

IN THE MATTER OF
MATSUSHITA ELECTRIC CORPORATION OF AMERICA
CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket 9048. Complaint, July 22, 1975 — Decision, Mar. 4, 1977

Consent order requiring a Secaucus, N.J., manufacturer of bicycles, television and audio equipment, and major home appliances, among other things, to cease falsely or misleadingly referring to, or misrepresenting the results of tests, surveys and studies to support superiority claims for its consumer products.

Appearances

For the Commission: *Melvin H. Orlans* and *Cynthia L. Ingersoll*.
For the respondent: *Weil, Gotshal & Manges*, New York City and
Seth Waller and *James Katz*, in-house counsel.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Matsushita Electric Corporation of America, a corporation, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Matsushita Electric Corporation of America is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 1 Panasonic Way, Secaucus, New Jersey.

PAR. 2. Respondent is now and for some time has been engaged in the offering for sale, sale, and advertising of various consumer products, including color television receivers, which when sold are shipped to purchasers located in the various States of the United States. Thus respondent maintains, and at all times mentioned herein has maintained, a substantial course of trade in said consumer products in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Respondent at all times mentioned herein has been, and now is, in substantial competition in commerce with individuals, firms and corporations engaged in the sale and distribution of consumer products of the same general kind and nature as those offered for sale, sold and advertised by respondent.

* Reported as modified by Commission order dated June 8, 1977.

PAR. 4. In the course and conduct of its business, respondent has disseminated and caused the dissemination of advertisements concerning the aforementioned products, including color television receivers, in or affecting commerce by means of advertisements printed in magazines and newspapers distributed by the mail and across state lines and transmitted by television stations located in various States of the United States and in the District of Columbia, having sufficient power to carry such broadcasts across state lines, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said products, including color television receivers.

PAR. 5. Among the advertisements disseminated or caused to be disseminated by respondent is the advertisement attached as Exhibit A, which includes the following statements and representations:

In fact, the National Electronics Association rated the Quatrecolor CT-701 as the easiest to service of all color televisions they tested in plant through June 1973.

PAR. 6. Through the aforesaid advertisement, respondent has represented directly or by implication that:

1. The test(s) conducted by the National Electronics Association ("NEA") in plant through June 1973 established that the Panasonic Quatrecolor CT-701 was the easiest to service of all color televisions tested.

2. The test(s) conducted by NEA in plant through June 1973 established that the Panasonic Quatrecolor CT-701 was the least expensive or least time-consuming to service of all color televisions tested.

3. A broad sample of major or well-known brands of color television sets was tested in plant by NEA through June 1973.

PAR. 7. In truth and in fact:

1. The test(s) conducted by NEA did not, in fact, establish that the Panasonic Quatrecolor CT-701 was the easiest to service of all color televisions tested in plant by NEA through June 1973.

2. The test(s) conducted by NEA did not, in fact, establish that the Panasonic Quatrecolor CT-701 was the least expensive or least time-consuming to service of all color televisions tested in plant by NEA through June 1973.

3. A broad sample of major or well-known brands of color television sets was not tested in plant by NEA through June 1973.

Therefore, the statements and representations contained in Exhibit A, as set forth in Paragraphs Five and Six, were and are false, misleading and deceptive.

PAR. 8. The use by the respondent of the aforesaid false, misleading

and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's products by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted and now constitute unfair and deceptive acts and practices and unfair methods of competition in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act.

4 cold, calculated reasons to buy Quatrecolor™

Choosing a color TV is no spur-of-the-moment decision. You need some pretty strong reasons to pick one set over another.

Like the Quatrecolor™ modular chassis that makes servicing quick and easy. Because 75% of all our circuitry is built onto 5 circuit boards.

In fact, the National Electronics Association rated the Quatrecolor CT-701 as the easiest to service of all color televisions they tested in plant through June 1973.

Of course, we want those service calls to be few and far between. So we engineer every Quatrecolor set with 100% solid-

state circuitry. To run cooler and last longer. Because the only tube is the picture tube.

And what a picture tube. We call it *Pana-Matrix™*. It surrounds each color dot with a black background. So you get bright, vivid colors. And a sharp picture.

And you don't have to worry about drops or surges in voltage ruining the picture. Because Quatrecolor has a special automatic voltage regulator circuit with SCR (Silicon Control Rectifier) that maintains the correct voltage level.

You won't have to fiddle with a bunch of knobs to keep the

picture beautiful, either. Because Panasonic gives you Q-Lock. One button that electronically controls color, tint, contrast and brightness.

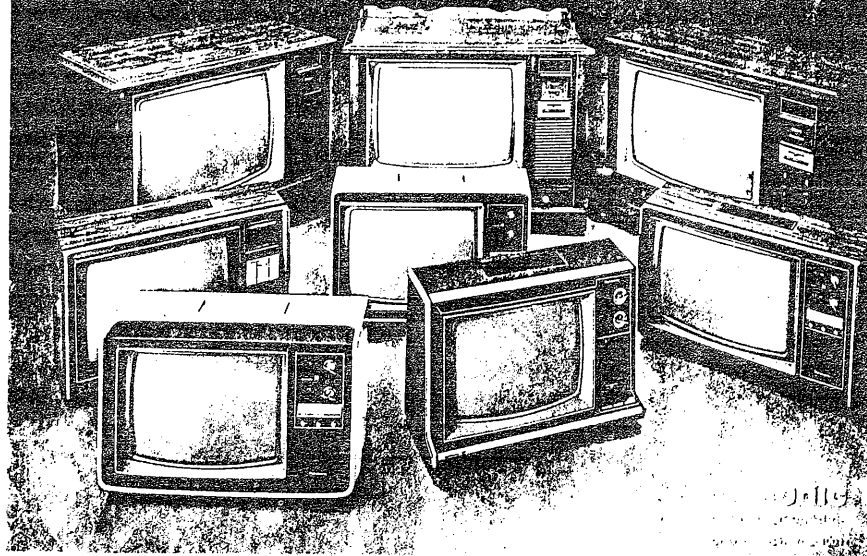
And Q-Lock's active color and tint circuits automatically seek out and maintain the best color picture. Even when you change channels, or atmospheric conditions affect the signal.

Quatrecolor. From 17" portables up to 25" consoles (measured diagonally).

After all we put into them, you owe it to yourself to go see the picture that comes out of them.



and 8 more that just look nice.



DECISION AND ORDER

The Federal Trade Commission having issued a complaint which charges respondent Matsushita Electric Corporation of America with violating the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated or that any of the facts are true as alleged in the said complaint of the Commission issued in this proceeding, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its Rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. Respondent Matsushita Electric Corporation of America is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 1 Panasonic Way, Secaucus, New Jersey.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent, Matsushita Electric Corporation of America, a corporation, its successors and assigns, and respondent's officers, representatives, agents and employees, directly or through any corporation, division, or other device, in connection with the advertising, offering for sale, distribution, or sale of video and audio equipment, major home appliances, and bicycles to consumers for personal, family, or household use, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, forthwith cease and desist from:

1. By any reference to a test or the results thereof, representing, directly or by implication, that any such product is superior to any other product in any respect unless:

- (a) such test is appropriately designed and conducted for the

comparative evaluation of the characteristic or attribute about which the specific representation is made;

(b) the results of such test establish the comparative superiority represented;

(c) such test establishes, to a degree significant to consumers, that such product is superior to each compared product in the characteristic or attribute about which the specific representation is made; and

(d) such test is based upon a broad sample of the major or well-known brands of such product, except when the brands involved in the test are named.

2. Representing, directly or by implication, that any television receiver is easier to service than any other television receiver when respondent knows or should know that the television receiver is in fact more costly or more time consuming to service than such other television receiver.

3. Misrepresenting in any manner, directly or by implication, the results of conclusions of any test, survey, evaluation, report, study, research, or analysis of a television receiver.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondent submit to the Federal Trade Commission, within sixty (60) days from the effective date of this order, a detailed report describing the actions that respondent has taken in order to comply with said order. In addition, respondent shall, for a period of three (3) years at one (1) year intervals from the effective date of this order, submit to the Federal Trade Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of any subsidiary or any other changes in the corporation structure which may affect any compliance obligation arising out of this order.

IN THE MATTER OF
WALTER SWITZER, INC., T/A SWITZER'S, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS
LABELING ACTS

Docket C-2872. Complaint, Mar. 4, 1977 — Decision, Mar. 4, 1977

Consent order requiring a Phoenix, Arizona, retailer of women's wearing apparel, including furs and fur products, among other things, to cease violating the labeling, invoicing, and advertising provisions of the Fur Products Labeling Act.

Appearances

For the Commission: *Gerald E. Wright.*

For the respondents: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Walter Switzer, Inc., a corporation, doing business as Switzer's, and Walter E. Switzer, Jr., individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Walter Switzer, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Arizona, with its principal office and place of business located at 25 E. Adams St., Phoenix, Arizona.

Respondent Walter E. Switzer, Jr. is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including those hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are retailers of women's wearing apparel, including but not limited to furs and fur products, with retail stores in Phoenix, Scottsdale, and Mesa, Arizona; Las Vegas, Nevada; and El Paso, Texas.

PAR. 3. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the sale, advertis-