

Kingdom Construction

1630th Commissioners' Meeting (2022)

Case: Kingdom Construction violated the Fair Trade Law by posting false housing project advertisements

Keyword(s): False advertisement, real estate

Reference: Fair Trade Commission Decision of December 21, 2022 (the 1630th Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 111090

Industry: Real Estate Development Activities (6700)

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

Summary:

1. The FTC received complaints that Kingdom Construction Corp. (hereinafter referred to as Kingdom Construction) posted pictures of German brand Duravit toilets on the company website when marketing the Kingdom Taichi housing project, but the toilets were not as advertised when the units were handed over. At the same time, the advertising flyers indicated that 24-hour dust-proof ventilation windows would be installed, yet only airtight windows were put in for the units. Therefore, false advertising was involved.
2. Findings of the FTC after investigation:
Toilet pictures and the text of German Duravit bathroom equipment were posted on the website for the housing project. However, the toilets actually installed were different and were not the Duravit model with washlet seats of the same brand. In addition, only airtight windows and screens were installed in each unit. There were no 24-hour dust-proof ventilation windows as claimed on the advertising flyers.
3. Grounds for disposition:
 - (1) The toilet pictures and indication of "German Duravit bathroom equipment" posted on the website for the housing project gave people the impression that German Duravit toilets of a specific model would be used. However, for the actual bathrooms of the units, the toilet bowl was Duravit brand but the appearance was not the same as the one specified in the advertisement. The units of the housing project were presale homes marketed between November 2019 and June 2020. The correctness of the advertisement content was very

important. Although the toilet prices accounted for a rather small percentage of the entire unit, advertisements could indeed attract homebuyers and definitely had certain influence on consumers' decision. Therefore, it was a false and misleading representation.

- (2) The advertising flyers carried the wording of "24-hour dust-proof ventilation windows," but as a matter of fact only airtight windows and screens were installed. The windows actually put in for the units did not have dust-proofing and ventilation functions. Apparently, the functions of the products delivered were not the same as advertised. It was therefore also a false and misleading representation.
- (3) After assessing the business income of Kingdom Construction from the unlawful act, the motive, the business scale, management condition and market status of the company, past violations, corrections made after violation, the period the advertisement was posted, as well as the number of units sold and total sales, the FTC cited the first section of Article 42 of the Fair Trade Law and imposed an administrative fine of NT\$1.2 million on Kingdom Construction.

Appendix:

Kingdom Construction Corp.'s Uniform Invoice Number: 30900892

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