

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.¹

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.²

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.³

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.⁴

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.⁵

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

2 Id. at 1147-49, 1153-54.

3 Id. at 1148-49, 1152-54.

4 Id. at 1152-54.

5 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.⁶

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.⁷

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.⁸

Approved: 5/29/80

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

6 Exposition Press, Inc., 57 F.T.C. [1477,] 1478-79 (1960), aff'd 295 F.2d 869 (1961), cert. denied, 370 U.S. 917 (1962).

7 Gadget-Of-The-Month, supra at 1149, 1150, 1154.

8 Opinions of Commission in National Dynamics Corp., 82 F.T.C. 488, 512-13, 543-33, 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).