

Complaint

IN THE MATTER OF

JOSEPH FRIED, TRADING AND DOING BUSINESS AS
GRAND RAPIDS FURNITURE HOUSECOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 5095. Complaint, Dec. 10, 1943—Decision, July 19, 1945*

Where an individual engaged in interstate sale and distribution of household furniture with principal place of business in Los Angeles—

Represented through use of the words "Grand Rapids" in his trade name, in his advertising, on large display signs on the building in which his business was located, upon his stationery, business cards, statements, and order blanks, and in other ways, that he dealt principally in furniture which was made in Grand Rapids, Mich.;

When in fact only a small portion was made in said city—important center of the furniture industry in the United States, the furniture of which has long enjoyed a widespread popularity, reputation, good will, and demand;

With tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous belief that he dealt principally in furniture made in Grand Rapids, Mich., and thereby to cause members of said public to purchase substantial quantities of his 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*, trial examiner.

Mr. Joseph Callaway 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 Joseph Fried, trading and doing business as Grand Rapids Furniture House, hereinafter referred to as respondent, has 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 its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Joseph Fried, is an individual, trading and doing business as, Grand Rapids Furniture House, with his principal place of business at 500 West Manchester Blvd., Los Angeles, Calif.

PAR. 2. Respondent is now and for more than two years last past, has been engaged in the sale and distribution of household furniture.

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In the course and conduct of his business, the respondent causes said furniture when sold to be transported from his place of business in the State of California, 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 said furniture in commerce among and between 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 in connection with the sale and offering for sale of his said furniture in commerce, respondent employs and uses and for more than two years last past has employed and used in his trade name and in his advertising, displayed in large signs on the building in which his business is located and upon his stationery, business cards, statements, and order blanks, and in other ways the words "Grand Rapids."

PAR. 4. The city of Grand Rapids, Mich., has been for many years and is now a large and important center of the furniture industry in the United States, a fact generally known to the public throughout the United States. Furniture manufactured there has for many years enjoyed and now enjoys a widespread popularity, reputation, goodwill, and demand, throughout the United States, as possessing dependable qualities and other desirable characteristics. By reason of the widespread popularity and goodwill enjoyed by the furniture made in Grand Rapids, Mich., throughout the United States, there is a substantial portion of the purchasing public which prefers to purchase household furniture manufactured in the city of Grand Rapids, believing that in so doing, it secures superior quality and other advantages not ordinarily obtainable in furniture manufactured and originating in places other than Grand Rapids, Mich.

PAR. 5. Through the use of the words "Grand Rapids," in his trade name and in his advertising as aforesaid the respondent has represented and is now representing directly and by inference that the furniture sold by him is manufactured in Grand Rapids, Mich., and that the respondent deals exclusively in furniture manufactured and originated in the city of Grand Rapids, Mich.

PAR. 6. The aforesaid representation made by respondent is false and misleading. In truth and fact, only a small portion of the furniture sold by respondent is made in Grand Rapids, Mich. The respondent in truth and in fact, sells furniture manufactured and originating generally, in cities other than the city of Grand Rapids, Mich.

PAR. 7. The use of the words "Grand Rapids" by the respondent in his trade name and in his advertising as aforesaid, has the tendency and capacity to and does mislead and deceive a substantial

portion of the purchasing public into the erroneous and mistaken belief that furniture offered for sale and sold by the respondent is made in Grand Rapids, Mich. and into the purchase of substantial quantities of such furniture in commerce because of such erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of the respondent 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 December 10, 1943, issued and thereafter served its complaint in this proceeding upon respondent, Joseph Fried, an individual, charging him with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. At a hearing before an examiner of the Commission theretofore duly designated by it, a stipulation as to the facts was entered into upon the record whereby it was stipulated and agreed by and between the respondent and counsel for the Commission that said facts might 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 the Commission might proceed upon its complaint and said statement of facts to make its report, stating its findings as to the facts, including inferences which it may draw from said stipulated facts, and its conclusion based thereon, and enter its order disposing of the proceeding without the presentation of argument or the filing of briefs. Thereafter, this proceeding regularly came on for final hearing before the Commission on said complaint and stipulation, said stipulation being hereby approved and accepted; and the Commission, having duly considered the matter and being now fully advised in the premises, makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Joseph Fried, an individual, is engaged in the sale and distribution of household furniture with his principal place of business at 500 West Manchester Boulevard, Los Angeles, Calif. For a number of years and until after the issuance of the complaint in this proceeding, respondent carried on his said business under the name and style "Grand Rapids Furniture House," but now trades as "Imperial Furniture Company."

Findings

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PAR. 2. In the conduct of his aforesaid business, respondent has caused, and causes, said furniture, when sold, to be transported from his place of business in the State of California 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 said furniture in commerce among and between various States of the United States.

PAR. 3. In the course and conduct of his said business and in connection with the sale and offering for sale of his said furniture in commerce, respondent, until March 1944, employed and used the words "Grand Rapids" in his trade name; in his advertising; displayed in large signs on the building in which his business is located; upon his stationery, business cards, statements, and order blanks; and in other ways. The city of Grand Rapids, Mich., for many years has been, and is now, a large and important center of the furniture industry in the United States, and this fact is generally known to the public throughout the United States. Furniture manufactured there has for many years enjoyed, and now enjoys, a widespread popularity, reputation, good will, and demand throughout the United States as possessing dependable qualities and other desirable characteristics. By reason of the widespread popularity and the good will enjoyed by furniture made in Grand Rapids, Mich., there is a substantial portion of the purchasing public which prefers to purchase household furniture manufactured in Grand Rapids, Mich., believing that in so doing it secures superior quality and other advantages not ordinarily obtainable in furniture manufactured and originating in places other than Grand Rapids, Mich.

PAR. 4. Through the use of the words "Grand Rapids" in his trade name and in his advertising, as aforesaid, the respondent has represented that the bulk of the furniture sold by him was manufactured in Grand Rapids, Mich., and that he dealt principally in furniture manufactured and originating in Grand Rapids, Mich. These representations by respondent are false and misleading. In truth and in fact, only a small portion of the furniture sold by respondent is or has been made at Grand Rapids, Mich., the large bulk of it being manufactured in various cities or places other than Grand Rapids, Mich.

PAR. 5. The use by respondent of the words "Grand Rapids," as herein found, has had the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that respondent conducted a business in which he dealt principally in furniture manufactured in Grand Rapids, Mich., and to cause members of said public to purchase sub-

stantial quantities of respondent's products as a result of such erroneous and mistaken belief so engendered.

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 a stipulation as to the facts between the respondent and counsel for the Commission duly entered upon the record at a hearing regularly held in this matter, which stipulation provides, among other things, that the Commission may make its findings as to the facts and enter its order disposing of the proceeding, 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 Joseph Fried, an individual, his 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 words "Grand Rapids," or any simulation thereof, in any manner as a part of respondent's trade name.
2. Using the words "Grand Rapids," or any simulation thereof, to designate, describe, or refer to any article of furniture not in fact manufactured in Grand Rapids, Mich.
3. Misrepresenting in any manner the place of origin or manufacture of respondent's furniture.

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.

IN THE MATTER OF

GLOBE TRADING COMPANY, INC., ET AL.

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND THE WOOL
PRODUCTS LABELING ACT OF 1939, APPROVED OCT. 15, 1940

Docket 5098. Complaint, Dec. 11, 1943—Decision, July 25, 1945

Where a corporation, its two officers who furnished most of the capital invested therein, and three individuals in charge of operation of the business, engaged in the interstate sale and distribution of hosiery—

- (a) Represented falsely that there was some connection between the American National Red Cross and themselves, or that some of their hosiery had been approved by or was used by the Red Cross, that some of it embodied certain health features not found in other hosiery, and that some had been sterilized and was protected from contamination, through imprinting thereon a red cross and the expressions "Health for Victory" and "Sanitary Hose";
- (b) Represented falsely that their hosiery labeled "*First Quality*" was such in fact, and that their hosiery, falsely labeled "*Irregular*," was free from obvious mends, breaks, runs, tears and other damage to the fabric;
- (c) Falsely represented that their hosiery bearing the expressions "U. S. Army Standard" and "Uncle Sam" and a picture of the United States flag, met the United States Army standards and had been approved by or was sold under the auspices of some branch of the United States Government;
- (d) Represented falsely that they were "Importers" and "Exporters" and "Manufacturers of Seamless Hosiery" through display of such words on their letterheads, invoices and other advertising matter;

The facts being they operated a small manufacturing establishment and made cotton hosiery which constituted a portion of the hosiery sold by them, and while possessing the equipment to make seamless hosiery, did not in fact manufacture the same;

With the effect of misleading and deceiving members of the purchasing public into the purchase of substantial quantities of their said hosiery as a result of the erroneous beliefs so engendered:

Held, That such acts and practices, under the circumstances set forth, constituted unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act; and

Where said corporation and individuals, engaged in interstate sale and distribution of certain of the aforesaid products which were wool products within the intent and meaning of the Wool Products Labeling Act of 1939—

- (e) Sold said products misbranded in violation of said Act and rules and regulations promulgated thereunder in that they did not have affixed thereto when introduced into interstate commerce and when offered for sale, a stamp, tag, label or other means of identification, as provided by said Act, showing the percentage of the total fiber weight of wool, reprocessed wool and reused wool and non-wool fiber, and maximum percentage of adulterating matter; and proper identification of the manufacturer, seller, etc.: