

Syllabus

IN THE MATTER OF
THE GOODYEAR TIRE & RUBBER COMPANY, INC.

CONSENT SETTLEMENT IN REGARD TO THE ALLEGED VIOLATION OF SEC. 2 (a)
OF THE CLAYTON ACT, AS AMENDED

Docket 6044. Complaint, Sept. 9, 1952—Decision, July 29, 1953

Where a corporation engaged in the manufacture of numerous rubber products, including a line of rubber heels and soles and heels and soles made of an elastomer resin blend called "Neolite," its trademark, and other supplies and materials used in the shoe repair industry, and in the competitive interstate sales and distribution of said shoe products nationally to shoe manufacturers and to wholesalers of shoe repair materials, or, as generally known, shoe finders, by whom said products were sold to shoe repair men, retail shoe stores, or retailers of shoe repair and maintenance material; In selling its said shoe products pursuant to its "quantity bonus plan for shoe products distributors" whereby it allowed to each of its shoe finder customers a volume bonus, payable by merchandise credit on cumulative total of net purchases (total billing less all credits except for transportation and cash discount) of shoe products made by each during the annual period ending June 30, in accordance with a schedule calling for a bonus of 1 percent on cumulative annual purchases ranging from \$5,000 to \$10,000, 2 percent on those ranging from \$10,000 to \$15,000, 2½ percent on those ranging from \$15,000 to \$20,000 and thereafter for bonuses ranging in five successive steps from 3 percent to 5 percent for such purchases ranging from \$20,000 to \$40,000 and over, and, as later modified, for 5 percent for such purchases ranging from \$40,000 to \$60,000, 6 percent for those from \$60,000 to less than \$100,000, and 6½ percent for those of \$100,000 and over; and thereby in effect directly or indirectly reduced prices charged favored customers to a substantially lower amount than those charged other customers—

Discriminated in price between different purchasers of its said shoe products of like grade and quality by selling the same to some of its shoe finder customers at higher prices than to other of its said customers, including among those thus favored were many who were engaged, in the various trade areas, in the resale of said products in competition with other shoe finders who purchased such products from it, and who were not thus favored:

Held, That aforesaid described plan, acts and practices were in violation of the provisions of subsec. (a) of Sec. 2 of the Clayton Act, as amended by the Robinson-Patman Act.

Before *Mr. Abner E. Lipscomb*, hearing examiner.

Mr. James I. Rooney and *Mr. James S. Kelaher* for the Commission.

Mr. Howard L. Hyde and *Mr. Robert Crafts*, of Akron, Ohio, *Mr. John C. Butler* and *Mr. Walter E. Tinsley*, of Chicago, Ill., and *Mr. Perry S. Patterson*, of Washington, D. C., for respondent.

Consent Settlement

50 F. T. C.

CONSENT SETTLEMENT¹

Pursuant to the provisions of an Act of Congress entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914 (Clayton Act), as amended by an Act of Congress approved June 19, 1936 (Robinson-Patman Act), the Federal Trade Commission, on the 9th day of September 1952, issued and subsequently served its complaint on the respondent named in the caption herein, charging it with violation of subsection (a) of Section 2 of the Clayton Act, as amended.

The respondent, desiring that this proceeding be disposed of by the consent settlement procedure provided in Rule V of the Commission's Rules of Practice, solely for the purposes of this proceeding, any review thereof, and the enforcement of the order consented to, and conditioned upon the Commission's acceptance of this consent settlement in the form herein set forth, and in lieu of answer to said complaint heretofore filed and which, upon acceptance by the Commission of this settlement, is to be withdrawn from the record, hereby (and prior to the commencement of the taking of any testimony herein) :

1. Admits all of the jurisdictional allegations set forth in the complaint.

2. Consents that the Commission may enter the matters hereinafter set forth as its findings as to the facts, conclusion, and order to cease and desist. It is understood that the respondent, in consenting to the Commission's entry of said findings as to the facts, conclusion, and order to cease and desist, specifically refrains from admitting or denying that it has engaged in any of the acts or practices stated therein to be in violation of law or that such acts and practices, if engaged in, would be in violation of law.

3. Agrees that this consent settlement may be set aside in whole or in part under the conditions and in the manner provided in paragraph (f) of Rule V of the Commission's Rules of Practice.

The admitted jurisdictional facts, the statement of the acts and practices which the Commission had reason to believe were unlawful, the conclusion based thereon, and the order to cease and desist, all of which respondent consents may be entered in final disposition of this proceeding, are as follows :

¹ The Commission's "Notice" announcing and promulgating the consent settlement as published herewith, follows :

The consent settlement tendered by the parties in this proceeding, a copy of which is served herewith, was accepted by the Commission on July 29, 1953, and ordered entered of record as the Commission's findings as to the facts, conclusion, and order in disposition of this proceeding.

The time for filing report of compliance pursuant to the aforesaid order runs from the date of service hereof.

Commissioner Howrey not participating and Commissioner Mason dissenting.

COMMISSION'S FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent The Goodyear Tire & Rubber Company, Inc., hereinafter referred to as "respondent Goodyear," is a Delaware corporation with its principal office and place of business located at 1144 E. Market Street, Akron, Ohio, and is a wholly owned subsidiary of The Goodyear Tire & Rubber Company.

PAR. 2. Respondent Goodyear is now and has been for many years last past engaged in the sale and distribution of numerous rubber products, including a line of rubber heels and soles, and heels and soles made of an elastomer resin blend called "Neolite" (a trademark of The Goodyear Tire & Rubber Company), and other supplies and materials used in the shoe repair industry, and hereinafter referred to as shoe products. Said shoe products are manufactured at Windsor, Vermont, by The Goodyear Tire & Rubber Company of Vermont, Inc., also a subsidiary of The Goodyear Tire & Rubber Company, and for which respondent is the sales outlet.

Respondent Goodyear sells said shoe products nationally to shoe manufacturers and to wholesalers of shoe repair materials, the latter being known generally as shoe finders. Respondent Goodyear does not sell its shoe products to shoe repairmen, retail shoe stores, or to retailers of shoe repair and maintenance materials, sales of said shoe products to such retailers being made by the shoe finders to whom respondent Goodyear sells.

PAR. 3. Respondent Goodyear causes said shoe products, when sold, to be transported from the place of manufacture at Windsor, Vermont, to purchasers thereof located in various other States of the United States and in the District of Columbia. There is and has been at all times herein mentioned a continuous current of trade and commerce in said products across State lines between the said factory and the place of business of the purchasers of said shoe products. Said shoe products are sold and distributed for use, consumption, and resale within the various States of the United States and the District of Columbia.

PAR. 4. In the course and conduct of its business as aforesaid, respondent Goodyear is now and during the times herein mentioned has been in substantial competition with other corporations and firms engaged in the business of manufacturing shoe products in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 5. Respondent Goodyear, in the course and conduct of its business, as hereinbefore set forth, has been since July 1, 1949, and now is, discriminating in price between different purchasers of its shoe prod-

Findings

50 F. T. C.

ucts of like grade and quality by selling said products to some of its shoe finder customers at lower prices than to others of its shoe finder customers.

PAR. 6. The discriminations in price referred to in Paragraph 5 have been since July 1, 1949 and now are effected pursuant to respondent Goodyear's "quantity bonus plan for shoe products distributors" whereby it has allowed to each of its shoe finder customers a volume bonus on cumulative total of net purchases (total billing less all credits except for transportation and cash discount) of shoe products made by each during the annual period ending June 30, said bonus being payable by merchandise credit after the end of such annual period, in accordance with the following schedule:

Cumulative annual purchases:	Percent
Less than \$5,000-----	None
\$5,000 but less than \$10,000-----	1
\$10,000 but less than \$15,000-----	2
\$15,000 but less than \$20,000-----	2½
\$20,000 but less than \$25,000-----	3
\$25,000 but less than \$30,000-----	3½
\$30,000 but less than \$35,000-----	4
\$35,000 but less than \$40,000-----	4½
\$40,000 and over-----	5

During the year 1950, respondent Goodyear modified the foregoing schedule by changing the amounts in the 5 percent bracket from "\$40,000 and over" to "\$40,000 but less than \$60,000," and adding thereto the following brackets:

Cumulative annual purchases:	Percent
\$60,000 but less than \$100,000-----	6
\$100,000 and over-----	6½

and has continued, since that time, to sell said products pursuant to said schedule as modified.

Said cumulative volume discount plan has the net effect, either directly or indirectly, of reducing prices charged favored customers to a substantially lower amount than respondent charges other of its customers for products of like grade and quality. Many of the favored customers receiving the benefits of the aforesaid discriminations in price are competitively engaged in the resale of said products with other shoe finders who purchase shoe products from respondent and who are not so favored, within the various trading areas in which said favored customers are engaged in business.

PAR. 7. The effect of such discriminations in price as set forth in Paragraph 5 and Paragraph 6 may be substantially to lessen com-

143

Order

petition or tend to create a monopoly in the lines of commerce in which respondent and its customers are respectively engaged; or to injure, destroy or prevent competition with respondent or with customers thereof who receive the benefits of such discriminations.

COMMISSION'S CONCLUSION

The foregoing described plan, acts and practices of respondent Goodyear are in violation of the provisions of subsection (a) of Section 2 of the Clayton Act (U. S. C., Title 15, Sec. 13), as amended by the Robinson-Patman Act, approved June 19, 1936.

ORDER TO CEASE AND DESIST

It is ordered, That respondent, The Goodyear Tire & Rubber Company, Inc., a corporation, its officers, agents, representatives and employees, directly or through any corporate or other device, in or in connection with the offering for sale, sale or distribution of rubber and composition heels and soles and other supplies and materials used in the shoe repair industry in commerce, as "commerce" is defined in the aforesaid Clayton Act, do forthwith cease and desist from discriminating in price (directly or indirectly) between different purchasers of said products.

(1) By selling such products of like grade and quality to any purchaser at prices lower than those granted other purchasers who in fact compete with the favored purchaser in the resale or distribution of such products;

(2) By selling, in competition with others, such products of like grade and quality to any purchaser at prices lower than to any other purchasers: *Provided, however*, That the foregoing shall not be construed to preclude respondent from defending absolutely any alleged violation of this provision of the Order by showing that none of the products sold at lower prices were resold by the purchaser at the same level of distribution as were the products sold by respondent at higher prices.

For the purpose of comparison, the term "price" as used in this order takes into account discounts, rebates or allowances, volume or otherwise, and other terms and conditions of sale.

It is further ordered, That respondent shall, within sixty (60) 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.

Order

50 F. T. C.

THE GOODYEAR TIRE & RUBBER COMPANY, INC.,
a corporation,

(Sgd) By HARRY L. POST,
HARRY L. POST, General Manager, Shoe Products
Division,
(Sgd) ROBERT CRAFTS,
ROBERT CRAFTS,
(Sgd) JOHN C. BUTLER,
JOHN C. BUTLER,

Of Counsel for Respondent.

Dated this 19th day of February 1953.

The foregoing consent settlement is hereby accepted by the Federal Trade Commission and ordered entered of record this 29th day of July 1953.

Commissioner Howrey not participating and Commissioner Mason dissenting.

Syllabus

IN THE MATTER OF

O'SULLIVAN RUBBER CORPORATION

CONSENT SETTLEMENT IN REGARD TO THE ALLEGED VIOLATION OF SEC. 2 (a)
OF THE CLAYTON ACT, AS AMENDED*Docket 6045. Complaint, Sept. 9, 1952—Decision, July 29, 1953*

Where a corporation engaged in the manufacture, sale and distribution of a line of shoe products, namely, rubber and composition heels and soles and other supplies and materials used in the shoe repair industry, and of shoe findings, namely, machinery, equipment and supplies used in the repair and maintenance of shoes and the operation of shoe repair shops, and in the competitive interstate sale and distribution of said shoe products to shoe manufacturers and in the sale of both said shoe products and shoe findings nationally to wholesalers of shoe repair materials, or, as known generally, shoe finders, by whom said shoe products and shoe findings were resold to shoe repair men, retail shoe stores and retailers of shoe repair and maintenance materials;

In selling its said shoe products and shoe findings pursuant to its cumulative volume discount plan whereby it granted discounts, rebates or allowances from its net selling prices on shoe products (list prices less regular trade discount of 28 percent), and from its list prices on shoe findings based upon the customer's annual cumulative total purchases of both in accordance with different schedules as variously effective, modified or revised in which discounts, rebates or allowances (1) ranged from 1 percent to 5 percent in eight graduated steps beginning with such purchases which aggregated \$3,000 but were less than \$5,000, and concluding with those of \$35,000 and over; (2) as later added to, ranged additionally, for shoe products, from 5½ percent to 9 percent in eight graduated steps, which began with such cumulative annual purchases aggregating from \$35,000 to \$45,000, and concluded with those of \$105,000 and over, with qualifying purchasers automatically receiving a 5 percent discount on their purchases of shoe findings; and (3) as finally effective, ranged from 1 percent to 10 percent for shoe products and one-half thereof for shoe findings as determined by such cumulative annual purchases beginning with \$3,000 and ending with those of \$50,000 or over, remained at 5 percent for shoe findings after combined annual purchases reached \$50,000, and ranged, on cumulative annual purchases of shoe products, figured separately, from 10 percent to 17½ percent in 14 graduated steps for such purchases of shoe products and shoe findings ranging from \$40,000 to \$400,000 and over; and thereby in effect directly or indirectly reduced prices charged favored customers to a substantially lower amount than those charged other customers—

Discriminated in price between different purchasers of its said shoe products of like grade and quality by selling the same to some of its shoe finder customers at higher prices than to other of its said customers, including, among those thus favored, many who were engaged, in their various trading areas, in the resale of said products in competition with other shoe finders who purchased such products from it, and who were not thus favored:

Consent Settlement

50 F. T. C.

Held, That such acts and practices, under the circumstances set forth, were in violation of the provisions of subsec. (a) of Sec. 2 of the Clayton Act, as amended by the Robinson-Patman Act.

Before *Mr. William L. Pack*, hearing examiner.

Mr. James I. Rooney and *Mr. James S. Kelaher* for the Commission.
Pheiffer & Weaver, of Washington, D. C., for respondent.

CONSENT SETTLEMENT¹

Pursuant to the provisions of an Act of Congress entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914 (Clayton Act), as amended by an Act of Congress approved June 19, 1936 (Robinson-Patman Act), the Federal Trade Commission, on the 9th day of September, 1952, issued and subsequently served its complaint on the respondent named in the caption herein, charging it with violation of subsection (a) of Section 2 of the Clayton Act, as amended.

The respondent, desiring that this proceeding be disposed of by the consent settlement procedure provided in Rule V of the Commission's Rules of Practice, solely for the purposes of this proceeding, any review thereof, and the enforcement of the order consented to, and conditioned upon the Commission's acceptance of the consent settlement hereinafter set forth, and in lieu of answer to said complaint heretofore filed and which, upon acceptance by the Commission of this settlement, is to be withdrawn from the record, hereby:

1. Admits all the jurisdictional allegations set forth in the complaint.

2. Consents that the Commission may enter the matters hereinafter set forth as its findings as to the facts, conclusion and order to cease and desist. It is understood that the respondent, in consenting to the Commission's entry of said findings as to the facts, conclusion, and order to cease and desist, specifically refrains from admitting or denying that it has engaged in any of the acts or practices stated therein to be in violation of law or that such acts and practices, if engaged in, would be in violation of law.

3. Agrees that this consent settlement may be set aside in whole or in part under the conditions and in the manner provided in paragraph (f) of Rule V of the Commission's Rules of Practice.

¹ The Commission's "Notice" announcing and promulgating the consent settlement as published herewith, follows:

The consent settlement tendered by the parties in this proceeding, a copy of which is served herewith, was accepted by the Commission on July 29, 1953, and ordered entered of record as the Commission's findings as to the facts, conclusion, and order in disposition of this proceeding.

The time for filing report of compliance pursuant to the aforesaid order runs from the date of service hereof.

Commissioner Howrey not participating and Commissioner Mason dissenting.

The admitted jurisdictional facts, the statement of the acts and practices which the Commission had reason to believe were unlawful, the conclusion based thereon, and the order to cease and desist, all of which respondent consents may be entered in final disposition of this proceeding, are as follows:

COMMISSION'S FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent O'Sullivan Rubber Corporation is a Virginia corporation with its principal office and place of business located at Winchester, Virginia. Said respondent also does business under the trade name and style "O'Sullivan Rubber Corporation, Laing, Harrar and Chamberlain Division," with principal place of business located at 135 Hudson Street, New York, New York.

PAR. 2. Respondent is now and has been for many years last past principally engaged in the manufacture, sale and distribution of a line of rubber and composition heels and soles and other supplies and materials used in the shoe repair industry, and hereinafter referred to as shoe products. Said respondent, through its Laing, Harrar and Chamberlain Division, is also engaged in the wholesale distribution of machinery, equipment and supplies used in the repair and maintenance of shoes and the operation of shoe repair shops, and hereinafter referred to as shoe findings.

Said respondent sells said shoe products to shoe manufacturers and sells both shoe products and shoe findings nationally to wholesalers of shoe repair materials, known generally as shoe finders. Said shoe finders resell respondent's shoe products and shoe findings to shoe repairmen, retail shoe stores, and to retailers of shoe repair and maintenance materials.

PAR. 3. Respondent causes said shoe products, when sold, to be transported from the place of manufacture at Winchester, Virginia, and causes said shoe findings, when sold, to be transported from the point of origin in New York, New York, to purchasers thereof located in various other States of the United States and in the District of Columbia. There is and has been at all times herein mentioned a continuous current of trade and commerce in said products across State lines between respondent's factory and the purchasers thereof. Said products are sold and distributed for use, consumption, and resale within the various States of the United States and the District of Columbia.

PAR. 4. In the course and conduct of its business as aforesaid, respondent is now and during the times herein mentioned has been in substantial competition with other corporations and firms engaged in the business of manufacturing or selling shoe products and shoe

Findings

50 F. T. C.

findings in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 5. Respondent, in the course and conduct of its business, as hereinbefore set forth, has been since July 1, 1949, and now is, discriminating in price between different purchasers of its shoe products and shoe findings of like grade and quality by selling said products to some of its shoe finder customers at higher prices than to other of its shoe finder customers.

PAR. 6. The discriminations in price referred to in paragraph 5 hereof have been and now are effected pursuant to respondent's cumulative volume discount plan whereby it grants discounts, rebates or allowances from its list prices on shoe findings and from its net selling prices on shoe products (list prices less regular trade discount of 28 percent) based upon the customer's cumulative total of purchases of shoe products and shoe findings during one year. Said cumulative volume discount plan has the net effect, either directly or indirectly, of reducing prices charged favored customers to a substantially lower amount than respondent charges other of its customers for products of like grade and quality.

Effective July 1, 1949, and continuing thereafter to April 1950, respondent, pursuant to its cumulative volume discount plan, granted discounts, rebates or allowances based upon the customer's cumulative total of purchases of shoe products and shoe findings combined, in accordance with the following schedule:

Cumulative annual purchases:	<i>Percent</i>
Less than \$3,000-----	None
\$3,000 but less than \$5,000-----	1
\$5,000 but less than \$7,500-----	2
\$7,500 but less than \$10,000-----	2½
\$10,000 but less than \$15,000-----	3
\$15,000 but less than \$20,000-----	3½
\$20,000 but less than \$25,000-----	4
\$25,000 but less than \$35,000-----	4½
\$35,000 and over-----	5

Effective in April 1950, respondent modified the foregoing plan by adding thereto extra discounts, rebates or allowances for larger volume purchases in accordance with the following schedule:

Cumulative annual purchases of shoe products:	<i>Percent</i>
\$35,000 but less than \$45,000-----	5½
\$45,000 but less than \$55,000-----	6
\$55,000 but less than \$65,000-----	6½
\$65,000 but less than \$75,000-----	7
\$75,000 but less than \$85,000-----	7½
\$85,000 but less than \$95,000-----	8
\$95,000 but less than \$105,000-----	8½
\$105,000 and over-----	9

Purchasers qualifying for the foregoing extra discounts, rebates or allowances on shoe products were automatically granted a discount, rebate, or allowance of 5 percent on their purchases of shoe findings.

Effective July 1, 1951, respondent again revised its cumulative volume discount plan and since said date has granted discounts, rebates, or allowances in accordance with the following schedule:

Cumulative annual purchases on shoe products and shoe findings up to \$50,000.

On shoe findings the discount, rebate, or allowance is half that of the shoe products rate as determined by the combined volume:

	<i>Shoe products, percent</i>
Less than \$3,000-----	None
\$ 3,000 but less than \$ 5,000-----	1
\$ 5,000 but less than \$ 7,500-----	2
\$ 7,500 but less than \$10,000-----	2½
\$10,000 but less than \$12,500-----	3
\$12,500 but less than \$15,000-----	3½
\$15,000 but less than \$20,000-----	4
\$20,000 but less than \$25,000-----	5
\$25,000 but less than \$30,000-----	6
\$30,000 but less than \$35,000-----	7
\$35,000 but less than \$40,000-----	8
\$40,000 but less than \$45,000-----	9
\$45,000 but less than \$50,000-----	9½
\$50,000-----	10

After combined cumulative annual purchases of shoe products and shoe findings reach \$50,000, the discount, rebate, or allowance on shoe findings remains at 5 percent and discounts, rebates or allowances are granted on the cumulative annual purchases of shoe products figured separately, in accordance with the following schedule:

	<i>Percent</i>
\$ 40,000 but less than \$ 45,000-----	10
\$ 45,000 but less than \$ 55,000-----	10¼
\$ 50,000 but less than \$ 55,000-----	10½
\$ 55,000 but less than \$ 60,000-----	10¾
\$ 60,000 but less than \$ 65,000-----	11
\$ 65,000 but less than \$ 70,000-----	11¼
\$ 70,000 but less than \$ 75,000-----	11½
\$ 75,000 but less than \$ 80,000-----	11¾
\$ 80,000 but less than \$ 90,000-----	12
\$ 90,000 but less than \$100,000-----	12¼
\$100,000 but less than \$200,000-----	12½
\$200,000 but less than \$300,000-----	15
\$300,000 but less than \$400,000-----	17
\$400,000 and over-----	17½

Many of the favored customers receiving the benefits of the afore-said discriminations in price are competitively engaged in the resale of said products with other shoe findings who purchase shoe products and shoe findings from respondent and who are not favored, within

Order

50 F. T. C.

the various trading areas in which said favored customers are engaged in business.

PAR. 7. The effect of such discriminations in price stated herein may be substantially to lessen competition or tend to create a monopoly in the lines of commerce in which respondent and its customers are respectively engaged; or to injure, destroy or prevent competition with respondent or with customers thereof who receive the benefits of such discriminations.

COMMISSION'S CONCLUSION

The foregoing acts and practices of said respondent as set forth herein are in violation of the provisions of subsection (a) of Section 2 of the Clayton Act as amended by the Robinson-Patman Act, approved June 19, 1936 (U. S. C., Title 15, Sec. 13).

ORDER TO CEASE AND DESIST

It is ordered, That respondent O'Sullivan Rubber Corporation, a corporation, its officers, agents, representatives and employees, directly or through any corporate or other device, in or in connection with the offering for sale, sale or distribution of rubber and composition heels and soles and other supplies and materials used in the shoe repair industry and other products known commercially as findings, in commerce, as "commerce" is defined in the aforesaid Clayton Act, do forthwith cease and desist from discriminating in price, directly or indirectly, between different purchasers of said products:

(1) By selling such products of like grade and quality to any purchaser at prices lower than those granted other purchasers who in fact compete with the favored purchaser in the resale or distribution of such products;

(2) By selling, in competition with others, such products of like grade and quality to any purchaser at prices lower than to any other purchasers: Provided, however, that the foregoing shall not be construed to preclude respondent from defending absolutely any alleged violation of this provision of the Order by showing that none of the products sold at lower prices were resold by the purchaser at the same level of distribution as were the products sold by respondent at higher prices.

For the purpose of comparison, the term "price" as used in this order takes into account discounts, rebates or allowances, volume or otherwise, and other terms and conditions of sale.

It is further ordered, That respondent shall, within sixty (60) days after the service upon it of this order, file with the Commission a re-

149

Order

port in writing setting forth in detail the manner and form in which it has complied with this order.

O'SULLIVAN RUBBER CORPORATION,
(Sgd) By H. DOUGLAS WEAVER,
(Title) *Secretary.*
(Sgd) H. DOUGLAS WEAVER,
Counsel for Respondent.
PHEIFFER & WEAVER.

Date: March 4, 1953.

The foregoing consent settlement is hereby accepted by the Federal Trade Commission and ordered entered of record this 29th day of July 1953.

Commissioner Howrey not participating and Commissioner Mason dissenting.

IN THE MATTER OF
INFRA INSULATION, INC., ET AL.

CONSENT SETTLEMENT IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT

Docket 6072. Complaint, Dec. 12, 1952—Decision, July 29, 1953

Where a corporation and its two officers, engaged in the manufacture and interstate sale of their "Infra Insulation" reflective aluminum insulation, through statements in a 56-page brochure, newspaper advertisements, pamphlets and otherwise, directly or by implication—

- (1) Represented that their "Infra" insulation was 97 percent efficient; that the flow of heat through "Infra" was only 3 percent as compared with 90 percent for mass insulations, and that of all heat reaching "Infra" only 3 percent was emitted as compared with 90 percent in the case of mass; and represented thereby that the relative insulating effects of reflective, as compared with mass insulations, was indicated by the magnitude of the surface radiation coefficients of the respective materials;

When in fact the use of aforesaid numbers and expressions was fundamentally incorrect and the implication created thereby, that "Infra" insulation was many times more effective than mass insulation in retarding the flow of heat, was not correct;

- (2) Represented conductance values for the several types of their own insulation as considerably lower than the actual values, and the conductivity values for mass insulation as substantially higher than the actual;
- (3) Represented falsely that the thermal conductivity of mass insulations varied to a marked degree because of thickness orientation and internal convection, and temperature differences; when in fact the effect of temperature differences was more marked with reflective insulations than with mass insulations;
- (4) Represented falsely that "Infra" insulation was noncondensation forming and prevented all moisture and vapor flow in a construction, and that mass insulation was always or usually subject to condensation and accordingly to large accumulations of moisture;
- (5) Represented falsely that significantly less ventilation was needed in installations of "Infra" insulation than with those of mass insulation;
- (6) Represented that dust streaks on plaster resulted from dampness present in mass insulation; when in fact dust streaks are seldom so caused when mass insulation is properly installed;
- (7) Advocated a heat flow test involving radiant heat lamps for comparing the value of different types of house insulation, when such test was not in general an applicable or accurate method for making such comparison; and
- (8) Represented falsely that mineral wool insulation created a health hazard both during its installation and in place afterward;

Held, That such acts and practices were all to the prejudice and injury of the public and respondents' competitors and constituted unfair and deceptive acts and practices and unfair methods of competition in commerce.

Before *Mr. Frank Hier*, hearing examiner.

Mr. Jesse D. Kash for the Commission.