

IN THE MATTER OF
EDISON FIXTURE 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 1260—November 23, 1925.

SYLLABUS.

Where the word "Edison" had come to mean to the public that electrical devices offered and sold under said name, or dealt in by a company which as an immediate or mediate licensee of the famous inventor, included the word in its name, were of the highest quality and efficiency and sold by reliable concerns under the authority or license of the aforesaid inventor; and thereafter a corporation which (1) dealt in an electrical fixture for the illumination of offices, stores, etc.; (2) sold the same through salesmen and agents; (3) used in the sale thereof a form contract which recited, among other things, "These lamps are not on trial. They are sold," and that upon failure to pay any installment due, the entire amount remaining unpaid on the contract would become due and immediately recoverable; (4) had no license or authority from the aforesaid inventor to use the word "Edison" in its business; and (5) operated in a territory served by two very large genuine Edison companies, one of which was popularly known therein as "The Edison"; for the purpose of trading upon the name of said inventor and of legitimate Edison companies, and of deceiving prospective customers and securing their signatures to the absolute contract of sale set out by it in its aforesaid form contract, without a reading thereof,

- (a) Adopted and used as a corporate name a name which included the words "Edison fixture";
- (b) Made at first no notation, and later an inconspicuous one only, in its form contracts, to the effect that it had no connection with the aforesaid Edison companies;
- (c) Represented itself to prospective customers as "The Edison," "The Edison Company" and as a branch of the company above referred to, and the same concern;
- (d) Represented its fixtures as said inventor's latest invention and one which constituted a great improvement in lighting methods and would give a greater amount of illumination than other fixtures using bulbs of the same wattage and voltage, the fact being that such fixtures consisted of reflectors, globes and ordinary commercial bulbs purchased in the open market;
- (e) Pretended to demonstrate the truth of its aforesaid representations through concealing the wattage consumption of bulbs actually used or using bulbs designed to operate upon a substantially lower voltage than that employed in the demonstration, with the result that the latter gave a more brilliant light at the time, but soon burned out;
- (f) Falsely represented that it would replace all burned-out globes, and clean and keep its fixtures in repair until all deferred payments upon such fixtures had been completed;
- (g) Falsely represented that the fixture would be installed on trial for two weeks and would be removed at the request of the customer if it did not

Complaint.

produce the results claimed for it or proved otherwise unsatisfactory, without further obligation on the part of the customer, and that the contract was a mere receipt for the fixture and a memorandum covering the trial installation required of its salesmen;

- (h) Presented the contract for the prospective customer's signature, partly folded, or otherwise so manipulated the same as to conceal the contents thereof, presented it at a time when the customer's attention was distracted, urged haste upon him, etc.;

With the result that the signatures of many persons were procured in the belief that they were merely signing a receipt or memorandum covering a trial installation in accordance with such representations as herein above set out, and many persons purchased its fixtures as and for a product of the aforesaid company, or that of one of the legitimate Edison companies;

- (i) Refused to renew bulbs or otherwise carry out undertakings above set forth; and

- (j) Refused to remove its fixtures and cancel obligations entered into, when called upon so to do by dissatisfied customers, pursuant to its aforesaid representations made to them, but made unconditional demand for payment of the installment due, and, upon refusal thereof, brought suit under the provisions of the contract for the unpaid balance of the purchase price;

With the result that a widespread prejudice and hostility was created among the public in the territory concerned against salesmen introducing and selling electrical equipment by house to house canvass, and competitors who did an honest business free from fraud and trickery found it impossible to do business in some localities and in others suffered substantial losses of business by reason of the aforesaid prejudice and hostility:

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

Mr. L. B. Perkins for the Commission.

Mr. Philip Stein of Washington, D. C., and *Mr. Henry Solomon* of New York City 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 Edison Fixture Company, Inc., a corporation, 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, issues this its complaint and states its charges in that respect as follows:

PARAGRAPH 1. Respondent, Edison Fixture Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal or executive offices located in the City of New York in said State. It

Complaint.

9 F. T. C.

is now, and has been for more than two years last past, engaged in the business of manufacturing, selling, and distributing in interstate commerce in wholesale and/or retail quantities a patented combination electrical fixture or device for the illumination of offices, stores, showrooms, public buildings, workshops and factories. Respondent solicits orders for its said product through canvassers, solicitors, salesmen representatives or agents, and on receipt of orders said respondent causes its said product to be shipped or transported in interstate commerce from its principal or executive offices or warerooms in the City of New York to the purchasers thereof located in other States of the United States and the District of Columbia. In the course of its said business, respondent was at all times hereinafter mentioned, and still is, in competition with other individuals, firms, partnerships, and corporations manufacturing and selling electrical lighting fixtures or equipment in interstate commerce throughout the various States of the United States.

PAR. 2. For more than twenty years last past, Thomas A. Edison has been known and recognized throughout the various States of the United States and foreign countries as the inventor, patentee, owner, and manufacturer of numerous electrical devices of various kinds and descriptions, which have acquired a wide and favorable reputation and are in great demand by the trade and purchasing public who desire Edison products, which said products are sold through numerous firms, partnerships and corporations which have as a part of their trade or corporate name the word "Edison," which said firms, partnerships and corporations are affiliated with, owned or controlled by the said Thomas A. Edison, or licensed by him to use the word "Edison" as part of, or in connection with, their said trade or corporate names.

PAR. 3. Among the numerous competitors of respondent, referred to in paragraph 1 hereof, are various firms, partnerships and corporations owned, controlled or licensed by the said Thomas A. Edison to use the word "Edison" as part of, or in connection with, their trade or corporate names, which said firms, partnerships and corporations are engaged, among other things, in the business of manufacturing electrical equipment under Edison owned or controlled patents, and/or in the sale of Edison products in interstate commerce throughout the several States of the United States.

PAR. 4. Respondent, Edison Fixture Company, Inc., at the date of its organization, without authority, permission or license from Thomas A. Edison, or by authority of any firm, partnership or corporation affiliated with, owned or controlled by, or acting for, the said Thomas A. Edison, adopted, used, and is using, the word

"Edison" as part of its corporate name, and for more than two years last past has advertised and sold in interstate commerce, throughout the several States of the United States, its said product under its said corporate name, and/or under its said corporate name in contracted form, to wit, "The Edison Company."

PAR. 5. The use by the respondent of the word "Edison" as part of, or in connection with, its corporate name in the advertisement or sale of its product, is calculated to, and has the capacity and tendency to, mislead and deceive the trade and purchasing public, and/or does mislead and deceive the trade and purchasing public, into the erroneous belief that the said respondent is affiliated with, owned, controlled or licensed by the said Thomas A. Edison, or by authority of some firm, partnership or corporation, affiliated with, owned or controlled by, or acting for, the said Thomas A. Edison; and/or that the said product so sold by respondent was invented, patented, owned, controlled, manufactured or marketed by the said Thomas A. Edison, or by some firm, partnership or corporation affiliated with, owned or controlled by, or acting for, the said Thomas A. Edison; when, in truth and in fact, the said product manufactured and sold by respondent was not invented, patented, owned, controlled or manufactured by the said Thomas A. Edison, or by any firm, partnership or corporation affiliated with, owned or controlled by him; and the said respondent was not licensed, authorized or permitted by the said Thomas A. Edison, or any firm, partnership or corporation affiliated with, owned or controlled by him, to use the word "Edison" as part of, or in connection with, its said corporate name.

PAR. 6. Further in the course and conduct of its business as described in paragraph 1 hereof, respondent does now and has for more than one year last past falsely represented to customers and prospective customers that its said product was sold on a two weeks' trial, subject to the approval of the purchaser; that the said respondent would replace burnt-out lamps, clean and keep said fixture or device in repair as long as the same remained on the premises of the purchaser; that the said lamps so sold by respondent were of greater illuminating power than lamps of the same wattage produced by competitors and used by purchasers or prospective purchasers; when in truth and in fact the said respondent did not sell its said product on a two weeks' trial, subject to the approval of the purchaser; that the said respondent did not replace burnt-out lamps, clean and keep said fixture or device in repair as long as the same remained on the premises of the purchaser; that the respondent's lamps were not of such quality as to produce more

Findings.

9 F. T. C.

illuminating power than lamps of the same wattage produced by competitors and used by purchasers and prospective purchasers; all of which said false and misleading statements have the capacity and tendency to mislead and deceive the purchaser and/or do mislead and deceive the purchaser and thereby tends to and does divert trade from competitors who do not engage in such false and misleading representations.

PAR. 7. 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 interstate 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 a complaint upon the Edison Fixture Company, Inc., a corporation, hereinafter referred to as the respondent, charging it with the use of unfair methods of competition in commerce in violation of the provisions of said act.

The respondent having entered its appearance and filed its answer herein, evidence was thereupon introduced in support of the allegations of the complaint and on behalf of the respondent before a trial examiner of the Federal Trade Commission. Thereupon this proceeding came on for decision and the Commission having duly considered the record and being full advised in the premises, makes this its report, stating its findings as to the facts and conclusion drawn therefrom.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. Respondent, Edison Fixture Company, Inc., is a corporation organized and doing business under the laws of the State of New York, with its principal office and place of business at 332 Broadway, in the City of New York. Respondent was incorporated in the year 1918, and since that time has been and is now engaged in the business of selling, in the States of New York, New Jersey, Pennsylvania, and other States of the United States and in the District of Columbia, an electrical fixture or device for the illumination of

offices, stores, showrooms, workshops, and other buildings. Respondent sells its said fixture or device through salesmen and agents who travel from the State of New York through and into other States of the United States and the District of Columbia, soliciting and taking orders on behalf of respondent, and respondent, pursuant to such orders previously solicited, causes its said fixtures or devices to be shipped from the State of New York to its salesmen and agents in New Jersey, Pennsylvania, Maryland, and States of the United States other than the State of New York, and into the District of Columbia, and said fixtures are by said salesmen delivered to the purchasers thereof. Respondent does not market its fixtures through wholesaler or retailer dealers.

Since the time it started in business respondent has been and now is in competition with other individuals, partnerships and corporations selling electrical lighting fixtures or devices in interstate commerce throughout many States of the United States and in the District of Columbia.

PAR. 2. For over forty-five years Thomas A. Edison has been widely known and famous throughout the United States as an inventor, patentee and owner of various and numerous devices and appliances for the beneficial use of electricity. About the year 1881 his name was brought prominently to the attention of the public of the United States and especially that portion of the public residing in the States of New York, New Jersey, and the Eastern and Atlantic States, by the installation in the City of New York of the first system for the dissemination of light upon a large scale by the use of incandescent electric lamps actuated by electric current distributed from central stations, said system being based upon inventions of said Thomas A. Edison and installed under his direct supervision and control through the medium of the Edison Electric Light Company, a corporation organized by the said Edison and certain associates and in which said Edison was the guiding spirit and dominant personality. Wide publicity was given to this accomplishment and to the name Edison in connection therewith. From that time on, numerous electric light, heat and power companies bearing the name "Edison" were formed in different parts of the country for the purpose of engaging in the distribution of electric current for lighting and power purposes and a number of corporations have been formed for the purpose of manufacturing electric light bulbs and other electrical appliances, all said corporations operating under license or authority derived immediately or mediately from said Thomas A. Edison, and legitimately making use of the name Edison

Findings.

9 F. T. C.

in their corporate names and/or in connection with their respective businesses.

From the year 1881 to the present time there has been no diminution in the fame of Thomas A. Edison and the name "Edison" has become a household word throughout the United States in connection with all things electrical. Many of the corporations which to-day bear as part of their corporate title the word "Edison" are not now under the direct personal control of Thomas A. Edison, yet the name Edison is of great value and represents efficiency, honesty, fair dealing and good faith.

The public has also been taught, through very extensive advertisements of the New York Edison Company, the Edison Electric Appliance Company, the Edison Storage Battery Company and by the press of the country, to regard Thomas A. Edison as a "wizard of electricity" and to represent a fixture, appliance or device for the use of or wherein electricity is used as an "Edison" fixture, appliance or device, or as being sponsored by an Edison company, has become equivalent to saying that the fixture, appliance or device is of the highest quality and efficiency and fitted to perform the service for which devised, and that persons or business concerns manufacturing and/or selling such fixtures, appliances, or devices under the authority or license of Thomas A. Edison are reliable, responsible, and honest.

PAR. 3. Respondent has at no time received from said Thomas A. Edison or from any corporation or other persons operating under any franchise, license or authority of said Thomas A. Edison, any license or authority to use the name "Edison" in its corporate title or in connection with its business hereinbelow described, the name "Edison Fixture Company" having been adopted for respondent by its incorporators and officers arbitrarily, and for the purpose of trading upon the name, reputation and good will of said Thomas A. Edison and of the above-mentioned legitimate Edison companies in the manner hereinbelow set out.

PAR. 4. The officers of the respondent company are: Henry Solomon, president; Max Spelrein, vice president; Joseph B. Stetcher, treasurer; Max Firman, secretary.

PAR. 5. Respondent sells its aforesaid fixture on an installment payment plan and furnishes its agents, canvassers or representatives with a form of contract on printed blanks, which said contract since about the year 1920 has been in the following or substantially the following words and figures:

The price of these electric lamps are \$15.50 each. These lamps are not on trial. They are sold.

426

Findings.

No connection with the N. Y. Edison Co., or Brooklyn Edison Co.
 Brooklyn office, 1628 Pitkin Avenue, Phone Dickens 4623.
 Corona office, 6 Kingsland Avenue.

EDISON FIXTURE Co. INC.,
 332 Broadway, New York,
 Telephone Franklin 2614.

As first payment on \$15.50 each and
 every fixture 35¢ weekly until the
 sum of \$15.50 is fully paid.

I, the undersigned, (hereinafter called the subscriber) promise and agree to pay to the Edison Fixture Co., Inc., (Hereinafter called the company), the sum of \$----- for ----- Electric Fixture ----- at \$15.50 on each and every fixture to be delivered for me less chain drops at my premises No. ----- the sum of \$----- as first payment and the balance ----- weekly until the sum of \$----- is fully paid.

In consideration of the above the Company agrees to sell these fixtures upon the signing of this agreement, upon condition set forth herein.

In the event of the subscriber's failure to pay any of the installments herein mentioned, it is agreed and understood between the parties herein mentioned, that the Company shall have the right to demand the entire amount above agreed upon, less any sum already paid.

The Edison Fixture Co., Inc., shall not be responsible for any injury or damage, through breakage or otherwise of said appliance.

The Company guarantees the fixture to be free from imperfection in material at time of delivery and agrees to exchange bulbs and globes during the life of this contract provided burned out bulbs and globes are returned and payments are made regularly.

Date -----

(First name in full)
 Name -----
 Subscriber

All verbal and written agreements not mentioned in this contract are void.

Address ----- Near -----

Contract No. ----- City or Borough ----- State -----

Salesman ----- Business -----

Collected on account -----

Prior to the adoption of above form of contract, the contract used by respondent had been practically identical therewith, except that said prior contract did not bear the notation "No connection with the N. Y. Edison Co. or Brooklyn Edison Co." Said notation was inserted in the form adopted about the year 1920, because of complaints made to respondent by the New York Edison Company on account of confusion resulting from the use of the name "Edison" by respondent. Respondent agreed to add said notation to its form contract and submitted to said New York Edison Company a proposed new form of contract bearing said notation in conspicuous let-

Findings.

9 F. T. C.

ters and printed in red, the remainder of said contract being printed in black. This change proving satisfactory to the New York Edison Company, respondent undertook to use thereafter said new form in this paragraph above set out, bearing said notation; but instead of causing said notation to appear in conspicuous letters and printed in red type, in accordance with the form submitted by respondent to said Edison Company, respondent caused its said new form contract to bear said notation in much more inconspicuous type and printed in black color, in common with the remainder of said new form.

The price of the fixtures as set out in respondent's contract has differed from time to time, the amounts running from \$13 to \$16, payable in some instances in installments of 25 cents weekly and in other instances of 35 cents weekly, the average life of such contracts thus being somewhat more than one year's time.

PAR. 6. Pursuant to the purpose of respondent's incorporators and officers to trade upon the name, reputation and good will of Thomas A. Edison and aforesaid legitimate Edison companies, as set out in paragraph 3 hereof, respondent, through its officers and especially through Henry Solomon, its president, and Max Firman, its secretary, instructed respondent's salesmen and solicitors to represent to prospective customers that they, the salesmen, represented the Edison Company and wished to demonstrate and sell an Edison lighting fixture which would give greater illumination at less current cost than could be obtained from other lighting devices on the market using electric bulbs of the same wattage and voltage as those supplied with said purported Edison fixture. Following these instructions respondent's salesmen have regularly made the above representations and in addition thereto represent to prospective customers that they, the salesmen, represent the "Edison," the "Edison Company," the "New York Edison Co." or that the Edison Fixture Company is a subsidiary or branch of the New York Edison Company.

The New York Edison Company furnishes light and power to over 450,000 customers in New York City and furnishes to thousands of these customers electrical fixtures, and appliances on a deferred payment plan, the monthly payments being added to the bill rendered for electric current, and installs and furnishes the service necessary for the upkeep and continued operation of such fixtures and appliances as are installed. The New York Edison Company also conducts showrooms in which electrical fixtures and appliances are displayed and sends out monthly, hundreds of thousands of circulars calling attention to various improved electrical appliances which they recommend for use by their customers.

The New York Edison Company is usually, generally and customarily known, spoken of and styled by its customers and others, as "The Edison" and this shortened appellation is so used and understood in New York, in portions of neighboring States, and to some extent in other States, in all which territory said company enjoys a reputation for honesty, probity and fair dealing.

PAR. 7. The statements of the salesmen of respondent that they represent the New York Edison Company and that the Edison Fixture Company is a subsidiary or branch of the New York Edison Company are each of them literally false, and are made deliberately and willfully and with the intent to mislead, deceive and delude the prospective customer into the belief that he, the customer, is doing business with the New York Edison Company; to divert the customer's attention from the printed contract, and to secure his signature thereto without a reading thereof because of his reliance upon the reputation of the New York Edison Company for honesty, probity and fair dealing.

PAR. 8. The statements that the salesman represents "the Edison Company" or "The Edison" and the statement that the salesman is demonstrating and selling an Edison fixture are misleading and deceptive and made deliberately and willfully with the intent to deceive, mislead and delude the prospective customer into the belief that he, the customer, is doing business with one of the aforesaid legitimate Edison companies, or with a business concern operating under the license or authority of Thomas A. Edison and engaged in the sale of a device invented or designed by Thomas A. Edison.

PAR. 9. Further, respondent's salesmen make the following representations to customers or prospective customers: That respondent's fixture is an invention or a recent invention or the latest invention of Thomas A. Edison and a great improvement in lighting methods; that said fixture will give a greater amount of illumination than other fixtures on the market using bulbs of the same wattage and voltage as the bulbs used in respondent's fixture at a lower cost; that said fixture will be installed on trial for two weeks and will be removed at the request of the customer if it does not produce the results claimed for it or if it is otherwise unsatisfactory, whereupon all obligations in the premises on the part of the customer will end; that the customer may pay for the fixture in installments of 25 or 35 cents weekly if he decides to retain same after the two weeks' trial, and that respondent will replace all burnt out bulbs and will clean and keep said fixture in repair until all deferred payments have been completed.

Findings.

9 F. T. C.

PAR. 10. The representations that respondent's fixture is an invention, recent or otherwise, of Thomas A. Edison, that it is a great improvement in lighting methods, and that it gives a greater amount of illumination than other lighting fixtures on the market using bulbs of the same wattage and voltage as the bulbs used in respondent's fixture, are false and misleading. Respondent purchases the reflectors, globes and bulbs of which its devices consist in the open market, said bulbs being the ordinary bulbs of commerce and in common use throughout the country. Respondent makes its fixtures by assembling one each of said globes, reflectors and bulbs and said fixture does not give a greater amount of illumination than other fixtures on the market using bulbs of the same wattage and voltage as those of respondent when used under the same conditions, nor does the use of respondent's fixture result in a saving of current cost to the user over his current cost for the same amount of illumination when using other fixtures on the market.

PAR. 11. The representations that respondent's fixture will be installed upon two weeks trial, removable at the request of the customer if not satisfactory and that respondent will replace all burnt out bulbs and will clean and keep said fixture in repair during the life of the deferred payment contracts, are misleading and deceptive and are made without any intention on the part of respondent's officers and salesmen to live up to the terms thereof, it being the intention and purpose of respondent, its officers and salesmen, to secure the signatures of prospective customers to the absolute contract of sale set out in respondent's aforesaid form contract, without a reading thereof by the customer and in the belief on his part that the transaction is in all respects as represented by respondent's salesmen in the particulars above set out.

PAR. 12. In order to make to the customer an apparent demonstration of the truth of the representations that respondent's fixture produces a greater amount of light at less current cost than other fixtures using bulbs of the same wattage and voltage, and is a great improvement in lighting methods, respondent supplies its salesmen with bulbs from which the labels indicating the wattage consumption of said bulbs and the voltage of the current on which such bulbs are designed to be operated, have been removed, or respondent's salesmen with the knowledge and consent of respondent's officers, themselves remove said labels and upon securing consent to a demonstration, the salesmen in some instances insert one of said bulbs from which the label had been removed into the fixture, representing the bulb to be a bulb of much less wattage than is actually the case and upon connecting said device with the customer's light-

ing circuit respondent's device gives much more light than bulbs of said purported wattage have theretofore given or can give on said circuit. In other instances respondent's salesmen insert a bulb constructed and designed to operate upon a voltage substantially less than the voltage of the customer's circuit and as a result said bulb when actuated by such circuit gives off a much more brilliant light than a bulb of the same wattage and designed for the actual voltage of the customer's circuit, has ever given or can give, but the bulb burns out in a short time because of the excessive voltage passing through it.

PAR. 13. In connection with aforesaid misrepresentations and said deceptive manipulations of respondent's device with relation to its illuminating power, respondent's salesmen resort to various species of trickery in order to conceal the true character of respondent's form contract from the customer and to secure his signature thereto. Thus said salesmen upon presenting the form contract for signature represent that same as a mere receipt for the fixture or a memorandum covering the purported two weeks' trial transaction, which receipt or memorandum the salesmen represent, they must turn in to respondent to account for the fixtures intrusted to them; present said contract for signature at a time when the customer is engaged with his customers or his attention is otherwise distracted; urge haste upon the customer and present the contract partly folded or covered with the hand or otherwise manipulated so as to prevent the customer from obtaining a view of the same and from having opportunity to discover its true contents. Through the aforesaid means respondent's salesmen fraudulently procure many persons to execute respondent's said form contract of purchase, the person so signing acting in the belief that he is signing a receipt or memorandum covering a trial installation of respondent's device upon the terms and conditions enumerated in the various representations of respondent's salesmen hereinbefore set out; whereas, in fact, he signs a contract of absolute sale upon the installment plan, which contract provides that upon the failure of the customer to pay any installment when due, the entire amount remaining unpaid on said contract shall become due and immediately recoverable by respondent.

PAR. 14. Aforesaid representations of respondent's salesmen that they represent the New York Edison Company and that respondent is a branch or subsidiary of that company, cause many persons to purchase respondent's fixture in the belief that same is a product of the New York Edison Company, and the representations of said salesmen that they represent the "Edison Company" and "the Edison" cause many persons to purchase respondent's fixture in the belief

Findings.

9 F. T. C.

that same is a product of the New York Edison Company, or of one of aforesaid legitimate Edison companies.

PAR. 15. All aforesaid false, fraudulent, deceptive and misleading representations, acts and practices of said salesmen are well known to respondent's officers, and especially to Henry Solomon, its president, and Max Firman, its secretary, and are authorized, adopted and acquiesced in by them.

PAR. 16. In most instances the purchaser soon becomes dissatisfied with the fixture either because same has been equipped with a bulb of a much higher wattage consumption than represented with a consequent increase in the purchaser's electric current bills, or because it has been fitted with bulb constructed and designed to operate upon a less voltage than that carried by the purchaser's lighting circuit, with a resultant burning out of said bulb. In the first class of cases above described the purchaser usually calls upon respondent to remove the fixture and cancel the customer's obligation in conformity with the representations to that effect made by respondent's salesmen, and in the second class of cases the customer usually calls upon respondent for additional bulbs to replace those burnt out, and in either case refuses to make payment of the next installment when it is due. Respondent, in practically all cases, refuses either to remove said fixture or to replace the burnt-out bulbs, but makes an unconditional demand for payment of the installment due, and upon the purchaser's refusal to pay, bring suit against the purchaser under the provisions of the contract signed by him for the unpaid balance of the purchase price. This is the habitual practice of the respondent. Among such suits instituted by respondent 3,603 have been filed in the Municipal Court, Seventh District, Brooklyn, N. Y., 294 in the District Court, Essex County, Orange, N. J., and 140 in the Municipal Court, District of Columbia.

PAR. 17. A number of respondent's competitors do an honest business in interstate commerce free from trickery and fraud, particularly the legitimate Edison companies. Respondent's aforesaid acts and practices have created a widespread prejudice and hostility among the public through the territory in which respondent does or has done business, against salesmen introducing and making sales of electrical equipment by house-to-house canvass, and a number of respondent's honest competitors, as aforesaid, doing an interstate business by that method of sale and distribution have found it impossible to do business in some localities, and in other localities have suffered substantial losses of business by reason of this prejudice and hostility.

PAR. 18. The above acts and practices of respondent are all to the prejudice of the public; tend to and do divert trade from competitors who do not engage in such false, misleading and fraudulent representations and, in fact, destroy or greatly lessen the business of many said competitors in various localities.

CONCLUSION.

The practices of respondent, under the conditions and circumstances described in the foregoing findings are unfair methods of competition in interstate 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, the testimony and argument of counsel, 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 power and duties, and for other purposes,"

It is now ordered, That the respondent, the Edison Fixture Company, Inc., its officers, agents, representatives, servants and employees, cease and desist from directly or indirectly—

(1) Using as a part of the corporate name of respondent, the word "Edison."

(2) Using the word "Edison" in contracts, receipts, trade literature and advertising in connection with the business of selling electric lighting fixtures or devices or any other electric appliance.

(3) Representing to customers and prospective customers that respondent is (a) the New York Edison Company, (b) a subsidiary or branch of the New York Edison Company, (c) the Edison Company, (d) the Edison and/or (e) making any similar representation likely to lead the customer or prospective customer to believe that respondent is connected with or sponsored by Thomas A. Edison and/or any individual, partnership or corporation operating under license or authority derived immediately or mediately from Thomas A. Edison.

(4) Representing to customers and prospective customers (a) that respondent's fixture or device is an invention or a recent or

Order.

9 F. T. C.

the latest invention of Thomas A. Edison, (b) that said fixture will give a greater amount of illumination than other fixtures on the market using bulbs of the same voltage and wattage as the bulbs supplied with respondent's fixture and/or (c) that the use of respondent's fixture will result in a saving of electric current consumption and/or a saving in current cost.

(5) Procuring or attempting to procure signatures of customers or prospective customers to form contracts used by respondent which are (or may become) contracts for the unconditional purchase and sale of respondent's fixtures, by falsely or fraudulently representing that respondent's offer is one of conditional sale, and, more particularly, (a) that the sale is conditioned upon a two weeks' trial installation and revocable at the option of the purchaser if the fixture proves unsatisfactory, (b) that such contract is a mere receipt for the fixture and/or a memorandum covering the trial installation and/or (c) by trickery preventing the purchaser from obtaining a view of said contract or from having an opportunity to discover its true contents, (1) by presenting said contract for signature when the purchaser is busy with his customers or his attention is otherwise distracted (2) by urging haste upon the purchaser and/or (3) by folding said contract, covering same wholly or partially with the hand, or otherwise obscuring same.

It is further ordered that the respondent, Edison Fixture Company, Inc., shall within sixty days after service upon it of a copy 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 herein above set out.

Syllabus.

IN THE MATTER OF
INTERNATIONAL SHOE COMPANY.

COMPLAINT, FINDINGS AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SECTION 7 OF AN ACT OF CONGRESS APPROVED OCTOBER 15, 1914.

Docket 1023—November 25, 1925.

SYLLABUS.

Where the largest manufacturer of leather shoes, engaged in the sale thereof chiefly to retail dealers in small cities and towns outside of New England, and in a strong and healthy position and oversold on its products to such an extent that it was a matter of grave concern to its management;

Acquired the stock of a New England corporation, which (a) theretofore constituted the largest manufacturer of leather dress shoes for men and boys, and had long been regarded as the most efficiently managed concern in the world, (b) sold its said product through jobbers and wholesalers and to large retailers, and to retailers generally from its branch houses, and was a substantial competitor of the aforesaid manufacturer in the sale thereof, (c) at that time had large commitments and stocks of finished shoes, and owned large sums of money at the banks, and was in a financial condition which was a matter of apprehension to its officers and directors, though it was solvent and did not fail, and (d) initiated and prosecuted the negotiations which led to said acquisition; and following said acquisition planned and carried out or caused to be carried out a series of transactions which culminated in the transfer of said company's stock elsewhere and in the transfer to it of all the assets, properties, rights and privileges of said corporation as a going concern and in the liquidation of the liabilities thereof;

With the result that it thereby gained control of the largest manufacturer of street and dress shoes for men and boys, eliminated from the field its largest competitor in the sale of men's dress shoes, acquired access to the New England territory and to customers for such shoes in the large cities, accomplished a nation wide distribution of its product, and tended to create in itself a monopoly in the shoe business, competition in commerce between it and said corporation in the sale of dress shoes for men was substantially lessened, and commerce in the shoe business, and especially in that part of such business relating to the sale of dress shoes for men, in various sections or communities of the United States in which it and said corporation were engaged in commerce, was restrained:

Held, That such acquisition of stock, under the circumstances set forth, constituted a violation of Section 7 of an Act of Congress approved October 15, 1914.

Mr. A. R. Brindley for the Commission.

Mr. R. E. Blake of St. Louis, Mo., for respondent.