

Syllabus

IN THE MATTER OF

SORITE SEWING MACHINE COMPANY, INC. ET AL.

COMPLAINT, FINDINGS, AND ORDERS IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 6049. Complaint, Sept. 26, 1952—Decision, Apr. 28, 1953*

Where articles of merchandise, including sewing machines, are exhibited and offered for sale by retailers to the purchasing public not marked to disclose that they are of foreign origin, or if such markings are concealed, the purchasing public understands and believes such articles to be wholly of domestic origin.

There is among the members of the purchasing public a large number who have a decided preference for products originating in the United States over products originating, in whole or in part, in foreign countries, including sewing machine heads imported from Japan.

There are among retailers and ultimate purchasers, many persons who prefer to deal directly with the manufacturer of sewing machines.

There is a preference among many members of the purchasing public for products manufactured by well-known and long-established American concerns.

Where two corporations and their common officers, engaged in the competitive interstate sale and distribution of sewing machines, and of imported sewing machine heads, on the back of the vertical arm of which the word "Japan" became covered in attaching the motor, and on the front of some of which a readily removable medallion displayed the word in so small and indistinct fashion as not to constitute adequate public notice that said heads were imported—

- (a) Failed adequately to disclose on their said sewing machine heads by marks which could not be removed, hidden, or obliterated, that they were manufactured in Japan;

With tendency and capacity to lead members of the purchasing public into the erroneous belief that the product was of domestic origin and thereby cause substantial numbers thereof to purchase the complete machines of which said heads were a part;

- (b) Represented falsely, directly and by implication, in their advertising, and by letterheads and invoices that they manufactured the sewing machine heads and sewing machines sold by them, through the use of the word "manufacturers" as included in the statements: "Manufacturers * * * sewing machines * * *"; "MR. RETAILER: Deal directly with the manufacturers. Eliminate the middlemen and save the distributors mark-up.";
- (c) Falsely represented that certain of their machines and heads were manufactured in Washington, D. C., through displaying thereon the legend "Simplex Sewing Machine Company, Simplex, Washington, D. C."; notwith-

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standing the fact that the name "Simplex Sewing Machine Company" was only a trade name used by them in their business;

With capacity and tendency to enhance the belief on the part of the public that such machines were of domestic origin;

(d) Represented falsely that their said machines were manufactured by or connected with well and favorably known American firms through the use of such words as "Admiral" and other well known domestic names as featured trade or brand names on some of them, and in their advertising matter;

(e) Falsely represented that many of their said machines were made by the Singer Manufacturing Corporation, manufacturer and seller of a well and favorably known make, through shipment of many of their machines in cartons or boxes upon which was printed or stenciled the word "Singer"; and

(f) Confusingly and misleadingly represented that their product was guaranteed by the manufacturer for twenty years through inclusion in an advertising brochure of a "20-year guarantee bond" which was merely a form of guarantee not executed by the manufacturer, and for the performance of which the manufacturer was under no liability;

With effect of placing in the hands of retailers and others the means whereby ultimate purchasers of said heads and complete machines were deceived as above set forth, and of unfairly diverting substantial trade in commerce to themselves from their competitors, among whom were included those engaged in the sale of sewing machines and sewing machine heads made in the United States, and those engaged in the sale of such imported products:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public and competitors, and constituted unfair methods of competition in commerce and unfair and deceptive acts and practices therein.

As respects charges in the complaint that respondents, through the use of statements in their advertising literature, falsely represented that they ordinarily sold their said machines to members of the purchasing public at \$159.50, \$179.50, and \$189.50, when in fact such prices were greatly in excess of the retail prices usually charged for said product and were wholly fictitious: said charges were not supported by introduction of any evidence in substantiation thereof and therefore failed for want of proof.

Before *Mr. James A. Purcell*, hearing examiner.

Mr. William L. Taggart and *Mr. Ames W. Williams* for the Commission.

Mr. Myer Koonin, of Washington, D. C., 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 Sorite Sewing Ma-

chine Company, Inc., a corporation, and Samuel Berenson, Solomon Berenson and Etta Berenson, individually and as officers of Sorite Sewing Machine Company, Inc., and Cleanrite Vacuum Stores, Inc., a corporation, and Samuel Berenson and Etta Berenson, individually and as officers of Cleanrite Vacuum Stores, Inc., hereinafter referred to as respondents, have 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 complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Sorite Sewing Machine Company, Inc., is a corporation organized and existing under and by virtue of the laws of the State of Maryland with its office and principal place of business located at 2147 Queens Chapel Road, N. E., Washington, D. C. Respondents Samuel Berenson, Solomon Berenson and Etta Berenson are President, Vice President and Secretary-Treasurer, respectively, of this corporate respondent and acting as such officers formulate, direct and control the policies, acts and practices of said corporation. The address of these individual respondents is the same as that of the corporate respondent Sorite Sewing Machine Company, Inc.

Respondent Cleanrite Vacuum Stores, Inc., is a corporation organized and existing under and by virtue of the laws of the State of Maryland with its office and principal place of business located at 925 F Street, N. W., Washington, D. C. Respondents, Samuel Berenson and Etta Berenson are President and Secretary-Treasurer, respectively, of this corporate respondent and acting as such officers formulate, direct and control the policies, acts and practices of said corporation. These individual respondents also have offices at the same address as that of the Cleanrite Vacuum Stores, Inc. The respondents cooperate and act together in carrying out the policies and practices hereinafter set forth.

PAR. 2. Respondent Sorite Sewing Machine Company, Inc., a corporation, is now engaged, among other things, in the sale and distribution of sewing machine heads imported from Japan and completed sewing machines, of which said imported sewing machine heads are a part, to distributors and retailers.

Respondent, Cleanrite Vacuum Stores, Inc., a corporation, is engaged, among other things, as the District of Columbia sales agent of the Sorite Sewing Machine Company in the wholesale and retail sale of sewing machines and sewing machine heads imported from Japan.

PAR. 3. In the course and conduct of their said businesses, respondents cause said products, when sold, to be transported from their place of business in the District of Columbia to purchasers thereof located in the District of Columbia and in various States of the United States

and maintain, and at all times mentioned herein have maintained, a course of trade in said products in commerce in the District of Columbia and among and between the various States of the United States. Their volume of trade in said commerce has been, and is, substantial.

PAR. 4. Respondents are now, and at all times hereinafter mentioned have been, in substantial competition in commerce with other persons, firms and corporations engaged in the sale of sewing machines and sewing machine heads made in the United States and also with other persons, firms and corporations engaged in the sale of imported sewing machines and sewing machine heads.

PAR. 5. When the sewing machine heads were received by respondents, the word "Japan" appeared on the back of the vertical arm. Before the heads were sold to the purchasing public as a part of a complete sewing machine, it was necessary to attach a motor to the head in the process of which the aforesaid word was covered by the motor so that it was not visible. In some instances, said heads, when received by respondents, were marked with a medallion placed on the front of the vertical arm upon which the word "Japan" appeared. This word was, however, so small and indistinct that it did not constitute adequate notice to the public that the heads were imported. Furthermore, said medallion can be readily removed and when the medallion is so removed, no visible mark of origin of the head appears on the complete sewing machine.

PAR. 6. When articles of merchandise, including sewing machines, are exhibited and offered for sale by retailers to the purchasing public, and such articles are not marked or are not adequately marked showing that they are of foreign origin, or if marked, the markings are covered or otherwise concealed, such purchasing public understands and believes such articles to be wholly of domestic origin.

PAR. 7. There is among the members of the purchasing public a large number who have a decided preference for products originating in the United States over products originating, in whole or in part, in foreign countries, including sewing machine heads imported from Japan.

PAR. 8. The failure of respondents to adequately disclose on the sewing machine heads, in a manner which cannot be removed, hidden or obliterated, that they were manufactured in Japan has had and now has the tendency and capacity to lead members of the purchasing public into the erroneous and mistaken belief that their said product was of domestic origin and to cause substantial numbers of the purchasing public to purchase sewing machines of which said heads are a part because of said erroneous and mistaken belief.

PAR. 9. Respondents in their advertising and on their letterheads and invoices made the following statement:

MANUFACTURERS AND WHOLESALE DISTRIBUTORS
SEWING MACHINES, VACUUM CLEANERS AND SUPPLIES

MR. RETAILER:

Deal directly with the manufacturers.
Eliminate the middlemen and save the
distributors mark-up.

Through the use of the word "manufacturers," respondents represented, directly and by implication, that they manufactured the sewing machine heads and sewing machines sold by them. In truth and in fact, respondents did not and do not own or control a factory or facilities for manufacturing sewing machines.

On the front of some of their sewing machines and sewing machine heads respondents placed, or caused to be placed, medallions upon which is inscribed or printed the following:

Simplex Sewing Machine Company
Simplex
Washington, D. C.

Through such wording respondents represented, directly and by implication, contrary to the facts, that their sewing machines so marked are manufactured in Washington, D. C. Simplex Sewing Machine Company is only a trade name used by respondents in their business. The use by respondents of such wording as above set forth has had and now has the capacity and tendency to enhance the belief on the part of the public that said sewing machines were of domestic origin.

PAR. 10. Respondents also used the word "Admiral" and other well known domestic names as trade or brand names on some of their sewing machine heads, and complete sewing machines, which words were printed or embossed on the front horizontal arm of the head in large conspicuous letters and were used in their advertising matter. The word "Admiral" and the other prominent domestic names are the names or parts of the names of, or used as trade names, marks or brands by one or more business organizations transacting and doing business in the United States which are and have been well and long established in various industries. Through the use of such trade or brand names as aforesaid respondents represented, directly and by implication, contrary to the facts, that their sewing machines and sewing machine heads were manufactured by or connected in some way with the well and favorably known American firm with which the name on such machine has long been associated.

Respondents also shipped many of their machines in cartons or boxes on which was printed or stenciled the word "Singer" thereby

representing, contrary to the facts, that such sewing machine was made by the Singer Manufacturing Corporation which manufactures and sells a make of sewing machine that is well and favorably known.

PAR. 11. There are among retailers and ultimate purchasers many persons who prefer to deal with the manufacturer of sewing machines.

There is also a preference among many members of the purchasing public for products manufactured by well known and long established American concerns. The use of such trade or brand names by respondents, as above set forth, has had and now has the tendency and capacity to further enhance the belief on the part of the public that said sewing machines were of domestic origin.

PAR. 12. Respondents in an advertising brochure used to describe their sewing machines, included what is called a "20-year guarantee bond" which purported to be a guarantee of the machine by the manufacturer for twenty years for family sewing and further purported to guarantee the replacement of all parts of the machine, if defective, except certain parts named therein. However, this was merely a form for a guarantee. It was not executed by the manufacturer and there was no liability on the manufacturer for the performance of such guarantee contrary to the impression conveyed. Its use was confusing and misleading to the purchasing public.

PAR. 13. By and through the use of the statements in advertising literature and brochures showing the price of their machines at \$159.50, \$179.50, and \$189.50, respondents represented, directly and by implication, that their sewing machines were ordinarily sold to members of the purchasing public for said above prices.

The aforesaid representations were false, misleading and deceptive. In truth and in fact the sums of \$159.50, \$179.50 and \$189.50 were greatly in excess of the retail price usually and ordinarily charged for the said sewing machines and were wholly fictitious prices.

PAR. 14. The use by the respondents of the foregoing false, deceptive and misleading representations has had, and now has, the capacity and tendency to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such statements and representations were and are true and to induce the purchase of substantial quantities of their sewing machines and sewing machine heads because of such erroneous and mistaken belief.

As a result of respondents' practices above set forth, substantial trade in commerce has been unfairly diverted to respondents from their competitors and as a consequence thereof substantial injury has been and is being done to competition in commerce.

PAR. 15. Respondents' aforesaid practices also placed in the hands of retail dealers and others the means and instrumentality whereby

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the ultimate purchasers of said sewing machine heads and completed sewing machines may be deceived as aforesaid.

PAR. 16. The aforesaid acts and practices of respondents, as herein alleged, are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION

Pursuant to Rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance," dated April 28, 1953, the initial decision in the instant matter of hearing examiner James A. Purcell, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on September 26, 1952, issued and subsequently served its complaint in this proceeding upon respondents Sorite Sewing Machine Company, Inc., a corporation, and Samuel Berenson, Solomon Berenson and Etta Berenson, individually and as officers of Sorite Sewing Machine Company, Inc.; and Cleanrite Vacuum Stores, Inc., a corporation, and Samuel Berenson and Etta Berenson, individually and as officers of Cleanrite Vacuum Stores, Inc., charging them with the use of unfair methods of competition and unfair and deceptive acts and practices in commerce in violation of the provisions of said Act. After respondents filed their answer in this proceeding a hearing was held in Washington, D. C., on March 12, 1953, before the above-named Hearing Examiner theretofore duly designated by the Commission, at which hearing a stipulation was entered into whereby it was stipulated and agreed that a statement of facts signed and executed by Myer Koonin, Esq., counsel for the respondents, and William L. Taggart and Ames W. Williams, Esqs., approved by W. M. King, Esq., Chief, Division of Litigation, attorneys for the Federal Trade Commission, may be taken as the facts in this proceeding and in lieu of testimony in support of and in opposition to the charges stated in the complaint, and that the said statement of facts may serve as the basis for findings as to the facts, conclusion based thereon and order disposing of the proceeding without presentation of proposed findings and conclusions or oral argument.

Said stipulation as to the facts expressly provides that upon appeal to or review by the Commission said stipulation may be set aside by the Commission and this matter remanded for further proceedings under the complaint.

Thereafter, this proceeding regularly came on for final consideration by said Hearing Examiner upon the complaint, answer, and stipulation, and said stipulation having been approved by the Hearing Examiner, who, after duly considering the record herein, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusions drawn therefrom, and order:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Sorite Sewing Machine Company, Inc., is a corporation existing by virtue of the laws of the State of Maryland, with its office and principal place of business located at 2147 Queens Chapel Road, N. E., Washington, D. C. Respondents, Samuel Berenson, Solomon Berenson and Etta Berenson are President, Vice President and Secretary-Treasurer, respectively, of this corporate respondent and, acting as such officers, have formulated, directed and controlled the policies, acts and practices of said corporation. The address of the individual respondents is the same as that of the corporate respondent Sorite Sewing Machine Company, Inc.

Respondent, Cleanrite Vacuum Stores, Inc., is a corporation existing by virtue of the laws of the State of Maryland, with its office and principal place of business located at 925 F Street, N. W., Washington, D. C. Respondents, Samuel Berenson and Etta Berenson are President and Secretary-Treasurer, respectively, of this corporate respondent and, acting as such officers, have formulated, directed and controlled the policies, acts and practices of said corporation. These individual respondents also have offices at the same address as that of the Cleanrite Vacuum Stores, Inc. The respondents cooperate and act together in carrying out the policies and practices hereinafter set forth.

PAR. 2. Respondent Sorite Sewing Machine Company, Inc., a corporation, is now and has been engaged, among other things, in the sale and distribution of sewing machine heads imported from Japan and completed sewing machines, of which said imported sewing machine heads are a part, to distributors and retailers.

Respondent, Cleanrite Vacuum Stores, Inc., is now and has been engaged, among other things, as the District of Columbia sales agent of the Sorite Sewing Machine Company in the wholesale and retail sale of sewing machines and sewing machine heads imported from Japan.

PAR. 3. In the course and conduct of their said businesses, respondents cause said products, when sold, to be transported from their places of business in the District of Columbia to purchasers thereof located in the District of Columbia and in various States of the United States and maintain, and at all times mentioned herein have maintained, a course of trade in said products in commerce in the District of Columbia and among and between the various States of the United States. Their volume of trade in said commerce has been, and is, substantial.

PAR. 4. Respondents are in substantial competition in commerce with other persons, firms and corporations engaged in the sale of sewing machines and sewing machine heads made in the United States and also with other persons, firms and corporations engaged in the sale of imported sewing machines and sewing machine heads.

PAR. 5. When the sewing machine heads were received by respondents, the word "Japan" appeared on the back of the vertical arm. Before the heads were sold to the purchasing public as a part of a complete sewing machine, it was necessary to attach an electrical motor to the head, in the process of which the aforesaid word "Japan" was covered by the motor so that same was not visible. In some instances, said heads, when received by respondents, were marked with a medallion placed on the front of the vertical arm upon which the word "Japan" appeared. This word was, however, so small and indistinct that it did not constitute adequate notice to the public that the heads were imported. Furthermore, said medallion can be readily removed and, when the medallion is so removed, no visible mark of the country of origin of the head appears on the complete sewing machine.

PAR. 6. When articles of merchandise, including sewing machines, are exhibited and offered for sale by retailers to the purchasing public, and such articles are not adequately marked to disclose that they are of foreign origin, or if marked, the markings are covered or otherwise concealed, the purchasing public understands and believes such articles to be wholly of domestic origin.

PAR. 7. There is among the members of the purchasing public a large number who have a decided preference for products originating in the United States over products originating, in whole or in part, in foreign countries, including sewing machine heads imported from Japan.

PAR. 8. The failure of respondents to adequately disclose on the sewing machine heads, in a manner which cannot be removed, hidden or obliterated, that they were manufactured in Japan has had the tendency and capacity to lead members of the purchasing public into the erroneous and mistaken belief that their said product was of domestic origin and to cause substantial numbers of the purchasing

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public to purchase sewing machines of which said heads are a part because of said erroneous and mistaken belief.

PAR. 9. Respondents in their advertising and on their letterheads and invoices made the following statement:

MANUFACTURERS AND WHOLESALE DISTRIBUTORS
SEWING MACHINES, VACUUM CLEANERS AND SUPPLIES

MR. RETAILER:

Deal directly with the manufacturers.

Eliminate the middlemen and save the distributors mark-up.

Through the use of the word "manufacturers," respondents represented, directly and by implication, that they manufactured the sewing machine heads and sewing machines sold by them. In truth and in fact, respondents did not own or control a factory or facilities for manufacturing sewing machines.

On the front of some of their sewing machines and sewing machine heads respondents placed, or caused to be placed, medallions upon which was described or printed the following:

Simplex Sewing Machine Company

Simplex

Washington, D. C.

Through such wording respondents represented, directly and by implication, contrary to the facts, that their sewing machines so marked were manufactured in Washington, D. C. Simplex Sewing Machine Company is only a trade name used by respondents in their business. The use by respondents of such wording as above set forth has had the capacity and tendency to enhance the belief on the part of the public that said sewing machines were of domestic origin.

PAR. 10. There are and were among retailers and ultimate purchasers many persons who prefer to deal directly with the manufacturer of sewing machines.

PAR. 11. Respondents also used the word "Admiral" and other well known domestic names as trade or brand names on some of their sewing machine heads, and complete sewing machines, which words were printed or embossed on the front horizontal arm of the head in large conspicuous letters and were used in their advertising matter. The word "Admiral" and the other prominent domestic names are the names or parts of the names of, or used as trade names, marks or brands by one or more business organizations transacting and doing business in the United States which are and have been well and long established in various industries. Through the use of such trade or brand names as aforesaid, respondents represented, directly and by implication, contrary to the facts, that their sewing machines and sewing machine heads were manufactured by or connected in some way with the well

and favorably known American firm with which the name on such machine has long been associated.

Respondents also shipped many of their machines in cartons or boxes on which was printed or stenciled the word "Singer," thereby representing, contrary to the facts, that such sewing machine was made by the Singer Manufacturing Corporation which manufactures and sells a make of sewing machine that is well and favorably known.

PAR. 12. There is and was a preference among many members of the purchasing public for products manufactured by well known and long established American concerns. The use of such trade or brand names by respondents, as above set forth, has had the tendency and capacity to further enhance the belief on the part of the public that said sewing machines were of domestic origin.

PAR. 13. Respondents, in an advertising brochure used to describe their sewing machines, included what they designated a "20-year guarantee bond" which purported to be a guarantee of the machine by the manufacturer for twenty years for family sewing, and further purported to guarantee the replacement of all parts of the machine, if defective, excepting certain parts named therein. However, this was merely a form of guarantee, not executed by the manufacturer, and there was no liability on the manufacturer for the performance of such guarantee contrary to the impression conveyed. Its use was confusing and misleading to the purchasing public.

PAR. 14. Respondents' aforesaid practices also placed in the hands of retail dealers and others the means and instrumentality whereby the ultimate purchasers of said sewing machine heads and completed sewing machines were deceived as aforesaid.

PAR. 15. The charges contained in Paragraph Thirteen of the Complaint, having to do with allegedly false, misleading and deceptive representations of fictitious prices and values of respondents' merchandise, were not supported by introduction of any evidence in substantiation thereof and hence fail for want of proof.

CONCLUSIONS

The acts and practices of respondents as above found have resulted in substantial trade in commerce being unfairly diverted to the respondents from their competitors and as a consequence thereof substantial injury has been, and is being, done to competition in commerce.

The aforesaid acts and practices of respondents, as herein found, are all to the prejudice and injury of the public and of respondents' competitors, and constitute unfair methods of competition and unfair

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and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER

It is ordered, That the respondents, Sorite Sewing Machine Company, Inc., a corporation, and its officers, and Samuel Berenson, Solomon Berenson and Etta Berenson, individually and as officers of Sorite Sewing Machine Company, Inc., and Cleanrite Vacuum Stores, Inc., a corporation, and its officers, and Samuel Berenson and Etta Berenson, individually and as officers of Cleanrite Vacuum Stores, Inc., and respondents' representatives, agents and employees, directly or through any corporate or other device in connection with the offering for sale, sale or distribution of sewing machines or sewing machine heads in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Offering for sale, selling or distributing foreign made sewing machine heads, or sewing machines of which foreign made heads are a part, without clearly and conspicuously disclosing on the heads the country of origin thereof and in such a manner that it cannot readily be hidden or obliterated;

2. Using the word "Admiral," or any simulations thereof, as a brand or trade name to designate, describe or refer to their sewing machines or swing machine heads; or representing, through the use of any other word or in any other manner, that their sewing machines or sewing machine heads are made by anyone other than the actual manufacturers thereof.

3. Using cartons or boxes or cases for shipping their sewing machines or sewing machine heads which bear or contain the name, or portion of the name, of the manufacturer of any well known brand of sewing machine.

4. Representing, through the use of the word "manufacturer," or any other word or term of similar import or meaning, or in any other manner, that said respondents are the manufacturers of the sewing machine heads or sewing machines sold by them, unless and until such respondents actually own and operate, or directly and absolutely control, a factory wherein said products are manufactured by them.

5. Representing, directly or by implication, that any sewing machine head, or sewing machine, sold or offered for sale by respondents is guaranteed by the manufacturer, unless the manufacturer is obligated by a guarantee which sets forth clearly and conspicuously the nature and extent of the obligation and the manner in which the guarantor will perform thereunder.

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It is further ordered, That that portion of the complaint charging misrepresentation as to retail value or price in excess of that at which respondents' sewing machines are customarily sold is hereby dismissed because of lack of proof.

ORDER TO FILE REPORT OF COMPLIANCE

It is ordered, That the respondents herein shall, within sixty (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 the order to cease and desist [as required by said declaratory decision and order of April 28, 1953].

Mr. Carretta not participating.

IN THE MATTER OF
EXPERT RAYON COMPANY, INC. ET AL.

COMPLAINT, SETTLEMENT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914,
AND OF AN ACT OF CONGRESS APPROVED OCT. 14, 1940

Docket 6007. Complaint, July 14, 1952—Decision, Apr. 30, 1953

Rayon is a chemical fiber which may be manufactured so as to simulate wool and other natural fibers in texture and appearance; fabrics and articles of wearing apparel manufactured from such rayon fibers have the feel and appearance of wool; and many members of the purchasing public are unable to distinguish between articles of wearing apparel manufactured from such rayon fabrics and those manufactured from wool, so that the former are readily accepted by members of the purchasing public as wool products.

Wearing apparel and other products manufactured from wool, which is not highly inflammable and is a desirable material for women's hats and other wearing apparel, have long held and still hold great public esteem and confidence because of their outstanding qualities.

Where a corporation and its two officers, engaged in the manufacture and interstate sale and distribution of fabrics composed of various fibers, including a particular type of brushed rayon which was highly inflammable and which simulated wool in texture and appearance, to purchasers who used them in making women's hats and other wearing apparel for sale to the purchasing public—

- (a) Falsely represented and impliedly warranted that their said brushed rayon fabrics were suitable for use in the manufacture of women's hats and other wearing apparel and were safe to wear, through failing to reveal the inflammable characteristics thereof;

With result of placing in the hands of retailers and others a means and instrumentality whereby members of the purchasing public might be misled and deceived as above set forth:

Held, That such practices constituted unfair and deceptive acts and practices in commerce in violation of the provisions of the Federal Trade Commission Act: and

Where said corporation and officers, engaged in the manufacture and in the sale and distribution therein of "wool products" as defined in the Wool Products Labeling Act of 1939—

- (b) Misbranded certain woolen jersey fabrics in that they were not stamped, tagged, or labeled as required by said Act and the Rules and Regulations promulgated thereunder:

Held, That aforesaid acts and practices were all to the prejudice and injury of the public, and constituted unfair and deceptive acts and practices within the intent and meaning of the Federal Trade Commission Act, and were in violation of said Wool Products Labeling Act and Rules and Regulations.