

File

No.

0018

Doc. #2

THE COMPETITION TRIBUNAL

**IN THE MATTER OF THE *COMPETITION ACT*, R.S.C. 1985,
c. C-34, as amended;**

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the
Competition Act concerning trade practices by Professional Consultants
(Electroprotections) Inc.- Gestion Professionnelle (Electroprotections)
Inc. and Jean Hugues Chenard;

AND an application for a consent order filed by the Commissioner of
Competition under section 74.12 of the *Competition Act*

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant,

-and-

PROFESSIONAL CONSULTANTS (ELECTROPROTECTIONS) INC.

GESTION PROFESSIONNELLE (ELECTROPROTECTIONS) INC.

Respondents,

-and-

JEAN HUGUES CHÉNARD

In his capacity as president

Third Party

CONSENT ORDER

**COMPETITION TRIBUNAL
TRIBUNAL DE LA CONCURRENCE**

SEP 12 2000

REGISTRAR - REGISTRAIRE

OTTAWA, ONT.

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Further to the consent of the Commissioner of Competition, the respondents and the third party with regard to the immediate registration of a Consent Order under section 74.12 of the *Competition Act*, R.S.C. 1985, c. C-34;

AND WHEREAS Professional Consultants (Electroprotections) Inc. - Gestion Professionnelle (Electroprotections) Inc. (the respondents), manufactured the ML-10, an electronic anti-corrosion device, and promoted it in newspapers, on the radio and at the point of sale, namely at several car and light truck dealerships, at VitroPlus dealerships and by distributing other promotional documents;

AND WHEREAS the respondents, for the purpose of promoting the sale and installation of the ML-10 electronic anti-corrosion device, made false or misleading representations to the public and their representatives in a material respect, and more particularly:

1. that the ML-10 electronic anti-corrosion device protects the metal (sheet metal panels) of all cars and light trucks, new or used, against all manifestations of rust for 8 years from the date of initial use of the vehicle;
2. that the ML-10 electronic anti-corrosion device's technology provides cathodic rust protection by producing a large number of free electrons that cover the entire surface of a vehicle;

3. that this technology protects areas that are difficult to access with chemical coatings and other conventional rustproofing products;

AND WHEREAS the respondents made representations to the public in the form of a statement regarding the performance, effectiveness and durability of the ML-10 electronic anti-corrosion device that were not based on a sufficient and proper test;

AND WHEREAS the respondents have made representations to the public that have created a general misimpression that the ML-10 is the result of a new technology that provides more effective rust protection than traditional protective coating methods.

THE PARTIES CONSENT TO THE REGISTRATION WITH THE COMPETITION TRIBUNAL OF AN ORDER PROVIDING AS FOLLOWS:

1. The respondents and Jean Hugues Chénard (third party), in his capacity as president, and any person acting in their name or on their behalf, including their officers, employees, agents or assigns, must cease making representations by any means, including the Internet, and shall cease causing or permitting to be made or made available false or misleading representations directly or indirectly for the purpose of promoting or endorsing the marketing of the above-mentioned ML-10 electronic anti-corrosion device or any other similar promotion.

2. The respondents and the third party shall cease the promotion or any other form of marketing of the ML- 10 electronic anti-corrosion device by ensuring:
 - a. that the respondents, all representatives of the respondents and all automobile and VitroPlus dealers who were bound by a franchise agreement cease all forms of advertising of the ML-10;
 - b. that all advertising materials used by representatives and dealers, including waiting room signs, billboards, outdoor signs and sales literature, be returned to the respondents;
 - c. that all unsold ML-10 devices from representatives and dealers be returned to the respondents.

3. The respondents and the third party shall cancel all franchise agreements with the dealers regarding the sale and installation of the ML-10 and inform them that the warranty and rust insurance program will be continued by the respondents on the terms previously established, for a period of eight years from the original in-service date of each of the vehicles on which the ML-10 has been installed.

4. The respondents and the third party shall send a notice (Appendix "A") advising all consumers who purchased the ML-10 that the warranty and rust insurance program will continue despite the withdrawal of the ML-10 from the market, and providing the respondents' telephone number and address for consumers who wish to obtain more information.
5. The respondents and the third party shall refrain from reintroducing, directly or indirectly, the ML-10 or any other similar product into the Canadian market without sufficient and appropriate testing.
6. This Order shall be enforceable for ten years from the date of its registration.
7. The Parties acknowledge and agree that this Order shall have effect as if it had been made by the Competition Tribunal, as provided in subsection 74.12(2) of the *Competition Act*.

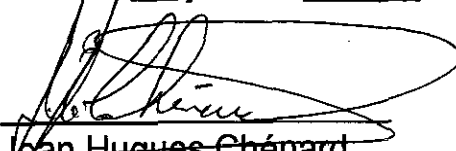
DATED this 28th day of August


Johanne D'Auray

Deputy Commissioner

DATED this 7th day of September 2000

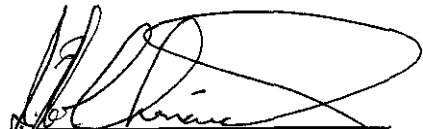
LE 7th JOUR DU MOIS DE SEPTEMBRE 2000


Jean-Hugues Chénard

In his capacity as president



Witness


Jean-Hugues Chénard

Professional Consultants
(Electroprotections) Inc.



Witness

APPENDIX "A"

ADDRESS OF THE
CONSUMER

SUBJECT: ML-10 Electronic Anti-corrosion Device

To whom it may concern:

Further to the mutual consent of the Commissioner of Competition and Professional Consultants (Electroprotections) Inc., an order has been issued under the *Competition Act* and we inform you that we can no longer sell the ML-10 electronic anti-corrosion device on the Canadian market.

However, we wish to confirm that the warranty and rust insurance program that accompanies the ML-10 device that was installed on your vehicle by (name of dealer) on (date of installation) will be maintained by Professional Consultants (Electroprotections) Inc. for eight years after the original in-service date of your vehicle and according to the conditions stipulated in the warranty and insurance.

If you need any further information on this subject, please contact us at contact us at (450) 446-6068 for Montreal residents or 1-888-677-7707 for those outside Montreal. You can also reach us by fax at (450) 446-6355 or write to us at 720 Aragon, Beloeil, Quebec, J3G 6K9.

J.H. Chenard
President
Professional Consultants
(Electroprotections) Inc.