

IN THE MATTER OF

JOSEPH C. MARGULIAS, DOING BUSINESS UNDER THE
TRADE NAME AND STYLE OF CHESTER HAIR WORKS

COMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 1493. Complaint, Feb. 3, 1928—Decision, Oct. 15, 1928

Where an individual engaged in the purchase, preparation, cleaning, and packing of horse, cattle, and hog hair, and tampico and sisal, substitutes therefor, and in the sale thereof to furniture and bedding manufacturers, offered and sold animal hair intermingled with the aforesaid or other substitutes, as and for curled hair, in price lists and otherwise; with the capacity and tendency to mislead and deceive the aforesaid manufacturers into purchasing such product as and for curled hair, and with the result of furnishing them with the means of misleading and deceiving dealers in articles composed in whole or in part of such product, and of furnishing said dealers a means for similarly misleading and deceiving their customers into purchasing said articles as and for those containing only natural animal hair and with the further tendency and capacity to divert trade from competitors engaged in the sale of hair, hair substitutes, or combinations thereof, and truthfully labeling, advertising, and otherwise offering and selling their products:

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

Mr. James M. Brinson for the Commission.

Wolf, Block, Schorr & Solis-Cohen, of Philadelphia, Pa., for respondent.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent individual, engaged in the purchase, preparation, cleaning and packing of horse, cattle, and hog hair and of hair substitutes, known as tampico and sisal, and in the sale thereof to furniture and bedding manufacturers in the various States, and with principal office and place of business in Chester, Pa., with misrepresenting product and advertising falsely or misleadingly in regard thereto, in violation of the provisions of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.

Respondent, as charged, engaged as above set forth in advertisements, price lists, and otherwise offers and sells as and for "curled

hair," a product consisting of hair intermingled with a substantial proportion of tampico, sisal or other hair substitutes containing no hair whatever.

Said false descriptions or designation by respondent of his said product has had and has the capacity and tendency to mislead and deceive, by inducing the purchase thereof as and for a product consisting entirely of natural hair, i. e., hair developed or grown on the bodies of various animals, removed therefrom and prepared for the uses above set forth, as commonly understood from the term "curled hair" as applied to material for bedding and furniture, and the sale of the aforesaid product as "curled hair" with invoices so representing and describing the same "has furnished and furnishes manufacturers of furniture and bedding and dealers or others through whom their products have been and are marketed and distributed with the means whereby they can and do mislead and deceive and have misled and deceived the purchasing public into the belief that furniture and bedding in which the product of respondent has been used contains only natural animal hair and the said practices of respondent have had the capacity and tendency to divert and have diverted trade to respondent from competitors truthfully describing their products"; whether hair, hair substitutes, or combinations thereof; all to the prejudice of the public and of respondent's competitors.

Upon the foregoing complaint, the Commission made the following

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 complaint upon the respondent, Joseph C. Margulias, doing business under the trade name and style of Chester Hair 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 answer, hearings were had, testimony taken, and evidence received before an examiner of the Federal Trade Commission theretofore duly appointed for such purpose, and thereupon a stipulation having been made by and between the attorneys for the Commission and the respondent waiving brief and oral arguments and agreeing that the Commission may forthwith file its report stating its findings as to the facts and its conclusion, and issue such order as it may deem meet and proper, and this proceeding having come on for final decision, and the Com-

Findings

12 F. T. C.

mission having considered the record and being now advised in the premises, files this, its report, stating its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Joseph C. Margulias, is now and has been, for several years last past engaged, at Chester, Pa., under the trade name and style of Chester Hair Works, in the business of purchasing, preparing, cleaning, and packing horse, cattle, and hog hair and substitutes for hair, known as tampico and sisal, and their sale to manufacturers of furniture and bedding in the various States of the United States. Respondent causes said products so sold by him to be transported from his place of business in Chester, Pa., to the purchasers thereof in States other than Pennsylvania and in so carrying on said business respondent is, and throughout the course and conduct thereof has been, engaged in interstate commerce, and in direct competition with many other individuals, partnerships, and corporations similarly engaged in the preparation and sale of hair, hair substitutes, or combinations thereof, in interstate commerce, between and among the several States of the United States.

PAR. 2. In the course and conduct of said business it has been, for several years last past, and now is, the practice of respondent to offer for sale, in price lists and otherwise, and to sell as and for curled hair, a product consisting of animal hair intermingled with tampico, sisal or other substitutes for hair.

PAR. 3. The word "hair" when applied to material for bedding or furniture, signifies and means, and is understood to signify and mean, animal hair.

PAR. 4. The sale by respondent to furniture and bedding manufacturers of a product consisting of animal hair mixed with tampico or other substitutes for hair, as and for curled hair, has had and has the capacity and tendency to mislead and deceive said manufacturers into purchasing such product as and for curled hair.

PAR. 5. The offering for sale and sale by respondent to furniture and bedding manufacturers of a product consisting of animal hair mixed with tampico or other substitutes for hair, as and for curled hair, and so representing such product in price lists and in invoices furnishes said manufacturers with the means whereby they can mislead and deceive dealers handling articles comprised in whole or in part of respondent's product and furnishes such dealers with the means by which they in turn can mislead and deceive their customers into purchasing said manufactured articles in and by reason of the

erroneous belief that such articles in which the product of respondent has been used contains exclusively only natural animal hair.

PAR. 6. There are now and for several years last past have been, a considerable number of competitors of respondent who are engaged in the sale of hair, hair substitutes, or combinations thereof, in interstate commerce, who truthfully label, advertise, and otherwise offer for sale and sell their products. The sale by respondent to furniture and bedding manufacturers of a product consisting of animal hair mixed with tampico and other substitutes for hair, as and for curled hair has the tendency and capacity to divert trade to him from competitors truthfully describing their products.

CONCLUSION

The practice of respondent, Joseph C. Margulias, doing business as Chester Hair Works, under the conditions and circumstances described in the foregoing findings as to the facts is an unfair method of competition in interstate commerce and constitutes a violation of 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".

ORDER TO CEASE AND DESIST

This proceeding having been duly heard upon the complaint of the Commission, and the answer of respondent, and the Commission having made its findings as to the facts and its conclusion that respondent, Joseph C. Margulias, doing business under the trade name and style of Chester Hair Works has been and is violating 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",

Now, therefore, it is ordered, That respondent, Joseph C. Margulias, doing business under the trade name and style of Chester Hair Works, or otherwise, cease and desist from directly or indirectly using the word "hair" to designate or describe any product offered for sale or sold by him in interstate commerce, which consists of hair combined or intermingled with tampico, sisal or other substitutes for hair, unless accompanied by word or words aptly and truthfully describing the other material or materials of which the product is in part composed.

It is ordered further, That respondent, Joseph C. Margulias, shall, within 60 days from and after 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 therewith.

IN THE MATTER OF
SHANGHAI LACE CORPORATION

COMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 1269. Complaint, Jan. 28, 1925—Decision, Nov. 12, 1928

Where hand-made crochet lace superior to and of greater value and reputation than lace made elsewhere, had long been made in Ireland and imported into the United States, and the words "Irish lace" or "Irish crochet" had come to be understood by the trade and public as meaning a superior crochet lace made in Ireland; and thereafter a corporation engaged in the importation of lace made in China exclusively and very closely resembling in pattern, design, and general appearance the aforesaid lace, and in the sale thereof to dealers, and to garment manufacturers for trimming, designated and described said lace in advertisements in trade journals, in circulars and in other trade literature, and in invoices, and orally to vendees, as "Irish," "Irish Insertion Shanghai," "Irish Square Medal-lion," "Irish Shanghai Picot," "Irish Swatow Insertion," and "Irish Picot"; with the capacity and tendency to mislead and deceive retail and manufacturer vendees into believing said lace to have been made in Ire-land, and with the result that garments trimmed therewith were by the aforesaid manufacturers and by their retail dealer customers described as trimmed with Irish lace, and many of the consuming public were thereby induced to purchase the same as and for garments so trimmed, and with the effect of diverting business from and otherwise injuring competitors importing lace there made and correctly designating and describing the same as "Irish lace" and "Irish crochet," and competitors dealing in laces made elsewhere and correctly describing and designating the same, and with the tendency so to do:

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

Mr. A. R. Brindley and Mr. Wm. A. Sweet for the Commission.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent, a New York corporation engaged in importing from China lace there made, and in the sale thereof to garment manufacturers in various States for use by said manufacturers as trimming and decoration upon garments made and sold by them to retailers in various States, for resale to the consuming public, and with principal office and place of business in New York City, with misrepresenting product and advertising falsely or misleadingly in regard thereto in violation of the provisions of section 5 of such act, pro-