

Le Chuan Co., Ltd.

1431st Commissioners' Meeting (2019)

Case: Le Chuan violated the Fair Trade Law by posting false advertisements on its website to market the LC-610 Hot and Cold Water Dispenser

Keyword(s): false advertising, Energy Label, water dispenser

Reference: Fair Trade Commission Decision of April 10, 2019 (the 1431st Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 108016

Industry: Retail Sale of Electrical Household Appliances in Specialized Stores (4741)

Relevant Law(s): Paragraph 1 of Article 21 of the Fair Trade Law

Summary:

1. On October 3, 2018, the Bureau of Energy of the Ministry of Economic Affairs transferred to the FTC a case found out by the Industrial Technology Research Institute regarding Le Chuan Co., Ltd. (hereinafter referred to as Le Chuan) marketing the LC-610 Hot and Cold Water Dispenser by claiming that the product had been awarded the Energy Label. False advertising was suspected.
2. Findings of the FTC after investigation:
The advertisement in question was produced by Dah Chwan Digital Technology at the request of Mr. Lin, the former person in charge of Le Chuan. It was posted between August 1, 2016 and October 29, 2018. Le Chuan admitted the claim that the product had been awarded the Energy Label was an act of negligence in the webpage planning and production process when LC-610 was placed together with the LC-600 Cold, Warm and Hot Water Dispense that the Energy Label was for. As a result, consumers had the wrong perception that the product in question had also been awarded the Energy Label.
3. Grounds for disposition:
 - (1) The claim that the product in question had been awarded the Energy Label and use of the picture of the Energy Label gave people the impression that the product in question marketed by Le Chuan was high in energy efficiency while there was the Energy Label Certificate to prove it. However, in reality the product in question had not been awarded the Energy Label. Therefore, the practice could cause consumers to have wrong perceptions and make wrong decisions. It was indeed a false and misleading representation.
 - (2) After assessing the motive and purpose of the offender for the unlawful act, the inappropriate profit expected, the level and duration of harm to trading order, the profit it gained, the scale of business, management condition and market status of the company, its past record of violations, the level of remorse and cooperativeness throughout the investigation, the FTC imposed an administrative fine of NT\$50,000 on Le Chuan.

Appendix:

Le Chuan Co., Ltd.'s Uniform Invoice Number: 53146763

Summarized by Hsiao, An-Ju; Supervised by: Chen, Jen-Ying□