

## Complaint

IN THE MATTER OF  
ROCKFORD FURNITURE FACTORIES, INC.

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

*Docket 4503. Complaint, May 14, 1941—Decision, Aug. 12, 1941*

Where a corporation, with office and principal place of business in Newark, N. J., engaged in interstate sale and distribution of furniture at retail—  
Represented, directly or indirectly, that it was a manufacturer of furniture and owned, operated, or controlled the plants or factories in which the furniture dealt in by it was made, and that such furniture was manufactured in Rockford, Ill., through adoption and use of corporate name including words "Rockford Furniture Factories," and through designating as "Rockford Furniture Showrooms" building and rooms in which its said furniture was displayed, and featuring its said corporate name on letter-heads, sales contracts and other printed and advertising matter, and its said latter, designation about the building and rooms in question, and printing the same on order blanks, code price cards, and other literature used in connection with the display, solicitation, and sale of its furniture; Notwithstanding it was not a manufacturer of furniture, but purchased it on the open market, and stocked and sold very little, if any, furniture made exclusively in Rockford, Ill.;

With effect of misleading and deceiving a substantial portion of the purchasing public into the erroneous belief (1) that it was a manufacturer, for dealing with whom directly, there is a marked preference, due to the belief that the profit of the middleman may be thereby eliminated and lower prices, more favorable terms, and other advantages obtained, and (2) that its said furniture was made in Rockford, Ill., long known as an important part of the furniture industry, products of which had long enjoyed a widespread popularity and demand; and of inducing a substantial portion of the purchasing public to buy its furniture as a result of such mistaken belief:  
*Held*, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public, and constituted unfair and deceptive acts and practices in commerce.

*Mr. J. V. Buffington* for the Commission.

*Mr. Samuel S. Ferster*, of Newark, N. J., 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 Rockford Furniture Factories, Inc., a corporation, 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

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public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. The respondent, Rockford Furniture Factories, 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 801 Passaic Avenue in the city of Newark and State of New Jersey. The respondent for more than three years last past has been, and is now, engaged in the distribution and sale at retail of furniture.

Respondent causes its said furniture, when sold, to be transported from its place of business in the State of New Jersey to the purchasers thereof located in various other 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 said furniture in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of its aforesaid business, the respondent adopted as and for its corporate and trade name the words "Rockford Furniture Factories, Inc.," under which to carry on its business, which said name, including the words "Rockford" and "Factories," respondent at all times mentioned herein has used continuously, and now uses, in soliciting the sale of and selling its furniture as described herein. Respondent has also described and designated, and now describes and designates, the building and rooms in which its said furniture is displayed as "Rockford Furniture Showrooms." Respondent has caused, and still causes, said corporate or trade name, "Rockford Furniture Factories, Inc.," to be prominently and conspicuously displayed in and about its place of business and to appear on its letterheads, sales contracts and other printed and advertising matter distributed in commerce among and between the various States of the United States and in the District of Columbia, and has caused, and still causes, the said designation, "Rockford Furniture Showrooms," to prominently appear in and about the building and rooms in which its furniture is displayed and to be imprinted on its order blanks, code price cards and other literature used in connection with the display, solicitation of sales and selling of said furniture.

PAR. 3. Through the use of the aforesaid corporate or trade name, "Rockford Furniture Factories, Inc.," and said designation, "Rockford Furniture Showrooms," and through other representations not specifically set out herein, the respondent has represented, and still represents, directly or indirectly, that it is a manufacturer of furni-

ture; that it owns and operates or controls the manufacturing plants or factories in which the furniture it sells is manufactured; and that said furniture is manufactured in the city of Rockford, Ill.

PAR. 4. Such representations on the part of the respondent are false and misleading. In truth and in fact, respondent has never been, and is not now, a manufacturer of furniture. It has never, and does not now, own and operate or control in any manner the manufacturing plants or factories in which such furniture, or any of it is manufactured. Respondent at all times mentioned herein, on the contrary, has purchased, and now purchases, all of its furniture on the open market. Respondent has never and does not now stock or sell furniture manufactured exclusively in the city of Rockford, Ill., but on the contrary, has stocked and sold, and now stocks and sells, very little, if any, furniture manufactured in said city.

PAR. 5. There is a marked preference on the part of a substantial portion of the purchasing public for purchasing furniture and other merchandise directly from the manufacturer thereof, such preference being due in part to a belief on the part of the public that the profit of a middleman may be eliminated and that lower prices, more favorable terms and other advantages may be obtained thereby.

PAR. 6. The city of Rockford, Ill., has been for many years last past, and is now, a large and important center of the furniture industry, which fact has been, and is, generally known to a substantial portion of the public throughout the United States. The furniture manufactured in said city for many years has enjoyed, and now enjoys, a widespread popularity and demand and there is a preference on the part of a substantial portion of the purchasing public for such furniture.

PAR. 7. The use by the respondent of the acts and practices herein set forth has had, and now has, the tendency and capacity to, and does, mislead and deceive a substantial portion of the purchasing public into an erroneous and mistaken belief that respondent is a manufacturer of the furniture it sells and that said furniture is manufactured in Rockford, Ill., and has had, and now has, the tendency and capacity to, and does, induce such portion of the public to purchase substantial quantities of said furniture as the result of such erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of the respondent 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.

## Findings

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## REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on May 14, 1941, issued and on May 15, 1941, served its complaint in this proceeding upon respondent Rockford Furniture Factories, Inc., a corporation, charging it with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. On June 4, 1941, 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. The respondent, Rockford Furniture Factories, 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 801 Passaic Avenue in the city of Newark and State of New Jersey. The respondent for more than 3 years last past has been, and is now, engaged in the sale at retail and distribution of furniture.

Respondent causes its said furniture, when sold, to be transported from its place of business in the State of New Jersey to the purchasers thereof located in various other 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 said furniture in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of its aforesaid business, the respondent adopted as and for its corporate and trade name the words "Rockford Furniture Factories, Inc," under which to carry on its business, which said name, including the words "Rockford" and "Factories," respondent at all times mentioned herein has used continuously, and now uses, in soliciting the sale of and selling its furniture as described herein. Respondent has also described and designated, and now describes and designates, the building and rooms in which its said furniture is displayed as "Rockford Furniture Show-

rooms." Respondent has caused, and still causes, said corporate or trade name, "Rockford Furniture Factories, Inc." to be prominently and conspicuously displayed in and about its place of business and to appear on its letterheads, sales contracts, and other printed and advertising matter distributed in commerce among and between the various States of the United States and in the District of Columbia, and has caused, and still causes, the said designation, "Rockford Furniture Showrooms," to prominently appear in and about the building and rooms in which its furniture is displayed and to be imprinted on its order blanks, code price cards and other literature used in connection with the display, solicitation of sales and selling of said furniture.

PAR. 3. Through the use of the aforesaid corporate or trade name, "Rockford Furniture Factories, Inc." and said designation, "Rockford Furniture Showrooms," and other representations not specifically set out herein, the respondent has represented, and still represents, directly or indirectly, that it is a manufacturer of furniture; that it owns, operates, or controls the manufacturing plants or factories in which the furniture it has sold, and now sells, was and is manufactured; and that said furniture is manufactured in the city of Rockford, Ill.

PAR. 4. Such representations on the part of the respondent are false and misleading. In truth and in fact, respondent has never been, and is not now, a manufacturer of furniture. It has never, and does not now, own, operate, or control in any manner the manufacturing plants or factories in which such furniture, or any of it, was and is manufactured. Respondent at all times mentioned herein, on the contrary, has purchased, and now purchases, all of its furniture on the open market. Respondent has never and does not now stock or sell furniture manufactured exclusively in the city of Rockford, Ill., but, on the contrary, has stocked and sold, and now stocks and sells, very little, if any, furniture manufactured in said city.

PAR. 5. There is a marked preference on the part of a substantial portion of the purchasing public for purchasing furniture and other merchandise directly from the manufacturer thereof, such preference being partly due in part to a belief on the part of the public that the profit of a middleman may be eliminated and that lower prices, more favorable terms and other advantages may be obtained thereby.

PAR. 6. The city of Rockford, Ill., has been for many years last past, and is now, a large and important center of the furniture industry, which fact has been, and is, generally known to a substantial portion of the public throughout the United States. The

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furniture manufactured in said city for many years has enjoyed, and now enjoys, a widespread popularity and demand, and there is a preference on the part of a substantial portion of the purchasing public for such furniture.

PAR. 7. The use by the respondent of the acts and practices herein set forth has had, and now has, the tendency and capacity to, and does, mislead and deceive a substantial portion of the purchasing public into an erroneous and mistaken belief that respondent is a manufacturer of the furniture it sells and that said furniture is manufactured in Rockford, Ill., and has had, and now has, the tendency and capacity to, and does, induce such portion of the public to purchase substantial quantities of said furniture as the result of such erroneous and mistaken belief.

## CONCLUSION

The aforesaid acts and practices of the respondent, 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 complaint of the Commission and the answer of respondent, in which answer respondent 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; and the Commission having made its findings as to the facts and its conclusion that said respondent has violated the provisions of the Federal Trade Commission Act.

*It is ordered*, That the respondent Rockford Furniture Factories, Inc., a corporation, its officers, representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of furniture in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the word "Rockford," or any simulation thereof, in its corporate name, or in any way to designate or refer to its business or its display rooms, when the furniture offered for sale and sold by respondent is not in substantial proportion manufactured in the city of Rockford, Ill.

2. Using the word "Rockford," or any simulation thereof, on its letterheads, posters, advertising materials, or in any manner to repre-

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sent, import, or imply that furniture not manufactured in the city of Rockford, Ill., was manufactured in that city.

3. Using the word "Factories," or any other word or terms of similar import or meaning, in its corporate name, or to designate or refer to its business or in any manner represent, import, or imply that respondent is the manufacturer of furniture offered for sale or sold by it.

*It is further ordered,* That 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.

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IN THE MATTER OF

## ILLINOIS NUT PRODUCTS COMPANY

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION  
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 3807. Complaint, June 3, 1939—Decision, Aug. 13, 1941*

Where a corporation engaged in manufacture and in competitive interstate sale and distribution of candy, including certain assortments packed and assembled so to involve the use of a game of chance, gift enterprise, or lottery scheme when sold to consumers, and in shipping push cards to be used with such assortments, to its wholesaler and jobber purchasers, by whom the cards and candy were assembled into assortments and sold to the retail trade; a typical assortment consisting of a box of malted milk balls, together with a push card for use in their sale under a plan in accordance with which the chance selection of such football legends as "Touchdown," "Drop Kick," "Safety," etc., entitled a customer, for the cent paid, from 20 down to 1 malted milk ball, the last play in first of card's two sections was entitled to 10, and last play on card to 20 pieces—

Sold such assortments to wholesalers, jobbers, and retailers, and furnished therewith as aforesaid, various push cards for use, in their sale, thereby placing in the hands of others devices through which said merchandise was distributed to the ultimate consumer wholly by lot or chance, in competition with those who do not use any sales method involving such a game, gift enterprise, or lottery scheme;

With the result that many persons were attracted by its said sales plan and the element of chance involved therein, and were thereby induced to buy and sell its candy in preference to that of its said competitors, and with tendency and capacity unfairly to divert trade in commerce to it from them:

*Held*, That such acts and practices were contrary to the established public policy of the United States Government, and constituted unfair methods of competition in commerce and unfair and deceptive acts and practices therein.

Before *Mr. Miles J. Furnas* and *Mr. W. W. Sheppard*, trial examiners.

*Mr. L. P. Allen, Jr.* and *Mr. J. V. Mishou* for the Commission.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of authority vested in it by said act, the Federal Trade Commission, having reason to believe that Illinois Nut Products Co., a corporation, hereinafter referred to as respondent, has violated the provisions of said act, and it appearing to the Commis-