

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of)	
)	
HYDE ATHLETIC INDUSTRIES, INC.,)	DOCKET NO.
a corporation.)	
)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Hyde Athletic Industries, Inc., a corporation ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH ONE: Respondent Hyde Athletic Industries, Inc., is a Massachusetts corporation which manufactures and sells footwear. Its principal office or place of business is located at 13 Centennial Industrial Park Drive, Peabody, Massachusetts 01960.

PARAGRAPH TWO: Respondent has manufactured, assembled, advertised, labeled, offered for sale, sold, and distributed athletic and other footwear under the trademark "Saucony," to consumers.

PARAGRAPH THREE: The acts and practices of Respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

PARAGRAPH FOUR: Respondent has disseminated or has caused to be disseminated advertisements, including product labeling, and other promotional materials for footwear sold under the Saucony trademark including, but not necessarily limited to, the attached Exhibits 1-8.

The "Help The Country" advertisement (Exhibit 1) states:

"IT CAN EVEN HELP THE COUNTRY GET BACK ON ITS FEET."

"Built With Pride In BANGOR MAINE USA"

"Any running shoe company can help keep Americans in shape. At Saucony, we've helped keep America in shape. That's because we've been a major employer in New England since 1906. Generation after generation, our family-owned company has worked with the families of Bangor, Maine to build Saucony shoes and a history of quality craftsmanship."

"For 86 years, we've worked in America. And helped make America work. After all, it's the best way we know to keep athletes - and the economy - running smoothly."

The "Front-Runners" advertisement (Exhibit 2) states:

"IF ONLY THE OTHER FRONT-RUNNERS COULD KEEP A PROMISE FOR 86 YEARS."

"Built With Pride In BANGOR MAINE USA"

"Eight-six years ago, we pledged to build our footwear at home in New England. Since then, our family-owned company has worked with the families of Bangor, Maine to build Saucony shoes and a history of quality craftsmanship."

The "Economic Problems" advertisement (Exhibit 3) states:

"FURTHER PROOF THAT ECONOMIC PROBLEMS CAN BE SOLVED AT THE GRASS ROOTS LEVEL."

"Built With Pride In BANGOR MAINE USA"

"At Saucony, we've been a major employer in New England for 86 years. Generation after generation, our family-owned company has worked with the families of Bangor, Maine to build Saucony shoes and a history of quality craftsmanship."

"Through it all, we've discovered that the best way to solve economic problems is to build from the ground up."

The advertisements attached as Exhibits 4 and 5 include the statements made in Exhibits 2 and 3, respectively, and also include a fine print statement at the bottom of each advertisement which states:

"In-Line running shoes built in Bangor, Maine. 'Classic' running styles and some components are imported. Call 1-800-365-7282 for more details."

The advertisement attached as Exhibit 6 is a different version of the "Help The Country" Advertisement (Exhibit 1) which states:

"IT CAN EVEN HELP THE COUNTRY GET BACK ON ITS FEET."

"Built With Pride In BANGOR MAINE USA"

"Any running shoe company can help keep Americans in shape. At Saucony, we've helped keep America in shape. That's because we've been a major employer in New England since 1906. Generation after generation, our family-owned company has worked with the families of Bangor, Maine to build Saucony shoes and a history of quality craftsmanship."

A fine print statement at the bottom of this advertisement states:

"In-Line running shoes built in Bangor, Maine. 'Classic' running styles and some components are imported. Call 1-800-365-7282 for more details."

The "American" advertisement (Exhibit 7) states:

"PROUD TO BE AN AMERICAN."

"Built With Pride In BANGOR MAINE USA"

"The new wave of American patriotism sweeping the country has a few of our competitors shaking in their imported shoes. At Saucony, we've been a major employer in New England for 86 years. Generation after generation, our family-owned company has worked with the families of Bangor, Maine to build Saucony running shoes and a history of quality craftsmanship."

A fine print statement at the bottom of this advertisement states:

"In-Line running shoes built in Bangor, Maine. 'Classic' running styles and some components are imported. Call 1-800-365-7282 for more details."

The "PRIDE IN AMERICA" advertisement (Exhibit 8) states:

"PROUD TO BE AN AMERICAN."

"Built With Pride In BANGOR MAINE USA"

"For decades, the people of Bangor, Maine have been building Saucony running shoes with superior American craftsmanship."

"In honor of these American shoemakers..."

"The Saucony Bangor is the newest addition to our line of high quality American-built running shoes."

"TRADE IN YOUR IMPORTS AND WE'LL SEND YOU \$10 FOR BUYING THE SAUCONY BANGOR."

A fine print statement at the bottom of this advertisement states:

"In Line Running Shoes are built in Bangor, Maine using imported components, except the Class Running styles which are assembled abroad."

PARAGRAPH FIVE: Through the use of the statements contained in the advertisements referred to in PARAGRAPH FOUR, including, but not necessarily limited to, the advertisements attached as Exhibits 1-8, Respondent has represented, directly or by implication, that all Saucony footwear is made in the United States.

PARAGRAPH SIX: In truth and in fact, a substantial amount of Saucony footwear is wholly made in foreign countries. Therefore, the representation set forth in PARAGRAPH FIVE was, and is, false and misleading.

PARAGRAPH SEVEN: The acts and practices of Respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

Therefore, the Federal Trade Commission this ___ day of _____, 19_, has issued this complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL:

Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission has accepted an agreement, subject to final approval, to a proposed consent order from respondent Hyde Athletic Industries, Inc.

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take other appropriate action or make final the agreement's proposed order.

This matter concerns advertising and promotional practices related to the sale of athletic shoes. The Commission's complaint charges that respondent falsely represented that all of its athletic shoes sold in the United States are made in the United States.

The proposed consent order contains a provision which is designed to remedy the advertising violation charges and to prevent the respondent from engaging in similar acts and practices in the future. Part I of the proposed order prohibits the respondent from misrepresenting that footwear made wholly abroad is made in the United States. The proposed order would allow respondent, in connection with a truthful representation about domestic production of its footwear, to make one of the following disclosures, if truthful, in a clear and conspicuous manner: (a) "Most Saucony products are made in the USA"; (b) "Models ___ are not made in the USA"; (c) "Only models ___ are imported"; or (d) ___% of Saucony footwear is made in the USA."

This order provision provides that if Hyde chooses to make affirmative disclosures in its advertising it can do so if they are truthful and nondeceptive. Although several of the disclosures set out in Part I of the proposed order contain the phrase "Made in USA," this provision is not intended to address the standard for when, if at all, a product that is made partly from domestic parts and labor and partly from foreign parts and labor may appropriately be labeled "Made in USA"; that issue is the subject of a separate, ongoing review by the Commission. Rather, Part I is addressed to the circumstance in which some of the company's products are made entirely abroad.

Part II of the proposed order requires the respondent to maintain materials relied upon in disseminating any representation covered by the order. Part III of the proposed order requires the respondent to distribute copies of the order to certain company officials and employees. Part IV of the proposed order requires the respondent to notify the Commission of any change in the corporation which may affect compliance obligations under the order. Part V of the proposed order requires the respondent to file one or more compliance reports. Part VI of the proposed order is a provision whereby the order, absent certain circumstances, terminates twenty years from the date of issuance.

The purpose of this analysis is to facilitate public comment on the proposed consent order. It is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.