

Complaint.

S F. T. C.

IN THE MATTER OF
THE PROCTER & GAMBLE COMPANY AND THE PROCTER & GAMBLE DISTRIBUTING COMPANY.

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket 852—August 6, 1924.

SYLLABUS.

Where a corporation and its sales subsidiary, engaged in the manufacture and sale of a certain soap, soap powder, and soap chips containing no naphtha but incorporating a petroleum distillate consisting of kerosene, which upon manufacture amounted to one half of one per cent by weight and one per cent, respectively, in the case of the two first named products, but was subject to complete or partial loss by volatilization subsequent to manufacture and prior to sale in the normal course of trade to the consuming public, and was not present in said three products in an amount sufficient substantially to enhance their value and cleansing power upon their use by such public,

- (a) Designated said products respectively "P. & G. The White Naphtha Soap," "Star Naphtha Washing Powder" and "P. & G. The White Naphtha Soap Chips" and so conspicuously branded the same and labeled the wrappers and containers thereof;
- (b) Made such statements in advertising the same on a nation wide scale as "It moves dirt in a flash because it contains naphtha, which cleanses at a touch," " * * * Saves your time and strength because the naphtha in it supplies the energy your arms must supply when you use ordinary soap," " * * * Contains naphtha which doubles its cleansing power" and (upon the container of said powder) "because of the naphtha in it, Star Naphtha Washing Powder will do better work in luke warm water than other soap will do in boiling water," etc.:

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

Mr. William C. Reeves for the Commission.

Mr. Frank F. Dinsmore and *Mr. Charles Sawyer* of Dinsmore, Shohl & Sawyer of Cincinnati, Ohio, for respondents.

COMPLAINT.¹

The Federal Trade Commission having reason to believe, from a preliminary investigation made by it, that The Procter & Gamble Company and The Procter & Gamble Distributing Company, hereinafter referred to as the respondents, have been and are using unfair methods of competition 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

¹As amended January 11, 1923.

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 second amended complaint, stating its charges in that respect on information and belief as follows:

PARAGRAPH 1. That the respondent, The Procter & Gamble Company, is a corporation organized under the laws of the State of Ohio, with its principal place of business in Cincinnati, in said State, and with branch establishments in other States; that the respondent, The Procter & Gamble Distributing Company, is a corporation organized under the laws of the State of Ohio, with principal place of business in Cincinnati, in said State; that the respondent, The Procter & Gamble Distributing Company, is operated as a subsidiary of the respondent, The Procter & Gamble Company, for the sale and distribution of its products, and the respondent, The Procter & Gamble Company, owns all the stock of said subsidiary except necessary shares, less than one per cent of the total, held by certain individuals to enable them to qualify as directors of said subsidiary corporation.

PAR. 2. That the respondent, The Procter & Gamble Company, is engaged in the business of manufacturing soaps and other commodities and selling and distributing same either direct to the trade or through the instrumentality of the respondent, The Procter & Gamble Distributing Company, its subsidiary, and causes commodities sold by it direct, or through said subsidiary to be transported to the purchasers thereof, from the State of Ohio or from other States in which its branch establishments are maintained, through and into other States of the United States and to foreign countries, and carries on its said business in direct, active competition with other persons, partnerships and corporations similarly engaged.

PAR. 3. That the respondent, The Procter & Gamble Company, was incorporated on May 5, 1905, and is the successor of a New Jersey corporation of the same name incorporated July 17, 1890, which New Jersey corporation acquired the business of the original Procter & Gamble Company, established in 1837; that said respondent operates plants at Ivorydale, Ohio; Kansas City, Kans.; Macon, Ga.; Dallas, Tex.; Port Ivory, Staten Island, N. Y., and Hamilton, Ontario, and on February 1, 1921, had capital stock outstanding of \$20,521,167 common and \$12,116,100 preferred, and had total assets of \$114,255,246, and in the year 1920 its total volume of business, including that of its constituent companies, aggregated \$188,800,668; that soap and other products manufactured and sold by respondent constitute a substantial proportion of the total commerce in such commodities in practically all of the channels of

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commerce and the various communities of the several States of the United States, and respondent, by a campaign of nation-wide advertising, extending over a period of a number of years, has caused its said products to become well known to the purchasing public throughout the several States of the United States.

PAR. 4. That the respondent, The Procter & Gamble Company, in the course of its business described in paragraph 2 hereof, manufactures a soap for household use designated by it as "P and G The White Naphtha Soap" and sells such soap by and under that brand name, which is conspicuously imprinted upon each cake of such soap and is also conspicuously printed upon the wrapper around each cake of such soap. That the respondent, The Procter & Gamble Distributing Company, in the course of its business described in paragraph 2 hereof, likewise sells such soap by and under that brand name so imprinted upon each cake of such soap and so printed upon the wrapper around each cake of such soap. That through and by reason of such designation said respondents represent to the public to whom it is so sold that such soap contains naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power upon its use and that the value and cleansing power of such soap are enhanced because it contains naphtha and in an amount sufficient to be effective therein as a cleansing ingredient.

PAR. 5. That the respondent, The Procter & Gamble Company, in the course of its said business, advertises nation-wide and upon a large scale to the general public the soap so designated and sold by respondents as "P and G The White Naphtha Soap," and in such advertisements represents to the public, through and by reason of such designation and statements descriptive of it, that such soap contains naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power upon its use and that the value and cleansing power of such soap are enhanced because it contains naphtha and in an amount sufficient to be effective therein as a cleansing ingredient.

PAR. 6. That the soap so designated, advertised and sold by respondents as "P and G The White Naphtha Soap" does not contain naphtha, at the time of and upon its use by the consuming public. That such soap does not then contain any petroleum distillate in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power.

PAR. 7. That the respondent, The Procter & Gamble Company, further, in the course of its said business, makes other false and deceptive statements in its advertisement of the soap so designated

and sold by respondents as "P and G The White Naphtha Soap," among them statements to the effect that such soap is free from adulterants, that it washes and cleans better because it is white, that its white color is proof that it contains only the highest grade materials, and that it contains materials usually considered too good for laundry soap, whereas it contains a large and excessive amount of silicate of soda which is an adulterant when used in that amount in its manufacture, and the fact that it is white adds nothing to its washing and cleansing value and is not proof that it contains only the highest grade materials, and it does not contain materials usually considered too good for laundry soap.

PAR. 8. That the respondent, The Procter & Gamble Company, in the course of its business described in paragraph 2 hereof, also manufactures a washing powder for household use designated by it as "Star Naphtha Washing Powder," and sells such washing powder by and under that brand name, which is conspicuously printed upon its container together with this statement, among others, to wit: "Because of the naphtha in it, Star Naphtha Washing Powder will do better work with lukewarm water than other washing powders will with boiling water." That the respondent, The Procter & Gamble Distributing Company, in the course of its business described in paragraph 2 hereof, likewise sells such washing powder by and under that brand name so printed upon its container together with the statement indicated. That through and by reason of such designation and statement descriptive of it, said respondents represent to the public to whom it is so sold that such washing powder contains naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power, upon its use, that the value and cleansing power of such washing powder are enhanced because it contains naphtha and in an amount sufficient to be effective therein as a cleansing ingredient.

PAR. 9. That the respondent, The Procter & Gamble Company, in the course of its said business, extensively advertises to the general public the washing powder so designated and sold by respondents as "Star Naphtha Washing Powder," and in such advertisement represents to the public, through and by reason of such designation and statements descriptive of it, that such washing powder contains naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power, upon its use, that the value and cleansing power of such washing powder are enhanced because it contains naphtha and

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in an amount sufficient to be effective therein as a cleansing ingredient.

PAR. 10. That the washing powder so designated, advertised and sold by respondents as "Star Naphtha Washing Powder" does not contain naphtha, at the time of and upon its use by the consuming public. That such washing powder does not then contain any petroleum distillate in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power.

PAR. 11. That the respondent, The Procter & Gamble Company, in the course of its business described in paragraph 2 hereof, also manufactures soap chips for household use designated by it as "P and G The White Naphtha Soap Chips", and sells such chips by and under that brand name which is conspicuously and repeatedly printed upon their container. That the respondent, The Procter & Gamble Distributing Company, in the course of its business described in paragraph 2 hereof, likewise sells such soap chips by and under that brand name so printed upon their container. That through and by reason of such designation said respondents represent to the public to whom they are so sold that such soap chips contain naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance their value and cleansing power, upon their use, that the value and cleansing power of such soap chips are enhanced because they contain naphtha and in an amount sufficient to be effective therein as a cleansing ingredient.

PAR. 12. That the soap chips so designated and sold by respondents as "P and G The White Naphtha Soap Chips" do not contain naphtha, at the time of and upon their use by the consuming public. That such soap chips do not then contain any petroleum distillate in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance their value and cleansing power.

PAR. 13. That the practices of respondents and each of them as hereinbefore set out, 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, entitled "An Act To create a Federal Trade Commission, to define its powers and duties, and for other purposes," the

Federal Trade Commission issued and served its second amended complaint herein upon the respondents, The Procter & Gamble Company and The Procter & Gamble Distributing Company, charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act.

The respondents entered their appearance and filed a joint answer to said second amended complaint, whereupon, pursuant to the order of said Commission, testimony of witnesses was taken and evidence received before an examiner for said Commission, both in support of the charges stated in said second amended complaint and on behalf of respondents; the testimony so taken was reduced to writing and filed in the office of said Commission together with documentary evidence received before said examiner, and stipulations as to certain facts were made and entered into by and between the chief counsel for said Commission and said respondents, and said examiner made his report upon the facts to which report the chief counsel for said Commission and said respondents each filed exceptions.

Thereupon this proceeding came on for final hearing before said Commission upon the second amended complaint and the answer thereto by respondents, the testimony taken and the evidence received before the examiner herein, the stipulations as to certain of the facts, the report of said examiner and the exceptions thereto, briefs by counsel for the Commission and counsel for respondents, and the Commission having heard oral argument of counsel and having duly considered the record herein, 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. Respondent, The Procter & Gamble Company, is a corporation organized under the laws of the State of Ohio, with its principal place of business in Cincinnati, in said State, and with branch establishments in other States; respondent, The Procter & Gamble Distributing Company, is a corporation organized under the laws of the State of Ohio, with its principal place of business in Cincinnati, in said State; respondent, The Procter & Gamble Distributing Company, is operated as a subsidiary of respondent, The Procter & Gamble Company, for the sale and distribution of its products; and respondent, The Procter & Gamble Company, owns all the stock of said subsidiary, except necessary shares, less than 1 per cent of the total, held by certain individuals to enable them to qualify as directors of said subsidiary corporation.

PAR. 2. Respondent, The Procter & Gamble Company, is engaged in the business of manufacturing soaps, soap products and other com-

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modities and selling and distributing same either direct to the trade or through the instrumentality of respondent, The Procter & Gamble Distributing Company, its subsidiary, and causes said commodities sold by it direct or through said subsidiary to be transported to the purchasers thereof, from the State of Ohio, or from other States in which its branch establishments are maintained, through and into other States of the United States and to foreign countries, and carries on its said business in direct, active competition with other persons, partnerships and corporations also engaged in the manufacture and sale of soap, soap products and other commodities.

PAR. 3. Respondent, The Procter & Gamble Company, was incorporated on May 5, 1905, and is the successor of a New Jersey corporation of the same name incorporated July 17, 1890, which New Jersey corporation acquired the business of the original Procter & Gamble Company, established in 1837; said respondent operates plants at Ivorydale, Ohio; Kansas City, Kans.; Macon, Ga.; Dallas, Tex.; Port Ivory, Staten Island, N. Y.; and Hamilton, Ontario. The soap, soap products and other commodities manufactured and sold by said respondent constitute a substantial proportion of the total commerce in such commodities in practically all of the channels of commerce and the various communities of the several States of the United States, and said respondent has conducted a campaign of nationwide advertising, extending over a period of a number of years, and its said products have become well-known to the purchasing public throughout the several States of the United States.

PAR. 4. Respondent, The Procter & Gamble Company, in the course of its business described in paragraphs 2 and 3 hereof, manufactures and has manufactured, since some time in the year 1904, a soap for household use designated by it as "P & G The White Naphtha Soap," and sells and has sold such soap by and under said brand name conspicuously imprinted upon each cake of such soap and conspicuously printed upon the wrapper around each cake of such soap. Respondent, The Procter & Gamble Distributing Company, in the course of its business described in paragraph 2 hereof, likewise sells and has sold such soap by and under said brand name so imprinted upon each cake of such soap and so printed upon the wrapper around each cake of such soap. Through and by reason of said designation said respondents represented to the public to whom it was so sold that such soap contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power upon its use, and that the value and cleansing power of such soap were enhanced because it contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient.

PAR. 5. Respondent, The Procter & Gamble Company, in the course of its business, described in paragraphs 2, 3, and 4 hereof, advertises and has advertised nationwide and upon a large scale to the general public the soap designated and sold by respondents as "P & G The White Naphtha Soap," and in the course of such advertising, from 1918 to 1922, represented to the general public that such soap contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power, upon its use, and that the value and cleansing power of such soap were enhanced because it contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient. In its said advertisement and advertising matter descriptive of such soap, said respondent made the following, among other, specific claims for such soap: "This white laundry soap with naphtha in it will wash your dishes, utensils, sink walls, floors, woodwork, windows, curtains, dish towels, and enameled surfaces, faster and better than the soap you are using. It moves dirt quickly, thoroughly, and without hard effort on your part, because it is the highest grade laundry soap that can be made, because it is white and because it contains naphtha." "It washes, scrubs and cleans faster and better than ordinary soap because it contains better materials, and because it contains naphtha." "It works faster and better than other soaps because it is made of better materials and produces thicker, richer suds. It makes light work of the hardest cleaning and washing because it contains naphtha which softens and loosens dirt merely by contact." "You actually can save time and strength by using this white laundry soap with naphtha in it. The reason is very simple. It loosens and dissolves dirt faster than ordinary soap because it makes a much thicker suds, because it contains better materials and because it includes naphtha." "This quick-action soap will do all your cleaning, scrubbing and washing easier and better because it makes richer, thicker, soapier suds and because it contains naphtha, which dissolves dirt at a touch." "It requires less of your effort than yellow soap because the naphtha in it loosens dirt merely by contact." "The naphtha in it loosens the dirt." "This modern soap shortens work because it contains better than ordinary materials; because it lathers copiously; and because it contains enough naphtha to soften and remove dirt without hard rubbing or scrubbing." "It moves dirt in a flash because it contains naphtha, which cleanses at a touch." "It cleans more easily because it contains naphtha, which dissolves the stubbornest dirt at a touch." "P & G The White Naphtha Soap saves your time and strength because

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the naphtha in it supplies the energy your arms must supply when you use ordinary soap." "The naphtha in it enables it to move dirt faster than ordinary soap and without any tiresome effort on your part." "P & G The White Naphtha Soap does all these things better because it is made of better materials and because it contains naphtha, which softens dirt instantly." "Yet it does not injure anything it touches because its cleansing power is due—not to destructive chemicals—but to naphtha and to its high-grade materials of which whiteness is the outer sign." "Not merely a white laundry soap; not merely a naphtha soap; but the best features of both, combined." "But the wisest housekeepers use the soap that combines the speed of naphtha soap with the safety of high-grade white laundry soap. This double-action cleanser is called 'P & G The White Naphtha Soap'."

PAR. 6. Respondent, The Procter & Gamble Company, incorporates and has incorporated in "P & G The White Naphtha Soap," upon its manufacture, a petroleum distillate in the amount of one-half of one per cent, by weight of such soap, and no other ingredient has been incorporated in such soap, upon its manufacture, that could be identified as naphtha. For the period approximately extending from April, 1912, to the fall of 1920, the petroleum distillate so incorporated in such soap, upon its manufacture, was kerosene. Representative samples of such soap in the form and condition in which it was offered for sale and sold to the consuming public, purchased in the open market and in the normal course of retail trade, were analyzed in the years 1916, 1918, 1919, 1920, 1921, and 1922-23, respectively, with this result: No petroleum distillate was found in the samples so analyzed in the years 1916, 1918, and 1919; a petroleum distillate in an amount ranging from 0.09 to 0.51 per cent by weight of such soap was found in the samples so analyzed in the years 1920, 1921, and 1922-23. The petroleum distillate found in the samples so analyzed in the years 1920 and 1921 was kerosene.

PAR. 7. Respondent, The Procter & Gamble Company, in the course of its business described in paragraphs 2 and 3 hereof, also manufactures and has manufactured, since prior to 1912, a washing powder for household use designated by it as "Star Naphtha Washing Powder," and sells and has sold such washing powder by and under said brand name conspicuously printed upon its container. Prior to December, 1921, there was also printed upon the container of such washing powder this statement: "Because of the naphtha in it, Star Naphtha washing powder will do better work with lukewarm, than other washing powders will, with boiling water." Respondent, The Procter & Gamble Distributing Company, in the course of its

business described in paragraph 2 hereof, likewise sells and has sold such washing powder by and under said brand name so printed upon its container, also, prior to December, 1921, the statement hereinabove quoted. Through and by reason of said designation and statement descriptive of it said respondents represented to the public to whom it was so sold that such washing powder contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power, upon its use, and that the value and cleansing power of such washing powder were enhanced because it contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient.

PAR. 8. Respondent, The Procter & Gamble Company, in the course of its business described in paragraphs 2, 3, and 7 hereof, has extensively advertised to the general public the washing powder designated and sold by respondents as "Star Naphtha Washing Powder" and in the course of such advertising represented to the general public that such washing powder contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance its value and cleansing power, upon its use, and that the value and cleansing power of such washing powder were enhanced because it contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient. In its said advertisements and advertising matter descriptive of such washing powder said respondent made the following, among other, specific claims for such washing powder: "A snow white washing powder containing naphtha. The naphtha loosens the dirt—the washing powder and water remove it. Try a package." "Star Naphtha Washing Powder is unusually good because it contains naphtha and is free from adulterants. Every particle works. Every housewife should use it for rough work." "Star Naphtha Washing Powder. The greatest help for very dirty washing or cleaning. Inferior powders are yellow. Star Naphtha Washing Powder is white. It contains naphtha which doubles its cleansing power."

PAR. 9. Respondent, The Procter & Gamble Company, incorporates and has incorporated in "Star Naphtha Washing Powder," upon its manufacture, a petroleum distillate in the amount of approximately 1 per cent by weight of such washing powder, and no other ingredient has been incorporated in such washing powder, upon its manufacture, that could be identified as naphtha. For the period approximately extending from April, 1912, to the fall of 1920, the petroleum distillate so incorporated in such washing powder, upon its manufacture, was kerosene. Representative samples of such washing powder in the form and condition in which it was offered for sale

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and sold to the consuming public, purchased in the open market and in the normal course of retail trade, were analyzed in the years 1919, 1920, 1921, 1922, and 1922-1923, respectively, with this result: No petroleum distillate was found in the samples so analyzed in the years 1919, 1920, and 1921. No petroleum distillate was found in approximately 72 per cent of the samples so analyzed in the year 1922 and a petroleum distillate in an amount ranging from 0.019 to 0.11 per cent by weight of such washing powder was found in approximately 28 per cent of said samples. A petroleum distillate in an amount ranging from a trace to 0.26 per cent by weight of such washing powder was found in the samples so analyzed in the years 1922-1923.

PAR. 10. Respondent, The Procter & Gamble Company, in the course of its business described in paragraphs 2 and 3 hereof, also manufactures and has manufactured soap chips for household use designated by it as "P & G The White Naphtha Soap Chips" and sells and has sold such soap chips by and under said brand name conspicuously and repeatedly printed upon their container. Respondent, The Procter & Gamble Distributing Company, in the course of its business described in paragraph 2 hereof, likewise sells and has sold such soap chips by and under said brand name so printed upon their container. Through and by reason of said designation said respondents represented to the public to whom they were so sold that such soap chips contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance their value and cleansing power, upon their use, and that the value and cleansing power of such soap chips were enhanced because they contained naphtha and in an amount sufficient to be effective therein as a cleansing ingredient.

PAR. 11. Respondent, The Procter & Gamble Company, incorporates and has incorporated in "P & G The White Naphtha Soap Chips," upon their manufacture, a petroleum distillate and no other ingredient has been incorporated in such soap chips, upon their manufacture, that could be identified as naphtha. Representative samples of such soap chips in the form and condition in which they were offered for sale and sold to the consuming public, purchased in the open market and in the normal course of retail trade were analyzed in November, 1922, and January, 1923, respectively, with this result: A petroleum distillate in an amount ranging from 0.013 to 0.045 per cent by weight of such soap chips was found.

PAR. 12. Kerosene is not naphtha and is uniformly distinguished from naphtha by the trade and purchasing and consuming public in the United States, which distinction existed during and through

out the period of the manufacture and sale of "P & G The White Naphtha Soap," "Star Naphtha Washing Powder," and "P & G The White Naphtha Soap Chips," respectively. The market price of kerosene is and for more than seven years has been substantially lower than that of naphtha. The designation of kerosene in such soap and soap products, respectively, as naphtha was a misrepresentation to and a deception upon the public purchasing such soap and soap products.

PAR. 13. The petroleum distillate incorporated in "P & G The White Naphtha Soap," "Star Naphtha Washing Powder," and "P & G The White Naphtha Soap Chips," respectively, upon their manufacture, may be and is wholly or partially lost by volatilization subsequent to their manufacture and prior to their sale in the normal course of trade to the consuming public. Such soap containing a petroleum distillate in an amount ranging from 0.09 to 0.51 per cent by weight of such soap and such washing powder containing a petroleum distillate in an amount ranging from 0.019 to 0.26 per cent by weight of such washing powder and such soap chips containing a petroleum distillate in an amount ranging from 0.013 to 0.045 per cent by weight of such soap chips, and such products or any of them containing a petroleum distillate in an amount of 1 per cent or less by weight thereof, do not contain a petroleum distillate in an amount sufficient to be effective therein as a cleansing ingredient and substantially to enhance their value and cleansing power upon their use by the consuming public. The naphtha designation of such soap and soap products, respectively, containing no naphtha or naphtha in any of the amounts herein stated, is a misrepresentation to and a deception upon the public purchasing such soap and soap products.

CONCLUSION.

The practices of the said respondents, 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 second amended complaint of the Commission, the joint answer thereto by the respondents, stipulations as to certain of the facts, the testimony adduced and evidence received before an examiner duly designated for that purpose, the report of the

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examiner upon the facts and exceptions thereto, the briefs of counsel for the Commission and counsel for respondents and the oral argument, and the Commission having made its report in which it stated its findings as to the facts and reached the conclusion that the respondents have 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,"

Now, therefore, it is ordered, That the respondents, The Procter & Gamble Company and The Procter & Gamble Distributing Company, their respective officers, agents, representatives, servants and employees, do cease and desist, in the course of commerce as defined in the said act of Congress, from:

1. Using the word "Naphtha," or its equivalent, in the brand name of any soap or soap product offered for sale or sold by respondents, or otherwise incidental to its advertisement and sale, if and when such soap or soap product contains the petroleum distillate known and sold as kerosene and the word "Naphtha" is so used to designate the addition of said kerosene to or its presence in such soap or soap product;

2. Using the word "Naphtha," or its equivalent, in the brand name of any soap or soap product offered for sale or sold by respondents, or otherwise incidental to its advertisement and sale, if and when such soap or soap product normally contains at the time of and upon its sale to the consuming public, no naphtha or naphtha in an amount of 1 per cent or less by weight thereof.

It is further ordered, That the respondents file a report in writing with the Commission within 90 days after the date of the service upon them of this order, setting forth in detail the manner and form in which they have complied with the order herein set forth.

By the Commission, Commissioner Van Fleet dissenting.

Complaint.

IN THE MATTER OF

EDWIN E. ELLIS COMPANY, INCORPORATED.

COMPLAINT, FINDINGS AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket 1016—August 6, 1924.

SYLLABUS.

Where a corporation engaged in the printing of social and business stationery through the use of a process which involved the application to type printing while the ink was still wet of a chemical followed by a subsequent baking and resulted in a raised letter effect resembling in appearance the impression made from engraved plates, commonly and long known and understood as "engraving," and in the sale thereof, designated said stationery offered and sold by it in its advertising and advertising matter, order blanks, bill heads, etc., as "Process Engraved" or "Process Engraving," with the capacity and tendency to mislead and deceive the purchaser into believing said products to be the results of genuine engraving: *Held*, That such practices, under the circumstances set forth, constituted unfair methods of competition.

Mr. William C. Reeves for the Commission.

Mr. Royal M. Bates of Jamestown, N. Y., for respondent.

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 Edwin E. Ellis Company, Incorporated, more particularly hereinafter described and 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 issues this complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Edwin E. Ellis Company, Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business in the city of Buffalo, in said State. Respondent is engaged in the business of printing and selling stationery for social and business purposes, including invitations, announcements, calling cards, letter heads, envelopes and social and business stationery, and causes said stationery so produced when sold, to be transported from its place of business in the State of New York to purchasers located in other States of the United States, and there is now, and was at all times hereinafter mentioned, a constant