

Order

IN THE MATTER OF
MORETRENCH CORPORATION

MODIFIED CEASE AND DESIST ORDER

Docket 3262. August 25, 1942 .

Modified order, pursuant to provisions of Sec. 5 (1) of Federal Trade Commission Act, and in accordance with decree below referred to in proceeding in question, in which original order issued on Feb. 6, 1939, 28 F. T. C. 297, and in which Circuit Court of Appeals for Second Circuit on May 4, 1942, in *Moretrench Corporation v. Federal Trade Commission*, 127 F. (2d) 792, 34 F. T. C. 1849, rendered its opinion and on May 21, 1942, issued its decree modifying aforesaid order of the Commission and affirming the same as so modified—

Requiring respondent, its officers, etc., in connection with offer, etc., in interstate commerce, or in the District of Columbia, of wellpoints and wellpoint systems, to cease and desist from (1) misrepresenting the amount of unobstructed water-passing screen area of a competitive wellpoint, as there set forth; (2) representing that wellpoints made by its competitors have only a limited use as jetting points, etc., or are otherwise inefficient, etc., as therein stated; (3) representing that one of its wellpoints is equal or superior to five of any other wellpoints; (4) representing that its wellpoints never clog up; and (5) representing that contractors all over the world testify that operating costs of its system are always 50 percent or any other constant percentage lower than those of competitive wellpoint systems.

MODIFIED ORDER TO CEASE AND DESIST

This proceeding coming on for further hearing before the Federal Trade Commission and it appearing that on February 6, 1939, the Commission made its findings as to the facts herein and concluded therefrom that the respondent had violated certain provisions of the Federal Trade Commission Act and thereupon issued and caused to be served on the respondent its order requiring respondent to cease and desist from such violations; and it further appearing that on April 6, 1939, the respondent filed with the United States Circuit Court of Appeals for the Second Circuit its petition to review and set aside said order to cease and desist, and that on May 4, 1942, the United States Circuit Court of Appeals for the Second Circuit rendered its opinion and on May 21, 1942, issued its decree modifying the aforesaid order of the Commission in certain particulars and affirming said order as so modified.

Now, therefore, Pursuant to the provisions of subsection (i) of Section 5 of the Federal Trade Commission Act, the Commission

issues this, its modified order to cease and desist in conformity with said decree:

It is ordered, That the respondent, Moretrench 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 wellpoints and wellpoint systems in interstate commerce or in the District of Columbia, do forthwith cease and desist from:

1. Misrepresenting the amount of unobstructed water-passing screen area of a competitive wellpoint, either directly or by comparison with its own wellpoint.
2. Representing that wellpoints manufactured by its competitors have only a limited use as jetting points, or back waste the jetting water, or are otherwise inefficient or difficult to jet because equipped with only one valve.
3. Representing that one of its wellpoints is equal or superior to five of any other wellpoints.
4. Representing that its wellpoints never clog up.
5. Representing that contractors all over the world testify that operating costs of its wellpoint system are always 50 percent or any other constant percentage lower than operating costs of competitive wellpoint systems.

It is further ordered, That the respondent shall within 30 days after the 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.

Syllabus

IN THE MATTER OF

ABRAHAM WELKIN AND MINNIE WELKIN, TRADING AS
PRINCESS YARN COMPANYCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 4631. Complaint, Jan. 22, 1942¹—Decision, Aug. 25, 1942*Where two individuals, engaged in interstate sale and distribution of knitting
yarns—

- (a) Made use in catalogues and on labels attached to their products of such terms as "Cashmere Sport Yarn," "Sporting Angora," "Shetland Floss," "Zephyr Tweed," and "Deluxe Tweed," understood by a substantial portion of the purchasing public to mean, respectively, yarns composed of the hair of the Cashmere goat, of the Angora goat, of wool derived from Shetland sheep raised on the Shetland Islands or the contiguous mainland of Scotland, or composed entirely of wool;

The facts being said "Cashmere Sport Yarn" was not composed in whole or in part of the hair of the Cashmere goat, said "Sporting Angora" was about 25 percent rabbit's hair and 75 percent wool, said "Shetland Floss" was made of domestic wool, and said "Zephyr Tweed" and "Deluxe Tweed" were not all wool, but contained both wool and rayon;

- (b) Falsely represented as silk yarns composed of cotton, rayon, and silk, and of 50 percent wool and 50 percent rayon, through designations "Silk Flake" and "Silk Wool," respectively;

- (c) Misrepresented their aforesaid and their "Frosted Zephyr," "Pompadour," and "Zephyr Paradise," and other yarns, through failure to disclose that they were composed in part of rayon which, when made to simulate silk or wool, is practically indistinguishable therefrom; with result that a substantial portion of the purchasing public bought said yarns as composed of the genuine product simulated thereby;

- (d) Falsely represented certain of their products as imported from Scotland or the Province of Saxony, respectively, through use of designations "Scotch Tweed" and "Saxony Zephyr" to describe yarn of domestic manufacture; and

- (e) Falsely represented that they owned a factory in which they manufactured the yarns they sold, through use of words "Office and Factory at 49 Essex Street, New York City"; notwithstanding fact they bought their supplies from domestic manufacturers;

With tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the mistaken belief that said representations were true, thereby inducing it to purchase their products because of such 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.

Before *Mr. John W. Addison*, trial examiner.

Mr. Donovan Divet for the Commission.

Mr. S. Robert Israel, of New York City, for respondents.

¹ Amended and supplemental.