

FEDERAL TRADE COMMISSION *v.* C. L. CHASE,
TRADING UNDER THE NAME AND STYLE OF
CHASE SHOE CO.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket No. 270.—May 27, 1919.

SYLLABUS.

Where a dealer in shoes and footwear falsely represented—

- (a) That he was a shoe manufacturer and a shoe manufacturers' distributor;
- (b) That shoes sold by him passed directly from the factory to the purchaser;
- (c) That his only thought was "to produce the best shoes in the world for the money;" and
- (d) That his life work had been the study of manufacturing and distributing shoes to the consumer:

Held, That such misrepresentations constituted an unfair method of competition in violation of section 5 of the act of September 26, 1914.

COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it that C. L. Chase, trading under the name and style of the Chase Shoe Co., hereinafter referred to as respondent, has been and is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in that respect, on information and belief, as follows:

PARAGRAPH 1. That the respondent, C. L. Chase, is now and was at all times hereinafter mentioned, operating a business at 123 Nicollet Avenue, in Minneapolis, Minn., with a branch at 817 Broadway in Kansas City, Mo., under the trade name and style of the Chase Shoe Co.; that the business so conducted consists of the sale in commerce among the several States of the United States of shoes at retail, upon mail orders exclusively.

PAR. 2. That said respondent in the course of his said business makes use of catalogues and other advertising matter, which are sent to his customers and prospective customers, which contain false and misleading statements concerning his business and alleged benefits which the public might derive from trading with respondent. That among such false and misleading statements are statements that respondent is a shoe manufacturer and statements to the effect that respondent is a shoe manufacturer's distributor and that shoes sold by respondent are direct from factory to the purchaser from respondent, whereas respondent does not manufacture shoes and is not the agent for any manufacturer, but buys shoes direct from manufacturers in wholesale quantities and stores same in his own warehouse, from which warehouse orders for shoes sold by respondent are filled in due course of his said business; that by giving his entire attention to manufacturing and selling shoes by mail to the consumer for many years, he believes he is able to furnish better shoes for the same money than any other concern on earth. That such statements deceive and mislead customers of respondent and the public.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission having issued and served its complaint herein, alleging that it had reason to believe that respondent was using unfair methods of competition in violation of the provisions of section 5 of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and that a proceeding by it in respect thereof would be to the interest of the public, and respondent having entered his appearance and having stipulated with the Commission by its attorneys that the facts contained in the agreed statement of facts, filed herein, shall constitute all of the evidence in this proceeding, and that the Commission shall upon such agreed statement of facts make its report and findings as to the facts and conclusion, and respondent having waived the right to introduce further

evidence or argument, the Commission being advised in the premises, now on this 27th day of May, 1919, on the complaint and said agreed statement of facts, makes its report and states its findings of fact and conclusion as follows:

I.

That respondent, C. L. Chase, trading under the name and style of Chase Shoe Co., and having his principal place of business at 123 Nicollet Avenue, Minneapolis, Minn., was on the 15th day of April, 1919, and during a period of more than six months prior thereto, engaged in the business of selling shoes and other footwear, at retail, in commerce among the several States of the United States; that during said period other persons and corporations were engaged in selling shoes and other footwear in interstate commerce in competition with respondent.

II.

That in the course of his said business and during the period aforesaid, respondent circulated in commerce among the several States of the United States catalogues and other advertising matter which contained certain statements respecting the character of respondent's business and which were in effect as follows:

- (1) That respondent was a shoe manufacturer.
- (2) That respondent was a shoe manufacturer's distributor.
- (3) That shoes sold by respondent passed directly from the factory to the purchaser.
- (4) That respondent's only thought was "to produce the best shoes in the world for the money."
- (5) That respondent's life work has been the study of manufacturing and distributing shoes to the consumer.

That during the period aforesaid respondent did not at any time manufacture shoes nor act as a distributing agent of any manufacturer of shoes, and that by reason thereof the statements above described were false and misleading, and

had the effect of deceiving and misleading customers of respondent and other members of the public.

CONCLUSION.

That the use of the statements described in Paragraph II of the foregoing findings of fact, constituted, under the circumstances set forth therein, an unfair method of competition in interstate commerce, in violation of the provisions of section 5 of an act of Congress, approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

ORDER TO CEASE AND DESIST.

The Federal Trade Commission, having issued and served its complaint herein, and respondent having entered its appearance and having stipulated with the Commission by its attorneys, that upon the agreed statement of facts filed herein, the Commission shall forthwith make and enter its findings of fact and order, and the Commission on the date hereof having made and filed a report containing its findings as to the facts and its conclusion that respondent has violated the provisions of section 5 of an act of Congress, approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," which said report is hereby made a part hereof: Now, therefore,

It is ordered, that respondent, C. L. Chase, trading under the name and style of Chase Shoe Co., his agents and employees, cease and desist from circulating in commerce among the several States of the United States, in catalogues, in advertising matter, or otherwise, statements to the effect that respondent is a shoe manufacturer, or that respondent is a shoe manufacturer's distributor, or that shoes sold by respondent pass directly from the factory to the purchaser, or that respondent's only thought is to produce the best shoes in the world for the money, or that respondent's life work has been the study of manufacturing and distributing shoes, or other false and misleading statements of similar tenor and effect.

FEDERAL TRADE COMMISSION *v.* GREGORY
FURNITURE MANUFACTURING CO.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5 OF THE ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket No. 216.—June 23, 1919.

SYLLABUS.

Where a corporation engaged in the manufacture and sale of furniture—

- (a) Sold the same to dealers upon the agreement or understanding that they should resell the same at prices suggested by it;
- (b) Refused to sell to dealers because of their failure to adhere to its system of resale-price maintenance; and
- (c) Failed to fill dealers' orders promptly, filled dealers' orders only in part, and otherwise discriminated against dealers because of their failure to adhere to its system of resale-price maintenance;

Held, That a scheme of price maintenance, substantially as set forth, constituted an unfair method of competition in violation of section 5 of the act of September 26, 1914.

COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it that the Gregory Furniture Manufacturing Co., hereinafter referred to as the respondent, has been, and is, using unfair methods of competition in interstate commerce, in violation of the provisions of section 5 of the act of Congress, approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in that respect, on information and belief, as follows:

PARAGRAPH 1. That the respondent, Gregory Furniture Manufacturing Co., is now, and was at all times hereinafter mentioned, a corporation organized, existing, and doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business located at the city of Tacoma, in said State, now, and for more than two years last past, engaged in the business of manufacturing and selling dining-room furniture and