

Complaint.

FEDERAL TRADE COMMISSION

v.

MORRISON & COMPANY.

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

Docket 849—September 12, 1922.

SYLLABUS.

Where a corporation engaged in the sale of cutlery, etc., under the style of "Hamilton Razor Company" and "Hartford Cutlery Company," sold to retailers at prices ranging from \$3.50 to \$7.50 per dozen, approximately, razors packed in individual containers marked at its request "Hartford Cutlery Company, price \$3.00" or "Hamilton Razor Company, price \$3.00"; the fact being that said marked price did not represent the price at which it was contemplated that they were to be sold to the ultimate purchasers, but was a fictitious price used to mislead such purchasers; thereby tending to mislead the purchasing public into believing that it was selling high-grade razors at greatly reduced prices:

Held, That such mislabelling, 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 Morrison & Company, 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 is a corporation organized under the laws of the State of Illinois, with principal place of business at Chicago, in said State.

PAR. 2. That respondent is engaged in the business of selling jewelry, cutlery, optical goods and other commodities and novelties in wholesale quantities, and causes commodities sold by it to be transported to the purchasers thereof from the State of Illinois, through and into other States of the United States, and carries on such business in direct, active competition with other persons, partnerships and corporations similarly engaged. Respondent carries on a portion of its business under the trade name of Hamilton Razor Company.

Findings.

5 F. T. C.

PAR. 3. That respondent, in the course of its business as described in paragraph 2 hereof, during the years 1919 and 1920, purchased razors at prices ranging from \$3.75 to \$6.10 per dozen, packed singly in containers marked, "Hartford Cutlery Co. Price \$3.00." That said containers were so marked by the manufacturer of the razors at respondent's request; that said proposed resale price was false, fictitious and misleading in that it was greatly in excess of the price at which respondent and its vendees contemplated that said razors would be and were sold to the public; that said razors were sold to the purchasing public at from 75¢ to \$2.00 each. That said false, fictitious and misleading prices were calculated to and actually did mislead and deceive the public with regard to the grade or quality of the razors in said containers, and induced the public to buy said razors in the mistaken belief that high-grade razors were being sold at a greatly reduced price; that by causing the containers of said razors to be so falsely and fictitiously marked, respondent was unfairly competing with other dealers who did not indulge in said practice.

PAR. 4. That by reason of the facts recited, the respondent has been and is using an unfair method of competition in commerce, within the intent and meaning of Section 5 of an Act of Congress entitled, "An Act to create a Federal Trade Commission, to definite its powers and duties, and for other purposes," approved September 26, 1914.

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, Morrison & Company, charging it with the use of unfair methods of competition in commerce in violation of the provisions of said Act.

The respondent, not having filed an answer in conformity with Rule III of the Rules of Practice of the Commission, as directed in said complaint, but having made default, the testimony of witnesses was taken in support of the charges stated in the complaint before an examiner for the Commission theretofore duly appointed, whereupon respondent entered its appearance and stipulated that the Commission might issue its order requiring respondent to cease and desist from the practices charged in the complaint.

And thereupon this proceeding came on for final hearing upon the complaint, testimony, and evidence introduced, and the Commission, having duly considered the record and being now fully advised in the premises, makes this its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. The respondent, Morrison & Company, is a corporation organized and existing under the laws of the State of Illinois, with its principal place of business in Chicago, in said State.

PAR. 2. The respondent is engaged in the business of buying and selling in wholesale quantities, jewelry, silverware, optical goods, and cutlery, including razors; that razors were sold by respondent to retailers for resale to the purchasing public, and respondent caused such razors when sold by it, to be transported to the purchasers thereof from the State of Illinois, through and into other States of the United States; respondent carried on its said business in direct, active competition with other persons, partnerships and corporations similarly engaged, and conducted a portion of its business under the trade name of "Hamilton Razor Company" and "Hartford Cutlery Company."

PAR. 3. The respondent in the course of its business, as described in paragraph 2 hereof, bought razors direct from manufacturers in the United States and from importers in the years 1919 and 1920 and prior thereto, the prices ranging from \$2.75 per dozen to \$6.10 per dozen, which razors were resold by respondent to retailers at prices approximately 25% greater than the cost price to respondent; that razors so sold by respondent were packed singly in cases upon which were printed in gilt letters, "Hartford Cutlery Company, price \$3.00" or "Hamilton Razor Company, price \$3.00"; that the containers in which such razors were packed were so marked by the manufacturers thereof, at the request of the respondent.

PAR. 4. The price \$3.00 printed upon the containers of the razors sold by respondent, as set out in paragraph 3 hereof, was not the price at which, to the knowledge and intent of the respondent, such razors were to be sold to the ultimate purchasers in due course of retail trade, but was a false and fictitious price, placed upon such containers for the purpose of creating in the minds of the purchasers at retail, the erroneous belief that such razors were reasonably worth the price so printed on such containers; that the use by respondent of such price marks, under the circumstances stated, had the capacity and tendency to create in the minds of the purchasing public the erroneous belief that high-grade razors were being sold by respondent at greatly reduced prices.

CONCLUSION.

That the practices of the said respondent under the conditions and circumstances described in the foregoing findings are unfair methods of competition in interstate commerce and constitute a violation of

Order.

5 F. T. C.

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.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the testimony and evidence submitted, and the Commission having made its findings as to the facts with 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,"

It is now ordered, That the respondent, Morrison & Company, its officers, directors, agents, servants and employees, do cease and desist from marketing, in interstate commerce, razors, bearing upon the containers in which said razors are packed any false, fictitious or misleading statement of or concerning the price of said razors or any false, fictitious or misleading statement as to the value of said razors.

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

THOMPSON BROTHERS.

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FEDERAL TRADE COMMISSION

v.

J. REED THOMPSON, ANDREW N. THOMPSON, GEORGE L.
THOMPSON AND A. WALTER THOMPSON, STYLING
THEMSELVES THOMPSON BROTHERS.