

SYNOPSIS OF FEDERAL TRADE COMMISSION DECISIONS CONCERNING  
IDEA OR INVENTION PROMOTION AND MARKETING PRACTICES

The Federal Trade Commission has determined that the following practices used in the advertising or marketing of idea or invention promotion or development services are deceptive or unfair and are unlawful under Section 5(a)(1) of the Federal Trade Commission Act.

1. It is an unfair or deceptive act or practice for a seller of idea or invention promotion or development services to misrepresent, directly or indirectly, that potential purchasers will be provided with evaluations or appraisals of the patentability, merit or marketability of ideas or inventions.<sup>1</sup>

2. It is an unfair or deceptive act or practice to misrepresent, directly or indirectly, the scope, nature or quality of the services performed to evaluate or appraise ideas or inventions.<sup>2</sup>

3. It is an unfair or deceptive act or practice to misrepresent, directly or indirectly, the scope, nature or quality of the services performed to introduce or promote ideas or inventions to industry.<sup>3</sup>

4. It is an unfair or deceptive act or practice to represent, directly or indirectly, that a seller of idea or invention promotion or development services has special access to manufacturers or has been retained to locate new product ideas, unless such is a fact.<sup>4</sup>

5. It is an unfair or deceptive act or practice to misrepresent, directly or indirectly, that a person, partnership, corporation or other entity endorses or uses the services of a seller or provider of services.<sup>5</sup>

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<sup>1</sup> Gadget-Of-The-Month Club, Inc., et al., 63 F.T.C. 1138, 1147, 1148, 1151, 1154 (1963).

<sup>2</sup> Id. at 1147-49, 1153-54.

<sup>3</sup> Id. at 1148-49, 1152-54.

<sup>4</sup> Id. at 1152-54.

<sup>5</sup> Id. at 1154.

6. It is an unfair or deceptive act or practice for sellers of idea or invention promotion or development services to fail to disclose, when price information is provided to potential purchasers, all significant fees or charges that may be incurred by purchasers in connection with such services.<sup>6</sup>

7. It is an unfair or deceptive act or practice to misrepresent, directly or indirectly, the background, qualifications, experience or expertise of a seller or provider of idea or invention promotion or development services.<sup>7</sup>

8. It is an unfair or deceptive act or practice to make false, misleading or deceptive representations concerning profits or earnings which may be anticipated by the prospective purchaser of a business opportunity.<sup>8</sup>

Approved: 5/29/80

Resolution: Approved 3/26/74 in File 742 3228 -  
Idea Promotion Industry.

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<sup>6</sup> Exposition Press, Inc., 57 F.T.C. 1478-79 (1960), aff'd 295 F.2d 869 (1961), cert. denied, 370 U.S. 917 (1962).

<sup>7</sup> Gadget-Of-The-Month, supra at 1149, 1150, 1154.

<sup>8</sup> Opinions of Commission in National Dynamics Corp., 82 F.T.C. 488, 512-13, 543-44, adopting initial decision except as to order provisions, 82 F.T.C. 568, appeal denied in part and cause remanded in part, 492 F.2d 1333 (2d Cir. 1974), opinion of the Commission on remand, 85 F.T.C. 391, modified, 85 F.T.C. 1052 (1975); Universal Credit Acceptance Corp., 82 F.T.C. 570, 591-600, 633 (1973), set aside in part sub. nom., Heater v. FTC, 503 F.2d 321 (9th Cir. 1974); Universal Electronics Corp., 78 F.T.C. 265, 271-74, reconsideration denied, 78 F.T.C. 1576 (1972); Windsor Distributing Co., 77 F.T.C. 204, 212-17, 220 (1970), aff'd and enforced, 437 F.2d 443 (3d Cir. 1971); Waltham Watch Company, 60 F.T.C. 1692, 1710, 1724 (1962) aff'd, 318 F.2d 28 (7th Cir. 1963), cert. denied, 375 U.S. 944 (1963), rehearing denied, 375 U.S. 998 (1964); Washington Mushroom Industries, Inc., 53 F.T.C. 368, 370, 376, 379-80 (1956); Von Schrader Manufacturing Co., 33 F.T.C. 58, 63-65 (1941).

Raymond Lee Organization, et al., Dkt. 9045 Synopsis of  
Determinations for 15 U.S.C. 45(m)(1)(B)

In order to facilitate application of the Commission's holdings in this case to others who may be engaged in the same practices as respondents, pursuant to the provisions of 15 U.S.C. 45(m)(1)(B), [Section 205 of the Magnuson-Moss Act], the Commission has determined to set forth in synopsis form a statement of the acts or practices determined to be unfair and deceptive in this proceeding.<sup>1</sup> The followings acts or practices are unfair or deceptive trade practices and are unlawful under Section 5(a)(1) of the Federal Trade Commission Act:

1. It is an unfair or deceptive act or practice for a seller of idea or invention promotion or development services to misrepresent, directly or indirectly, that potential purchasers will be provided with evaluations or appraisals of the patentability, merit or marketability of ideas or inventions.

2. It is an unfair or deceptive act or practice to represent, directly or indirectly, that the seller of idea or invention promotion or development services, or its officers, agents, representatives or employees are registered patent attorneys or patent agents, or are qualified to practice before the U.S. Patent and Trademark Office, unless such is a fact.

3. It is an unfair or deceptive act or practice to misrepresent, directly or indirectly, the scope, nature or quality of the services performed to develop or refine ideas or inventions.

4. It is an unfair or deceptive act or practice to misrepresent, directly or indirectly, the scope, nature or quality of the services performed to introduce or promote ideas or inventions to industry.

5. It is an unfair or deceptive act or practice to represent, directly or indirectly, that a seller of idea or invention promotion or development services has special access to manufacturers or has been retained to locate new product ideas, unless such is a fact. [2]

6. It is an unfair or deceptive act or practice to misrepresent, directly or indirectly, that a person, partnership, corporation, government agency or other entity endorses or uses the services of a seller or provider of services.

7. It is an unfair or deceptive act or practice for sellers of idea or invention promotion or development services to fail to disclose, when price information is provided to potential purchasers, all significant fees or charges that may be incurred by purchasers in connection with such services.

8. It is an unfair or deceptive act or practice to misrepresent, directly or indirectly, the background, qualifications, experience or expertise of a seller or provider of services.

9. It is an unfair or deceptive act or practice for a seller of idea or invention promotion or development services to induce through misleading or deceptive representations the purchase of services that have little or no inherent value, or to offer to provide services that grossly exceed the value of the services actually provided. It is also an unfair or deceptive act or practice to retain money from the sale of such services.