CFR 303.7(d)) definition of "rayon," the Commission believes it is in the public interest to amend the Rule to recognize the fiber's unique characteristics.

Rule 7(d) currently defines "rayon" as: a manufactured fiber composed of regenerated cellulose, as well as manufactured fibers composed of regenerated cellulose in which substituents have replaced not more than 15% of the hydrogens of the

hydroxyl groups.

Based on its review of the Courtaulds application and related materials, the Commission proposed to retain the current Rule 7(d) definition and to add the following sentence: Where the fiber is composed of cellulose precipitated from an organic solution in which no substitution of the hydroxyl groups takes place and no chemical intermediates are formed, the term lyocell may be used as a generic description of the fiber.

The Commission now solicits comments as to whether Rule 7(d) should be amended and, if so, the form of such an amendment.

DATE: Written comments will be accepted until February 5, 1996. ADDRESS: Comments and other submissions should be directed to: Secretary, Federal Trade Commission, Room H-159, Sixth and Pennsylvania Avenue NW., Washington, DC 20580. Submissions should be identified as "Rule 7(d) Under the Textile Act— Comment.'

FOR FURTHER INFORMATION CONTACT: Bret S. Smart, Program Advisor, Los Angeles Regional Office, Federal Trade Commission, 11000 Wilshire Boulevard, #13209, Los Angeles, CA 90024, (310) 235-7890.

SUPPLEMENTARY INFORMATION:

Section A. Background

Rule 6 (16 CFR § 303.6) of the Rules and Regulations Under the Textile Act requires covered persons to use the generic names of the fibers contained in covered textile fiber products when making required disclosures of the fiber content of the products. Rule 7 (16 CFR 303.7) sets forth the generic names and definitions that the Commission has established for manufactured fibers. These generic manufactured fibers have been found by the Commission to be individually unique and distinctive by virtue of their chemical composition and physical properties. Rule 8 (16 CFR 303.8) sets the procedures for establishing new generic names. Upon receipt of an application for a new generic name, the Commission must, within 60 days, either deny the application or assign to the fiber a

numerical or alphabetical symbol for temporary use during further consideration of the application.

Courtaulds submitted its application requesting establishment of "lyocell" as a new generic fiber name on January 27, 1992. After an initial analysis the Commission granted Courtaulds the designation "CF0001" for temporary use in identifying the fiber until the final determination is made as to the disposition of the application. Commission staff, with the assistance of an expert on textiles, determined that various tests were necessary in order to evaluate whether lyocell was, in fact, a new generic fiber. Courtaulds performed these tests using the procedures and under the conditions outlined by the textile expert. In March 1995, Courtaulds submitted the results of these tests, as well as other materials relating to its application. The application and related materials have been placed on the rulemaking record.

The effect of the proposed amendment would be to allow use of the name "lyocell" as an alternative to the generic name "rayon" for the subcategory of rayon fibers meeting the further criteria contained in the sentence added by the proposed amendment. Within the established 21 generic names for manufactured fibers, there are presently two cases where such generic name alternatives may be used. Specifically, pursuant to Rule 7(e) (16 CFR 303.7(e)), within the generic category "acetate," the term "tricacetate" may be used as an alternative generic description for a specifically defined subcategory of acetate fiber. And pursuant to Rule 7(j) (16 CFR 303.7(j)), within the generic category "rubber," the term "lastrile" may be used as an alternative generic description for a specifically defined subcategory of rubber fiber.

The Commission takes this opportunity to clarify its policy concerning the criteria by which it will decide the disposition of petitions filed under Rule 8 of the Textile Act Rules, 16 CFR 303.8 (1995). In 1973, at the conclusion of the rulemaking that led to creation of the new generic name 'aramid," the Commission declared the following policy for adopting generic fiber names:

[T]he Commission, in the interest of elucidating the grounds on which it has based this decision and shall base future decisions as to the grant of generic names for textile fibers, sets out the following criteria for grant of such generic names.

1. The fiber for which a generic name is requested must have a chemical composition radically different from other fibers, and that distinctive chemical composition must result in distinctive physical properties of significance to the general public.

2. The fiber must be in active commercial use or such use must be immediately foreseen.

3. The grant of the generic name must be of importance to the consuming public at large, rather than to a small group of knowledgeable professionals such as purchasing officers for large Government agencies.

The Commission believes it is in the public interest to prevent the proliferation of generic names, and will adhere to a stringent application of the above-mentioned criteria in consideration of any future applications for generic names and in a systematic review of any generic names previously granted which no longer meet these criteria.

As exemplified by today's action and reflected in this notice, the Commission generally reaffirms its 1973 criteria. In addition, it notes that where appropriate, in considering applications for new generic names for fibers that are of the same general chemical composition as those for which a generic name already has been established, rather than of a chemical composition that is radically different, but that have distinctive properties of importance to the general public as a result of a new method of manufacture or their substantially differentiated physical characteristics, such as their fiber structure, it may allow such fiber to be designated in required information disclosures by either its generic name, or alternatively, by its "subclass" name. The Commission will consider this disposition when the distinctive feature or features of the subclass fiber make it suitable for uses for which other fibers under the established generic name would not be suited or would be significantly less well suited.

The Commission believes that Courtaulds' current application describes a subclass of generic rayon fibers with significant distinctions to consumers resulting from physical characteristics of the fiber and its new mode of manufacture that meet the above standard for allowing designation by the subclass name "lyocell." Courtaulds' application and other documents and materials related to the petition describe the lyocell fiber, its manufacture and possible uses as follows:

Lyocell fiber results from the dissolution of cellulose into an aqueous solution of N-methyl morpholine oxide and the precipitation of the fiber out of solution. This process is unique among methods used to manufacture other existing rayons. As a result, the molecular structure of lyocell fiber is radically different from that of other rayons in that it has a substantially