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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

FEDERAL TRADE COMMISSION,)
Plaintiff,)
)
v. 1 Civil Action No. 97-1278
1
DAVISON ASSOCIATES, INC. ,)
et al.,)
Defendants.)

ORDER FOR PERMANENT INJUNCTION

AND NOW, this /7%ay of March, 2006, for the reasons stated

the accompanying Findings Fact and Conclusions Law:

MISREPRESENTATIONS PROHIBITED

It is HEREBY ORDERED that Defendants are enjoined from making,

or assisting others in making, any material false m in mate 6194

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realizing a net profit, or number of arms-length licenses obtained;

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Agreement under which a virtual reality or prototype is created);
(7) the total number of consumers who signed or purchased a Production Sample Presentation Agreement (or any similar agreement under which a virtual reality or prototype is created) ; (8) the total number of consumers, unaffiliated with defendants, who obtained a written license with a company or corporation unaffiliated with defendants for their new product; (9) of the consumers who obtained a written license with an unaffiliated company or corporation for their new product, the number of consumers who have made more money from royalties than they have paid, in total, under any and all Agreements, to defendants; and
(10) the percentage of defendantsr income that has come from royalties paid to defendants under the licenses identified in subsection 8. This Affirmative Disclosure Statement is needed due to defendants1 blatant, varied, and repeated misrepresentations regarding their selectivity and success rate, and the importance of royalties to their

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Defendants shall request that the consumer: (1) acknowledge receipt of the Affirmative Disclosure Statement, in writing, on a duplicate of the Affirmative Disclosure Statement; and (2) return the duplicate document to

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specific amount of money made by the product, defendants shall not refuse to reveal whether or not the product resulted in a net profit to the consumer.

B. Network of or Relationship with Cor~orations
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a corporation. It is defendants1 policy to require that such research be performed prior to moving forward toward licensing. Should the consumer not wish to purchase the research services, he may still be able to secure a license, either on his own or with the assistance of another party,
but defendants will refuse to work with that consumer.

IT IS FURTHER ORDERED that defendants shall, before a consumer

agrees to purchase a Production Sample Presentation Agreement, or

other similar agreement under which a virtual reality or prototype

is created, provide consumers with a statement, in writing, and on

a separate piece of substantially the following form:

Defendants view the production of a virtual
reality model and/or prototype to be integral to their
Inventegration process. It is defendants1 opinion that
these models are necessary before proceeding to the
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ONLY TO ASSIST IN THE DESIGN PROCESS.

IT IS FURTHER ORDERED that preceding any section in a Pre- Inventegration Report, or other similar research report, that includes copies of, or refers to research regarding similar, competing, or conflicting products, defendants shall state, in all capital letters, the following: WE ARE NOT PROVIDING YOU WITH AN OBJECTIVE OR EXPERT OPINION OF MARjKETABILITY OR OF THE POTENTIAL COMMERCIAL SUCCESS OF OR POTENTIAL MARKET FOR A PARTICULAR PRODUCT. THIS INFORMATION IS PROVIDED ONLY TO ASSIST IN THE DESIGN PROCESS.

IV. CONSUMER REDRESS
IT IS FURTHER ORDERED that defendants shall transfer to the

Federal Trade Commission ("Commission") the funds required under the final judgment no later than sixty (60) days af ter the date of entry of this Order by the Court.
In the event of any default on any obligation to make payment under this part, interest computed pursuant to 28 U.S.C. §1961(a) shall accrue from the date of default to the date of payment.
The funds paid pursuant to this section shall be paid into
a redress fund administered by the Commission and approved by the court. Such redress is intended to be compensatory in nature, and no portion of such payment shall be deemed a payment

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of any fine, penalty, or punitive assessment. If redress to purchasers is wholly or partially impracticable, any remaining funds shall be paid to the United States Treasury.

V. MONITORING
IT IS FURTHER ORDERED that in order to facilitate the redress fund and the Commission's monitoring of compliance with the provisions of this Order, the defendants shall, for a period of five (5) years after the date of entry of this Order:
(1) Notify the Commission in writing, within thirty (30)
days after service of this Order, of the current residence address and employment status of each individual defendant, including the name and business
address of their current employers;
(2) Notify the Commission in writing, within thirty (30) days of any change in such address, providing any
such new contact information;
(3) Notify the Commission in writing, within thirty (30) days of any change in employment status, providing
the details of any new position;
(4JN.o-tif -y-theC ommiss i-ol-Li n_~riting,wit.hin-thirt_y_(.3~0_) days prior to the effective date of any proposed change in the structure of any business entity owned
or controlled by any defendant;

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writing, acknowledging receipt of such copy, which statement shall be maintained for a period of five
(5) years and made available to the Commission for inspection and copying, upon written request.
Provided further that the Commission may otherwise monitor defendants' compliance with this Order by investigators posing as consumers, potential inventors, suppliers, and other entities, to the same extent to which such means would be lawful were the Commission or the Commissionts attorneys not aware of any representation of such defendants by counsel.

VI. MAINTENANCE OF RECORDS

IT IS FURTHER ORDERED that defendants shall, for five (5) years after the date of this Order, maintain and upon request make available to the Commission for inspection and copying:
(1) All advertisements, promotional materials, sales scripts, operations manuals, and client communications;
(2) All materials that were relied upon in creating the above materials;
(3) A11 materials that contradict, qualify, or call into question the above materials, including complaints or other communications with customers or with governmental or consumer protection organizations;

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(4) All materials relied upon to create the Affirmative Disclosure Statement;
(5) Copies of consumers' signed acknowledgments of the Affirmative Disclosure Statement; and
(6 Copies of employees1 signed copies of this Order.

VII. REPORT

IT IS FURTHER ORDERED that within sixty (60) days after the date of entry of this Order,

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IX. JURISDICTION

IT IS FURTHER ORDERED that jurisdiction is retained by this Court for the purpose of enabling the parties to apply at any time for further orders and directions as may be necessary or appropriate for the interpretation or modification of this Order, for the en£ orcement or compliance thereof, or for the punishment of violations thereof. The Clerk of Court shall mark the instant case administratively closed.

cc: All Counsel of Record