Hikids Co., Ltd.

1770th Commissioners' Meeting (2025)

Case: Hikids Co., Ltd. violated the Fair Trade Act by marketing its products through activities organized by a public-interest organization
Keyword(s): Digital educational materials; public-interest organization
Reference: Fair Trade Commission Decision of September 24, 2025 (the 1770th Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 114089
Industry: Software Publishing (5820)
Relevant Law(s): Article 25 of the Fair Trade Act

Summary

1. It is reported that teachers at a kindergarten had distributed flyers for a dinosaur exhibition to students and invited their parents to attend. At the venue, flags of the public-interest organization Taiwan Association for the Promotion of Children's Literacy Education (hereinafter referred to as the "Association") were displayed throughout the premises, dinosaur models were exhibited indoors, and staff wearing red vests bearing the words "Association for the Promotion of Children's Literacy Education" guided visitors through the exhibition. After visitors took the tour of the dinosaur models, staff directed them to an area equipped with computers and computer stations and informed them that they could receive a free intelligence assessment. Once the assessment was completed, staff immediately began a sales pitch with statements such as, "We use Montessori teaching...." those who had come to see the free exhibition did not expect to be solicited to purchase children's digital educational materials and consequently incurred debts exceeding NT$100,000.

2. Findings of the FTC after investigation:
   (1) FTC personnel visited the dinosaur exhibition for an on-site investigation. When he/she entered the venue, personnel from the Association explained the activity procedures and distributed multiple-intelligence assessment game sheets for young children to use in educational challenge games. Participants were also informed that they could receive dinosaur-egg building blocks as a gift after

completing the games. Throughout this process, neither the brand name of the children's digital educational materials nor the name of the company was disclosed. Personnel from both the Association and Hikids Co., Ltd. (hereinafter referred to as "Hikids") operated within the same indoor venue, without any clear separation between their respective activity areas. Most of the personnel were around Hikids' marketing booth. In addition, Association personnel assisted children in operating computer stations equipped with games from Hikids' digital educational materials. Consequently, participants had difficulty clearly distinguishing the respective roles of Hikids and the Association.

(2) Consumers interviewed by the FTC stated that they had all learned of the event through dinosaur exhibition flyers distributed by teachers at their children's kindergartens. They did not remember the organizer or co-organizer identified on the flyers and they were unable to determine whether the name referred to a company or an organization upon seeing "Hikids Co., Ltd." listed as a co-organizer on the flyer. Because admission to the exhibition was free, they believed that the dinosaur exhibition was organized by a public-interest organization. Moreover, because staff explained that participants could receive a gift by completing a game after viewing the dinosaur exhibition, the consumers followed staff members to an area adjacent to the exhibition where computers, tables, and chairs had been set up. They had no expectation whatsoever that the products would be promoted to them.

(3) Key personnel responsible for product marketing at Hikids and their family members respectively served as a founder, secretary-general, and executive director of the Association.

3. Grounds for the disposition:

(1) The FTC found that Hikids was the only company that had provided long-term sponsorship for the free dinosaur exhibitions organized by the Association. Through the closely affiliated Association, Hikids used free parent-child activities and distributed promotional materials to kindergartens to attract parents and children to participate. During the parent-child activities at the dinosaur exhibition at issue, Hikids did not disclose the brand name of the children's digital educational materials it was selling or its company name. Parents would therefore naturally perceive the educational challenge games included in the activity program as having been organized or arranged by the Association and as being public-interest activities intended to promote early childhood development. It was difficult for parents to recognize that the assessment game sheets used in those games were

in fact auxiliary tools used by Hikids to market its products and that the assessment results would subsequently be used to make marketing recommendations for the products at issue. Moreover, the "Children's Literacy Education Parent Handbook," which the Association distributed free of charge at the dinosaur exhibition, referred to Montessori educational concepts and used the same image illustrating Montessori educational concepts on Hikids' website introducing its Montessori teaching system products. In addition, Hikids personnel referred to the products at issue during their promotion, and the product brochure contained the words "Montessori Teaching System." Taken together, these circumstances caused the counterparts to perceive the products at issue as being associated with or recommended by the Association.

(2) Considering the overall process of the dinosaur exhibition, the FTC found that Hikids' marketing activities had been designed in advance and implemented by packaging them within the exhibition activities organized by the Association. Furthermore, there was no clear separation between the activity areas of Hikids personnel and Association personnel at the venue. Most personnel were around Hikids' marketing area, making it difficult for participants to clearly distinguish their respective roles. When Hikids personnel marketed the products, an Association staff member nearby would even assist children in operating computer stations equipped with games from Hikids' digital educational materials. This arrangement effectively constituted a division of labor and cooperation between the two parties. It not only facilitated Hikids' sales activities but also further caused parents to mistakenly believe that the products were recommended or endorsed by a public-interest organization. Although Hikids claimed that personnel of the two parties wore different-colored vests and that its abbreviated company name had been disclosed, members of the general public still could not reasonably determine that they represented different entities. Hikids failed to clearly distinguish its commercial activities from the public-interest purpose of the Association's activities and instead prevented participants from reasonably understanding the relationship between the two. The FTC determined that Hikids had deliberately blurred its commercial role in an attempt to build trust by leveraging the public-interest image of the Association and thereby induce transactions. Such conduct constituted a deceptive act.

(3) Hikids and the Association jointly organized a total of 60 parent-child activities across more than ten counties and cities, involving a large number of unspecified members of the public. The marketing activities were planned, conducted on a substantial scale, and carried

out continuously, and were therefore sufficient to affect trading order. Accordingly, the FTC determined that Hikids' conduct of marketing the Hikids children's learning device through activities organized by a public-interest organization, thereby causing others to mistakenly believe that Hikids was associated with the public-interest organization and inducing them to enter into transactions with Hikids, constituted a deceptive act sufficient to affect trading order, in violation of Article 25 of the Fair Trade Act. The FTC therefore imposed an administrative fine of NT$2,000,000 on Hikids.

Appendix:
Hikids Co., Ltd. 's Uniform Invoice Number: 16205556

Summarized by: Tsai, Hui-Chi; Supervised by Yu, Wei-Jhen □