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PRESS RELEASE OF THE HUNGARIAN COMPETITION AUTHORITY

Colgate-Palmolive Magyarország fined for deceptive advertising

The Competition Council of the Hungarian Competition Authority established in its decision of 2 February 2006 that Colgate-Palmolive Magyarország Kft.'s conduct was suitable to deceive consumers by alleging or suggesting in its advertisements/commercials that the Colgate Total toothpastes are more efficient than any other toothpaste. The Competition Council imposed a fine of HUF 257 million (approx. EUR 1 028 thousand) on the violator undertaking.

Colgate-Palmolive Magyarország popularized its toothpaste called Colgate Total by widespread advertising campaign in the television. The Competition Council had to decide whether the following allegations to be heard in the advertisements were deceptive or not:

1. Allegations suggesting to be the opinion of the dental profession

The allegations which suggested to express the opinion of all the doctors of the dental profession, for example 'Colgate Total. The choice of the dentists.' or 'Colgate Total. The choice of my dentist.' were capable of deceiving consumers, the Competition Council established. These allegations mean in the common sense that a majority of the expert dentists choose Colgate Total, though according to the survey made by Colgate only 1/6 of them recommend the toothpaste Colgate Total to their patients or only 1/4 of them are users of it themselves. Consequently about 5/6 of them recommend, and about 3/4 of them use, another toothpaste.

The Competition Council came to a similar standpoint in respect of the allegation that 'It is the toothpaste most often used and recommended by the Hungarian dentists'.

2. Priority allegations objected

The advertisements contained the following priority allegations: a) 'No other toothpaste provides better protection'; b) 'Only the patented formula of Colgate Total (that) helps to fight down all the 12 problems in your mouth and protects for 12 hours'.

Since the allegations above – containing superlatives - relate to questions in respect of which the correctness of the allegations could not be clearly established based on the scientific papers obtained in the course of the proceeding, Colgate-Palmolive's conduct qualifies as contrary to the Competition Act.

3. Other allegations objected

Colgate-Palmolive has not presented any document proving the ability of the toothpaste to pale, to an extent of 50%, discolouration, consequently, the Competition Council considered the deception of consumers to have also been committed by this unproved allegation, taken into account an expert opinion and the opinions of the competitors.

4. Reference to the therapeutic effect

'It's nearly incredible, but true that in a few months my teeth have become not only whiter but healthier too.' It follows from this statement that the undertaking defending party in the proceeding attributes a therapeutic (regenerative) effect to its cosmetic product. According to the opinion of the Competition Council the statement above is not correct, because the use of the toothpaste concerned would not make teeth be healthier (existing caries will not cease to exist or will not be reduced at all and decays will not even be stopped or slowed down to grow by teeth just being brushed). Aim of the joint use of toothbrush and toothpaste is preservation of the health of healthy teeth rather than regeneration of the health of bad teeth. Hence, this allegation is false and it deceives consumers.

With regard to what has been mentioned above the undertaking's allegations are suitable for deceiving consumers the Competition Council established. The Competition Council imposed a competition supervision fine of HUF 257 million (approx. EUR 1 028 thousand) on the undertaking.

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