

**Horia Home Furniture Co., Ltd.**1571<sup>st</sup> Commissioners' Meeting (2021)

Case: Horia violated the Fair Trade Law for posting false advertisements on company website to market sofas

Keyword(s): Brand establishment, the only one in Taiwan, False advertisement

Reference: Fair Trade Commission Decision of November 23, 2021 (the 1571st Commissioners' Meeting); Disposition Kung Ch'u Tzu No.110080

Industry: Manufacture of Wooden Furniture (3211)

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

**Summary:**

1. Horia Handcraft Sofa Co. Ltd. (hereinafter referred to as "Horia") posted on its website the wordings of "'Horia'—an authoritative brand in the Taiwan sofa industry started nearly 30 years ago," "the 'Horia' brand established nearly 30 years ago," "'Horia' dedicated to the sofa craft for almost 30 years," "the only sofas passing tests in Taiwan—foam, wood, fabric, spray adhesive and structure passing safety certification," "Valencia vinyl...the only one in Taiwan passing the SGS tests," "passing the SGS high pressure resistance test of having the weight of 100kg put on the sofa 100,000 times without collapsing or getting damaged," and "use of nontoxic MDI eco-friendly foam to replace conventional TDI that emits toxic gasses." The wordings were inconsistent with the facts and false advertising was suspected.
2. Findings of the FTC after investigation:
  - (1) The claim that "Horia" is a brand established nearly 30 years ago was actually referring to the fact that the father of the present representative of Horia entered the furniture business in 1991 which was about 30 years ago.
  - (2) As for the wordings of "the only sofas passing tests in Taiwan—foam, wood, fabric, spray adhesive and structure passing safety certification," it was claimed in this way because Horia was the only company posting the SGS foam, wood, fabric, spray adhesive and structure test results on the company website. No other businesses had done the same.
  - (3) The claim of "Valencia vinyl...the only one in Taiwan passing SGS tests" was posted because the supplier only sold the fabrics to Horia which then gave the fabrics the name. What the text really meant was Horia was the only company in Taiwan using the Valencia molecular fabrics and having

them tested by SGS.

- (4) As to the claim of “passing the SGS high pressure endurance test of having the weight of 100kg put on them 100,000 times without collapsing or getting damaged,” according to the SGS report, the test was pushing the cushion 15cm downward 100,000 times to see if the cushion would become deformed or if any structural damage would occur. The 15cm downward suppression was what would happen when a 100kg adult sat on the sofa.
- (5) Finally, the claim of “use of nontoxic MDI eco-friendly foam to replace conventional TDI that emits toxic gasses” was not true because both TDI (Toluene diisocyanate) and MDI (Methylene diphenyl diisocyanate) were both toxic when they were in the raw material state, except that TDI foam releases more toxic substances during the production process and in its finished products. Therefore, TDI would cause more harm to the environment. In other words, the abovementioned text was posted out of the intention to promote the concept of environmental protection.

### 3. Grounds for disposition:

- (1) The wordings of “Horia: was founded nearly 30 years ago” gave people the impression that the brand of Horia or the company named Horia had existed for almost 30 years. However, the Horia trademark was registered on Sep. 16, 2016 whereas the company was founded on Jun. 16, 2017. Therefore, it was not true that the brand or the company had existed for nearly 30 years.
- (2) In the meantime, both the wordings of “the only sofas in Taiwan passing foam, wood, fabric, spray adhesive and structure safety certification” and “Valencia vinyl...the only one in Taiwan passing SGS tests” gave people the impression that Horia brand sofas were the only sofas passing the aforesaid SGS tests. Nevertheless, the FTC’s investigation result showed that during the period the advertisement was posted, there were other companies putting similar test results on their websites. In other words, Horia was not the only company passing the SGS tests and posting the test results on the company website.
- (3) The wordings of “passing the SGS high pressure endurance test of having the weight of 100kg put on the sofa 100,000 times without collapsing or getting damaged” gave people the impression that Horia brand sofas were the only sofas passing the SGS high pressure endurance test of having the weight of 100kg put on them 100,000 times without collapsing or getting damaged. However, according to SGS, the test was conducted by pressing the cushion 15cm downward, not putting the weight of 100kg on the sofa 100,000 times.
- (4) The claim of “use of nontoxic MDI eco-friendly foam to replace conventional TDI that emits toxic gasses” was likely to mislead consumers to think TDI would release toxic gasses during the production

process and MDI would not. In consequence, consumers would end up not buying sofas made with TDI foam. Moreover, the FTC's investigation revealed that Horia made the claim without providing any objective data or test reports as evidences. Apparently, the claim could easily cause the general public to have wrong perceptions about materials used to make sofas.

- (5) As mentioned above, the overall advertisement was inconsistent with the facts. The difference was difficult for the general public to accept and could cause consumers to have wrong perceptions or make wrong decisions. It was a false and misleading representation in violation of Article 21(1) of the Fair Trade Law. After assessing the motive behind the violation of Horia, the level of harm to trading order, the duration of the unlawful practice, the business scale, management condition and market status of the company, past violations and the level of 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\$700,000 on the company.

Appendix:

Horia Home Furniture Co., Ltd.'s Uniform Invoice Number: 66615680

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