



## FEDERAL TRADE COMMISSION

[File No. 142 3003]

### **MPHJ Technology Investments, LLC, Jay Mac Rust, and Farney Daniels, P.C.; Analysis to Aid Public Comment**

**AGENCY:** Federal Trade Commission.

**ACTION:** Proposed Consent Agreement.

**SUMMARY:** The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint and the terms of the consent order -- embodied in the consent agreement -- that would settle these allegations.

**DATES:** Comments must be received on or before December 8, 2014.

**ADDRESSES:** Interested parties may file a comment at

<https://ftcpublic.commentworks.com/ftc/mphjtechconsent> online or on paper, by following the

instructions in the Request for Comment part of the **SUPPLEMENTARY INFORMATION**

section below. Write “MPHJ Technology Investments, LLC, et al - Consent Agreement; File

No. 142 3003” on your comment and file your comment online at

<https://ftcpublic.commentworks.com/ftc/mphjtechconsent> by following the instructions on the

web-based form. If you prefer to file your comment on paper, write “MPHJ Technology

Investments, LLC, et al - Consent Agreement; File No. 142 3003” on your comment and on the

envelope, and mail your comment to the following address: Federal Trade Commission, Office

of the Secretary, 600 Pennsylvania Avenue, NW, Suite CC-5610 (Annex D), Washington, DC

20580, or deliver your comment to the following address: Federal Trade Commission, Office of

the Secretary, Constitution Center, 400 7th Street, SW, 5th Floor, Suite 5610 (Annex D),

Washington, DC 20024.

**FOR FURTHER INFORMATION CONTACT:** Daniel O. Hanks (202-326-2472) or Michael Tankersley (202-326-2991), Bureau of Consumer Protection, 600 Pennsylvania Avenue, NW, Washington, DC 20580.

**SUPPLEMENTARY INFORMATION:** Pursuant to Section 6(f) of the Federal Trade Commission Act, 15 U.S.C. 46(f), and FTC Rule 2.34, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for November 6, 2014), on the World Wide Web, at <http://www.ftc.gov/os/actions.shtm>.

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before December 8, 2014. Write “MPHJ Technology Investments, LLC, et al - Consent Agreement; File No. 142 3003” on your comment. Your comment - including your name and your state - will be placed on the public record of this proceeding, including, to the extent practicable, on the public Commission Website, at <http://www.ftc.gov/os/publiccomments.shtm>. As a matter of discretion, the Commission tries to remove individuals’ home contact information from comments before placing them on the Commission Website.

Because your comment will be made public, you are solely responsible for making sure that your comment does not include any sensitive personal information, like anyone’s Social Security number, date of birth, driver’s license number or other state identification number or

foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, like medical records or other individually identifiable health information. In addition, do not include any “[t]rade secret or any commercial or financial information which . . . is privileged or confidential,” as discussed in Section 6(f) of the FTC Act, 15 U.S.C. § 46(f), and FTC Rule 4.10(a)(2), 16 CFR § 4.10(a)(2). In particular, do not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

If you want the Commission to give your comment confidential treatment, you must file it in paper form, with a request for confidential treatment, and you have to follow the procedure explained in FTC Rule 4.9(c), 16 CFR 4.9(c).<sup>1</sup> Your comment will be kept confidential only if the FTC General Counsel, in his or her sole discretion, grants your request in accordance with the law and the public interest.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we encourage you to submit your comments online. To make sure that the Commission considers your online comment, you must file it at <https://ftcpublic.commentworks.com/ftc/mphjtechconsent> by following the instructions on the web-based form. If this Notice appears at <http://www.regulations.gov/#!home>, you also may file a comment through that website.

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<sup>1</sup> In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. *See* FTC Rule 4.9(c), 16 CFR 4.9(c).

If you file your comment on paper, write “MPHJ Technology Investments, LLC, et al - Consent Agreement; File No. 142 3003” on your comment and on the envelope, and mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue, NW, Suite CC-5610 (Annex D), Washington, DC 20580, or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street, SW, 5th Floor, Suite 5610 (Annex D), Washington, DC 20024. If possible, submit your paper comment to the Commission by courier or overnight service.

Visit the Commission Website at <http://www.ftc.gov> to read this Notice and the news release describing it. The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments that it receives on or before December 8, 2014. You can find more information, including routine uses permitted by the Privacy Act, in the Commission’s privacy policy, at <http://www.ftc.gov/ftc/privacy.htm>.

### **Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission (the “Commission”) has accepted, subject to approval, an agreement containing a consent order from MPHJ Technology Investments, LLC; Jay Mac Rust; and Farney Daniels, P.C. (the “Respondents”).

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

This matter concerns allegedly deceptive representations that the Respondents made in a campaign of letters sent to thousands of small businesses across the United States in an attempt to sell licenses for certain U.S. patents. The complaint alleges that the Respondents made false or unsubstantiated representations in their letters that many small businesses had already agreed to pay thousands of dollars for such licenses. The complaint also alleges that the Respondents' letters falsely represented that a patent infringement lawsuit would be filed against the recipient if it did not respond to the letter, and that this suit would be filed imminently. The complaint alleges that these representations constitute deceptive acts or practices in violation of Section 5 of the Federal Trade Commission Act.

The proposed consent order contains provisions designed to prevent the Respondents from engaging in similar acts and practices in the future. Section I.A of the proposed order would prohibit false or unsubstantiated representations that a patent has been licensed in substantial numbers, at particular prices, or within particular price ranges. Section I.B of the proposed order would prohibit false or unsubstantiated representations about the licenses for a patent or the responses of recipients of patent assertion communications, or concerning the results of licensing, sales, settlement, or litigation of a patent. Section I.C would prohibit misrepresentations that the Respondents or an affiliate of the Respondents has initiated a lawsuit. And Section I.D would prohibit representations that the Respondents or an affiliate of the Respondents will initiate a lawsuit unless they have decided to take such action and they possess competent and reliable evidence sufficient to substantiate that they are prepared and able to do so. In determining whether such a representation was substantiated at the time that it was made, evidence that an action was not taken because of a change in circumstances or information obtained subsequent to making the representation shall be considered.

These prohibitions in the proposed consent order apply to communications (other than filings in a lawsuit or correspondence between counsel in a lawsuit) that state that the intended recipient or anyone affiliated with the intended recipient is or may be infringing rights arising from a patent, is or may be obligated to obtain a license because of a patent, or owes or may owe compensation to another because of a patent.

The proposed consent order also contains reporting and compliance provisions. Section II requires the Respondents to maintain and upon request make available certain compliance-related records. Sections III through VI requires the Respondents to deliver a copy of the order to officers, employees, and representatives having managerial responsibilities with respect to the order's subject matter, notify the Commission of changes in corporate structure that might affect compliance obligations, and file compliance reports with the Commission.

Section VII of the proposed order provides that, with certain exceptions, the order will terminate in twenty years.

The purpose of this analysis is to facilitate public comment on the proposed order. It is not intended to constitute an official interpretation of the complaint or the proposed order, or to modify in any way the proposed order's terms.

By direction of the Commission.

Donald S. Clark,  
Secretary.

**[BILLING CODE: 6750-01S]**

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