

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-

hibiting the use of unfair methods of competition in interstate commerce.

Respondent, as charged, dealing as above set forth in lace made in China and closely resembling in pattern, design, and general appearance, the long popular, more expensive and superior genuine Irish lace, i. e., lace made in Ireland, designates its said lace as "Irish Picot," "Irish Edge," "Real Irish Edge," and by other similar designations containing the word "Irish," and so offers and sells the same under said names and designations and upon its price lists, circulars, invoices, and other trade stationery and literature.<sup>1</sup>

Said designating and naming of its lace by respondent and the use by it of such names and designations upon its price lists, circulars, invoices, and other trade stationery and literature, "places in the hands of respondent's aforesaid vendees the means of committing a fraud upon retail dealers and eventually upon the consuming public by enabling said vendees to represent and sell said garments in and upon which said lace is used by them" to retailers as and for garments trimmed and decorated with Irish lace, and many of said vendees, as alleged, do in fact represent said lace to retailers as Irish lace and cause a substantial number of such retailers and eventually many of the consuming public to purchase garments trimmed and decorated therewith as and for garments trimmed and decorated with Irish lace, and said acts and practices, as charged, tend to and do divert business from and otherwise injure competitors who sell lace made in and imported to the United States from Ireland, and who correctly name and designate said lace "Irish lace"; all to the prejudice of the public and 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 (38 Stat. 717), the Federal Trade Commission issued and served its complaint upon the respondent, Shanghai Lace Corporation, charging it with the use of unfair methods of competition in

---

<sup>1</sup> The allegations more particularly relating to the Irish lace and respondent's lace, as set forth in the complaint, are as follows:

"For many years lace made in Ireland has enjoyed a widespread popularity and demand among manufacturers, tradesmen and the consuming public throughout the United States, and is considered by said manufacturers, tradesmen and the consuming public to be lace of high quality, fine workmanship, and other desirable characteristics. Said lace is hereinafter called Irish lace.

"Aforesaid lace dealt in by respondent closely resembles Irish lace in pattern, design, and general appearance, but is inferior thereto in quality and value and for many years has been and now is sold at prices much less than the prices at which Irish lace is sold."

## Findings

12 F. T. C.

interstate commerce in violation of the provisions of section 5 of said act.

Respondent having entered its appearance and filed its answer herein, hearings were held and evidence was introduced on behalf of the Commission and of the respondent before a trial examiner of the Commission theretofore duly appointed. The trial examiner filed his report upon the facts and no exceptions were taken thereto. A brief was filed on behalf of the Commission. No brief was filed or oral argument made on behalf of the respondent.

Thereupon, this proceeding came on for decision, and the commission having duly considered the record and being fully advised in the premises makes this its findings as to the facts and its conclusion drawn therefrom:

## FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Shanghai Lace Corporation, is a corporation organized under the laws of the State of New York, with its principal office and place of business in the city of New York in said State. On January 28, 1925, the date of issuance of the complaint herein, and for approximately four years prior to that date the respondent was engaged in importing from China lace made in that country, and in the sale of said lace, at wholesale, to manufacturers of garments and dealers in lace, located at places in various States of the United States other than the State of New York. It caused said lace when so sold, to be transported from its said place of business in the said State of New York into and through other States of the United States to purchasers thereof at their respective locations. In the course and conduct of its said business, respondent was in competition with other corporations, partnerships, and individuals engaged in the sale of lace, in commerce, between and among various States of the United States.

PAR. 2. The respondent imported and sold only lace made in China. In the course and conduct of its said business, as set forth in paragraph 1 hereof, it designated and described said lace in advertisements in trade journals, in circulars and other trade literature circulated throughout various States of the United States, in invoices, and orally to its vendees as "Irish", "Irish Insertion Shanghai", "Irish Square Medallion", "Irish Shanghai Picot", "Irish Swatow Insertion", and "Irish Picot".

PAR. 3. The making of hand-made crochet lace was begun in Ireland in about the year 1847. For more than fifty years prior to the introduction of crocheted laces from China, in about the year 1917,

into the United States, said lace has been and still is imported into, and sold in, the United States, under the designation "Irish lace" or "Irish crochet". Said lace is superior to, and has greater value and reputation than the crocheted lace made in other countries. The crocheted lace imported from China and sold by respondent very closely resembles in pattern, design, and general appearance the crocheted lace made in Ireland. The word "crochet", when applied to lace is descriptive of a type of lace and is understood by the trade and consuming public to mean a lace made by hand by means of a crochet needle. The word "Irish", when applied to lace is a word descriptive of, and indicating the place of origin of said lace. The words "Irish lace" or "Irish crochet" are understood by the purchasing public to designate a crocheted lace made in Ireland, and of a superior quality of crocheted lace.

PAR. 4. The words "Irish", "Irish Insertion Shanghai", "Irish Square Medallion", "Irish Shanghai Picot", "Irish Swatow Insertion" and "Irish Picot" used by the respondent as set forth herein, to designate and describe lace made in China, are false and misleading and have the tendency and capacity to mislead and deceive retail dealers and manufacturers of garments trimmed with said lace, vendees of respondent, into the belief that said lace was made in Ireland.

Manufacturers of garments, vendees of respondent, use the lace purchased from respondent as trimming upon garments, and thereafter sell said garments to retail dealers located throughout various States of the United States; said retail dealers in turn sell said garments to the consuming public. The use by the respondent, of the word "Irish" in the designation and description of its said lace, as set forth in paragraph 2 hereof, induces manufacturers purchasing said lace and using the same on garments, as aforesaid, to represent to retail dealers, who in turn represent to the consuming public, that said garments are trimmed with Irish lace, thereby inducing many of the consuming public to purchase said garments in the erroneous belief that they are trimmed with lace which was actually made in Ireland.

PAR. 5. There are among the competitors of the respondent referred to in paragraph 1 hereof, many who sell lace made in, and imported to the United States from Ireland, and who correctly designate and describe said lace as "Irish lace" and "Irish crochet", as well as those who sell laces made elsewhere and who correctly describe and designate same. The above alleged acts and practices of respondent tend to, and do, divert business from and otherwise injure said competitors.

## Memoranda

12 F. T. C

## CONCLUSION

The above alleged acts and practices of respondent are all to the prejudice of the public and of respondent's competitors, and constitute unfair methods of competition in commerce with 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".

## 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 thereto, the testimony and evidence and the brief and argument of counsel for the Commission 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 respondent Shanghai Lace Corporation, its officers, agents, representatives, servants, and employees do cease and desist:

(1) From selling, advertising, or offering for sale in commerce among the several States of the United States lace made in China or elsewhere than in Ireland under the titles, names, or designations: "Irish," "Irish Insertion Shanghai," "Irish Square Medallion," "Irish Shanghai Picot," "Irish Swatow Insertion," and "Irish Picot."

(2) From selling, advertising, or offering for sale in commerce among the several States of the United States lace made in China or elsewhere than in Ireland under a title, name, or designation which includes the word "Irish" or any other title, name, or designation suggestive of Ireland as the place of manufacture of such lace.

*It is further ordered,* That the respondent within 60 days after the service upon it of this order, file with the Commission a report in writing setting forth in detail, the manner and form in which it has complied with the order to cease and desist hereinbefore set forth.

---

MEMORANDA

The Commission, as of the same date, also made similar findings and orders in three other cases<sup>2</sup> (except for the fact that in the case

---

<sup>2</sup> In which complaints issued as of Jan. 30, 1925.

of the last two, the lace in question was wound on cards bearing the words "Made in China"), as follows:

ABRAHAM D. SUTTON ET AL. DOING BUSINESS AS A. D. SUTTON & SONS. (Docket 1273.) Respondents, with principal place of business in New York City, and doing business as set forth in the case reported in full above, designated and described its lace, as therein set forth, as "Irish Crochet," "Irish Edge," "Irish Insertion," "Irish Shamrock Edge," "Fancy Irish Picot," "Irish Crochet Tatting," "Swatow Irish," "Siccawei Irish" and "Shanghai Irish."

ALFRED KOHLBERG, INC. (Docket 1274.) Respondent, a New York corporation, with principal office and place of business in New York City, and doing business as set forth in the case reported in full above, designated and described its lace (wound on cards bearing the words "Made in China") as "Chinese Irish Lace," "Irish Crochet Lace," "Siccawei Irish Crochet," "Swataw Irish Crochet," "Swatow Irish Picot," "Siccawei Irish Picot" and "Shanghai Irish Picot."

ABRAHAM LIAN ET AL., NOW DOING BUSINESS AS LIAN BROTHERS AND MARABAK BROTHERS.<sup>a</sup> (Docket 1275.) Respondents, with principal office and place of business in New York City, and doing business as set forth in the case reported in full above, designated and described their lace (wound on cards bearing the words "Made in China"), as "Irish," "Chinese Irish," "Shanghai Irish" and "Swatow Irish."

---

<sup>a</sup> The eight individuals joined as respondents, at time of complaint, did business as Lian & Marabak.

## IN THE MATTER OF

REGENT TAILORS, INC., DUNDEE WOOLEN MILLS CO.,  
DUNDEE TAILORING CO., MAX GREENGARD, AND  
DAVID GREENGARD

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

*Docket 1494. Complaint, Feb. 4, 1928—Decision, Nov. 21, 1928*

- Where a corporation engaged in the manufacture of men's made to order clothing and in the sale thereof to retail stores (of which some were owned in whole or in part by its president and secretary or by a corporation officered by them, and which displayed samples of suitings in their places of business, took and transmitted the measurements of the ultimate consumer, and, upon the return of the suit made up by such first named corporation, delivered the same to him); the corporation officered as above set forth; a subsidiary corporation named Dundee Woollen Mills Co.; and the aforesaid president and secretary; in competition in the manufacture and sale of men's clothing with concerns making cloth into men's clothing without employing the words "woolen mills" or "mills" as a part of their corporate, firm, or trade names, and with others using such words and in fact manufacturing woollen cloth from the raw material and selling the same and/or clothing made therefrom;
- Displayed, used, and sanctioned, or brought about the display and use, through their request, consent and authority, of the words "Dundee Woollen Mills," by their aforesaid retail store customers as a part of their business, trade or corporate names, and on their signs, business stationery, billheads, circulars, labels, newspapers, and other advertising matter, in connection with the offer and sale to the public of men's made to order clothing by the aforesaid first named corporation, notwithstanding the fact that none of the aforesaid corporations or individuals owned, controlled or operated a woollen mill or mills manufacturing fabrics from which men's clothes were made, but that orders received by said first named corporation were filled by it from fabrics procured by purchase in the open market or otherwise from producers thereof, and made at mills owned or controlled by concerns other than the aforesaid corporations and individuals;
- With the capacity and tendency to mislead a substantial portion of the purchasing public into believing the ultimate purchaser of the clothing was dealing directly with a concern owning, controlling, or operating a mill or mills converting raw materials into the fabrics of such clothing, and receiving the benefit in prices and quality incident to the passing of such clothing directly from the maker of the fabric to the wearer of the clothing, without the intervention of other persons:
- Held*, That such practices, under the circumstances set forth, constituted unfair methods of competition.