

# The World Today with Eleanor Hall

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## Apple fined millions of dollars for misleading consumers

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Simon Lauder reported this story on [Thursday, June 21, 2012](#) 12:42:00

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TANYA NOLAN: Technology giant Apple has been punished for misleading consumers about the powers of one of its most popular products.

The Federal Court this morning ruled that Apple pay \$2.25 million for falsely claiming that the new iPad is compatible with Australia's 4G network.

Apple admitted to misleading consumers as soon as the Australian Competition and Consumer Commission (ACCC) brought the case to court, and the company offered consumers refunds.

While the fine is unlikely to take much of a bite out of the company, ACCC chairman, Rod Sims, says he's happy with the result.

Mr Sims is speaking to Simon Lauder.

ROD SIMS: Look, we are pleased with it on behalf of Australian consumers. We think it sends a serious message about the importance of clear advertising to Australian consumers. We think it is yet another example, particularly in the telecommunications sector, where consumers need clear messages so that they are not confused and they understand what they are exactly paying for and the judge made that very clear in his judgement.

SIMON LAUDER: \$2.25 million is about half or a little more than what the maximum penalty could have been. Why should such a big company get away with a discounted penalty like that?

ROD SIMS: Oh, I think you have to take into account the type of behaviour. I mean this is the fifth penalty we've had under the new Australian consumer law of above a million dollars so we've had penalties ranging from \$1.25 million up to \$3.6 million so this ranks very well with those.

The Australian consumer law has only had penalties attached to it for about 18 months and so we are extremely pleased that the courts are imposing multi-million dollar penalties for misleading consumers because I think it will get companies to take notice of this and make sure their behaviour doesn't mislead consumers.

SIMON LAUDER: Apple is, of course, one of the world's most successful companies. Do you think \$2.25 million means much to them?

ROD SIMS: I think it does because I think they have a reputation as well. I mean, I take your point that, for them, it is not a lot of money and they wouldn't notice it whether it was this amount or a much higher amount but \$2.2 million is serious money and I think there is reputational issues for Apple as well. I don't think, firstly Apple will want to be doing this again and getting in the headlines about this sort of behaviour and I think other companies looking on will take notice of the size of the penalty. Look, we are quite pleased with the size of the penalty. We think it is appropriate.

SIMON LAUDER: Are you also pleased with the comments that the judge made?

ROD SIMS: Look, we are. I think it is important, he pointed out that global uniformity by Apple was given a higher priority than the need to ensure compliance with Australian law. So basically what he was saying is that, and this is, I'm quoting him, those who design global campaigns and those in Australia who adopt them, need to be attuned to the understandings and perceptions of Australian consumers.

What he is saying is we don't want multinational companies designing worldwide campaigns, no thought given to how they go across in Australia. In Australia, they are actually misleading. They weren't in the US, they were in Australia because what is 4G in the US, that standard doesn't apply in Australia and so customers were confused.

I think it is a very important message as we move to more multinational companies, multinational products, it is important that those companies know they have got to keep an eye on the local conditions and so that is particularly why we were pleased with the judgement and the judge's comments.

SIMON LAUDER: The judge also made some comments about how easily confused people can be when it comes to the distinction between 3G and 4G, what do you make of what he said there?

ROD SIMS: He is really just drawing attention to the fact that there is really a difference between 3G and 4G. Of course there are different types of consumers, some are aware of these sorts of things and some aren't, but I think consumers associate 4G with something that is noticeably faster than 3G and there are a large number of people who use iPads who are quite technologically literate and who know precisely what 4G is meant to give them and this product didn't do that.

TANYA NOLAN: That is ACCC chairman, Rod Sims, with Simon Lauder.

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