requirement is this ECCN 4461B expires 90 days after its effective date. (3) For commodities defined in this entry, foreign policy controls apply to Libya, Iran, the Republic of South Africa and Namibia for both aircraft and helicopters regardless of value.

Dated: April 26, 1985.

William T. Archey,

Acting Assistant Secretary for Trade Administration.

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FEDERAL TRADE COMMISSION

16 CFR Part 239

Guides Against Deceptive Advertising of Guarantees

AGENCY: Federal Trade Commission.

ACTION: Final Revision of Guides.

SUMMARY: The Commission has revised the Guides Against Deceptive Advertising of Guarantees, 16 CFR Part 239, which were adopted in 1960. The Guides, as presently constituted, call for extensive disclosure of warranty terms, particularly in advertising of warranties that promise a remedy in the event of product defects of malfunctions. The Guides also address a number of other topics including: savings guarantees (representations that certain savings will be realized), "satisfaction" or "money back" guarantees, "lifetime" guarantees, the obligation to perform advertised warranties, and the use of guarantees as misrepresentations about the attributes of products.

The Commission has revised the Guides to eliminate the provisions calling for disclosures of warranty terms in advertising of warranties and guarantees that promise a remedy in the event of product defects or malfunctions. In place of these extensive disclosures, the revised Guides call for a simple, brief disclosure that the actual warranty document is available for consumers to read before they buy the advertised product.

The basic concepts of the other provisions have been retained, except the provision dealing with savings guarantees, and the provision dealing with warranties as misrepresentations of material fact. These two provisions have been deleted. The wording of the Guides has been modified to be more consistent and direct throughout.

The Commission has been reviewing the existing Guides since the 1976 adoption, pursuant to the Magnuson-Moss Warranty Act, of the Rule on Disclosure of Written Consumer Product Warranty Terms and Conditions, 16 CFR Part 701 (the "Disclosure Rule") and the Rule on Pre-Sale Availability of Written Warranty Terms, 16 CFR Part 702 (the "Pre-Sale Availability Rule"). Among other things, the Act and the Rules assure that the terms of consumer product written warranties are clearly disclosed in a single document and that the warranty documents are made available for consumers to examine before they purchase warranted products. Thus, the current situation is dramatically different from that which prevailed when the Guides were adopted. At that time consumers may have had to depend upon warranty advertising as their primary source of pre-purchase information about warranties.

The revisions of the Guides are based upon public comments and survey research. Comments were received in response to the Commission's solicitation in the **Federal Register** on how the existing Guides might be revised to encourage non-deceptive warranty advertising, 45 FR 51836 (Aug. 5, 1980). There were two surveys conducted in conjunction with this matter, the Warranty Print Advertising Survey, conducted in 1981, and the Warranty Evaluation Survey, conducted in 1982–1983.

This notice explains the revisions, section by section, discusses the reasons for the revisions, and sets forth the revised and renamed Guides for the Advertising of Warranties and Guarantees.

DATE: The Revised Guides are effective as of May 1, 1985.

FOR FURTHER INFORMATION CONTACT: Allen Hile, Attorney, Division of Marketing Practices, 6th Street at Pennsylvania Avenue, NW., Washington, D.C. (202) 523–3553.

SUPPLEMENTARY INFORMATION: The remainder of this announcement is divided into five sections. Section A describes the existing Guides. Section B summarizes the comments received in response to the August 5, 1980, **Federal Register** Notice. Section C sets forth relevant results of the surveys that were conducted in conjunction with this matter. Section D explains the revisions, provision by provision, and, finally, Section E sets forth the revised Guides for the Advertising of Warranties and Guarantees.

Section A—The Existing Guides Against Deceptive Advertising of Guarantees

In 1960, the Commission issued its *Guides Against Deceptive Advertising of Guarantees*, 16 CFR Part 239, based upon numerous Commission cases concerning the advertising of warranties and guarantees.

Section 239.0 of the existing Guides states that the Guides enunciate principles to be used by the Commission in determining whether representations about warranties or guarantees made in advertising or otherwise violate section 5 of the Federal Trade Commission Act.

Existing § 239.1 of the Guides pertains to representations made in advertising or otherwise and calls for any advertisement that mentions a guarantee or warranty on the advertised product to disclose the nature and extent of the warranty or guarantee, including: (1) What product or part of the product is guaranteed; (2) what characteristics or properties of the designated product or part are covered by, or excluded from, the guarantee; (3) what is the duration of the guarantee; and (4) what, if anything, any one claiming under the guarantee must do before the guarantor will fulfill its obligation under the guarantee (such as return the product or pay service or labor charges). Existing § 239.1 also calls for disclosure in warranty advertising of the manner in which the guarantor will perform, namely, a statement of exactly what the guarantor undertakes to do under the guarantee (for example, repair or replace the product, or refund the purchase price). Finally, existing § 239.1 calls for disclosure of the identity of the guarantor in advertising that mentions a guarantee or warranty.

Existing § 239.2 of the Guides pertains to pro rata guarantees, which are guarantees that provide a credit or refund that declines regularly according to some specified formula over some specified period of time. This section calls for disclosure of the basis upon which the remedy offered by such a guarantee or warranty is pro rated. The other disclosures in § 239.1 that apply generally to all defects guarantees also apply to pro rata warranties.

The other Guide sections cover a range of specific topics relating to warranties or guarantees.

Section 239.3 of the existing Guides provides that a "satisfaction," or "money back," or similar guarantee is to be interpreted to mean that the full purchase price will be refunded at the purchaser's option. The section also calls for disclosure of "any conditions or limitations whatsoever" that apply to the guarantee.

Existing § 239.4 deals with "lifetime" guarantees and calls for disclosure of the life to which the term "lifetime" refers if it is any life other than that of the purchaser. Section 239.6 of the

existing Guides provides that a guarantor should fulfill promises made in advertisements or other representations about warranties.

One of two Guide sections that have been deleted is existing § 239.5, which pertains to guarantees of savings. It calls for disclosure of what the guarantor will do if the promised savings are not realized, and of any time limitations that apply. The other section which has been deleted is § 239.7 of the existing Guides, which provides that a warranty should not be used as a misrepresentation of a product's attributes.

Section B—Summary of Comments

On August 5, 1980, the Commission published a notice in the **Federal Register** calling for comment on how the Guides might be revised to facilitate non-deceptive advertising of warranties [45 FR 51838]. The notice explained generally that the Guides were under review and set forth ten specific questions concerning what aspects of warranty advertising are deceptive and what approach the Commission should follow with regard to warranty advertising. The notice focused on the impact of the Warranty Act and Rules with respect to the Guides, and sought detailed comment with respect to those provisions of the Guides which called for disclosure of warranty terms in advertising. The notice did not specifically highlight or solicit comment on the other sections of the Guides, for example, those sections dealing with lifetime guarantees, savings guarantees, and satisfaction guarantees.

A total of 41 comments were received, including three that were received after the comment period ended and were retained because of the absence of prejudice resulting from their inclusion in this record.

The overwhelming majority of comments came from the industries affected by the Guides: Manufacturers, retailers, broadcasters, and their respective trade associations. Comments were also received from the American Association of Advertising Agencies, The Association of National Advertisers, the American Advertising Federation, and one advertising agency. A variety of other organizations also commented, including the Better Business Bureau of Cleveland, the Attorneys General of South Carolina and Puerto Rico, and the Antitrust Division of the United States Department of Justice. Only one consumer group, Consumer H.E.L.P., submitted comments.

Most comments did not address the specific questions posed in the Notice, but instead made general statements about regulation of warranty advertising. Therefore, the comments are summarized under those topics which most commenters addressed.

1. Effectiveness of Warranty Advertising in Promoting Sales

Many commenters felt that warranty advertising can be an effective means of promoting sales. Three commenters cited survey results tending to support the proposition that warranty adverstising is effective in promoting sales. One of these commenters noted that the results of its most recent consumer surveys showed that 29% of the respondents were strongly influenced by warranties in choosing replacement tires. Another of these commenters stated that, based upon a 1980 consumer test study it conducted which showed that the company's limited warranty "is held in high regard by the consuming public," it believes warranty advertising is effective. The third of these commenters cited a study showing that firms with smaller market shares are approximately twice as likely to rely on warranty advertising than their larger, better established competition.

Several commenters expressed the view that promoting on the basis of warranty coverage is not as effective as other kinds of promotion, while other commenters stated that warranty advertising is not *per se* ineffective but at present is made ineffective by the Guides.

2. Need for Revision of the Guides

Commenters overwhelmingly favored revising or rescinding the Guides. The majority of commenters argued that the Warranty Act and the Disclosure and Pre-Sale Availability Rules have obviated the need for the Guides. The National Automobile Dealers Association, for example, pointed out that every disclosure requirement of the Guides is covered by the Disclosure Rule, and that "in light of [the Pre-Sale Availability] Rule . . . consumers may obtain complete warranty information, prior to sale, without having to rely on a complete disclosure in warranty advertising."

More than half of the commenters stated that the Guides inhibit warranty advertising and a significant proportion of the commenters described their own particular negative experiences under the Guides. Most of these commenters cited the amount of space or time needed for the disclosures and the attendant increases in costs as the principal reason that the Guides discourage warranty advertising. For example, the American Association of Advertising Agencies stated:

> When time is precious, seconds spent providing excessively technical data about warranty provisions that are readily available at the point of sale often add relatively little to the advertisement's principal purpose.

Several commenters stated that they had been deterred from advertising their warranties because disclosure of the type required by the Guides would substantially dilute the primary message of their television, radio and short print advertising.

Several commenters contended that the Guides call for disclosure of more information than consumers can use in the context of an advertisement. The American Advertising Federation stated that studies and surveys reveal that consumers do not give the kind of attention to either written or broadcast advertisements that would be needed to understand complex legal documents like warranties, even if they were fully explained in advertising. The National Association of Broadcasters stated:

> Such complete [warranty] information [as the Guides call for] cannot be digested, understood and retained by consumers receiving the information in a 30 or 60-second announcement—which also must contain the main selling message . . . Information about the nature and extent of warranties, as well as the manner of performing a warranty, must be reviewed and carefully examined to be useful to consumers in purchasing decisions—not simply flashed across a screen or quickly recited.

3. Deceptive Words or Phrases in Warranty Advertising

A number of commenters addressed the specific question posed by the **Federal Register** Notice regarding whether certain words or phrases used in warranty advertising are inherently deceptive. No studies or surveys were presented on this issue; however, commenters identified certain words or phrases they felt were deceptive. Several commenters stated that the use of the term "lifetime" in warranty advertising is deceptive. Sears expressed the view that the term is "inherently deceptive if no other information to clarify what 'life' is referred to were supplied." The Consumer Electronics Group of the Electronic Industries Association stated that the term "extended warranty" could be deceptive without information that indicates whether it refers to a service contract or to warranty protection provided without consideration by a retailer to supplement a manufacturer's warranty. Volkswagen commented that

using the word "limited" in conjunction with the duration of the warranty "leads to the conclusion that the warranty is limited in time or mileage only". Volkswagen also argued that "the term 'full' is thought [by consumers] to be indicative of whether or not all or only some parts of the vehicle are covered by warranty." Three commenters stated that the phrase "full warranty" is deceptive if not all parts are covered by the warranty.

4. Commenters' Recommendations for Revision of the Guides

Although the commenters were overwhelmingly in favor of modifying the Guides, there was no clear consensus on what approach the Commission should take on the regulation of warranty advertising. Some commenters favored rescinding the Guides and regulating warranty advertising on a case-by-case basis. Others sought revision of the existing Guides to make them less burdensome. Some commenters (including some who supported rescission of the Guides) supported certain limited disclosures in all warranty advertising, such as a reference to pre-sale availability of disclosure of the warranty's limitations, its designation, or its duration. (The **Federal Register** Notice specifically sought comment on whether a disclosure of pre-sale availability or a limitations disclosure should be required. It also asked for suggestions as to other types of disclosures that might prevent warranty advertising from being deceptive.) Differing views were expressed as to whether the broadcast media should be treated in a different manner than print media.

Twenty-four commenters recommended that the Commission rescind the Guides and proceed against deceptive warranty advertising on a case-by-case basis under section 5. Commenters cited a number of reasons in support of this recommendation including: That there is no reason that the treatment of warranty advertising should be different from that of other forms of advertising, which are generally regulated on a case-by-case basis; that rules and guides are overbroad because they attempt to address potential deception prospectively; and that formulating guides appropriate to the advertising of complex, widely differing warranties on a myriad of consumer products is a very difficult and perhaps insurmountable problem.

On the other hand, seven commenters favored the issuance of revised, less restrictive Guides. Sears argued in favor of this approach:

> . . . Sears . . . want[s] to be certain of meeting the Commission's standards of what it considers not to be misleading or deceptive. The lack of guidance on what the Commission may consider proper disclosure could be as stifling to the advertising of warranties as the present burdensome requirements. Sears does not want to wait for guidance to be developed after years of case-by-case adjudication. To take full promotional advantage of less burdensome requirements, Sears needs quick clear guidance from the Commission.

Similarly, General Motors commented that a revised Guide, putting all competitors on notice of the Commission's requirements, would assist the industry in "avoiding objectionable practices which might otherwise occur over the relatively lengthy period necessary for the Commission to make its views known" by means of a case-by-case approach.

Several of the commenters who favored retaining but revising the Guides made specific recommendations as to what the contents of the revised Guides should be. The American Advertising Federation recommended that the existing Guides be retained and reorganized. They also urged that a new section be added that provided the failure to make the disclosures required in the Guides would not be deceptive as long as (1) the product were covered by the Pre-sale Availability Rule or the advertiser otherwise made the warranty available, and (2) the advertisement "invite[d] consumers to read the full text of the advertised guarantee" at the retailer's place of business. The National Retail Merchants Association urged the Commission to issue guides tracking staff's 1979 warranty advertising rulemaking proposal, with some modifications.[1] Sears recommended Guides calling for disclosure of (1) the identity of the warrantor, if different from the advertiser of if unclear from the context of the advertisement; (2) the product, part or characteristic covered; (3) the duration; and (4) pre-sale availability; or full disclosure of warranty terms as called for by the present Guides. Volkswagen recommended Guides calling for disclosure of the duration; the fact that only some parts are covered or that labor is not covered, if this were the case; and pre-sale availability. Zayre recommended disclosure of the "full" or "limited" designation, exclusions of any main components from the coverage of full warranty, and pre-sale availability.

Many commenters expressed the view that although the existing Guides' disclosures were unduly burdensome and unnecessary, some disclosures are needed to minimize the possibility that consumers will be deceived by warranty advertising. Fourteen commenters favored disclosure in warranty advertising of the fact that the warranty is available prior to sale.

Several commenters opposed mandatory disclosure of the fact of pre-sale availability. The reasons cited in support of this view included: that the disclosure would quickly lose its effectiveness; that the disclosure is unnecessary because the public should already be aware of the fact that warranties are required to be available and that the disclosure would be ineffective because few consumers take advantage of point-of-sale warranty information.

Several commenters supported disclosure of warranty limitations. Dunlop Tire Company supported a general disclosure that the warranty has limitations, along with a disclosure of pre-sale availability. A number of commenters made suggestions for more specific disclosures concerning warranty limitations, including: a disclosure of major limitations in a full warranty; a disclosure of any major restriction on the parts covered or the remedy offered in any warranty (such as an exclusion of labor charges); and a disclosure of identity of the warrantor. In addition, twelve commenters favored disclosure of the "full" or "limited" warranty designation required by the Warranty Act.

Five commenters addressed the issue of whether treatment of broadcast media should be different from that of print media (although the difficulty of complying with the Guides in the context of broadcast media was mentioned by many other commenters). Three commenters favored treatment tailored to the different media. On the other hand, two commenters expressed the view that print and broadcast advertising should be treated in the same manner. For example, Volkswagen commented that different treatment for broadcast advertising would "penalize small advertisers who cannot afford TV. Advertising is advertising, whatever the medium used."

Section C—Survey Results

Empirical data obtained from two surveys, the Warranty Print Advertising Study and the Warranty Evaluation Study, which were conducted for the

[1] The staff recommendation included detailed requirements for various types of disclosures, depending upon whether the advertised warranty was a "full" warranty or a "limited" warranty under the Magnuson-Moss Warranty Act, 15 U.S.C. 2301 *et seq.* The Commission rejected staff's recommendation in November, 1979.

Commission, demonstrate that potential deception arising from partial disclosure of warranty terms in warranty advertising is, in fact, a genuine problem. These surveys indicate that consumers' expectations about warranty coverage are enhanced by advertising that mentions the warranty on a product. The methodology and results of these surveys are described in greater detail below.

1. The Warranty Print Advertising Survey

This survey was conducted by interviewing shoppers in shopping malls. Interviews were conducted with 440 respondents from three locations: Philadelphia, Pennsylvania; Florence, Kentucky; and Seattle, Washington. To ensure that the sample was generalizable to the American public, quota sampling procedures were employed.

One section of the study required respondents to match one of several warranty advertising claims with a description of the warranty that was the subject of the claim. The question thus tested respondents' understanding of six different warranty claims with varying levels of disclosure, ranging from mere mention of the warranty and its duration at the lowest level, to total explication of virtually all of the terms of the warranty, pursuant to the existing Guides, at the highest level.

Interviewers read one of the claims to each respondent and then asked the respondent to select the best description of the warranty from a printed list. The list contained five different descriptions. For each claim the list contained one description which was correct; all other descriptions either overestimated or underestimated the warranty's coverage.

The general trend that the results of this question revealed is that the less information respondents receive about a warranty in an advertisment, the more likely they are to overestimate warranty coverage. For example, 54.2% of the respondents who were read the claim with only the fact that the product was "guaranteed" and that the duration of the guarantee was two years overestimated the coverage provided by the underlying warranty; by contrast, only 8.4% of the respondents who were read the claim which described all the terms of warranty as called for by the existing Guides overestimated the coverage.

It is noteworthy that unlike the portion of the survey described below (which was conducted at a point earlier in the interviews) this portion of the study tested warranty claims outside the context of specific advertisements. Analysis of the responses to other questions (described below) suggests generally that in the context of a print advertisement the level of disclosure has no significant impact upon respondents' expectations about coverage of an advertised warranty. However, when the respondents' attention was directed to a specific claim in the portion of the study described above, the amount of information in the claim did influence the respondents' estimation of coverage. This may suggest that when respondents focus on the warranty claim, as they might be expected to do when actually in the market for the advertised product, the amount of information contained in the claim does influence respondents' expectations about coverage of the advertised warranty.

Another portion of the study confirmed that the mention of a warranty raises expectations about coverage. The interviewer gave each respondent three fictitious advertisements, one for a car, one for a TV set, and one for an automatic coffeemaker. One of these three advertisements included no warranty claim. Each of the other two advertisements included one of the same five warranty claims used in the other part of the survey, described above. The warranty claims were different in each of the two advertisements containing warranty information.

Interviewers then asked respondents two questions regarding the likelihood that the product has a warranty with certain specific terms of coverage. Respondents gave their answers in terms of a five-point scale, with 1 as "not at all likely" and 5 as "extremely likely."

The results of this part of the survey showed that respondents had higher expectations about the warranty coverage offered on a product when the product's advertisement contained a warranty claim. However, respondents who received advertisements with the disclosure provided for by the existing Guides did not have any more accurate understanding of the warranty coverage on the advertised product than did respondents who received advertisements with the less detailed disclosures. Further, the limitations disclosures that were tested did not have a significant reducing effect on the tendency to ascribe greater warranty coverage to a product when the advertisement mentioned a warranty.

The Warranty Print Advertising Survey results described above indicate a tendency on the part of respondents to overestimate coverage when they receive advertisements with information, whether partial or complete, about the warranty underlying the claim. Thus, the survey supports the proposition that partial warranty information may be misleading to consumers. However, the survey results also indicate that the "full disclosure" remedial approach of the existing Guides is not effective to ensure that consumers accurately comprehend the warranty coverage provided by an advertised warranty.

2. The Warranty Evaluation Survey

The Warranty Evaluation Survey is a comprehensive study of consumer awareness, attitudes and behavior concerning warranties both before and after purchase. Thus, the scope of this survey was much broader than that of the Warranty Print Advertising Survey, which had only warranty advertising as its subject.

The mail panel method was employed in the Warranty Evaluation Survey. The questionnaire, which was developed by the Commission's staff, was sent to 8,691 panel members. Responses were received from 73.8 percent of those contacted. Each respondent was asked a series of general questions as well as product-specific questions.

To summarize the results of the Warranty Evaluation Survey as they relate to the revision of the Guides, there are three main points. First, and most important, the Warranty Evaluation Survey confirmed the results of the Warranty Print Advertising Survey with respect to the tendency of warranty advertising to raise expectations about warranty coverage. Second, the Warranty Evaluation Survey amplified this finding by showing nearly all respondents believe warranties are important to consider in some purchases, and about 20 percent think that warranties are one of the top three considerations in purchasing decisions in general. Finally, despite the importance of warranties to respondents, something less than a quarter of all respondents actually read warranties before buying.

a. Warranty Advertising Raises Expectations About Warranty Coverage

A significant proportion of respondents to the Warranty Evaluation Survey indicated that warranty advertising tends to raise their expectations about the warranty. Nearly half of all respondents agreed, either strongly or to some degree, with the statement that "when an ad mentions a

product's warranty, it usually means the warranty coverage is especially good." People who had lower incomes, who were less educated, or who were over 65 were more likely to agree.

Another question on the survey asked respondents whether they agreed or disagreed with the following statement: "I don't really think about a product's warranty unless I see it mentioned in an advertisement." Nearly one third of all respondents agreed.

Thus, the results of the Warranty Evaluation Survey are fully consistent with the results of the Warranty Print Advertising Survey in showing that warranty advertising tends to encourage enhanced expectations about warranty coverage on the part of a significant proportion of respondents.

b. Warranties Are Important to Consumers

Several questions probed the issue of the importance of warranties to consumers in making purchasing decisions. The responses to these questions support the conclusion that warranty advertising can be an effective way to promote a product. Eighteen percent of respondents said that warranties were among the top three factors in selection of a product. Over fifty percent counted warranties as important and more than three quarters said they would pay more for a product with a better warranty.

In a separate question, about 88 percent of respondents felt that the warranty was an important consideration, while just under twelve percent of respondents indicated that seeing the warranty prior to purchase was *not* important regardless of the price of the product.

c. Most Consumers Do Not Examine Warranties Before Buying Warranted Products

The survey probed the degree to which respondents actually used warranties in their purchasing decisions. Responses to several questions indicate that most consumers do not examine warranties before buying whether or not they are aware of the availability of warranties.[2] The results of the survey on this issue indicate that somewhere between 7.4 percent and 27 percent of consumers either read or look at warranties prior to purchase.

Section D—Explanation of the Revision of the Guides

Section 239.1 Purpose and scope of the Guides.

This Section supplants § 239.0 of the existing Guides. This section make five important points. First, it states that the Commission intends the Guides as an aid to advertisers in avoiding violations of the law. This general introductory statement is followed by important qualifying statements, described below.

Second, the section notes that the revised Guides are based upon Commission case law, but also reflect the changes in the legal landscape effected by the Magnuson-Moss Warranty Act. The revised Guides do not abrogate the case law. However, many of the cases were decided before the 1975 enactment of the Magnuson-Moss Warranty Act. The Guides generally are intended to retain the principles enunciated in the cases and interpret them in light of the Magnuson-Moss Warranty Act which assures availability of warranty information prior to sale.

Third, the section strongly cautions that section 5 of the FTC Act, and not the Guides, is the ultimate legal standard that applies to warranty advertising. The Commission's power to challenge warranty advertising that complies with the Guides, but is deceptive in some manner not addressed by the Guides, is not altered or diminished.

Fourth, the section notes that § 239.2 of the revised Guides, which calls for disclosure of pre-sale availability of warranties in warranty advertising, applies only to those products covered by the Pre-Sale Availability Rule, 16 CFR Part 702. The Commission has included this statement to clarify that it does not intend the pre-sale availability disclosure to be made in advertising of satisfaction guarantees or in advertising which promotes warranties on products that cost less than $15, or that are not consumer products within the scope of the Pre-Sale Availability Rule. The other sections of the revised Guides apply to such advertising. For guidance on subjects not addressed by the other sections of the revised Guides, advertisers of such products must look to the case law developed under Section 5 of the FTC Act and the Commission's recent Enforcement Policy Statement on Deception.

Finally, whereas the existing Guides expressly covered representations concerning warranties whether made in advertising or otherwise, this section makes it clear that the revised Guides pertain only to advertising of warranties or guarantees. Because the Magnuson-Moss Warranty Act and the Rules adopted under it require warranty documents to disclose the information called for by the existing Guides, it is unnecessary for the scope of the revised Guides to reach beyond warranty advertising.

Section 239.2 Disclosures in warranty advertising.

This section supplants the existing Guide provisions which call for extensive disclosure of warranty terms in advertising that mentions the warranty on the advertised product (Section 239.1, which applied generally to all guarantees or warranties, and § 239.2, which applied specifically to pro-rata guarantees or warranties).[3] In place of those extensive disclosures, the revised Guide §239.2(a) calls for disclosure in warranty advertising that promotes a product covered by the Pre-Sale Availability Rule, 16 CFR Part 702, of the fact that the warranty document is available for examination prior to purchase of the warranted product.[4]

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[2] The survey also probed consumer awareness of the availability of warranties prior to sale. It approached this issue in two different ways. The first question was very specific and dealt with the respondent's experience with a consumer product actually purchased within the twelve months previous to filling out the survey questionnaire. The second question probed the respondent's awareness in general about the availability of warranties prior to sale without reference to purchase of a specific product.

With regard to the respondent's experience with the availability of the warranty on a specific consumer product, the survey asked whether the written warranty on the specific product was available to him or her from the retailer before purchase. About 70 percent of the respondents indicated that the warranty was available for the specific product they had purchased, while 25 percent said they either did not look for the warranty or weren't sure whether it was available or not. The remaining respondents indicated that the warranty was not available.

The more general question about pre-sale availability yielded comparable results. Respondents were asked to agree or disagree with the following statement: "Generally, warranties are available to look at in the store before you make your purchase." Slightly more than 66 percent of the respondents agreed with this statement, while about 22 percent indicated that they believed warranties are generally *not* available prior to purchase. The remaining respondents did not know whether warranties are generally available.

Thus, the Warranty Evaluation Survey indicates that while a clear majority of consumers are aware that warranties are available prior to purchase, a significant minority generally lack awareness or knowledge about the availability of warranties prior to purchase.

[3] In replacing § 239.2 of the old guides with the new guide § 239.2 the note to old § 239.2 that "[pro rata] guarantees which provide for an adjustment based on a fictitious list price should not be used even where adequate disclosure of the price is made," has been dropped. Deletion of this note should not be interpreted to mean that such misrepresentations do not violate section 5 of the FTC Act.

[4] It is essential to note that the Commission intends the presale availability disclosure to convey to consumers that the actual warranty document is available at the point of sale, and not merely an oral summary of it, which may or may not accurately describe the warranty's terms and conditions.

Section 239.2(b) uses a similar approach for mail order and catalogue sales. This section is needed in addition to § 239.2(a) because the Pre-Sale Availability Rule provides for a different method of pre-sale availability for mail order and catalogue sales than for retail sales. The Pre-Sale Availability Rule provides that for catalogue or mail order sales either the warranty itself or a disclosure informing consumers that the warranty is available upon specific written request must be included in close conjunction to the description of the warranted product. Therefore, § 239.2(b) of the revised Guides provides that advertisements for mail order or catalogue sales should disclose "information sufficient to convey to consumers that they can obtain complete details on the written warranty free upon specific written request, or from the catalogue or solicitation (whichever is applicable)."

There are three basic reasons for eliminating those provisions of the existing Guides that call for warranty terms to be disclosed in advertising. First, the Warranty Act and Rules have significantly changed the manner in which warranty information is disclosed prior to sale. This change has obviated the need to disclose warranty information in advertising in order to provide this information to consumers prior to purchase. The Act and Rules require that complete warranty information be made available to consumers prior to sale. The Disclosure Rule, 16 CFR Part 701, requires disclosure of all warranty terms and conditions in the warranty document. The Pre-Sale Availability Rule, 16 CFR Part 702, requires that the warranty document be made available to consumers prior to purchase at the place where the warranted product is sold. The present situation of pre-sale availability of warranty terms is in marked contrast to the situation that existed when the existing Guides were promulgated. At that time, advertising disclosures in most cases may have been the only available source of information about warranty coverage prior to purchase. Thus, the implementation of the Warranty Act and Rules has made detailed disclosure of warranty terms in advertising unnecessary.

Second, the "full disclosure" approach of the Guides is not an effective means of providing consumers with complete and accurate warranty information. The Guides call for disclosure of lengthy and relatively complicated information. Both the comments and the research described in Section III, above, indicate that consumers are not able to use the comprehensive, detailed information made available by the existing Guides in the context of an advertisement. Examination of the warranty document prior to purchase, when there is an opportunity for detailed study and comparison, is a far more effective approach for obtaining information about warranty terms than are detailed disclosures in a print, radio or TV advertisement.

Third, the existing Guides tended to undercut two of the major goals of the Magnuson-Moss Warranty Act: promoting the availability of warranty information and encouraging competition on the basis of warranty coverage. As the comments described in Section II, above, indicate, the disclosure requirements of the existing Guides have discouraged advertisers from promoting their warranties in advertising. The lack of warranty advertising may also thwart competition on the basis of warranty coverage, since warrantors have less incentive to offer increased warranty protection if it is not economically feasible to advertise this feature.

Although a Guide calling for disclosure of virtually all warranty terms in warranty advertising is no longer appropriate, a limited disclosure concerning pre-sale availability of warranty information is necessary to prevent deception in warranty advertising and to achieve the goals of the Warranty Act. A disclosure urging consumers to examine the warranty document will act as an important qualifier of the warranty claim by drawing to the attention of consumers the fact that the advertisement neither contains nor purports to contain all of the material information concerning the warranty. The pre-sale availability disclosure is needed to counter expectations that consumers may form as a result of reasonably interpreting references to a warranty in advertising to contain complete and sufficient information obviating the need to examine the warranty before buying.

The Commission has recognized in numerous cases both prior to and since the publication of the Guides that advertising which promotes warranty coverage may be deceptive without additional disclosures.[5] Warranties frequently have significant conditions or limitations. It is unlikely that a warrantor will disclose all these conditions and limitations in an advertisement. The Commission has recognized that this partial disclosure of information (disclosure of certain features of a warranty but not all of its conditions and limitations) has great potential for deception. This conclusion is supported by the consumer research described in Section III, above, which indicates that if a warranty is mentioned, consumers tend to ascribe greater warranty coverage to the advertised product than if no warranty is mentioned, even if the advertisement indicates the warranty has significant limitations.

To remedy the possibility of deception in warranty advertising, the Commission has adopted revised Guide § 239.2, which encourages advertisers who refer to their warranties to disclose that complete details of the warranty can be seen where the product is sold. This disclosure will suffice to avoid the risk of deceiving consumers about the other conditions and limitations of the warranty when only certain warranty terms are discussed. It will not, however, avoid deception when an advertisement misrepresents, directly or by implication, the warranty's limitations or coverage (*e.g.*, when an advertiser describes the "complete protection" of a warranty that covers only some parts). In those cases advertisers may need to include additional information in their advertisements to dispel the misimpressions otherwise created, depending on the language of the advertisement and the coverage of the warranty. For most advertisements, compliance with the Guides should suffice.

The disclosure suggested in § 239.2 of the revised Guides is designed to encourage consumers to examine warranties prior to sale to correct misimpressions that may have been created by the advertisement. However, the disclosure does not specifically indicate to consumers *why* they should examine the warranty (*i.e.*, because there may be only partial information about the warranty coverage in the advertisement). A disclosure such as "limitations may apply," in conjunction with a reference to pre-sale availability might, therefore, be even more effective than the disclosure the Commission has adopted to remedy deception in warranty advertising. The Commission has not adopted this approach for two reasons. First, consumer research indicates that reference to warranty limitations does not significantly affect consumers' expectations of the warranty's limitations. Second, the Commission is unable to conclude that the benefits to consumers and to

[5] *See, e.g., Coro, Inc.* 63 F.T.C. 1164 (1963), 338 F.2d 149 (1st Cir. 1964).

competition that could result from a more detailed disclosure would outweigh the cost.[6] After a period of experimentation in the marketplace and with further information about consumer expectations, a more detailed disclosure may be found to be appropriate.

In adopting the disclosure concerning pre-sale availability the Commission has rejected three other possible approaches to warranty advertising: (1) Completely rescinding the Guides and proceeding solely on a case-by-case basis; (2) prohibiting specific language found to be deceptive in warranty advertising (*e.g.*, "X year limited warranty," or "lifetime guarantee"); or (3) requiring that if certain representations are made, certain disclosures should be included (*e.g.*, if the advertisement stressed benefits of the warranty, major limitations would have to be disclosed).

The Commission rejected rescinding the Guides entirely and proceeding solely on a case-by-case basis because, despite the Magnuson-Moss Warranty Act, there continues to be a significant potential for deception in warranty advertising. The existing Guides and the cases from which they are derived are based upon the principle that a potential for deception exists when warranties are promoted in advertising. This principle is supported by the research described in Section III, above. Thus, this same principle is the basis of the revisions of the Guides.

The potential for deception in warranty advertising proceeds from the fact that an accurate picture of the coverage provided by a warranty—which is a legal instrument—cannot be had without evaluating a number of interrelated provisions. Each provision of a warranty determines some aspect of coverage, but only taken all together do the provisions fully and accurately define total coverage. Information about only some of the terms of a warranty is an inadequate basis for drawing any conclusion about the overall coverage afforded by a warranty. Nevertheless, for a number of reasons, warranty advertising, if it mentions any specific provisions at all, is likely to mention only the duration provision, because that one is the simplest and quickest to convey.

It is reasonable for consumers to accept at face value the typical claim that the advertised product is "guaranteed" or "warranted" for a certain period, and to interpret this to mean that they will be made whole in the event the product fails after purchase. However, the extent to which this interpretation is accurate depends upon the overall coverage of the warranty, including its scope and the remedy it provides. Nevertheless, the research indicates that consumers may interpret warranty claims in this way, and, in the absence of a pre-sale availability disclosure, may rely upon this interpretation without reading the actual warranties.

The comments (and common sense) indicate that advertisers do not include information about the scope of coverage, the remedy offered, and other important terms and conditions mainly because of the high costs of doing so in terms of air time or print space. This is especially true of broadcast advertising. Also, because the effectiveness of an advertisement may be in many cases a function of the brevity and simplicity of its message, advertisers may be reluctant to risk diluting or distorting an advertisement's message by including lengthy disclosures about warranty provisions. Thus, warranty advertising is likely to provide only partial information which can, in some cases, mislead reasonable consumers about the extent of coverage provided by an advertised warranty. At any rate, the warranty Print Advertising Survey results indicate that even if advertisers included all the terms and conditions in advertisements, pursuant to the existing Guides, consumers would not be likely to have a more accurate understanding of the coverage offered.

The Commission has determined that the "full disclosure" remedial solution put forth by the existing Guides is no longer appropriate, largely because the Magnuson-Moss Warranty Act now assures that consumers have access to written warranties prior to purchase. Consumers no longer need to rely on advertising as their major, if not only, source of warranty information. Also, the Warranty Print Advertising Survey indicates that "full disclosure" of warranty terms is ineffective in dispelling the potential for deception in warranty advertising.

In the footnote to § 239.2 the Commission has covered a topic that the existing Guides did not address, namely, how an advertiser can ensure that the disclosure of warranty information (*i.e.* that warranties are available for inspection prior to sale) will be clear and prominent. The Commission has added this note because it has determined that to articulate a minimal standard for clarity and prominence of the pre-sale availability disclosure in television advertising is likely to encourage non-deceptive warranty advertising.

This note to § 239.2 states that television advertisements will be regarded as complying with the Guide provision calling for disclosure of the pre-sale availability of warranties if the advertisements make the necessary disclosure simultaneously with or immediately following the warranty claim. The disclosure can be presented either in the audio portion or in the video portion as a printed disclosure, provided that a video disclosure appears on the screen for at least five seconds. The Commission intends by means of this note to enhance the probability that consumers notice and understand the pre-sale availability disclosure, whether it appears in the audio or video portion of the advertisement.

This note pertains only to the pre-sale availability disclosure suggested in § 239.2. Assuring the disclosures called for by the other Guide provisions are clear and prominent may require other methods or additional emphasis. For example, it may be necessary for multiple disclosures of the material limitations on a satisfaction guarantee to be disclosed in the audio portion of an advertisement, or to be disclosed for a longer period of time than five seconds in order for the disclosures to be clear and prominent.

The Commission has determined that it is not necessary to attempt to provide more detailed and specific guidance with regard to other factors bearing on whether a disclosure is clear and prominent, such as the size of the letters in a video disclosure and the degree of contrast between the letters and the background against which they appear. Similarly, no note pertaining to disclosures in print or radio warranty advertising has been added. Advertisers can be guided by the general purpose of these Guides in resolving these issues.

Section 239.3 "Satisfaction Guarantees" and similar representations in advertising; disclosures in advertising that mentions "Satisfaction Guarantees" or similar representations.

Subsection (a) of this section of the revised Guides indicates that satisfaction guaranteed representations should be used by an advertiser only if it refunds the full purchase price at the purchaser's request. Subsection (b) provides that if such a representation is subject to material limitations or conditions (*e.g.*, an express limitation of duration, or a limitation to products returned in their original packaging),

[6] This is also the reason the Commission has rejected the various suggestions by commenters for more extensive disclosures.

then the advertisement should disclose that limitation or condition.

The revised section retains the essential points of existing Guide § 239.3 and revises the wording to make it more consistent with the other revised Guide provisions. The revised Guide section provides for disclosure of "material" conditions and limitations rather than "any conditions or limitations whatsoever" (as in the existing § 239.3) because the former phrase is a more accurate statement of the relevant principles under section 5 of the FTC Act. Material conditions or limitations are those likely to affect a consumer's choice or conduct regarding the product upon which the satisfaction guarantee is offered.

Satisfaction guarantees are extremely common in advertising, particularly TV and other mail order advertising, and consumers apparently place very high value upon satisfaction guarantees in purchases induced by such advertising. Nevertheless, the details of advertising satisfaction guarantees are frequently not required to be made available prior to purchase under the Magnuson-Moss Warranty Act and Rules.[7]

Disclosure of material limitations in advertising of satisfaction guarantees does not entail a significant burden on advertisers, and is the minimum necessary to prevent deception. Therefore, the Commission has determined that retaining these principles in the Guides is in the public interest.

The Commission has retained this specific and ready guidance rather than requiring advertisers to refer to section 5 case law in deciding whether and how to advertise a satisfaction guarantee. This low-cost Guide provision will promote nondeceptive advertising of such guarantees, through which consumers will realize a net benefit in the form of more information that they can rely upon in making their purchasing decision.

[7] Because many satisfaction guarantees are not offered in writing, they are not available for inspection prior to purchase. In addition, many satisfaction guarantees that are offered in writing cover products that do not actually cost consumers more than $15.00, and are thus not covered by the Disclosure and Pre-Sale Availability Rules. Some satisfaction guarantees are covered by the Magnuson-Moss Act and Rules. (The Magnuson-Moss Warranty Act and the Rules do not cover "representations which are similar to expressions of general policy concerning customer satisfaction and which are not subject to any specific limitations." Section 103(b) Magnuson-Moss Warranty Act, 15 U.S.C. 2303(b). *See also* Interpretations of Magnuson-Moss Warranty Act, 16 CFR 700.5.)

Section 239.4 "Lifetime" and similar representations.

This section replaces § 239.4 of the existing Guides. The Commission has retained the essential point of the existing section, which is that such terms as "lifetime," when used to describe the duration of a warranty or guarantee, have a potential to mislead or confuse consumers unless clarification is provided as to the "life" to which the term refers.

The Commission's revision is intended to make this provision more straightforward, providing for clarification of the life to which the representation refers whether or not it refers to the life of the purchaser. The existing Guide section called for disclosure of the life to which the term "lifetime" refers if the life is any other than that of the purchaser. The impact of this change is not significant, since the life of the purchaser is rarely the life to which the term refers. More often the term is used to mean "for as long as you own the product," or "for the life of the product (*e.g.*, a car) into which our product (*e.g.*, a muffler) is installed." Thus, the term is ambiguous. Without further clarification, one can only speculate as to whose life is referred to. The low costs entailed in clarifying what life is referred to is more than outweighed by the benefits consumers enjoy as a result of the elimination of ambiguity in the use of this term.

Section 239.5 Warranty performance.

This section retains the principle, stated in § 239.6 of the existing Guides, that a warrantor or guarantor should ensure performance on advertised warranties or guarantees. This is an obvious point, but one which merits an express statement in Guides designed to simplify the task of advertisers attempting to comply with the law. This is especially so in view of the fact that this principle, although implicit in the common law and the case law developed under section 5 of the FTC Act, is not expressly stated in the Magnuson-Moss Warranty Act or the rules adopted under it. This provision requires no affirmative disclosures and involves no other costs to advertisers. It is purely cautionary and, as such, it is appropriate for inclusion in the Guides.

Section 239.5 of the existing Guides (deleted).

The Commission has deleted the existing Guide section dealing with claims such as "guaranteed lowest price in town". The section called for advertising disclosures of what the advertiser will do if the promised savings are not realized, and of any limitations that apply. This section pertained to a species of representations unrelated to defects warranties (those that promise redress if a defect appears in a product) and "satisfaction" guarantees (which promise a refund if the product is unsatisfactory for any reason, not just if it is defective) which are the subject of the remainder of the Guides. Rather, savings guarantees are in the nature of general advertising representations, and are more appropriately handled under general deception in advertising concepts.

Moreover, a Guide provision calling for across-the-board disclosure of the remedy the advertiser will provide in the event promised savings are not realized may be unduly burdensome and unjustified. For these reasons the Commission has deleted this existing Guide section, and will deal with this problem in the future, if necessary, on a case-by-case basis.

Section 239.7 of the existing Guides (deleted).

The existing provision states that a guarantee can be used in a manner that constitutes a representation of material fact about a product, and that a guarantor must not only perform the warranty, but also take care that such representations are true. The essential point of this provision is that honoring a warranty does not cure any misrepresentations of material fact about the product made by means of or in conjunction with a warranty.

The existing provision is an accurate statement of Commission law about which there is no question or controversy. The language used to describe a warranty can convey misimpressions about product performance. For example, claims that a watch is "guaranteed to last ten years" are deceptive if the useful life of the watch is designed to be only one or two years. This is so even if the warrantor replaces the watch every year when it fails. Similarly, claims that shirts are "guaranteed not to shrink" are deceptive if the shirts in fact usually shrink, even if the warrantor provides the promised remedy. In both cases the warrantors can restate the warranties they offer in order to avoid misleading consumers about the performance of their products. In neither case is the misrepresentation permissible simply because it is made in conjunction with a reference to a warranty.

However, the Commission believes that it is possible to infer from the existing provision that a violation of Section 5 may occur simply because a

substantial number of warranted products fail in use—notwithstanding the fact that the warrantor fully performs all warranty obligations. Such an inference could discourage advertising of warranties, contrary to the Commission's purpose in revising the Guides.

The Commission has therefore determined that, in view of the potential for chilling warranty advertising that may be created by this provision, or by a revision of the provision that sets forth the same points as prospective guidance, there is no need to restate these settled principles of Commission law in the Guides. The Commission emphasizes, however, that deletion of this provision should in no way be interpreted as a reversal of the well settled fundamental principles of Commission law set forth in the existing provision.

List of Subjects in 16 CFR Part 239

Advertising, Trade practices, Warranties.

Section E—The Guide

For the reasons discussed above, the Commission hereby issues the following Guide, which amends Subchapter B, Guides and Trade Practices Rules, of 16 CFR Chapter I, by revising part 239, to take effect May 1, 1985, as follows:

PART 239—GUIDES FOR THE ADVERTISING OF WARRANTIES AND GUARANTEES

Sec.

239.1 Purpose and scope of the guides.
239.2 Disclosures in warranty or guarantee advertising.
239.3 "Satisfaction Guarantees" and similar representations in advertising; disclosure in advertising that mentions "Satisfaction Guarantees" or similar representations.
239.4 "Lifetime" and similar representations.
239.5 Performance of warranties or guarantees.

Authority: Secs. 5, 6, 38 Stat. 719 as amended, 721; 15 U.S.C. 45, 46, unless otherwise noted.

§ 239.1 Purpose and scope of the guides.

The Guides for the Advertising of Warranties and Guarantees are intended to help advertisers avoid unfair or deceptive practices in the advertising or warranties or guarantees. The Guides are based upon Commission cases, and reflect changes in circumstances brought about by the Magnuson-Moss Warranty Act (15 U.S.C. 2301 *et seq.*) and the FTC Rules promulgated pursuant to the Act (16 CFR Parts 701 and 702). The Guides do not purport to anticipate all possible unfair or deceptive acts or practices in the advertising of warranties or guarantees and the Guides should not be interpreted to limit the Commission's authority to proceed against such acts or practices under section 5 of the Federal Trade Commission Act. The Commission may bring an action under Section 5 against any advertiser who misrepresents the product or service offered, who misrepresents the terms or conditions of the warranty offered, or who employs other deceptive or unfair means.

Section 239.2 of the Guides applies only to advertisements for written warranties on consumer products, as "written warranty" and "consumer product" are defined in the Magnuson-Moss Warranty Act, 15 U.S.C. 2301, that are covered by the Rule on Pre-Sale Availability or Written Warranty Terms, 16 CFR Part 702. The other sections of the Guides apply to the advertising of any warranty or guarantee.

§ 239.2 Disclosures in warranty or guarantee advertising.

(a) If an advertisement mentions a warranty or guarantee that is offered on the advertised product, the advertisement should disclose, with such clarity and prominence as will be noticed and understood by prospective purchasers, that prior to sale, at the place where the product is sold, prospective purchasers can see the written warranty or guarantee for complete details of the warranty coverage.[1]

Examples: The following are examples of disclosures sufficient to convey to prospective purchasers that, prior to sale, at the place where the product is sold, they can see the written warranty or guarantee for complete details of the warranty coverage. These examples are for both print and broadcast advertising. These examples are illustrative, not exhaustive. In each example, the portion of the advertisement that mentions the warranty or guarantee is in regular type and the disclosure is in boldface.

A. "The XYZ washing machine is backed by our limited 1 year warranty. For complete details, see our warranty at a dealer near you."

B. "The XYZ bicycle is warranted for 5 years. Some restrictions may apply. See a copy of our warranty wherever XYZ products are sold."

C. "We offer the best guarantee in the business. Read the details and compare wherever our fine products are sold."

D. "See our full 2 year warranty at the store nearest you."

E. "Don't take our word—take our warranty. See our limited 2 year warranty where you shop."

(b) If an advertisement in any catalogue, or in any other solicitation [2] for mail order sales or for telephone order sales mentions a warranty or guarantee that is offered on the advertised product, the advertisement should disclose, with such clarity and prominence as will be noticed and understood by prospective purchasers, that prospective purchasers can obtain complete details of the written warranty or guarantee free from the seller upon specific written request or from the catalogue or other solicitation (whichever is applicable.)

Examples: The following are examples of disclosures sufficient to convey to consumers how they can obtain complete details of the written warranty or guarantee prior to placing a mail or telephone order. These examples are illustrative, not exhaustive. In each example, the portion of the advertisement that mentions the warranty or guarantee is in regular typeface and the disclosure is in boldface.

A. "ABC quality cutlery is backed by our 10 year warranty. Write to us for a free copy at: (address)."

B. "ABC Power tools are guaranteed. Read about our limited 90 day warranty in this catalogue."

C. "Write to us for a free copy of our full warranty. You'll be impressed how we stand behind our product.

§ 239.3 "Satisfaction Guarantees" and similar representations in advertising; disclosure in advertising that mentions "satisfaction guarantees" or similar representations.

(a) A seller or manufacturer should use the terms "Satisfaction Guarantee," "Money Back Guarantee," "Free Trial Offer," or similar representations in advertising only if the seller or manufacturer, as the case may be, refunds the full purchase price of the advertised product at the purchaser's request.

(b) An advertisement that mentions a "Satisfaction Guarantee" or a similar representation should disclose, with such clarity and prominence as will be noticed and understood by prospective purchasers, any material limitations or conditions that apply to the "Satisfaction Guarantee" or similar representation.

Examples: These examples are for both print and broadcast advertising. These examples are illustrative, not exhaustive.

Example A: (In an advertisement mentioning a satisfaction guarantee that is conditioned upon return of the unused portion within 30 days) "We guarantee your

[1] In television advertising, the Commission will regard any disclosure of the pre-sale availability of warranties as complying with this Guide if the advertisement makes the necessary disclosure simultaneously with or immediately following the warranty claim and the disclosure is made in the audio portion, or, if in the video portion, it remains on the screen for at least five seconds.

[2] *See* note 1.

satisfaction. If not completely satisfied with Acme Spot Remover, return the unused portion within 30 days for a full refund."

Example B: (In an advertisement mentioning a money back guarantee that is conditioned upon return of the product in its original packaging) "Money Back Guarantee! Just return the ABC watch in its original package and ABC will fully refund your money."

§ 239.4 "Lifetime" and similar representations.

If an advertisement uses "lifetime," "life," or similar representations to describe the duration of a warranty or guarantee, then the advertisement should disclose, with such clarity and prominence as will be noticed and understood by prospective purchasers, the life to which the representation refers.

Examples: These examples are for both print and broadcast advertising. These examples are illustrative, not exhaustive.

Example A: (In an advertisement mentioning a lifetime guarantee on an automobile muffler where the duration of the guarantee is measured by the life of the car in which it is installed) "Our lifetime guarantee on the Whisper Muffler protects you for as long as your car runs—even if you sell it, trade it, or give it away!"

Example B: (In an advertisement mentioning a lifetime guarantee on a battery where the duration of the warranty is for as long as the original purchaser owns the car in which it was installed) "Our battery is backed by our lifetime guarantee. Good for as long as you own the car!"

§ 239.5 Performance of warranties or guarantees.

A seller or manufacturer should advertise that a product is warranted or guaranteed only if the seller or manufacturer, as the case may be, promptly and fully performs its obligations under the warranty or guarantee.

By direction of the Commission.

Benjamin I. Berman,

Acting Secretary.

[FR Doc. 85-10448 Filed 4-30-85; 8:45 am]

BILLING CODE 6750-01-M

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16 CFR Part 455

Used Car Trade Regulation Rule; Application to OMB for Review of Information Collection Requirements

AGENCY: Federal Trade Commission.

ACTION: Application to OMB for review of information collection requirements.

SUMMARY: Pursuant to the Paperwork Reduction Act (44 U.S.C. 3501 et. seq.), the FTC is requesting OMB review under 5 CFR 1320.14 of public disclosure requirements contained in its Used Car trade regulation rule. The request is for a three-year approval for the disclosure requirements of the rule, which is scheduled to take effect in the near future.

DATES: Comments on this request for OMB review must be submitted on or before May 31, 1985.

ADDRESS: Send comments to Mr. Don Arbuckle, Office of Information Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3228, Washington, D.C. Copies of the applications may be obtained from: Public Reference Branch, Room 130, Federal Trade Commission, Washington, D.C. 20580.

FOR FURTHER INFORMATION CONTACT: Christian S. White, Assistant General Counsel, Federal Trade Commission, Washington, D.C. 20580, (202) 523-3776.

By direction of the Commission.

Dated: April 23, 1985.

Emily H. Rock,

Secretary.

[FR Doc. 85-10449 Filed 4-30-85; 8:45 am]

BILLING CODE 6750-01-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Parts 556 and 558

Tolerances for Residues of New Animal Drugs in Food; New Animal Drugs for use in Animal Feeds; Amprolium for Pheasants

AGENCY: Food and Drug Administration.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration (FDA) is amending the animal drug regulations to reflect approval of a supplemental new animal drug application (NADA) filed by Merck Sharp & Dohme Research Laboratories, Division of Merck & Co., Inc., providing for use of an amprolium premix to make a complete feed for the prevention of coccidiosis in growing pheasants. FDA is also establishing a tolerance for amprolium residues in uncooked edible pheasant tissues.

EFFECTIVE DATE: May 1, 1985.

FOR FURTHER INFORMATION CONTACT: Adriano R. Gabuten, Center for Veterinary Medicine (HFV-135), Food and Drug Administration, 5600 Fishers Lane, Rockville, MD 20857, 301-443-4913.

SUPPLEMENTARY INFORMATION: Merck Sharp & Dohme Research Laboratories, Division of Merck & Co., Inc., Rahway, NJ 07065, filed supplemental NADA 12-350 providing for use of a 25-percent (113.5 grams per pound) amprolium premix to make a complete pheasant feed containing 0.0175 percent (159 grams per ton) amprolium. The feed is used for the prevention of coccidiosis in growing pheasants caused by *Eimeria colchici, E. duodenalis,* and *E. phasiani.* The supplement incorporates data and information in Public Master File (PMF) 3887. A notice of availability of certain safety, effectiveness, and environmental data in the public master file for use in support of NADA's providing for use of amprolium in pheasant feed published in the **Federal Register** of December 24, 1984 (49 FR 49940). The supplement is approved. The regulations are amended to reflect this approval and to establish a tolerance for amprolium residues in uncooked edible tissues derived from treated animals. The basis for approval is discussed in the freedom of information summary.

In accordance with the freedom of information provisions of Part 20 (21 CFR Part 20) and § 514.11(e)(2)(ii) (21 CFR 514.11(e)(2)(ii)), a summary of safety and effectiveness data and information submitted to support approval of this application may be seen in the Dockets Management Branch (HFA-305), Food and Drug Administration, Rm. 4-62, 5600 Fishers Lane, Rockville, MD 20857, from 9 a.m. to 4 p.m., Monday through Friday.

The Center for Veterinary Medicine has carefully considered the potential environmental effects of this action and has concluded that the action will not have a significant impact on the human environment and that an environmental impact statement therefore will not be prepared. The Center's finding of no significant impact and the evidence supporting this finding, contained in an environmental assessment (pursuant to 21 CFR 25.31, proposed December 11, 1979; 44 FR 71742) may be seen in the Dockets Management Branch (address above), filed under PMF 3887.

List of Subject

21 CFR Part 556

Animal drugs, Foods, Residues.

21 CFR Part 558

Animal drugs, Animal feeds.