

Taiwan Mobile

1629th Commissioners' Meeting (2022)

Case: Taiwan Mobile violated the Fair Trade Law by merging with Prosperous Living without filing a pre-merger notification

Keyword(s): Telecom, mobile broadband, dietary supplement

Reference: Fair Trade Commission Decision of December 14, 2022 (the 1629th Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 111091

Industry: Wired Telecommunications Activities (6101), Retail Sale via Mail Order Houses or via Internet (4871)

Relevant Law(s): Articles 10, 11 and 13 of the Fair trade Law

Summary:

1. Momo.Com Inc. (hereinafter referred to as Momo.Com), a sub-subsubsidiary of Taiwan Mobile Co., Ltd. (hereinafter referred to as Taiwan Mobile), and other enterprises set up Prosperous Living Co., Ltd. (hereinafter referred to as Prosperous Living) on November 26, 2021 and held 73.62% of the new company. At the same time, Momo.Com obtained all the three director seats of Prosperous Living. The condition fell under the category of the merger patterns described in Article 10(1)(ii)(v) of the Fair Trade Law. In addition, the share Momo.Com accounted for in the online shopping market (or e-commerce market) also achieved the filing threshold specified in Article 11(1)(ii) of the same act. However, Taiwan Mobile did not file for the merger with the FTC until June 17, 2022.
2. The merger fell under the category of the patterns described in Article 10(1)(ii)(v) of the Fair Trade Law. Momo.Com, a sub-subsubsidiary of Taiwan Mobile, accounted for one quarter of the online shopping market in 2020. The figure achieved the filing threshold specified in Article 11(1)(ii) of the Fair trade law while the exemption regulation set forth in Article 12 of the same act was inapplicable. Taiwan Mobile was required to file a pre-merger notification with the FTC in advance but failed to do so. The conduct constituted a violation of Article 11(1) of the Fair Trade Law.
3. Taiwan Mobile claimed that it filed the merger immediately after finding out what had happened. However, since Taiwan Mobile had been sanctioned in February 2020 for violating the same regulation, the company had to be fully aware of the merger-filing regulations and the filing thresholds. Even if there were any questions, the company should have presented them to the FTC

before the merger instead of filing the merger afterwards to dodge the responsibility of failing to file a pre-merger notification. Therefore, the FTC cited Article 39(1) of the Fair Trade Law and imposed an administrative fine of NT\$500,000 on Taiwan Mobile.

Appendix:

Taiwan Mobile Co., Ltd.'s Uniform Invoice Number: 97176270

Momo.Com Inc.'s Uniform Invoice Number: 27365925

Prosperous Living Co., Ltd.'s Uniform Invoice Number: 90466437

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