

IN THE MATTER OF
THE GOODYEAR TIRE AND RUBBER COMPANY, AND THE
GOODYEAR TIRE AND RUBBER 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 3984. Complaint, Feb. 27, 1940¹—Decision, June 18, 1941

Where a corporation, the wholly owned subsidiary and selling and distributing agent for a second corporation, manufacturer, with its subsidiaries, of several grades of automobile tires, engaged in the interstate sale and distribution thereof through a number of company-owned stores and to independent dealers located in various states, both of whom it supplied with price lists respectively designating and suggesting retail selling prices and both of whom sold a substantial quantity of its tires at such prices and also a substantial number at lesser prices to meet competition and by special sales, its sales program contemplating a trade-in allowance of approximately 10 percent of list prices for old tires; and said second corporation;

In advertising their "G-100 All-Weather," "G-3 All-Weather," "Marathon," and "Pathfinder" tires—Relatively priced in that order, the latter three at approximately 90 percent, 75 percent, and 65 percent of said "G-100 All-Weather" tire price—by means of suggested advertising copy prepared and disseminated by former to their dealers and by advertisements during Nation-wide sale periods immediately prior to July 4, Labor Day, and at other periods, and which were inserted by a large number of independent dealers and company-owned stores, in whole or in part, in numerous newspapers—

- (a) Represented, as typical, that their "Pathfinder" tire was offered for sale at a discount of 50 percent from the regular current retail selling price thereof, with old tire, through advertising "Save on tires June 20th to July 4th 50% SAVING * * * Think of it. For ½ the cost of little known 'Standard Tires' you get the PATHFINDER * * *" followed by list of sizes with prices, including, as example, "6.00 x 16—\$7.98 Net Prices Including Your Old Tire";

Facts being that while said tires were being offered for sale at 50 percent off the retail list price of the higher-priced "G-100 All-Weather" tire, retail list price of the 6.00-16 size of which, at time of said advertisement, was \$15.95, it was not offering them at a discount of 50 percent off the retail list price of "Pathfinder" tire, which was \$10.35; the advertised sales price of \$7.98 consequently represented a saving of only 22.89 percent, and if effect were given to the customary part payment trade-in allowance, the saving would be only 14.38 percent;

- (b) Represented that they were offering their "G-100" tire for sale at a discount of 50 percent, and that the list price of their "Pathfinder" tire was \$15.95, through advertisements "Save On Tires June 27 to July 4 50% off G-100 list * * * You get the PATHFINDER * * *," followed by list of tire sizes with prices, including, as example, "6.00 x 16 Standard Equipment List Price \$15.95. Pathfinder Sale Price \$7.98. Net prices including your old tire";

¹ Amended and supplemental.

Facts being that their "G-100" tire, which was their standard equipment tire, and listed at \$15.95, was not offered for sale, but instead the "Pathfinder" tire, listed at 65 percent of the price of the "G-100," was offered at 50 percent of the list price of the "G-100"; with result that the advertised sales price of \$7.98 represented a saving of only 22.89 percent off the list price of \$10.35 for the Pathfinder 6.00 x 16, and after taking into account the usual part payment trade-in allowance of 10 percent the actual saving was only 14.38 per cent;

- (c) Represented that their "Marathon" tire was offered for sale at 40 percent off its regular current sale price through advertisements "40% OFF our Standard List * * * these Big Famous MARATHON Goodyear Tires at the Lowest Prices in History," followed by list of tire sizes with prices, including, for example, "6.00 x 16—\$9.56. Net prices including your old tires";

Facts being that at the time of publication of said advertisement the standard list price of their 6.00 x 16 "Marathon" was \$11.95, so that the advertised sales price of \$9.56 represented a saving of only 20 percent and, with the usual trade-in allowance would be reduced to 11.15 percent;

- (d) Represented that their "G-3 All-Weather" tire was offered for sale at a discount of 25 percent off their regular current retail selling price by advertisements reading "25% Discount On The Famous Goodyear 'G-3' All-Weather Tires * * * for 10 days and 10 DAYS ONLY, you can buy the world's most popular tire—the Goodyear 'G-3' All-Weather—at 25% OFF the regular list price" followed by list of tire sizes with prices, including as example "Sale Price 6.00 x 16—\$10.75 Including your old tire";

Facts being while said advertised price of \$10.75 was 25 percent off the list price of respondent's 6.00 x 16 "G-3 All-Weather" tire, it was not a discount of 25 percent since the purchaser was required to turn in his used tire for which no credit was given: and customary part payment trade-in allowance of 10 percent would provide an actual cash discount of 16.8 percent;

With the tendency and capacity to mislead and deceive a substantial portion of the purchasing public, which understood and believed that represented savings or discounts from list prices were reductions from regular retail selling prices of the same tires in effect immediately prior to such advertised sale, into an erroneous belief with respect to savings actually offered, and with effect, because of such belief, of causing it to purchase said automobile tires:

Held, That such acts and practices were all to the prejudice and injury of the public, and constituted unfair and deceptive acts and practices in commerce.

Mr. William M. King for the Commission.

Mr. Lynn W. Baker, of Akron, Ohio, for respondents.

AMENDED AND SUPPLEMENTAL 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 The Goodyear Tire and Rubber Co., a corporation, and The Goodyear Tire and Rubber Co., Inc., a corporation, hereinafter referred to as respondents, have

Complaint

33 F. T. C.

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 amended and supplemental complaint, stating its charges in that respect as follows:

PARAGRAPH 1. The respondent, The Goodyear Tire and Rubber Co., is a corporation organized under the laws of the State of Ohio and has its principal office and place of business in the city of Akron, State of Ohio.

The respondent, The Goodyear Tire and Rubber Co., Inc., is a corporation organized under the laws of the State of Delaware and has its principal office and place of business in the city of Akron, State of Ohio. It is a wholly owned subsidiary of the said The Goodyear Tire and Rubber Co. and acts as selling agent for said company.

PAR. 2. The respondent, The Goodyear Tire and Rubber Co., an Ohio corporation, is now and for many years last past, has been engaged in the manufacture, sale and distribution, among other products, of automobile tires. Said automobile tires are manufactured by respondent in factories owned and operated by it in the cities of Akron, Ohio; Los Angeles, Calif.; Cumberland, Md.; Jackson, Mich. and Gadsden, Ala. The respondent, The Goodyear Tire and Rubber Co., Inc., at all times mentioned herein has been the selling agency for said product.

The respondents act in cooperation and in conjunction with each other in performing the acts and practices hereinafter alleged.

In the course and conduct of their business, the respondents sell the said automobile tires by means of dealers located in the various States of the United States and in the District of Columbia. Respondents cause their automobile tires to be shipped from said factories located in the several States as above described, to their dealers located in various other States of the United States and in the District of Columbia. Respondents maintain and at all times mentioned herein have maintained a course of trade in said automobile tires in commerce, among and between the various States of the United States and in the District of Columbia.

PAR. 3. The respondent, The Goodyear Tire and Rubber Co., an Ohio corporation, manufactures several grades of automobile tires which are distinguished as follows:

1. "G-100 All Weather Tire," which is the respondent's best grade or first-line tire and is sold at retail at what is usually referred to in the industry as 100 level prices;

2. "G-3 All Weather Tire," which is sold at 90 level prices, or 90 percent of the retail price of the "G-100 All Weather Tire";

3. The "Marathon" tire, which is sold at 75 level prices or 75 percent of the retail price of the "G-100 All Weather Tire";

4. The "Pathfinder" tire, which is sold at 65 level prices, or 65 percent of the retail price of the "G-100 All Weather Tire."

In the sale of these various grades of tires, it is customary and usual for respondents' dealers to make an allowance of 10 percent of the purchase price of the various grades of tires for old or used tires turned in by the customer. The respondents from time to time issue price lists designating the retail price or list price of its various grades of tires.

PAR. 4. For the purpose of inducing and stimulating the sale of their tires the respondents from time to time conduct Nation-wide tire sales through their various dealers, during which sale period they advertise and cause their various dealers to advertise in various newspapers and other periodicals having a general circulation, by means of which advertisements it is falsely represented that the respondents' tires are being sold at various purported discounts from the regular and usual price of such tires. Such sales are usually conducted immediately prior to Memorial Day, July Fourth, Labor Day, and at other periods during the year. The advertising copy used by the various dealers of the respondents, in connection with such sales, is prepared by the respondents and submitted to such dealers for insertion in local newspapers and other advertising media.

PAR. 5. Among and typical of the false, misleading and deceptive representations contained in the various advertisements disseminated by respondents as aforesaid is the following:

Save on Tires
June 20th to July 4th
50% SAVING
From Standard list on
Big Husky Genuine
New Goodyear Tires
Think of it. For one half the cost of little
known "standard tires" you get the PATHFINDER,
made and guaranteed for life by GOODYEAR.

Then follows list of the sizes with prices, of which the following is an example:

6.00 x 16 \$7.98
Net prices including your old tire.

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set out herein, the respondents represent that their tire known as the "Pathfinder" is sold at a discount of 50 percent of the usual and customary price of

Complaint

33 F. T. C.

said tire. In truth and in fact, said "Pathfinder" tire is not sold at a discount of 50 percent. For example, the standard list price of the 6.00 x 16 "Pathfinder" tire in effect at the time of such advertisement was \$10.35, and consequently the advertised sale price of \$7.98 represented a saving of 22.89 percent rather than 50 percent. Furthermore, the advertised saving makes no allowance for the trade-in value of the customer's old tire. Giving effect to the 10 percent trade-in value of old tires as is the usual and customary practice, this would further reduce the actual saving on said "Pathfinder" tire to 14.38 percent instead of 50 percent.

PAR. 6. Another and typical example of the false, misleading, and deceptive representations contained in the various advertisements, disseminated as aforesaid, is the following:

Save on Tires
June 27th to July 4th
50% off G-100 List
on Big Husky Genuine
New Goodyear Tires.
You get the PATHFINDER made
and guaranteed for life by
GOODYEAR.

Then follows list of tire sizes with prices, of which the following is an example:

Size	Standard Equipment List Price	Pathfinder sale price
6.00 x 16	\$15.95	\$7.98
Net prices including your old tire.		

By means of the statements and representations hereinabove set forth, and others similar thereto not specifically set out herein, the respondents represent that their best grade tires, known as "G-100," are being sold at a discount of 50 percent, and also that the list price of its fourth grade 65 level tire known as "Pathfinder" is \$15.95. In truth and in fact, respondents' first-line tire known as "G-100" or "G-100 All Weather Tire" is not sold at such discount on said sale as advertised, but instead respondents' fourth-grade, or 65 level tire is sold for the advertised price. As an example, the advertisement lists tire size 6.00 x 16 as standard equipment list price of \$15.95, and sale price of Pathfinder at \$7.98. The price of \$15.95 listed in said advertisement as the standard equipment list price is the list price for the "G-100 All Weather Tire," and the Pathfinder tire has never sold at said price but instead at the list price of \$10.35. In effect, by said advertisement, the respondents sell the 65 level tire known as "Pathfinder," after taking into consideration the usual

298

Complaint

and customary discount of 10 percent for used tires, at a discount on said "Pathfinder" tire of only 14.38 percent, instead of the alleged 50 percent discount represented in said advertisement.

PAR. 7. Another and typical example of the false, misleading, and deceptive representations contained in the various advertisements disseminated by the respondents as aforesaid is the following:

40% OFF
our Standard List
Now you can get these Big
Husky FAMOUS MARATHON Goodyear
Tires at the Lowest Prices
in History.
June 22nd to July 4th.

Then follows list of tire sizes with prices, of which the following is an example:

6.00 x 16 \$9.56
Net Prices including your old tires.

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set out herein, the respondents represent that their tire known as the "Marathon" is sold at a discount of 40 percent off standard list price. In truth and in fact, said "Marathon" tire is not sold at a discount of 40 percent off list price. For example, the list price of the 6.00 x 16 "Marathon" tire in effect at the time of the sale was \$11.95. The advertised sales price was \$9.56, or a saving of only 20 percent. Moreover, the advertised price made no allowance for the usual and customary trade-in value of old tires. Giving effect to the customary allowance of 10 percent for used tires, the actual saving to the purchaser on such sale would be 11.15 percent, rather than 40 percent as advertised.

PAR. 8. Another and typical example of the false, misleading, and deceptive representations contained in the various advertisements disseminated by the respondents as aforesaid is the following:

25% Discount on the Famous Goodyear "G-3" All Weather Tires—Here's grand news for vacation budgets! For ten days and TEN DAYS ONLY, you can buy the world's most popular tire—the Goodyear "G3" All Weather—at 25% OFF the regular list price.

Then follows list of tire sizes with prices, of which the following is an example:

Sale Price 6.00 x 16 \$10.75
Including your old tire.

By means of the statements and representations hereinabove set forth and others similar thereto not specifically set out herein, the

Findings

33 F. T. C.

respondents represent that their "G-3 All Weather Tire" is sold at a discount of 25 percent. In truth and in fact, the saving or discount to the purchaser on this sale is not 25 percent for the reason that no allowance is given for the used tire as is customary and usual, and after taking into consideration the 10-percent discount ordinarily and regularly allowed for used tires, the saving to the purchaser would amount to only 16.8 percent, rather than 25 percent as advertised.

PAR. 9. The use by the respondent of the foregoing false, misleading, and deceptive statements, representations and advertisements disseminated as aforesaid with respect to the sales prices of its automobile tires has had and now has the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such false statements, representations, and advertisements are true, and that the respondent's tires are sold at the saving or discount advertised and induces a portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondent's automobile tires.

PAR. 10. The aforesaid acts and practices of the respondents, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices 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 27th day of February, A. D. 1940, issued and thereafter served its amended and supplemental complaint in this proceeding upon the respondents The Goodyear Tire & Rubber Co., Inc., a corporation, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. On May 1, 1940, the respondents filed their answer in this proceeding. Thereafter, a stipulation was entered into whereby it was stipulated and agreed that a statement of facts signed and executed by the respondents and W. T. Kelley, Chief Counsel for the Federal Trade Commission, subject to the approval of the Commission, may be taken as the facts in this proceeding and in lieu of testimony in support of the charges stated in the complaint, or in opposition thereto, and that said Commission may proceed upon said statement of facts to make its report stating its findings as to the facts and its conclusion based thereon and enter its order disposing of the proceeding without the filing of a report upon the evidence by the trial examiner. Thereafter, this proceeding

regularly came on for final hearing before the Commission on said complaint as amended, answer and stipulation as to the facts, such stipulation having been approved, accepted, and filed, 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, The Goodyear Tire & Rubber Co., properly designated, identified and described as The Goodyear Tire & Rubber Co., is a corporation organized under the laws of the State of Ohio and has its principal office and place of business in the city of Akron, State of Ohio. Said respondent, together with wholly-owned subsidiary companies, to wit: Goodyear Tire & Rubber Co. of California; Goodyear Tire & Rubber Co. of Michigan; and Goodyear Tire & Rubber Co. of Alabama, are now, and for many years last past have been, engaged in the manufacture, sale, and distribution of automobile tires and tubes. Said automobile tires and tubes are manufactured by said respondent and by its subsidiary companies above named in factories owned and operated by them in the cities of Akron, Ohio; Los Angeles, Calif.; Jackson, Mich.; and Gadsden, Ala.

PAR. 2. The respondent, The Goodyear Tire & Rubber Co., Inc., properly designated, identified, and described as The Goodyear Tire & Rubber Co., Inc., is a corporation organized under the laws of the State of Delaware and has its principal office and place of business in the city of Akron, State of Ohio. It is the wholly-owned subsidiary of the said The Goodyear Tire & Rubber Co., and is, and at all times herein mentioned was, the selling and distributing agent for said parent corporation and the other manufacturing subsidiary companies above enumerated. The said The Goodyear Tire & Rubber Co. at all times mentioned herein, by means of stock control, dominated and controlled the policies of said The Goodyear Tire & Rubber Co., Inc., in the acts and practices hereafter set forth.

PAR. 3. In the course and conduct of its business the respondent, The Goodyear Tire & Rubber Co., Inc., sells said automobile tires and tubes to the purchasing public by and through a number of company owned stores and to independent dealers located in the various States of the United States and in the District of Columbia. Said respondent cause said automobile tires and tubes to be shipped from the factories, above enumerated, to such dealers and company owned

Findings

33 F. T. C.

stores located in various other States of the United States and in the District of Columbia. These respondents maintain, and at all times mentioned herein have maintained, a course of trade in said automobile tires and tubes in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 4. The respondent, The Goodyear Tire & Rubber Co., together with its wholly owned subsidiaries manufacture several grades of automobile tires, which insofar as the following group is concerned and during the times mentioned herein, were distinguished as follows:

1. "G-100 All Weather" tires, listed and recommended to be sold at retail at list prices issued from time to time by the respondent, The Goodyear Tire & Rubber Co., Inc.

2. "G-3 All Weather" tire, listed and recommended to be sold at retail at approximately 90 percent of the price of "G-100 All Weather" tire.

3. The "Marathon" tire, listed and recommended to be sold at retail at approximately 75 percent of the price of "G-100 All Weather" tire.

4. The "Pathfinder" tire, listed and recommended to be sold at retail at approximately 65 percent of the price of the "G-100 All Weather" tire.

The respondent, The Goodyear Tire & Rubber Co., Inc., issued price lists for the use of its various retail stores designating the retail selling prices of its various grades of tires. Such price lists are commonly referred to in the industry as "list prices." List prices were also furnished to said respondent's dealers as a suggested selling price of said tires. At the time mentioned herein the sales program of said respondent contemplated an allowance, referred to generally as a trade-in allowance, of approximately 10 percent of the list prices of new tires when the customers turned in their old tires to said stores or dealers. A substantial portion of said respondent's tires are sold at said list prices. A substantial portion of said tires are sold at prices less than said list prices, such lesser prices being brought about by reason of discounts to meet competition and by special sales. The allowances for old tires turned in by the purchasers were based upon the value of said old tires. Except as offered at any particular time, said respondent's stores are not obligated to give a trade-in allowance for purchasers' used tires.

PAR. 5. During the year 1939, the respondent, The Goodyear Tire & Rubber Co., Inc., prepared and disseminated suggested advertising copy to its various dealers, and during nationwide sales periods, it advertised and recommended that its various dealers advertise in a

298 .

Findings

large number of newspapers having a general circulation, by means of which advertisements it was represented that the said automobile tires were being sold at various savings and discounts from the regular or list prices of such tires. Such sales were held immediately prior to July Fourth, Labor Day, and at other periods during the year.

A large number of independent dealers and company owned stores inserted such advertising, in whole or in part, in numerous newspapers throughout the United States and the District of Columbia.

PAR. 6. Among and typical of the representations contained in the various advertisements disseminated by respondents as aforesaid is the following:

Save on Tires
June 20th to July 4th
50% SAVING
From Standard list on
Big Husky Genuine
New Goodyear Tires
Think of it. For one half the cost of
little known "standard tires" you get
the PATHFINDER, made and guaranteed
for life by GOODYEAR.

Then follows list of the sizes with prices, of which the following is an example:

6.00 x 16 \$7.98
Net prices including your old tire.

The Commission finds that said respondents represented, through the use of the above statements and representations, that their "Pathfinder" tire was offered for sale at a discount of 50 percent from the regular current retail selling prices of said tire with old tire.

At the time of the publication of said advertisement "Pathfinder" tires were being offered for sale at 50 percent off the retail list price of the "G-100 All Weather" tire, but not at a discount of 50 percent off the retail list price of said "Pathfinder" tire. As an example, the retail list price of the 6.00 x 16 "G-100 All Weather" tire in effect at the time of said advertisement was \$15.95, and the retail list price of the "Pathfinder" tire of the same size was \$10.35. The advertised sales price of \$7.98 represented a saving of only 22.89 percent on the "Pathfinder" tire. If effect be given to the usual and customary part payment trade-in allowance credited to purchasers in the sale of new tires, the actual saving on said Pathfinder tire would be 14.38 percent.

Findings

33 F. T. C.

PAR. 7. Among and typical of the representations contained in the various advertisements disseminated by respondents as aforesaid is the following:

Save on Tires
June 27th to July 4th
50% off G-100 List
On Big Husky Genuine
New Goodyear Tires.
You get the PATHFINDER made
and guaranteed for life by
GOODYEAR

Then follows list of tire sizes with prices, of which the following is an example:

Size	Standard Equipment	Pathfinder
6.00 x 16	List Price	Sale Price
	\$15.95	\$7.98

Net prices including your old tire.

The Commission finds that said respondent represented, through the use of the above statements and representations, that they were offering their "G-100" tire for sale at a discount of 50 percent; and that the list price of their "Pathfinder" tire was \$15.95.

Respondents' "G-100 All Weather" tire was its standard equipment tire at the time of the publication of this advertisement and was listed at \$15.95. This tire was not offered for sale but instead the "Pathfinder" tire listed at 65 percent of the price of the "G-100" was offered at 50 percent of the list price of the "G-100." This did not result in a saving of 50 percent in the sale of the Pathfinder tire. As an example, the list price of the Pathfinder at said time was \$10.35 for size 6.00 x 16. The advertised sales price of \$7.98 represented a saving of only 22.89 percent. After taking into account the usual and customary part payment trade-in allowance of 10 percent the actual saving would be 14.38 percent.

PAR. 8. Among and typical of the representations contained in the various advertisements disseminated by respondents as aforesaid is the following:

40% OFF
our Standard List
Now you can get these Big
Husky Famous MARATHON Goodyear
Tires at the Lowest Prices
In History.
June 22nd to July 4th.

Then follows list of tire sizes with prices, of which the following is an example:

6.00 x 16	\$9.56
Net prices including your old tires.	

The Commission finds that the respondents represented, through the use of the above statements and representations, that their "Marathon" tire was offered for sale at 40 percent off the regular current sale price of said tire.

At the time of the publication of said advertisement the standard list price of respondents' "Marathon" tire, taking size 6.00 x 16 as an example, was \$11.95. The advertised sales price of \$9.56 represented a saving of only 20 percent. Giving effect to the usual and customary part payment trade-in allowance would reduce the saving to 11.15 percent.

PAR. 9. Among and typical of the representations contained in the various advertisements by respondents as aforesaid is the following:

25% Discount on the Famous Goodyear "G-3" All Weather Tires—Here's grand news for vacation budgets! For ten days and TEN DAYS ONLY, you can buy the world's most popular tire—the Goodyear "G3" All Weather—at 25% off the regular list price.

Then follows list of tire sizes with prices, of which the following is an example:

Sale Price 6.00 x 16	\$10.75
Including your old tire.	

The Commission finds that the respondents represented, through the above statements and representations that their "G-3 All Weather" tire was offered for sale at a discount of 25 percent of the regular current retail selling price of said tire.

At the time of the publication of said advertisement the regular list price of respondents' "G-3 All Weather" tire for 6.00 x 16 was \$14.35. While the advertised price of \$10.75 was 25 percent off this price it was not a discount of 25 percent since the purchaser was required to turn in his used tire but no credit was given. Giving credit for the usual and customary part payment trade-in allowance of 10 percent would provide an actual cash discount of 16.8 percent.

PAR. 10. The Commission finds that substantial numbers of the purchasing public understand and believe that advertised savings or discounts are reductions from the regular retail selling prices charged for the same merchandise in the ordinary course of business, immediately prior in point of time to such advertised sales; that they

Order

33 F. T. C.

understand and believe that "list prices," as used in tire advertising, referred to and meant the regular retail selling prices of the tires advertised for sale and that any represented savings or discounts from such "list prices" were reductions from the regular retail selling prices of the same tires, in effect immediately prior in point of time to such advertised sale.

PAR. 11. The use by the respondents of the foregoing statements, representations, and advertisements disseminated as aforesaid has had the tendency and capacity to mislead and deceive a substantial portion of the purchasing public as to the savings and discounts actually offered and the kind and brand of tires offered for sale, and induced a portion of the purchasing public, because of such erroneous and mistaken belief to purchase respondents' automobile tires.

CONCLUSION

The aforesaid acts and practices of the respondents as herein found are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices 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 amended complaint of the Commission and a stipulation as to the facts entered into between the respondents and W. T. Kelley, Chief Counsel for the Commission, which provides, among other things, that without further evidence or other intervening procedure, the Commission may issue and serve on the respondents, findings as to the facts and conclusion based thereon and an order disposing of this proceeding, 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 The Goodyear Tire & Rubber Co., a corporation, and The Goodyear Tire & Rubber Co., Inc., a corporation, their officers, representatives, agents, and employees, directly or through any corporate or other device, in advertising in newspapers or other recognized advertising media, in connection with the offering for sale, sale and distribution of their automobile tires and tubes to the general public, in commerce as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "List Price" or any other term of similar import or meaning to designate, describe or refer to prices which are not, in fact, the bona fide regular established selling prices of the tires or tubes advertised and offered for sale, as established by the usual and customary sales in the normal course of business.

2. Representing, directly or indirectly, that any specified amount is the customary, regular or usual price of any tire or tube advertised and offered for sale when such amount is not, in fact, the bona fide actual selling price of such tire or such tube as established by the usual and customary sales in the normal course of business.

3. Representing, directly or indirectly, any specified amounts or percentages as savings or discounts which are not actual savings or discounts computed on the bona fide, usual and customary selling price for such tires or such tubes in effect immediately prior in point of time to such representation.

4. Representing, directly or indirectly, that any specified savings or discounts are offered a purchaser upon the purchase of certain of its tires or tubes when such savings or discounts are computed upon the regular selling or list prices of its higher priced tires or tubes.

5. Representing, directly or indirectly, that a specified tire or tube is offered for sale when such tire or such tube is not so offered but instead another tire or tube of different kind or brand.

6. Representing, directly or indirectly, that specific savings or discounts are afforded a purchaser upon the purchase of tires or tubes when such savings or discounts do not take into account the trade-in allowances usually and customarily made to purchasers in the sale of such tires or such tubes in the ordinary course of business.

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 and form in which they have complied with this order.

IN THE MATTER OF
THE B. F. GOODRICH COMPANY

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

Docket 3985. Complaint, Jan. 2, 1940—Decision, June 18, 1941

Where a corporation long engaged in the manufacture of automobile tires and tubes and in their sale and distribution through its company-owned stores and independent dealers, both of whom it supplied with price lists respectively designating and suggesting retail selling prices, including in its sales program a statement to the effect that an allowance up to 10 percent on the list price of any tire might be made when the consumer turned in old tires, its tires being sold variously at list prices, at prices less than list brought about by discounts to meet competition and by special sales, and at budget prices which, when service charge was taken into consideration, were higher than list prices—

In advertising its "Life Saver Silvertown Tire," "Silver-town R-4 Tire," its "Standard" tire and its "Commander" tire—relatively priced in that order at 90, 75, and 65 percent of first named tire—during nation-wide sales conducted immediately prior to July Fourth and Labor Day and at other periods, by means of advertising copy which it prepared and submitted to dealers and which was inserted by them in a large number of newspapers of general circulation—

- (a) Represented that its "Commander" tire was offered for sale at 50 percent off, and at savings designated, from the regular current retail selling prices, and that said "Commander" was its first quality tire, through advertising "GOODRICH COMMANDERS 50% OFF REGULAR TIRE PRICES," followed by list of sizes, with prices, including as example "6.00 x 16 Regular First Line Tire, Price \$15.95 Special Goodrich Commander Price \$7.97, You Save \$7.98. These prices include your old tires. * * *";

Facts being that at the time of publication of such advertisement "Commander" tires, while they were offered for sale at 50 percent off the list price of the higher-priced first-line "Life Saver Silvertown Tire," were not at 50 percent off the list price of the "Commander," the list price of the 6.00 x 16 "Life Saver Silvertown" being \$15.95, and that of the comparable "Commander" only \$10.35, and the advertised saving consequently being 22.89 percent off the "Commander" price, which saving gave no credit for the customary trade-in allowance of 10 percent which would further reduce the actual saving on "Commander" tires to 14.25 percent; and the "Commander" was not, as claimed, its first-line tire;

- (b) Represented that it was offering all grades of its tires at the price of two for one; that its "Commander" tires were being sold at half their regular current retail selling price; and that the "Commander" was its first-line or first-grade tire, by advertisements reading "Two for One—Yes, 2 Goodrich Tires for the price of 1 First Line Tire * * *" including "Regular First Line Tires Prices" for various sizes and the statement "These prices include your old tires";