

shall be applicable to an industry committee established under this part.

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46) [21 F. R. 1174, Feb 21, 1956]

## Part 176—Wholesale Confectionery Industry

COMMITTEE ON TRADE PRACTICES [ADDED]  
Sec

176.201 Industry committee.

§ 176.201 *Industry committee.* The provisions of § 16.1 of this subchapter shall be applicable to an industry committee established under this part.

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46) [21 F. R. 1174, Feb 21, 1956]

## Part 177—Hand Knitting Yarn Industry

COMMITTEE ON TRADE PRACTICES [ADDED]  
Sec.

177.201 Industry committee.

§ 177.201 *Industry committee.* The provisions of § 16.1 of this subchapter shall be applicable to an industry committee established under this part.

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46) [21 F. R. 1174, Feb. 21, 1956]

## Part 178—Baby Chick Industry [Superseded]

CODIFICATION: Part 178 was superseded by Part 36 of this subchapter, 21 F. R. 4719, June 28, 1956.

### *Prior Amendments*

1956: 21 F. R. 1174, Feb. 21.

## Part 180—Rayon, Nylon and Silk Converting Industry [Added]

### DEFINITIONS

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180.0 The industry and its products.

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180.106 Registration of original and novel designs.  
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AUTHORITY: §§ 180.0 to 180.107 issued under sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45.

SOURCE: §§ 180.0 to 180.107 appear at 14 F. R. 624, Feb. 11, 1949.

### DEFINITIONS

§ 180.0 *The industry and its products.* (a) The products of the industry include textile fabrics known as broad goods which are composed wholly or predominantly of one or more of the following fibers: rayon, nylon, other man-made textile fibers, or silk.

(b) Members of the industry are persons and concerns who operate as converters with respect to such fabrics, including so-called integrated producers. The business of the members is that of acquiring, by purchase or production, these fabrics in the grey, unfinished, or semi-finished state; having the goods dyed, printed, or finished in accordance with their own specifications or those of their customers; and marketing such finished or processed fabrics to "cutters-ups," to manufacturers of garments, or of other products, and to the distributing trades.

### GROUP I

§ 180.1 *Misrepresentation of industry products.* It is an unfair trade practice to make or publish, or cause to be made or published, directly or indirectly, any false, misleading, or deceptive statement or representation, by way of advertisement or otherwise, concerning the grade, quality, freedom from defects or imper-

fections, quantity, use, size, material, content, thread count, origin, shrinkage properties, colorfastness, washability, production, manufacture, or distribution of any product of the industry or concerning any component of such product, or in any other material respect.

§ 180.2 *Misbranding.* The false or deceptive labeling, marking, or branding of fabrics or products of the industry in any manner which is false, misleading, or deceptive in respect to the grade, quality, freedom from defects or imperfections, quantity, use, size, material, content, thread count, origin, shrinkage properties, colorfastness, washability, production, manufacture, or distribution of such products, or in any other material respect, is an unfair trade practice.

§ 180.3 *False invoicing.* Withholding from or inserting in invoices any statement or information by reason of which omission or insertion a false record is made, wholly or in part, of the transactions represented on the face of such invoices, with the effect of thereby misleading or deceiving purchasers, prospective purchasers, or the consuming public, is an unfair trade practice.

§ 180.4 *Deception as to origin.* With respect to any fabrics of the following types: Fabrics which have been woven or fabricated in a foreign country and imported in the grey or other unfinished state and dyed or finished in the United States; and fabrics which have been imported in the finished state and dyed, redyed, or refinished in the United States; it is an unfair trade practice:

(a) To offer for sale, sell, or distribute any such fabrics under marks, stamps, brands, labels, or representations which have the capacity and tendency or effect of misleading or deceiving purchasers, prospective purchasers, or the consuming public into the belief (1) that such fabrics were woven or fabricated in the United States, when such is not the fact; or (2) that they were dyed, finished, redyed, or refinished elsewhere than in the United States, when such is not true; or

(b) To offer for sale, sell, or distribute any such fabrics without the same being marked, stamped, branded, or labeled so as to indicate clearly and nondeceptively (1) the country of origin of the fabrics, and (2) that such fabrics were woven or fabricated in said country and were dyed or finished or redyed or re-

finished in the United States, as the case may be, the failure, refusal, or omission so to mark, stamp, brand, or label such fabrics having the tendency and capacity or result of thereby promoting, abetting, or effectuating the marketing of such products under conditions which are misleading or deceptive to purchasers, prospective purchasers, or the consuming public.

**NOTE:** Nothing in this section shall be construed as relieving any member of the industry or other party of the necessity of complying with requirements of the customs laws or regulations, or other applicable provisions of law or regulations relating to the marking of imported articles.

**CROSS REFERENCE:** For regulations of the Bureau of Customs, see 19 CFR Chapter I.

§ 180.5 *Identification and disclosure of fiber or material content.* (a) In the sale, offering for sale, or distribution of industry products, it is an unfair trade practice to misrepresent or deceptively conceal the fiber or material content of any such product.

(b) Fabrics containing rayon, silk, or linen shall be identified as to their fiber and material content in labels, invoices, and advertisements, in accordance with the requirements of trade practice rules heretofore promulgated by the Commission for the rayon industry, linen industry, and silk industry: *Provided*, That products containing, purporting to contain, or in any way represented as containing, wool, reprocessed wool, or reused wool, shall be labeled in accordance with the requirements of the Wool Products Labeling Act of 1939 and the rules and regulations issued thereunder.

**NOTE:** A copy of the above-mentioned trade practice rules, and of the Wool Products Labeling Act of 1939 and the rules and regulations issued thereunder, may be obtained from the Commission by any industry member making request therefor.

§ 180.6 *Substitution of products.* The practice of shipping or delivering products which do not conform to samples submitted, to specifications upon which the sale is consummated, or to representations made prior to securing the order, without the consent of the purchasers to such substitutions and with the tendency, capacity, or effect of misleading or deceiving purchasers, prospective purchasers, or the consuming public, is an unfair trade practice.

§ 180.7 *Inducing breach of contract.* Inducing or attempting to induce the

breach of existing lawful contracts between competitors and their customers or their suppliers by any false or deceptive means whatsoever, or interfering with or obstructing the performance of any such contractual duties or services by any such means, with the purpose and effect of unduly hampering, injuring, or prejudicing competitors in their business, is an unfair trade practice.

§ 180.8 *Commercial bribery.* It is an unfair trade practice for a member of the industry directly or indirectly to give, or offer to give, or permit or cause to be given, money or anything of value to agents, employees, or representatives of customers or prospective customers, or to agents, employees, or representatives of competitors' customers or prospective customers, without the knowledge of their employers or principals, as an inducement to influence their employers or principals to purchase or contract to purchase products manufactured or sold by such industry member or the maker of such gift or offer, or to influence such employers or principals to refrain from dealing in the products of competitors or from dealing or contracting to deal with competitors.

§ 180.9 *Imitation of trade-marks, etc.* The practice of imitating or causing to be imitated, or directly or indirectly promoting or aiding the imitation of, the trade-marks, trade names, other exclusively owned symbols or marks of identification of competitors, or the exclusively owned patterns of competitors which have not been directly, or by operation of law, dedicated to the public, having the capacity, tendency, or effect of misleading or deceiving purchasers, prospective purchasers, or the consuming public, is an unfair trade practice.

§ 180.10 *Defamation of competitors or disparagement of their products.* The defamation of competitors by falsely imputing to them dishonorable conduct, inability to perform contracts, questionable credit standing, or by other false representations, or the false disparagement of the grade, quality, or manufacture of the products of competitors, or of their business methods, selling prices, values, credit terms, policies, services, or conditions of employment, is an unfair trade practice.

§ 180.11 *Fictitious price lists.* The publishing or circulating by any member

of the industry of false or misleading price quotations, price lists, terms or conditions of sale, or reports as to production or sales, with the tendency and capacity or effect of misleading or deceiving purchasers, prospective purchasers, suppliers, or the consuming public, is an unfair trade practice.

§ 180.12 *Use of lottery schemes.* The offering or giving of prizes, premiums, or gifts in connection with the sale of industry products, or as an inducement thereto, by any scheme which involves lottery or scheme of chance, is an unfair trade practice.

§ 180.13 *Prohibited discrimination in terms of purchase and sale*<sup>1</sup>—(a) *Prohibited discriminatory prices, or discounts, rebates, refunds, credits, etc., which effect unlawful price discrimination.* It is an unfair trade practice for any member of the industry engaged in commerce, in the course of such commerce, to grant or allow, directly or indirectly, secretly or openly, any discount, rebate, refund, credit, or other price differential in the guise of transportation costs or of samples or otherwise, where such discount, rebate, refund, credit, or price differential effects a discrimination in price between different purchasers of goods of like grade and quality, where either or any of the purchases involved therein are in commerce, and where the effect thereof may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination or with customers of either of them: *Provided, however:*

(1) That the goods involved in any such transaction are sold for use, consumption, or resale within any place under the jurisdiction of the United States;

<sup>1</sup> As used throughout this section, the word "commerce" means "trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States."

(2) That nothing contained in this paragraph shall prevent differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered;

(3) That nothing contained in this paragraph shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade;

(4) That nothing contained in this paragraph shall prevent price changes from time to time were made in response to changing conditions affecting either (i) the market for the goods concerned, or (ii) the marketability of the goods, such as, but not limited to, actual or imminent deterioration of perishable goods, obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned.

(b) *Prohibited brokerage and commissions.* It is an unfair trade practice for any member of the industry engaged in commerce, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof, except for services rendered in connection with the sale or purchase of goods, wares, or merchandise, either to the other party to such transaction or to an agent, representative, or other intermediary therein, where such intermediary is acting in fact for or in behalf, or is subject to the direct or indirect control, of any party to such transaction other than the person by whom such compensation is so granted or paid.

(c) *Prohibited advertising or promotional allowances, etc.* It is an unfair trade practice for any member of the industry engaged in commerce to pay or contract for the payment of advertising or promotional allowances or any other thing of value to or for the benefit of a customer of such member, in the course of such commerce, as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the processing, handling, sale, or offering for sale of any products or commodities manufactured, sold, or offered for sale by such member,

unless such payment or consideration is available on proportionally equal terms to all other customers competing in the distribution of such products or commodities.

(d) *Prohibited discriminatory services or facilities.* It is an unfair trade practice for any member of the industry engaged in commerce to discriminate in favor of one purchaser against another purchaser or purchasers of a commodity bought for resale, with or without processing, by contracting to furnish or furnishing, or by contributing to the furnishing of, any services or facilities connected with the processing, handling, sale, or offering for sale of such commodity so purchased upon terms not accorded to all purchasers on proportionally equal terms.

(e) *Inducing or receiving an illegal discrimination in price.* It is an unfair trade practice for any member of the industry engaged in commerce, in the course of such commerce, knowingly to induce or receive a discrimination in price which is prohibited by the foregoing provisions of this section.

(f) *Prohibited discriminatory returns.* It is an unfair trade practice for any member of the industry engaged in commerce to discriminate in favor of one customer-purchaser against another customer-purchaser of fabrics, bought from such member of the industry for resale, by contracting to furnish or furnishing in connection therewith, upon terms not accorded to all competing customer-purchasers on proportionally equal terms, the service or facility whereby such favored purchaser is accorded the privilege of returning all or part of the fabric so purchased and receiving therefor credit or refund of purchase price: *Provided, however,* Nothing in the provisions in §§ 180.1 to 180.16 shall prohibit or be used to prevent the return of merchandise by purchaser, for credit or refund of purchase price, when and because such merchandise has been falsely or deceptively labeled or represented, or when and because such merchandise is defective in material, workmanship, or in other respect is contrary to guarantee, warranty, or purchase contract.

(g) *Exemptions.* The inhibitions of this section shall not apply to purchases of their supplies for their own use by schools, colleges, universities, public libraries, churches, hospitals, and charitable institutions not operated for profit.

§ 180.14 *Unlawful combinations in restraint of trade.* It is an unfair trade practice for a member of the industry, or other person, engaged in commerce:

(a) To use, directly or indirectly, any form of threat, intimidation, or coercion against any member of the industry or other person unlawfully to fix, maintain, or enhance prices, suppress competition, or restrain trade; or

(b) To enter into or take part, directly or indirectly, in any agreement, understanding, combination, conspiracy, or concerted action with one or more members of the industry, or with one or more other persons, unlawfully to fix, maintain, or enhance prices, suppress competition, or restrain trade.

§ 180.15 *Consignment distribution or delivery "on memorandum".* (a) It is an unfair trade practice for any member of the industry to employ the practice of shipping goods on consignment, pretended consignment, or for delivery "on memorandum":

(1) When such practice is so used, or the terms and conditions thereof so varied or arranged, as to effectuate a discrimination contrary to the provisions of § 180.13; or

(2) When such consignment, pretended consignment, or delivery "on memorandum," is used for the purpose and with the effect of artificially clogging trade outlets and unduly restricting competitors' use of said outlets in getting their products to purchasers or consumers through regular channels of distribution, and thereby injuring, destroying, or preventing competition, tending to create a monopoly, or unreasonably restraining trade.

(b) Nothing in this section shall be construed as restricting or preventing consignment shipping, or marketing "on memorandum," when carried out in good faith and without illegal discrimination, suppression of competition, or undue interference with competitors' use of the usual channels of distribution.

§ 180.16 *Aiding or abetting use of unfair trade practices.* It is an unfair trade practice for any person, firm, or corporation to aid, abet, coerce, or induce another, directly or indirectly, to use or promote the use of any unfair trade practice specified in §§ 180.1 to 180.15.

§ 180.101 *Saturday and Sunday clos-*  
GROUP II

*ings.* In the interest of the public and of itself, the industry urges all members of the industry to adhere to the practice of not opening their sales offices on Saturdays and Sundays for the transaction of business.

§ 180.102 *Repudiation of contracts.* Lawful contracts are business obligations which should be performed in letter and in spirit. The repudiation of contracts by sellers on a rising market or by buyers on a declining market is condemned by the industry.

§ 180.103 *Use of written sales contracts.* (a) In order to avoid ambiguity and misunderstanding between buyers and sellers, all purchases and sales of products of the industry, exceeding one piece, regardless of the total value thereof, should be made by written contract, signed by the buyer and seller. Such written contract should set forth the actual terms and conditions of the sale involved.

(b) Wherever practicable, the delivery of all merchandise of any quantity should be made against a written receipt signed by the purchaser, or a qualified agent or employee of the purchaser.

(c) The provisions of this section shall not be construed as sanctioning or approving any agreement among competitors or any planned common course of action among competitors to agree upon or to fix, specify, or determine the prices, discounts, terms, or conditions of sale to be covered in any sales contract or transaction, but these shall be open to individual negotiation between the seller and buyer, subject to the requirements of §§ 180.1 to 180.16 and applicable provisions of law.

§ 180.104 *Use of samples.* The industry disapproves the giving of samples without charge except in sufficient quantity necessary to acquaint purchasers or prospective purchasers with the grade or quality of the product offered for sale. However, the furnishing of any samples shall not be carried out in a manner involving discrimination contrary to the provisions of § 180.13.

§ 180.105 *Arbitration of disputes.* The industry approves and recommends the use of commercial arbitration for the speedy and efficient disposition of dis-

putes arising out of the sale, processing, or distribution of the industry's fabrics.

§ 180.106 *Registration of original and novel designs.* The industry recommends that all members should register their original and novel designs, not directly or by operation of law dedicated to the public, with an accepted industry design registration bureau to the end that unauthorized copying of designs and the resultant confusion and misunderstanding be eliminated and appropriate information as to designs in use be fully available to the industry.

§ 180.107 *Use of uniform standards for examination of finished piece goods.* For the visual examination of finished piece goods, the industry recommends that uniform standards, which are equitable as between buyer and seller and fair to the trade and purchasing public, be used in the settlement of disputes concerning the quality of the industry's goods. Nothing in this section, however, shall be construed as warranting classification of any fabric of the industry as a "first" when not fully qualified for such designation; and in this connection industry members recognize it as their obligation to in no wise contribute to any misrepresentation or deception as to grade, quality, or otherwise, in the further marketing of the fabric or products made therefrom.

**Part 181—Handkerchief Industry  
[Added]**

- Sec.  
181.0 Definition.
- GROUP I
- 181.1 Fiber identification.  
181.2 Fictitious prices.  
181.3 Exclusive dealing arrangements to exclude sale of competitors' products.  
181.4 Selling below cost.  
181.5 False invoicing.  
181.6 Inducing breach of contract.  
181.7 Defamation of competitors or disparagement of their products.  
181.8 Misrepresentation of industry products.  
181.9 Misrepresentation of business status.  
181.10 Commercial bribery.  
181.11 Consignment distribution.  
181.12 Unlawful combination in restraint of trade.  
181.13 Use of "loss leaders."  
181.14 Prohibited discrimination.

- Sec.  
181.15 Deceptive labeling or marking.  
181.16 Disclosure in respect to "seconds."  
181.17 Misrepresentation of men's handkerchiefs in respect to size.  
181.18 Use of term "hand-rolled."  
181.19 Imitation of trade-marks, trade names, etc.  
181.20 Discriminatory returns.  
181.21 Tie-in sales.

GROUP II

- 181.101 Record keeping.  
181.102 Forms of contract.  
181.103 Repudiation of contracts.  
181.104 Dissemination of credit information.  
181.105 Recording of trade-marks.

COMMITTEE ON TRADE PRACTICES

- 181.201 Industry committee.

AUTHORITY: §§ 181.0 to 181.201 issued under sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45.

SOURCE: §§ 181.0 to 181.201 appear at 14 F. R. 734, Feb. 18, 1949, except as otherwise noted.

§ 181.0 *Definition.* Handkerchiefs, as referred to in this part, include all types and kinds of handkerchiefs for men, women and children made in whole or in part of cotton, linen, rayon, silk, nylon, wool, or other textile fiber.

NOTE: Paper products, including facial tissue made of paper, or the manufacture and marketing thereof, are not to be considered as coming within the scope of these rules. Such exclusion, however, shall not be regarded as a determination, express or implied, of the propriety or impropriety of the application of the word "handkerchief" to any paper product, nor shall such exclusion from these rules be construed as relieving any one of the necessity of avoiding the use of unfair trade practices of the type herein referred to and falling within the inhibitions of the law as applied to paper tissues or other products.

GROUP I

§ 181.1 *Fiber identification.* (a) In the sale, offering for sale, or distribution of handkerchiefs, it is an unfair trade practice to misrepresent or deceptively conceal the fiber or material content of any such product.

(b) Handkerchiefs containing rayon, silk, or linen shall be identified as to their fiber and material content in labels, invoices, and advertisements, in accordance with the requirements of trade practice rules heretofore promulgated by the Commission for the rayon