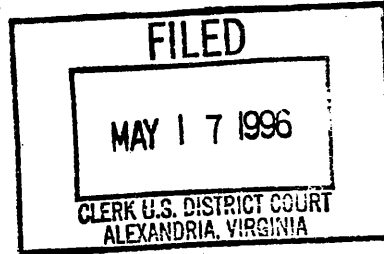


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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

_____)
FEDERAL TRADE COMMISSION,)
)
)
Plaintiff,)
)
)
v.)
)
GLOBAL PATENT RESEARCH SERVICES, INC.,)
dba GLOBAL DEVELOPMENT SERVICES, INC.,)
a corporation ("Global"),)
)
and)
)
KENNETH A. ROGERS, individually,)
)
Defendants.)
_____)

CIVIL ACTION NO. 96-676-A

**COMPLAINT FOR INJUNCTION
AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission ("Commission"), by its undersigned attorneys, alleges as follows:

1. This is an action under Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b) and 57b, to secure preliminary and permanent injunctive relief and

other equitable relief, including rescission, restitution and disgorgement, against defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and Section 310.3(a)(2)(vi) the FTC's Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(vi).

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), 53(b) and 57b.

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

PLAINTIFF

4. Plaintiff FTC is an independent agency of the United States Government created by statute. 15 U.S.C. § 45(a), et seq. The Commission is charged, inter alia, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC is authorized under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to initiate federal district court proceedings to enjoin violations of the FTC Act, and to secure such equitable relief as may be appropriate in each case, including consumer redress.

DEFENDANTS

5. Defendant Global Patent Research Services, Inc., dba Global Development Services, Inc. ("Global"), is a Wisconsin corporation with a business address at 330 East Wilson, Suite 100, Madison, WI 53703. Global also transacts business in the

Eastern District of Virginia, with offices located at Central Research Center, 9548 Surveyor Ct., Manassas, VA 22110. Global is engaged in the sale of research, patenting and invention promotion services to individual inventors located throughout the United States.

6. Defendant Kenneth Rogers is a "Director of Operations" of Global. Individually, or in active concert or participation with others, he formulates, directs, controls, and participates in the acts and practices of Global, including those alleged herein. He resides and transacts business in the Eastern District of Virginia.

DEFENDANTS' BUSINESS PRACTICES

7. From approximately May 1993 to the present, Global has sold research, patenting, and invention promotion services to individual inventors who desire to commercialize their ideas or products for financial gain. Global sells customers two basic services: (1) a "product research report" that costs between \$488 and \$788, and (2) a "patent and/or product promotion agreement" that costs between \$5,990 and \$8,990. The product research report purportedly evaluates the marketability of an idea or product, and contains profit projections for the inventor's idea. The patent and/or product promotion agreement provides that in exchange for a service fee, Global will (1) prepare, file, and prosecute a patent application, and/or (2) promote the idea or product to industry in an effort to secure a licensing agreement for the customer.

8. Defendants have solicited the sale of patent and invention promotion services through the use of, among other things, advertisements on national television, correspondence and contracts sent through the United States mail, and telephone sales presentations.

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

DEFENDANTS' VIOLATION OF SECTION FIVE OF THE FTC ACT

10. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), provides that "unfair or deceptive acts or practices in or affecting commerce are hereby declared unlawful."

11. Misrepresentations of material facts constitute unfair or deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

12. As set forth below, in connection with the sale of patent and invention promotion services, defendants have violated Section 5(a) of the FTC Act.

COUNT ONE

13. Defendants represent, directly or by implication, that purchase of Global's research, patenting and invention promotion services are likely to result in financial gain for its customers.

14. In truth and in fact, Global's research, patenting and invention promotion services are not likely to result in financial gain for its customers. Indeed, the likelihood that a

customer will achieve financial gain as a result of Global's services is extraordinarily low, if not nonexistent.

15. The misrepresentation set forth above in Paragraphs 13-14 constitutes an unfair or deceptive act or practice prohibited by Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THE TELEMARKETING SALES RULE

16. On August 16, 1995, the Commission promulgated the Telemarketing Sales Rule, 16 C.F.R. Part 310, with a Statement of Basis and Purpose, 60 Fed. Reg. 43842 (August 23, 1995), pursuant to the Telemarketing and Consumer Fraud and Abuse Prevention Act ("the Telemarketing Act"), 15 U.S.C. §§ 6101, et seq. In the Telemarketing Act, Congress directed the Commission to prescribe regulations prohibiting deceptive and abusive telemarketing acts or practices. The Telemarketing Sales Rule became effective December 31, 1995.

17. The Telemarketing Sales Rule prohibits any seller or telemarketer from misrepresenting, inter alia, any material aspect of an investment opportunity including, but not limited to, risk, liquidity, earnings potential, or profitability. 16 C.F.R. § 310.3(a)(2)(vi).

18. The defendants are engaged in "telemarketing" of an "investment opportunity," as those terms are defined in Sections 310.2(u) and (j) of the Telemarketing Sales Rule, 16 C.F.R. §§ 310.2(u) and (j), and are either "sellers" or "telemarketers," as those terms are defined in Sections 310.2(r) and (t) of the Telemarketing Sales Rule, 16 C.F.R. §§ 310.2(r) and (t).

19. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6103(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. 57a(d)(3), violations of the Telemarketing Sales Rule constitute unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

DEFENDANTS' VIOLATION OF THE TELEMARKETING SALES RULE

COUNT TWO

20. Defendants represent, directly or by implication, that purchase of Global's research, patenting, and invention promotion services are likely to result in financial gain for its customers.

21. In truth and in fact, Global's research, patenting, and invention promotion services are not likely to result in financial gain for its customers. Indeed, the likelihood that a customer will achieve financial gain as a result of Global's services is extraordinarily low, if not nonexistent.

22. Therefore, the defendants misrepresent a material aspect of an investment opportunity including, but not limited to, risk, earnings potential, or profitability, thereby violating Section 310.3(a)(2)(vi) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(vi).

CONSUMER INJURY

23. Consumers have in fact been injured by defendants' violations of Section 5(a) of the FTC Act. Defendants' misrepresentations have misled consumers and induced them to purchase the services allegedly provided by the product research

report and patent and/or product promotion agreement. For the reasons set forth above, defendants' customers have suffered and will continue to suffer financial injury.

THIS COURT'S POWER TO GRANT RELIEF

24. Sections 13(b) and 19 of the FTC Act, 15 U.S.C. § 53(b) and 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), empower this Court to issue a permanent injunction against defendants for violations of the FTC Act, and to issue such other relief as the Court may deem appropriate to halt and redress violations of the Telemarketing Sales Rule and the FTC Act.

25. Defendants' violations of Section 5(a) of the FTC Act and the Telemarketing Sales Rule are continuing and will continue unless enjoined by order of the Court.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Court, as authorized by Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and pursuant to its own equitable powers:

(1) Award plaintiff such preliminary injunctive and ancillary relief as 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;

(2) Permanently enjoin the defendants from violating the Telemarketing Sales Rule and the FTC Act, as alleged herein;

(3) Award such relief as the Court finds necessary to

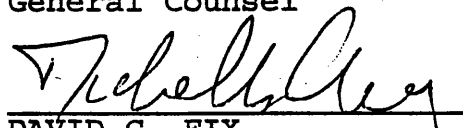
redress injury to consumers resulting from the defendants' violations of the Telemarketing Sales Rule and the FTC Act, including, but not limited to, rescission of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

(4) Award plaintiff the costs of bringing this action, as well as such other and additional equitable relief as the Court may determine to be just and proper, including, but not limited to, a temporary restraining order and an order freezing each defendant's assets.

DATED: May 16, 1996

Respectfully submitted,

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DATED: 5/16/96

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