quent to the date of this order.

FEDERAL TRADE COMMISSION

v.

FEDERAL ROPE CO., INC.

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

Docket 164.—March 4, 1920.

SYLLABUS.

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

(*a*) sold as new, rope restranded from yarns of old and used hawsers and so closely resembling new rope manufactured from new and unused fiber and therefore of superior quality, that it could only be distinguished by those skilled in the art of rope making;

(*b*) so simulated certain methods used in packing and distributing new rope as to give its product the appearance of new and unused rope;

(*c*) falsely represented to purchasers and prospective purchasers that its product was made from new and unused fiber and was not restranded from yarn taken from old and used rope;

(*d*) used the word "manila" on its letterheads, price lists, and invoices, and on its tags, stencils, and printed matter attached and applied to said rope, or the wrappings and coverings thereof, and on other printed matter, and by other oral and written statements characterized and described the rope as "manila," although the word "manila" is properly used only to describe rope composed exclusively of pure manila fiber and is by custom and agreement so used by rope manufacturers, and although a large part

of the rope so branded, tagged, or described was not composed of pure manila fiber; and

(*e*) so used letterheads, price lists, tags, stencils, and other printed matter distributed among dealers and consumers of rope or attached and applied to such rope or the wrappings or coverings thereof, as to deceive and mislead the public:

Held, That such false and misleading statements, simulation, and sales, under the circumstances set forth, constituted unfair methods 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 Federal Rope Co., Inc., 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, Federal Rope Co., Inc., is, and at all times hereinafter mentioned was, a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, having its office and principal place of business in the city of New York, State of New York, and is now, and for more than two years last past, has been engaged in the manufacture and sale of rope in and among the several States and Territories of the United States and the District of Columbia in direct competition with other persons, firms, and corporations engaged in interstate commerce in the manufacture and sale of rope.

PAR. 2. That the respondent in the conduct of its business manufactures its rope in the city of New York, State of New York, and purchases and enters into contracts of purchase for the necessary materials needed therefor, in other States and Territories of the United States, causing the

same to be transported to such factory, where they are made into the finished product and sold and shipped to purchasers thereof; that after such products are so made into the finished product and sold and shipped to purchasers thereof they are continuously moved to, from, and among other States and Territories of the United States, and there is continuously, and has been at all times hereinafter mentioned, a constant current of trade and commerce in such rope between and among the various States of the United States and Territories thereof and the District of Columbia.

PAR. 3. That in the manufacture, sale, and use of rope, various names are used and applied to them for the purpose of designating the various materials out of which said ropes are made, and that the word "manila" when applied to rope, both in the technical and popular usage, has a precise and exact meaning, and is only accurately and properly used in identifying and describing rope composed exclusively of new manila fibers, and that by custom and agreement among rope manufacturers generally, the word "manila" is not used in the brand, label, or any printed matter in connection with any rope containing less than 100 per cent pure manila fiber, unless the said word "manila" is qualified by other words conspicuously and clearly showing the percentage of manila hemp in said rope.

PAR. 4. That with the intent, purpose, and effect of stifling and suppressing competition in interstate commerce in the manufacture and sale of rope, the respondent, by the use of letterheads, price lists, and other printed matter containing the word "manila," distributed among dealers and consumers of rope, and by the use of tags, stencils, and other printed matter attached and applied to said rope or the wrappings and coverings thereof containing the word "manila," has for more than two years last past represented, and still continues to represent that the said rope manufactured by respondent is composed entirely and exclusively of new manila fiber, which representations are false and misleading, and calculated and designed to mislead and deceive the public into the belief that the said rope manufactured by respondent is composed entirely and exclusively of new and unused manila

fiber, while in fact it is remade from strands taken from old and used rope and contains other than pure manila fiber.

PAR. 5. That it is the common belief and impression among dealers and consumers of rope and the purchasing public generally that rope having the appearance of and sold as new and unused rope is manufactured entirely from new and unused fiber and not from such as was previously taken from old and used rope; that for more than two years last past, with the intent, purpose, and effect of stifling and suppressing competition in interstate commerce in the manufacture and sale of rope, the respondent has used such methods and devices as letterheads, price lists, tags, stencils, and other printed matter distributed among dealers and consumers of rope or attached and applied to such rope or the wrappings and coverings thereof, and has used certain methods, appearances, and simulations in packing and distributing said rope to the trade and among consumers generally, so as to give said rope the appearance of new and unused rope, which methods and devices have conveyed and do convey, and are calculated and designed to convey, the belief and impression that the said rope manufactured by the respondent is composed of new and unused fibers, and that the respondent has at all times herein mentioned concealed and wholly failed to disclose that the rope so manufactured by the respondent is in fact composed of fiber taken from old and used rope.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission having issued and served its complaint herein, in which it alleged that it had reason to believe that the above-named respondent, Federal Rope Co., Inc., was using unfair methods of competition in interstate commerce in violation 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 fully stating its charges in that respect, and the respondent

having entered its appearance by its attorneys and having duly filed its answer, and the Commission having introduced testimony in support of the charges in said complaint, and the respondent having introduced testimony in support of its answer to said complaint, and briefs having been filed, and the Commission having heard the arguments of counsel on the merits of the case, and having duly considered the record and being fully advised in the premises, now makes this report and findings as to the facts and its conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, Federal Rope Co., Inc., is and at all times hereinafter mentioned was a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, having its office and principal place of business in the city of New York, State of New York, and is now and for more than two years last past has been engaged in the manufacture and sale of rope and in the shipment of said rope from its said place of business to purchasers thereof in other States and Territories of the United States and the District of Columbia in direct competition with other persons, firms, and corporations engaged in interstate commerce in the manufacture and sale of rope.

PAR. 2. That the nature of respondent's product and the method of its manufacture are as follows: Respondent purchases old and used hawsers and selects therefrom such of its component yarns as it deems fit for further use in the manufacture of rope, and restrands them again into rope. Such restranded rope is sold by the respondent in interstate commerce in direct competition with rope manufactured from new and unused fiber, which it so closely resembles in appearance that it can only be distinguished by those skilled in the art of rope making.

PAR. 3. That the word "manila" when applied to rope, both in the technical and popular usage, has a precise and exact meaning, and is only accurately and properly used in identifying and describing rope composed exclusively of new

manila fibers, and that by custom and agreement among rope manufacturers generally the word "manila" is not used in the brand, label, or any printed matter in connection with any rope containing less than 100 per cent pure manila fiber, unless the said word "manila" is qualified by other words conspicuously and clearly showing the percentage of manila hemp in said rope; that manila fiber surpasses in quality all other fibers used for the manufacture of rope.

PAR. 4. That in the manufacture and sale of rope in interstate commerce the respondent, by the use of letterheads, price lists, and other printed matter containing the word "manila" distributed among dealers and consumers of rope, and by the use of tags, stencils, and other printed matter attached and applied to said rope or the wrappings and coverings thereof containing the word "manila," and by means of invoices accompanying the sale of said rope, wherein such rope is characterized and described, and by means of direct oral and written statements made by the respondent's officers and agents, for a period of more than two years immediately prior to the issuance of the complaint herein, represented to the purchasing public that the said rope manufactured by respondent was composed entirely and exclusively of new manila fiber, which representations were false and misleading, and did mislead and deceive the public into the belief that the said rope manufactured by respondent was composed entirely and exclusively of new and unused manila fiber, while in fact it was remade from yarns taken from old and used rope as aforesaid, and a large part of it was remade from such yarns that contained other than pure manila fiber.

PAR. 5. That it is the common belief and impression among dealers and consumers of rope and the purchasing public generally that rope having the appearance of and sold as new and unused rope is manufactured entirely from new and unused fiber and not from such as was previously taken from old and used rope, and that the greater proportion of rope sold in commerce is manufactured from new fiber, and that the existence of the practice of remaking rope from old and used rope is not generally known to dealers and consumers

of rope, and that such remade rope is much inferior in quality to rope made from new and unused fiber.

PAR. 6. That the respondent for a period of more than two years last past, with intent, purpose, and effect of misleading and deceiving the public in interstate commerce in the manufacture and sale of rope, has used such methods and devices as letterheads, price lists, tags, stencils, and other printed matter distributed among dealers and consumers of rope or attached and applied to such rope or the wrappings and coverings thereof, and has used certain methods and appearances and simulations in packing and distributing said rope to the trade and among consumers generally, so as to give said rope the appearance of new and unused rope, which methods and devices have conveyed and do convey, and are calculated and designed to convey, the belief and impression that the said rope manufactured by the respondent is identical with and made in the same way as the greater proportion of rope which is manufactured from new and unused fibers, and that the respondent has during the times herein mentioned failed to disclose that the rope so manufactured by the respondent is in fact composed of fiber taken from old and used rope.

PAR. 7. That for a period of more than two years last past the respondent on various occasions by means of direct statements made by its officers and agents has falsely represented to purchasers and prospective purchasers of its rope that its said product was made from new and unused fiber, and that it was not restranded from yarn taken from old and used rope as aforesaid.

CONCLUSION.

That the methods of competition set forth in the foregoing findings as to the facts are, under the circumstances set forth in the above findings as to the facts, 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."

ORDER TO CEASE AND DESIST.

The Federal Trade Commission, having issued and served its complaint herein, and the above-named respondent, Federal Rope Co., Inc., having entered its appearance by its attorneys and having duly filed its answer to the Commission's complaint, and the Commission having introduced testimony in support of the charges in said complaint, and the respondent having introduced testimony in support of its answer, and the Commission having made and filed 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 report is hereby referred to and made a part hereof: Now, therefore,

It is ordered, That the above-named respondent, Federal Rope Co., Inc., cease and desist from using the word "manila" in any way to designate and describe rope manufactured by it which is not wholly composed of manila fiber, without the use of such qualifying words as will plainly and unmistakably show the percentage of manila fibers contained therein.

And it is further ordered, That the respondent cease and desist from in any manner advertising, holding out, representing, and selling as new or unused rope any rope not composed of new and unused fibers.

And it is further ordered, That the respondent make and file with the Commission, not later than 60 days from the 12th day of April, A. D. 1920, a report in detail of the manner and form in which this order has been conformed to.

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FEDERAL TRADE COMMISSION