

---

IN THE MATTER OF

ARTISTIC LEATHER GOODS MFG. CORP. ET AL.

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

*Docket C-1119. Complaint, Oct. 3, 1966—Decision, Oct. 3, 1966*

Consent order requiring one Puerto Rican and two Brooklyn, N.Y., manufacturers of leather and plastic accessories and assorted school items to cease misrepresenting the quality of leather in its products, failing to dis-

## Complaint

70 F.T.C.

close that some of its products were composed of simulated leather, and failing to use foreign origin indicia on parts of its products which were imported.

## 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 Artistic Leather Goods Mfg. Corp., a corporation, United Leather Goods Corporation, a corporation, Steer Leather Goods Corp., a corporation and David Weisglass, individually and as an officer of each of said corporations, 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 Artistic Leather Goods Mfg. Corp., hereinafter called "Artistic," is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 62 Keap Street, Brooklyn, New York.

Respondent United Leather Goods Corporation, hereinafter called "United," 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 62 Keap Street, Brooklyn, New York.

Respondent Steer Leather Goods Corp., hereinafter called "Steer," is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Puerto Rico, with its principal office and place of business located at Caguas, Puerto Rico and with a mailing address of P.O. Box 584, Caguas, Puerto Rico.

Respondent David Weisglass is an officer of each of the corporate respondents. He formulates, directs and controls their respective acts and practices, including those hereinafter set forth. His address is the same as that of the first two named corporate respondents.

Respondent David Weisglass owns all of the outstanding and issued capital stock of each of the said respondent corporations. The acts and practices of each of the said respondent corporations are closely interrelated through such exclusive stock ownership as aforesaid, as well as through the use of common offices and

places of business at 62 Keap Street, Brooklyn, New York, and also through the said respondent David Weisglass' control of the operations of Steer Leather Goods Corp. as a supplier of substantial quantities of wallets and similar products to the corporate respondent, Artistic Leather Goods Mfg. Corp.

PAR. 2. Respondent Artistic Leather Goods Mfg. Corp. is now, and for some time last past has been, engaged in the manufacture, packaging, advertising, offering for sale, sale and distribution of wallets, billfolds, key chains and other small leather and plastic accessories to jobbers and retailers for resale to the public.

Respondent United Leather Goods Corporation is now, and for some time last past has been, engaged in the manufacture, advertising, offering for sale, sale and distribution of school bags, ring binders and various assorted school items to jobbers and retailers for resale to the public.

Respondent Steer Leather Goods Corp., is now, and for some time last past has been, engaged in the manufacture and sale of wallets, billfolds, key chains and other small leather and plastic accessories, and it supplies substantial quantities thereof to the respondent Artistic Leather Goods Mfg. Corp.

PAR. 3. In the course and conduct of their business, respondents Artistic and United, now cause, and for some time last past have caused, their respective 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 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.

In the course and conduct of its business, respondent Steer now causes, and for some time last past has caused, its products, when sold, to be shipped from its place of business in the Commonwealth of Puerto Rico, to purchasers thereof located in various States of the United States of America, and maintains and at all times mentioned above has maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its aforesaid business, and for the purpose of inducing the purchase of their said products, respondents Artistic and Steer have stamped, branded, tagged and labelled their said products with numerous statements and representations purporting to identify the materials from which

## Complaint

70 F.T.C.

their products were made and have manufactured and finished said products to have the appearance of being composed or made of materials different from that actually contained therein.

Typical and illustrative of such statements, representations and practices but not all inclusive thereof, are the following:

A. "TOP GRAIN COWHIDE."

B. "GENUINE LEATHER AND TWIN-HYDE."

C. In many instances, wallets which did not bear the above quoted markings, or any other disclosure of the material of which they were made, were composed in whole or in part of non-leather materials which simulated genuine leather.

D. In many instances, wallets were made in whole or in part of split leather having the appearance of top grain leather without disclosure of such fact.

PAR. 5. By and through the use of the foregoing statements, representations and practices and others similar thereto not specifically set out herein, respondents Artistic and Steer, represent, and have represented, directly or by implication:

A. That said products stamped "Top Grain Cowhide" are made entirely out of top grain leather.

B. Through the use of the term "Twin-Hyde" that portions of the said products so described were made of leather.

C. Through the undisclosed use of materials which simulate leather, that said products were made in whole or in part of leather.

D. Through the undisclosed use of split leather which simulates top grain leather, that said products were made in whole or in part of top grain leather.

PAR. 6. In truth and in fact:

A. Said products bearing the words "Top Grain Cowhide" are not made entirely from top grain leather.

B. The portions of said products described by the words "Twin-Hyde" are of non-leather materials.

C. Said products made of materials which simulate leather were not made of leather.

D. Said products made of split leather having the appearance of top grain leather are not made of top grain leather.

PAR. 7. In the course and conduct of its said business, respondent United obtains substantial quantities of metal spring clip board mechanisms from Japan. Respondent employs said mechanisms as a component in the manufacture of clip boards by affixing said mechanisms to boards which form the base of clip

boards. Before assembly by the respondent, said mechanisms contain a visible origin mark of "JAPAN" engraved in one surface of said mechanism. After assembly by the respondent, the surface on which said disclosure of origin appears is affixed to the base of the clip board in such a manner as to conceal the said origin disclosure without destroying, damaging or disassembling the said finished product.

Said respondent also obtains substantial quantities of metal loose leaf ring binder mechanisms and metal spring pencil clip mechanisms which are made in Japan. Respondent employs said mechanisms as components by assembling same with binder covers in the manufacture of loose leaf ring binder note books. Before assembly by the respondent, said mechanisms contain a visible origin mark of "JAPAN" engraved on the surface thereof. After assembly by the respondent, the surface on which said disclosure of origin appears is covered by the binder portion of the finished product in such a manner as to conceal the said origin disclosure without destroying, damaging or disassembling the said finished product.

Said respondent also obtains substantial quantities of childrens' school bags which are made in Japan. The only disclosure of the origin of such bags is made on a small cloth tag stitched to an inner surface of said bags which cannot be seen when the straps thereof are closed. When the straps of the bag are opened, the said tag cannot be readily seen except on close examination. The tag is located on an inner surface of the bag in such a manner as to lack sufficient clarity and conspicuity as likely to be observed and read by purchasers and prospective purchasers making casual inspection of the product.

PAR. 8. In the absence of an adequate disclosure that a product or the substantial components thereof, including clip boards, loose leaf ring binders and school bags, 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 the aforesaid articles of merchandise, a substantial portion of the purchasing public has a preference for said articles which are of domestic origin, of which fact, the Commission also takes official notice. Respondents' failure to clearly and conspicuously disclose the country of origin of said articles of merchandise, or, substantial components thereof, is therefore to the prejudice of the purchasing public.

PAR. 9. By the aforesaid practices, the respondents Artistic and

## Decision and Order

70 F.T.C.

Steer place in the hands of wholesalers, distributors and retailers, means and instrumentalities by and through which they may mislead the public as to the nature and identity of the materials contained in said wallets and billfolds.

Likewise, by the aforesaid practices, the respondent United places in the hands of wholesalers, distributors and retailers, means and instrumentalities by and through which they may mislead the public as to the country of origin of said clip boards, loose leaf ring binders and school bags or the substantial components thereof.

PAR. 10. In the conduct of their respective businesses, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of products of the same kind and general nature as those sold by respondents.

PAR. 11. The use by the 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. 12. 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 Artistic Leather Goods Mfg. Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 62 Keap Street, Brooklyn, New York.

Respondent United Leather Goods 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 office and place of business located at 62 Keap Street, Brooklyn, New York.

Respondent Steer Leather Goods Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Puerto Rico, with its principal office and place of business located at Caguas, Puerto Rico, and with a mailing address of P. O. Box 584, Caguas, Puerto Rico.

Respondent David Weisglass is an officer of each of the corporate respondents and his address is 62 Keap Street, Brooklyn, New York.

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

I. *It is ordered*, That respondents Artistic Leather Goods Mfg. Corp., a corporation, and Steer Leather Goods Corp., a corporation, and the officers of each of said corporations, and David Weisglass, individually and as an officer of each of said corporations, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of wallets, billfolds or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "Top Grain," "Top Grain Cowhide," "Genuine Leather," or any other words of similar import, in connection with said products made of split leather; or misrepresenting, in any manner, the kind or quality of the materials of which their said products are composed.

2. Offering for sale, selling or distributing said products made in whole or in part of split leather without a clear and conspicuous disclosure in immediate connection therewith to purchasers making casual inspection thereof of the portion or portions thereof which are made of split leather.

3. Offering for sale, selling or distributing said products made in part of leather and in substantial part of material other than leather without a clear and conspicuous disclosure in immediate connection therewith to purchasers making casual inspection thereof of the portion or portions thereof which are not made of leather.

4. Offering for sale, selling or distributing said products made of non-leather materials having the appearance of leather without a disclosure which will clearly and conspicuously show to purchasers making casual inspection thereof that the portions of the product which simulate leather are not in fact leather.

5. Using the word "Twin-Hyde" or any other word or term suggestive of leather to designate or describe a product or part thereof not composed solely of leather without a clear and conspicuous disclosure in immediate connection therewith to purchasers making casual inspection thereof that the portion or portions of said product which simulate leather are not in fact leather.

6. Placing in the hands of distributors, retailers and others, the means and instrumentalities by and through which they may deceive and mislead the purchasing public concerning any merchandise in the respects set out above in paragraphs 1 to 5 inclusive hereof.

II. *It is further ordered*, That respondents United Leather Goods Corporation, a corporation, and its officers, and David Weisglass, individually and as an officer 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 or distribution of loose leaf note books, clip boards, school bags 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 any such products which are substantially, or which contain a substantial part or parts, of foreign origin or fabrication without affirmatively disclosing the country or place of foreign origin

or fabrication thereof on the products themselves, by marking or stamping on an exposed surface, or on a label or tag affixed thereto, of such a degree of permanency as to remain thereon until consummation of consumer sale of the products, and of such conspicuousness as likely to be observed and read by purchasers and prospective purchasers making casual inspection of the product.

2. Offering for sale, selling or distributing any such product packaged, mounted in a container, or on a display card or other display device, without disclosing the country or place of foreign origin of the product, or substantial part or parts thereof, on the front or face of such packaging, container, display card or other display device, so positioned as to clearly have application to the product so packaged or mounted, and of such degree of permanency as to remain thereon until consummation of consumer sale of the product, and of such conspicuousness as likely to be read by purchasers making casual inspection of the product as so packaged or mounted.

3. Placing in the hands of distributors, retailers and others, means and instrumentalities by and through which they may deceive and mislead the purchasing public concerning any merchandise in the respects set out above in Paragraph II, 1 and 2 hereof.

*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.

---