

New Regulatory Framework for the Ranking of Commercial Offers in Online Search Results

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Recent changes to Latvian Unfair Commercial Practices Prohibition Law (1997, as amended) provide a new regulatory framework for the ranking of commercial offers in online search results.

The amendments to the law that establish the requirements for the ranking of goods and services that entered into force on 2 March 2023 are based on the provisions of EU Directive 2019/2161 regarding the better enforcement and modernisation of European Union consumer protection rules.

Going forward, online search functionality providers (OSFPs) are prohibited from providing consumers making online search requests with results where higher rankings were paid for, or were provided with a paid advertisement, without clearly disclosing that fact. In other words, consumers must be informed in a short, easily accessible, and understandable way when traders have directly or indirectly paid the OSFP to ensure higher rankings for their goods/services.

However, payments for general services like a listing fee or membership fee associated with a wide range of functions offered by the OSFP do not automatically qualify as payment for higher rankings, unless the payment was made for that purpose.

In addition, consumers searching for goods and services (for instance, travel, accommodation, and recreational activities) must be informed of default key parameters for the ranking of offers, and on the relative importance of these parameters compared to other parameters (even if no payment has been made for a higher ranking).

The ranking parameters are any general criteria, processes, and special signals included in the algorithms, or other customization or lowering mechanisms used in connection with ranking.

The description of ranking mechanisms in great detail, including algorithms, is not required. A general main description of the ranking parameters (including an explanation of default

key parameters and their relative comparison with others) will suffice. The description does not need to be adjusted for each individual search query.

Traders found to be in violation of these rules may be fined up to 4% of their annual turnover.

Source:

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