

Syllabus

IN THE MATTER OF

ALBANY BILLIARD BALL COMPANY, F. GROTE & HUBBELL COMPANY, INC., AND PORTLAND BILLIARD BALL COMPANY

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

Docket 1530. Complaint, June 9, 1928—Decision, April 12, 1930

Where a corporation engaged as second largest manufacturer and distributor in the sale of composition billiard and pool balls; the exclusive distributor of such corporation; and a third company, newcomer in the field, engaged in keen competition with said corporation and distributor;

- (a) Entered into and abided by an agreement whereby (1) said company and newcomer should furnish said distributor with its requirements of less than regulation size balls and discontinue manufacture and sale of the regulation size in the United States, (2) said corporation should discontinue manufacture and sale of other than the regulation size and license said company to manufacture under said corporation's patent, secure from suit for any possible infringement, and (3) said distributor should pay to said company a commission of \$2.11 on each set of regulation size balls made by said corporation and sold for the domestic trade exclusively by and through said distributor; to the end that "all concerns interested, might make a fair profit rather than to continue the cutthroat competition that has been going on for the past three years"; and
- (b) Entered into and abided by an agreement whereby (1) said company agreed to discontinue sale of regulation size balls in export trade, and (2) said corporation agreed to pay to said company a sum equal to 25 per cent of the profits realized by it, said corporation, on its export business in the products in question, all for the purpose of arriving "at some method of eliminating competition in England", in which country and its colonies the two were particularly engaged in active export competition with one another;

With the result that competition theretofore existing between and among said various concerns in the products involved in the United States and abroad was eliminated, customers were deprived of the benefits thereof, theretofore enjoyed by them, and compelled to pay higher prices than theretofore paid and than they would have paid in the absence of said agreement first above set forth and in the event of the continuance by said concerns of manufacture, sale, and distribution as theretofore carried on, flow of commerce in such products in the channels of interstate and foreign trade was substantially and unduly hindered, and wholesale and retail distributors of composition billiard or pool balls, competitors of the aforesaid various concerns, and the general public were injured:

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

Complaint

13 F. T. C.

Mr. Everett F. Haycraft and Mr. William A. Sweet for the Commission.

Merrill, Rogers, Gifford & Woody, of New York City, for respondents.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent Albany Billiard Ball Co., a New York corporation engaged since 1875 in the manufacture and sale of composition pool balls, with principal office and factory at Albany, respondent F. Grote & Hubbell Co., Inc., a New York corporation engaged in the sale of the aforesaid product to wholesalers and jobbers thereof throughout the United States and in foreign countries, for many years exclusive distributor for aforesaid respondent manufacturer, with principal office and place of business in New York City, and respondent Portland Billiard Ball Co., a Maine corporation, likewise and since about 1914, engaged in the manufacture of composition pool balls and sale thereof to said last-named respondent, manufacturers of small pool tables, wholesale dealers and jobbers and purchasers in England, with principal offices and factory at Portland, with cooperating together and entering into agreements with intent and effect of suppressing competition in interstate and foreign commerce, through apportionment of output, in violation of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.

Respondents, as charged, during the year 1917 or thereabouts entered into and abided by an agreement, "with the common purpose of suppressing and restraining and restricting competition in the sale and distribution of composition pool balls throughout the United States whereby the said Portland Billiard Ball Co. agreed to cease and refrain in the future from making regulation size (2¼ inches in diameter) composition pool balls and as a part of such agreement agreed to furnish the said F. Grote & Hubbell Co., Inc., all of its requirements of composition pool balls of less than regulation size at a price 15 per cent less than it charged any other purchaser; and in consideration therefor, said Albany Billiard Ball Co. agreed to cease and refrain from making composition pool balls of less than the regulation size, and said F. Grote & Hubbell Co., Inc., agreed to pay to said Portland Billiard Ball Co. a commission amounting to approximately \$2.16 per set on all sales of composition pool balls of regulation size by said F. Grote & Hubbell Co., Inc., in the United States."

Respondent Albany Billiard Ball Co. and Portland Billiard Ball Co., further, as charged, entered into and abided by an agreement "with the common purpose of suppressing, restraining, and restricting competition" in the sale and distribution of the aforesaid articles in foreign commerce "whereby said respondent Portland Billiard Ball Co. for a consideration based upon the amount of composition pool balls it then annually exported to England agreed to discontinue making and selling composition pool balls for export to England", and "respondent Albany Billiard Ball Co. has paid continuously since said time and now pays to respondent Portland Billiard Ball Co. sums of money each year based upon the amount of composition pool balls said Portland Billiard Ball Co. exported to England annually at the time of said agreement as aforementioned."

The result and effect, as alleged, "of the foregoing agreements, practices, and acts has been and now is substantially to lessen and restrict competition in the sale and distribution of composition pool balls in commerce between the various States of the United States and in foreign commerce between the United States and England; to enhance the wholesale prices of said composition pool balls above the prices which would prevail therefor, and to hinder the natural flow of commerce in said commodity in the channels of interstate and foreign trade and commerce, with injury to the competitors of respondents and the public", and said "agreements, practices, and things done by respondents and each of them", as further alleged, "have a dangerous tendency unduly to hinder competition in the sale and distribution of composition pool balls in the United States and in foreign trade and commerce between the United States and England and constitute unfair methods of competition in commerce within the intent and meaning of section 5."

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" (38 Stat. 717), the Federal Trade Commission on June 9, 1928, issued and thereupon served, as required by law, upon Albany Billiard Ball Co., F. Grote & Hubbell Co., Inc., and Portland Billiard Ball Co., respondents above named, in which said complaint it is charged that respondents have been and are now using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of said act.

Findings

13 F. T. C.

The said respondents having filed their answers and amended answers herein, hearings were held and evidence was thereupon introduced on behalf of the Commission and of the respondents before an examiner of the Federal Trade Commission duly appointed.

Thereupon this proceeding came on for a final hearing on the briefs and oral argument, the briefs having been filed on the part of the Commission and the respondent, and counsel for Commission and the respondent having been heard on oral argument, and the Commission having duly considered the record and being fully advised in the premises makes this its findings as to the facts and conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Albany Billiard Ball Co. is a corporation organized about the year 1872 under the laws of the State of New York, having its principal place of business and factory located in the city of Albany in said State. Since its organization this said respondent has been and now is engaged in the business of manufacturing and selling, among other articles, composition billiard or pool balls, and for a number of years all of its output, which is distributed in the United States, has been sold to its exclusive sales distributor, respondent F. Grote & Hubbell Co., Inc. In October, 1917, said respondent owned certain patents, one of which, No. 807437, was granted in December, 1905, and was essential to the manufacture of composition billiard or pool balls.

Said respondent, Albany Billiard Ball Co. sells its products f. o. b. Albany, but ships them from its plant in Albany to the places of business of the said F. Grote & Hubbell Co., Inc., located in New York State and in States other than the State of New York upon instructions from the latter company. Prior to October, 1917, said respondent Albany Billiard Ball Co. manufactured all sizes of composition billiard or pool balls including the regulation size $2\frac{1}{4}$ inches in diameter and its output of said regulation size billiard or pool balls now constitutes approximately 40 per cent of the regulation size composition billiard or pool balls manufactured in the United States, the remaining 60 per cent being manufactured and sold by the Brunswick-Balke-Collender Co., the only other manufacturer of such sized billiard or pool balls in the United States.

The number of sets and manufacturers' prices of composition billiard or pool balls of regulation size sold by the Albany Co. in the United States during the period, 1911 to 1927, are as follows:

Findings

Year	Sets	Per set	Extension	Year total	Year	Sets	Per set	Extension	Year total
1911-----	6,621	\$7.70	\$50,981.70	\$50,981.70	1920-----	4,414	\$6.08	\$83,628.92	-----
1912-----	8,107	6.50	62,695.50	52,695.50	1920-----	8,829	9.48	29,485.52	\$113,184.44
1913-----	9,620	6.50	62,588.50	62,588.50	1921-----	12,619	9.48	119,628.12	119,628.12
1914-----	11,812	3.50	41,342.00	41,342.00	1922-----	14,069	8.96	124,058.24	126,058.24
1915-----	8,448	3.50	29,638.00	29,638.00	1923-----	13,719	8.96	122,922.24	-----
1916-----	8,089	3.50	28,311.50	-----	1923-----	7,625	9.09	67,725.00	100,647.24
1916-----	2,696	5.70	15,367.20	43,678.70	1924-----	12,657	8.96	113,332.72	-----
1917-----	11,548	5.70	66,823.60	65,825.60	1924-----	1,600	9.00	14,400.00	127,732.72
1918-----	5,838	5.70	33,276.60	33,276.60	1925-----	12,039	8.96	108,317.44	108,317.44
1919-----	7,317	5.70	41,796.60	-----	1926-----	12,751	8.96	114,248.96	114,248.96
1919-----	2,438	5.94	14,481.72	56,183.62	1927-----	13,447	8.96	120,485.12	120,485.12

PAR. 2. Respondent F. Grote & Hubbell Co., Inc., is a corporation organized on or about July 1, 1917, under the laws of the State of New York with its principal place of business located at New York City in said State, with a branch office located in the city of Chicago in the State of Illinois. Said respondent reorganized, took over and succeeded to the business formerly conducted by McConihie & Hubbell Manufacturing Co. Since July 1, 1917, said respondent has been and now is engaged in the business of selling billiard room supplies, including composition billiard or pool balls, manufactured by the respondent Albany Billiard Ball Co. to approximately 250 manufacturers of and dealers in billiard and pool room supplies, located in towns and cities throughout the United States who resell said products to approximately 30,000 billiard and pool rooms located in towns and cities in the various States of the United States. Said respondent causes said products when so sold to be transported to the purchasers thereof, either from its place of business in the city of New York or its branch office at Chicago, Ill., or direct from the factory of the said Albany Billiard Ball Co. at Albany, N. Y., into and through various other States of the United States. This said respondent has been since its organization and now is, in active competition with various other corporations, partnerships, and individuals also engaged in the business of selling billiard and pool room supplies, including particularly composition billiard or pool balls, to the users thereof in interstate commerce. Between January, 1914. and October, 1917, one of respondent's competitors was the respondent Portland Billiard Ball Co. The president and principal stockholder of the said respondent, F. Grote & Hubbell Co., Inc., is Vincent B. Hubbell, who also owns or controls 40 per cent of the capital stock of the respondent Albany Billiard Ball Co. and for more than 20 years last past this said respondent F. Grote & Hubbell Co., Inc., and its predecessor, McConihie & Hubbell Co. have been the exclusive sales agents of the said respondent Albany Billiard Ball Co. in the sale and distribution of composition billiard or pool balls in the

Findings

13 F. T. C.

United States. Said respondent F. Grote & Hubbell Co. sells annually approximately 13,000 sets (consisting of 16 balls) of composition billiard or pool balls, having an approximate valuation of \$200,000.

PAR. 3. Respondent Portland Billiard Ball Co. is a corporation organized under the laws of the State of Maine in 1913, with its principal office and factory located in the city of Portland in said State. Since about August 1, 1913, said respondent has been and now is engaged in the manufacture of composition billiard or pool balls and the sale thereof to manufacturers of billiard and pool tables and wholesale dealers and jobbers of such products, including the respondent, F. Grote & Hubbell Co., Inc., causing its said product when so sold to be transported to the purchasers thereof from its factory located in Portland in the State of Maine into and through various other States of the United States. During that time but prior to October, 1917, the respondent Portland Billiard Ball Co. was engaged in the manufacture and sale in interstate commerce of composition billiard or pool balls of regulation size and also of less than regulation size, which said balls were sold and distributed as aforesaid in competition with said respondent Albany Billiard Ball Co. and its exclusive sales agent, F. Grote & Hubbell Co., Inc., and which said balls were manufactured by means of a secret process covered by said patent No. 807437, then owned by said respondent Albany Billiard Ball Co. Since October, 1917, said respondent, Portland Billiard Ball Co., has manufactured and sold in interstate commerce as aforesaid, composition billiard or pool balls of less than regulation size only. Since January 1914, but prior to June, 1919, said respondent Portland Billiard Ball Co. was in active competition with the said respondent Albany Billiard Ball Co. in the sale and distribution of composition billiard or pool balls in foreign commerce, particularly in the sale of said products to customers located in Great Britain and its colonies.

PAR. 4. For a number of years prior to 1914 the said respondent Albany Billiard Ball Co. was the second largest manufacturer and distributor of competition billiard or pool balls of various sizes in the United States, its only competitor at that time being the Brunswick-Balke-Collender Co., which is the largest manufacturer and distributor of said product. At the time the said respondent, Portland Billiard Ball Co., began to manufacture and sell composition billiard or pool balls, as described in paragraph 3 hereof, on or about August 1, 1913, it placed on the market a standard regulation size billiard or pool ball under the trade name "Casco", which it attempted to sell and distribute to the wholesale trade at the same price

291

Findings

quoted and received by the said respondent Albany Billiard Ball Co. for its standard regulation size composition billiard and pool balls sold under the trade name "Hyatt", namely \$11.25 per set of 16 balls. Said respondent Albany Billiard Ball Co. thereupon began to manufacture and sell in competition with said respondent Portland Billiard Ball Co. a special brand of composition billiard or pool balls known and designated as "Peerless", which said balls were sold and distributed either directly or through its exclusive sales agent to the wholesale trade at \$3.50 and \$4 per set of 16 balls, which said balls were in turn sold at retail for approximately \$6 per set. Thereupon the said respondent Portland Billiard Ball Co., to meet the competition thus created by the said respondent Albany Billiard Ball Co. and its exclusive sales agent, began to manufacture and sell to the wholesale trade a special brand of composition billiard or pool balls designated as "Fearless", at approximately the same wholesale price then being received by the said respondent Albany Billiard Ball Co. and its exclusive sales agent for the special brand "Peerless". The keen competition thus created between the said respondents Albany Billiard Ball Co. and Portland Billiard Ball Co. in the sale and distribution of the composition billiard or pool balls in the United States continued throughout the years 1914, 1915, 1916, and most of the year 1917.

PAR. 5. On or about October 17, 1917, a meeting was held by the representatives of the respondent Albany Billiard Ball Co. and its exclusive sales agent, respondent F. Grote & Hubbell Co., Inc., and the respondent Portland Billiard Ball Co. in New York City, for the purpose of stopping the so-called "cutthroat" competition. "To make some kind of a reasonable arrangement whereby both concerns, really all concerns interested, might make a fair profit rather than to continue the "cutthroat" competition that has been going on for the past three years". The result of this meeting was that the said respondents entered into a verbal mutual triparty agreement whereby after that date the said respondent Albany Billiard Ball Co. agreed that it would manufacture and sell only composition billiard or pool balls of regulation size and would cease to manufacture and sell composition billiard or pool balls of less than regulation size, and thereafter would sell its entire output of regulation size composition billiard or pool balls for the domestic trade to the said respondent F. Grote & Hubbell Co., Inc., which in turn agreed to pay to the respondent Portland Billiard Ball Co. a commission of \$2.11 on each set of regulation size composition billiard or pool balls manufactured by the said respondent Albany Billiard Ball Co. and sold by the said F. Grote & Hubbell Co., Inc., in the United States, and the

Findings

13 F. T. C.

said respondent Portland Billiard Ball Co. agreed that it would thereafter cease to manufacture and sell composition billiard or pool balls of regulation size and would manufacture and sell in the United States only the less-than-regulation size composition billiard or pool balls and would furnish the said respondent F. Grote & Hubbell Co., Inc., with the latter's requirements of composition billiard or pool balls of less than regulation size. At that time the said respondent Albany Billiard Ball Co. also agreed not to prosecute the said Portland Billiard Ball Co. for any possible infringement it might make of patents owned by said respondent Albany Billiard Ball Co., and granted to said Portland Billiard Ball Co. the privilege of using the secret process covered by said patent No. 807437 for an indefinite period of time, although said patent was to expire, and did expire, in December, 1922.

PAR. 6. Pursuant to said agreement described in paragraph 5 hereof, the respondents named herein have performed as follows:

Since October, 1917, the respondent Albany Billiard Ball Co. has continuously ceased to, and now does not, manufacture and sell composition billiard or pool balls of less than regulation size and has since that date manufactured and sold only composition billiard or pool balls of regulation size, selling its entire output of said balls for domestic use to respondent F. Grote & Hubbell Co., Inc.; the said respondent Albany Billiard Ball Co. also discontinued the manufacture and sale of its said "Peerless" brand of billiard or pool balls on or about October 17, 1917, and has not since resumed the same, but has continued the manufacture and sale of its said "Hyatt" brand. Said respondent F. Grote & Hubbell Co., Inc., since October, 1917, has continued to act as the exclusive sales agent of respondent Albany Billiard Ball Co. in the sale and distribution of billiard or pool balls of regulation size in the United States, and since that date has continuously and regularly paid, and now pays, the respondent Portland Billiard Ball Co. a commission of \$2.11 per set on all composition billiard or pool balls of regulation size sold by it in the United States. The total amount of commissions thus paid since October, 1917, is approximately \$272,848. The said respondent F. Grote & Hubbell Co., Inc., now pays said respondent Albany Billiard Ball Co. \$8.96 per set for regulation size billiard or pool balls and after adding the said commission of \$2.11 per set, sells said balls to its customers at \$14.55 per set, the retail price at which said balls are thereafter sold to the users thereof now being \$20 per set. Since October, 1917, the said respondent Portland Billiard Ball Co. has continuously ceased to manufacture and sell composition billiard or pool balls of regulation size, including its standard

brand "Casco" and its special brand "Fearless", and has manufactured and sold only composition billiard or pool balls of less than regulation size. It has also continuously and regularly supplied and now supplies the respondent F. Grote & Hubbell Co., Inc., with the latter's requirements of composition billiard or pool balls of less than regulation size.

PAR. 7. Prior to June, 1919, the respondent Albany Billiard Ball Co. and the respondent Portland Billiard Ball Co. sold composition billiard or pool balls in active competition each with the other in export trade, particularly in Great Britain and its colonies. In June, 1919, representatives of the respondent Portland Billiard Ball Co. met representatives of said respondent Albany Billiard Ball Co. "to arrive at some method of eliminating competition in England" and at that time entered into an agreement, each with the other, whereby the respondent Portland Billiard Ball Co. agreed to discontinue the sale of composition billiard or pool balls of regulation size in export trade, and as a consideration for such action the said respondent Albany Billiard Ball Co. agreed to pay to the respondent Portland Billiard Ball Co. a sum of money equal to 25 per cent of the profits realized by the said respondent Albany Billiard Ball Co. on its entire export business of composition billiard or pool balls. Said agreement has been, since June, 1919, and now is being observed and carried out by the said respondent Albany Billiard Ball Co. and the said respondent Portland Billiard Ball Co., and the sums of money paid by the said Albany Billiard Ball Co. to the said Portland Billiard Ball Co. under this agreement since June, 1919, amounts to approximately \$28,000.

PAR. 8. The agreements and other acts of the respondents, as described herein, have resulted in the elimination of all competition which had existed between and among the said respondents prior to October, 1917, in the sale and distribution of composition billiard or pool balls in the United States, and prior to June, 1919, in the sale and distribution of composition billiard or pool balls in foreign trade and commerce; and customers of the said respondents, who had theretofore enjoyed the benefits of competition between and among the said respondents, have since October, 1917, been deprived of the benefits of such competition and have been compelled to pay higher prices for composition billiard or pool balls than they had paid prior to October, 1917, and that they would have paid if said respondents had not entered into and carried out the agreement, described in paragraph 5 hereof, and said respondents had continued the manufacture, sale and distribution of composition billiard or pool balls in competition with each other, as they had been doing prior to October,

Order

13 F. T. C.

1917; and the flow of commerce in composition billiard or pool balls has been substantially and unduly hindered in the channels of interstate and foreign trade and commerce, with injury to wholesale and retail distributors of composition billiard or pool balls, and the competitors of said respondents, and the general public.

CONCLUSION

The respondents, Albany Billiard Ball Co., Portland Billiard Ball Co., and F. Grote & Hubbell Co., Inc., by reason of the facts set forth in the foregoing findings, have been and are now using unfair methods of competition in commerce in 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 answers and amended answers of the respondents, and the Commission having made its findings as to the facts and its conclusion that the respondents have violated the provisions of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes",

It is now ordered, That the respondents, Albany Billiard Ball Co., Portland Billiard Ball Co., and F. Grote & Hubbell Co., Inc., their agents, representatives, and employees, cease and desist making, entering into, or carrying out or observing, either directly or indirectly, any agreement with each other to suppress, restrict, or restrain in any manner the competition existing, or which might exist, between or among said respondents, in the sale and distribution of composition pool balls in interstate and foreign commerce, and more particularly cease and desist the following:

1. The said respondent Albany Billiard Ball Co., agreeing with the other respondents, that it will manufacture and sell only composition pool balls of regulation size, and will cease to manufacture and sell composition pool balls of less than regulation size; and also being a party to an agreement whereby said respondent F. Grote & Hubbell Co., Inc., agrees to pay, or pays to said respondent Portland Billiard Ball Co. a commission on composition pool balls sold by the said respondent F. Grote & Hubbell Co., Inc., in the United States, as exclusive sales agent or distributor for said respondent Albany Billiard Ball Co. in said commerce;

2. The said respondent, F. Grote & Hubbell Co., Inc., paying or agreeing to pay, directly or indirectly, any commission or sum of money to the said respondent Portland Billiard Ball Co. on the sale of composition pool balls sold by said respondent, F. Grote & Hubbell Co., Inc., in the United States, as exclusive sales agent or distributor for said respondent Albany Billiard Ball Co., in said interstate commerce;

3. The said respondent Portland Billiard Ball Co. agreeing to manufacture and sell composition pool balls of less than regulation size only, and to cease the manufacture and sale of composition pool balls of regulation size in the United States; or agreeing to discontinue the sale and distribution of composition pool balls in foreign commerce or export trade; and also from accepting, or agreeing to accept, as a consideration for such agreements, or for any other purpose, commissions or sums of money from either the respondent F. Grote & Hubbell Co., Inc., or the respondent Albany Billiard Ball Co. on sales made in said commerce.

It is further ordered, That the respondents, Albany Billiard Ball Co., Portland Billiard Ball Co., and F. Grote & Hubbell Co., Inc., shall individually and separately within 60 days after the service upon them of copies of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist hereinbefore set forth.

IN THE MATTER OF
KNIT-FIRM, INCORPORATED

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

Docket 1592. Complaint, Apr. 10, 1929—Decision, Apr. 12, 1930

Where a corporation engaged in the sale to retailers of infants' and children's knitted outerwear, made for it under contract, with its material, by individuals, and by knitting mills to which it furnished machines, and made from material at times purchased by it from or through importers, along with finished articles; in its advertisements in trade publications.

- (a) Falsely represented itself as a manufacturer, the fact being that it neither operated nor controlled any mill or factories where said products were made under its supervision and direction or by workmen employed by it or subject to its control or direction; and
- (b) Falsely represented itself as an importer of said knitted outerwear, the fact being that none of the material was directly imported by it from foreign countries;

With the capacity and tendency to mislead and deceive purchasers into believing that said outerwear was manufactured in a mill or mills operated or controlled by it, or was by it directly imported from one or more foreign countries, and into purchasing the same in reliance on such erroneous beliefs:

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

Mr. James M. Brinson for the Commission.

Mr. Robert L. Turk, of New York City, 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, a New York corporation engaged in the sale of domestic knitted outerwear for infants and children, to purchasers in the various States, and with office and principal place of business in New York City, with misrepresenting business status or advertising falsely or misleadingly in regard thereto, in violation of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce, in that respondent, engaged, as above set forth, and neither owning, controlling, nor operating any mills for the manufacture of the products dealt in by it, has represented by advertisements and otherwise, that it manufactures or imports the same, with the capacity and tendency to mislead and deceive the public, including retailers and consumers, into believing that in