THE LACKAWANNA MILLS.

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

Docket 417.—January 29, 1920.

SYLLABUS.

Where a corporation engaged in the manufacture and sale of underwear, and other wearing apparel, in competition with manufacturers making underwear composed wholly of wool, and by them branded

and labeled as such, branded, labeled, advertised, and sold certain knit goods as "Ladies' white wool vests"; "Men's natural-wool shirts"; "Children's natural-wool pants"; "Lackawanna wool underwear, ladies' natural pants"; "Lackawanna wool underwear, children's white pants"; "Lackawanna wool underwear, children's white vests"; "Lackawanna wool underwear, children's natural vests"; "Lackawanna wool underwear, men's white drawers"; "Lackawanna wool underwear, boys' natural drawers"; "Ladies' natural-wool vests," although such goods were composed partly of cotton:

Held, That such branding, labeling, advertising, and sales, under the circumstances 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 Lackawanna Mills, 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, The Lackawanna Mills, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania, having its principal factory, office, and place of business located at the city of Scranton, in said State, now and for more than one year last past engaged in manufacturing and selling underwear and other wearing apparel throughout the States and Territories of the United States, and that at all times hereinafter mentioned respondent has carried on and conducted such business in competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That the respondent, The Lackawanna Mills, in the conduct of its business, manufactures such products so sold by it in its factory, located at the city of Scranton, State

of Pennsylvania, and purchases and enters into contracts of purchase for the necessary component materials needed therefor, in different States and Territories of the United States, transporting the same through other States of the United States in and to said city of Scranton, where they are made and manufactured into the finished product and sold and shipped to purchasers thereof; that after such products are so manufactured they are continuously moved to, from, and among other States and Territories of the United States and the District of Columbia, and there is continuously and has been at all times hereinafter mentioned a constant current of trade in commerce in said products between and among the various States of the United States, the Territories thereof, and the District of Columbia, and especially to and through the city of Scranton, State of Pennsylvania, and therefrom to and through other States of the United States, the Territories thereof, and the District of Columbia.

PAR. 3. That the respondent, The Lackawanna Mills, for more than one year last past in commerce aforesaid has manufactured its products from a fabric composed of wool and cotton, and has sold, labeled, advertised, and branded the same as "Ladies' white wool vests"; Men's natural wool shirts"; "Children's natural wool pants"; "Lackawanna wool underwear, ladies' Natural pants"; "Lackawanna wool underwear, children's white pants"; "Lackawanna wool underwear, children's white vests"; "Lackawanna wool underwear, children's natural vests"; "Lackawanna wool underwear, men's white drawers"; "Lackawanna wool underwear, boys' natural drawers"; "Ladies' natural wool vests"; that such advertising, branding, and labeling is false and deceiving and is calculated and designed to and does mislead the trade and general public into the belief that such underwear and wearing apparel are manufactured, made, and composed wholly of wool.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission having reason to believe that the above-named respondent, The Lackawanna Mills,

has been for more than one year last past 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 that a proceeding by it in that respect would be to the interest of the public, and fully stating its charges in that respect; and the respondent having entered its appearance by its attorney, duly authorized and empowered to act in the premises, and having filed its answer, admitting that certain of the matters and things alleged in the said complaint are true in the manner and form therein set forth and denying others therein contained, and thereafter having made and executed an agreed statement of facts, which has been heretofore filed, in which it is stipulated an agreed by the respondent that the Federal Trade Commission shall take such agreed statement of facts as evidence in this case and in lieu of testimony, and shall forthwith thereupon make its report, stating its findings as to the facts, its conclusions, and its order disposing of this proceeding without the introduction of testimony or the presentation of argument, therefore the Federal Trade Commission now makes and enters this its report stating its findings as to the facts and its conclusion.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, The Lackawanna Mills, is a Pennsylvania corporation, with its principal place of business in the city of Scranton, in said State, and has for several years been engaged in the manufacture and sale of underwear, shirts, and other wearing apparel throughout the various States of the United States, and has conducted its business in competition with other persons, firms, and corporations similarly engaged.

PAR. 2. That the respondent, The Lackawanna Mills, in the conduct of its business manufactures its products and sells and ships same to purchasers thereof located in different States of the United States; that after such products are so manufactured they are continuously moved to, from,

and among the different States of the United States, and there is continually and has been at all times hereinafter mentioned a constant current of trade and commerce in said products between and among the various States of the United States.

PAR. 3. That for more than a year last past the respondent, in the sale and shipment of its products in interstate commerce as hereinbefore described, has labeled, advertised, and branded certain lines of underwear as follows: "Ladies' white wool vests"; "Men's natural wool shirts"; "Children's natural wool pants"; "Lackawanna wool underwear, ladies' natural pants"; "Lackawanna wool underwear, children's white pants"; "Lackawanna wool underwear, children's white vests"; "Lackawanna wool underwear, children's natural pants"; "Lackawanna wool underwear, men's white drawers"; "Lackawanna wool underwear, boys' natural drawers"; "Ladies' natural wool vests."

PAR. 4. That the aforesaid articles of wearing apparel are not composed wholly of wool, part of the material in the said articles being wool and part being cotton, the percentage of wool in the said articles varying from 20 to 80 per cent. That the brands and labels used to mark the said articles named in paragraph 3 indicate same are composed wholly of wool, and thereby the purchasing public is led to believe the said articles branded and labeled as aforesaid are composed wholly of wool. That the aforesaid brands and labels do not show or indicate the true composition and constituent parts of the materials used in the manufacture of the said articles of wearing apparel.

PAR. 5. That for the past 20 years it has been a general custom and practice in the underwear business to label and brand underwear as "Natural merino," "Wool," "Natural wool," "Natural Worsted," and "Australian wool," when, in fact, such underwear so described is not composed wholly of wool; that this custom and practice is general in the underwear trade throughout the United States; that there are a few manufacturers of underwear whose products are composed wholly of wool and are branded and labeled by them as such.

CONCLUSION.

From the foregoing findings, the Commission concludes that the method of competition set forth is, under the circumstances set forth, 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 the respondent, The Lackawanna Mills, having entered its appearance by Henry P. Molloy, its attorney, duly authorized and empowered to act in the premises, and having filed its answer and thereafter having made, executed, and filed an agreed statement of facts in which it stipulated and agreed that the Federal Trade Commission should take such agreed statement of facts as evidence in this case and in lieu of testimony, and proceed forthwith upon the same and to make and enter its report, stating its findings as to the facts, its conclusions, and its order without the introduction of testimony, and waiving therein any and all right to require the introduction of testimony or the presentation of argument in support of the same, and the Federal Trade Commission having made and entered its report, stating its findings as to the facts and its conclusion, that the respondent has violated 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 referred to and made a part hereof: Now, therefore,

It is ordered, That the respondent, The Lackawanna Mills, its officers, agents, representatives, servants, and employees cease and desist from directly or indirectly employing or using the labels and brands "White wool" and "Natural wool," or any similar descriptive brands or labels on underwear, socks, or other knit goods composed partly of wool, except either (1) when a knit fabric is made entirely of wool yarns of a kind specified, or (2) when the term describing

the wool stock is joined with the name of other staple or staples contained in the knitted fabric (e. g., wool and cotton; worsted and cotton; wool-worsted-merino and cotton; worsted, cotton, and artificial silk).

Respondent is further ordered to file a report in writing with the Commission three months from notice hereof, stating in detail the manner in which this order has been complied with and conformed to.

FEDERAL TRADE COMMISSION