

Complaint.

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FEDERAL TRADE COMMISSION

v.

CHARLES GOODMAN, TRADING UNDER THE NAME AND
STYLE OF EAGLE SAFETY RAZOR COMPANY.COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5 OF
AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket 790—August 9, 1922.

SYLLABUS.

Where an individual engaged in the manufacture and sale of shaving outfits to premium houses and to jobbers selling thereto, sold at from \$13.50 to \$18.00 per dozen its "De Luxe Shaving Outfits" packed in individual containers bearing the legend "\$5.00"; the fact being that said marked price did not represent the contemplated retail price, or value in premium house transactions, of said outfits so packed, but was a fictitious and misleading price used for the purpose and with the effect of deceiving and misleading the public respecting the normal or usual price, or value, thereof:

Held, That such mislabeling, or misrepresentation of price, under the circumstances set forth, constituted an unfair method of competition.

COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it that Charles Goodman, trading under the name and style of Eagle Safety Razor Company, hereinafter referred to as the respondent, has been and is using 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 its complaint stating its charges in that respect on information and belief as follows:

PARAGRAPH 1. That the respondent, Charles Goodman, conducts his business under the name of Eagle Safety Razor Company, in the City of New York, State of New York, where he is engaged in the manufacture of safety razors and shaving outfits and selling and causing them to be transported in commerce to purchasers, from the State of New York, into the several States of the United States, the District of Columbia, and foreign countries, and in the conduct of such business the respondent is in competition with other persons, partnerships and corporations engaged in the sale of safety razors and shaving outfits in interstate and foreign commerce.

PAR. 2. That the respondent, in the course of his business as described in Paragraph One hereof, sells safety razors and shaving outfits manufactured by him packed in separate cases upon which he conspicuously prints false, fictitious and misleading price marks, well knowing that the prices, so marked on such cases, are not the prices at which his customers to whom he sells such safety razors and shaving outfits sell, or expect to sell them, to their respective customers, and well knowing that such prices do not represent the true value or the actual and usual retail prices of such safety razors and outfits and well knowing that said false, fictitious and misleading price marks are used and will be used by his customers for the purpose of deceiving the public, who purchase them and cause such purchasers to believe that they are obtaining, at a greatly reduced price, safety razors and shaving outfits which ordinarily sell for a much higher price; that the respondent manufactures and sells several different classes of outfits, which he calls by several different trade names such as "De Luxe Shaving Outfit," "Eagle Premier Shaving Outfit," "Above 'Em All" and "Eagle Junior"; that De Luxe Shaving Outfit consists of a nickle-plated safety razor with several blades, a shaving brush, a container with shaving soap and a stropper attachment therein, all of which he packs in cases on which is printed "5⁰⁰" representing that the price of such articles is \$5.00; that such articles are not worth \$5.00, nor are they sold or expected to be sold at such price; that the respondent sells the De Luxe Shaving Outfit for from \$141 to \$150 per gross, less \$1 each; or from \$13.50 to \$18 per dozen, or about \$1.00 to \$1.50 each; that the respondent sells such outfits, himself, at \$2.00 each and well knows that they are to be offered at retail, by the persons to whom he sells them, at prices much less than the price printed on the cases and that said price marks are to be used by such persons, to whom he sells, to mislead and deceive their purchasers and the purchasing public generally and to make them believe that the safety razors and shaving outfits contained in such cases are worth much more than the price at which they are actually sold; that in selling such razors and shaving outfits so marked the respondent comes in direct competition with other manufacturers of safety razors and shaving outfits who do not mark their output with such false, fictitious and misleading prices, and the said respondent, while engaged in commerce by the means aforesaid, aids, abets and assists retailers and other persons to whom he sells such outfits to use unfair methods of competition against others similarly engaged, but who do not sell their output marked with such false, fictitious and misleading prices.

Findings.

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REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

Pursuant to the provisions of an Act of Congress approved September 26, 1914, the Federal Trade Commission issued and served a complaint upon the respondent herein, Charles Goodman, trading under the name and style of Eagle Safety Razor Company, charging him with the use of unfair methods of competition in interstate commerce, in violation of the provisions of the said Act. Respondent did not file an answer, but appeared in proper person at a hearing in New York City, New York, on August 18, 1921, and made answer at said hearing in response to the allegations in the complaint, and pursuant to order and designation of the Federal Trade Commission, an Examiner of the Commission theretofore duly appointed, proceeded to hear and receive testimony and to take evidence in the above entitled cause in the City of New York, New York, on that date, to-wit, August 18, 1921. The examination of the respondent was not concluded at that time, and subsequently a stipulation as to the facts was entered into between the Chief Counsel for the Federal Trade Commission and the respondent, Charles Goodman, trading under the name and style of Eagle Safety Razor Company, and approved by the Commission; and the whole matter having come regularly on to be heard by the Commission upon the testimony and stipulation hereinbefore referred to, and the matter having been fully considered and the Commission being fully advised in the premises makes the following its findings of facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. Charles Goodman, the respondent in this complaint, conducts his business under the name of Eagle Safety Razor Company, in the City of New York, State of New York, and is engaged in the manufacture and sale of safety razors and shaving outfits, causing such outfits to be transported in commerce to purchasers in the State of New York, in the several States of the United States and the District of Columbia, and also in foreign countries, and in the conduct of such business respondent is in competition with other persons, partnerships and corporations similarly engaged, and he has been so engaged for more than two years last past.

PAR. 2. The respondent manufactures, sells and transports in interstate commerce, different classes of safety razors and shaving outfits, which he distributes under the following names:

"De Luxe Shaving Outfit"

"Eagle Premier Shaving Outfit"

"Above 'Em All", and

"Eagle Jr."

The De Luxe shaving outfit consists of a nickel-plated safety razor, 12 shaving blades, a collapsible shaving brush in a nickel case, a container with a stick of Williams' shaving soap, and a stropper attachment, all of which articles he assembles and packs in single boxes or containers, and upon said containers there is printed or embossed the legend "\$5.00."

PAR. 3. It is intended that the legend \$5.00 shall represent to the purchasing public the value of the container and the articles packed therein. It is a fictitious and misleading price or value that is marked on these containers that were disposed of in interstate commerce, and was calculated to deceive and mislead, and did actually deceive and mislead, the public as to the true price or value of the outfit contained therein. Only a relatively small part of these outfits reached the public through cash sales, as the respondent's business largely consists of manufacturing these outfits for disposal to premium houses who use the outfits as premiums in connection with other operations. Some of the outfits are sold direct to the premium houses, and others, through jobbers and wholesalers who supply that type of business with premiums. The De Luxe shaving outfit is sold by respondent to the middleman, either a jobber, wholesaler or premium house, for from \$140 to \$150 per gross, or from \$13.50 to \$18 a dozen, which makes the cost to the purchaser from respondent, from about \$1 each to a fraction more than \$1 each, according to the actual amount at which the sale in gross or dozen lots is made. The respondent does not sell to the retail trade at all. A custom has grown up in the razor trade of marking, printing or embossing on the packages containing the articles, prices much higher than the prices at which the articles are intended to be sold to the ultimate purchaser, and respondent was and is acquainted with this custom in the trade, and at the time the prices were marked on the containers in which the De Luxe shaving outfits were packed it was not expected by respondent that they would be sold by the retail trade at the price marked thereon, or that in premium house transactions the price marked thereon would be the value of the articles contained therein.

CONCLUSION.

That the methods described in the above report upon the facts, under the circumstances set forth therein, are unfair methods of competition in interstate commerce, in violation 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.

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ORDER TO CEASE AND DESIST.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission; the appearance of the respondent in proper person at the hearing, without having filed an answer, and without counsel; the testimony and evidence taken before a trial examiner, the stipulation as to the facts and the findings as to the facts and the conclusion of the trial examiner, and the Commission having made its findings as to the facts and its conclusion that the respondent has violated the provisions 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,"

Now, therefore, it is ordered, That the respondent, Charles Goodman, trading under the name and style of Eagle Safety Razor Company, his agents, servants and employes, cease and desist from marketing in interstate commerce, razor outfits bearing upon the containers in which said razor outfits are packed, or in any manner indicating thereon or upon the articles therein, any false, fictitious or misleading statement concerning the price of said outfits, or any false, fictitious or misleading statement as to the value of same.

It is further ordered, That the respondent, within sixty (60) days after the date of the service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with the order to cease and desist hereinbefore set forth.

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