

Complaint.

FEDERAL TRADE COMMISSION

v.

JOHN T. BAILEY, TRADING UNDER THE NAME AND
STYLE OF UNITED FIBRE WORKS.COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5 OF
AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket 955—April 11, 1923.

SYLLABUS.

Where an individual engaged largely in the purchase and sale of manilla rope originally manufactured for use in the World War, but by reason of age, storage, handling, and other causes no longer the equal of new rope of recent manufacture;

- (a) Advertised and represented the same as "Best Pure Manila Rope," "First Grade Best Pure Manila Rope," and otherwise to the same effect, without disclosing the facts relative to its age, etc.; with a tendency and capacity to induce the purchase thereof as and for best grade manilla rope of recent manufacture;
- (b) Adopted and used as a trade or business name the name United Fibre Works;
- (c) Used letterheads bearing the legend, among others, "UNITED FIBRE WORKS * * *, successors to JOHN T. BAILEY CORDAGE CO., established 1854. MILLS, Liverpool, Auburn, N. Y., Philadelphia. EXPORT DEPARTMENT"; the fact being that he neither owned, operated, nor was interested in any factory manufacturing cordage, nor was connected in any way with the John T. Bailey Cordage Co.;

With a tendency and capacity to induce the public to purchase of him under the mistaken belief that he controlled or operated a factory in which the product offered by him was made:

Held, That such practices, under the circumstances set forth, constituted unfair methods of competition.

COMPLAINT.

Acting in the public interest pursuant to the provision 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 John T. Bailey, trading under the name and style of United Fibre Works, 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 said act, and states its charges in that respect as follows:

PARAGRAPH 1. Said respondent, trading under the name and style of United Fibre Works, is now and for more than two years last

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past has been engaged in buying and selling manila rope and as sales agent for manufacturers of oakum, cotton, hemp, and jute twine. In the course and conduct of said business said respondent causes and has caused said products, when sold by him, to be transported from warehouses in the city of New York, State of New York, to the purchasers thereof at points in the various States of the United States. Said respondent, in the course of his said business, is now and has been in competition with other persons, partnerships, and corporations similarly engaged.

PAR. 2. That the respondent conducts his business dealings under his trade name, "United Fibre Works," and uses in his correspondence with prospective customers and on circular letters mailed to prospective customers in various States letterheads containing the following, to wit:

	UNITED FIBRE WORKS	Phones Worth	248
	296 Broadway		249
	New York City		250
			251
MILLS			
Liverpool	Successors to		
Auburn, N. Y.	JOHN T. BAILEY CORDAGE CO.	EXPORT	
Philadelphia.	Established 1854.	DEPARTMENT	

Respondent by the use of said letterhead represents and has represented himself to be a manufacturer of cordage with mills at Liverpool, England, Auburn, N. Y., and Philadelphia, Pa., and that he is the successor of the John T. Bailey Cordage Company, which company was, until recently, a large and long-established manufacturer of cordage; whereas in truth and in fact respondent does not manufacture cordage, nor own, control, or operate any factory in which cordage is manufactured, and is not in any sense the successor of the said John T. Bailey Cordage Company. Said representations are false and misleading, and have the tendency and capacity to mislead and deceive the public and prospective customers of respondent into the mistaken belief that the respondent is a large manufacturer of cordage and owns or operates numerous factories, and that persons buying from said respondent are buying direct from the manufacturer of the products offered for sale, thereby saving the profits of the middleman.

PAR. 3. The words, "United Fibre Works," as used by the respondent in his trade name and on his circulars and letterheads, as above set forth, are false and misleading and have the capacity and tendency to mislead and deceive the purchasing public and induce them to believe that the respondent owns, controls, or operates

a factory or factories in which is manufactured the rope, twine, and cordage offered for sale by him, and that persons buying from said respondent are buying direct from the manufacturer, thus saving the profits of the middleman.

PAR. 4. The rope which is and has been bought and sold by said respondent in the conduct of his business, as aforesaid, is what is generally known as "Government Rope," and consists of rope that was manufactured by large and well-known rope manufacturers in the United States and sold to the United States Government during the World War and prior to the year 1919, and which had been shipped to Europe, where it was stored and later reshipped to the United States and stored in various warehouses in this country and which by reason of its age and other causes had deteriorated. The said respondent, in the course and conduct of his business in the purchase and sale of said rope, advertised and represented on his letterheads and circular letters, which he mailed to prospective customers in various States, said rope as "Best Pure Manila Rope," "First Grade Best Pure Manila Rope," "First Grade Pure Manila Rope," and by other descriptions to the effect that the rope handled by said respondent was of the best quality of manila rope without disclosing to the prospective purchasers in said circulars, letters, or otherwise the facts relative to the age, storage, and handling of said rope, as in this paragraph of the complaint set forth, and that each and all of said advertisements and representations were false and untrue and had and now have the tendency and capacity to induce the public and prospective customers to purchase said rope from the respondent in the belief they were purchasing the best grade of manila rope of recent manufacture.

PAR. 5. That there are numerous manufacturers of rope who have manufactured and sold and do now manufacture and sell in interstate commerce to the purchasing public and to retailers the best grade of new manila rope in competition with said respondent. There are also a number of jobbers and brokers of rope, twine, and cordage who have sold and do now sell in competition with said respondent who do not advertise themselves as manufacturers.

PAR. 6. 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.

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, John T. Bailey, trading under the name and style of United Fibre Works, charging him with the use of unfair methods of competition in commerce, in violation of the provisions of said act.

Respondent having entered his appearance and filed his answer herein admitting that certain of the methods and things alleged in said complaint are true in the manner and form therein set forth, and having made, executed, and filed an agreed statement of facts in which it is stipulated by respondent that the Federal Trade Commission shall take such statement of facts as the facts in the case in lieu of testimony and proceed forthwith 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 now fully advised in the premises, make this its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. The respondent, John T. Bailey, is now and since about January 1, 1922, has been engaged at New York City in buying and selling manila rope, and other rope and cordage. In the course and conduct of his said business, said respondent has caused the products sold by him to be transported from warehouses in the city of New York, State of New York, to the various purchasers thereof at different points in the various States of the United States.

PAR. 2. The respondent has conducted his business dealings, until recently, under the trade name "United Fibre Works" and used in his correspondence with prospective customers and on circular letters mailed to prospective customers in various States, letterheads as follows, to-wit:

	UNITED FIBRE WORKS		Phones Worth	{ 248 249 250 251
	296 Broadway			
	New York City			
MILLS		Successors to		
Liverpool				
Auburn, N. Y.	JOHN T. BAILEY CORDAGE CO.		EXPORT	
Philadelphia	Established 1854		DEPARTMENT	

PAR. 3. The said John T. Bailey Cordage Company referred to in said letterhead was until recently a long established concern engaged, among other things, in the manufacture of rope and other cordage products at Philadelphia, Pa. The respondent at no time since he

has been engaged in business as aforesaid has manufactured rope or other cordage, or owned, controlled, or operated any factory in which cordage was manufactured, and has not been and is not now a manufacturer, and is not the successor of John T. Bailey Cordage Company. The representations set forth in the letterhead of respondent and otherwise are misleading and have the tendency and capacity to induce the public and prospective customers to purchase of the respondent in the mistaken belief that the respondent is the manufacturer of the products offered for sale by him, and the words "United Fibre Works" constituting the trade name of respondent, either alone or in connection with the other representations contained in the letterhead, have the tendency to induce the belief on the part of the purchasing public that the respondent owns, controls, or operates a factory in which is manufactured the products offered for sale by him.

PAR. 4. Respondent has dealt largely, though not exclusively, in manila rope, which rope was manufactured by cordage manufacturers in the United States, France, and England as war supplies, and sold to the Government of France prior to the year 1919. Subsequently this rope was resold by the French Government and reached, through various channels, dealers in the United States from whom respondent obtained his requirements. Said rope was from the time of its manufacture stored in various places and handled many times, and by reason of its age, storage, handling, and other causes had deteriorated in value, and was not so good in quality as new rope of recent manufacture. In the course and conduct of his business respondent has advertised and represented by means of letters, circular letters, and otherwise, the war rope above described as "Best Pure Manila Rope," "First Grade Best Pure Manila Rope," and by other descriptions to the effect that the rope handled by said respondent was of the best quality manila rope without disclosing the facts relative to the age, storage, and handling of said rope as in this paragraph set forth. That said representations were and are misleading, and have the tendency and capacity to induce the public and prospective buyers to purchase said rope in the belief that it is the best grade manila rope of recent manufacture.

PAR. 5. That there are numerous manufacturers of rope who have manufactured and sold and do now manufacture and sell in interstate commerce to the purchasing public and to retailers the best grade of new manila rope in competition with said respondent. There are also a number of jobbers and brokers of rope, twine, and cordage who have sold and do now sell in competition with said respondent who do not advertise themselves as manufacturers.

Order.

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CONCLUSION.

The practices of the said respondent, under the conditions and circumstances described in the foregoing findings, are unfair methods of competition in commerce, and constitute a violation 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 respondent and agreed statement of facts filed herein, 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,"

It is now ordered, That the respondent, John T. Bailey, do cease and desist from directly or indirectly:

1. Doing business under the trade name of "United Fibre Works," unless and until he shall have become a manufacturer of rope or other cordage;
2. Representing on his letterheads, or otherwise, that he is the successor of the John T. Bailey Cordage Company, or any other manufacturer of cordage;
3. Representing in any manner that he is a manufacturer of rope, when such is not the fact;
4. Selling, or offering to sell as new or of best quality rope, rope manufactured in the United States, or elsewhere, for use in the World War.

It is further ordered, That the respondent, John T. Bailey, shall within sixty (60) days after the service upon him of a copy 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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