

Complaint.

FEDERAL TRADE COMMISSION

v.

KEATON TIRE & RUBBER COMPANY.

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

Docket 882—December 27, 1922.

SYLLABUS.

Where a corporation engaged in the distribution and sale of rim parts for demountable automobile rims; with the intent of driving its competitors from the field,

- (a) Inaugurated and carried on a campaign of disparagement against competitors and their products in the course of which it characterized said competitors as "pirates" and their parts as "pirate" and "counterfeit" parts, and warned the trade and the automobile public to beware thereof, stating that their use was dangerous and would automatically destroy the rim-manufacturers' guarantee on their rim equipment; and
- (b) Systematically collected from dealers, removed and destroyed display boards of a competitor which were attractive in appearance, were designed for the purpose of displaying and identifying said competitor's rim parts, bore said competitor's initials and registered trade mark, and constituted not only a valuable and important part of said competitor's advertising system, but also an essential part of its plan of doing business and of displaying and distributing its products, which display boards as also those of other competitors it secured in exchange for similar boards of its own bearing a guarantee, and notice warning the reader to beware of counterfeit, imitation or duplicate rim parts, as above set forth;

With the result that certain territories were practically divested of competitive boards:

Held, That such disparagement of competitors and their products, and such cutting off or restricting of competitors' access to market, under the circumstances set forth, constituted unfair methods of competition.

COMPLAINT.

Acting in the public interest pursuant to 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," the Federal Trade Commission charges that the Keaton Tire & Rubber Company, hereinafter referred to as respondent, has been and is using unfair methods of competition in commerce in violation of the provisions of Section 5 of said Act, and states its charges in that respect as follows:

PARAGRAPH 1. Respondent is a corporation organized under the laws of the State of California, with its principal place of business

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in the City of San Francisco in that State. It also operates branch places of business in the cities of Oakland and Los Angeles in said State and in the cities of Portland, State of Oregon, and Seattle, State of Washington. At all times hereinafter mentioned respondent was and still is engaged in selling to wholesale and retail dealers in all the above-mentioned States automobile tires, rims and rim parts. It causes the merchandise so sold to be sent from its aforesaid several places of business to the purchasers at various points in said States and supervises and controls its entire business from its said principal place of business in the City of San Francisco. In the course and conduct of its said business, respondent was and is in competition with other individuals, partnerships and corporations engaged in selling similar merchandise in interstate commerce to wholesale and retail dealers, and with the trade generally.

PAR. 2. For a number of years last past, respondent has been and still is the general distributing agency for the products of a number of manufacturers of automobile tires, wheels, demountable rims and demountable rim parts in the territory in which respondent does business as hereinbefore set out. The charges of this complaint are confined to respondent's activities in connection with demountable rims and rim parts. Said demountable rims are rims adapted to be fitted to the felloes of automobile wheels which do not possess permanent rims made as a part of the wheel, and are hereinafter called rims. Said rims can be readily and easily attached to or detached from said wheels by means of certain wedges, slugs, nuts and bolts in each instance designed for and adapted to said purpose and which constitute the rim parts hereinbefore referred to, hereinafter called parts. A large proportion of well-known makes of automobiles are supplied to the trade and public with wheels having demountable rims as described above and there is a large demand throughout the United States for this type of automobile wheels. The aforementioned manufacturers whose rims and parts respondent distributes, and respondent, characterize and denominate said rims and parts as "standard" and "genuine" rims and parts and they are for the purpose of identification only, hereinafter called "standard" rims and parts. In the course of use upon automobiles, rim parts frequently become worn and defective or are lost so that it becomes necessary to replace the same, and respondent for a number of years has enjoyed and still enjoys a large and lucrative trade in supplying duplicate parts to replace those that have become defective or have been lost as above set out. Amongst the aforesaid competitors of respondent is the Thompson-Neaylon Manufacturing Company, a corporation organized under the laws of the State of

Illinois, with its principal place of business in the city of Chicago in that State, hereinafter called the Company. In the year 1919, the Company commenced the manufacture of parts, which essentially duplicate the "standard" parts, and are designed and adapted in each instance to securing the "standard" rims to the felloes of the automobile wheels whereon said rims are used. The Company's parts are substantially the same in quality and adaptability to purpose as the "standard" parts. The Company sells the parts manufactured by it to wholesale and retail dealers throughout the United States and comes into direct competition with respondent in the States of Washington, Oregon and California. It causes the parts sold by it to be transported from its said principal place of business in the City of Chicago to the purchasers at points in various States of the United States including the States of Oregon, Washington and California. In connection with the sales of its parts, the Company designs and furnishes to its dealer-vendees a display board adapted to be hung upon the wall of the dealers' places of business for the purpose of displaying said parts. Said boards are furnished with a number of pegs upon which are hung and displayed in a definite order and arrangement the said parts associated with an identification symbol, whereby the dealer and his customer can easily and readily select any specific part desired. The foregoing method of display is highly convenient and efficient as a sales medium, and largely by reason thereof, the Company has built up and now enjoys amongst the trade and the purchasing public a valuable good will and popularity for its said parts and has established a wide and keen competition with respondent in the sale of parts in the States of Washington, Oregon and California.

PAR. 3. In the year 1921, respondent with the purpose and intention of suppressing the competition of the Company with respondent and driving the Company from the competitive field, inaugurated and carried on, and still carries on, a campaign of disparagement against the Company and its parts, and of physically removing the Company's parts and display boards from the trade. In the course of said campaign respondent has done and now does, amongst others, the following acts and things:

(a) By means of circular letters and other communications advises its dealer-customers and its branch houses of its intention to drive the Company and similar competitors from the field, and solicits and demands the cooperation of said dealers and branches in accomplishing that purpose. In said letters respondent characterizes the Company and similar competitors as pirates and their parts as pirate and counterfeit parts;

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(b) Puts out a display board similar to the Company's above mentioned display board, and by persuasion and intimidation seeks to obtain, and in many instances obtains from dealers, the surrender of the Company's display board in exchange for respondent's display board. In the course of its negotiations with dealers for such exchange of display boards, respondent characterizes the Company and similar competitors as pirates and characterizes and denominates the Company's parts as pirate and counterfeit parts;

(c) Solicits and secures the aid of its dealer-customers and its branch houses and the salesmen and agents of said customers, and branches, in securing said exchange of display boards, in the course of which said cooperators use intimidation, persuasion, and disparaging language, similar to that set out in Specification (b) hereof;

(d) Upon securing the exchange of the Company's board for its board, refuses to return the former to the dealer when requested by him so to do, and destroys the Company's board in order that by no chance the same may be used again by any person, and demands and secures a similar refusal to return said boards and the destruction thereof by its dealer-customers and branch houses and by the salesmen and agents thereof cooperating with respondent as set out in Specification (c) hereof;

(e) Represents and causes the aforesaid cooperators to represent to the trade and to the general public that the use of the Company's parts, or any other parts except "standard" parts, automatically forfeits, or renders void any guarantee which the manufacturers of the "standard" rims give to purchasers in connection with said rims;

(f) Places conspicuously at the top of its display boards a statement headed "warning" in which the observer is warned to beware of counterfeit or imitation parts; that the use of such rim parts is dangerous and destroys the rim factory's guarantee on the entire rim equipment; makes similar statements also conspicuously placed at the top of its display boards under the heading "guarantee."

The foregoing disparaging language used by respondent in its said campaign and conspicuously placed upon its display boards as above set out tends to discredit the Company's parts with the trade and general public, and because said language suggests that the Company's parts are illegal duplications of "standard" parts, tends to constrain and intimidate retail dealers to cease handling the parts of the Company and to deal exclusively in "standard" parts supplied by respondent and in connection therewith to surrender the Company's display boards to respondent. Respondent's aforesaid cam-

paign and the things done by respondent in the course thereof as hereinbefore set out have a dangerous tendency unduly to hinder competition in the manufacture and sale of rim parts to the trade and consuming public in interstate commerce.

PAR. 4. The above alleged acts and things done by respondent are all to the prejudice of the public and respondent's competitors and constitute unfair methods 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 define 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, Keaton Tire & Rubber Company, charging it with the use of unfair methods of competition in commerce, in violation of the provisions of said Act.

Respondent having entered its appearance and filed its answer herein, admitting that certain of the matters and things alleged in said complaint were true in the manner and form therein set forth, and having filed a stipulation as to facts, in which it is stipulated and agreed by the respondent that the statement of facts contained therein may be taken as the facts of this proceeding and in lieu of testimony in support of the charges stated in said complaint or in opposition thereto; and that the Commission may proceed further upon said statement to make its report in said proceeding, stating its findings as to the facts and conclusion, and entering its order disposing of the proceeding, and the Federal Trade Commission being fully advised in the premises, makes this its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. Respondent was at the time and immediately prior to the issuance of said complaint, and at all times hereinafter mentioned, a corporation organized under the laws of the State of California, with its principal place of business in the City of San Francisco in that State. It also operated branch places of business in the Cities of Oakland and Los Angeles, in said State, and in the Cities of Portland, State of Oregon, and Seattle, State of Washington. At all such times respondent was engaged in selling to wholesale and retail dealers in all the above mentioned states automobile tires, rims, and rim parts in interstate commerce. It caused merchandise so sold to be

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sent from its aforesaid several places of business to the purchasers at various points in said states, and supervised and controlled its entire business from its said principal place of business in the City of San Francisco. In the course and conduct of its said business, respondent was in competition with other individuals, partnerships, and corporations engaged in selling similar merchandise in interstate commerce to wholesale and retail dealers, and with the trade generally.

PAR. 2. For approximately eight years last past, respondent has been and still is the general distributing agency in the territory in which it does business as hereinbefore set out, for the products of a number of manufacturers of automobile wheels and demountable rims and of parts made by the said manufacturers for such wheels and rims and has sold and is selling said rims and parts as the product of said manufacturers. Said demountable rims are rims adapted to be fitted to the felloes of automobile wheels which do not possess permanent rims made as a part of the wheel, and are hereinafter called rims. Said rims can be readily and easily attached to or detached from said wheels by means of certain wedges, lugs, nuts, and bolts in each instance designed for and adapted to said purpose and which constitute the rim parts hereinbefore referred to, hereinafter called parts. Respondent was and is now a duly constituted and regularly appointed sales representative and distributor of the following manufacturers of rims and parts therefor:

Firestone Steel Products Co., Akron, Ohio.

Kelsey Wheel Company, Detroit, Michigan.

Standard Welding Co., Cleveland, Ohio.

Jaxon Steel Products Co., Jackson, Mich.

United Motors Service, Inc., Detroit, Mich.

A large proportion of well-known makes of automobiles are supplied to the trade and public with wheels having demountable rims as described above and there is a large demand throughout the United States for this type of automobile wheels and demountable rims. The aforementioned manufacturers whose rims and parts respondent distributes, and respondent characterize and denominate said rims and parts as "standard" and "genuine" rims and parts; and they are so extensively known and referred to in the trade and by the automobile public to distinguish them from parts not made by the rim manufacturers, and they are for the purpose of identification hereinafter called "standard" rims and parts. In the course of use upon automobiles, rim parts frequently become worn and defective or are lost, so that it becomes necessary to replace the same, and respondent, for a number of years, has enjoyed and still enjoys a large

trade in supplying "standard" parts to replace those that have become defective or have been lost, as above set out.

PAR. 3. Amongst the aforesaid competitors of respondent is the Thompson-Neaylon Manufacturing Company, a corporation organized under the laws of the State of Illinois, with its principal place of business in the City of Chicago, in that State, hereinafter referred to as the Company. In the year 1919 the Company commenced the manufacture of parts which were designed by it to accomplish the purpose of securing "standard" rims to the felloes of the automobile wheels whereon said rims are used. The Company sold and now sells aforesaid parts to wholesale dealers throughout the United States and has come into direct competition with respondent in the States of Washington, Oregon and California. It has caused the parts sold by it to be transported from its said principal place of business in the City of Chicago to the purchasers at points in various states of the United States, including the States of Washington, Oregon and California. In connection with the sales of its parts the Company designed and supplied to its dealer-vendors a display board adapted to be hung upon the walls of the dealers' places of business for the purpose of displaying said parts. Said boards were in each instance either sold or given to customers by the Company and were furnished with a number of pegs upon which were hung and displayed in a definite order and arrangement the said parts, associated with a symbol designed to aid the dealer and his customer in identifying the part desired with the original or "standard" rim part as described by the rim manufacturer. These boards, as shown by the one attached to the stipulation as an exhibit, were made entirely of metal of substantial and attractive design, and displayed the initials and registered trademark of the Thompson-Neaylon Manufacturing Company prominently at the top of the boards, and when taken in connection with the printed price list, which was attached to said boards, formed not only a valuable and important part of the advertising system of said Company, but also an essential part of its plan of doing business and of displaying and distributing its products.

PAR. 4. On or before July 1, 1921, respondent, its officers and agents formed the intention of driving its competitors, especially the Thompson-Neaylon Manufacturing Company, entirely from the competitive field, and for accomplishing this purpose the following method was adopted and to the extent hereinafter indicated carried out. A display board similar in all important features to the display board previously designed and then already being used by the Thompson-Neaylon Manufacturing Company, above referred to, was put out by the respondent and instructions and requests, of which a

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circular letter dated July 1, 1921, was illustrative, were sent from its principal office in San Francisco to all its jobbers or distributors and branch houses, in which they were solicited to take an active part in the plan of removing its competitors, including said Company, entirely from the field. The plan determined upon by the respondent and carried out at least in part by it and its branch houses and jobbers, was the systematic removal of the display boards of the said Company and other competitors from the hands of the customers of such competitors and from the markets, and the substitution therefor of the respondent's display boards. The method whereby this plan was to be carried out, and in fact was carried out in part, consisted of two principal features: First, a campaign of disparagement against the competitors of respondent and their rim parts in the course of which these competitors were, in circular letters and other communications to dealers, repeatedly called "pirates," and their rim parts were called "pirate" and "counterfeit" parts, and the trade and automobile public were warned to beware of counterfeit and imitation parts, and told that the use of such parts or of any device other than the rim parts manufactured and sold by the makers of the rim was dangerous and would automatically destroy the rim factory guarantee on the entire rim equipment; and, secondly, the systematic collection for the purpose of permanent removal from the hands of all holders thereof and from the market, and the destruction thereof, of said competitors' boards, whenever dealers or others holding same could be persuaded to exchange them for a Keaton board, said Keaton boards being otherwise sold at \$1.75 each f. o. b. the nearest Keaton branch.

PAR. 5. As the result of the methods above described, one salesman of respondent had, prior to July 27, 1921, removed 20 Thompson-Neaylon Manufacturing Company boards from the market, and, as appears from a letter of that date from the respondent to all branch houses, San Francisco and Oakland territories were practically cleaned of competitive boards at that time.

PAR. 6. The respondent does not contend, at least for the purpose of this case, that the rim parts manufactured by the Thompson-Neaylon Manufacturing Company or its other competitors are inferior to those distributed by it; neither is there any contention that said competitors have not the full legal right to manufacture and sell rim parts. The word "pirate," among other terms, is used extensively in the automobile trade to distinguish repair or replacement parts made by other than the manufacturer of the original article; but there is no usage of the term "pirate" as applicable to the manufacturers or distributors of such parts, nor of the word "counter-

feit" as applicable to the parts themselves. These terms, as used by respondent, were in each instance literally untrue, and calculated to deceive dealers and the public, to the injury of respondent's competitors. While a partial, secondary usage among dealers of the term "pirate" is shown as applicable to the parts, the necessary inference is, that dealers unfamiliar with such usage might have been, and were, misled by it.

PAR. 7. Respondent also printed on said parts boards issued by it and distributed to its branch houses and jobbers and intended for further distribution and display to the public, the following warning and guarantee, in which the words "counterfeit" and "imitation" were used with reference to the parts distributed by the Thompson-Neaylon Manufacturing Company and other competitors of the respondent:

"WARNING:—Beware of counterfeit, imitation, or so-called 'duplicate' rim parts. The use of any device other than the regular genuine rim parts manufactured and sold by the maker of the rim on your car is dangerous. The use of counterfeit or so-called 'duplicate' rim parts immediately destroys the rim factory guarantee on your entire rim equipment.

"GUARANTEE:—Genuine Rims and Rim parts of all makes are guaranteed by the rim factories to be free from defect in workmanship and material. All genuine rim material must come up to the standard of the guarantee or is subject to replacement on a fair adjustment basis. The use of counterfeit or so-called 'duplicate' rims or parts destroys this guarantee."

The words "No Counterfeits" also appeared prominently near the top of said boards.

CONCLUSION.

That the methods of competition set forth in the foregoing findings as to the facts and each and all thereof, under the circumstances therein set forth, constitute 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."

ORDER TO CEASE AND DESIST.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of respondent and the stipulation as to the facts wherein and whereby it was agreed by said respondent that said stipulation as to the facts

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should be taken by the Commission in lieu of testimony herein, and that said Commission might proceed further upon said stipulation to make its report in this proceeding, stating its findings as to the facts and conclusion, and entering its order disposing of the proceeding, and the Commission having made its findings as to the facts and its conclusion that the respondent has violated the provisions 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,"

It is, therefore, ordered, That the respondent, Keaton Tire & Rubber Company, its officers, directors, agents, representatives and employees, cease and desist from directly or indirectly carrying out its plan of removing from the hands of jobbers, dealers, or others the rim parts display boards of the Thompson-Neaylon Manufacturing Company, or of any other competitor of said respondent in the automobile rim parts business; that it cease and desist from purchasing said boards or exchanging respondent's boards therefor, or in any other manner acquiring said boards or from destroying same.

It is further ordered, That the respondent cease and desist from referring to its competitors in the rim parts business, including said Thompson-Neaylon Manufacturing Company, either by circular letter or letters addressed to its dealer-trade, jobbers or others, as "pirates," and from applying to them or any of them any term of similar import; and that it cease and desist from referring in a similar manner or at all to the rim parts manufactured or distributed by the Thompson-Neaylon Manufacturing Company or other competitors of said respondent as "pirate" or "counterfeit" parts, and from applying to them or any of them any terms of similar import.

It is further ordered, That the respondent cease and desist from publishing or representing to the public or to dealers or jobbers, either by printing the same on its rim parts display boards or in any other manner, that the use of any device other than the rim parts manufactured and sold by the maker of the rim is dangerous to the rim or rim equipment, or from representing or publishing any statement to the same or similar effect.

It is further ordered, That the respondent shall 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.

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FEDERAL TRADE COMMISSION

v.

PHILIP KING, HARRY KING, AND JOSEPH KING, PARTNERS, DOING BUSINESS UNDER THE NAME AND STYLE OF KING'S PALACE.

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

Docket 799—January 4, 1923.

SYLLABUS.

Where a firm engaged in retailing various lines of merchandise, including blankets and hosiery,

- (a) Advertised blankets composed entirely of cotton as "wool finished blankets";
- (b) Advertised men's socks composed in equal parts of cotton and wool as "men's wool sport socks";

With the capacity and tendency to mislead a substantial part of the purchasing public with reference to the composition of said goods and thereby induce the purchase thereof:

Held, That the sale of said goods, advertised as above 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 Philip King, Harry King, and Joseph King, partners, doing business under the name and style of King's Palace, hereinafter referred to as respondents, have been and are using an unfair method of competition in 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 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 respondents, Philip King, Harry King, and Joseph King, constitute a partnership and own and operate a department store in the City of Washington, District of Columbia, under the name and style of King's Palace, and sell merchandise and commodities at retail in the District of Columbia, and in the conduct of such business are in competition with other copartnerships, corporations, and individuals similarly engaged.

PAR. 2. That the respondents, in the course of their business as described in Paragraph 1 hereof and for the purpose of bringing

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their merchandise and commodities to the attention of the purchasing public, cause advertisements of certain blankets, offered for sale and sold by them and which they know are composed entirely of cotton, to be inserted in newspapers having general circulation in the District of Columbia, describing said blankets as "Wool-Finished Blankets"; and cause advertisements of certain table cloths, offered for sale and sold by them and which they know are composed entirely of mercerized cotton, to be inserted in newspapers having general circulation in the District of Columbia, describing said table cloths as "Mercerized Satin Damask Table Cloths"; and cause advertisements of certain hosiery, offered for sale and sold by them and which they know are composed partly of wool and partly of cotton, to be inserted in newspapers having general circulation in the District of Columbia, describing said hosiery as "Men's Wool Sport Socks." That the purchasing public believes blankets described as "Wool-Finished Blankets" are composed in part, at least, of wool, and that table cloths described as "Mercerized Satin Damask Table Cloths" are composed in part, at least, of linen, and that hosiery described as "Wool Sport Socks" are composed entirely of wool. That said advertisements are false and misleading and are calculated to, and actually do, deceive and mislead the public as to the quality and value of said commodities and merchandise and are, thus, unfair to respondents' competitors and are calculated to, and actually do, injuriously affect said competitors.

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 respondents, Philip King, Harry King, and Joseph King, partners, doing business under the name and style of King's Palace, charging them with unfair methods of competition in commerce in violation of the provisions of said Act.

The respondents having entered their appearance herein and filed their answer to the complaint, evidence was thereupon introduced in support of the charges stated in the complaint and on behalf of said respondents, before an examiner for the Commission, which evidence was filed in the office of the Commission, and thereupon the matter came on for final hearing, and the Commission having considered the complaint, the answer thereto and the evidence adduced, and being fully advised in the premises and upon consideration thereof, makes this its report, stating its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondents, Philip King, Harry King and Joseph King are partners, and carry on business under the name and style of King's Palace, and as such partners own and operate a department store in the District of Columbia in which they sell at retail various lines of merchandise, including blankets and hosiery; in the conduct of such business respondents have been and are in direct, active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 2. That respondents in the conduct of their business, as described in Paragraph 1 hereof, in January, 1921, caused to be published in a newspaper of general circulation in the District of Columbia an advertisement in which various articles of merchandise were described and offered for sale to the public; that among the articles so offered for sale were blankets which were made entirely of cotton, and men's socks which were made of approximately equal parts of cotton and wool; that the blankets so offered for sale were described in said advertisement as "Wool Finished Blankets" and the men's socks so offered for sale were described in said advertisement as "Men's Wool Sport Socks."

PAR. 3. That the words "Wool Finished Blankets" as used by respondents in the advertisement described in Paragraph 2 hereof, signified to and was understood by a substantial portion of the purchasing public to mean that the blankets so described and offered for sale were composed of materials of which at least a part was wool. That the words "Men's Wool Sport Socks," as used by respondents in said advertisement, signified to and were understood by a substantial portion of the purchasing public to mean that the socks so described and offered for sale were composed entirely of wool.

PAR. 4. That the publication of the advertisement, as set out in Paragraph 2 hereof, had the capacity and tendency to mislead a substantial portion of the ultimate purchasers of the blankets and socks so offered for sale, and cause such purchasers to buy the blankets under the mistaken belief that they were composed of material at least a part of which was wool, and to buy the socks on the mistaken belief that they were composed entirely of wool.

CONCLUSION.

That the practices of the said respondents, under the conditions and circumstances described in the foregoing findings, were unfair methods of competition in interstate commerce and constituted a

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violation 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."

ORDER TO CEASE AND DESIST.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of the respondents, and the testimony and evidence submitted, and the Commission having made its findings as to the facts and its conclusion that the respondents have 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 respondents, Philip King, Harry King, and Joseph King, partners, doing business under the name and style of King's Palace, cease and desist from:

(1) Representing to the purchasing public in advertisements or by other means that blankets offered for sale and sold by them and made wholly of cotton are "Wool Finished Blankets."

(2) Representing to the purchasing public in advertisements or by other means that socks offered for sale and sold by them and not composed wholly of wool are "Wool Socks," unless such representation includes a word or words designating the material other than wool of which the socks are composed (e. g. wool and cotton), or includes a word or words otherwise clearly indicating that such socks are not made wholly of wool (e. g. part wool).

It is further ordered, That the respondents, within sixty (60) days after the date of 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 by the Commission.

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