

105TH CONGRESS
1ST SESSION

S. 721

To require the Federal Trade Commission to conduct a study of the marketing and advertising practices of manufacturers and retailers of personal computers.

IN THE SENATE OF THE UNITED STATES

MAY 8, 1997

Mr. TORRICELLI introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To require the Federal Trade Commission to conduct a study of the marketing and advertising practices of manufacturers and retailers of personal computers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Personal Computer
5 Truth in Advertising Act of 1997”.

6 **SEC. 2. FINDINGS.**

7 (b) FINDINGS.—Congress finds that—

8 (1) computer manufacturers and retailers com-
9 monly refer to the speed of the central processing

1 unit of a personal computer in selling a personal
2 computer;

3 (2) computer manufacturers and retailers com-
4 monly charge hundreds of dollars more for a CPU
5 that has a faster speed;

6 (3) all CPUs operate at 2 speeds (measured in
7 megahertz (MHz)), an external speed and an inter-
8 nal speed;

9 (4) the external speed of a personal computer
10 affects computing activities that computer users ex-
11 perience, including the scrolling of a word processing
12 document, the smoothness of an animation, and the
13 complexity and frame rate of a flight simulator;

14 (5) the internal speed of a personal computer,
15 which is faster than the external speed of the com-
16 puter, affects activities, such as spreadsheet calcula-
17 tions, spelling checks, and database organizations;

18 (6) it is common for manufacturers and retail-
19 ers to mention the internal speed of a CPU without
20 mentioning its external speed for the marketing and
21 advertising of a personal computer; and

22 (7) a study by the Federal Trade Commission
23 would assist in determining whether any practice of
24 computer retailers and manufacturers in providing
25 CPU speeds in advertising and marketing personal

1 computers is deceptive, for purposes of the Federal
2 Trade Commission Act (15 U.S.C. 41 et seq.).

3 **SEC. 3. DEFINITIONS.**

4 In this Act:

5 (1) CENTRAL PROCESSING UNIT; CPU.—The
6 term “central processing unit” or “CPU” means the
7 central processing unit of a personal computer.

8 (2) COMMISSION.—The term “Commission”
9 means the Federal Trade Commission.

10 (3) MANUFACTURER.—The term “manufac-
11 turer” shall have the meaning provided that term by
12 the Commission.

13 (4) MEGAHERTZ.—The term “megahertz” or
14 “MHz”, when used as a unit of measurement of the
15 speed of a CPU, means 1,000,000 cycles per second.

16 (5) RETAILER.—The term “retailer” shall have
17 the meaning provided that term by the Commission.

18 **SEC. 4. PERSONAL COMPUTER MARKETING AND ADVERTIS-**
19 **ING STUDY.**

20 (a) IN GENERAL.—Not later than 180 days after the
21 date of enactment of this Act, the Commission shall con-
22 duct a study of the marketing and advertising practices
23 of manufacturers and retailers of personal computers.

1 (b) CONTENTS OF STUDY.—In conducting the study
2 under this subsection, the Commission shall give particu-
3 lar emphasis to determining—

4 (1) whether the practice of the advertising of
5 the internal speed of a CPU in megahertz, without
6 mentioning the external speed of a CPU, could be
7 considered to be an unfair or deceptive practice,
8 within the meaning of section 5 of the Federal
9 Trade Commission Act (15 U.S.C. 45); and

10 (2) the extent to which the practice referred to
11 in paragraph (1) is used in the marketing and ad-
12 vertising of personal computers.

13 (c) REPORT.—Upon completion of the study under
14 subsection (a), the Chairman of the Commission shall
15 transmit to Congress a report that contains—

16 (1) the findings of the study conducted under
17 this section; and

18 (2) such recommendations as the Commission
19 determines to be appropriate.

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