

IN THE MATTER OF  
A. SCHOTTLAND, INC., AND VALMOR UNDERGARMENT  
COMPANY, INC.

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

*Docket 3276. Complaint, Dec. 2, 1937—Decision, Dec. 28, 1939*

Where a corporation engaged in manufacture of fabrics and in sale thereof to garment manufacturers and other purchasers located throughout the various States and in the District of Columbia; in soliciting and selling certain of its fabrics to such manufacturers—

- (a) Supplied such customers with tags and labels to be affixed and attached to garments made therefrom, and which were thus affixed by said customers to garments made from fabrics in question, and which bore statement "PURE DYE NANUETTE CREPE DuPont Rayon and Silk," with words "Pure Dye" and "Crepe" featured thereon and words "Dupont Rayon and Silk" printed in small and less conspicuous type, and which tags and labels set forth, on back thereof, " 'Nanquette Crepe' makes possible the elimination of tin-weighted cloths for lingerie," "The 'Nanquette Crepe' label is the guarantee of PURE DYE \* \* \*," "Best results are obtainable when the silk lingerie is ironed \* \* \*," and thereby represented to purchasing public and garment manufacturers that fabrics thus advertised, offered, and sold were silk, facts being they were not made of silk, product of cocoon of silkworm, as long definitely and specifically associated with word in mind of retail dealers and consuming public generally, but were composed entirely of materials other than silk, and made of rayon; and

Where second concern engaged in manufacture of women's undergarments and other allied products, and in sale thereof to retailers and other purchasers throughout the various States and in the District of Columbia—

- (b) Tagged and labeled garments made by it from fabrics which it purchased from such fabric manufacturer with tags and labels supplied by manufacturer in question, as above described, and in a display folder, with which it accompanied its said garments, set forth legend "PURE DYE NANUETTE CREPE DuPont Rayon and Silk," with words "Pure Dye" and "Ray silk" featured in large conspicuous type and words "Made of Silk and Rayon" printed in less conspicuous type, and in other display folders, with which it accompanied other garments made, offered and sold by it, featured words "Van Ceta Taffeta Slips" and "Val Sheen Satin Slips," and represented thereby to members of purchasing public and retail and other dealers that garments thus advertised, offered and sold were silk, facts being they were not products of silk, long held in great public esteem and confidence for their preeminent qualities and long associated in public mind with fabric made from cocoon of silkworm, or silk as designated, described and referred to in case of dress goods, ladies' undergarments, and other items of wearing apparel as "Pure Dye," "Crepe," "Taffeta," and "Satin" or through coined word including word "silk";

With capacity and tendency to mislead and deceive substantial portion of purchasing public into erroneous belief that such representations were true, and to cause them to purchase said products as result of such erroneous

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beliefs thus induced, and with result that trade in commerce was unfairly diverted to them from those engaged in manufacture and sale of fabrics, garments, ladies' slips, and other allied products in commerce among the various States and in the District of Columbia, and who do not misrepresent in any manner the kind or quality of goods made, offered, and sold by them, and substantial injury was done to competition in commerce:

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

Before *Mr. Edward E. Reardon*, trial examiner.

*Mr. James L. Fort* for the Commission.

*Evans, Smith & Evans*, of Paterson, N. J., for respondents.

## 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 A. Schottland, Inc., a corporation, and Valmor Undergarment Co., a corporation, hereinafter referred to as respondents, have been and are 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 its charges in that respect as follows:

PARAGRAPH 1. Respondent, A. Schottland, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New Jersey with its office and principal place of business located at 1441 Broadway, New York, in said State. It is now, and for many years last past has been, engaged in the business of manufacturing fabrics. It sells, and has sold and distributed, such goods to garment manufacturers and other customers located in the various States of the United States and in the District of Columbia. It causes, and during the time above mentioned has caused, its said goods, when sold, to be shipped from its factories located at Nanuet, N. Y., and at Rocky Mount, N. C., to the purchasers thereof located in the various States of the United States other than the States of origin of such shipments.

Respondent Valmor Undergarment Co. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 149 Madison Avenue, New York, in said State. It is now, and for many years last past has been, engaged in the business of manufacturing ladies' undergarments and other allied products. It sells, and has sold and distributed, such undergarments and other

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allied products to retail dealers and other customers located in the various States of the United States and in the District of Columbia. It causes, and during the time above mentioned has caused, its said products when sold to be shipped from its place of business in New York City to the purchasers thereof located in the various States of the United States other than the State of New York.

There is now, and has been at all times mentioned herein, a constant current of trade and commerce by said respondents in said products so sold by them between and among the various States of the United States. Respondents are now, and at all times herein mentioned have been, in substantial competition with other corporations and with persons, firms, and partnerships engaged in the sale and distribution of fabrics, ladies' undergarments, and other allied products in commerce 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 as described in paragraph 1 hereof, respondent A. Schottland, Inc., in soliciting the sale of and selling certain of its products to garment manufacturers supplies its customers with tags and labels to be affixed and attached to the garments made from said fabrics. Said customers did, and do, attach and affix such tags and labels to the garments manufactured by them from said products. The said labels and tags bear the following statement:

PURE DYE

NANUETTE

CREPE

DuPont Rayon and Silk

On both the tags and labels the words "Pure Dye" and "Crepe" are featured and displayed prominently in large, conspicuous type, while the words "DuPont Rayon and Silk" are printed in small and less conspicuous type. On the backs of the tags the following statements appear: " 'Nanuette Crepe' makes possible the elimination of 10-weight cloths for lingerie," "The 'Nanuette Crepe' label is a guarantee of PURE DYE \* \* \*," and "Best Results are obtainable when the silk lingerie is ironed \* \* \*." Other fabrics sold and shipped by the respondent, A. Schottland, Inc., in commerce as set out in paragraph 1 are branded or labeled "RAYSILK." The foregoing statements and representations made by the respondent, A. Schottland, Inc., as in this paragraph set out, serve as representations to the purchasing public and to garment manufacturers that such fabrics so advertised and offered for sale were, and are, silk fabrics. The representations hereinabove set forth are, and were, false and misleading in that said fabrics so represented, desig-

nated and referred to are not, and were not, composed of silk, the product of the cocoon of the silkworm, but are, and were, composed of materials other than silk.

PAR. 3. In the course and conduct of its business as described in paragraph 1 hereof, respondent Valmor Undergarment Co. purchases certain fabrics manufactured by respondent A. Schottland, Inc., which are tagged, branded, and labeled, as set out in paragraph 2 hereof. Respondent Valmor Undergarment Co. uses said fabrics so purchased and so tagged, branded, and labeled in the manufacture by it of garments, ladies' slips, and other allied products which it offers for sale and sells, tagged and labeled as aforesaid, in commerce as hereinbefore set out, accompanied by a display folder bearing the following:

PURE DYE  
NANUETTE  
CREPE

DuPont Rayon and Silk

The said display folders featured the words, "Pure Dye" and "Ray-silk," in large conspicuous type, while the words "Made of Silk and Rayon" were printed in less conspicuous type. Other garments manufactured by the respondent Valmor Undergarment Co. and offered for sale and sold in commerce as hereinbefore set out were accompanied by display folders on which appeared in large, conspicuous type "Van Ceta Taffeta Slips," and "Val Sheen Satin Slips."

The statements and representations made by the respondent Valmor Undergarment Co., as in this paragraph set out, serve as representations to members of the purchasing public and to retail dealers and other dealers that such garments so advertised and offered for sale were, and are, silk garments. Such representations are, and were, false and misleading in that said garments so represented, designated and referred to are not, and were not, composed of silk, the product of the cocoon of the silkworm, but are, and were, composed of materials other than silk.

PAR. 4. The word "silk" for many years last past has had and still has in the mind of the retail dealers and consuming public generally a definite and specific meaning, to wit: The product of the cocoon of the silkworm. Silk products for many years have held and still hold a great public esteem and confidence for their preeminent qualities. Silk fiber has long been woven into a variety of fabrics; a variety of distinctive terms has been applied to the fabrics resulting from different types of weaving of silk fiber. Dress goods, ladies' undergarments, and other items of wearing apparel designated, described, and referred to as "Pure Dye," "Crepe," "Taffeta," and

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"Satin" or by use of any coined word which includes the word "Silk," have been for a long time, and at the present time still are, associated in the public mind with the fabric made from the cocoon of the silk-worm commonly known and understood by the public generally as "silk."

PAR. 5. There are among the competitors of respondents mentioned in paragraph 1 hereof corporations, individuals, partnerships, and firms engaged in the manufacture and sale of fabrics, garments, ladies' slips, and other allied products who do not misrepresent the kind of goods manufactured and offered for sale by them.

PAR. 6. The use by respondents of the representations set forth herein have had, and now have, the capacity and tendency to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that such representations are, and were, true and to cause them to purchase said products as a result of such erroneous beliefs engendered as above set forth. The use by respondents of the representations aforesaid has unfairly diverted, and does unfairly divert, trade in said commerce to the respondents from their said competitors, and thereby substantial injury is being, and has been, done by respondents to competition in commerce among and between the various States of the United States.

PAR. 7. The above alleged acts and practices, of respondents, as hereinabove alleged, are all to the prejudice of the public and respondents' said 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 the Federal Trade Commission Act, the Federal Trade Commission, on December 2, 1937, issued and served its complaint in this proceeding upon the respondents, A. Schottland, Inc., and Valmor Undergarment Co., Inc., charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act. On March 16, 1938, the respondent Valmor Undergarment Co., Inc., filed its substitute answer to the complaint in which it admitted the truth of all the material allegations of the complaint. The respondent A. Schottland, Inc., filed its answer to the complaint on December 23, 1937. After the issuance of said complaint and the filing of respondents' answers thereto testimony and other evidence in support of the allega-

tions of said complaint were introduced by James L. Fort, Esq., attorney for the Commission, and by Mr. George Schottland, the secretary of respondent, A. Schottland, Inc., in its behalf in opposition to the complaint, before Edward E. Reardon, Esq., an examiner of the Commission, theretofore duly designated by it, and said testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, the proceeding regularly came on for final hearing before the Commission upon the said complaint, the answers of the respondents, the testimony and other evidence, the brief of counsel for the Commission in support of the complaint (respondents not having filed a brief and oral argument not having been requested); 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. The respondent, A. Schottland, Inc., is a corporation organized and existing under and by virtue of the laws of the State of New Jersey and having its office and principal place of business at No. 1441 Broadway, in the city and State of New York. It is and has been for many years last past engaged in the business of manufacturing fabrics in its factories, which are located at Rocky Mount, N. C., and at Nanuet, N. Y., and in the business of selling, in commerce, the fabrics manufactured by it to garment manufacturers and to other purchasers of its fabrics, located throughout the various States of the United States and in the District of Columbia.

PAR. 2. The respondent, Valmor Undergarment Co., Inc., is a corporation organized and existing under and by virtue of the laws of the State of New York, and having its office and principal place of business at No. 149 Madison Avenue, in the city and State of New York. It has been for many years last past and now is engaged in the business of manufacturing women's undergarments and other allied products and in the business of selling same, in commerce, to retail dealers and to other purchasers located throughout the various States of the United States and in the District of Columbia.

PAR. 3. The respondents, A. Schottland, Inc., and Valmor Undergarment Co., Inc., in the sale by them, respectively, of fabrics, women's undergarments and other allied products, are and have been, during all the times mentioned and referred to above, in substantial competition, in commerce, among and between the various

States of the United States and in the District of Columbia, with other individuals, firms, and corporations who are and have been engaged in the sale of fabrics, women's undergarments, and other allied products.

PAR. 4. In the course and conduct of its business as described herein, respondent, A. Schottland, Inc., in soliciting the sale of and selling certain of its fabrics to garment manufacturers, supplies its customers with tags and labels to be affixed and attached to the garments made from said fabrics. Said customers affix such tags and labels to the garments manufactured by them from the said fabrics. The said labels and tags bear the following statement:

PURE DYE  
NANUETTE  
CREPE

DuPont Rayon and Silk

On both the tags and labels the words "Pure Dye" and "Crepe" are featured and displayed prominently in large, more conspicuous type, while the words "DuPont Rayon and Silk" are printed in small and less conspicuous type. On the backs of the tags the following statements appear.

"Nanulette Crepe" makes possible the elimination of tin weighted cloths for lingerie

The "Nanulette Crepe" label is a guarantee of PURE DYE \* \* \*

Best results are obtainable when the silk lingerie is ironed \* \* \*

The foregoing statements and representations made by the respondent, A. Schottland, Inc., as set out herein, serve as representations to the purchasing public and to garment manufacturers that such fabrics so advertised, offered for sale, and sold, were, and are, silk fabrics. The representations hereinabove set forth are, and were, false and misleading in that said fabrics so represented, designated, and referred to are not, and were not, composed of silk, the product of the cocoon of the silkworm, but are, and were, composed entirely of materials other than silk, to wit, rayon.

PAR. 5. In the course and conduct of its business as described herein, respondent Valmor Undergarment Co., Inc., purchases certain fabrics manufactured by the respondent A. Schottland, Inc., with which fabrics respondent A. Schottland, Inc., furnishes certain tags and labels as described herein. Respondent Valmor Undergarment Co., Inc., uses said fabrics, so purchased, and said tags and labels in the manufacture by it of garments, ladies' slips, and other allied prod-

ucts which it offers for sale and sells, tagged and labeled as aforesaid, in commerce, accompanied by a display folder bearing the following:

PURE DYE  
NANUETTE  
CREPE

*DuPont Rayon and Silk*

The said display folders featured the words "Pure Dye" and "Ray-silk" in large conspicuous type, while the words "Made of Silk and Rayon" were printed in less conspicuous type. Other garments manufactured by the respondent Valmor Undergarment Co., and offered for sale and sold in commerce as hereinbefore set out were accompanied by display folders on which appeared in large, conspicuous type "Van Ceta Taffeta Slips," and "Val Sheen Satin Slips."

The statements and representations made by the respondent Valmor Undergarment Co., Inc., as in this paragraph set out, serve as representations to members of the purchasing public and to retail dealers and other dealers that such garments so advertised and offered for sale were, and are, silk garments. Such representations are, and were, false and misleading in that said garments so represented, designated, and referred to are not, and were not, composed of silk, the product of the cocoon of the silkworm, but are, and were, composed of materials other than silk.

PAR. 6. The word "silk" for many years last past has had and still has in the mind of the retail dealers and consuming public generally a definite and specific meaning, to wit: The product of the cocoon of the silkworm. Silk products for many years have held and still hold a great public esteem and confidence for their preeminent qualities. Silk fiber has long been woven into a variety of fabrics; a variety of distinctive terms has been applied to the fabrics resulting from different types of weaving of silk fiber. Dress goods, ladies' undergarments, and other items of wearing apparel designated, described and referred to as "Pure Dye," "Crepe," "Taffeta," and "Satin" or by use of any coined word which includes the word "Silk," have been for a long time, and at the present time still are, associated in the public mind with the fabric made from the cocoon of the silkworm commonly known and understood by the public generally as "Silk."

PAR. 7. There are among the competitors of respondents, corporations, individuals, partnerships, and firms engaged in the manufacture and sale of fabrics, garments, ladies' slips, and other allied products in commerce between and among the various States of the

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United States and in the District of Columbia who do not misrepresent in any manner the kind or quality of goods manufactured, offered for sale, and sold by them.

PAR. 8. The use by respondents of the representations set forth herein have had, and now have, the capacity and tendency to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that such representations are, and were, true and to cause them to purchase said products as a result of such erroneous beliefs induced as above set forth. The use by respondents of the representations aforesaid has unfairly diverted, and does unfairly divert, trade in commerce to the respondents from their said competitors, and thereby substantial injury is being, and has been, done by respondents to competition in commerce among and between the various States of the United States.

#### CONCLUSION

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

#### ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of respondent Valmor Undergarment Co., Inc., in which answer the Valmor Undergarment Co., Inc., admits all the material allegations of fact set forth in said complaint and states that it waives all intervening procedure and further hearing as to said facts; the answer of the respondent, A. Schottland, Inc., denying many of the material allegations of the complaint, testimony, and other evidence taken before Edward E. Reardon, an examiner of the Commission theretofore duly designated by it, in support of the allegations of said complaint and in opposition thereto, and brief filed by the counsel for the Commission, and the Commission having made its findings as to the facts and its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act.

*It is ordered*, That the respondents, A. Schottland, Inc., and Valmor Undergarment Co., Inc., their respective officers, representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of textile fabrics including women's undergarments and

garments or similar products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "pure dye" or any other word or words of similar import or meaning to designate or describe fabrics which are not composed wholly of unweighted silk, the product of the cocoon of the silkworm, provided that in the case of a fabric or material composed in part of unweighted silk and in part of materials other than unweighted silk, such words may be used as descriptive of the unweighted silk content if there is used in immediate connection or conjunction therewith in letters of equal size and conspicuousness, a word or words accurately describing and designating each constituent fiber or material thereof in the order of its predominance by weight, beginning with the largest single constituent;

2. Using the words "satin," "taffeta," or "crepe" or any other word or words of similar import or meaning to describe or designate any fabric or product which is not composed wholly of silk, the product of the cocoon of the silkworm: *Provided, however*, That when said words are used truthfully to designate or describe the type of weave, construction or finish, such words must be qualified by using in immediate connection and conjunction therewith in letters of at least equal size and conspicuousness a word or words clearly and accurately naming or describing the fibers or materials from which said product is made;

3. Using the term "silk" or any other term or terms which includes the word "silk," or any colorable simulation thereof, or using any other term of similar import or meaning to describe or designate any fabric or product which is not wholly composed of silk, the product of the cocoon of the silkworm, provided that in the case of a fabric or product composed in part of silk and in part of materials other than silk, such term or similar terms may be used as descriptive of the silk content when immediately accompanied by a word or words accurately describing and designating such other materials in the order of their predominance by weight, beginning with the largest single constituent.

*It is further ordered*, That the respondents shall within 60 days after service upon them of this order file with the Commission a report in writing setting forth in detail the manner in which they have complied with this order.

IN THE MATTER OF  
CIVILIAN PREPARATORY SERVICE, INC.

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION  
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 20, 1914

*Docket 3387. Complaint, Apr. 22, 1938—Decision, Dec. 28, 1939*

Where a corporation engaged in sale and distribution of correspondence courses of study and instruction for civil service examinations for certain Government positions to purchasers in various other States, in substantial competition with others similarly engaged in sale and distribution in commerce among the various States and in the District of Columbia of correspondence courses of study and instruction to prepare students for such examinations, and of correspondence courses of study and instruction of other kinds; in soliciting, directly and through its representatives, sale of its said courses—

- (a) Represented that it or its representatives were connected with or under supervision of Government or Civil Service Commission, and that it was cooperating with and working in conjunction with said commission or by authorization thereof in preparing students for such examinations, and that its school had been selected by such commission to select and prepare candidates for civil service examinations and positions, facts being neither it nor its representatives had any connection with Government or Civil Service Commission, did not cooperate with latter or operate by authority thereof, as above set forth, and statements and representations made as above described were otherwise false;
- (b) Represented that it was able to and did secure advance information with respect to civil service examinations, and that such examinations would be held at specified times and places, or within specified time, and that Government positions were open or available to those taking its course and passing Civil Service examination, facts being it had no means of securing advance information with respect to such examinations not open to members of general public, and did not in fact secure such information, in case of the greater percentage of students solicited Government positions were not then open and available, nor were civil service examinations fixed for definite time or place or to be held within specified time in the future, nor within reasonable time thereafter;
- (c) Represented that prospects solicited had been selected for definite Government positions after qualifying by taking its courses and passing the civil service examination, and that it was necessary to take said course in order to take such examination or secure a position under the classified civil service, and that its students were given preferences in such examinations or in appointments to such positions, and that its school had the recognition or approval of the Government or said commission, facts being neither it nor its representatives had any official authority to select prospects for such positions or examinations therefor, representations made by it as above set forth were otherwise false, and it could not assure or guarantee Government position to its students and did not fulfill such representations made by its representatives; and