

Complaint

IN THE MATTER OF
UNITED STATES ENVELOPE COMPANYCOMPLAINT AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5
OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 2208. Complaint, July 13, 1934—Order, Sept. 22, 1934*

Consent order requiring respondent, its agents, etc., in connection with the sale, advertisement, and offer of paper in interstate commerce, to cease and desist from use of the words "Japan", "Milano", or "Oxford", or any other words which may imply or import foreign origin of the paper, as the brand name or as part of the brand name or designation of paper made in the United States, either in the watermark of the paper or in advertisements in newspapers, periodicals, sample books, or other publications, or otherwise, unless and until the words or phrase, "Made in U. S. A." be printed in legible letters immediately in connection therewith; and *Ordered further*, That the charges in the complaint of the use of unfair practices, in connection with the sale in interstate commerce, of paper branded or marked "hand-made", be, and the same are hereby dismissed for the reason that such paper is in fact hand made.

Mr. Edward E. Reardon for the Commission.

Mr. Henry A. Wise, of Kiptopeke, Va., for respondent.

COMPLAINT

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, having reason to believe that the United States Envelope Company, hereinafter referred to as respondent, has been and now is using unfair methods of competition in commerce, as "commerce" is defined in said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, United States Envelope Company, is a corporation, incorporated on or about August 18, 1898, under the laws of the State of Maine, and having its principal place of business in Springfield, Mass.

PAR. 2. The respondent is and has been at all times since its incorporation engaged in the business of the manufacture and of the importation and of the sale of paper for various purposes of use, including bookprint paper and paper which respondent has previously converted into writing paper and stationery and sells for use for social and mercantile correspondence and other business purposes

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in the form, among others in which it is sold by respondent, of envelopes and single and folded sheets and cards.

PAR. 3. During all of the times above mentioned and referred to, the respondent has sold and still sells its paper, including the paper mentioned and referred to in paragraphs 2, 5, 6, 8, 9, 12, and 13 hereof, to individuals, firms, and corporations, the purchasers, dealers in, and users thereof located in the District of Columbia and in the various States of the United States other than Massachusetts and other than the State of origin of the shipment of the paper to them.

The respondent during all the times above mentioned and referred to has caused and still causes the paper when so sold by it to be transported from Massachusetts or from the State of the origin of the shipment to, into, and through other States and the District of Columbia, to the purchasers.

PAR. 4. During all the times above mentioned and referred to, other individuals, firms, and corporations, hereinafter referred to as sellers, located in various States of the United States are and have been engaged in the business of the manufacture and of the importation and of the conversion and sale of paper for the purposes of use mentioned and referred to in paragraph 2 hereof, to dealers for resale by them to the public and to members of the public, purchasers, and users thereof, located in the District of Columbia and in the various States of the United States, and the sellers have caused the paper when so sold by them, respectively, to be transported from the State of the seller or from the State of origin of the shipment to, into, and through other States and the District of Columbia to the purchasers.

PAR. 5. During all the times above mentioned and referred to the respondent has been, and it still is in substantial competition in interstate commerce in the sale of its paper with the other individuals, firms, and corporations referred to in paragraph 4 hereof.

PAR. 6. During all the times above mentioned and referred to, some of the paper mentioned and referred to in paragraphs hereof 2 to 5, inclusive, sold by respondent and by some of those referred to as sellers in paragraph 4 hereof, has been made by machine process and sold as machine-made paper and some of it has been made by hand and sold as hand-made paper.

PAR. 7. In Italy, England, Japan, and other foreign countries, paper has been made by hand for centuries for the purposes of use mentioned and referred to in paragraph 2 hereof and it is still being so made in those countries.

PAR. 8. During all of the times mentioned and referred to in paragraphs 2 to 6 hereof, inclusive, paper made by hand and paper made by machine process has been imported into the United States from

the foreign countries mentioned and referred to in paragraph 7 hereof and sold by dealers, among others, by the respondent and by the sellers above mentioned and referred to, to the retail and wholesale trade for resale to the public throughout the United States for the purposes of use mentioned in paragraph 2 hereof.

PAR. 9. Prior to and during all the times above mentioned and referred to, paper made by hand in foreign countries, and paper made in those countries by machine process for sale for the purposes of use mentioned and referred to in paragraph 2 hereof, has been described by many of the manufacturers thereof by foreign-language words and foreign-language brand names and has been imported into the United States and resold for the said purposes of use by dealers, among others by the respondent and by those mentioned and referred to above as sellers, to the public in the United States under such foreign-language description and under foreign-language brand names, indicating the name of the foreign city or country in which the paper was produced or the name of its foreign manufacturer.

PAR. 10. Paper made by hand in the United States and in foreign countries for the purposes of use mentioned and referred to in paragraph 2 hereof is and has been more costly to make and is and has been of a grade and quality for some of the above-mentioned purposes of use superior to paper made by machine process, and hand-made paper is and has been considered by a substantial number of the public in the United States to be more desirable for such purposes of use than paper made by machine process.

PAR. 11. Paper made by hand and by machine process in the foreign countries, mentioned and referred to in paragraph 7 hereof, and sold in the United States during the times mentioned and referred to in said paragraph, is and has been considered by a substantial part of the public in the United States to be of a quality superior and more desirable, respectively, for some of the aforesaid purposes of use than paper made by hand or by machine process in the United States.

PAR. 12. The respondent during all of the times mentioned and referred to in paragraphs 2 and 3 hereof has caused and still causes some of its paper, mentioned and referred to in the above paragraphs 2, 3, 5, and 6, and which was made in the United States, to be represented and described on samples of the paper in swatch books or sample books used by respondent's salesmen and agents in selling the paper, and in respondent's advertising in newspapers, magazines, and periodicals which have been circulated among the trade and public throughout the United States, and orally in sales talks by its agents and salesmen, and in other ways, as "Linweave Japan", "Linweave Milano", "Linweave England", and "Linweave Oxford", and

during said times the respondent has caused and still causes some of this said paper which was manufactured by machine process to be represented as "hand-made" on labels, on samples thereof, and by means of watermarks on the paper itself and in other ways.

PAR. 13. During all the times mentioned and referred to in paragraph 12 hereof, the respondent by means of the representations made in its swatch books or sample books, by means of watermarks on its paper, and by means of the statements and representations made by its salesmen and agents, and contained in its advertising, as set forth in paragraph 12 hereof, was enabled to sell, and by means thereof the respondent sold its said paper, mentioned and referred to in paragraph 12 hereof as "Linweave Japan", "Linweave Milano", "Linweave England", "Linweave Oxford", and the machine-made paper represented as hand-made, to wholesale and retail dealers therein and to members of the public, users and consumers of paper, as and for paper, respectively, made in Japan, Italy, England, and paper that was hand-made.

PAR. 14. The above practices of the respondent in selling its paper on the representations mentioned and referred to in paragraph 13 hereof have the capacity and tendency to mislead and deceive members of the public, users and consumers of paper and dealers, purchasers from respondent, and caused the dealers, in the belief that said false representations mentioned and referred to in paragraph 12 hereof were true, to pass on and repeat the same to and thereby mislead and deceive members of the public, purchasers, who purchased respondent's said paper for use or consumption, and the said members of the public and dealers who bought respondent's said paper have been misled and deceived by respondent's said practices into the belief that the respondent's said representations were true and in reliance thereon into purchasing respondent's said paper. In consequence thereof trade in paper described in paragraph 2 hereof was diverted from respondent's competitors to respondent.

PAR. 15. The above acts and things done and caused to be done by the respondent are and were each and all to the prejudice of the public and of respondent's competitors and constitute unfair methods of competition in commerce within the meaning and intent 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.

ORDER TO CEASE AND DESIST

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 July 13, 1934, issued its complaint against the above-named respondent, in which complaint it is alleged that the respondent has been and is using unfair methods of competition in interstate commerce in violation of the provisions of Section 5 of said Act.

On September 19, 1934, the respondent filed its answer to said complaint, wherein it consents that the Federal Trade Commission may make, enter, and serve upon it an order to cease and desist from the practices alleged in the complaint in connection with the sale in interstate commerce of paper made in the United States and sold under the names or brands, "Linweave Japan", "Linweave Milano", and "Linweave Oxford", in accordance with the provisions of section (2) of rule III of the Rules of Practice of the Commission, and the Commission being fully advised in the premises—

It is now ordered, That the respondent, United States Envelope Company, its agents, employees, and representatives, in connection with the sale and the advertising and offering for sale of paper in interstate commerce, do—

Cease and desist, From the use of the words "Japan", "Milano", and "Oxford", and from the use of each of them, and of any other word or words which may imply or impart foreign origin of the paper, as the brand name or as part of the brand name or designation of paper made in the United States, either in the watermark of the paper or in advertisements in newspapers, periodicals, sample books or other publications, or otherwise, unless and until the words or phrase, "Made in U. S. A." be printed in legible letters immediately in connection therewith.

It is further ordered, That the charges in the complaint of the use of unfair practices, in connection with the sale in interstate commerce of paper branded or marked "hand-made", be, and the same are hereby dismissed for the reason that such paper is in fact hand-made.

It is further ordered, That the said respondent, United States Envelope Company, shall, within 30 days after the date of service on 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 and is complying with the order to cease and desist hereinabove set forth.

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IN THE MATTER OF
IRVING ROY JACOBSON AND PROGRESSIVE EDUCATION
SOCIETY, INC.

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

Docket 2132. Complaint, Aug. 23, 1934¹—Order, Sept. 24, 1934

Consent order requiring respondents, their officers, etc., in connection with the sale of books or sets of books in interstate commerce and the District of Columbia, to cease and desist from—

- (a) Representing to the public or to prospective purchasers that a set of books, "Source Book" or any other book or set will be presented to the prospective purchasers without compensation on condition that they give their opinions concerning the merits thereof, until and unless said representations are true, and not in any instance when a prospective purchaser as a condition precedent to availing himself of such free offer is required to purchase a so-called loose-leaf extension service, or supplemental service, purporting to keep said set up to date, or is required to purchase for a consideration any other article or thing;
- (b) Representing to the public or to prospective purchasers in various communities that in each community a limited number of persons will be sold a book or set at a specially reduced price as an introductory offer for advertising, unless or until such representation is true, and not in any instance in which the price represented as the regular selling price is an exaggerated sum and in excess of the usual price, nor when the specially reduced price is equal to, or approximately equal to the usual customary selling price of the books; and
- (c) Representing to the public or prospective purchasers that a book or set of books being offered has been recommended or endorsed by various State or county superintendents of schools, or by principals of various State teachers' colleges, or by any of them, when such is not the fact.

Mr. Martin A. Morrison for the Commission.

Lowry, Beggs & Dawson, of Madison, Wis., for respondents.

COMPLAINT ¹

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 Irving Roy Jacobson and Progressive Education Society, Inc., have been and are using unfair methods of competition in interstate commerce in violation of the provisions of Section 5 of said Act, and states its charges in that respect as follows:

PARAGRAPH 1. Respondent Irving Roy Jacobson, with his principal office and place of business at 407 Hillington Way, in the city of

¹Amended.