

said wool products in such a way as to be false and deceptive or to interfere with the required information.

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.

IN THE MATTER OF
STEELCRAFT TOOL CORPORATION ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-259. Complaint, Oct. 26, 1962—Decision, Oct. 28, 1962

Consent order requiring Long Island City, N.Y., distributors of German and Japanese wrenches, pliers, and other hand tools, to cease selling the tools so packaged or assembled as to conceal the mark of foreign origin or with the markings so small and inconspicuous as not to be readily discernible to purchasers, and to cease representing falsely, by use on packages of such words as "Guaranteed", "Fully Guaranteed", and "Warranted", that the product was guaranteed in every respect.

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 Steelcraft Tool Corporation, a corporation, and H. Harry Hahn and Kurt J. Spiegel, individually and as officers of said corporation, 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 Steelcraft Tool Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal place of business located at 36-50 31st Street, Long Island City, N.Y.

Respondents H. Harry Hahn and Kurt J. Spiegel are officers of the corporate respondents. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the sale and distribution of hand tools, including wrenches, pliers and allied products primarily to wholesalers and to retailers for resale to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past 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 in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. The majority of the hand tools sold and distributed by respondents are manufactured in and imported from foreign countries, including Japan and Germany. Certain of such foreign made tools are assembled and packaged in the form of kits or sets or are assembled and packaged in kits or sets containing other tools manufactured in the United States or said foreign made tools are sold and distributed separately without being assembled and packaged as part of a kit or set.

Respondents' said foreign made tools bear markings indicating their manufacture in and importation from Japan or Germany. However, in some instances, the markings are so small and inconspicuous that this fact is not readily discernible to the public. In other instances, said foreign made tools are packaged or otherwise assembled so as to conceal or obscure the mark of foreign origin.

PAR. 5. In the absence of clear and conspicuous disclosure that a product, including hand tools, is of foreign origin, the public believes and understands that it is of domestic origin, a fact of which the Commission takes official notice.

As to hand tools, a substantial portion of the purchasing public have a preference for hand tools which are of domestic origin, of which fact the Commission also takes official notice. Respondents' failure clearly and conspicuously to disclose the country of origin of said hand tools is, therefore, to the prejudice of the purchasing public.

PAR. 6. Respondents, by placing in the hands of others imported products which do not bear clear and conspicuous marks of foreign origin, provide means and instrumentalities whereby the purchasing public is misled as to the place of origin of such products.

PAR. 7. Respondents use such words and expressions as "Guaranteed" and "Fully Guaranteed" and "Warranted" on the packages in which the said hand tools are contained, thereby representing that said product is guaranteed by them in every respect. In truth and in fact, the guarantee provided is limited both as to time and extent. Said statements and representations are therefore false, misleading and deceptive.

PAR. 8. In the conduct of their business at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of hand tools of the same general kind and nature as those sold by respondents.

PAR. 9. 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. 10. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 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 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, Steelcraft Tool Corporation, 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 36-50 31st Street, Long Island City, N.Y.

Respondents H. Harry Hahn and Kurt J. Spiegel are officers of said corporation and their address is the same as that of said corporation.

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 Steelcraft Tool Corporation, a corporation, H. Harry Hahn and Kurt J. Spiegel individually and as officers of said corporation and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of hand tools, including wrenches, pliers or any other products, 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 said products which are in whole or in part of foreign origin in packages or containers without clearly and conspicuously disclosing on the front or face of each package or container the name of the country or place of origin of the product.

2. Offering for sale, selling or distributing said products which are in whole or in part of foreign origin mounted on display cards without clearly and conspicuously disclosing the name or names of the country or countries, or place or places, of origin on the front of said display cards.

3. Placing in the hands of others any means or instrumentalities by or through which they may mislead the public as to any of the matters and things set out in paragraphs 1 and 2, above.

4. Representing, directly or by implication, that any of said products are guaranteed unless the nature and extent of the guarantee and the manner in which the guarantor will perform are clearly and conspicuously disclosed.

