

IN THE MATTER OF

STANLEY LABORATORIES, INC., EDWARD A. BACHMAN
TRADING AS STILLMAN PRODUCTS COMPANY AND AS
STANLEY LABORATORIESCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF
SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 4130. Complaint, May 7, 1940—Decision, April 1, 1942*

Where a corporation and its president, who controlled and directed its business activities, engaged in interstate sale and distribution of drug products for feminine hygiene; in advertisements of their "M. D. Medicated Douche Powder" through the mails, in newspapers, circulars, leaflets, folders, pamphlets, and other advertising literature; directly and by implication—

- (a) Represented that said powder was a recent development of scientific research which was endorsed by leading physicians and surgeons; that it was an antiseptic and germicide which would combat any form of bacteria; and that it had competent remedial qualities for use on cuts, sores, and burns, and would relieve fatigue and annoying discharge sometimes connected therewith; and
- (b) Represented that said preparation constituted a contraceptive and a prophylactic against disease through use of such descriptive words and phrases as "dependable," "insure—personal hygiene," "dependable safeguard," "reliable safeguard," and "effective, reliable antiseptic powder" in referring thereto;

When in fact said preparation was neither such a recent development, nor thus endorsed; while the ingredient oxyquinolin sulphate, commonly used in such powders, has a spermatocidal action in direct concentration, under conditions of use the proportion thereof was so small as to have little or no value; the ingredient phenol under conditions of use would have no germicidal properties, but solely an antiseptic effect; use of the two together in sufficient concentration to act as a germicide would have a tendency to irritate and damage the tissues; and while laboratory tests indicated that the product contained a bacteriostatic, or germ-inhibiting, substance and had antiseptic properties, under the dissimilar conditions of use the value thereof was limited to that of a mild antiseptic; product had little or no therapeutic value in treatment of cuts, sores, and burns; use as a douche had no value in relieving fatigue, and would not affect the cause of any discharge; it did not constitute a preventative against conception in excess of the mechanical effect of flushing the vagina, and was not a prophylactic against disease; and

Where said corporation and individual—

- (c) Represented, through use of the term "Laboratories" in their corporate and trade names, and in their advertising material, that they owned, operated, and controlled a laboratory equipped for compounding medicinal preparations and for research in connection therewith;

The facts being they were merely distributors of products compounded and manufactured by other concerns; and

- (d) Falsely represented that their products were either prescribed or compounded by physicians or bore the endorsement or recommendation of the medical profession by use of the letters "M. D." in designating their product "M. D. Medicated Douche Powder" and by including in advertising thereof the likeness of nurses and doctors, with a red cross; tendency and capacity of which was to cause the purchasing public to believe that such products were endorsed and recommended by the medical profession or by the American Red Cross.

With effect of misleading and deceiving a substantial portion of the purchasing public into the mistaken belief that such statements were true, thereby causing it, because of such mistaken belief, to purchase said products:

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.

Before *Mr. William C. Reeves* and *Mr. Charles A. Vilas*, trial examiners.

Mr. R. P. Bellinger and *Mr. Carrel F. Rhodes* for the Commission.

Mr. James J. Hayden, of Washington, D. C., and *Mr. Leo Levinson*, of Portland, Oreg., for respondents.

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 Stanley Laboratories, Inc., a corporation, and Edward A. Bachman, an individual trading as Stillman Products Co. and as Stanley Laboratories, hereinafter referred to as respondents, have violated the provisions of the said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Stanley Laboratories, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Oregon, with its principal place of business located in Portland, Oreg. Respondent, Edward A. Bachman, is an individual, trading as Stillman Products Co. and as Stanley Laboratories, who also has his office and principal place of business in Portland, Oreg., in connection with and located at the same address as the corporate respondent above named. The respondent Edward A. Bachman is also president of the corporate respondent Stanley Laboratories, Inc., and controls and directs the business activities, sales policies and practices of the corporate respondent.

PAR. 2. Respondents are now, and for more than 1 year last past have been, engaged in the business of selling and distributing certain drug products for feminine hygiene.

Respondents designate their said products so sold and distributed as "M. D. Medicated Douche Powder," "Contra-Jel," "Femeze," and "M. D. Supercones."

Respondents cause said products, when sold, to be transported from their place of business in Oregon to the purchasers thereof 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 products in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their aforesaid business, the respondents have disseminated and are now disseminating, and have caused and are now causing the dissemination of false advertisements concerning their said products, by the United States mails and by various other means in commerce, as commerce is defined in the Federal Trade Commission Act, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of said products; and respondents have also disseminated and are now disseminating, and have caused and are now causing the dissemination of false advertisements concerning their said products, by various means, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of their said products in commerce, as commerce is defined in the Federal Trade Commission Act. Among and typical of the false, misleading, and deceptive statements and representations contained in said false advertisements disseminated and caused to be disseminated as hereinabove set forth by the United States mails, by advertisements in newspapers, and by circulars, leaflets, folders, pamphlets, and other advertising literature, are the following:

1. As to M. D. Medicated Douche Powder:

A VALUABLE PRESCRIPTION FOR DISCRIMINATING WOMEN * * * produced for discriminating modern women who desire a sanitary, and dependable douche to insure their personal hygiene. It is but recently that scientific research has developed new and improved methods to safeguard the health and happiness of married women. Endorsed by physicians and surgeons. M. D. Medicated Douche Powder not only cleans the vagina, and soothes the delicate membrane tissue, but it has the added advantage of the protective action of oxyquinolin sulphate, a dependable safeguard. Because of its many other beneficial uses, "M. D." is also a very valuable household remedy * * * for cuts, sores and burns.

M. D. Medicated Douche Powder, endorsed by leading physicians and surgeons, is a germicide—soothing and cooling to delicate membranes with the addition of oxyquinolin sulphate—a reliable safeguard.

Medical science now answers the problems of millions of women with a truly effective, reliable antiseptic powder.

Effective in combatting any form of bacteria.

It relieves women of fatigue and the annoying discharge, often occasioned by all day standing.

Manufactured by Stanley Laboratories.

2. As to Contra-Jel:

Contra-Jel is the highest quality vaginal antiseptic in jelly form. Its consistency insures even distribution and prolonged contact with every part of the vaginal tract, and its protective action endures as long as it remains within the vagina * * *

Contra-Jel is a harmless, non-irritating, vaginal antiseptic and prophylactic * * * It is more convenient, sanitary and effective than are douches, tablets, capsules, or suppositories.

3. As to M. D. Supercones:

They are stable and do not lose their antiseptic strength * * * a powerful yet non-irritating antiseptic * * * M. D. Supercones remain in effective antiseptic contact for many hours * * * They are actually soothing and beneficial as well as antiseptic.

4. As to Femeze:

Femeze has been found to be a simple effective prescription affording relief for the functional pains and cramps which accompany menstruation * * * bringing relief in a short time by relaxing the contracted womb muscles, allowing them to react in a natural way. It does not merely deaden your nerves with drugs or narcotics to stop the pain. Femeze contains no narcotics.

PAR. 4. Through the use of the aforesaid statements and representations and others of similar import and meaning not specifically set out herein, the respondents represent directly and by implication:

1. That M. D. Medicated Douche Powder is a recent development of scientific research which is endorsed by leading physicians and surgeons; that said preparation is a competent and effective contraceptive; that said preparation is an antiseptic and germicide which will combat any form of bacteria; that such preparation has competent remedial qualities for use on cuts, sores, and burns, and that said preparation will relieve fatigue and annoying discharge connected with the menstrual period.

2. That Contra-Jel gives immunity from pregnancy, protection from venereal disease, and has germicidal and antiseptic properties.

3. That M. D. Supercones constitute an effective contraceptive which has powerful antiseptic properties.

4. That Femeze is an effective treatment for functional pains and cramps which accompany menstruation and that said preparation will relax the womb muscles, allowing them to react in a natural way.

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PAR. 5. In truth and in fact none of said products distributed by the respondents constitute competent or effective contraceptives and will not give immunity from pregnancy. None of said products constitute an adequate prophylactic and will not give protection from venereal diseases.

The product M. D. Medicated Douche Powder is not a recent development of scientific research and is not endorsed by leading physicians or surgeons. Under the conditions of use recommended by the respondents this product is not a germicide and is not a reliable antiseptic effective in combatting any form of bacteria. This preparation would have very little therapeutic value in the treatment of cuts, sores, and burns generally. Such preparation has no therapeutic value in relieving fatigue or discharge connected with the menstrual period.

Respondents' preparation Femeze is not an effective treatment for functional pains and cramps in excess of possible lessening of sensitivity to pain which might accompany menstruation. There is no scientific basis for the representation that this preparation will relieve menstrual pain by relaxing the womb muscles and allowing them to react in a natural way, and respondents' said preparation will not accomplish such results.

Respondents' preparations, Contra-Jel and M. D. Supercones do not have germicidal properties nor do they constitute powerful antiseptics as the antiseptic properties of these preparations are comparatively mild.

PAR. 6. In addition to the statements and representations hereinabove set forth, the respondents make false, deceptive, and misleading representations to the effect that their products are either prescribed or compounded by physicians or that they bear the endorsement or recommendation of the medical profession by means of the use of the letters "M. D." in designating their products M. D. Medicated Douche Powder and M. D. Supercones and by including therewith in advertising the likeness of nurses and doctors with the figure of a cross in simulation of the Red Cross emblem.

In truth and in fact said products are not prescribed or compounded by a physician or physicians and they have not received the endorsement or recommendation of the medical profession.

PAR. 7. In addition to the above representations, the respondents, by the use of the term "laboratories" in their corporate and trade names, and in their advertising literature, also represent that they own, operate, and control a laboratory equipped for the compounding of medicinal preparations and for research in connection therewith. In

truth and in fact the respondents neither own nor control any factory, plant, or laboratory wherein their medicinal preparations are compounded or wherein any research activities are conducted, but instead the respondents are merely distributors of products compounded and manufactured by other concerns.

PAR. 8. The use by the respondents of the foregoing false, deceptive, and misleading statements, representations, and advertisements disseminated as aforesaid has had, and now has, the capacity and tendency to, and does, 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 causes a portion of the purchasing public, because of such erroneous and mistaken beliefs, to purchase respondents' said preparations.

PAR. 9. 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 May 7 A. D. 1940, issued and subsequently served its complaint in this proceeding upon the respondents, Stanley Laboratories, Inc., a corporation, and Edward A. Bachman, an individual trading as Stillman Products Company and as Stanley Laboratories, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act.

After the issuance of said complaint and the filing of respondents' answer thereto, testimony and other evidence in support of said complaint were introduced by R. P. Bellinger and Carrel F. Rhodes, attorneys for the Commission, and in opposition to the allegations of the complaint by James J. Hayden and Leo Levinson, attorneys for the respondents, before William C. Reeves, a trial 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, this proceeding regularly came on for final hearing before the Commission upon said complaint, answer thereto, testimony and other evidence, report of the trial examiner upon the evidence and exceptions filed thereto, briefs in support of the complaint and in opposition thereto, and oral arguments of counsel; 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, Stanley Laboratories, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Oregon, with its principal place of business located in Portland, Oreg.

Respondent, Edward A. Bachman, is an individual trading as Stanley Laboratories, who also has his office and principal place of business in Portland, Oreg., in connection with, and located at the same address as, the corporate respondent. The respondent Edward A. Bachman is also president of the corporate respondent Stanley Laboratories, Inc., and controls and directs the business activities, sales policies and practices of the corporate respondent.

PAR. 2. Respondents are now, and for more than 1 year last past have been, engaged in the business of selling and distributing certain drug products for feminine hygiene, including a product designated "M. D. Medicated Douche Powder." Respondents cause said products, when sold, to be transported from their place of business in the State of Oregon to purchasers thereof 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 products in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their business, the respondents have disseminated and are now disseminating, and have caused and are now causing the dissemination, of false advertisements concerning their said products, by United States mails and by various other means in commerce as "commerce" is defined in the Federal Trade Commission Act; and respondents have also disseminated and are now disseminating, and have caused and are now causing the dissemination of, false advertisements concerning their said products, by various means, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of their said products in commerce as "commerce" is defined in the Federal Trade Commission Act.

Among and typical of the false, misleading, and deceptive statements and representations contained in said false advertisements disseminated and caused to be disseminated as hereinabove set forth, by United States mails, by advertisements in newspapers, and by circulars, leaflets, folders, pamphlets, and other advertising literature, are the following:

A VALUABLE PRESCRIPTION FOR DISCRIMINATING WOMEN * * * produced for discriminating modern women who desire a sanitary and dependable douche to

insure their personal hygiene. It is but recently that scientific research has developed new and improved methods to safeguard the health and happiness of married women. Endorsed by physicians and surgeons. M. D. Medicated Douche Powder not only cleans the vagina, and soothes the delicate membrane tissue, but it has the added advantage of the protective action of oxyquinolin sulphate, a dependable safeguard. Because of its many other beneficial uses, "M. D." is also a very valuable household remedy * * * for cuts, sores, and burns.

M. D. Medicated Douche Powder, endorsed by leading physicians and surgeons, is a germicide—soothing and cooling to delicate membranes with the addition of oxyquinolin sulphate—a reliable safeguard.

Medical science now answers the problems of millions of women with a truly effective, reliable antiseptic powder.

Effective in combatting any form of bacteria.

It relieves women of fatigue and the annoying discharge, often occasioned by all day standing.

Manufactured by Stanley Laboratories.

PAR. 4. Through the use of the aforesaid statements and representations, and others of similar import and meaning not specifically set out herein, the respondents represent, directly and by implication, that "M. D. Medicated Douche Powder" is a recent development of scientific research which is endorsed by leading physicians and surgeons; that said preparation is an antiseptic and germicide which will combat any form of bacteria; that such preparation has competent remedial qualities for use on cuts, sores, and burns; and that said preparation will relieve fatigue and annoying discharge sometimes connected therewith.

The use by the respondents of such descriptive words and phrases as "dependable," "insure personal hygiene," "dependable safeguard," "reliable safeguard," and "effective, reliable antiseptic powder" in referring to, designating and describing said "M. D. Medicated Douche Powder," has a tendency and capacity to cause purchasers and prospective purchasers to believe that said preparation is a preventative against conception and a prophylactic against disease.

PAR. 5. Respondents' preparation "M. D. Medicated Douche Powder" is composed of the following ingredients: Alum, zinc sulphate, boric acid powder, oxyquinolin sulphate, oil of white thyme, oil of peppermint, phenol, and eucalyptol. This preparation is not a recent development of scientific research and is not endorsed by leading physicians or surgeons. The ingredient oxyquinolin sulphate is commonly used in douche powders and has a spermaticidal action in direct concentration. Under conditions of use, however, the proportion of oxyquinolin sulphate is so small as to have little or no therapeutic value. The ingredient phenol appearing in respondents preparation is a germicide when used in sufficient concentration, but under the conditions of use in this preparation, this ingredient would have

no germicidal properties and its effect would be solely that of an antiseptic. The use of oxyquinolin sulphate and phenol in sufficient concentration to act as a germicide, would have a tendency to irritate and damage the mucous membrane and other tissue with which it might come in contact.

A bacteriologist who testified on behalf of the respondents made a test of respondents' preparation "M. D. Medicated Douche Powder" and found that dilutions of one teaspoonful to a pint, and one teaspoonful to a quart, had the ability to restrain the growth of test organism, indicating that the preparation had a bacteriostatic or germ-inhibiting substance in it and indicating antiseptic properties. Under the conditions of use, the germ-inhibiting ingredients of respondents' preparation do not remain in direct or concentrated contact similar to that of a laboratory test and, consequently, the therapeutic value of this preparation is limited to that of a mild antiseptic. This preparation has little or no therapeutic value in the treatment of cuts, sores, and burns. The use of this preparation in the form of a douche might temporarily clean out the vaginal tract but has no value in relieving fatigue and will not affect the cause of any discharge. Under conditions of use this preparation does not have either spermatocidal or germicidal properties and will not constitute a preventative against conception in excess of the mechanical effect of flushing the vagina, and is not a prophylactic against disease.

PAR. 6. In addition to the above representations, the respondents, by the use of the term "laboratories" in their corporate and trade names, and in their advertising literature, also represent that they own, operate, and control a laboratory equipped for the compounding of medicinal preparations and for research in connection therewith. In truth and in fact, the respondents neither own nor control any factory, plant, or laboratory wherein their medicinal preparations are compounded or wherein any research activities are conducted, but, instead, respondents are merely distributors of products compounded and manufactured by other concerns.

PAR. 7. In addition to the statements and representations hereinabove set forth, the respondents make false, deceptive, and misleading representations to the effect that their products are either prescribed or compounded by physicians or that they bear the endorsement or recommendation of the medical profession by means of the use of the letters "M. D." in designating their product "M. D. Medicated Douche Powder" and by including therewith, in advertising, the likeness of nurses and doctors, with the figure of a cross in simulation of the American Red Cross emblem. In truth and in fact, said products are not prescribed or compounded by a physician or physicians and they

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have not received the endorsement or recommendation of the medical profession, and the use of the letters "M. D.," either alone or in combination with the likeness of nurses and doctors and the figure of a cross has a tendency and capacity to cause members of the purchasing public to believe that products so designated and described are endorsed and recommended by the medical profession. The use of a cross simulating the American Red Cross emblem in design, either alone or in combination with the letters "M. D." or with the picture of a nurse or doctor, has a tendency and capacity to cause members of the purchasing public to believe that the product is in some way endorsed or approved by the American Red Cross.

PAR. 8. The Commission further finds that there is not sufficient evidence in the record as to the dissemination of any particular advertisement with reference to respondents' preparations "Contra-Jel," "Supercones," and "Femeze" to warrant any finding involving these products.

PAR. 9. The use by the respondents of the foregoing false, deceptive, and misleading statements, representations, and advertisements disseminated as aforesaid, has had, and now has, the capacity and tendency to, and does, 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 causes a portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondents' preparations.

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 complaint of the Commission, the answer of the respondents, testimony and other evidence taken before William C. Reeves, a trial examiner of the Commission theretofore duly designated by it, in support of the allegations of the complaint and in opposition thereto, report of the trial examiner upon the evidence and exceptions filed thereto, briefs in support of the complaint and in opposition thereto, and oral arguments of counsel; 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, Stanley Laboratories, Inc., a corporation, and its officers, and Edward A. Bachman, an individual trading as Stanley Laboratories, and their respective representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of their preparation "M. D. Medicated Douche Powder," or any other preparation of substantially similar composition or possessing substantially similar properties, whether sold under the same name or under any other name, do forthwith cease and desist from:

1. Disseminating, or causing to be disseminated, any advertisement, by means of the United States mails, or by any means in commerce as "commerce" is defined in the Federal Trade Commission Act, which advertisement represents, directly or through inference.

(a) That respondents' preparation is a recent development of scientific research, or that it is endorsed by physicians and surgeons.

(b) That respondents' preparation has either germicidal or spermaticidal properties under conditions of use.

(c) That respondents' preparation will combat any form of bacteria, or that it will have any effect upon any bacteria in excess of that of a mild antiseptic.

(d) That respondents' preparation has any substantial therapeutic value in the treatment of cuts, sores, or burns.

(e) That the use of respondents' preparation will relieve fatigue or have any effect upon the cause of vaginal discharge.

(f) That the use of respondents' preparation constitutes a preventative against conception, in excess of the mechanical effect of flushing the vagina.

(g) That respondents' preparation constitutes a prophylactic against disease.

2. Disseminating or causing to be disseminated any advertisement by means of the United States mails, or by any means in commerce as "commerce" is defined in the Federal Trade Commission Act, which advertisement in designating or describing respondents' preparation "M. D. Medicated Douche Powder" or any other preparation of substantially similar composition or possessing substantially similar properties, or the effectiveness of the use of such preparation, uses the words "dependable," "dependable safeguard," "reliable safeguard," "effective reliable antiseptic powder," or any other words of similar import or meaning, in such a manner as to infer or imply that such preparation is a contraceptive or prophylactic.

3. Disseminating, or causing to be disseminated, any advertisement by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase in commerce as "commerce" is defined in the Federal Trade Commission Act, of respondents' preparation, which advertisement contains any of the representations prohibited in paragraphs (1) and (2) hereof and the respective subdivisions thereof.

4. The use of the letters "M. D." in respondents' trade name, or in any other manner, either alone or in conjunction with the picturization of a doctor, nurse, or cross, to designate or describe respondents' preparation or any other preparation which has not been endorsed or recommended by the medical profession.

5. The use of the picturization of a cross or any other simulation of the American Red Cross emblem, either alone or in conjunction with the picturization of a doctor or a nurse, to designate or describe respondents' preparation.

6. Use of the word "Laboratories" or any other word of similar import or meaning in respondents' corporate or trade name, or representing through any other means or device, or in any manner, that the respondents own, operate, or control a laboratory equipped for the compounding of medicinal preparations and for research in connection therewith.

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.

Complaint

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IN THE MATTER OF

FRANK G. HUNTINGTON, JOSEPH PUSTERHOFFER, HERMAN PUSTERHOFFER, AND LOUIS WALTON, TRADING AND DOING BUSINESS UNDER THE NAME EUCLID RUBBER & MANUFACTURING COMPANY

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

Docket 4394. Complaint, Nov. 30, 1940—Decision, Apr. 3, 1942

Where two individuals, engaged in interstate sale and distribution of electric lamp guards, rubber handles for safety lights, and other electrical devices—

- (a) Represented, through statements in catalogues and letters, and through placing letters "U L" on devices sold and distributed by them, that their products had been approved and tested by Underwriters' Laboratories, Electrical Testing Laboratories, and Hydro-Electric Power Commission of Ontario;

Notwithstanding fact they had not submitted their products to any such testing organizations, which had not approved such products, and they had not been authorized to mark any of their goods in any manner signifying that they had been thus tested or approved; and

- (b) Made misrepresentations with respect to a competitor, through such typical statements as that name of the concern, which included word "manufacturing," was a false and misleading representation of such concern's business, as they did not then or never had manufactured anything "but lies concerning this company," and did not own "a stitch of machinery for the manufacture of their rubber handles or lamp guards," as all of their "manufacturing" is "jobbed out to the lowest bidder and they merely pack and ship the goods";

When in fact such concern manufactured 15 to 20 percent of its total sales, amounting to about \$125,000 annually, including some of the rubber handles used on its products;

With effect of misleading and deceiving a substantial portion of the purchasing public into the mistaken belief that such statements were true, thereby causing it, because of such mistaken belief, to purchase said products:

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.

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

Mr. Clark Nichols and *Mr. James I. Rooney* for the Commission.

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 Frank G. Hunting-