

## Cryptopenology V: Myths of a Lifetime, Part 2

By Daniel Kirchheimer

*Shattering the widely-held belief that the U.S. Government nixed long-term pen guarantees because they couldn't be backed up*

In last issue's Cryptopenology column, I alluded to one of the most entrenched 'facts' in the lore of fountain pen history: the striking down of Sheaffer's Lifetime Guarantee by the United States Federal Trade Commission on the grounds that the company couldn't possibly back up such a wild promise. If, like Speranski, you have never felt the doubt, "Is not all I think and believe nonsense?", it may be time to gird yourself for what is to come...

### Latin Beat

Before we get to the matter at hand, I would like to report that it has come to my attention that the name of this column could reasonably be interpreted as the study of baffling prisons. This may explain some of the more unusual letters I've been receiving, which seem to have precious little to do with old writing instruments. If any of my faithful readers (from either 'inside' or 'outside' populations) would like to suggest alternatives that will not run afoul of the surprisingly militant squad of Latin experts patrolling these pages, please send them along. I'm not making much headway; 'Cryptostylogy' doesn't exactly roll off the tongue.

### The Lifetime Legend, Recapped

As laid out in the previous issue's column, the conventional wisdom regarding the Sheaffer Lifetime guarantee goes something like this: In 1920, radically departing from established industry norms, Sheaffer introduced a pen that was guaranteed for life from top to bottom, and they priced it at triple what the equivalent non-guaranteed pen cost. Sheaffer exploited this industry-leading policy until 1947, when the Federal Trade Commission ruled that the Lifetime guarantee was deceptive because Sheaffer could not possibly back it up, and the company was ordered to cease offering their famous policy.

We dispatched the first two elements of this myth in the first installment; herein, we tackle the final one.

### Lifetime Myth #3: "The Federal Trade Commission Abolished the Lifetime Guarantee as Unfulfillable"

There is an entrenched story regarding the termination of the various long-term guarantees in the pen business. Let's step back and examine the beliefs in this regard prevalent at different levels of knowledge in the hobby: uninformed collectors associate Sheaffer's White Dot with their Lifetime guarantee, and often wrongly believe that any pen with that insignia is covered by that policy. Better-informed pen folks point out that in the mid-1940s, Sheaffer ceased offering Lifetime coverage on their pens, though they continued to use the Dot on their better items during the Touchdown era, referring to it by such labels as the "mark of distinction". Those with a bit more information add that the Lifetime guarantee's scope was reduced to just the nib in the year or so prior to its

complete elimination. Even more knowledgeable sources cite the ‘fact’ behind this phase-out as the issuance of a decree by the United States Federal Trade Commission that such lifetime guarantees (and other long-term policies such as that borne by Waterman’s Hundred Year Pen) were, in effect, fraudulent, because the companies offering them could not possibly provide the promised service, and the ‘Big Four’ pen manufacturers (Sheaffer, Parker, Waterman, and Eversharp) were accordingly ordered to cease offering such empty promises on their wares. The oft-cited central fact is that in 1947 the FTC issued a ruling striking down the use of these “unfulfillably extravagant” policies, as one online reference referred to them. An early fountain pen book states,

In 1947, the Federal Trade Commission stops pen firms from advertising long term guarantees.

Well-known authorities made similar assertions in online venues:

Honesty meant little to many pen companies back then. The FTC finally moved into limited action … and finally stopped all long term pen guarantees in 1948 and so went the blue diamonds, 100 year pens and other absurd ‘life’ guarantees by all pen companies.

This story has even been generalized beyond the field of pens to the whole area of retail trade; for example, a poster in an Internet newsgroup devoted to bicycles criticizes a lifetime guarantee offered on a brand of bike parts and warns potential purchasers to “look into Federal Trade Commission rulings on ‘lifetime warranties’ from back in the 1940’s (applied to fountain pen manufacturers such as Wahl/Eversharp, Sheaffer, Waterman and Parker but applicable in a much broader sense to other products).”

When investigating any theory, it can be most productive to seek out counterexamples that undermine the claim. One of the longstanding inconsistencies in the subject story is the inconvenient existence of the Sheaffer Masterpiece Snorkel. In a 1955 catalog, this solid gold pen is shown with a Lifetime nib (Figure 1), and indeed, that’s how actual examples are equipped.



Figure 1: Sheaffer Masterpiece Snorkel with Lifetime Point

How is it that Sheaffer could attach the Lifetime guarantee to this item while still maintaining compliance with the FTC's ban on such 'absurd' policies? I've heard a variety of speculation attempting to explain this away; one oft-cited theory is that the

expensive pen fell into a different category (such as jewelry) due to its precious metal construction, and so was not subject to the ruling, but I've never seen any references offered to support this claim.

And what about the re-introduction of the Lifetime guarantee in 1963, in the pen style that was earlier tagged the Imperial? Well, the story goes, by then the FTC ruling had expired, or was withdrawn or overturned or something. Or, as one online reference explains, the model brought "the re-introduction of Sheaffer's famous lifetime guarantee (which was now a legally-acceptable 'limited warranty')."

Again, there are fragments of truth to this myth, but the core facts are distinctly different, and are fascinating in their own right. There was indeed a set of FTC orders that lead to the abandonment of long-term guarantees by pen makers – that much is accurate. But, critically, *the basis for the FTC's action was not that these guarantees couldn't be backed up due to their length*. Here is the summary of the FTC's action as described on page 41 of that agency's 1945 annual report:

#### UNFAIR PRACTICES OTHER THAN MISREPRESENTATION OF DRUGS, DEVICES, AND COSMETICS

*Fountain pen manufacturers.--W. A Sheaffer Pen Co., Fort Madison, Iowa (4337); The Parker Pen Co., Janesville, Wis. (4338); Eversharp, Inc., Chicago (4590), and L.E. Waterman Co., New York (4617), were ordered to cease making unqualified representations that their fountain pens are unconditionally guaranteed for the life of the user or for any other designated period, when a service charge, usually 35 cents, is made for repairs or adjustments. The respondents were ordered to discontinue using such terms as "Lifetime," "Guaranteed for Life," "Life Contract Guarantee," "Guaranteed Forever," or "Guaranteed for a Century" to describe or refer to their pens, and representing that the pens are unconditionally guaranteed for any designated period of time, unless the respondents, without expense to the user, make repairs or replacement of parts which may be necessitated during the designated period by any cause other than willful damage or abuse. The orders did not prohibit the respondents from representing truthfully that the service on their pens (as distinguished from the pens themselves) is guaranteed for life or other designated period, even though a charge is imposed in connection with such servicing, providing the terms of the guarantee, including the amount of the charge, are clearly and conspicuously disclosed in immediate conjunction with such representations.*

Each member of the Big Four was hit by the FTC with a Cease and Desist order on May 3, 1945 following complaints filed in 1940 and 1941. The basis for the Commission's ruling was *not* the extended length of the makers' guarantees. Rather, the FTC objected to the seemingly minor fact that *all members of the Big Four attached a small service charge to any repairs performed under their policies*, and so, in the eyes of the regulatory body, these were not true guarantees at all. Therefore, the FTC's response was *not* to order the termination (or shortening) of long-term service promises to make them realistic, but simply to insist that any such policy must not have an associated fee, even if small. (The last sentence in the FTC summary is a bit confusing, but it explains that the manufacturers could assert that they guaranteed that *service* would be available for a

specified duration after purchase even if there were a charge for service, but they couldn't say that the *pens themselves* were guaranteed.)

When faced with the FTC's ruling, Sheaffer (and the others) had two basic choices: stop offering their guarantee, or eliminate the service charge. The pen business was fiercely competitive, and the players copied each other's successful ideas – such as the Lifetime guarantee – and they also appear to have engaged in what might be termed 'passive collusion'. That service charge, instituted "in 1933... under a code adopted by the leading fountain pen manufacturers under the National Industrial Recovery Act" according to the FTC's findings, wouldn't have been imposed had it not been important for the viability of Sheaffer's business, as it did somewhat undermine the attractiveness of the Lifetime guarantee; it is reasonable to speculate that not only would the fee help defray some of the costs associated with warranty service, but it may also have served a useful gating function that could discourage customers from having their pens serviced for minor problems or cosmetic issues. The fact that the other makers also had these charges – and set them to be exactly the same as Sheaffers' – indicates that this was probably a key for keeping the cost of these long-term promises financially manageable.

In fact, despite Sheaffer's obvious success with their Lifetime line, other makers had been reluctant to make the same commitment. Though their Duofold came out after Sheaffer's Lifetime, Parker only offered a 25-year guarantee on their pen's point (and though some later models were 'guaranteed forever', the coverage only applied to defects, not damage, as far as I can determine). In fact, around the time of the introduction of the Vacuum Filler (predecessor to the Vacumatic), a 1933 trade ad from Parker makes the following pitch to its dealers:

Thousands of people are discarding guaranteed-for-life pens to get the new, the world's finest – the Parker Vacuum Filler. They're paying \$7.50 for this revolutionary new pen *without a guarantee for life* – thus proving the wisdom of the new policy of "*no lifetime guarantee*" urged by 20,000 retailers and adopted by Parker on this new Vacuum Filler Pen.

Dealers feel that the purchaser of a guaranteed-for-life pen is taken out of the pen market. This puts the dealer in the business of servicing pens for free, instead of selling pens for profit. That's why dealers welcome Parker's no lifetime guarantee policy on the Vacuum filler.

But by 1937, according to the Findings portion of the FTC's 1945 order (and certainly no later than 1938 according to marketing literature), Parker did an about-face and bestowed a lifetime guarantee (covering "everything except loss or wilful [sic] damages") on Major and Maxima pens, and they attached a \$0.35 service charge for any such service, which was exactly the same fee Sheaffer had begun applying in 1933. Parker introduced its Blue Diamond insignia in 1939 on those pens that carried the new guarantee. Eversharp tried to eat their cake and have it, too – one of their "forever" guarantee papers dated May, 1940 declared that for items bearing their White Star insignia (hmm, future Crypto topic?) "repair or replacement will be made without cost" -- but added, "except for a slight service charge of thirty-five cents".

It may be, then, that some of the major pen makers were actually rather relieved that due to the FTC's action, they no longer had to keep up with the Joneses – or the Sheaffers –

and all four opted to cease offering long-term policies on their pens rather than absorb the additional cost of dropping their service charges. Again, this might be viewed as a sort of passive collusion wherein none of the companies had a taste for continuing to do battle on the guarantee front.

Parker and Waterman fought the FTC's ruling, triggering lawsuits. Waterman withdrew their petition in the Second Circuit (New York) in 1946. Parker, however, pressed on and ultimately won a partial victory in their opposition to the FTC's ruling, which also ordered the termination of deceptive claims regarding the Vacumatic's 14 fewer parts ("Respondent has merely changed the size, shape or function of parts, without their elimination") and Scratch-Proof Point. The court actually overturned the key piece of reasoning in the FTC's initial Order – the claim that a guarantee with a service fee was not a guarantee at all. Chicago's Circuit Court of Appeals for the Seventh Circuit rendered its opinion on December 17, 1946, and they found that if the fee was displayed as prominently as was the guarantee, there was no deception, and in their June 6, 1947 final decree, they modified the FTC's Order. On the key point, the Court wrote,

We feel the Commission is, however, over-meticulous in denying the petitioner all right to use the phrase 'Life Guarantee' or words of similar import, except on condition that it make no further charge for repairs.... Here the petitioner, in the advertisements, guaranteed it would make repairs if needed, during the life of the buyer, at 35 cents for each repair. To such a guarantee there can be no valid objection.

The FTC's modified Cease and Desist Order was issued to Parker (though not to the other makers) by the agency on February 9, 1948; here are the most relevant portions:

*It is ordered, That... The Parker Pen Co.... do forthwith cease and desist from:*

1. ... representing... that such pens are unconditionally guaranteed for life, unless respondent does in fact make, without expense to the owner, any repairs or replacement of parts which may be necessitated during the life of the owner by any cause other than willful damage or abuse.  
....
5. Representing that its pens are guaranteed for life... where a charge is imposed by respondent for servicing said pens or for parts, unless the terms of limitation of the guarantee as imposed..., including the amount of any charge that may be made, are placed close to the words "Guaranteed for Life" ... and in print of the same size as the other regular printed matter in its advertisements.

At first reading, these edicts seem to contradict each other – Parker simply can't guarantee the pens if they levy a charge, but they *can* guarantee the pens if the charge is prominent in ads. A closer perusal reveals that the difference hinges on one word in paragraph 1: "unconditionally". Apparently, the court felt that the imposition of a charge meant the guarantee wasn't unconditional – but it was permissible.

Ironically, this legal victory doesn't appear to have caused Parker to diverge from the other makers who received no such modified Orders from the FTC; Parker dropped its guarantee just as did all the others, and they did not reinstate it.

But was that \$0.35 really so significant that Sheaffer and the others couldn't figure out a way to absorb that seemingly "slight" amount when servicing guaranteed pens? Here, a look at the actual FTC orders and specifically the findings therein proves revelatory. As part of Sheaffer's response to the FTC's 1940 complaint, the company submitted an accounting of the number of pens they were servicing under the Lifetime guarantee, and, most fascinatingly, *exactly how much it was costing them*. Here is the data Sheaffer provided:

Year	Pens Serviced	Net Cost of Service
1935	355,600	\$49,685.39
1936	373,253	\$49,012.92
1937	398,389	\$62,077.41
1938	413,482	\$66,862.34
1939	390,813	\$67,475.13
1940	401,217	\$69,053.37
1941	428,712	\$82,105.15

The 'Net Cost of Service' column represents Sheaffer's cost above and beyond the service charge. This data is astonishing. First, we see that Sheaffer is quickly approaching servicing a half-million Lifetime pens each year – *well over a thousand per day*. Furthermore, in the last year reported, the net cost to Sheaffer to service the average pen is just \$0.19, meaning the gross cost was \$0.54, *65% of which was covered by the \$0.35 service charge*. [I note that this is an approximation, because Sheaffer charged \$0.25 for pens dropped off at the main office in Fort Madison, Iowa, or in one of three branch offices, though I speculate that such drop-offs were a tiny minority.] Furthermore, the net service cost per pen had increased by 37% over the seven years. Given this data, it seems clear that Sheaffer could not afford to merely abandon the charge and continue to offer the guarantee, and it is reasonable to assume that the other makers were in the same boat. In fact, there is even evidence that *prior* to the FTC's clamp-down, Sheaffer's guarantee was already being radically scaled back, perhaps to cope with the ever-increasing costs: there exists a Sheaffer advertisement from the March 31, 1945 issue of *Collier's* (Figure 2) – about a month prior to the FTC Order's issuance – that bluntly explains the dramatic narrowing of the Lifetime guarantee (Figure 3). Before the Order, Sheaffer had already cut their coverage to just the nib, even though the service charge remained unchanged.



Figure 2: 1945 Sheaffer Ad

It is *not* guaranteed "forever"—nor for 100 years—nor against everything. Its giant cylindrical 14-karat gold point ONLY has service guaranteed except against loss or willful mutilation for the LIFE OF THE FIRST USER,\* while former *Lifetimes* carried a guarantee on the whole pen. But the whole pen is guaranteed against defective workmanship and materials.

Figure 3: Detail from 1945 Sheaffer Ad

Incidentally, in their responses to the FTC's complaints, most of the makers admit that they do not expect their pens to actually last the full terms of their guarantees without requiring service, but that point is not the basis of the FTC's reasoning that lead to their actions.

Given that the FTC issued its orders in 1945, how do we explain such evidence as the continued marketing of Lifetime pens into 1946? And what about that Masterpiece Snorkel from the 1950s with a Lifetime nib? A more detailed examination shows that rather than undermining the explanation presented herein, these facts actually fit neatly within the narrative. Some authorities have stated that the FTC orders went into effect in 1947, and the targets of the ruling were given a warning in advance so as to permit the companies to use up already-manufactured parts, and that's why we see 1945 and 1946 Sheaffer ads touting the Lifetime guarantee on the nib only as part of their phase-out of the policy.

My interpretation of the events is different. FTC documents clearly indicate that the Sheaffer order was issued in 1945, not 1947, and a careful reading of those post-order Sheaffer ads reveals that they do *not* run afoul of the order, *because there is no longer a fee for warranty service on those Lifetime points*: "Unconditionally Guaranteed For First User's Lifetime **Without Repair Charges** If Sent To Sheaffer Factory! [emphasis added]" Sheaffer eliminated the service fee, in compliance with the FTC's order, and they had already slashed the Lifetime guarantee's coverage back to the pre-1926 level (nib only); they were then in a position to limit expenses while using up stocks of the only part of their pens that actually said "LIFETIME" – the nib. Indeed, it appears that Sheaffer intended to completely eliminate the Lifetime guarantee by 1947; a careful examination of the pen images shown in the 1947 catalog reveals that the nibs on the White Dot models appear to be Lifetime points with the word LIFETIME erased from the drawings (Figure 4 – image of Triumph nib from 1947 catalog). Despite this, it seems that Sheaffer continued to sell pens with Lifetime points into 1947, as models new to that year (such as the brushed-steel-capped Sentinel) are often found so equipped.



Figure 4: Nib with Erased "LIFETIME" from 1947 Catalog

And what about that solid gold Snorkel offered in the mid-1950s? Again, the answer is in the details: the policy covers only the point and demands no fee (Figure 5). It would seem that Sheaffer was willing to absorb the cost of servicing the nib on such a high-end pen; even in 1956, the pen retailed for \$110, compared with

No other writing equipment in the world so justly deserves encasement in genuine 14K gold. Sheaffer's Masterpiece pen with Lifetime\* point and matching pencil is the most distinctive pen and pencil gift set in the world. It's especially suited for those occasions requiring the finest money can buy.

\*The Lifetime point—unconditionally guaranteed for first user's lifetime without repair charges.

Figure 5: Detail of Mid-1950s Lifetime Point Guarantee

\$19.75 for the White Dot Valiant model, for example.

Finally, there's the question of the 1963 LIFETIME pen, introduced in celebration of Sheaffer's golden anniversary. Sheaffer did guarantee the whole pen – not just the point – but a look at the guarantee certificate reveals that they have capped their exposure by restricting the terms of the promise compared to earlier versions. While in 1932, Sheaffer assured Lifetime purchasers that "even though a street car runs over it and the broken pieces are returned to the factory, a new pen will be sent without question," the '60s version covered only problems "other than willful **or accidental** damage [emphasis added]," so streetcars were to be approached with extreme caution. There was no service charge; in the event a repair is needed, the owner is instructed to "send the complete pen to our factory postage prepaid and we will repair or replace it for you completely free of charge." Curiously, the solid gold Masterpiece Touchdown pen shown in the same catalog did not carry the Lifetime policy.

## Updates

In "Cryptopenology I: Stamp Collecting," I showed a Sheaffer pen with the mysterious barrel stamp "PEN ASSEMBLY W A S P CO". I have subsequently discovered that this indicates that the pen was used in-house at Sheaffer in the Pen Assembly department. I wish to thank Jon Hechtman for providing the clue that lead to this discovery.

In my article "But I was Just Getting Used To It At The Top" in the Spring/Summer 2004 issue of *The Pennant*, I missed one location for Sheaffer's White Dot, though it may only have appeared in marketing materials, not on actual pens. Jim Mamoulides has acquired copies of Sheaffer's 1946 and 1947 catalogs that show the solid gold Masterpiece fountain pen with a small White Dot on a narrow ring of celluloid just aft of the barrel thread ring. I have never seen an example of a pen with this mark.

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Credits:

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