

Complaint

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IN THE MATTER OF

ROAMER-MEDANA WATCH CORPORATION ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-137. Complaint, May 11, 1962—Decision, May 11, 1962*

Consent order requiring New York City distributors of watches to cease representing falsely in advertising that their watches were "Fully Guaranteed", and in such advertising and by means of labels or markings on the backs of watch cases that certain of their watches were "totally waterproof", "Shock-proof", "Shock-protected", etc.

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 Roamer-Medana Watch Corporation, a corporation, formerly known as Louis Aisenstein & Bros., Inc., and Stanley Moser, a former officer of said corporation, in his capacity as an individual, and Irving Rosenblum and Ilya Gill, individually and as officers of said corporation, and Stanley Moser and Irving Rosenblum, individually and as former copartners, doing business as Medana Watch Company, 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 Roamer-Medana Watch Corporation, formerly known as Louis Aisenstein & Bros., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 16 East 40th Street, New York, N.Y.

Respondents Irving Rosenblum and Ilya Gill are officers of the corporate respondent. Their address is the same as that of the corporate respondent. They formulate, direct and control the acts and practices hereinafter set forth.

Until late in 1961 Stanley Moser was also an officer of the corporate respondent and he, together with Irving Rosenblum and Ilya Gill, formulated, directed and controlled the acts and practices of the corporate respondent, including those hereinafter set forth. His address is 11 Glenwood Drive, Great Neck, N.Y.

Respondents Stanley Moser and Irving Rosenblum formerly were copartners, doing business as Medana Watch Company. Their address was the same as that of the corporate respondent.

PAR. 2. Respondents have been engaged in the assembling, advertising, offering for sale, sale and distribution of watches to retailers, wholesalers and others for ultimate resale to the public.

PAR. 3. In the course and conduct of their business, respondents have caused their said products, when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in various other States of the United States and the District of Columbia, and have maintained a substantial course of trade in such products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents, for the purpose of inducing the purchase of their products, have represented that their watches are guaranteed by the use of such terms as "Guaranteed" and "Fully Guaranteed", in the advertising of their said products, and have thereby represented that said products are fully and unconditionally guaranteed by them in every respect.

PAR. 5. The aforesaid statements and representations have been false, misleading and deceptive. In truth and in fact, the guarantee provided has been limited both as to time and extent, and the terms, conditions and extent to which such guarantee has applied and the manner in which the guarantor would perform thereunder have not been clearly and conspicuously disclosed in close conjunction with the representations of guarantee. Moreover, a charge has been made for service of certain of respondents' watches, which fact has not been disclosed in respondents' advertisements.

PAR. 6. Respondents, in the course and conduct of their business, and for the purpose of inducing the sale of their watches, have stated and represented by means of advertising in magazines and other media, including advertising by means of labels or markings on the backs of certain of their watch cases, that certain of their watches are "Waterproof" and "totally waterproof". Such statements and representations, on occasion, have appeared without qualifications or limitations of any kind, and on other occasions, such statements and representations have appeared without words of qualification or limitation in immediate conjunction therewith.

Through the use of the aforesaid statements and representations, respondents have represented that their said watches are waterproof in every respect, without qualification or limitation.

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PAR. 7. The aforesaid statements and representations have been false, misleading and deceptive. In truth and in fact, said watches have not been unqualifiedly and without limitation waterproof in every respect.

PAR. 8. Respondents have further represented by means of advertising, including marking on the back of the cases of certain of their watches, that their watches are "Shockproof", "Totally Shockproof" "Shock-protected" and have a "Shockproof System".

PAR. 9. The aforesaid statements and representations have been false, misleading and deceptive. In truth and in fact, respondents' watches have not been shockproof, or shock-protected in every respect.

PAR. 10. By the aforesaid acts and practices, respondents have placed in the hands of retailers and others means and instrumentalities by and through which they may mislead the public as to the guarantee, and the waterproof and shockproof characteristics, of their watches.

PAR. 11. In the conduct of their business, as aforesaid, respondents have been in substantial competition, in commerce, with corporations, firms, and individuals in the sale of watches of the same general kind and nature as those sold by respondents.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief.

PAR. 13. The aforesaid acts and practices of respondents, as herein alleged, have been and are all to the prejudice and injury of the public and of respondents' competitors and have constituted and now constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5(a)(1) of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent, Roamer-Medana Watch Corporation, a corporation, formerly known as Louis Aisenstein & Bros., Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 16 East 40th Street, in the city of New York, State of New York.

Respondents, Irving Rosenblum and Ilya Gill, are officers of said corporation. Their address is the same as that of said corporation.

Respondent, Stanley Moser, was formerly an officer of said corporation, and formerly a copartner with said Irving Rosenblum, doing business as Medana Watch Company. His address is 11 Glenwood Drive, Great Neck, N.Y.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents, Roamer-Medana Watch Corporation, a corporation, formerly known as Louis Aisenstein & Bros., Inc., and its officers, and Stanley Moser, a former officer of said corporation, in his capacity as an individual, and Irving Rosenblum and Ilya Gill, individually and as officers of said corporation, and Stanley Moser and Irving Rosenblum, individually and as former copartners, doing business as Medana Watch Company, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, labeling, offering for sale, sale and distribution of watches, or any other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication:

(a) That their watches or any other products are guaranteed, unless the nature and extent of the guarantee and the manner in which the

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guarantor will perform thereunder are clearly and conspicuously disclosed.

(b) That their watches or any other products are guaranteed, when a service charge is imposed, unless the amount thereof is clearly and conspicuously disclosed.

(c) That their watches are waterproof unless said watches are waterproof in every respect without qualification or limitation.

(d) That their watches are waterproof under certain conditions, or with certain qualifications or limitations, unless such aforesaid conditions, qualifications or limitations are clearly and conspicuously set forth in immediate conjunction with the term waterproof.

(e) That their watches are shockproof or shock-protected unless said watches are shockproof or shock-protected in every respect.

2. Furnishing any means or instrumentalities to others by and through which they may misrepresent the guarantee, or the waterproof or shockproof character, of their products.

It is further 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 this order.
