

Case Reference	R/E/I/070
Title	Ericsson's Failure to Ensure Subscription Service Complies with the Premium Rate Services Code
Case Opened	8 January 2008
Case Closed	5 September 2008
Complainant	IDA initiated enforcement proceeding
Respondent	Ericsson Telecommunications Pte Ltd (" Ericsson ")
Case Summary	<p>Ericsson provides a subscription-based content download service (the "Service") via its shortcode 73337. The subscription for the Service is \$6 per week and end users would continue to be charged for the Service until they took action to unsubscribe.</p> <p>In January 2008, IDA conducted a check on Ericsson's provision of the Service and discovered the following:</p> <ul style="list-style-type: none"> (a) Ericsson had advertised the Service on Google by providing a link with the tagline "<i>Ringtones Free</i>" which directed readers to an Internet advertisement with the headline stating "<i>Get Real Ringtones for only \$1/Download!</i>", while stating the applicable charges of the Service (\$6 per week) only in small print at the bottom of the Internet advertisement; (b) Ericsson's company name was not highlighted in a number of its advertisements for the Service; (c) There was no indication in Ericsson's advertisements that the Service was an ongoing subscription service and that end users would continue to be charged for the Service until they took action to unsubscribe; and (d) The keyword for subscription to the Service was "OK"
IDA's Determination	<p>Section 2.2.1 (Duty relating to advertisements) of the Premium Rate Services ("PRS") Code provides that: "[a] premium rate service provider shall, in disclosing the prices, terms and conditions required under section 2.1, and in relation to all advertisements relating to its premium rate service, comply with the following requirements –</p> <ul style="list-style-type: none"> (a) <i>no disclosure or advertisement shall be presented in a manner that is <u>reasonably likely to confuse or mislead in any way</u>, whether by inaccuracy, ambiguity, exaggeration, omission or otherwise;</i> (b) <i>every disclosure and advertisement must state ...</i>

(ii) the name of the premium rate service provider as registered with the Accounting and Corporate Regulatory Authority ...

(d) where a disclosure or advertisement relates to or promotes –

(i) a subscription-based premium rate service in which the subscription is automatically renewed at the end of every subscription period unless the end user takes action to unsubscribe from the service ...

the disclosure or advertisement must –

(A) state that the service is subscription-based and the period of the subscription;

(B) contain a clear notice that the onus is on end users of the service to unsubscribe from the service if they wish to discontinue their use of the service”.

As Ericsson had advertised the Service:

(a) with prominent headlines inaccurately depicting the price of the Service, and stating the actual price only in fine print at the bottom of the advertisement;

(b) without including its company name; and

(c) without indicating that the Service is subscription-based and that end users would continue to be charged until they unsubscribed,

IDA found Ericsson to be in contravention of Sections 2.2.1(a), 2.2.1(b)(ii), 2.2.1(d)(i)(A) and 2.21(d)(i)(B) of the PRS Code.

Further, Section 2.4.2 of the PRS Code provides that: “A purchase keyword command must –

(a) not comprise of any commonly used phrases which may increase the risk of a person accidentally subscribing to the service such as “hi”, “hello”, “yes”, “no” or “ok” ...”

By setting the subscription keyword for the Service as “OK”, IDA also found that Ericsson had contravened Section 2.4.2 of the PRS Code.

IDA took into account the fact that, despite being informed of its potential breaches of the PRS Code in January 2008, an advertisement for the Service contravening Sections 2.2.1(b)(ii), 2.2.1(d)(i)(A) and 2.21(d)(i)(B) of the PRS Code continued to be available on the Internet as late as

10 March 2008.

IDA therefore imposed a financial penalty of S\$3,000 on Ericsson for its contravention of Sections 2.2.1(b)(ii), 2.2.1(d)(i)(A) and 2.2.1(d)(i)(B) of the PRS Code. IDA also issued a warning to Ericsson for its contravention of Sections 2.2.1(a) and 2.4.2(a) of the PRS Code.