

□ Sesame Street Village Education Co., Ltd. Conceals Vital Trade Information During Franchise Solicitation and Violates Article 24 of the Fair Trade Law 【December 22, 2005】

During its 737th Commissioners' Meeting on December 22, 2005, the FTC determined that Sesame Street Village Education Co., Ltd. (hereafter Sesame Street Village) failed to disclose vital trade information to its trading counterpart 10 days before establishing their franchising business relationship. The conduct of Sesame Street Village, which was sufficient to affect trading order and was obviously unfair, violated Article 24 of the Fair Trade Law. The FTC therefore imposed a fine of NT\$500,000.

FTC investigation showed that Sesame Street Village failed to provide the following information on the franchise owner, namely, the capital, scope of business operations, date of establishment, date of start of operation of franchise, names and relevant business backgrounds of key managers, as well as the name of the city where the franchise was to operate, the names and addresses of all franchises within the county (city) where the franchise was to operate, the number of franchises and terminated franchises within the county (city) where the franchise was to operate during the previous fiscal year, and the date of application for review or acquisition of intellectual property rights that were licensed to the franchises. Sesame Street Village concealed vital trade information, which was unfair to its trading counterpart. In addition, Sesame Street Village employed the same information disclosure procedure on all franchises that had renewed their contracts and on non-specific enterprises that were interested in joining the franchise. Taking into consideration that Sesame Street Village had a total of 115 franchises islandwide and that the failure of Sesame Street Village to disclose vital trade information was able to affect trading order in the franchise market, FTC assessed that Sesame Street Village violated article 24 of the Fair Trade Law.

The FTC took into account the motive, objective, expected improper benefits, degree of damage to trading order, duration of the actions, benefits obtained, scale of business, business operations, revenue and market position, whether the competent authority had previously corrected or warned against such acts, type and number of previous violations, interval of violations, punishments incurred, conduct after the violation, cooperation during the investigation, and other factors. The FTC subsequently imposed the aforementioned punishment in accordance with Article 41 of the Fair Trade Law.