

IN THE MATTER OF
SIROIL LABORATORIES, INC.

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

Docket 3378. Complaint, Apr. 12, 1938—Decision, Feb. 6, 1939

Where a corporation engaged in manufacture or compounding of its "Siroll" preparation, consisting of an emulsion of water and mineral oil and other ingredients, for application to the skin and scalp, and in sale and distribution thereof to members of the purchasing public and dealers in the various States and in the District of Columbia, in substantial competition with others engaged in similar sale and distribution of preparations and products designed and intended for and used in the treatment of the same ailments and conditions for which it recommended its said product, and including many who do not in any manner misrepresent their respective preparations and therapeutic properties thereof and do not make any other false statements in connection with their sale and distribution; in advertising its said product in newspapers and other publications circulating among the various States and in said District, and in pamphlets, bulletins, and other literature disseminated by mail and otherwise to members of the purchasing public in various States and in said District—

Represented, directly or by implication, that use thereof constituted a competent and effective remedy or cure for psoriasis and dandruff, and competent and effective treatment for said ailments and conditions, facts being it was neither a competent or effective cure, remedy or treatment thereof, would not do more, in any case, than temporarily remove the scales and crusts which are symptomatic of said ailments and conditions, and would not cause skin sores and blotches to disappear permanently, and would not restore the skin to normal texture;

With effect of misleading and deceiving members of the purchasing public, as aforesaid, into the erroneous and mistaken belief that said statements, representations, and advertisements were true, and that such preparation possessed properties claimed and represented, and would accomplish results indicated, and of causing substantial number of such members, by reason of such erroneous and mistaken belief, to purchase substantial quantities thereof, and of placing in hands of retail dealers to whom it sold said preparation for resale to members of the purchasing public, means and instrumentality whereby they mislead and deceive such members into such erroneous and mistaken belief, and into purchasing substantial quantities of said product by reason thereof, and of diverting unfairly thereby trade to it from its competitors who truthfully advertise the effectiveness of their respective preparations; to the injury of competition in commerce:

Held, That such acts and practices were all to the prejudice and injury of the public and competitors and constituted unfair methods of competition.

Mr. Carrel F. Rhodes for the Commission.

Complaint

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Siroil Laboratories, Inc., hereinafter referred to as respondent, has violated the provisions of 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, Siroil Laboratories, Inc., is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of Michigan, with its offices and principal place of business located at 1214 Griswold Street, Detroit, Mich.

PAR. 2. Respondent, Siroil Laboratories, Inc., has been for more than 1 year last past, and is now, engaged in the business of manufacturing or compounding, advertising, selling, and distributing a preparation, known and designated as "Siroil," an emulsion of water and mineral oil and other ingredients designed and intended for application to the human skin and scalp, and particularly recommended by respondent for the treatment of dandruff and psoriasis. Said respondent now causes, and for more than 1 year last past has caused, its said products to be sold to dealers and the purchasing public through various advertising mediums. Respondent has caused the same, when sold, to be transported from its principal place of business in Detroit, Mich., to purchasers thereof located at points in the various States of the United States other than the aforesaid State of Michigan and in the District of Columbia.

There is now, and has been for more than 1 year last past, a course of trade in said product, "Siroil," so sold and distributed by respondent in commerce between and among the various States of the United States and in the District of Columbia.

In the course and conduct of its said business respondent is now, and has been in competition with other corporations, and with individuals and partnerships likewise engaged in the business of manufacturing various other kinds of oils, ointments, salves, tonics, and other preparations designed and intended for application to the human skin or scalp, products intended and used for the same purposes as respondent's product "Siroil," and in selling and distributing the same in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of the business set out and described in paragraphs 1 and 2 hereof, respondent, for the purpose of inducing the purchase of its product "Siroil," offered for sale and

Complaint

28 F. T. C.

sold by it, has published and circulated to purchasers and prospective customers throughout the United States, by mail, newspapers, and advertisements, advertising folders, pamphlets, circulars, letters and other literature, false, and misleading statements concerning the nature, value, use and effectiveness of the various products sold by it. Among such statements and representations the following are typical examples:

Siroil relieves psoriasis embarrassment.

Siroil actually clears up psoriasis lesions.

Happiness Long Denied Her, because of Psoriasis. Few women can be glamorously attractive and win their hearts' desire if they are disfigured by psoriasis lesions. Siroil removes these crusts and scales of psoriasis and relieves other of its discomforts.

Siroil is a genuine boon. Siroil * * * relieves discomforts. You will be surprised at the efficient manner in which it clears up psoriasis lesions.

Psoriasis blemishes. So frequently the ugly lesions of psoriasis prevent charming women from dressing comfortably and becomingly. Naturally they resort to every dress expedient to conceal their psoriasis blemishes. Then these sufferers learn of Siroil—try it—and soon the whole situation is changed.

S-I-R-O-I-L has proved a blessing to thousands of women who have Psoriasis. Siroil relieves Psoriasis discomforts. It has brought untold joy to women in every walk of life. It has allowed them to enjoy again the opportunity of looking their best at all times.

* * * Do you know what Siroil is doing for men and women who have psoriasis? Thousands of them are happy and carefree again because of this remarkable product. * * * Siroil actually clears up psoriasis lesions.

* * * I had been taking treatments for over 15 years for it * * * He insisted I try Siroil * * * the results were amazing and today all scalp lesions have entirely disappeared.

By means of the foregoing statements and other similar claims, respondent has represented and does now represent that "Siroil," when used as directed by respondent, (a) is a competent and effective treatment, remedy or cure for certain ailments, diseases or conditions of the human body, to wit: psoriasis and dandruff; (b) will do more than temporarily remove in some cases, the scales, or crusts symptomatic of said ailments, diseases or conditions; and (c) causes skin sores and blotches to disappear permanently and restores the skin to normal texture.

Such representations are false, in that "Siroil," when used as directed by respondent, (a) is not a competent and effective treatment, remedy or cure for either psoriasis or dandruff; (b) will not do more than temporarily remove in some cases, the scales, or crusts symptomatic of said ailments, diseases and conditions; and (c) does not cause skin sores to disappear permanently or restore the skin to normal texture.

Findings

PAR. 4. The use by the respondent of the aforesaid false representations has had, and now has, the capacity and tendency to, and does, mislead and deceive members of the purchasing public into the mistaken and erroneous beliefs that said representations are true; that said product "Siroil" possesses such properties as to constitute it a competent and effective remedy or cure for dandruff and psoriasis lesions, scales, sores, and blotches, and that said product will cure and permanently relieve persons suffering from said complaints and will cause the skin to clear and resume its normal texture. Further, said respondent has placed in the hands of retail dealers in its products and others a means and an instrumentality whereby unscrupulous dealers may further mislead and deceive purchasers into the aforesaid mistaken and erroneous beliefs. Acting in such beliefs, induced by respondent's acts, practices and misrepresentations as herein set out, many purchasers have purchased a substantial quantity of respondent's preparation with the result that trade has been, and is, diverted unfairly to respondent from competitors likewise engaged in selling products intended and used for the same purpose in commerce among and between the various States of the United States and in the District of Columbia, who do not misrepresent the nature, character, quality, and effectiveness of their respective products. As a consequence thereof injury has been done, and is now being done, by respondent to competition in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 5. The above alleged acts and practices of respondent are all to the prejudice of the public and of respondent's competitors and constitute unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on the 12th day of April 1938, issued and subsequently served its complaint in this proceeding upon respondent, Siroil Laboratories, Inc., charging it with the use of unfair methods of competition in commerce in violation of the provisions of said act. On the 12th day of August 1938, the respondent filed its answer, in which answer it admitted all the material allegations of fact set forth in said complaint and waived all intervening procedure and further hearing as to said facts. Thereafter, the proceeding regularly came on for final hearing before the Commission on the said complaint and the answer thereto, and the Commission, having duly

considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public, and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Siroil Laboratories, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Michigan and having its office and principal place of business at 1214 Griswold Street in the city of Detroit, State of Michigan.

PAR. 2. Respondent is now and has been for more than 1 year last past engaged in the business of manufacturing or compounding, selling, and distributing a preparation known and designated as "Siroil," which preparation consists of an emulsion of water and mineral oil and other ingredients. Such preparation is designed and intended for application to the human skin and scalp and is particularly recommended by respondent for the treatment of dandruff and psoriasis. Respondent sells said preparation to members of the purchasing public and dealers in said preparation situated in various States of the United States and in the District of Columbia, and causes said preparation, when sold by it, to be transported from its aforesaid place of business in the State of Michigan to the purchasers thereof at their respective points of location in various States of the United States and in the District of Columbia. Respondent maintains, and at all times mentioned herein has maintained, a course of trade in commerce in said preparation among and between various States of the United States and in the District of Columbia.

PAR. 3. Respondent is engaged in substantial competition in commerce among and between the various States of the United States and in the District of Columbia with other corporations and with firms, partnerships and individuals selling and distributing preparations and products designed and intended for, and used in, the treatment of the ailments and conditions of the human body for which the respondent recommends the use of its said preparation. Among such competitors in said commerce are many who do not in any manner misrepresent their respective preparations or products and the therapeutic properties thereof and who do not make any other false statements in connection with the sale and distribution of their respective preparations or products.

PAR. 4. In the course and conduct of its said business and for the purpose of inducing the purchase of its said preparation the respondent has caused false advertisements, containing representations and claims with respect to the properties of said preparation and the re-

sults that may be expected to be obtained from the use thereof, to be inserted in newspapers and other publications having a circulation among and between the various States of the United States and in the District of Columbia, and in pamphlets, bulletins, and other literature disseminated by respondent by mail and other means to members of the purchasing public situated in various States of the United States and in the District of Columbia. Among and typical of the representations contained in said false advertisements so used and disseminated as aforesaid are the following:

Siroil relieves psoriasis embarrassment.

Siroil actually clears up psoriasis lesions.

Happiness Long Denied Her, because of Psoriasis. Few women can be glamorously attractive and win their hearts' desire if they are disfigured by psoriasis lesions. Siroil removes these crusts and scales of psoriasis and relieves other of its discomforts.

Siroil is a genuine boon. Siroil * * * relieves discomforts. You will be surprised at the efficient manner in which it clears up psoriasis lesions.

Psoriasis blemishes. So frequently the ugly lesions of psoriasis prevent charming women from dressing comfortably and becomingly. Naturally they resort to every dress expedient to conceal their psoriasis blemishes. Then these sufferers learn of Siroil—try it—and soon the whole situation is changed.

S-I-R-O-I-L has proved a blessing to thousands of women who have Psoriasis. Siroil relieves Psoriasis discomforts. It has brought untold joy to women in in every walk of life. It has allowed them to enjoy again the opportunity of looking their best at all times.

* * * Do you know what Siroil is doing for men and women who have psoriasis? Thousands of them are happy and carefree again because of this remarkable product. * * * Siroil actually clears up psoriasis lesions.

* * * I had been taking treatments for over 15 years for it * * * He insisted I try Siroil * * * the results were amazing and today all scalp lesions have entirely disappeared.

Through the use of the statements and representations hereinabove set forth and others similar thereto not herein set out, all of which purport to be descriptive of respondent's preparation and its effectiveness in the treatment of the aforesaid ailments and conditions of the human body and the cause of such ailments and conditions, respondent has represented, directly and by implication, among other things, that the use of such preparation is a competent and effective remedy or cure for certain ailments, diseases and conditions of the human body, to wit, psoriasis and dandruff; that the use of such preparation is a competent and effective treatment for the aforesaid ailments and conditions of the human body; that the use of such preparation will do more, in some cases, than temporarily remove the scales or crusts symptomatic of said ailments, diseases, and conditions; and that the use of such preparation will cause skin sores and blotches to disappear permanently and restore the skin to normal texture.

PAR. 5. The aforesaid representations, used and disseminated by the respondent in the manner above described, are false, misleading, and untrue. In truth and in fact the use of such preparation is not a competent or effective cure or remedy for psoriasis or dandruff. The use of such preparation is not a competent or effective treatment for psoriasis or dandruff. The use of such preparation will not do more, in any case, than temporarily remove the scales or crusts which are symptomatic of said ailments and conditions of the human body. The use of such preparation will not cause skin sores and blotches to disappear permanently and will not restore the skin to normal texture.

PAR. 6. The use by the respondent of the foregoing false and misleading statements, representations, and advertisements, used and disseminated as aforesaid, with respect to said preparation, has had, and now has, the capacity and tendency to, and does, mislead and deceive members of the purchasing public situated in various States of the United States and in the District of Columbia into the erroneous and mistaken belief that said statements, representations, and advertisements are true and that respondent's said preparation possesses the properties claimed and represented and will accomplish the results indicated and causes a substantial number of said members of the purchasing public, because of said erroneous and mistaken belief, to purchase substantial quantities of respondent's said preparation.

The use by the respondent of the aforesaid false and misleading statements and representations, disseminated as aforesaid, places in the hands of retail dealers, to whom respondent sells said preparation for resale to members of the purchasing public, a means and instrumentality whereby such dealers mislead and deceive members of the purchasing public into the aforesaid erroneous and mistaken belief and into purchasing substantial quantities of respondent's preparation because of such erroneous and mistaken belief.

As a result, trade has been diverted unfairly to the respondent from its competitors in said commerce who truthfully advertise the effectiveness in use of their respective preparations or products. In consequence thereof, injury has been, and is now being, done by respondent to competition in commerce among and between the various States of the United States and in the District of Columbia.

CONCLUSION

The aforesaid acts and practices of the respondent, as herein found, are all to the prejudice and injury of the public and of respondent's competitors and constitute unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

Order

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, and the answer filed herein on the 12th day of August 1938 by respondent, admitting all the material allegations of the complaint to be true and waiving the taking of further evidence and all other intervening procedure, and the Commission having made its findings as to the facts and conclusion that said respondent has violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent, Siroil Laboratories, Inc., its officers, representatives, agents, and employees, in connection with their offering for sale, sale and distribution of its medicinal product now designated "Siroil" or any other product containing substantially the same ingredients or possessing the same properties, whether sold under that name or any other name, in commerce as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing that said preparation removes dandruff, or is a cure or remedy for dandruff or psoriasis, or will clear up psoriasis lesions, or cause skin sores or blotches to disappear permanently.

2. Representing that said preparation removes the crust, scales, lesions, and blemishes caused by psoriasis and relieves other of its discomforts unless such representations are specifically restricted to removing such crusts, scales, lesions, and blemishes in those cases where such conditions are external in character and are located solely in the outer layer of the skin.

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

IN THE MATTER OF

ROSE R. SCOTT, TRADING AS KOSKOTT COMPANY

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 28, 1914

Docket 3575. Complaint, Sept. 3, 1938—Decision, Feb. 6, 1939

Where an individual engaged in sale and distribution of a line of hair preparations which were made for her and designated by numbers, and known as "Koskott" line; in advertising her said various preparations in magazines and newspapers of general circulation throughout the United States—

- (a) Represented, directly or by implication, that said products were effective cures for thin and falling hair, and that they constituted competent cures for ringworm, barbers' itch, pimples, eczema, and scalp disorders; and
- (b) Represented that they constituted competent cures for baldness, and that they would grow hair, and that growth could be expected to begin within a few days after use thereof, and that they were scientific remedies which stimulated the blood circulation and afforded nutrition to the hair roots, and that latter were rejuvenated and so affected as to cause hair to grow therefrom, and that preparation would impart a natural shade and color to the hair and succeed where other products failed;

Facts being said products were not effective cures for thin or falling hair, use thereof would not prevent same from falling out or being brushed or combed from the head, they were not competent cures for cause of dandruff or various other ailments and conditions set out, and would not accomplish above results claimed therefor, and did not stimulate blood circulation, etc., and would not succeed where others failed;

With tendency and capacity to mislead and deceive substantial portion of purchasing public into erroneous belief that such false and misleading representations were true, and with result, as direct consequence of such mistaken and erroneous belief induced by such advertising and representations, that number of the purchasing public bought substantial quantity of her said products and trade was unfairly diverted to her from others likewise engaged in sale of preparations for the head and hair, and who truthfully represent their products:

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

Before *Mr. John J. Keenan*, trial examiner.

Mr. Charles S. Cox for the Commission.

Mr. J. Bond Smith, of Washington, D. C., for respondent.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Rose R. Scott, trad-