

PARIS NECKWEAR COMPANY, INC., ET AL.

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE
COMMISSION AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACTS

Docket 8335. Complaint, Mar. 16, 1961—Decision, Mar. 14, 1962

Order requiring associated manufacturers in New York City to cease violating the Textile Fiber Products Identification Act by such practices as failing to label as to fiber content some 17,000 dozen handkerchiefs which they shipped from their place of business in Walnut Port, Pa., to a New York

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City concern under a barter or exchange arrangement, and representing falsely on invoices that the handkerchiefs were labeled as required by the Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Paris Neckwear Company, Inc., a corporation, Paris Handkerchief Company, Inc., a corporation, and Harry Markson, Herbert Siegel and Ted Markson, individually and as officers of the said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations under the Textile Fiber Products Identification 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. Respondents Paris Neckwear Company, Inc., and Paris Handkerchief Company, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York. Individual respondents Harry Markson, Herbert Siegel and Ted Markson are president, treasurer and secretary, respectively, of the corporate respondents. Said individual respondents cooperate in formulating, directing and controlling the acts, policies and practices of the corporate respondents including the acts and practices hereinafter referred to. All respondents have their office and principal place of business at 1220 Broadway, New York, N.Y.

PAR. 2. Subsequent to the effective date of the Textile Fiber Products Identification Act on March 3, 1960, respondents, except Paris Handkerchief Company, Inc., have been and are now engaged in the introduction, manufacture for introduction, and all respondents have been engaged in the sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported, in commerce, and in the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or which were made of other textile products so shipped in commerce: as the terms "commerce" and "textile fiber products" are defined in the Textile Fiber Products Identification Act.

PAR. 3. Certain of said textile fiber products, to wit: handkerchiefs, were misbranded by respondents in that they were not stamped, tagged or labeled with the information required under Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the rules and regulations promulgated under such Act.

PAR. 4. The respondent Paris Handkerchief Co., Inc., has furnished false guaranties that their textile fiber products were not misbranded in violation of Section 10 of the Textile Fiber Products Identification Act.

PAR. 5. The respondents, in the course and conduct of their business, as aforesaid, were and are in substantial competition with other corporations, firms, and individuals likewise engaged in the manufacture and sale of textile fiber products including handkerchiefs in commerce.

PAR. 6. The acts and practices of respondents, as set forth here, were in violation of the Textile Fiber Products Identification Act and the Rules and Regulations thereunder, and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

Mr. DeWitt T. Puckett for the Commission.

Otterbourg, Steindler, Houston & Rosen, of New York, N.Y., by *Mr. Donald L. Kreindler*, for the respondents.

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

1. The complaint in this matter charges the respondents with violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder and the Federal Trade Commission Act, in connection with the sale of handkerchiefs. At a hearing held on November 15, 1961, respondents' counsel moved for leave to withdraw the answer theretofore filed on behalf of respondents by their former counsel, and such leave was granted by the hearing examiner. Thereafter, respondents' counsel admitted, with certain limitations, all of the material allegations of fact in the complaint. Proposed findings and conclusions have been submitted on behalf of all parties, and the case is now before the hearing examiner for final consideration. Any proposed findings or conclusions not included herein have been rejected.

2. Respondents Paris Neckwear Company, Inc., and Paris Handkerchief Company, Inc., are New York corporations with their office and principal place of business at 1220 Broadway, New York, N.Y. Respondents Harry Markson, Herbert Siegel, and Ted Markson are

president, treasurer, and secretary, respectively, of the corporate respondents and cooperate in formulating, directing, and controlling their policies, acts, and practices.

3. Subsequent to the effective date of the Textile Fiber Products Identification Act, March 3, 1960, respondents, except Paris Handkerchief Company, Inc., have been engaged in the introduction, manufacture for introduction, and all respondents have been engaged in the sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported, in commerce, and in the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or which were made of other textile products so shipped in commerce; as the terms "commerce" and "textile fiber products" are defined in the Textile Fiber Products Identification Act.

4. In the course and conduct of their business respondents are in substantial competition with other corporations, firms, and individuals engaged in the manufacture and sale of textile fiber products, including handkerchiefs, in commerce.

5. In September and October 1960, respondents delivered to Reliable Handkerchief Co., in New York City, certain quantities of handkerchiefs, the handkerchiefs being shipped to Reliable from respondents' place of business in Walnut Port, Pa. The dates and quantities of the several shipments were as follows: September 27, 1960, 4,720 dozen; October 4, 1960, 4,960 dozen; October 11, 1960, 1,495 dozen; and a second shipment on October 11, 1960, of 5,882 dozen.

These shipments were the result of a barter or exchange arrangement between respondents and Reliable Handkerchief Co. under which each supplied quantities of handkerchiefs to the other. It appears to have been understood by the respective parties that neither would label the handkerchiefs delivered to the other, but that in each case the party receiving the handkerchiefs would affix proper labels thereto before reselling the handkerchiefs to retailers. In any event, the handkerchiefs delivered by respondents to Reliable bore no labels as to fiber content, although each shipment was accompanied by an invoice to Reliable which referred to the handkerchiefs as "Cotton Handkerchiefs".

Respondents' position is that this transaction represents an isolated, unusual instance, not in the regular course of respondents' business, which is the sale of handkerchiefs to retailers; that while the trans-

action may constitute a technical violation, it is not within the real purpose and intent of the Textile Fiber Products Identification Act.

This argument must be rejected. It must be remembered that we are dealing here with a highly technical, mandatory statute which appears to impose the strict requirement that all textile fiber products moving in interstate commerce must be properly labeled as to fiber content. The unusual circumstances here present do not, in the hearing examiner's opinion, serve to remove the case from the operation of the Act.

6. In invoices covering the shipments of handkerchiefs described in paragraph 5, respondent Paris Handkerchief Company, Inc., stated: "Continuing guarantee under the Textile Fiber Products Identification Act filed with the Federal Trade Commission." This statement constituted a representation that the handkerchiefs were labeled in accordance with the requirements of the Act. As the handkerchiefs were not in fact so labeled, the statement was untrue and in violation of Section 10 of the Act.

CONCLUSION

The acts of respondents, as set forth above, are in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, and constitute unfair and deceptive acts and practices and unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act. The proceeding is in the public interest.

ORDER

It is ordered, That the respondents, Paris Neckwear Company, Inc., a corporation, and Paris Handkerchief Company, Inc., a corporation, and their respective officers, and Harry Markson, Herbert Siegel, and Ted Markson, individually and as officers of said corporations, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, manufacture for introduction, sale, advertising and offering for sale, in commerce, and in the transportation or causing to be transported in commerce; and in the importation into the United States of textile fiber products; and in connection with selling, offering for sale, advertising, delivering, transporting, or causing to be transported, textile fiber products which have been advertised or offered for sale in commerce; and in connection with selling, offering for sale, advertising, delivering, transporting, and causing to be transported, after shipment in commerce, textile fiber products, either in their original state or which have been made of other textile fiber products shipped

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in commerce; as the term "commerce", is defined in the Textile Fiber Products Identification Act, of handkerchiefs or other "textile fiber products" as such products are defined in and subject to the Textile Fiber Products Identification Act, do forthwith cease and desist from:

Misbranding textile fiber products by failing to affix labels to such products showing each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondent Paris Hankerchief Company, Inc., a corporation, and its officers, and its representatives, agents and employees as set forth in the preceding paragraph, do forthwith cease and desist from:

Furnishing false guaranties that textile fiber products are not misbranded under the provisions of the Textile Fiber Products Identification only Act.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 4.19 of the Commission's Rules of Practice effective July 21, 1961, the initial decision of the hearing examiner shall, on the 14th day of March 1962, become the decision of the Commission; and, accordingly:

It is ordered, That 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.