

STEPHEN CALKINS
General Counsel

STEVEN W. BALSTER
BRENDA W. DOUBRAVA
LARISSA L. BUNGO
MICHAEL MILGROM
Federal Trade Commission
Eaton Center
1111 Superior Avenue, Suite 200
Cleveland, OH 44114
(216) 263-3455

ALBERT W. SCHOLLAERT
Office of the United States Attorney
633 United States Post Office & Courthouse
Pittsburgh, PA 15219
(412) 644-3500

Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

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FEDERAL TRADE COMMISSION,)	CIVIL ACTION NO.
)	
Plaintiff,)	
)	
v.)	
)	COMPLAINT FOR INJUNCTION
)	AND OTHER EQUITABLE RELIEF
DAVISON & ASSOCIATES, INC., a corporation,)	
GEORGE M. DAVISON III, individually,)	
THOMAS DOWLER, individually,)	
)	
Defendants.)	
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Plaintiff, the Federal Trade Commission (“Commission”), by its undersigned attorneys,

alleges as follows:

1. The Commission brings this action under Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to secure preliminary and permanent injunctive relief and other equitable relief, including rescission, restitution, and disgorgement against defendants for their violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over plaintiff’s claim pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

3. Venue in this District is proper under 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 53(b).

THE PARTIES

4. Plaintiff Commission is an independent agency of the United States Government created by the FTC Act, 15 U.S.C. §§ 41-58. The Commission enforces the FTC Act, which prohibits deceptive acts or practices in or affecting commerce. The Commission may initiate federal district court proceedings to enjoin violations of the FTC Act, and to secure such equitable relief as is appropriate in each case, including redress for injured consumers. 15 U.S.C. §§ 53(b).

5. Defendant Davison & Associates, Inc. (“Davison & Associates”), is a Pennsylvania corporation with two business addresses in the Western District of Pennsylvania: 521 Eighth Street, Oakmont, Pennsylvania, 15139-1322, and 207 Route 910, Indianola, Pennsylvania, 15051. Davison & Associates transacts or has transacted business in the Western District of Pennsylvania.

6. Davison & Associates offers for sale research reports, the processing of patents,

and services related to attracting potential licensees, marketers, and manufacturers (“invention-promotion services”) to consumers located throughout the United States and Canada.

7. Defendant George M. Davison, III, is President and CEO of Davison & Associates. Individually, or in active concert or participation with others, he formulates, directs, controls, or participates in the acts or practices of Davison & Associates, including those alleged herein. He resides and transacts business in the Western District of Pennsylvania.

8. Defendant Thomas Dowler is an associate or sales representative for Davison & Associates. Individually, or in active concert or participation with others, he formulates, directs, controls, or participates in the acts or practices of Davison & Associates, including those alleged herein. He resides and transacts business in the Western District of Pennsylvania.

DEFENDANTS’ COURSE OF CONDUCT

9. Since approximately December 1989, and continuing thereafter, defendants have maintained a substantial course of trade in offering and selling research, patenting, and invention-promotion services to individual inventors who want to profit from the sale of their ideas for inventions.

10. Defendants have solicited the sale of patent and invention-promotion services through the use of, among other things, advertisements on television, in newspapers and in magazines, including but not limited to *Entertainment Weekly*, correspondence and contracts sent through the United States mail and telephone sales presentations.

11. Defendants’ advertisements invite consumers to call an 800 number. When consumers call the 800 number, they are asked to give their name, address and telephone number, and are sent sales literature.

12. In a typical letter consumers receive, defendants state that “[o]ur firm’s team is made up of international award winning designers, engineers, marketers, former U.S. Patent Examiners and many other support staff members. We have hundreds and hundreds of corporate executives who are working with our organization in the development of new products.”

13. Several days after receiving the sales literature, a sales representative for Davison & Associates typically telephones the consumer. After soliciting information about the consumer’s invention, the sales representative typically invites the consumer to send in a form describing the invention and represents that Davison & Associates will review it to determine whether it is patentable and marketable.

14. In most cases, the sales representative then tells the consumer that the idea has passed the scrutiny of the reviewers at the company. The sales representative then attempts to sell the consumer a product research report and patent search costing approximately \$790.

15. The product research report is a document about seventy pages long and consists of copies of prior patents, journal articles, and an engineer’s report. The product research report purportedly evaluates the marketability of an idea or product. In most cases, the product research report concludes that, based on the research in the report, the product should be commercialized.

16. After the consumer has received the product research report, the sales representative typically calls the consumer again and attempts to persuade the consumer to enter into a promotion agreement authorizing Davison & Associates to promote a customer’s idea for an invention, for a service fee of as much as \$12,000. The agreement provides that, in exchange for this service fee, Davison & Associates will promote the idea or product to industry in an effort to secure a licensing, marketing or manufacturing agreement for the customer.

17. Consumers who utilize Davison & Associates' services virtually never recoup their investment. Of the hundreds of sales made by Davison & Associates, only a handful have resulted in a licensing agreement, and of those actually licensed, few if any have resulted in consumers making an appreciable amount of money.

18. Defendants' course of trade is in or affecting commerce, within the meaning of Section 4 of the FTC Act, 15 U.S.C. § 44.

COUNT ONE:
VIOLATIONS OF SECTION 5 OF THE FTC ACT

19. Defendants represent, expressly or by implication, that:

- a. consumers who buy defendants' invention-promotion services stand a reasonably good chance of realizing financial gain;
- b. defendants have successfully marketed the invention ideas of many of their customers;
- c. defendants successfully marketed specific invention ideas, such as some or all of the following: Bark Buddies, the Spot-lite, the Snag-Buster, the Puzzle Sorter, and the EnviroGolf;
- d. defendants have a vast network of corporations with whom they have ongoing relationships and regularly negotiate successful licensing agreements;
- e. defendants' invention marketing services are necessary for consumers to license their invention ideas; and
- f. defendants prepare objective and expert analyses of the patentability and marketability of consumers' invention ideas.

20. In truth and in fact:

a. consumers who buy defendants' invention-promotion services do not stand a reasonably good chance of realizing financial gain, and in fact, virtually all of defendants' customers lose their entire investment;

b. defendants have not successfully marketed the invention ideas of many of their customers, and in fact, virtually none of defendants' customers have ever earned anything from royalties or actual sales of their inventions;

c. defendants did not successfully market specific invention ideas, such as some or all of the following: Bark Buddies, the Spot-lite, the Snag-Buster, the Puzzle Sorter, and the EnviroGolf. In fact, some or all of these invention ideas, as well as others, generated either no royalties or only a small amount, and nowhere near enough to recoup the cost consumers typically pay for defendants' invention-promotion services;

d. defendants do not have a vast network of corporations with whom they have ongoing relationships and regularly negotiate successful licensing agreements;

e. defendants' invention marketing services are not necessary for consumers to license their invention ideas; and

f. defendants do not prepare objective and expert analyses of the patentability and marketability of consumers' invention ideas.

21. Therefore, the representations set forth in Paragraph 19 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

22. Defendants' violations of Section 5(a) of the FTC Act have injured and will

continue to injure consumers. Because of defendants' misrepresentations of material facts consumers have made and will continue to make investments that are likely to cause substantial financial injury, absent injunctive relief.

THIS COURT'S POWER TO GRANT RELIEF

23. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to issue injunctive and other relief against violations of the FTC Act and, in the exercise of its equitable jurisdiction, to award redress to remedy the injury to consumers, to order disgorgement of monies resulting from defendants' unlawful acts or practices and to order other ancillary equitable relief.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Court:

1. Award the Commission all temporary and preliminary injunctive and ancillary relief that may be necessary to avert the likelihood of consumer injury during the pendency of this action, and to preserve the possibility of effective final relief, including, but not limited to, temporary and preliminary injunctions and an order freezing each defendant's assets;
2. Enjoin defendants permanently from violating Section 5(a) of the FTC Act including committing such violations in connection with the advertising, offering for sale or other promotion of invention promotion services;
3. Award such relief as the Court finds necessary to redress injury to consumers resulting from defendants' violations of Section 5(a) of the FTC Act including, but not limited to, the rescission of contracts or refund of money, and the disgorgement of unlawfully obtained monies; and
4. Award plaintiff the cost of bringing this action, as well as such other and additional

equitable relief as the Court may determine to be just and proper.

DATED: _____

Respectfully submitted,

STEPHEN CALKINS
General Counsel

ALBERT W. SCHOLLAERT
Pennsylvania Lic. No. 23629
Office of the U.S. Attorney
633 United States Post Office & Courthouse
Pittsburgh, PA 15219
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STEVEN W. BALSTER
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