

IN THE MATTER OF
GLOBE AUTOMATIC SPRINKLER COMPANY OF
PENNSYLVANIA

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

Docket 2155. Complaint, Jan. 20, 1934—Decision, Dec. 18, 1934

Where a corporation engaged throughout the United States in, (1) sale to customers of automatic fire extinguishing apparatus made by it, including (a) tanks, pipes, valves, hangers, and other supports usually referred to as "materials" or "equipment" and, (b) automatic sprinkler heads, automatic valves, water motors, exhausters, and other accessories usually referred to as "devices", and also in, (2) installation of complete automatic fire extinguishing systems, in competition with, (a) some five to seven manufacturers who made both "materials" and "devices" and whose principal business consisted in installation of such complete systems, and (b) some eight or nine manufacturers who made "devices" only and whose business consisted either exclusively or principally in the sale thereof, and who, unlike said manufacturers first referred to, found a market for their products, under long established custom in the industry, through local contractors or "licensees" with whom they had contracts running for periods of years, in some cases, and, in other cases, for an indefinite term, pursuant to which contracts such licensees used only the "devices" of the particular manufacturer—

Quoted and offered "licensees" of aforesaid competitors, last referred to, over a period of some twelve months, prices which were from 40 percent to 50 percent lower than those prevailing for similar competitive devices, which were correspondingly lower than the prices it was quoting its own licensees, and which represented approximately said competitors' cost of production, and thereby compelled them to sell at prices which did not yield them a reasonable profit; with intent and effect of prejudicing and injuring said competitors, and suppressing competition through tending to cause said competitors' licensees to violate their contracts with their respective manufacturers, its competitors, and thereby deprive them of their principal market for their products, and through compelling such competitors to reduce their prices to their licensees below a level yielding a reasonable profit, in order to meet the prices thus quoted by it:

Held, That such practice, under the circumstances set forth, constituted an unfair method of competition, to the prejudice of the public.

Mr. Robt. N. McMillen for the Commission.

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 Globe

Automatic Sprinkler Company of Pennsylvania, 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, and states its charges in that respect as follows:

PARAGRAPH 1. Respondent, Globe Automatic Sprinkler Company of Pennsylvania, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania with its principal office and place of business located in the city of Philadelphia in said State, and is engaged in the business of manufacturing, distributing, and selling automatic fire extinguishing apparatus or equipment and in the installation of said apparatus or equipment through its own instrumentalities or through contractor-licensees. That respondent in the course and conduct of its said business causes the aforesaid products manufactured by it to be transported in interstate commerce from the city of Philadelphia in the State of Pennsylvania into and through other States of the United States to the purchasers thereof located in States of the United States other than in the State of Pennsylvania. In the course and conduct of its said business respondent was at all times hereinafter mentioned, and still is, in competition with other corporations, and with individuals, firms and partnerships likewise engaged in the manufacture, distribution, and sale in interstate commerce of automatic fire extinguishing apparatus or equipment.

PAR. 2. That competitors of respondent in the course and conduct of their respective businesses entered into written contracts with purchasers located throughout the principal cities of the United States in and by which contracts the said purchasers agreed to purchase solely and exclusively from said competitors automatic sprinkler apparatus and equipment for stated periods of time specified in said contracts.

PAR. 3. That the respondent well knowing the existence of such contracts and the terms thereof intentionally, deliberately, knowingly and willfully has engaged in the practice of inducing and persuading or seeking to induce and persuade said purchasers of automatic sprinkler apparatus and equipment who have contracted with competitors of respondent in the manner set out in paragraph 2 hereof to breach such contracts entered into by such purchasers with such competitors of respondent and to purchase automatic sprinkler apparatus and equipment from respondent in the place and stead of said competitors of respondent with whom such purchasers had subsisting contracts as aforesaid.

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PAR. 4. That the said inducing and persuading or seeking to induce and persuade purchasers to breach their contracts as set out in paragraph 3 hereof has been done in wanton disregard of the rights of said competitors and with the intention and purpose of stifling and suppressing competition in the sale and distribution in interstate commerce of automatic sprinkler apparatus and equipment and has had the capacity and tendency to injure and harass said competitors of respondent and unfairly to divert trade from and otherwise injure said competitors of respondent, and thereby substantial injury has been done to said competitors and the public.

PAR. 5. That the above alleged acts and practices of said respondent as aforesaid are all to the prejudice of the public and of respondent's competitors and constitute unfair methods of competition in 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 its complaint on respondent, Globe Automatic Sprinkler Company of Pennsylvania, a corporation, charging it with the use of unfair methods of competition in interstate commerce in violation of the provisions of said act.

Respondent entered its appearance and filed answer, hearings were had before a duly qualified examiner of the Federal Trade Commission, evidence was introduced on behalf of the Commission and of the respondent, brief was filed by the trial attorney for the Commission, respondent filed no brief but asked and was granted leave to file, and filed, a statement in lieu of oral argument. And the Commission, having duly considered the whole 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, Globe Automatic Sprinkler Company of Pennsylvania, is, and has been since the year 1911, a corporation organized and existing under and by virtue of the laws of the State of Pennsylvania, with its principal place of business at Philadelphia, in said State. It is, and has been since its organization, engaged in the business of manufacturing and selling to customers throughout

the United States automatic fire extinguishing apparatus, and in the installation of complete automatic fire extinguishing systems. It has branch offices in the principal cities of the United States, through and from which it solicits orders for apparatus and for the installation of sprinkler systems. Pursuant to the sales above referred to, shipment is made from its place of business in Pennsylvania to purchasers located throughout the United States.

PAR. 2. Respondent is one of a number of subsidiary "Globe" companies owned and controlled by the Globe Automatic Sprinkler Company of the United States, a holding company. Another subsidiary owned and controlled by said holding company is the Globe Automatic Sprinkler Company of New Jersey, whose business is the installation of complete sprinkler systems.

PAR. 3. The material and equipment for the construction of an automatic sprinkler system consists of water tanks (unless connected with a water system), pipes, valves, hangers and other supports, usually referred to in the industry and trade as "materials" or "equipment", and automatic sprinkler heads, automatic valves, water motors, exhausters, and other accessories, usually referred to in the industry and trade as "devices."

PAR. 4. Manufacturers in the industry divide into three classes:

First, those who fabricate and manufacture both materials and devices, as above defined, and whose principal business is the installation of complete sprinkler systems. To this class belong the group of "Globe" companies.

Second, those who manufacture and sell only devices as their principal business but, to a substantial extent, install complete systems.

Third, those whose sole business is manufacturing and selling devices.

Classes two and three, as above defined, depend principally upon local installing contractors as a market for their devices.

Early in the history of the industry and until late in the year 1933, contracts were entered into between the sprinkler manufacturers and these local contractors for the sale by the former to the latter of devices and in one form or another these contracts provided that the contractor, in the trade termed a "licensee", would purchase and use the devices of his manufacturer to the exclusion of all other devices. With some manufacturers these contracts ran for a period of years, with others they were for an indefinite term to be terminated upon notice. The licensees of the class two and three manufacturers, as above defined, were their principal and usually their only substantial customers, but the licensees of the class one manufacturers played a minor part in the business of the manufac-

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turers. In numbers there were and are some five to seven manufacturers in class one, and some eight or nine in classes two and three.

PAR. 5. Beginning in June 1932 and continuing at intervals throughout the ensuing twelve months, respondent sent to the licensees of its competitors, manufacturers in classes two and three, a series of letters soliciting the purchase by them of sprinkler devices at prices from 40 to 50 percent lower than the then prevailing prices for similar, competing devices, and from 40 to 50 percent lower than respondent was quoting, and continued to quote, its own licensees. Such prices so quoted were approximately at the level of the cost of production of respondent's competitors and, in meeting such prices, its competitors would be and were compelled to sell at prices that would not return them a reasonable profit.

PAR. 6. Respondent and many of its said competitors, and many of their licensees, were members, from time to time of the National Automatic Sprinkler Association, a trade association, and respondent's president was active in association affairs. Upon the records of said association, and in notices from the secretary thereof to the members concerning applications of local installation contractors for membership, the contractor was identified as the licensee of a particular manufacturer. The identity of the devices customarily used by a local contractor was a matter of common knowledge among those who came in competition with him, and it was assumed in the industry and trade that a local contractor was the licensee of the manufacturer whose devices he consistently used. In many cases respondent sent the aforementioned letters of solicitation to contractors whom it knew at the time were licensees of its competitors. In practically all other cases respondent knew that the contractors addressed were probably licensees of competitors, and it could have acquired actual knowledge of the facts by making reasonable inquiry.

PAR. 7. The conduct of respondent in thus soliciting licensees of its competitors, at prices substantially lower than prevailing prices and at prices approximately at the level of competitors' costs of production, was for the purpose, and had the effect of prejudicing and injuring its competitors and suppressing competition, in that it tended to cause said licensees to violate their contracts with their respective manufacturers and thus deprive them, competitors of respondent, of the principal market for their products and compelled them to reduce their prices to their licensees below the level that would yield them a reasonable profit.

PAR. 8. The conduct of respondent, as aforesaid, constituted and constitutes an unfair method of competition within the intent and meaning of Section 5 of the Act of Congress, heretofore mentioned, and was and is to the prejudice of the public.

ORDER TO CEASE AND DESIST

This proceeding being before the Federal Trade Commission upon the complaint of the Commission, the answer of the respondent, the evidence taken and briefs filed, and the Commission having made its findings as to the facts and its conclusion drawn therefrom 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 the respondent, Globe Automatic Sprinkler Company of Pennsylvania, its agents, employees, and representatives forthwith cease and desist, in connection with the sale or offering for sale in interstate commerce of automatic sprinkler apparatus, equipment, materials and devices, from maliciously interfering with the contractual relationship between its competitors and their said contractors or "licensees" by selling or offering to sell to them at reduced or cut prices, or otherwise, for the purpose of injuring said competitors and suppressing competition.

It is further ordered, That within 30 days from the date of the service of this order upon respondent, it file with the Commission a report in writing, setting forth in detail the manner and form in which it shall have complied with this order.

IN THE MATTER OF
CARLTON MILLS COMPANY, INC.

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

Docket 2169. Complaint, Apr. 13, 1934—Decision, Dec. 18, 1934

Where a corporation engaged in the manufacture of knitted and other fabrics of many varieties and kinds, including one with deep curled pile, which simulated the fur known as "Persian Lamb", or "Persian", and in the sale of said material to garment makers, usually, in competition with individuals and concerns engaged in the manufacture, sale, and distribution of knitted and other fabrics, some of which competing fabrics were similar to its aforesaid last referred to, material, and many or all of which competing fabrics were sold largely to garment manufacturers for sale or resale to the general public in the finished garments—

- (a) Described and designated its aforesaid last referred to product, to garment makers and all others, as "Persian Kurl", "Carlton Persian Kurl", "Genuine Persian Kurl—Carlton", and "Genuine Carlton Persian Kurl", notwithstanding fact said fabric was not "Persian Lamb" or "Persian", namely, as known to the purchasing public, the fur of very young lambs;
- (b) Furnished garment manufacturers and customers labels and string tickets for use on said garments in the display and sale thereof to the public, which labels had woven therein in large letters "Persian Kurl", together with the words "Genuine", "Genuine Carlton", and the abbreviation "Reg." in red letters and which string tickets contained the words "Persian Kurl" in conspicuous letters, and a printed reproduction of the aforesaid label;
- (c) Featured the words "Persian Kurl", together with a reproduction of the aforesaid label, in advertising said fabrics to garment manufacturers and the purchasing public in newspapers and trade magazines, and in some cases used the expressions therein "Genuine Carlton Persian Kurl", and "Carlton Persian Kurl" in referring thereto; and
- (d) Cooperated with customers in the expense of newspaper and other advertising of finished garments made therefrom in which the same expressions were used in describing said material, and in which there was emphasized the idea of "Persian Lamb" in connection with said fabric or garments made thereof through such typical advertising as "Precious Persian—The Fur Fashion of the Moment—Coats of Persian Kurl—The Fur Fabric of the Moment", and such statements as "The Smart Young Miss is 'Going Persian'," "Fashioned in Carlton's genuine Persian Kurl" (with picture of gamboling lambs), "A season of Persian", "Genuine Carlton Persian Kurl Coats", and in the advertising of retail merchants in which garments made of said fabrics were sometimes referred to as "Persian Kurl Coats", and were sometimes described by featuring expressions used by it;

With result of placing in the hands of retailers an instrument of fraud whereby they might be enabled to sell garments made from said material to the ignorant and uninformed, as and for genuine "Persian Lamb", and

with tendency and capacity to confuse, mislead, and deceive members of the public into the belief that said material was genuine "Persian Lamb" and induce purchasers thereof to buy garments made therefrom because of such erroneous belief, and divert trade to it from competitors engaged in the sale of similar fabrics, who do not misrepresent the same, and from those engaged in the sale of "Persian Lamb" and other materials from which ladies' coats, etc., are made:

Held, That such practices, under the conditions and circumstances set forth, were to the injury and prejudice of the public and competitors, and constituted unfair methods of competition.

Mr. John W. Hildrop for the Commission.

Mr. I. Arnold Humber, 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 Pennsylvania corporation engaged in the manufacture, sale, and distribution of various knitted and other fabrics, including a material with a deep curled pile which simulated the fur known as "Persian Lamb", or "Persian", and with office and principal place of business in Philadelphia, with advertising falsely or misleadingly and misbranding or mislabeling as to nature of product, in violation of the provisions of Section 5 of such Act, prohibiting the use of unfair methods of competition in interstate commerce.

Respondent, as alleged, engaged in the sale of aforesaid material to garment manufacturers, usually, in competition with others engaged in the sale of similar and other fabrics to such manufacturers for resale to the public, makes use of words as "Persian Kurl", "Carlton Persian Kurl", and "genuine Carlton Persian Kurl", in describing and designating its said product to garment makers and all others, and in labels and string tickets for the garments made therefrom, and in the advertising of such material and garments, and further emphasizes and features in various ways the idea of genuine "Persian Lamb", i. e., the fur of very young lambs, as known to the trade and purchasing public from the terms "Persian Lamb" or "Persian", in advertising its said fabric, and in the advertising thereof, or of garments made therefrom, by its customers and retail merchants, in which advertising it cooperates and in the expense of which it shares.¹

Said practices, as charged, result in placing in the hands of retailers an instrument of fraud enabling them to sell garments made from said material to the ignorant and uninformed as "Persian

¹ Typical advertising, as alleged in the complaint, is set forth in the findings, *infra*, at p. 36.

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Lamb", and have the tendency and capacity to confuse, mislead and deceive the public into the belief that said material, and the garments made therefrom are "Genuine Persian Lamb" and induce the purchase of said material and garments because of such erroneous belief, and divert trade to it from competitors engaged in the sale of similar fabrics, and from those engaged in the sale of "Persian Lamb" and other materials from which ladies' coats, jackets, and trimmings are made; all to the injury and prejudice of the public and 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, the Federal Trade Commission issued and served a complaint upon Carlton Mills Company, Inc., a corporation hereinafter referred to as respondent, charging it with unfair methods of competition in commerce in violation of the provisions of Section 5 of said Act.

The respondent having entered its appearance, and having filed its answer herein, hearings were had and evidence thereupon introduced on behalf of the Commission and on behalf of the respondent before an examiner of the Federal Trade Commission theretofore duly appointed.

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

FINDINGS AS TO THE FACTS

PARAGRAPH 1. That said respondent, Carlton Mills Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, and has its office and principal place of business in the city of Philadelphia in said State.

PAR. 2. That said respondent is now and has been engaged for more than thirty years last past in the business of manufacturing knitted and other fabrics of many varieties and kinds, and in the sale thereof to buyers located in the city of New York, State of New York, and in other States of the United States. That one of the fabrics manufactured and sold by respondent as aforesaid during the last three years or more is described and designated by respondent as "Persian Kurl" and "Carlton Persian Kurl", "Genuine . . . Persian

Kurl . . . Carlton", and "Genuine Carlton Persian Kurl". That respondent in the course and conduct of its said business causes its said fabrics to be transported in interstate commerce from its said place of business in Pennsylvania to, into, and through States of the United States other than Pennsylvania to the buyers thereof to whom or to which they are or have been sold.

PAR. 3. That during the time above mentioned other individuals, firms and corporations in various States of the United States are and have been engaged in the manufacture, sale, and distribution in interstate commerce of various knitted and other fabrics, some of which are similar in kind, material, appearance, and structure to that made and sold by respondent and described as "Persian Kurl", etc., as aforesaid, and such other individuals, firms, and corporations have caused, and do now cause their said fabrics when sold by them to be transported from various States of the United States into and to States other than the State of origin of the shipment thereof. Said respondent has been during the aforesaid time in competition in interstate commerce in the sale of its said fabric with such other individuals, firms, or corporations. Many or all of such competing fabrics are sold largely to manufacturers for sale or resale to the general public in the finished garments into which the fabrics are made.

PAR. 4. As previously stated, respondent usually sells its said fabrics described and designated as aforesaid to garment makers who make it into garments which are eventually sold to the purchasing public. Said fabric is one having a deep fur pile resembling the fur known as "Persian Lamb" or simply "Persian." That said terms "Persian Lamb" and "Persian" are known to the purchasing public as describing and designating the fur of very young lambs and were so known at the time said respondent began to describe its fur as aforesaid.

That respondent furnishes its customers string tickets and cloth labels to be attached to the finished garments made from said fabric. Said labels have woven therein in large letters the words "Persian Kurl" extending from the lower left hand corner to the upper right hand corner. Above said expression "Persian Kurl" and at the upper left hand corner is the word "Genuine" in red letters, and below said expression, in the lower right hand corner is the word "Carlton" in red letters, and also the abbreviation "Reg." These labels remain on the garments when they are displayed and sold to the purchasing public.

On one side of the said string tickets at the top are the words "Persian Kurl" in conspicuous letters. At the bottom on the same

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side is a printed reproduction of the said label. Said tickets are intended to and usually remain on the garments on which they are placed when they are displayed and sold to the purchasing public.

Respondent also advertises said fabric to the garment manufacturers and the purchasing public in various States of the United States in newspapers and trade magazines in which the name "Persian Kurl" is featured as well as a reproduction of the label as above described, and in some cases the expression "Genuine Carlton Persian Kurl" and "Carlton Persian Kurl" are used in referring to said fabric.

That respondent cooperates with its customers in the expense of newspaper and other advertising of finished garments made from the said fabric in which the same expressions are used in describing the material as set out above. In an advertising circular of this type of advertising the front page thereof bears a picture of a woman wearing a coat that has the appearance of Persian Lamb and the following wording appears:

Precious Persian

The Fur Fashion of the Moment

Coats of Persian Kurl

The Fur Fabric of the Moment

On one of the inside pages, in addition to a reproduction of the label as heretofore described, the following statements and expressions appear in connection with reference to said fabric: /

The Smart Young Miss is "Going Persian"

Fashioned in Carlton's Genuine Persian Kurl

(Accompanied by a picture of two gambolling lambs)

A Season of Persian

Genuine Carlton Persian Kurl Coats

In addition to the advertising of the said fabrics and of garments made therefrom as previously outlined, retail dealers also advertise garments made from said fabric in which expressions used by respondent are featured in describing garments made therefrom or the garments are referred to simply as "Persian Kurl Coats."

PAR. 5. That in truth and in fact said fabric made by respondent is not "Persian Lamb" or, as commonly called, "Persian", nor is

it a pelt or fur but is a knitted or woven fabric with a deep curled pile simulating the appearance of genuine "Persian" fur.

PAR. 6. That the representations of respondent as aforesaid have had and do have the tendency and capacity to confuse, mislead, and deceive members of the public into the belief that respondent's said material is genuine "Persian Lamb" as previously described, and that the garments made from said material are genuine "Persian Lamb" garments when such are not the facts. Said terminology and representations further place in the hands of retailers an instrument of fraud whereby they may be enabled to sell garments made from respondent's said material to the ignorant and uninformed as and for genuine "Persian Lamb." That said representations of respondent have had and do have the tendency and capacity to induce members of the public to buy said fabric and garments made therefrom because of the erroneous belief engendered as above set forth, and to divert trade to respondent from competitors engaged in the sale in interstate commerce of similar fabrics who do not misrepresent the same and also from those engaged in the sale in interstate commerce of "Persian Lamb" and other materials from which ladies' coats, jackets, and trimmings are made.

CONCLUSION

The practices of respondent, Carlton Mills Company, Inc., a corporation, under the conditions and circumstances described in the foregoing findings are to the prejudice of the public and the competitors of respondent and are unfair methods of competition in 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, and the testimony taken, and the briefs filed herein, and the Commission having made its findings as to the facts with the conclusion that the respondent has violated 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 respondent, Carlton Mills Company, Inc., its agents, representatives, and employees in selling and/or offering for sale in commerce among the several States of the United

States or in the District of Columbia, certain knitted and other fabrics of many varieties and kinds among which is a fabric manufactured and sold by respondent and by it described and designated as "Persian Kurl", "Carlton Persian Kurl", "Genuine . . . Persian Kurl . . . Carlton", and "Genuine Carlton Persian Kurl", described in the findings as to the facts herein and any similar fabric and/or in selling and offering for sale any such fabrics to be sold or offered for sale in the commerce aforesaid, cease and desist from:

(1) Describing and designating its product to garment makers and all others as "Persian", or "Persian Lamb" or using any other words or phrases having a tendency and capacity to create the impression that such fabrics are "Persian" or "Persian Lamb" unless said fabric or fabrics are actually the fur of young Persian lambs.

(2) From furnishing to customers string tickets and cloth labels to be attached to finished garments made from said fabrics containing the words "Persian Kurl", "Genuine" and words of like purport and meaning carrying the suggestion and making the impression that said fabric is "Persian" or made of "Persian Lamb" unless the said fabric is made of the fur of Persian lambs.

(3) From advertising in newspapers and trade magazines the said fabric as "Persian Kurl", "Genuine Carlton Persian Kurl", and "Carlton Persian Kurl" unless in truth and in fact said fabric is made of the fur of young Persian lambs; from cooperating with its customers and sharing in the expense of newspaper and other advertisements whereby the following word or words of like purport and meaning are used in the description and advertisement of finished garments made from said fabric, to wit:

Precious Persian

The Fur Fashion of the Moment

Coats of Persian Fur

The Fur Fabric of the Moment

The Smart Young Miss is "Going Persian"

Fashioned in Carlton Genuine Persian Fur
(Accompanied by a picture of two gamboling lambs)

A Season of Persian
Genuine Carlton Persian Fur Coats

and from circulating, or cooperating with its customers and circulating, and sharing in the expense of circulating a certain advertising circular bearing the picture of a woman wearing a coat that has the appearance of Persian Lamb, unless the said fabric so advertised is in truth and in fact made of the fur of young Persian Lambs.

(4) From cooperating with retail merchants and sharing expenses with them in advertising and describing the said fabric and the material thereof or the completed garments as "Persian Kurl Coat" unless the said fabric is in truth and in fact made of the fur of young Persian lambs.

(5) From directly or indirectly in any manner advertising or holding out to its customers and the public the idea, or making or attempting to make an impression on the minds of its said customers and the public that its said product is "Persian" or "Persian Lamb" unless in truth and in fact said product is actually made of the fur of young Persian lambs.

It is further ordered, That respondent within 60 days of the service upon it of the order herein, file with the Commission a reply in writing, setting forth in detail the manner and form in which the order has been complied with and conformed to.

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IN THE MATTER OF
FAIRYFOOT PRODUCTS COMPANY

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

Docket 2178. Complaint, May 4, 1934—Decision, Dec. 18, 1934

Where a corporation engaged in sale and distribution of a medicated pad for bunions, falsely advertised that through use thereof pain would be stopped quickly and permanently and bunion caused to melt away and disappear, and the foot to resume its normal shape, and thus enable purchaser to wear smaller shoes and enjoy bunion-free feet, and that it had the approval of leading physicians and surgeons, facts being it could not accomplish, to a substantial extent, any of the results claimed for it, there is no medication known to medical science which will dissolve or remove bunions after the first or incipient stage has been passed, and its virtue was limited to its mechanical effect in relieving pressure upon the affected part and the temporary relief of pain; with capacity and tendency to deceive retailers and using public into belief that said product was a cure for and would give permanent relief in all cases at any stage, and with effect of so doing, and of thereby diverting business to it from competitors, who honestly represent their products:

Held, That such practices, under the conditions and circumstances set forth, were to the prejudice of the public and competitors, and constituted unfair methods of competition.

Mr. Robt. N. McMillen for the Commission.

Mr. Harry F. Williams, of Chicago, Ill., 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, having reason to believe that Fairyfoot Products Company, a corporation, 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, states its charges in that respect as follows:

PARAGRAPH 1. Respondent, Fairyfoot Products Company, is a corporation organized and existing under and by virtue of the laws of the State of Illinois, with its principal office and place of business in the city of Chicago, in said State.

PAR. 2. A substantial part of respondent's business is the sale and distribution of a medicated pad, designated by it as "Fairyfoot",