

Apple offers to refund Australian iPad customers

March 28 2012, by Amy Coopes



Customers line up outside an Apple store in Sydney on March 16, 2012. Apple has offered to refund Australian customers who felt they had been misled by advertising about 4G capabilities on its new iPad in a regulatory court challenge, reports said.

Apple Wednesday offered to refund Australian customers who felt misled by advertising about the 4G capability of its new iPad, which can only access the ultra-fast wireless network in North America.

Apple's problems in Australia could have wider repercussions in markets

where the US company also advertises the iPad as featuring 4G, despite those countries having an incompatible network, or no 4G networks yet.

In those markets the new iPad reverts to a slower 3G speed, although that does not appear to have dented robust sales of the third-generation tablet computer outside North America.

Australia's Competition and Consumer Commission has taken Apple to the Federal Court for false advertising over its "iPad with WiFi + 4G" promotion, because the popular device does not work on the local 4G frequency.

The US tech giant's lawyers said Apple was prepared to publish a clarification about the tablet's Australian capabilities, and refund any customers who felt they had been misled by the 4G reference.

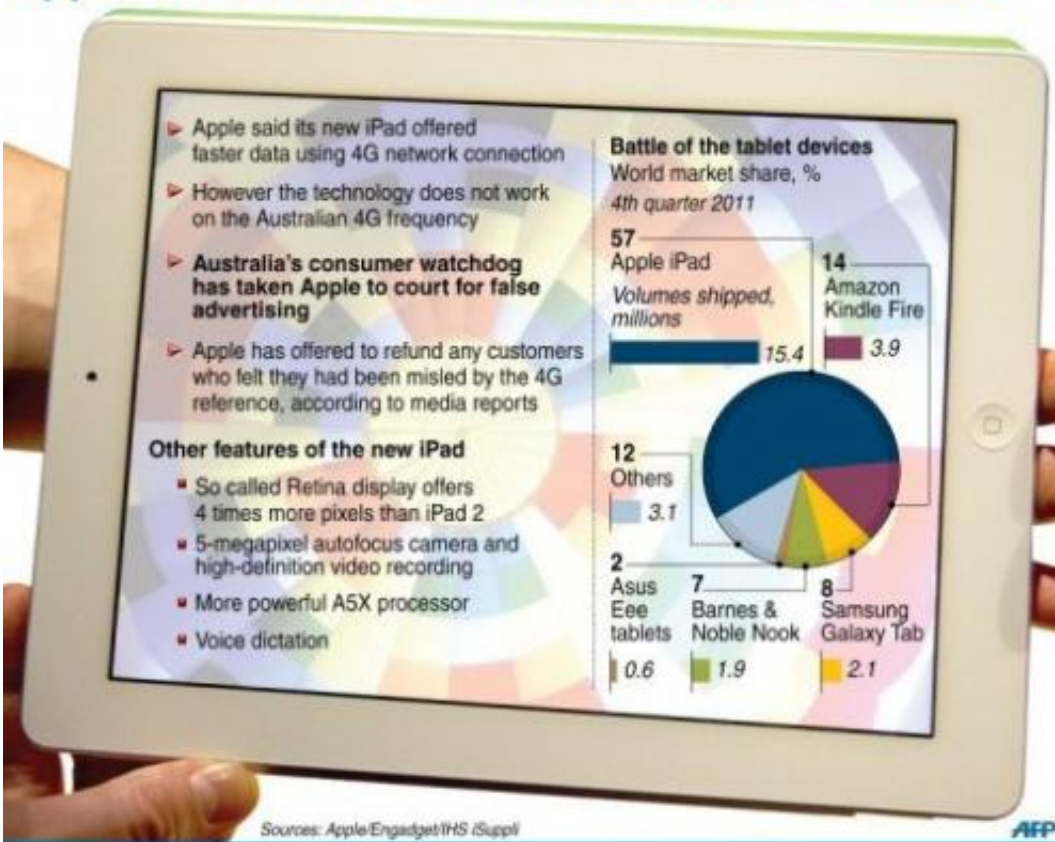
Paul Anastassiou, counsel for Apple, said in court in Melbourne that the company was confident very few people would apply for a refund.

Anastassiou added that Apple was not prepared to put corrective stickers on iPad boxes, as sought by the ACCC, but would email customers to clarify that the device was not compatible with local carrier Telstra's 4G network.

It would also publish notices to that effect at the point of sale "for the sake of absolute clarity".

However, Anastassiou said that when the matter came to full trial -- set for May 2 -- Apple would contest the ACCC's claims that it had misled consumers because the third-generation iPad did work on other Telstra frequencies.

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Graphic on Apple's refund offer to Australian buyers of the new iPad who felt misled by advertising about 4G capabilities.

"It will be contested by Apple there are in Australia networks that, according to international definitions, are 4G," he told the court, according to The Age newspaper.

"What Apple says is that other networks operated by Telstra are in fact properly described by international standards as 4G, even though Telstra itself does not so describe them."

Anastassiou added that Apple had "at no point in any promotional material... said at any time" that the new iPad was compatible with

Telstra's 4G network.

The ACCC is seeking an injunction to sales along with a financial penalty against Apple, corrective advertising and refunds to consumers.

Judge Mordecai Bromberg said it was "more relevant" what an ordinary consumer understood from the term 4G, while ACCC lawyer Colin Golvan argued that the promotion was confusing.

"The iPad should not be sold as compatible with the 4G network or by reference to the terminology 'plus 4G'," Golvan said.

"Apple does not have an iPad which would meet a consumer request for an iPad which operates using a sim card in the (Australian) 4G network."

Like in Australia, Apple's websites in Britain, Hong Kong and Singapore promise "Ultra-fast wireless. Full speed ahead." But a footnote spells out that the new iPad's "4G LTE" capability is supported only on networks in the United States and Canada.

Customers at Apple's store in Singapore, where the 4G's incompatibility with local networks was widely publicised ahead of the launch, said they were not worried about the issue.

"It doesn't matter that it doesn't have 4G, how fast do you want it to go?" said student Kamalina Mazlan, 22, who was buying her first iPad.

Apple announced last week that it had sold three million iPads in its first weekend on the market after the new model went on sale in North America and selected foreign markets on March 16 -- the strongest iPad launch yet.

It has adopted the "4G LTE" standard prevalent in the United States,

promising unrivalled wireless speeds. But markets including Japan have a different standard for 4G, while some such as Britain do not yet have 4G.

According to reports in the technology media, the European Union's executive commission could follow Australia's lead in taking action against Apple over the 4G marketing.

The latest case is not the first time Apple's technology has landed in Australia's courts.

The firm is locked in a legal battle with rival Samsung over tablet patents, part of a wider global tussle over supremacy of the US\$100 billion market.

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