

Complaint

22 F. T. C.

## IN THE MATTER OF

## ETON KNITTING CORPORATION

COMPLAINT AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5  
OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 2581. Complaint, Oct. 15, 1935—Order, Jan. 29, 1936*

Consent order requiring respondent corporation, its officers, etc., in connection with the distribution, offer for sale, and sale of wearing apparel knitted or crocheted from yarn, in interstate commerce, to cease and desist from using the word "knitting" as a part of or in connection with its corporate name in carrying on the business of distributing and selling such wearing apparel, or advertising or in any other way representing itself to be the manufacturer or knitter thereof, until and unless it actually owns, operates and controls a factory or factories in which such apparel is actually knitted or crocheted.

*Mr. Harry D. Michael* for the Commission.

*Mr. Carlton Z. Solomon*, of New York City, 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 Eton Knitting Corporation, hereinafter designated as respondent, is now, and has been, using unfair methods of competition in commerce, as "commerce" is defined in said act, and it appearing to said Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating the charges in that respect as follows:

PARAGRAPH 1. Respondent, Eton Knitting Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located in New York City in said State. It is now, and since its organization in 1932, has been engaged in the business of selling to wholesalers and retailers for resale wearing apparel knitted or crocheted from yarn, which said wearing apparel consists of hats, caps, berets, sweaters, and other articles. Now and since its organization it has caused such wearing apparel, when sold by it, to be transported from its place of business in New York City aforesaid to the purchasers thereof, some located in the State of New York and others located in various other States of the United

States and in the District of Columbia. And there is now, and has been, for more than two years last past a constant current of trade and commerce by respondent in such wearing apparel between and among the various States of the United States and in the District of Columbia. In the course and conduct of its business respondent has been, and now is, in substantial competition with other corporations and with firms, persons and partnerships engaged in the sale of knitted and crocheted wearing apparel between and among the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of its business respondent now represents, and for more than two years last past has represented in and by the use of its aforesaid corporate name, by letterheads, invoices, billheads, statements and other stationery, and in other ways, that the wearing apparel which it sells and offers for sale and has sold and offered for sale, has been knitted, crocheted and manufactured by it. In truth and in fact, respondent does not knit, crochet or manufacture, and has not knitted, crocheted or manufactured the wearing apparel which it sells, has sold, offers for sale, and has offered for sale, and respondent does not own, operate or control, or have any interest in any factory or plant in which are knitted, crocheted or manufactured the products which it sells and has sold.

PAR. 3. A substantial number of retailers and wholesalers of crocheted and knitted wearing apparel and of the purchasing public believe that such crocheted or knitted wearing apparel, when purchased from the manufacturer thereof, is of a higher quality than such wearing apparel purchased from those who are not the manufacturers thereof, and that in purchasing from such manufacturers such wearing apparel is offered at a price from which is eliminated a middleman's profit.

PAR. 4. The aforesaid representations made by the respondent, as set out in paragraph 2 hereof, have the capacity and tendency to mislead and deceive, and have misled and deceived, wholesalers and retailers of such wearing apparel sold by the respondent and the purchasing public into the belief that respondent is and has been the knitter, crocheter, and manufacturer of such wearing apparel, and that, in purchasing from respondent or from respondent's dealers, the profit of the middleman has been eliminated, and to purchase respondent's products in such erroneous belief. There are among the respondent's competitors described in paragraph 1 hereof, manufacturers and knitters of the wearing apparel which they sell and who rightfully represent themselves to be the manufacturers and knitters thereof. There are also among such competitors dealers and distributors in knitted wearing apparel who do not misrepresent

that they are the knitters or manufacturers thereof. The aforesaid representations made by the respondent, namely, that it is the knitter or manufacturer of the wearing apparel which it sells, have had the capacity and tendency to, and have, diverted trade to respondent from its competitors who do not misrepresent that they are the manufacturers or knitters of the wearing apparel in which they deal. Thereby substantial injury is being done, and has been done by respondent to substantial competition in interstate commerce.

PAR. 5. The above and foregoing acts, practices and representations of the respondent have been, and are, all to the prejudice of the public and respondent's competitors, and have been, and are, unfair methods of competition within the meaning and intent of Section 5 of an Act of Congress approved September 26, 1914, entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

#### ORDER TO CEASE AND DESIST

The respondent herein having filed its answer to the complaint in this proceeding, and having subsequently filed with this Commission its motion that it be permitted to withdraw its said answer and that it be permitted to file in lieu thereof as a substituted answer, the draft of a proposed substituted answer annexed to the said motion; and the Commission having duly considered the said motion—

*It is hereby ordered*, That the said motion be and the same is hereby granted; that the said answer be and the same is hereby withdrawn; and that the said proposed substituted answer be, and the same is hereby filed in lieu of the said answer so withdrawn.

And the said respondent in and by its said substituted answer having waived hearings on the charges set forth in the complaint in this proceeding, and having stated in its said substituted answer that it does not contest the said proceeding, and having consented in its said substituted answer that the Commission, without a trial, without evidence, and without findings as to the facts or other intervening procedure, might make, enter, issue and serve upon the said respondent, an order to cease and desist from the methods of competition charged in the complaint; and the Commission being fully advised in the premises;

*It is hereby further ordered*, That the respondent, Eton Knitting Corporation, a corporation, its officers, agents, representatives, and employees, in connection with the distribution, offering for sale and sale of wearing apparel, knitted or crocheted from yarn, in interstate commerce, forthwith cease and desist from:

## Order

(1) Using the word "knitting" as a part of or in connection with its corporate name in carrying on the business of distributing and selling wearing apparel knitted or crocheted from yarn until and unless it actually owns, operates and controls a factory or factories in which said wearing apparel is actually knitted or crocheted;

(2) Advertising or in any way otherwise representing directly or by implication, through advertisements, advertising literature, stationery, or in any manner or means whatsoever, itself to be the manufacturer or knitter of the wearing apparel, knitted or crocheted from yarn that is sold and distributed by it, until and unless it actually owns, operates and controls a factory or factories wherein said wearing apparel, knitted or crocheted from yarn, is actually knitted or crocheted.

*It is further ordered,* That respondent shall within 60 days after service of a copy 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 and conformed to the order to cease and desist hereinabove set out.

IN THE MATTER OF  
FREDERICK W. DOBE, DOING BUSINESS UNDER THE  
NAME AND STYLE OF DOBE SCHOOL OF DRAFTING  
AND AS ENGINEER DOBE

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

*Docket 2464. Complaint, June 27, 1935—Order, Jan. 30, 1936*

Consent order requiring respondent, his agents, etc., in connection with the sale, offer for sale or distribution in interstate commerce of courses of study and instruction in drafting, or in any other subject, to cease and desist from—

- (a) Representing that draftsmen or workers in any line in which he gives instruction are in demand or that jobs in such lines are plentiful until such representations are true when made, and using reproductions of clippings from the "Help Wanted" columns to indicate such demand until such reproductions are of current advertisements and represent current employment conditions;
- (b) Representing and using a picture of a building to represent his occupation thereof in the conduct of his school, unless and until such building is occupied entirely and exclusively by such school, or unless accompanied by a conspicuous statement that the school occupies only a portion thereof;
- (c) Representing salaries of beginners or experts in its lines as other than those prevailing at the time such representations are made, or salaries of experienced workers as those that may be made by his students as beginners;
- (d) Representing that he maintains an employment service, or guarantees to, or that he can and will get jobs for students, unless and until he conducts a bona fide employment service through which active efforts are systematically made to locate openings for jobs and to place his students therein, and unless and until employment demands warrant such assurances at the time they are made;
- (e) Representing that money paid will be refunded unless positions are obtained by his students, unless and until such refunds are in fact made upon students' failure to secure positions after reasonable study and work on courses for which enrolled;
- (f) Representing that drawing tables or other equipment furnished students are limited in number or will be furnished only to those who enroll within a definite and limited time unless and until such equipment is in fact limited in number or cannot or will not be augmented by further purchases and unless and until such limitation as to time is in fact observed; or
- (g) Using reproductions of letters from his former students who have secured positions or have been advanced to high salaries or important positions unless and until such letters are of current or recent date and reflect then existing opportunities and employment conditions.

*Mr. Harry D. Michael* for the Commission.

*Doyle & Ross*, of Washington, D. C., for respondent.