According to the complaint, despite Filiquarian clearly promoting its background reports for use in employment screening, both Filiquarian and Choice Level included disclaimers in their terms and conditions stating that their reports were not to be considered a screening product for insurance, employment, or credit, and that they were not compliant with the FCRA. Such disclaimers contradicted and failed to counteract the express representations made in Filiquarian’s advertising, urging the use of the reports to screen potential employees. Marketing and selling background screening reports to potential employers without implementing any of the accuracy or dispute safeguards required by the FCRA potentially exposes a large number of consumers to harm to their reputations and employment prospects.

The complaint alleges that the reports produced by respondents were consumer reports under the FCRA and that respondents lacked any policies or procedures to comply with the FCRA. Specifically, the complaint alleges that respondents failed to adhere to three key requirements of the FCRA: to maintain reasonable procedures to verify who their users are and that the information would be used for a permissible purpose; to ensure that the information they provided in consumer reports was accurate; and to provide notices to users and to those who furnished proposed respondents with information that was included in consumer reports. The complaint further alleges that by their violations of the FCRA, as stated above, proposed respondents have engaged in unfair and deceptive acts and practices, in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

The proposed consent order contains provisions designed to prevent the respondents from engaging in the future in practices similar to those alleged in the complaint. Part I of the order includes injunctive relief requiring respondents to comply with the relevant provisions of the FCRA. Parts II through VI are reporting and compliance provisions. Part II requires respondents to retain documents relating to their compliance with the order for a five-year period. Part III requires dissemination of the order now and in the future to persons with responsibilities relating to the subject matter of the order. Part IV ensures notification to the FTC of changes in corporate status. Part V mandates that respondents submit a compliance report to the FTC within 60 days, and periodically thereafter as requested. Part VI is a provision “sunsetting” the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the proposed order or to modify its terms in any way.

By direction of the Commission.

Richard C. Donohue,
Acting Secretary.

[FR Doc. 2013–00744 Filed 1–15–13; 8:45 am]
BILLING CODE 6750–01–P

FEDERAL TRADE COMMISSION

[File No. 121–0120]

Motorola Mobility LLC and Google Inc.; Analysis of Proposed Consent Order To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement; correction.


FOR FURTHER INFORMATION CONTACT:
Richard Feinstein or Pete Levitas (202–326–2555), FTC, Bureau of Competition, 600 Pennsylvania Avenue NW., Washington, DC 20580.

Correction

In the Federal Register of January 11, 2013, in FR Doc. 2013–00465, on page 482, the third column, second paragraph (after “Richard C. Donohue, Acting Secretary,” but before the “Statement of Commissioner Rosch,”) insert the following Statement of the Commission:

Statement of the Federal Trade Commission

The Federal Trade Commission has today voted to issue for public comment a Complaint and Order against Google Inc. (“Google”) designed to remedy Google’s allegedly anticompetitive conduct resulting from breaches by Google and its subsidiary Motorola Mobility, Inc. (“Motorola”) of Motorola’s commitments to license standard-essential patents (“SEPs”) on terms that are fair, reasonable and non-discriminatory (“FRAND”).

The Commission has a long history of using its enforcement authority to safeguard the integrity of the standard-setting process. Standard setting can deliver substantial benefits to American consumers, promoting innovation, competition, and consumer choice. But standard setting often supplants the competitive process with the collective decision-making of competitors, requiring that we be vigilant in protecting the integrity of the standard-setting process. Today’s Commission non-discriminatory) licensing obligations raise similar issues.

2 Commissioners Rosch and Ohlhausen do not join this Statement (with Commissioner Ohlhausen voting against the consent agreement) and have issued separate statements expressing their views.


4 See, e.g., Allied Tube & Conduit Corp. v. Indian Head, Inc., 486 U.S. 492, 500–01 (1988) (noting that

Continued
action helps ensure consumers will continue to see the benefits of competition and innovation in important technology markets. We previously explained in the Commission’s unanimous filings before the United States International Trade Commission in June 2012 that the threat of injunctive relief “in matters involving RAND-encumbered SEPs, where infringement is based on implementation of standardized technology, has the potential to cause substantial harm to U.S. competition, consumers and innovation.” The threat of an injunction allows a SEP holder to demand and realize royalty payments reflecting the investments firms make to develop and implement the standard, rather than the economic value of the technology itself. In addition to harming incentives for the development of standard-compliant products, the threat of an injunction can also lead to excessive royalties that may be passed along to consumers in the form of higher prices. Alternatively, an injunction or exclusion order could ban the sale of important consumer products entirely. This type of “patent ambush” harms competition and consumers and is rightly condemned by the Commission.

We take this action pursuant to the Commission’s authority under Section 5 to prohibit unfair methods of competition, which both Congress and the Supreme Court have expressly deemed to extend beyond the Sherman Act. A stand-alone Section 5 unfair methods of competition claim allows the Commission to protect consumers and the standard-setting process while minimizing the often burdensome combination of class actions and treble damages associated with private antitrust enforcement. In a society that all of us recognize is overly litigious, the judicious use of Section 5 is a sensible and practical way for the Commission to bring problematic conduct to a halt.


Chairman Leibowitz and Commissioner Brill support an unfair acts claim as well as an unfair methods claim. They have a reason to believe that seeking injunctions on FRAND-encumbered SEPs is likely to cause substantial harm to end-use consumers and, because FRAND commitments made to a standard-setting body often induce industry-wide lock-in and eliminate alternative technologies, this harm may not be reasonably avoided by consumers. Google’s threat of injunctions would pass on to consumers the substantial costs to consumers because manufacturers using Google’s SEPs would be forced, by the threat of an injunction, to pay higher royalty rates, which would be passed on to consumers who could not attenuate their injuries; these are not outweighed by any offsetting consumer or competitive benefit; and they cannot be reasonably avoided by consumers. See Compil. ¶ 32.

Commissioners Ramirez and Ohlhausen believe that these injuries are a significant departure from the type of injury contemplated by the Commission’s FRAND commitments. Commissioner Leibowitz and Commissioner Brill disagree. These injuries to end-use consumers as a result of Google’s conduct are unique and particularly harmful, and use of the Commission’s unfairness authority in this instance is appropriate and consistent with precedent. At this stage of the proceeding, Chairman Leibowitz and Commissioner Brill have a reason to believe that a violation has occurred based on these facts. If this matter were not being resolved through a Proposed Order, Chairman Leibowitz and Commissioner Brill would refrain from issuing an order forming a final view on whether this evidence supports an unfair acts claim until after an administrative hearing, at which time the Commission would have the benefit of a full evidentiary record. Chairman Ramirez dissents from the Commission’s decision to use its unfair acts or practices authority to challenge Google’s alleged violation of its FRAND commitments. In her view, for these reasons, we respectfully disagree with the view of Commissioners Rosch and Ohlhausen that the conduct we challenge here, and the similar acts we challenged in Bosch, represent an undisciplined or unwarranted application of our unfair methods of competition authority. As we have previously explained, we believe that a breach of a FRAND commitment in the context of standard setting poses serious risks to the standard-setting process, competition, and consumers. Where opportunistic behavior of the sort involved here (and in Bosch) harms, or threatens to harm, competition, the competitive process, and consumers, Commission intervention is justified. Accordingly, our colleagues’ contention that we are applying our unfair methods of competition authority without regard for limiting principles is simply wrong. In fact, we note that our action is plainly consistent with several principles identified by Commissioner Rosch as justifying Commission action under Section 5.

For the conduct and harm at issue fall squarely within Section 5’s prohibition on unfair methods of competition but are a significant departure from the type of direct consumer transactions and immediate injury contemplated by the Commission’s Unfairness Authority. While there may be situations where it would be appropriate to allege unfair acts claim to address harm to competition or the competitive process, in this instance the claim neither reaches acts or injury not already encompassed by unfair methods of competition nor provides any additional relief. Under these circumstances, Commissioner Ramirez believes the majority’s application of the Commission’s unfairness authority is unwarranted.

See Robert Bosch, Statement of the Federal Trade Commission, at 3 (“[Respondent’s] failure to abide by its commitment took place in the standard-setting context. In that setting, long an arena of concern to the Commission, a breach of contract risks substantial consumer harms in the standard setting context, together with the acknowledgment that a FRAND commitment also depends on the presence of a willing licensee, appropriately limits the Commission’s enforcement policy and provide guidance to standard-setting participants.”), available at http://www.ftc.gov/os/caselist/1210081/121126boschcommissionstatement.pdf; Negotiated Data Solutions, Analysis of Proposed Consent Agreement to Facilitate Public Comment, at 6 (“A mere departure from a previous licensing commitment is unlikely to constitute an unfair method of competition under Section 5. In this Commission case, the conduct here was in the context of standard-setting.”), available at http://www.ftc.gov/os/caselist/0510084/080122analysis.pdf.

Chairman J. Thomas Rosch. The FTC’s Section 5 Hearings: New Standards for Unilateral Conduct? (Mar. 25, 2009), at 6 (identifying the context of standard setting as a limiting principle for Section 5 with Comment ¶ 1–4 (describing the effect of Google’s alleged conduct on the standard setting process); Commissioner J. Thomas Rosch, Wading Into Pandora’s Box: Thoughts On Unilateral Conduct Following Questions Concerning the Scope and Application of Section 2 & Some Further Observations on Section 5 (Oct. 3, 2009), at 20 (identifying monopoly power as a limiting principle for Section 5) with Complaint ¶ 45 (N.D. Ill. June 22, 2012) (Posner, J., sitting by designation).
We also disagree with Commissioner Ohlhausen’s claim that the proposed settlement with Google creates uncertainty for market participants. In our view, it does just the opposite. By taking action that may deter the owners of standard-essential patents from unilaterally defining the terms of FRAND agreements through the exercise of leverage acquired solely through the standard-setting process, we protect the integrity of that process. Moreover, we believe the procedures outlined in the proposed settlement will provide useful guidance to market participants, including SSOs, in developing a predictable approach to resolve licensing disputes involving standard-essential patents. This will benefit all stakeholders, including patentees, implementers, and consumers.

We also believe that Commissioner Ohlhausen is incorrect in her claim that our allegations are in conflict with prior court rulings and in particular with certain findings of the district court in Apple, Inc. v. Motorola Mobility, Inc.12 The court’s determination in that case, made in connection with a decision on a motion in limine—not a trial on the merits—concerned the application of Wisconsin contract law. At most, the ruling suggests there is a question of fact as to whether Motorola’s injunctive relief claims violated its contract with the SSOs.13 The evidence before us provides us with sufficient reason to believe that a violation of Google and MMI’s FRAND commitments occurred.14

Finally, we are not persuaded by Commissioner Ohlhausen’s argument that the conduct alleged in the

Commission’s complaint implicates the First Amendment and the Noerr-Pennington doctrine. As noted above, we have reason to believe that MMI willingly gave up its right to seek injunctive relief when it made the FRAND commitments at issue in this case.15 We do not believe that imposing Section 5 liability where a SEP holder violates its FRAND commitments offends the First Amendment because doing so in such circumstances “simply requires those making promises to keep them.” 16

By direction of the Commission, Commissioner Rosch and Commissioner Ohlhausen abstaining.

Donald S. Clark,
Secretary.

[FR Doc. 2013–00837 Filed 1–15–13; 8:45 am]
BILLING CODE 6750–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Disease Control and Prevention

[60Day–13–0915]
Proposed Data Collections Submitted for Public Comment and Recommendations

In compliance with the requirement of Section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995 for opportunity for public comment on proposed data collection projects, the Centers for Disease Control and Prevention (CDC) will publish periodic summaries of proposed projects. To request more information on the proposed projects or to obtain a copy of the data collection plans and instruments, call 404–639–7570 or send comments to Ron Otten, at 1600 Clifton Road, MS–D74, Atlanta, GA 30333 or send an email to omb@cdc.gov.

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency’s estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Written comments should be received within 60 days of this notice.

Proposed Project

Formative Research to Support the Development of Sickle Cell Disease Educational Messages and Materials for the Division of Blood Disorders (0920–0915, Expiration 01/31/2013)—Extension—National Center on Birth Defects and Developmental Disabilities (NCBDDD), Centers for Disease Control and Prevention (CDC).

Background and Brief Description

CDC seeks to improve the quality of life of people living with sickle cell disease (SCD). To accomplish this goal, CDC aims to address the need for educational messages and materials for adolescents, young adults, adults, and older adults living with SCD. CDC is interested in understanding the informational needs of these audiences related to the adoption of healthy behaviors and the prevention of complications associated with sickle cell disease. To develop valuable messages and materials, CDC will conduct formative focus groups with people with SCD across the country. Participants will stem from four urban centers as well as more remote, rural areas. Based on the findings from the formative focus groups, CDC will develop and test draft messages.

A total of 10 focus groups will be conducted. Eight focus groups with people with SCD would be held in four cities: Atlanta, GA; Detroit, MI; Oakland, CA; and Philadelphia, PA. Two in-person focus groups—one with males and one with females—will be conducted in each city with each target audience: adolescents aged 15–17, young adults aged 18–25, adults aged 26–35, and older adults 36 and over. To reach more rural participants, two telephone focus groups will be conducted: one with female adolescents aged 15–17 and a second with male older adults aged 36 and older. The focus groups will be conducted with eight to nine participants in each and will last no more than 2 hours. The use of trained moderators and a structured moderator’s guide will ensure that consistent data are collected across the groups. In total, up to 90 people with SCD will participate in the focus group data collection. It is estimated that 120 potential participants will need to be screened to reach the target of 90 participants. The estimated