=1&_fromurl=http%3A%2F%2Fwww.zglsfw.com%2Fhtml%2Fservice.htm [https://perma.cc/54PF-KNJT] (follow "Membership Registration Agreement" hyperlink).

135. *Legal Service Monitoring Agreement*, FAWUZAIXIAN, <http://www.fawuzaixian.com/bangzhu/jianlixieyi> [https://perma.cc/JJ9Q-L3FE], at art. 7.2.

136. *Id.* at art. 7.1; see also FAWUZAIXIAN, *Service Rules*, *supra* note 128, at art. 23.

137. See LAW CHECK LEGAL SERVICE PLATFORM, <http://www.lawcheck.com.cn/>

2. Substantive Monitoring: the Quality of Services

The fundamental question in substantive monitoring is: How does a portal, which is *not* a legal professional itself, monitor the quality of professionals? In my sample, this is solved first by exerting detailed formal rules in observing a lawyer's behavior. The rationale is, while it is difficult for a nonprofessional to judge whether a lawyer's legal opinion sets out smart and efficient solutions to the user's problem, it is nevertheless possible to tell whether the lawyer has been perfunctory in delivering the service by referencing a number of given standards. An example can be taken from the portal Pocket Lawyer, which prohibits lawyers from posing rhetorical questions to users (see Box 2 below). Seemingly ludicrous, such a rule can be quite useful in resolving disputes and even in attributing liability between the parties should a user file a complaint about the quality of the services. A similar set of rules are also found for Fawuzaixian, the Taobao style legal service platform. For example, a lawyer vendor should respond to the user's questions within a 25-minute window after taking up the online consultation request; otherwise the lawyer will incur a bad review. For document drafting, the lawyer vendor should complete the service within 72 hours, otherwise the portal will directly refund the fees to the user in full.¹³⁸

Substantive monitoring is also achieved by imposing a set of thorough rules on post-sales customer service. For standard priced products such as contract drafting, a portal usually gives a time window for a user to request revision(s) to the legal documents. The portal may refund the user if the revision still fails to meet expectations. For example, the portal Business Law Brain allows its user to request an unlimited number of revisions within a 15-day window, but the user will be deemed to have accepted the drafted document upon the expiration of such revision window.¹³⁹ Comparatively, Fawuzaixian sets forth that a lawyer vendor must always timely respond to the user's revision or refund request. Should the lawyer vendor fail to respond to the request within two days or should the user be unsatisfied with the document after three revisions, the portal may proceed directly with a 70 percent or 30 percent partial refund to the user, respectively.¹⁴⁰ But these rules alone do not solve the most challenging issues. In most cases, the lawyer will respond but may still fail to reach an amiable solution with the user and thus a dispute will arise between them. In this case, adjudication is needed to examine the dispute and reach a verdict. To that end, Fawuzaixian has installed a jury, consisting of 9 members, among which 2/3 are experts in legal issues.¹⁴¹ While the main

lawCheck/index.html#sec1, [https://perma.cc/MZ69-UYRG] (last visited Nov. 20, 2017).

138. FAWUZAIXIAN, *Service Rules*, *supra* note 128, at arts. 27–30.

139. *See* BLB, *Contract Drafting*, *supra* note 86; *See also* BLB, *User Agreement*, *supra* note 92, at art. 6.1.

140. FAWUZAIXIAN, *Service Rules*, *supra* note 128, at arts. 22 & 31.

141. *Id.* at arts. 37 & 38.

function of the jury is to solve disputes between the seller and the buyer, the composition of the panel does lend valuable help for the purposes of safeguarding the quality of legal services as well.

Box 2: Pocket Lawyer's Rules on Bidding, Service Provision, Invalid Orders, Prohibited Actions, and Punishment¹⁴²

Rules on bidding:

No click fraud allowed;

Once a lawyer wins a bid, he/she may not abandon the order or refuse to provide service with any excuse.

Rules on service provision:

A lawyer should not provide illegal solutions to users' problems;

During the consultation, the lawyer should be polite and welcoming, and actively respond to the user from to time;

In talking to the user, a lawyer should refrain from acting pushy or using rhetorical questions;

A lawyer should provide the user with specific and legally grounded opinions, and remind the user of the possible risks.

A lawyer should only provide services via the platform of Pocket Lawyer, and refrain from exchanging with the user each other's personal contact information;

A lawyer should fill in a short form online in order to close the case and get paid.

Rules on recognizing invalid orders:

A lawyers only gets paid for valid orders. The following situations will result in an order being invalidated;

The call was not answered or the consulted problem is not of legal nature;

Effective call duration shorter than 30 seconds;

The lawyer fails to recognize the true issue of the user's problem, or fails to provide a solution for/opinion on the user's problem; or provides a wrong or illegal solution;

A user files a complaint against the lawyer;

The lawyer tries to circumvent the portal and get in contact with the user;

The service is not rendered by the winning/designated lawyer.

Prohibited actions and rules on punishing lawyers:

Prohibited action	Result	Consequence	Overall Consequence
Exchanging with user each other's personal contact information	One violation	The lawyer's account is suspended for one day.	Three violation records in 30 days will lead to a lawyer's account being suspended for 30 days, and four violation records will lead to the lawyer being permanently banned on the portal.
User files a complaint or gives a poor (one star) review	One violation	The lawyer's account is suspended for one day.	
Providing illegal solution to user	Recorded as two violations	The lawyer's account is suspended for one week.	
Commissioning others to provide the service	Recorded as two violations	The lawyer's account is suspended for one week.	
Click fraud	Recorded as two violations	The lawyer's account is suspended for one week.	

142. Summarized based on *Lawyer Registration and Service Rules*, POCKET LAWYER, <http://lawyer.pocketlawyer.cn/loginRule>; and *Rules on Invalid Orders and Punishment*, POCKET LAWYER, <http://lawyer.pocketlawyer.cn/penaltyRule> [<https://perma.cc/B99M-9ATD>].

Figure 9: Composition and Functions of Fawuzaixian's Jury¹⁴³

1 user (buyer) representative	1 lawyer (seller) representative	6 Legal experts/ academics	1 portal representative
<ul style="list-style-type: none"> Publicly recruited Has been a registered user for at least three months Identity verified 	<ul style="list-style-type: none"> Publicly recruited Has been a registered lawyer for at least three months Identity verified 	<ul style="list-style-type: none"> Invited by the portal 	
JURY			
<ul style="list-style-type: none"> Acts only upon invitation by the user or lawyer; Recognizes whether a lawyer's actions are in violation of the portal's rules; Resolves disputes between users and lawyers. Rules on a simple majority; Ruling is binding on the parties; If the parties are still not satisfied by the jury's ruling, they may file a suit in court. 			

I. *Dispute over Services, Attribution and Limitations of Liability, and Remedies*

An important issue is, although a portal is not directly selling services *to* the users, the users have indeed purchased the services *on* it. As such, if a user is not happy with the services, it is very likely that he will file a complaint to the portal, or call its customer service number. Therefore, it is the portal rather than the serving lawyer that stands out as the first resort in case a dispute arises. As such, the portal needs to equip itself with some tools for the purposes of dealing with potential claims from the buyers' side. The following paragraphs discuss these tools in more detail.

1. Liability Limitation Clauses of the Portals

As the first tool, a portal can set forth a number of situations where its liability is excluded or limited from the beginning. A typical disclaimer is that the portal shall not be responsible for the damages resulting from the user relying on a legal opinion. This is because it is fundamentally the user's own decision to rely on it. For example, in the user service agreement of Fadangjia (literally, Law Rules, www.fadangjia.com), the user is asked to agree to bear all potential risks and all consequences arising from using the services of Fadangjia. Fadangjia does not guarantee that the services will meet the expectations of the user, and is not responsible for the timeliness, safety, and accuracy of the services.¹⁴⁴ Similarly, China Lawyer Service Web (www.zglsfw.com) also points out that legal opinions are only a reference for users to make their own decisions. As long as the legal opinions are made in accordance with lawyers' ethical codes, the user should bear the consequences of referencing the legal opinion, and the portal shall not be held liable.¹⁴⁵ Another frequent dis-

143. Summarized from FAWUZAIXIAN, *Service Rules*, *supra* note 128, at section 4.3.

144. *User Service Agreement*, FADANGJIA, <http://www.fadangjia.com/index.php?m=member&c=index&a=register&protocol=1>, at art. 9.

145. *See, e.g., ZGLSFV, Member Registration Agreement*, *supra* note 134, at art. and also 5.11; *iCaiwu Service Agreement for Tax Managers and Auditors*, ICaiwu, at

claimer serves a different purpose. Because the services are provided by third parties rather than the portal itself, it is possible that a certain request by a user cannot be matched with a lawyer, or that the lawyer may decline the request. As such, some portals stipulate in their user agreement that their services are provided on an “as is” and “as available” basis. The portal does not offer any explicit or implicit warranty to the services.¹⁴⁶ More specifically, some portals even stipulate that “the description and price of products and services shown on the portal are not offers, but rather invitations to treat. Therefore, when a user eyes on a service/product, fills in the relevant specific information, and places an order on the portal, a contract is not concluded yet because the order is deemed as an ‘offer’ made by the user to the portal. The contract is concluded only when the designated service/product is actually delivered to the user. When the user has ordered more than one service/product while the portal has only delivered a part thereof, the contract is only deemed to be concluded with respect to the delivered part.”¹⁴⁷

2. The User Makes a Complaint—What Then?

As a general process, the legal fees paid by the user first go to the portal’s escrow account. The portal will only release them when the services are completed and the user confirms receipt. However, if things do not go so smoothly and the user makes a complaint about the services, the portal then needs to decide whether the lawyer should be held liable, and propose solutions for the user’s complaint. What rights can the user expect to have in this case? Is the user able to get a refund, or even damages? To what extent can the user resort to the portal about resolving the dispute over the services? These questions are of great importance in informing the users’ decision in choosing an online service provider in the first place. So far as my sample is concerned, not every portal is equally prepared, and the service agreements vary to great extent in terms of their solutions to these potential questions.

a. Switch to Another Lawyer

For longer-term services, such as prepaid subscription plans for outside legal counsel, a user is almost always able to request the portal for a

art. 6.3 (on file with author).

146. See *Terms and Conditions*, LVGOU, <http://www.lvyou.com/company/sytk.html> [<https://perma.cc/8GRQ-PKRA>], at art. 6.1, (last visited Nov. 20, 2017). See also *Service Agreement*, BOOLAW, http://www.boolaw.com/help/0_312.html [<https://perma.cc/RZX9-6KD6>], at art. 6.1 (last visited Nov. 20, 2017); *Registration Agreement*, KUAILV, <http://kuailv.org/User/regist> [<https://perma.cc/SBD3-5424>], at art. 8.7 (last visited Nov. 20, 2017); and iCAIWU, *iCaiwu Service Agreement for Tax Managers and Auditors*, *id.* at art. 6.1.

147. See *User Registration and Service Agreement*, DD1008, <http://www.dd1008.com/treaty> [<https://perma.cc/X64D-ZUWH>], at art. 8.2 (last visited Nov. 20, 2017); and *Yifatong User Registration Agreement*, YIFATONG, <http://www.yifatong.com/Customers/registration?url> (follow “I have read and agree to Yifatong Service Agreement” hyperlink), at art. 6.2 (last visited Nov. 20, 2017).

new lawyer if the current one fails to meet the user's expectations. Such a right could be exercised without any restriction so that users can change lawyers at any time and for as many times as desired, until they are finally happy;¹⁴⁸ however, they could also be allowed to switch only within the so-called probation period, for example the first month of the prepaid legal plan.¹⁴⁹ It is not altogether clear whether the right to change lawyers will preclude the users from requesting other remedies such as a refund.

b. Refunds

Refunds are supported by almost all portals in my sample, while the conditions required to receive a refund vary across different portals. Typically, a refund is only granted when there is fault on the part of the lawyer, thus reinforcing the principle that a user cannot simply get the money back because of a piece of unwise legal advice, as long as the lawyer has exerted due diligence in making it. The real issue is how to tell if this is really the case. To that end, some portals have developed a detailed list of different situations in order to identify fault, negligence or dereliction. In this way, the portal could have a code of conduct to refer to when deciding whether or not to issue the refund. The following Box 3 enumerates the situations that are included in the list of Yingle.

Box 3: List of Situations where Legal Fees are Refunded at Yingle¹⁵⁰

Yingle shall refund a client's legal fees in full, if the client's lawyer is identified to have committed any of the following:

- Refusing to enter into a written retaining agreement with the client;
- Being derelict of his/her duties as an attorney:

 - Failing to provide services as agreed;
 - Failing to appear in court in time;
 - Disclosing the client's confidential information.

- Acting as the client's agent without being (properly) authorized;
- Abusing the status of attorney/agent and hurting the client's interest;
- Providing false evidence, hiding crucial facts, and hindering the discovery process of the counterparty;
- Making false statements to the client;
- Coercing and threatening the client;
- Asking for money or in kind payments from the client in violation of the lawyer's ethical code and disciplines;
- Failing to comply with the relevant criminal procedure in meeting the client;
- Being seriously derelict of the lawyer's duties in issuing a legal opinion, such that the legal opinion is not true, not complete, not accurate, or contains significant omissions or errors, which has led to material economic loss to the client, or harms public welfare.

In addition to Yingle, other portals also have their own lists, while comparatively less extensive. For example, the portal Yingzaixian will

148. *Other Questions*, KUALV, http://kuailv.org/article/articleDetail_others [<https://perma.cc/53EF-ZHMT>] (last visited Nov. 20, 2017). See also *User Manual for Wusong Fawu App*, WUSONG, <http://help.itslaw.com/hc/articles/32079> [<https://perma.cc/HMA2-MJPG>] (last visited Nov. 20, 2017) (submitting that Wusong's in-house legal adviser will help a user changing his/her lawyer in case any problem arises).

149. *FAQs*, LVGE, available at <http://www.lvgelaw.com/about-us/instructions> [<https://perma.cc/LECF-69HD>] (follow first the "FAQ" tab, and then the question "What if I am not satisfied with my lawyer" (last visited Nov. 20, 2017).

150. Summarized from *Refund Warranty at Yingle*, YINGLE, <http://www.yingle.com/assurance/lsfwybz> [<https://perma.cc/YS24-SQN4>] (last visited Apr. 12, 2018).

refund the user's legal fees, in whole or in part, within a 30 business-day window if the lawyer is "seriously derelict in his/her duties," which means any of the following situations: (a) the lawyer fails to perform his/her duty without valid reason, hurting the interests of the user; (b) the lawyer fails to, without being deterred by force majeure, submit evidence in accordance with the litigation procedure; (c) the lawyer fails to appear in court, hurting the interests of the user; or (d) the lawyer makes overstatements about the result of the case.¹⁵¹ Kylin Law (www.kylinlaw.com) has a similar list, which guarantees to refund the legal fees in full in three working days if the lawyer is found to have committed any of the following: (a) refusing to act as the user's attorney or failing to show up in court or in arbitration without a legally valid reason; (b) making undue profits from the user, or colluding with the counterparty or any third party and hurting user's interests; (c) developing business by making exaggerating, defamatory, or misleading statements; (d) losing case files or missing important deadlines, which cannot be made up and has led to losses to the user; or (e) providing obviously wrong advice, leading to damages to the user.¹⁵²

c. Damages

As a general rule, most portals make it clear that they are not liable for paying damages to users for the services rendered by the lawyers in their pools.¹⁵³ Such liability exclusion is grounded on the rationale that the portal is only an intermediary between the user and the lawyer in the legal service relationship, rather than a contractual party.¹⁵⁴ The user may still, on the basis of the relevant provisions in the retainer agreement executed with the law firm of the servicing lawyer, file a suit or resort to other dispute resolution mechanisms to seek damages. True, the user and the lawyer often enter into a separate retainer agreement¹⁵⁵ for services like

151. *Yingzaixian Service Agreement*, YINGZAXIAN, available at <http://www.yingzaixian.cn/ucenter/law-register.html> [<https://perma.cc/VD32-CMSH>], at arts. 2.2 & 2.3 (last visited Nov. 20, 2017). See also Lvqiao, *Lvqiao Service Agreement* (Beta), *supra* note 132, at art. 3.3.

152. *Refund Warranty*, KYLIN LAW, <http://www.kylinlaw.com/help/46> [<https://perma.cc/7WYT-HLZZ>] (last visited Nov. 20, 2017).

153. See, e.g., YINGZAXIAN, *Yingzaixian Service Agreement*, *supra* note 151, at art. 2.2; *Yingle User Registration Agreement*, YINGLE, available at <http://www.yingle.com/customer/register> (follow "Yingle User Registration Agreement" hyperlink), at arts. 6.3 & 6.5 (last visited Nov. 20, 2017); and *Service Terms*, FATIANSHI, <http://www.fatianshi.cn/Agreement> [<https://perma.cc/9RS5-2SKA>], at section *Disclaimers*, art. 1 (last visited Nov. 20, 2017).

154. See, e.g., *Luoye User Agreement*, LUOYE, <http://www.luoye.cc/agreement> [<https://perma.cc/4345-GGEB>], at art. 6.2 (last visited Nov. 20, 2017). See also FATIANSHI, *Service Terms*, *id.* at *Appendix: Supplementary Provisions on Technological Services for Legal Service Projects*, art. 2.2 & 2.3 (submitting that there is only a technological service agreement between the portal and the user/lawyer. The lawyer and the law firm shall be responsible for the quality and potential damages for the legal services; and the portal shall only be held liable for the technological service that it renders).

155. See, e.g., ZGLSF, *Member Registration Agreement*, *supra* note 134, at art. 5.8.3.

litigation or long-term outside corporate counsel, which may contain its own clauses on dispute resolution and damages. However, it is doubtful that such a retainer contract would also exist for a 30-minute telephone consultation, a simple contract review, or issuance of a lawyer's letter. More importantly, the user often lacks the knowledge and the experience of choosing a lawyer, and thus needs to rely on the matchmaking function of the portal to find one in these one-off services.¹⁵⁶ Taking this into consideration, asking the user to seek for damages on his own can be both inefficient and unfair.

A limited number of portals in my sample, however, assume the liability for damages on their part conditionally. For example, Fatiانشi covenants that the ID of every lawyer on the portal is real. Otherwise, it is liable for damages, which are capped at three times the legal fees paid by the user.¹⁵⁷ Two other portals do not pay the damages out of their own pocket, but rather promise to help the user recover damages from the lawyer.¹⁵⁸

3. Portal's Role in Dispute Resolution

While a refund or damages can be easily justified when the services are simply not completed, not delivered in time, or obviously fail to conform to the description,¹⁵⁹ the process is not always so straightforward. More often, the user and the lawyer disagree with each other over more subtle issues about the services, which requires third-party adjudication. In these cases, the portal emerges as the natural first party to look into such dispute. As a matter of fact, more portals in my sample assume this role than not.¹⁶⁰ Typically, the portal's dispute resolution role needs to be

156. That's why for the services such as telephone consultation and contract drafting, the invoices are often issued not by the servicing lawyers but by the portal directly. See, e.g., BLB, *User Agreement*, *supra* note 92, at art. 6.1; *User Registration and Service Agreement*, 17LAW, <http://www.17law.cn/UserRegist#terms-popup> [<https://perma.cc/7UQM-WZRP>], at art. 6.1 (last visited Nov. 20, 2017). For offline services such as retaining an attorney for litigation or outside corporate counsel, it is the law firm of the servicing lawyer that issues the invoice. See 17LAW, *User Registration and Service Agreement*, at art. 6.2.

157. See FATIANSHI, *Service Terms*, *supra* note 153, at section *Disclaimers*, art. 1. It is worth noting that the portal is not responsible for the provision of legal services, nor should it be held liable for the damages arising thereof.

158. The portals however do not further specify how exactly they are going to do so. See 17LAW, *User Registration and Service Agreement*, *supra* note 156, at art. 10.3. See also *Disclaimer*, LVGOU, <http://www.lvgou.com/company/mzsm.html> [<https://perma.cc/PDE9-2WN6>] (last visited Nov. 20, 2017).

159. See, e.g., *Lawyer Service Agreement Appendix: User Service Protection Plan*, BOOLAW, http://www.boolaw.com/help/0_313.html [<https://perma.cc/23DV-T4DS>], at art. 3.1 (last visited Nov. 20, 2017) (stipulating that in these cases, the lawyer shall refund to the user).

160. See, e.g., *Terms and Conditions*, FABAO, <http://cc.fabao.cn/register> [<https://perma.cc/SKF8-78G3>], art. 3.2 (last visited Nov. 20, 2017); FAWUZAXIAN, *Service Rules*, *supra* note 128, at art. 40; and BOOLAW, *Service Agreement*, *supra* note 146, at art. 6.4.

triggered by one or both parties submitting the dispute to the portal.¹⁶¹ By doing so, the parties agree that the portal is not a judicial or administrative organ, and thus can only make a *prima facie* judgment on the relevant evidence from the perspective of a normal person.¹⁶² The portal is not able to guarantee that the ruling will meet the user's expectations, nor should the portal be held liable for the ruling or the resolution.¹⁶³ The parties are deemed to accept the outcome of the dispute resolution, which is binding on them.¹⁶⁴ If the portal fails to make a ruling¹⁶⁵ or one or both parties are still not satisfied with the portal's ruling, then the parties can pursue other dispute resolution mechanisms.¹⁶⁶ In some cases, portals even choose to not stand in between the user and the lawyer at all, and will not mediate or adjudicate their dispute in the first place.¹⁶⁷ A portal is then only obliged to pay or refund the relevant fees according to the parties' agreement or any ruling from a competent authority.¹⁶⁸

III. THE BENEFITS, THE DISRUPTIONS, AND THE REGULATORY CHALLENGES

A. *Disruptions to the Regulations on Organizational and Ownership Structure of Law Firms*

Based on the findings above, Part III discusses the key disruptions that the platform economy model brings into the legal service provision,

161. See, e.g., FAOBAO, *Terms and Conditions*, *id.* at art. 3.2; Fawuzaxian, *Service Rules*, *supra* note 128, at art. 46; *Platform Rules—Dispute Resolution*, IBSONET, <http://www.ibsonet.com/general/our-service/regulation/dispute-handle/index.html> [<https://perma.cc/95TF-8VHA>], at arts. 9.4, 10, & 12 (last visited Nov. 20, 2017); *User Registration and Service Agreement*, JINZHUANG LVSHI, available at <https://www.jinzhuanglvshi.com> [<https://perma.cc/P5V9-QAMD>], at art. 4.2 (last visited Nov. 20, 2017); LUOYE, *Luoye User Agreement*, *supra* note 154, at art. 6.5; *Registration and Service Agreement*, LJGCHINA, http://www.ljgchina.com/web/ourselves/about_us.jsp?t=2 [<https://perma.cc/ET3M-VDFZ>], at art. 4 (last visited Nov. 20, 2017); and LVGOU, *Terms and Conditions*, *supra* note 146, at art. 6.4.

162. See, e.g., IBSONET, *Platform Rules—Dispute Resolution*, *id.* at art. 22; LUOYE, *Luoye User Agreement*, *supra* note 154, at art. 6.5; LJGCHINA, *Registration and Service Agreement*, *id.* at art. 4; and LVGOU, *Terms and Conditions*, *supra* note 146, at art. 6.4.

163. See, e.g., BOOLAW, *Service Agreement*, *supra* note 146, at art. 6.4. LJGCHINA, *Registration and Service Agreement*, *supra* note 161, at art. 4; LUOYE, *User Agreement*, *supra* note 154, at art. 6.5; and LVGOU, *Terms and Conditions*, *supra* note 146, at art. 6.4.

164. See, e.g., IBSONET, *Platform Rules—Dispute Resolution*, *supra* note 161, at art. 30. JINZHUANG LVSHI, *User Registration and Service Agreement*, *supra* note 161, at art. 5; FAOBAO, *Terms and Conditions*, *supra* note 160, at art. 3.2; and FAWUZAXIAN, *Service Rules*, *supra* note 128, at art. 48.

165. See, e.g., IBSONET, *Platform Rules—Dispute Resolution*, *supra* note 161, at art. 25.

166. FAWUZAXIAN, *Service Rules*, *supra* note 128, at art. 49.

167. See, e.g., *Lawyer User Service Agreement*, IDIANFA, <http://www.idianfa.com/register/lawagreement> [<https://perma.cc/3SQ3-6BEG>], art. 8 (last visited Nov. 20, 2017); 51DJL, *Legal Service Platform (User) Registration Agreement*, *supra* note 96, at art. 5.4; ZGLSFW, *Member Registration Agreement*, *supra* note 134, at art. 5.10.

168. 51DJL, *Legal Service Platform (User) Registration Agreement*, *supra* note 96, at art. 5.4.

and the challenges it poses to the current professional regulatory framework. One definite disruption is that the legal service portals challenge the organizational form and ownership structure of law firms. As a platform, these portals not only facilitate an easy channel for individuals and small and micro businesses to access legal services, but they also connect solo lawyers and small law firms to a reliable source of potential clients. In the bigger picture, pooling lawyers with different specializations into a network in effect equals setting up a virtual all-service law firm, which can afford to offer services at very competitive prices thanks to the costs saved from doing business online. From a technical perspective, however, these virtual law firms are not partnerships but instead information technology companies owned and managed by non-lawyers. While the founders of some of the portals are indeed law graduates or licensed lawyers who have previously practiced law,¹⁶⁹ one cannot solidly expect that they are investing and operating the portals in the capacity of lawyers, or that they would directly provide legal services to users. Therefore, the legal service portals are inconsistent with China's regulations on law firms, which generally require them to organize as partnerships (including limited liability partnerships),¹⁷⁰ and be owned by licensed lawyers.¹⁷¹ These regulations are circumvented, because the ownership and practice of law are unbundled¹⁷² in the platform-based virtual online law firms. The core rationale supporting such unbundling is that the platforms are technically only the "intermediary," and not the direct providers, of the services. But is this really the case?

B. *Mere Intermediary or Direct Service Provider?*

The essence of the platform economy is that an online portal, going beyond the brick-and-mortar, matches the supply side with the demand side and facilitates transactions between them. In this sense, there is no employment relationship between the portal and the service providers as the portal is just playing the intermediary role. However, things become complicated when it comes to the provision of legal services, and this complication is at least two-fold. First, while many legal documents and services are standardized, the majority of legal problems tend not to be the case. Instead, they require a high level of specialization, expertise and experience from a professional. For a lay person, however, it is difficult to screen and evaluate the competence and suitability of a lawyer for certain cases, and cannot determine the quality of the legal services that the lawyer is going to deliver. As a consequence, these portals would need to be preliminarily informed about the nature of legal problems of their users, in order to help them make the choice and match the demand

169. See Part II.C.3, *supra*.

170. 律师事务所管理办法 [Administrative Measures for Law Firms] (promulgated by the Ministry of Justice, May 28, 2008), LAWINFOCHINA, <http://www.lawinfochina.com>, at art. 7.

171. *Id.* at art. 28.

172. Robinson, *supra* note 8, at 8.

with the supply correctly and efficiently. As explained in Part II.E above, this is done largely through “human intermediation,” for which the portals retain a team of paraprofessionals or at least people with previous legal training. Given the great amount of the information asymmetry and the users’ potential dependence (either consciously or unconsciously) on the portals’ help to make their final choice, it is questionable to what extent such intermediation is still a mere technical process or whether it involves some substantive legal elements.

The second source of complication closely relates to the first. In addition to matchmaking, the in-house paraprofessional team of some portals also directly provides certain legal services to users, typically those simple or standard ones. For example, the portal Business Law Brain expressly states in its user agreement that the online legal document related services are carried out by its in-house employees,¹⁷³ who hold at least a bachelor degree in legal studies.¹⁷⁴ These so-called “junior legal specialists” are responsible for four key tasks, namely, (i) responding to the questions and consultation requests from online users; (ii) carrying out online legal document related services such as drafting, reviewing and revising; (iii) writing “popular science sketches” on legal topics to be published on the portal;¹⁷⁵ and (iv) distributing online consultation requests and service orders to the appropriate people to finish.¹⁷⁶

C. *The Legal Relationship among the Portal, Users and Lawyers*

The complications discussed above raise a number of uneasy questions when examined against the relevant regulations on China’s legal profession. To be sure, one can only provide legal services in China in the name and capacity of a “lawyer” once one holds a valid license.¹⁷⁷ Passing the bar exam itself does not mean that one is licensed—one must still intern at a law firm for at least one year in order to apply for a license.¹⁷⁸ Moreover, a lawyer may only practice law in a law firm.¹⁷⁹ Faced with these regulations, should we worry when portals use non-lawyers to perform the intermediation, and sometimes even the substantive legal services? If so, can we feel a bit easier when many of the non-lawyers are actually paraprofessionals that have passed the bar exam, but simply do not have the license because they have never interned in the lawyer’s capacity?¹⁸⁰ For those simple standardized legal services, maybe

173. BLB, *User Agreement*, *supra* note 92, at art. 6.1.

174. *Join Us*, BLB, <https://www.blb.com.cn/footer/joinus.jsp> [<https://perma.cc/PA2Q-66J4>], at tab *Junior Legal Specialist (Nanjing)* (last visited Oct. 26, 2017).

175. *Id.*

176. *Id.* at tab *Customer Service Staff (Nanjing)* (last visited Oct. 26, 2017).

177. 中华人民共和国律师法 [Lawyer’s Law of the People’s Republic of China] (amended and adopted at the 30th Session of the Standing Committee of the Tenth National People’s Congress, Oct. 28, 2007), LAWINFOCHINA, <http://www.lawinfochina.com>, at art. 13.

178. *Id.* at art. 5.

179. *Id.* at art. 14.

180. For example, a candidate for the in-house legal director at Fawuzaixian

we do not need to be overly nervous—after all, even in very prestigious law firms, it is often the low-tiered inexperienced associates or even paralegals that actually draft long legal documents, which are only reviewed and signed by partners in the end.¹⁸¹

However, the real issue is that many of the legal services people need are actually not standardized. As pointed out above, the most important source of the information asymmetry in legal profession is that for a nonprofessional, it is very difficult first to diagnose a legal problem, then to find out potential solutions and lawyers with the appropriate expertise, and finally to judge the quality of the lawyers.¹⁸² In real life, it is not uncommon at all that the facts of a case may imply potential solutions from more than one specializations of law, such as contract law, corporate law, or even criminal law. In such circumstances, making the wise choice for the main legal specialization is not straightforward, and may require years of experience in similar cases. As such, can we comfortably trust that a young new law school graduate with only two years of legal experience, and within the few minutes of listening to the user's narrative in the phone call, is able to make the correct diagnosis of the problem, point to the most relevant and efficient specialization(s) of law, and match the user with a list of potential lawyers? From the moral hazard perspective, can we also comfortably trust that a portal, without being bound by professional ethics, will not prioritize its own interests on top of the users' best interests by connecting them first to the lawyers in the contracted law firms of the portal, despite that the legal problem may be solved in a more cost-effective manner by other lawyers? If the answer is no, should we impose the regulation that the portals may only hire licensed professionals for the purpose, given that inefficient, incorrect, or biased advice from the portal as an intermediary may come at great costs

needs to hold at least an LLB degree, have passed the China bar exam, and have minimum two years of corporate in-house legal counsel experience; a candidate for customer service staff needs to hold at least an undergraduate degree in law. See *Latest Recruitment Announcements*, FAWUZAIXIAN, <http://www.fawuzaixian.com/bangzhu/jiaruwomen> (last visited Nov. 20, 2017). For Yifatong, a candidate for its legal manager needs to have at least a bachelor degree in law and two years of experience as a legal practitioner, which could be from either a law firm or corporate in-house counsel. See *Join Us*, YIFATONG, <http://www.yifatong.com/join> (last visited Nov. 20, 2017). Many other portals also set similar prerequisites for the candidates for the positions that deal with the “role of intermediation.” This is true even for Bestone, the company behind the Pocket Lawyer app. Although the intermediation of Pocket Lawyer is to a great extent realized through technology, the company still requires, for the position of “assistant legal adviser,” that the candidates to have at least an LLB degree, and some practical experience in law firms or courts. The key tasks of these assistant legal advisors include order matching and case analysis, etc. See *Job Openings for Assistant Legal Advisers in Hangzhou and Shanghai*, BESTONE (Nov. 15, 2017), <http://www.bestone.com/joinus/index.html?pageid=1> (follow “Campus Recruitment” hyperlink) (last visited on Mar. 8, 2018).

181. John S. Dzienkowski, *The Future of Big Law: Alternative Legal Service Providers to Corporate Clients*, 82 *FORDHAM L. REV.* 2995, 3000 (2014).

182. Stephen, Love & Rickman, *supra* note 11 & 12 and the accompanying text.

on the part of the user? But if we do so, aren't we deeming the intermediation and matchmaking as "practicing law"? One might be tempted to say yes given that the intermediation involves a great deal of substantive legal knowledge and judgment, and may have tremendous impact on the user. Following this logic, how do we then reconcile with the rule that a lawyer should only practice law in law firm? Should we then treat these portals as virtual law firms so that they will be completely included in the professional regulation regime?

D. *Moderately Improved Access to Justice*

Although there are still unanswered questions, it is arguable that the emergence of these legal service portals does improve the access to justice in China, at least moderately. In particular, the improvement can be supported by the fact that many portals offer online (e.g., by messaging or short voice recordings) or telephone consultation services, which can be obtained often for free or for a small price.¹⁸³ This being said, one of the arguments in Robinson (2016) is that the access benefits of ABS firms are oversold. Among other things, he suggests that the users of online legal service portals like the LegalZoom are still small businesses and the upper middle class. Essentially, they belong to the group of people "with the capacity to know they have a legal problem and the resources and savviness to be able to seek out its answer on the Internet and pay for it."¹⁸⁴ Comparatively, the access gains for poor and moderate income populations seem rather limited.¹⁸⁵ While there are merits to these statements, the key contribution of the online legal service portals, in my opinion, is that they offer an *extra* channel of acquiring and even comparing potentially useful information at a much lower cost than visiting a physical law firm. From the perspective of people who are in need of legal help, such opportunity of asking and shopping around can arguably play an important role in their decisionmaking process, as it brings forward and also updates the information about quality and price of the services. True, some portals make a disclaimer in their service agreement that the opinion or advice that a user has acquired from consulting the portal lawyers does not have legal effect, and the portal does not make any representation or warranty about such opinions or advice.¹⁸⁶ This being said, the user may use such opinions or advice as a starting point to further communicate with the lawyer or any other potential lawyer until an official attorney-at-law is retained.¹⁸⁷ This orientation process is further armored by the competitive bidding design where several lawyers compete with each other in answering users' consultation questions.¹⁸⁸

183. Discussed in more detail in Part II.F.3, *supra*.

184. Robinson, *supra* note 8, at 37.

185. *Id.* at 62.

186. YINGZAXIAN, *Yingzaixian Service Agreement*, *supra* note 151, at art. 2.4. *See also* Lvqiao, *Lvqiao Service Agreement (Beta)*, *supra* note 132, art. 3.4.

187. YINGZAXIAN, *Yingzaixian Service Agreement*, *supra* note 151, art. 2.4.

188. Discussed in more detail in Part II.F.3, *supra*.

Moreover, thanks to the almost ubiquitous presence of user rating/review systems online, reputation becomes an effective mechanism for discouraging harmful behavior by market participants, and thus reduces adverse selection risks for consumers stemming from information asymmetries.¹⁸⁹

However, we should not be over-complacent about the improved access benefits. As pointed out above, the quality and reliability of the legal services on the portals are not completely free of professional ethical concerns, and it is also a fact that consumers usually lack the time to research, assess, or authenticate the legitimacy of the information generated from the ratings or reviews.¹⁹⁰ But to say the least, we cannot be fully confident that Googling, obtaining recommendations from acquaintances, or dropping a random visit to a nearby law firm will necessarily provide better solutions to consumers' legal problems. After all, in a country where 1.4 billion people share only around 300,000 licensed lawyers,¹⁹¹ and the quality of legal aid often does not live up to expectations,¹⁹² we do not seem to have a very strong case to say a firm no to these portals.

E. *Suggested Regulatory Response*

Based on the discussions so far, more questions have been raised rather than answered. Maybe now is the time to look at the previous regulatory proposals and similar experiences from other jurisdictions. A frequently stated concept is “service unbundling”—such as unbundling legal work from non-legal work, or complex, sophisticated work from routine, standardized work.¹⁹³ By unbundling, the key legal services can remain in the hands of the licensed professionals, while alternative service providers can be allowed to tap into the others. The findings from China's online legal service portals, however, prove that the practice is far less straightforward than the concept. There is often no clear line to decide which services should be reserved and which should be open to alternative unlicensed service providers.¹⁹⁴ Even in one service package, sometimes the difficulty lies in the diagnosis, sometimes it is the solutions need more legal tactics, or sometimes it may be both.

189. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A European Agenda for the Collaborative Economy*, *supra* note 3, at 4.

190. Izabella Kaminska, *Imperfect information dims the vision of a digital utopia*, FINANCIAL TIMES (Sep. 26, 2017), available at www.ft.com.

191. 中国执业律师近30万人 [China has nearly 300,000 practicing lawyers], PEOPLE'S DAILY OVERSEAS EDITION, 1 (Mar. 31, 2016), http://paper.people.com.cn/rmrbhwb/html/2016-03/31/content_1665842.htm.

192. Yinjie Liu & Li Feng, *Falv yuanzhu fuwu zhiliang tanxi* [An Inquiry into the Quality of Legal Aid], CHINALLEGALAID.GOV.CN, May 31, 2017, available at http://www.chinallegalaid.gov.cn/China_legalaid/content/2017-05/31/content_7186566.htm?node=40883 (last visited Oct. 31, 2017).

193. Dzienkowski, *supra* note 181, at 3015. See also OECD Secretariat, *supra* note 4, at 9.

194. OECD Secretariat, *supra* note 4, at 22.

The European Union offers a new perspective to examine the issue of “service unbundling.” When it comes to regulating platform economy, the EU distinguishes between two types of services, i.e., the *information society services* and the *underlying services*.¹⁹⁵ In particular, the first type is defined as those services that are normally provided for remuneration, at a distance, by electronic means, and at the individual request of the service recipient.¹⁹⁶ The key distinction between information society services and the substantive underlying services lies in the level of control and influence that the platform has over the service providers. Typically, three key questions can be asked to the end of establishing such control and influence: whether the platform sets the final prices, whether it sets other important terms that define the contractual relationship between the providers and users of the underlying services, and whether it owns the key assets used to provide the services.¹⁹⁷ Other criteria, such as assumption of potential liability, or the existence of an employment relationship, are also signs of the high level of control and influence of the portal.¹⁹⁸ In general, it would be more reasonable to consider the platforms as offering directly the underlying services, when they are more involved in managing and organizing the selection of the providers of the underlying services, and the manner in which those underlying services are carried out.¹⁹⁹ Overall, the standpoint of the European E-Commerce Directive is that information society services should not be subject to prior authorizations or any equivalent requirements that are specifically and exclusively targeted at them.²⁰⁰ When platforms also provide underlying services, the market access regulations to be applied to them should be proportionate, nondiscriminatory, and serve clearly-defined public interest goals.²⁰¹

Based on the findings presented in Part II, many practices of China’s online legal service platforms actually conform to the abovementioned criteria, tilting to the conclusion that they are not only intermediating between the supply and demand, but are often also providing underlying services. These legally substantive services may have already started when the paraprofessionals hired by the portals are responding to online consultation questions and orienting the users to the licensed lawyers. Even if some portals, such as Pocket Lawyer or Dianjilv, primarily use

195. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A European Agenda for the Collaborative Economy*, *supra* note 3, at 6.

196. Council Directive 2000/31, 2000 (L 178), art. 2(a) (EC).

197. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A European Agenda for the Collaborative Economy*, *supra* note 3, at 6.

198. *Id.*

199. *Id.* at 7.

200. Council Directive 2000/31, 2000 (L 178), art. 4 (EC),

201. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A European Agenda for the Collaborative Economy*, *supra* note 3, at 4.

predefined rules or algorithms to complete the lawyer search and match-making, there are still chances that certain users cannot effectively use the search engine or need further help in comprehending the search results. Furthermore, substantive legal judgment is surely present, when portals such as Yingle and Fawuzaixian offer the “jury services” to help users rate and weigh legal solution proposals from different lawyers, and to adjudicate potential disputes between them. As such, it is not feasible to fully unbundle the legal services from the information society services.

Infeasibility, however, is not the only reason against a blanket ban of unauthorized legal practice on these portals. More critically, such a ban may backfire because it overlooks the more fundamental public interests. As argued in Part III.D above, the most important contribution of the online legal service portals is that they broaden the information sources for people to seek legal help. Having compared the answers obtained from consulting a few of these portals online and over the phone, a consumer previously deciding to resolve his issues without legal representation²⁰² might change his mind. This directly speaks to the information asymmetry problem, which is the most primary source of market failures in legal services provision and thus the strongest rationale for professional regulation. True, the quality of the information acquired from the online legal service portals may still leave much to be desired. As explained above, this is partially because the in-house legal consultant teams hired by the portals are in general constituted by young paraprofessionals with limited experience. Moreover, there are also moral hazard concerns about the portals in a sense that they may recommend lawyers first from their contracted law firms, which may or may not have the best expertise for the consumer’s particular legal problem. However, the correct regulatory solution should be to try to enhance the quality of such information, not to completely block up the source—especially when there is still an overall shortage of information in the first place.

To be sure, many portals have realized that the core value of their business model lies in the ability to provide good quality information, and have already come up with creative solutions to that end. Examples from the sample include smart technology-assisted matchmaking (e.g., Pocket Lawyer), lawyer rating and comparison services based on data mining algorithms (e.g., Dianjilv), and dedicated expert panel/jury services (e.g., Yingle) to help users compare multiple legal solution plans. Looking into the future, we may expect advanced artificial intelligence technology to replace humans in providing the initial diagnosis and matchmaking service, which will be targeted and tailored, and yet free from potential ethical concerns that are present in human intermediation. But for

202. UK Competitive and Markets Authority, *Legal Services Markets Study*, <https://assets.publishing.service.gov.uk/media/5887374d40f0b6593700001a/legal-services-market-study-final-report.pdf>, Dec. 15, 2016, at 10 (point out information issues, including both limited awareness of the sector and providers’ lack of transparency, can cause consumers to refrain from seeking legal help).

now, the quality of such matchmaking and comparison services may be already improved if there are licensed professional lawyers working at the portals. They can, for example, help design and refine the technology, supervise and monitor the law graduates and young paraprofessionals in answering questions from users, and make sophisticated judgment calls on those nuanced and/or intricate legal issues. In other words, this is to suggest that the portals should have (at least) one general legal manager or director in place, who should be a licensed lawyer, to safeguard and enforce the professional ethical regulations. Borrowing the existing experiences from the UK and Australia,²⁰³ these legal managers/directors should carry continued individual professional liability, regardless of whether they are working in the capacity of a lawyer or as an officer or employee of the portal.²⁰⁴

Importantly, if a portal or any nonprofessional employees therein are in violation of the professional codes, the legal manager/director should have the duty to correct the violation, otherwise the portal would be disciplined or barred from legal service provision in the future.²⁰⁵ This implies that the portals should be incorporated into the professional license regime. The license is, however, a different one for the “alternative legal service providers” such as the online platforms. Here, the proposal essentially looks at the idea of ownership unbundling, which leaves the control over the law practice with licensed legal professionals, while allowing the profit rights of the business to be shared more broadly.²⁰⁶ In other words, while securing independent professional judgment is important, the proposal recognizes the availability of abundant good quality information in legal service provision as an even more profound public interest, which deserves to be prioritized in the regulatory agenda. Empirically, although the availability of data is still limited both for previous studies²⁰⁷ and this paper, findings available so far do not seem to provide hardcore evidence of the criticism that non-lawyer ownership will impede lawyers’ professional judgment, which still largely remains a hypothesis.²⁰⁸ Even if this indeed happens in practice, e.g., when a portal

203. Solicitors Regulation Authority, SRA Authorisation Rules For Legal Services Bodies And Licensable Bodies Rule 8.5 (2011) (mandating compliance officer for legal practice in England and Wales, who should take all reasonable steps to ensure compliance of professional rules and report any failures thereof). For Australia, *see* Legal Services Commission, Obligations of LPDS (Nov. 2013), <http://www.lsc.qld.gov.au/compliance/incorporated-legal-practices/obligations-of-legal-practitioner-directors> (stipulating the obligations of the legal practice director for the purposes of ensuring abidance of professional rules by employees of an incorporated legal practice).

204. Legal Profession Act 2004 (NSW) s 143(1)(a) (Austl.).

205. Solicitors Regulation Authority, *supra* note 203.

206. Robinson, *supra* note 8, at 9.

207. UK Competitive and Markets Authority, *supra* note 202, at 96 (pointing out that it is too early to appreciate the full impact of the ABS regime).

208. *Id.* (pointing out that “many ABSs currently in the sector do not differ greatly from traditional firms ... The motivation for many of these firms to seek ABS status has been to bring non-lawyers into senior roles within the firm, rather than to apply a

fails to remain neutral in the matchmaking and tells its employees to unduly favor the lawyers from its contracted law firms, the legal manager/director should report this. Upon receiving such a report, the local bureau of justice or bar association can officially decide whether to discipline the portal, or even revoke its alternative legal service provider license. In the words of Koopman, Mitchell, & Thierer (2015),²⁰⁹ such a proposal can be labeled as a mix of both the “regulation up” and “deregulation down.” It does bring the online legal service platforms into a professional licensing regime, thus imposing new compliance obligations on them; while the new regulation is a comparatively light one based on a deregulation of the legal profession in the larger picture, as the normal ownership and organizational restrictions for conventional law firms are not applicable to the alternative service providers.

CONCLUSION

Although the rise and proliferation of platform economy has been controversial, most commentators agree that it is there to stay.²¹⁰ From a political economy perspective, it is even predicted that the existing platforms will transform—technologically, organizationally and financially—into super-platforms.²¹¹ The rapid development of online legal service providers in China presents a vivid example in support of this prediction. The Uber business model breaks into the legal profession by pooling lawyers with different specializations into a simple user-friendly platform. This helps to consolidate the lower-tier supply side of the legal market and generates an economy of scale. On the one hand, it is disruptive to physical law firms because it diverts many transactions from offline to online, reducing the need for people to go to brick-and-mortar law firms. On the other hand, such disruption originates from the incumbents in the first place—the service providers registered at the portals are licensed lawyers themselves. In this sense, platform economy does not replace existing players but rather empowers them by presenting a new channel of connecting to potential clients.

Based on a list of 130 innovative providers of law-related services and solutions that adopt the platform economy model, this paper offers the very first empirical snapshot of the key practices of these online portals. It is found that, the intermediary functions of the portals as the “matchmaker” between the consumers (as the demand side) and lawyers (as the supply side) are often comingled with certain substantive legal services, which cannot be easily unbundled from each other. A typical phenomenon is that the portals hire law graduates and young paraprofessionals with limited experience to make *prima facie* diagnosis of users’ legal problems, answer their questions, and match them to the lawyers.

fundamentally different business model or seek external capital for investment”).

209. Koopman, Mitchell & Thierer, *supra* note 66.

210. Katz, *supra* note 61, at 1126.

211. Frenken, *supra* note 51, at 7.

Given the grand information asymmetry in legal service provision and the great importance the users may attach to the portals' recommendation, the quality of such intermediation and matchmaking may still leave much to be desired. This being said, the regulatory response should not be a complete removal of this information source. Contrary to certain previous empirical discussions on alternative business structures, this paper argues that the most significant contribution of the portals is that they help to improve access to justice in China, by virtue of offering an *extra* channel of acquiring and even comparing potentially useful information at a much lower cost than visiting a physical law firm. The profundity of such public interest is especially augmented when we consider the general shortage of legal resources in China. Such shortage is even worsened by the very uneven distribution of lawyers geographically, effectively leaving consumers from poor or rural areas with very scarce means of seeking legal help. As such, the regulators of China's legal profession could, based on the inspiration of the ABS regime, introduce an alternative license for these online legal service providers. One of the preconditions for such a license is that potential candidates should have at least one licensed professional lawyer in place. This lawyer would be responsible for monitoring and guiding the paraprofessionals on complicated legal issues, and ensuring the compliance of professional rules by the portal and its nonprofessional employees. Unlike the conventional law firm license, the license for alternative service providers does not mandate full lawyer ownership, meaning that the portals do not need to undergo drastic ownership and organizational changes, thus minimizing the potential compliance burden on them. In essence, such a regulatory proposal can improve the quality of information in legal service search and provision, while leaving room for new innovative business structures to evolve.

