

# Practice and Experience of Litigation Credit Assessment System in Zhejiang Province

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**Abstract:** In recent years, there has been a proliferation of false litigation cases, and the dispute handling has become increasingly diverse and complex. This has put traditional manual governance methods into a predicament, seriously jeopardizing the credit of judicial litigation. Under such circumstances, courts in Zhejiang province are starting to explore the litigation credit evaluation system. Through field investigation and case search, they examine the current status quo and difficulties of the implementation of the litigation credit evaluation system in Zhejiang province. Meanwhile, the courts also analyze the causes of the implementation difficulties, summarize the universal experience of implementing the litigation credit evaluation system in Zhejiang province and propose countermeasures, thus further constructing the social credit systems.

**Keywords:** Fraud Litigation; Litigation credit assessment system; Collaborative governance; Zhejiang experience

## 1. Presentation of problem

The credit construction in the field of judicial action is an important part of the social credit system, and the governance of false litigation is the difficulty and blocking problem that restricts the construction of judicial credit system at present. The so-called "false litigation" refers to acts that, alone or in bad faith with others, fabricate the basic facts of a civil case, fabricate a civil dispute, bring a civil lawsuit to a people's court by means of forging evidence or false statements, thereby harming the interests of the state, the social public interest or the legitimate rights and interests of others, and impairing judicial order.<sup>[1]</sup> In recent years, the frequent occurrence of false litigation cases has become a "cancer" invading the body of the rule of law. Statistics show that from 2019 to 2023, false lawsuits have caused economic losses of hundreds of millions of participants, and the amount involved has reached hundreds of billions of yuan, endangering economic development and social stability; 31% of the cases were rejected or rejected, which occupied a lot of judicial resources. 26% of accepted cases were wrongly judged, seriously affecting judicial credibility.<sup>[2]</sup> Such cases not only seriously disturb the order of the market economy, but also damage the legitimate rights and interests of the relevant parties; It also occupies judicial public resources, impairs the normal activities of judicial organs, and destroys the authority and impartiality of judicial proceedings.

To this end, China has continuously increased the punishment of false litigation in recent years, and local courts have actively carried out special rectification of false litigation, and the high incidence of false litigation cases has been contained to a certain extent, but the number of cases is still running at a high level nationwide. Moreover, with the continuous development of economy and society, the new false lawsuits with well-planned and hidden operation emerge one after another, and the task of preventing and punishing false lawsuits is still arduous.

In judicial practice, false litigation governance faces such pain points as different evaluation standards, difficult to identify case clues, insufficient linkage between judicial subjects and imperfect credit punishment mechanism. It is necessary to construct and perfect litigation credit evaluation system to prevent and control false litigation from the source. Since 2020, various courts in Zhejiang Province have begun to explore the governance of false lawsuits with litigation credit evaluation system, forming a lot of useful practical experience, the number of false lawsuits in the province has declined year by year, and the governance has achieved remarkable results. Therefore, the research group selected Hangzhou, Wenzhou, Ningbo, Shaoxing and Jiaying in Zhejiang Province to carry out field research, and used various research methods such as empirical investigation, statistical analysis

and literature analysis to comb out the current situation and dilemma of false litigation governance, and summarize Zhejiang's experience in building a litigation credit evaluation system to crack down on false litigation. In order to implement a nationwide litigation credit evaluation system, effective treatment of false litigation should be taken to provide countermeasures and suggestions.

## **2. The current situation and dilemma of false litigation governance: A case study of false litigation in Zhejiang Province in recent five years**

### ***2.1 Number of false litigation cases***

According to public data, from 2019 to 2023, the number of cases accepted by the country has continued to rise. In the same period, the number of false litigation cases in Zhejiang Province totaled 26,233, accounting for 9.25% of the total number of cases in the country. After reaching its peak in 2020, the number of false litigation cases in Zhejiang Province declined sharply year by year from 2021 to 2023. Compared with the continuous increase in the number of cases in the country, the governance of false litigation in Zhejiang Province has achieved remarkable results.

### ***2.2 Regional distribution of false litigation***

The distribution of cases involving false litigation in Zhejiang Province is seriously uneven, and the cases of false litigation in Wenzhou, Hangzhou and Ningbo rank the top three in Zhejiang Province, accounting for 57.47%, 8.09% and 7.1% respectively, and the regional concentration trend is clear. There is a strong correlation between the number of regional false litigation cases and the degree of economic activity. Taking Wenzhou as an example, this region has a developed economy and active private capital flow. Private lending is generally accepted in Wenzhou because of its simple procedures and low qualification threshold. In order to escape debts or obtain high profits, some actors may take the means of false litigation to seek improper interests; At the same time, some lawbreakers also see the interest space behind false lawsuits and seek illegal benefits by helping others to file false lawsuits.

### ***2.3 Main types of false litigation cases***

False lawsuits were concentrated in private lending, sales contracts, construction projects, disputes over recovery rights, lease contracts and other key areas, among which private lending cases accounted for 36.43%, sales contracts accounted for 19.67%, and construction projects accounted for 7.08%. The problem of broken trust in key areas is repeatedly prohibited and repeatedly punished, which highlights the lack of punishment. With the development of society and economy, false litigation began to extend to new fields such as financial loans, equity transfers, and bankruptcy claims confirmation, and cases involving false labor arbitration and false notarization of creditor's rights documents also appeared, and the types of cases became more diversified and complicated.

The behaviors of false litigation cases are also diverse. According to the Answer to Questions on Further Preventing and Combating False Litigation issued by the Zhejiang Provincial High People's Court, 15 types of behaviors of false litigation are stipulated, which are mainly manifested as malicious collusion between the parties, falsification of evidence, and false statements, such as fabricating false loans and vehicle mortgages. Illegal profit by auctioning license plates through false litigation. In addition, there are many forms of fake labor arbitration to evade execution, maliciously collude in falsely increasing wages to reach pre-lawsuit mediation to participate in distribution, deliberately conceal the fact of contract change to defraud jurisdiction, falsify transfer records to defraud civil mediation documents to declare false claims, etc., increasing the difficulty of case clues screening.

### ***2.4 False lawsuit identification and correction***

From 2019 to 2023, the second trial and retrial rate of civil cases involving false litigation in Zhejiang Province was as high as 28.01%, far exceeding the second trial and retrial rate of civil cases in the province. It is precisely because of the strong concealment and diversified means of false litigation that there are few flaws in the process of litigation, whether from the evidence chain or the application of law. In addition, the correction of false lawsuit has time delay, which makes the judge face a great test in the trial. If the injured party or the third party outside the case wants to correct the false legal relations and legal facts generated by the false lawsuit, it still depends on the initiation of the second trial and the retrial procedure.

#### ***2.4.1 The standards for determining false litigation are not uniform***

There are serious differences in the distribution of false litigation cases in Zhejiang Province, aiming at this phenomenon, the research group collected 1,500 cases involving false litigation in various cities and found that the focus of digital application of false litigation in Zhejiang Province is different, and the scale and scope of use are quite different, resulting in a lot of differences in screening standards and screening procedures. Different definitions of false litigation will further lead to different evaluation standards in the application of litigation credit evaluation. This "standard gap" is not conducive to the flow of information, and is a big dilemma to be solved in the construction of litigation credit evaluation system. The Guiding Opinions of the Supreme People's Court on Preventing and Punishing False Litigation only put forward an evaluation standard for the identification of false litigation, pointing out that the elements of false litigation include evading laws and regulations to seek illegal benefits, malicious collusion, fabricating facts, borrowing legal procedures, etc. In practice, distinguishing false litigation behaviors depends more on judges' trial experience to exercise discretion on individual cases. The identification method itself lacks universality. The research group counted the definitions of false litigation in legal norms of different levels of effectiveness, and found that different legal norms did not identify false litigation in the same way, especially in the identification of whether "unilateral false type" belongs to false litigation. In judicial practice, because of the different standards of the court's determination of false litigation, it is impossible to form a unified judicial practice. The unclear definition of false litigation and the lack of evaluation criteria of litigation behavior make it difficult for the court to judge whether the dishonest behavior meets the standard of false litigation, and it is easy to miss judgment and misjudgment.

#### ***2.4.2 False lawsuits are highly concealed***

In view of the incalculable risks brought about by false litigation, it is not possible to deal with the problems existing in other lawsuits, so we should take preventive measures in advance to effectively prevent or intercept. It can even be said that in the face of the large-scale risks brought by false litigation, prevention and control is not only the first option, but also the only option.<sup>[3]</sup>In order to control false litigation from the source, it is necessary to realize accurate identification of false litigation before litigation. The identification of false litigation depends on whether the key behavior of the target case can be accurately captured, and whether there are a large number of similar cases to provide a comparative reference. At present, due to the case information cocooning, data islanding and fragmentation of clues<sup>[4]</sup>, The acquisition and sharing of all kinds of data is extremely limited, resulting in less technology for reference cases, and the quality of cases is uneven.

#### ***2.4.3 Insufficient cross-departmental coordination***

The civil law adjusts the private rights between equal subjects. Under the litigant mode, the court is in a passive situation and cannot investigate the authenticity of statements and evidence accurately and thoroughly. Civil litigation is a remedy for private rights. Procuratorial organs, as public power organs, often have traditional and backward ways of procuratorial supervision. Compared with protest, procuratorial suggestions are used more frequently, but because procuratorial suggestions do not have the guarantee of force, the people's court may make changes according to the content of the suggestions, or it may not accept the proposal, which will make the supervision function of the procuratorate become a paper of empty talk.<sup>[5]</sup>Although the perpetrators who meet the standard of false litigation crime will be transferred to the public security organs due to the seriousness of their behavior, because the investigation method of the public security mainly refers to the court case files, there are no other means of information sharing, the public security also has many difficulties in judicial practice by summoning judges to the case for inquiry, and the crackdown effect is not ideal.<sup>[6]</sup>With the development of modern society, the understanding of the original characteristics of the court's sole exercise of judicial power has been shaken by the practice of judicial pluralism in contemporary society, and the content of judicial power has undergone significant changes. It is difficult for the court to unilaterally exercise judicial power to meet the practical needs of resolving social conflicts that flood in, which is also on the basis of the court's sole control of false lawsuits. New requirements are put forward for more subjects to participate in governance. At this stage, although the digital application has achieved remarkable results in the prevention and control of false lawsuits, there is still a dilemma of blocked inter-subject interaction, and the access and sharing of financial data and social data are also limited, which is not conducive to in-depth application and collaborative innovation.

### **3. Zhejiang experience in constructing litigation credit evaluation system**

In the face of the dilemma of false litigation management, the traditional ways of case supervision and manual identification have been difficult to meet the needs of judicial practice. The combination of artificial intelligence and trial activities has become an important development trend in the judicial field, which is also one of the technical preconditions for the emergence and operation of digital prevention and control applications of false litigation.<sup>[7]</sup>Courts at all levels in Zhejiang Province actively explore the use of big data, cloud computing and artificial intelligence-driven "smart justice", and continue to promote the optimization and iteration of litigation credit evaluation system by means of scientific and technological innovation, forming a lot of Zhejiang materials for reference. This paper summarizes the operation mode and innovation measures of litigation credit evaluation system in various places, and its core mechanism is digital application to intervene in the whole process of litigation, and accurately screen and deal with false lawsuits by stages.

#### ***3.1 Pre-litigation: credit assessment of participants***

The main application scenario of the litigation credit evaluation system in Zhejiang Province is pre-litigation prevention. On the one hand, the establishment and continuous improvement of "electronic files of the list of untrustworthy litigants" in each court, and the "sketch" display of untrustworthy behaviors of litigants. The internal judicial personnel of the court can log into the system to inquire the dishonest behavior of a specific subject involved in litigation and enforcement activities and its evaluation results, and use the search results as the reference basis for future risk assessment. On the other hand, pay attention to the common means of false litigation, whether there are two statements of parties inconsistent, submitted two pieces of evidence conflict with each other and so on. When there is a suspected situation, the business court shall exercise the duty of careful care after receiving it, focusing on preventing false litigation.

#### ***3.2 In litigation: comparative identification of litigation clues***

The intelligent and accurate recognition of false litigation depends on the development of algorithm tools, the key lies in the feature location of false litigation and the recognition and capture of key elements<sup>[8]</sup>. With the advancement of digital reform, Zhejiang courts have developed intelligent assisted judgments of the whole process by using artificial intelligence algorithms<sup>[9]</sup>, and have used information technology to timely detect false litigation clues, accurately identify them, and provide certain assistance in related cases and class cases retrieval and judgment deviation early warning. Judicial big data can present regular situations in the judicial field and provide knowledge reference. Taking private lending as an example, due to its large total number of cases, fast growth and huge amount of targets involved, it has become the "hardest hit area" of false litigation cases. There are often common clues that the participants in the case are professional lenders, the litigation actions involved in the case are not in line with the age or economic status of the parties, there is a concealed relationship between the parties, there is no substantive confrontation in the trial or rapid active mediation. Taking common clues as the starting point, Zhejiang courts rely on information technology to search related cases that may be suspected of false litigation behavior, and use automatic identification, grasping and corresponding functions at the technical level to examine and judge hidden behaviors behind false meaning through the characterization of private lending.

#### ***3.3 After litigation: litigation credit management mechanism***

As one of the important carriers of the litigation credit evaluation system, the litigation credit management platform can not only realize the court's evaluation of the litigants involved in false litigation, meet the public's demand for the inquiry and management of litigation credit information, but also set up corresponding incentive, punishment and prevention measures. The public login management platform can query their own judicial credit information such as judicial integrity records, litigation records, judicial integrity reports, and other personal judicial credit information, and can also query other subjects and judge the litigation credit status of the queried object by themselves. At the same time, the platform will warn and remind dishonest users and urge users to take credit repair methods such as automatic performance to improve their credit evaluation. The court will establish a reverse list, and the subjects in the list will participate in litigation activities in the future, and the judge will increase the examination of the qualifications of the litigants, the facts of the case, and the evidence materials according to the system, and take measures such as hearing and questioning in court

according to the circumstances, and cancel the reduction and exemption of litigation costs.

#### **4. Suggestions on perfecting and popularizing the litigation credit evaluation system**

Zhejiang has formed a relatively mature litigation credit evaluation system, and the judicial practice has proved that the promotion of false litigation governance has achieved obvious results. On this basis, we can further learn from foreign experience, improve the operation mechanism of the litigation credit evaluation system, summarize and refine the "common factors", form replicable experience, build a unified litigation credit evaluation system at the national level, improve the long-term mechanism of judicial integrity construction, and optimize the business environment under the rule of law.

##### ***4.1 Establish uniform standards for determining false litigation***

"The same case and the same judgment" is the specific requirement of the constitutional equality principle in the judicial field<sup>[10]</sup>, and it is also a constitutive obligation of justice<sup>[11]</sup>. In traditional judicial practice, the legal judicial subject takes the lead in professionalism. However, due to the complex case facts, staggered social factors, and the differences in the level and cognition of judges in different regions, judicial activities cannot be completely the professional judgment of "a few people", but external factors should be appropriately introduced, which is the source of the litigation credit evaluation system.<sup>[12]</sup>The purpose of litigation credit evaluation index is to identify whether a case has the risk of false litigation, so the risk of false litigation should be taken as the evaluation guide. It should be noted that the litigation credit evaluation system should still be used as an auxiliary system, and can not fundamentally change the essential characteristics of traditional judicial activities and its operating mechanism.<sup>[13]</sup>

##### ***4.2 Integrate existing digital system resources***

In view of the overlap of digital and intelligent application functions of false lawsuit identification and early warning found in practice research, it is urgent to integrate the existing digital and intelligent applications. The construction of litigation credit evaluation system should pay attention to the integrity, coordinate the existing digital application, select the central application system, and avoid the incompatible problem. After analyzing and combing the applications already launched by various courts in the region, a system that meets the standards, has a reasonable structure, strong expansion ability and centralized application is taken as the central pillar to meet the current and future development needs<sup>[14]</sup> and maximize the comprehensive benefits of the litigation credit evaluation system. This construction method can reduce the consumption among various applications and form a unified litigation credit evaluation platform. Fully mobilize and make use of information resources, share local experience in court construction, and overcome the gap in practical communication. If deficiencies are found after trial operation for a period of time, avoid scattered development and construction, improve the application of new branches, and pay attention to improving the overall efficiency of the litigation credit evaluation system.

##### ***4.3 Improve the prevention and control mechanism for multi-disciplinary coordination of false lawsuits***

The previous independent evaluation mechanism has some shortcomings in dealing with the false litigation evaluation in the digital age. However, if the court chooses the mode of "one conclusion" for this reason, it will inevitably lead to arbitrary evaluation results, limit the space of social autonomy, and adversely affect the operation of social supervision and restriction.<sup>[15]</sup>Therefore, the cross-departmental and cross-regional collaborative governance mechanism should become the only choice to build a new evaluation system.

The most critical part of the construction of litigation credit evaluation system is risk early warning and prediction, which should be realized based on the data and information sharing of the whole judicial organs and the whole case process. Through data empowerment and system reshaping, trial resource allocation can be optimized to the maximum extent to achieve cross-regional, cross-level and cross-court resource allocation.<sup>[16]</sup>In view of the current situation that courts are unwilling to share and dare not share, the government can invest in the construction of national or local credit information sharing platforms to realize the centralized storage and efficient inquiry of litigation credit information. The government can also organize and form a list of data sharing, and improve the construction of the

Unicom coordination system. All departments are encouraged to abandon the concept of data ownership, strengthen the concept of public service, sort out work from the perspective of promoting the sharing and mutual recognition of data flow, establish a list of data that can be shared or a negative list that cannot be shared, and clarify unified standards, conditions and procedures to make data connectivity more standardized and transparent. By integrating the litigation credit list with the unified social credit code of "five certificates in one", risk warning and risk response modules can be set in the litigation credit database for litigation participants, so as to improve the influence and authority of litigation credit. [17]The integrated litigation credit information is applied to judicial trial, administrative supervision, financial credit and other fields, and constantly optimized and improved according to the actual operation situation, to break the "information island" and "data chimney" within each court.

## 5. Conclusion

False litigation has significantly undermined judicial order and cast a negative shadow. In response, local courts have carried out centralized rectification, yet the persistent high rate of such cases remains largely unchanged, exposing a significant limitation in traditional governance approaches. Against this backdrop, Zhejiang's litigation credit evaluation system came into being, representing a beneficial supplement to the traditional litigation system framework and a proactive pursuit of the modern social governance model. In the realm of credit evaluation, clue identification, behavior assessment, and other pertinent aspects, it offers a pioneering "Zhejiang model" for the nationwide advancement of the litigation credit evaluation system. However, we acknowledge that challenges persist regarding standardization of evaluation criteria, sharing data, and platform construction amid the complex and dynamic legal environment and growing demand for lawsuits. In the future, aimed for better serving the overall situation of social justice and the progress of the rule of law, we will persist in deepening the research and practice of this system, constantly refining the evaluation criteria, improving relevant laws and regulations, and bolstering judicial efficiency.

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- [10] Article 33 of the Constitution of the People's Republic of China states: "All citizens of the People's Republic of China are equal before the law."; Article 4 of the Criminal Law of the People's Republic of China stipulates that "the law shall be applied equally to anyone who commits a crime."

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