

## **Chunjing Fire Industry Co., Ltd.**

1488<sup>th</sup> Commissioners' Meeting (2020)

Case: Chunjing Fire Industry violated the Fair Trade Law by using the name of the not-yet-established "Health Management Society of Taiwan" to market its products

Keyword(s): Government agency, public interest group, health promotion, market product

Reference: Fair Trade Commission Decision of May 13, 2020 (the 1488<sup>th</sup> Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 109029

Industry: Retail Sale of Other Household Appliances and Goods in Specialized Stores (4749)

Relevant Law(s): Article 25 of the Fair Trade Law

### Summary:

1. The Health Promotion Administration (hereinafter referred to as "HPA") of the Ministry of Health and Welfare transferred to the FTC a case involving the "Health Management Society of Taiwan" issuing a letter to notify the business units in the Wugu Industrial Park to "promote and express concerns about physical and mental health at the workplace" and also sent to each of the units a "healthy workplace plan promotion letter." The name of the promotion letter was very similar to the "Healthy workplace promotion plan" that the HPA delegated the Taiwan Healthy Productivity Management Society for promotion. In addition, Point 4 of the letter also carried the following text: "This promotion project is conducted in collaboration with the HPA." Afterwards, the business units received a number of phone calls asserting that according to government regulations, it's necessary for those who were executing the plan to enter their plants to make the promotion. As a result, the business units were misled to believe it was some government agency's health promotion project. However, if the society took the opportunity to market health examination service or request the business units to install devices to reduce air pollution or water contamination, it would be in violation of Article 25 of the Fair Trade Law.

### 2. Findings of the FTC after investigation and grounds for disposition:

(1) The FTC's investigation revealed that the "healthy workplace plan promotion letter" from the "Health Management Society of Taiwan" and the "2018 workplace health plan" were actually produced and sent by Chunjing Fire Industry Co., Ltd. (hereinafter referred to as "Chunjing Fire Industry") and the "Health Management Society of Taiwan" founded by the person in charge of Chunjing Fire Industry and others was not yet established at the time. In the phone interviews with the business units, along with the promotion letter in question, Chunjing Fire Industry concealed the fact that the company was actually a business selling hydrogen water (microelement). As indicated in Point 4 of the promotion letter: "This promotion project is conducted in collaboration with the HPA; it is intended to improve public interest and it is free of charge." The purpose was apparently to mislead the business units to believe the promotion project was conducted by a public interest group in collaboration with a

government agency, so that they would allow those who were executing the project to send personnel to conduct the promotion in the plants of the business units. The real intention, however, was to use the pretext of promoting public welfare to market products.

- (2) The phone interviewers of Chunjing Fire Industry used the name of the “Health Management Society of Taiwan” on several occasions to claim they were collaborating with the HPA and requested for approval to enter the plants of the business units to conduct the promotion. Some business units even chose to verify with the HPA as a consequence. Meanwhile, Chunjing Fire Industry also admitted that using the name of the company to market products had not turned out well. That is why the company copied the marketing strategies it adopted in China earlier and used the name of an officially certified society to hold presentations and market its products. In other words, Chunjing Fire Industry used the name of “Health Management Society of Taiwan”, which was not yet established according to law, and claimed it was conducting the health promotion project in collaboration with a government agency in order to market the company’s products. The practice misled potential trading counterparts to believe that the project was indeed the result of collaborating with a government agency and agree to let the company’s personnel enter their plants and market the company’s products. It was a deceptive conduct intended to cause others to make wrong decisions and make transactions with the company.
- (3) During the period of more than one year when Chunjing Fire Industry was selling hydrogen water, the company adopted the aforementioned illegitimate approach to promote its products many times to create transaction opportunities, and a large number of unspecific parties were targeted. The overall marketing practice was able to affect trading order.
- (4) As mentioned above, Chunjing Fire Industry used the name of “Health Management Society of Taiwan”, which was not yet established according to law, and released false messages, such as it was promoting national health in collaboration with a government agency, to market its products. It was deceptive conduct able to affect trading order in violation of Article 25 of the Fair Trade Law.

Appendix:

Health Promotion Administration’s Uniform Invoice Number: 67074374

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