

Complaint

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IN THE MATTER OF

LOUIS GLASSER, TRADING AS PARAMOUNT YARN
COMPANYCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 4521. Complaint, Dec. 16, 1941¹—Decision, Sept. 10, 1942*

Where an individual, engaged in interstate sale and distribution of knitting yarns—

- (a) Made use in catalogs and color charts, sample books and other printed and written material, and on labels attached to his products, of such terms as "Luster Shetland," "Shetland Floss," and "Sporting Angora," understood by a substantial portion of the purchasing public to mean yarns made from the wool of sheep grown on the Shetland Islands and the adjacent mainland of Scotland, and from the hair of the Angora goat, respectively;

The facts being said "Shetland" yarn was made entirely of domestic wool, and said "Sporting Angora" contained about 80 percent domestic wool and 20 percent rabbit hair;

- (b) Misrepresented certain yarns designated by such trade names as "Cobble Tweed," "Ombre Tweed," "Cravenette," "Petite Boucle," "Heather Worsted," and "Paramount 8013" with words "All Cotton" on its label, through failure to disclose their content of rayon which, when made to simulate silk, wool, or cotton, is practically indistinguishable therefrom;

- (c) Falsely represented that his products were sold direct to consumers at wholesale prices substantially lower than retail prices at which similar yarns were usually sold to the consuming public by others, through circulation of such statements as "We are the sole distributors of the Paramount brand yarns;—the finest quality yarns obtainable;—sold at wholesale prices direct to the consumer";

With effect of misleading and deceiving a substantial portion of the purchasing public with respect to the constituent fibers of said products and as to said individual's business status, thereby inducing it to purchase substantial quantities of products concerned:

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 respondent.

AMENDED 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

¹ Amended.

Trade Commission having reason to believe that Louis Glasser, individually, and trading as Paramount Yarn Co., 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 public interest, hereby issues its amended complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Louis Glasser, is an individual, trading as Paramount Yarn Co., with his office and principal place of business located at 362 Grand Street, in the city of New York, State of New York.

PAR. 2. Respondent is now, and for more than 2 years last past has been, engaged in the sale and distribution of various grades and types of knitting yarn. Respondent causes his said products when sold to be transported from his place of business in the State of New York to the purchasers thereof at their respective points of location 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 his 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 his said business, and for the purpose of inducing the purchase of his said products, the respondent has engaged in the practice of falsely representing the constituent fiber or material of which his products are made, such false representations being made by means of statements and legends appearing in catalogs, color charts, sample books, and other printed and written material, and on labels attached to such products.

Typical of the aforesaid practice is the use by respondent of the words "Lustre Shetland" and "Shetland Floss" to designate and describe certain of his yarns which are not composed in whole or in part of wool from the Shetland sheep raised on the Shetland Islands or the adjacent mainland of Scotland.

The word "Shetland" when applied to wool or yarn for many years has had and now has in the minds of the purchasing and consuming public generally a definite and specific meaning, to wit: Wool taken from a breed of sheep known as Shetland sheep raised on the Shetland Islands and on the adjacent mainland of Scotland. For many years there has been and there now is a preference on the part of a substantial number of the purchasing public for Shetland wool and yarn.

A further example of respondent's practice is the use of the words "Sporting Angora" to designate and describe yarns having the appearance of wool, which are not composed of wool from the Angora goat but are composed of other wool and of rabbit hair. The word

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"Angora" has long been understood by the purchasing public as denoting fiber made entirely from the hair or wool of the Angora goat and when such term or simulation thereof is used to designate or describe a product having the appearance of wool, such term is understood by the purchasing public as denoting a product made entirely from the hair of the Angora goat. For many years there has been and there is now a preference on the part of a substantial number of the purchasing public for Angora wool and yarn.

PAR. 4. Rayon is a chemically manufactured fiber or fabric which may be so manufactured as to simulate silk, wool, or cotton. When manufactured to simulate silk it has the appearance and feel of silk; when manufactured to simulate wool it has the appearance and feel of wool; and when manufactured to simulate cotton it has the appearance and feel of cotton. By reason of these qualities rayon, when manufactured to simulate wool, silk, or cotton, and not designated as rayon, is by the purchasing public practically indistinguishable from wool, silk, or cotton, as the case may be. Products made of rayon are accepted by the purchasing public as silk, wool, or cotton, even though such products may not be designated by terms representing that they are silk, wool, or cotton.

The respondent sells and distributes yarns containing rayon without disclosing the rayon content of such products. Among such products are yarns referred to by respondent as "Cobble Tweed," "Cravenette," "Petite Boucle," "Heather Worsted," "Ombre Tweed," "Boucle," "Paramount 8013," and "Paramount 88." All of said yarns contain substantial percentages of rayon which has been manufactured so as to simulate in appearance wool, silk, or cotton, or a mixture of wool and silk, and these yarns are believed by the purchasing public to be wool, silk, or cotton, or a mixture of wool and silk, respectively. The said yarn, Paramount 8013, is labeled by respondent "All Cotton" although in truth and in fact it is composed of approximately 92 percent cotton and 8 percent rayon. The said yarn, Paramount 88, is labeled by the respondent "90 percent cotton and 10 percent rayon," whereas in truth and in fact said yarn is composed of 83 percent cotton and 17 percent rayon.

PAR. 5. In the course and conduct of his said business respondent delivers to customers and prospective customers a circular letter which contains the following statement:

We are the sole distributors of the Paramount Brand Yarns;—the finest quality yarns obtainable;—sold at wholesale prices direct to the consumer.

By the use of the said statement and others of similar import and meaning, not herein specifically set forth, the respondent represents

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to said members of the consuming public that his products are sold directly to consumers at wholesale prices substantially lower than those at which similar yarns are usually sold to the consuming public by other persons, firms, and corporations engaged in the sale of such yarns. Such statement is false and misleading. In truth and in fact respondent's dealings as a wholesaler are confined to transactions with retailers of knitting yarns in New York City and its immediate vicinity and only a small percentage of his sales are wholesale transactions; the prices at which respondent's said yarns are sold to members of the consuming public are not substantially lower than those charged by other persons, firms, and corporations when selling similar yarns to the consuming public and are not wholesale prices.

PAR. 6. The acts and practices of the respondent as herein set forth, including the failure to disclose that respondent's products contain rayon, have the tendency and capacity to and do mislead and deceive a substantial portion of the purchasing public with respect to the constituent fibers or materials of which respondent's products are made and with respect to respondent's business status. As a result thereof the purchasing public has been induced to purchase and has purchased substantial quantities of respondent's products.

PAR. 7. 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.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on June 24, 1941, issued and subsequently served its complaint in this proceeding on the respondent, Louis Glasser, individually, and trading as Paramount Yarn Company, charging him with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. After the filing of respondent's answer to said complaint, the Commission, on December 16, 1941, issued and subsequently served its amended complaint upon said respondent, charging him with the use of unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act. Thereafter, testimony and other evidence in support of, and in opposition to, the allegations of said amended complaint were introduced before an examiner of the Commission theretofore duly designated by it, and said testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before

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the Commission on the said amended complaint, testimony and other evidence, report of the trial examiner, and brief in support of the complaint (respondent not having filed brief and oral argument not having been requested); and the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom.

. FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Louis Glasser, is an individual, trading as Paramount Yarn Co., with his office and principal place of business located at 362 Grand Street in the city of New York, State of New York. Respondent is now, and for several years last past has been, engaged in the sale and distribution of various grades and types of knitting yarns. Respondent causes his said products, when sold, to be transported from his place of business in the State of New York to the purchasers thereof located in various other States of the United States. Respondent maintains, and at all times mentioned herein has maintained, a course of trade in his said products in commerce between and among the various States of the United States.

PAR. 2. In the course and conduct of his said business and for the purpose of inducing the purchase of his said products, the respondent has engaged in the practice of falsely representing the constituent fiber or material from which his products are made, such false representations being made by means of statements and legends appearing in catalogs, color charts, sample books, and other printed and written material, and on labels attached to such products.

Among and typical of the aforesaid practices, is the use by respondent of the words "Lustre Shetland" and "Shetland Floss" to designate and describe certain of the yarns sold and distributed by him. The word "Shetland" and the terms "Shetland Floss" and "Lustre Shetland," when applied to yarns, are understood by a substantial portion of the purchasing public to mean yarns made from the wool of Shetland sheep grown on the Shetland Islands and on the adjacent mainland of Scotland. As a matter of fact, respondent's product to which these terms are applied is made entirely of domestic wool.

Another example of respondent's practice is the use of the words "Sporting Angora" to designate or describe certain yarns sold and distributed by him. The term "Angora" when applied to knitting yarns is understood by a substantial portion of the purchasing public to mean yarn made from the hair of the Angora goat. The product so designated by respondent contains in fact approximately 80 percent domestic wool and 20 percent rabbit hair.

In purchasing products represented as, or purporting to be made of, Shetland wool or hair of the Angora goat, members of the public have a preference for the genuine article, rather than a substitute for, or simulation of, the genuine article.

PAR. 3. In addition to the above-described acts and practices, the respondent also sells and distributes yarns containing rayon, without disclosing the rayon content of such products. Rayon is a chemically manufactured fiber which can be so made as to closely simulate silk, wool, or cotton. When manufactured to simulate silk, it has the appearance and feel of silk; when manufactured to simulate wool, it has the appearance and feel of wool; and when manufactured to simulate cotton, it has the appearance and feel of cotton. By reason of these qualities, rayon, when manufactured to simulate wool, silk, or cotton, and not designated as rayon, is by the purchasing public practically indistinguishable from wool, silk, or cotton, as the case may be, and the failure of respondent to disclose the rayon content of the yarns containing that product has resulted in the purchase of such yarns by a substantial portion of the purchasing public under the erroneous impression that they were composed of the genuine products simulated.

Typical of this practice of failure to disclose rayon content, is the use of trade names, such as "cobble tweed," "ombre tweed," "cravenette," "petite boucle," and "heather worsted" to designate or describe yarns composed in whole or in part of rayon. In addition to the above practices, the respondent also sells and distributes a yarn product designated "Paramount 8013," which contains the statement "All Cotton" on its label. In truth and in fact a substantial portion of this product is composed of rayon.

PAR. 4. In the course and conduct of his business, respondent delivers to customers and prospective customers a circular letter which contains the following statement:

We are the sole distributors of the Paramount brand yarns;—the finest quality yarns obtainable;—sold at wholesale prices direct to the consumer.

By the use of said statement and others of similar import and meaning not herein specifically set forth, the respondent represents to said members of the consuming public that his products are sold directly to consumers at wholesale prices substantially lower than the retail prices at which similar yarns are usually sold to the consuming public by other persons, firms, and corporations engaged in the sale of such yarns. In truth and in fact respondent does not sell his said yarns to members of the consuming public at wholesale prices or at prices which are substantially lower than those charged by

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other persons, firms, and corporations when selling similar yarns to the consuming public at retail prices.

PAR. 5. The use of acts and practices of the respondent as herein described, including the failure to disclose that respondent's products contain rayon, has the tendency and capacity to, and does, mislead and deceive a substantial portion of the purchasing public with respect to the constituent fibers or materials from which respondent's products are made and with respect to respondent's business status. As a result thereof the purchasing public has been induced to purchase, and has purchased, substantial quantities of respondent's product.

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 amended complaint of the Commission, testimony and other evidence in support of and in opposition to the allegations of the complaint, taken before an examiner of the Commission theretofore duly designated by it, report of the trial examiner, and brief filed by counsel for the Commission; 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 respondent, Louis Glasser, an individual, trading as Paramount Yarn Co., or trading under any other name, his representatives, agents, or employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of knitted yarns in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the word "Angora" or any simulation thereof, either alone or in connection or conjunction with any other word or words, to designate, describe, or refer to any product which is not composed entirely of hair of the Angora goat; *Provided, however*, That in the case of a product composed in part of the hair of an Angora goat and in part of other fibers or materials, such word may be used as descriptive of the Angora fiber content, if there are used, in immediate connection or conjunction therewith, in letters of equal size and conspicuousness, words truthfully describing such other constituent fibers or materials.

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2. Using the word "Shetland" or any simulation thereof, either alone or in connection or conjunction with any other word or words, to designate, describe, or refer to any product which is not composed entirely of wool of Shetland sheep raised on the Shetland Islands or the contiguous mainland of Scotland; *Provided, however,* That in the case of a product composed in part of wool of Shetland sheep and in part of other fibers or materials, such word may be used as descriptive of the Shetland wool content if there are used in immediate connection or conjunction therewith, in letters of at least equal size and conspicuousness, words truthfully describing such other constituent fibers or materials.

3. Advertising, offering for sale, or selling products composed in whole or in part of rayon, without clearly disclosing such rayon content, and when products are composed in part of rayon and in part of other fibers or materials, all such fibers or materials, including the rayon, shall be clearly and accurately disclosed.

4. Representing that the respondent sells direct to the consumer at wholesale prices when in fact the prices so charged are substantially the same as retail prices charged by other distributors for products of like kind and quality, or when the prices so charged are substantially higher than the prices at which dealers and jobbers purchase said products from the respondent.

It is further ordered, That the respondent shall, within 60 days after service upon him of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which he has complied with this order.

It is further ordered, That no provision of this order to cease and desist shall be construed as relieving respondent in any respect of the necessity of complying with the requirements of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder.

IN THE MATTER OF
NORFOLK MATTRESS 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 4488. Complaint, Apr. 16, 1941—Decision, Sept. 14, 1942

Where a corporation, engaged in the manufacture and interstate sale of mattresses, pillows, bedsprings, and studio couches—

Branded and labeled its said products "Dr. Ezera Storm" or "Dr. Ezera Storm's" and made use of such designation in referring collectively thereto in catalogs and on display cards which it furnished to the retail trade for distribution among the purchasing public, where it also described them as "Dr. Ezera Storm's Supreme Quality Sleep Products," and made such statements as "Dr. Ezera Storm's Sleep Products are built for better sleep * * * provide nerve-soothing, body relaxing comfort from a health standpoint," "You get correct back support, and good seating comfort with the Dr. Storm Sleep Sofa," and "In the Dr. Storm line you get * * * the advantages of products designed from a 'Health and family welfare' standpoint," etc.;

The facts being there had never been a "Dr. Ezera Storm" or "Dr. Storm" who originated, designed, or supervised the construction of, or furnished scientific advice or services in connection with, the design or construction of said products; the name was merely a trade name coined by it or its predecessor; and, except for the fact that certain of the ticking used by it was purchased from a textile manufacturer who treated it to a process—said to make it resistant to germ and bacteria growth—developed by a doctor connected with a third concern which apparently licensed use thereof by textile manufacturers, no connection of any doctor with any materials used by it in its manufacture was shown;

With effect of causing a substantial portion of the purchasing public to believe that said products had been designed, approved, or recommended by a doctor, whereby, because of such mistaken belief, it purchased substantial quantities of such 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. Andrew B. Duvall*, trial examiner.

Mr. Morton Nesmith and *Mr. Carrel F. Rhodes* for the Commission.

Broudy & Broudy, of Norfolk, Va., 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 the Norfolk Mat-