

Commissioner's report in which he is asked to detail the manner and form in which he has complied with this order.

IN THE MATTER OF
RUGBY RUG MILLS, INC., ET AL.

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

Docket C-583. Complaint, Sept. 12, 1963—Decision, Sept. 12, 1963

Consent order requiring three associated corporate importers and distributors of rugs, with common offices in New York City, to cease violating the Textile Fiber Products Identification Act by labeling as "70% Reprocessed Wool, 30% Virgin Wool", rugs which contained substantially less woolen fibers than so indicated; failing to disclose on labels affixed to rugs the true generic names of the fibers present and the true percentage thereof by weight; and furnishing false guaranties that their rugs were not misbranded; and to cease violating The Federal Trade Commission Act by representing falsely, through use of the word "Mills" in one corporations name, that they were the manufacturers of the products they sold.

Complaint

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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 Rugby Rug Mills, Inc., Rugby International Corp., and Rug Buyers Corp., corporations, and Herbert S. Rosenfeld, Charles H. Gordon and Helene M. Rosenfeld, individually and as officers of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated 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 Rugby Rug Mills, Inc., Rugby International Corp., and Rug Buyers Corp., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York.

Individual respondents Herbert S. Rosenfeld, Charles H. Gordon and Helene M. Rosenfeld are officers of each of the corporate respondents and formulate, direct and control the acts, practices and policies of the corporate respondents, including the acts and practices complained of herein.

Respondents are importers and distributors of textile fiber products, namely rugs, with their office and principal place of business located at 295 Fifth Avenue, New York, New York.

PAR. 2. Subsequent to the effective date of the Textile Fiber Products Identification Act on March 3, 1960, respondents have been and are now engaged in the introduction, delivery for introduction, sale, advertising, and offering for sale, in commerce and in the transportation or causing to be transported in commerce, and 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 contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 3. Certain of said textile fiber products were misbranded by respondents within the intent and meaning of Section 4(a) of the Textile Fiber Products Identification Act and the Rules and Regula-

tions promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, invoiced, advertised or otherwise identified as to the name or amount of the constituent fibers contained therein.

Among such textile fiber products, but not limited thereto, were rugs labeled by respondents as "70% Reprocessed Wool, 30% Virgin Wool", whereas, in truth and in fact, such rugs contained substantially less woolen fibers than represented as well as other fibers not set forth on the label.

PAR. 4. Certain of said textile fiber products were further misbranded by respondents in that they were not stamped, tagged, or labeled as required under the provisions of 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 said Act.

Among such misbranded textile fiber products but not limited thereto, were rugs with labels on or affixed thereto which failed:

- (a) To disclose the true generic names of the fibers present; and
- (b) To disclose the true percentage of the fibers present by weight.

PAR. 5. The respondents have furnished false guaranties that their textile fiber products were not misbranded in violation of Section 10 of the Textile Fiber Products Identification Act.

PAR. 6. The acts and practices of respondents as set forth above, were, and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated 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.

PAR. 7. In the course and conduct of their business, respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale, and distribution of textile products, in commerce, and now cause, and for some time last past have caused, their products, including rugs, when sold, to be shipped from their place of business in the State of New York to purchasers thereof in various other States of the United States and maintain, and at all times mentioned herein have maintained, a substantial course of trade of said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 8. In the course and conduct of their business in soliciting the sale of and in selling textile products, respondents Rugby Rug Mills, Inc., and the individual respondents do business under the name Rugby Rug Mills, Inc., and use said name on letterheads, invoices, labels and tags, and in advertisements of their products.

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PAR. 9. Through the use of the word "Mills" as part of the corporate name Rugby Rug Mills, Inc., the aforesaid respondents represent that they own or operate mills or factories in which the textile products sold by them are manufactured.

PAR. 10. In truth and in fact the aforesaid respondents do not own, operate or control the mills or factories where the textile products sold by them are manufactured, but buy the finished products from others. The aforesaid representations are therefore false, misleading and deceptive.

PAR. 11. There is a preference on the part of many dealers to buy products, including textile products directly from factories or mills, believing that by doing so lower prices and other advantages thereby accrue to them.

PAR. 12. In the conduct of their business, at all times mentioned herein, said respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of textile products of the same general kind and nature as those sold by respondents.

PAR. 13. The use by such respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead dealers and other purchasers 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. 14. The aforesaid acts and practices of respondents as alleged in Paragraphs 7 through 13 were, and are, to the prejudice and injury of the public and of respondents' competitors, and constituted, and now constitute unfair methods of competition 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 Textile Fiber Products Identification 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. Respondents Rugby Rug Mills, Inc., Rugby International Corp., and Rug Buyers Corp. are corporations organized, existing and doing business under and by virtue of the laws of the State of New York with their offices and principal places of business located at 295 Fifth Avenue, in the city of New York, State of New York.

Respondents Herbert S. Rosenfeld, Charles H. Gordon, and Helene M. Rosenfeld are officers of said corporations and their address is the same as that of said corporations.

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 Rugby Rug Mills, Inc., Rugby International Corp., and Rug Buyers Corp., corporations, and their officers, and Herbert S. Rosenfeld, Charles H. Gordon and Helene M. Rosenfeld, 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, delivery for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce", and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

1. Falsely or deceptively stamping, tagging, labeling, invoicing, advertising, or otherwise identifying such prod-

ucts as to the name or amount of constituent fibers contained therein.

2. 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.

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

It is further ordered, That respondents Rugby Rug Mills, Inc., a corporation, and its officers, and Herbert S. Rosenfeld, Charles H. Gordon and Helene M. Rosenfeld, individually and as officers of said corporation, 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 rugs or any other textile products in commerce, as "commerce", is defined in the Federal Trade Commission Act, do forthwith cease and desist from directly or indirectly, using the word "Mills", or any other word or term of similar import or meaning, in or as part of respondents' corporate or trade name, or representing in any other manner that respondents perform the functions of a mill or otherwise manufacture or process the rugs or the textile products sold by them, unless and until respondents own and operate, or directly and absolutely control the mill wherein said rugs or other textile products are manufactured.

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.