

Broadquan Enterprise Co.

1445th Commissioners' Meeting (2019)

Case: Broadquan Enterprises violated the Fair Trade Law by posting false advertisements for its LED atrium lights

Keyword(s): Advertisement, energy label

Reference: Fair Trade Commission Decision of July 17, 2019 (the 1445th Commissioners' Meeting); Disposition Kung Ch'u Tzu No.108033

Industry: Manufacture of Lighting Fixture (2842)

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

Summary:

1. In an advertisement for its “300W LED lights” and 150W LED lights” (hereinafter referred to as “the products”) posted on its company website, Broadquan Enterprise Co., Ltd. (hereinafter referred to as “Broadquan Enterprises”) claimed that the products had been awarded the “Atrium LED Energy Label.” However, there was no information about the products passing the certification on the Energy Label website maintained the Ministry of Economic Affairs. Therefore, it was false advertising.

2. Findings of the FTC after investigation:

Broadquan Enterprises produced the advertisement in question and posted it on the company website from August to October of 2018. Broadquan Enterprises acquired the “Atrium light Energy Label Energy Efficiency Standard Labeling Method Testing Report” on July 23 the same year after the products in this case passed related tests and signed the “Agreement on Use of Energy Label” on October 5. The Industrial Technology Research Institute inspected the documents submitted by the company to review the energy efficiency of the products and also gave necessary assistance to the company. Later in December 2018, Broadquan Enterprises obtained a certificate from the Bureau of Energy of the Ministry of Economic Affairs that allowed the company to use the Energy Label on the products. According to the opinion from the Bureau of Energy on November 23, 2018, the Energy Label was primarily awarded to prove a product was a product of high energy efficiency and consumers were encouraged to choose such a product when old ones had to be replaced. The result of FTC's investigation showed that the products had not been awarded the Atrium Light Energy Label during the period the advertisement had been posted on its company website. Hence, the company could not post any wordings on the products or in advertisements to indicate the products had been awarded the Energy Label.

3. Grounds for disposition:

(1) Between August and October of 2018, Broadquan advertised the products and posted the wording of “Atrium Light Energy Label” to give people the impression that the products had been awarded the Energy Label by the Bureau of Energy and at the same time to suggest that the products consumed less energy than similar products without the Energy Label. In other words, this means that consumers who chose to use the products could use less electricity and save money. According to the Bureau of Energy, however, the products had never been

awarded the Atrium Light Energy Label before the said date. Therefore, Broadquan Enterprises could not use the wording of Energy Label on the product or in advertisements.

- (2) Broadquan Enterprises posted the wording of “Atrium Light Energy Label” in advertisements for the products on its company website. It was a false and misleading representation with regard to the quality of the products and could affect transaction decision in violation of Article 21(1) of the Fair Trade Law. After assessing the motive and purpose behind the unlawful act of Broadquan Enterprises, the amount of inappropriate profit expected, the level of harm to the trading order on the market, the duration of the unlawful act, the profit obtained, the business scale, management condition and market status of the company, past violations, the level of remorse, as well as the evidences provided and cooperativeness throughout the investigation, the FTC cited the first section of Article 42 of the Fair Trade Law and imposed an administrative fine of NT\$50,000 on Broadquan Enterprises.

Appendix:

Broadquan Enterprise Co.’s Uniform Invoice Number: 54812292

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