

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

In the Matter of

HEWLETT-PACKARD COMPANY,

a corporation

DOCKET NO. C-4009

COMPLAINT

The Federal Trade Commission, having reason to believe that Hewlett-Packard Company, a corporation ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Hewlett-Packard Company is a Delaware corporation with its principal office or place of business at 3000 Hanover Street, Palo Alto, California 94304.
2. Respondent has manufactured, advertised, offered for sale, sold, and distributed products to the public, including HP Jornada Pocket PC handheld computers. These devices function as personal digital assistants, featuring Microsoft Corp.'s Windows CE operating system. They provide ready access to addresses, tasks, calendars, and memos and are equipped with software programs, including "Pocket" versions of Word, Excel, Outlook, and Internet Explorer.
3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.
4. Respondent has participated in the dissemination of cooperative advertisements for the HP Jornada Pocket PC, including but not necessarily limited to the attached Exhibits A and B. Respondent has also disseminated or has caused to be disseminated other advertisements and packaging for the HP Jornada Pocket PC, including but not necessarily limited to the attached Exhibits C through H. These advertisements and packaging contain the following statements and depictions:

A. (Exhibit A: newspaper advertisement)

"Can your palm do that?"

[Depiction: A man next to a close-up of an HP Jornada Pocket PC. The screen of the device shows an e-mail that contains a hyperlink to an Internet URL address. Attached to the e-mail are Microsoft Word and Excel documents.]

"It can if it's holding an HP Jornada Pocket PC.

Who wants e-mail without attachments? No one! That's why the new Pocket PC lets you open all Microsoft® Word and Excel attachments as well as photos and HTML pages. You can also access your ISP, corporate network, Outlook®, and the most popular Internet e-mail accounts*, anytime."

[An extremely fine print disclosure, in approximately 4 point type, in white print on an orange background, at the very bottom of the ad states:

*"*Pocket PCs support industry-standard POP3 and MAP4 e-mail protocols. Please check with your ISP to verify its support. Modem required. Sold separately."]*

B. (Exhibit B: magazine advertisement)

"Can your palm do that?"

[Depiction: A woman next to a close-up of an HP Jornada Pocket PC. The screen of the device shows the Internet Explorer program running. It displays the <http://mobile.msn.com/pocketpc> Web page which is headlined "msn™ Mobile" and contains hyperlinks to Expedia.com™ Travel, MSNBC News, and several other services.]

"It can if it's holding an HP Jornada Pocket PC.

Who wants only part of the Web when you can have it all? With the new Pocket PC, you can get online with Microsoft® Pocket Internet Explorer, take advantage of The Everyday Web at msn.com, or access any URL*. Order groceries, make a trade or book your next vacation knowing your transaction is secure. Or simply download your favorite pages and take them with you."

[An extremely fine print disclosure, in approximately 4 point type, in white print on an orange background, at the very bottom of the ad states:

*"*Online use requires modem, sold separately. msn.com is available free of charge on the World Wide Web. Connect time charges may apply."]*

C. (Exhibit C: pamphlet)

"Your life. Your style.

Stay on top of your world with the new HP Jornada 540 Series Color Pocket PC.

It delivers the best of a PC in a slim, lightweight, and *stylish* package that fits your life – and your pocket!

Sync, grab, and go*[Depiction: An HP Jornada*

- Synchronize fast with your desktop PC *Pocket PC being placed inside a*
- Access contacts, appointments, and e-mail *sports bag.]*
- View e-mail attachment files

Stay in touch, get online*[Depiction: An HP Jornada*

- Surf the Web from anywhere *Pocket PC.]*
- Send instant messages to online friends
- Get the latest news, sports scores, and stock information"

D. (Exhibit D: Web page)

[Depiction: HP Jornada Pocket PC.]

As a busy professional, you know every day can be a challenge. But now there's something that can help you handle it all with ease: the HP Jornada 540 Series Color Pocket PC. It has everything you need to effortlessly juggle the details -- and have fun while you're doing it. All in a slim, lightweight package that's a perfect fit for your lifestyle.

...

Stay in touch, get online

"Price \$499.00" lifestyle."
[Hyperlink labeled:
"Add to Basket"]

F. (Exhibit F: product package)

**"Handle it all with ease
HP Jornada 545 Color Pocket PC**

...

Stay **Review** and act on your e-mail and surf the Web. Send instant messages to
in touch, online friends and stay up-to-date with the latest news, sports scores, and
get online stock information. When you're ready to do more, add a third-party modem
card or wireless accessory using the CompactFlash expansion slot.^{1"}

[Depiction: A man holding an HP Jornada Pocket PC. Next to him are a golf ball, putter, and golf tee.]

5. Through the means described in Paragraph 4, respondent has represented, expressly or by implication, that the HP Jornada Pocket PC contains everything that consumers need to access the Internet and their e-mail accounts, at anytime and from anywhere.

6. In truth and in fact, the HP Jornada Pocket PC does not contain everything that consumers need to access the Internet and their e-mail accounts, at anytime and from anywhere. In order to access the Internet and their e-mail accounts using the Jornada Pocket PC, when away from their computers ("remotely"), consumers must purchase and carry a separate modem or similar device that in most cases must be connected to a land telephone line or a mobile telephone. Moreover, many mobile telephones currently in use in the United States are not compatible with the Jornada Pocket PC. Therefore, the representation set forth in Paragraph 5 was, and is, false or misleading.

7. In its advertisements respondent has represented that consumers can use the HP Jornada Pocket PC to access the Internet and their e-mail accounts, at anytime and from anywhere. In these advertisements, respondent has failed to disclose or failed to disclose adequately that in order to access remotely the Internet and their e-mail accounts, consumers must purchase and carry a separate modem or similar device. This fact would be material to consumers in their purchase or use of the product. The failure to disclose this fact, in light of the representation made, was, and is, a deceptive practice.

8. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this fifteenth day of May, 2001, has issued this complaint against respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL