

ANNUAL REPORT
OF THE
FEDERAL
TRADE COMMISSION

FOR THE

FISCAL YEAR ENDED JUNE 30, 1918

WASHINGTON
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1918

FEDERAL TRADE COMMISSION.

WILLIAM B COLVER, *Chairman.*

JOHN FRANKLIN FORT.

VICTOR MURDOCK.

LEONIDAS L. BRACKEN, *Secretary.*

JOSEPH E. DAVIES,

Resigned March 18, 1918.

WILLIAM J. HARRIS,

Resigned May 31, 1918.

concerned either with the immediate conduct of the war or with the mobilization and conservation of the economic forces and resources of the country which insure its effective prosecution.

Probably the most conspicuous feature of the work of the Commission during the past year has been in the ascertainment of the costs of production of commodities for the War and Navy Departments, the War Industries Board, and various other branches of the Government mentioned above. A mere enumeration of the products, the costs of which have been reported on, would be too tedious for this report, but among the principal groups of products may be mentioned particularly those of the following industries: Coal, iron and steel, petroleum, nonferrous metals (such as copper, lead, and aluminum), brick, cement, and similar building materials, lumber, textiles, paper, leather, cottonseed products, flour, bread, meat, canned vegetables, and fruits.

Numerous reports on costs and related information on these various classes of commodities have been submitted matTj 29.48c0 j2D0DD-0.06 (mateTj 15.0ve) Tj80260).

delay was

not serious, however, because the industrial and commercial conditions were too abnormal to make such investigations profitable.

Among such parts of investigations may be mentioned certain fundamental problems of the coal industry, apart from the war work as to cost of production which could only be satisfactorily studied under more normal conditions.

A general investigation of trade associations, an extension of cost educational work previously undertaken and the development of more comprehensive corporation and industry reports were set aside or not undertaken because the Commission's resources and strength were fully absorbed in more immediate tasks.

UNFAIR METHODS OF COMPETITION.

The work of the Commission in enforcing the law against unfair methods of competition has grown as the country has become more familiar with the duties laid upon the Commission by its organic act. Business men have invoked the Commission's process and applications for complaints, alleging unfair practices were filed during the fiscal year ended June 30, 1918, resulting in the issuance of 154 complaints in the public interest as against the issuance of 9 formal complaints the preceding fiscal year. To these 154 complaints should be added 10 cases which were pending at the beginning of the fiscal year, a total of 164. Of these complaints, 78 were disposed of during the fiscal year; 71 resulted in orders to cease and desist from the unfair methods of competition complained of; 68 b - (unfair) -330s

fluence their employers in buying goods, or the lavish entertainment of such employees or the loaning of money to them for the same purpose.

Such practices have frequently been made the subject of penal legislation, both in this country and in foreign countries but there are no such penal Federal laws. The Commission is empowered to meet such practices only with an order to cease and desist. Punishment for the violation of such orders rests with the courts.

This duty has been discharged by the Commission in the case of commercial bribery in numerous instances and with beneficial results. In one industry, for example, the action of the Commission resulted in extensive cooperation with the part of many concerns engaged therein to extirpate this practice in which they themselves had participated but in which they claimed they had been practically compelled to engage by reason of the practices of unscrupulous competitors.

RESALE PRICE MAINTENANCE.

Another unfair method of competition of great interest at this time is that known as resale price maintenance, that is, acts relating to attempts by the seller to control the price at which the buyer resells the same goods, either by contract, understanding, or refusal to sell to parties who do not maintain the resale prices insisted upon.

In the Cudahy case the Commission found that resale price maintenance was unfair to competing manufacturers not maintaining prices, to competing dealers not maintaining prices and to the public generally. Such attempts have been held by the Supreme Court of the United States to be in violation of the antitrust laws.

The Federal Trade Commission regards a method of competition violative of the law as being, per se, an unfair method of competition.

This does not preclude the Commission from holding certain forms of price cutting as unfair methods of competition, especially where such price cutting has as its aim, either a malicious injury to others, or an attempt to monopolize any branch of trade.

Normal competition in prices, whether in cases of resale or otherwise, is, in general, a healthy condition of trade and in the dealings in many commodities, even marked reductions in prices are proper where it is necessary to dispose of stocks, as for instance, by reason of seasonal conditions of the trade. In connection with these cases, special reference is made to the findings of fact and the order in the case of the Commission *v.* Cudahy Packing Co. (Exhibit 8.)

ALIEN ENEMY PATENTS.

Under the trading with the enemy act approved October 6, 1917 the Commission was designated by the President to perform certain duties prescribed in the said law. Among other things, the Commission was authorized to determine the

patent withheld until the end of the war, where publication of the invention might be detrimental to the safety of the country.

The Commission has performed these duties in active cooperation with other branches of the Government and especially the War Trade Board, the Military Intelligence Division of the General Staff of the Army, the Naval Intelligence Section of the Navy, the Alien Property Custodian, and the Commissioner of Patents.

In connection with this work a great deal of information was obtained regarding enemy control of domestic corporations, and various investigations were also made with respect thereto. Reports were required from 628 corporations, and reports were received from 1,736 stockholders therein. This information which disclosed the fact that many corporations were secretly controlled by alien enemies was placed at the disposal of the Alien Property Custodian.

As a result of the work of the Commission with regard to enemy patents many valuable commodities were made available to the people and to the military forces of this country. A striking example is found in the case of the medicament known as "Salvarsan" or "606." This important medicament was licensed for manufacture in adequate quantities in this country and with resulting prices much below those previously prevailing. In the industrial field another important illustration of the results of this work is found in the licensing of manufacturers to produce aniline or coal-tar dyes under numerous enemy patents.

Certain defects in the present laws relating to these matters have been suggested by the Commission and have been embodied in a bill now before Congress. (Senate No.3523.)

EXPORT ASSOCIATIONS.

Comparatively few associations filed such reports during time fiscal year ended June 30, 1918, the total number being 48. Of these only a few apparently are associations of much importance from the point of view of the magnitude of the

export trade, a great majority of concerns incorporated to operate under the law have asked for charter powers for a great many other activities some extremely removed from any relation to foreign trade.

THE COMMISSION.

By reason of the resignation of William J. Harris, chairman, on May 31, 1918, and of Joseph E. Davies, on March 18, 1918, two vacancies were created in the Commission which were not filled during the fiscal year. William B. Colver succeeded to Mr. Harris as chairman of the Commission. John Franklin Fort, whose first commission expired on September 26, 1917, was renominated by the President, and his appointment was duly confirmed by the Senate. Victor Murdock was nominated by the President and confirmed by the Senate as commissioner to fill the vacancy created by the death of Will H. Parry, who died in the preceding fiscal year.

The personnel of the Commission was increased during the fiscal year from 193 on July 1, 1917, to 689 on June 30, 1918. Many resignations occurred on account of the entry into military service, the total number during the fiscal year amounting to 49. In order to expedite the greatly increased work of the Commission and to take general care of new functions imposed by law on the Commission, a reorganization of the staff was effected, and small branch offices were established in New York, Chicago, and San Francisco.

The Commission desires to give public commendation to its staff for the diligence shown in the performance of its duties. The pressing nature

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The extensive cost-finding work made necessary a sudden and large increase in the accounting personnel of the Commission, for which only a nucleus existed at the beginning of the fiscal year. While an exact classification and comparison is impossible, it may be said that the accounting, as distinguished from the clerical force, was increased tenfold during the year.

A relatively brief statement is given below regarding the origin, character, and scope of these tasks. A list of the more important reports made to other branches of the Government is given on page 29. In most cases these reports are not published and are for the confidential use of Government agencies.

COST DETERMINATIONS.

The cost determinations described below were required by various governmental authorities as specifically indicated. Most of them are now being conducted for the War Industries Board and in that case are so stated, whether they were originally requested by the War Industries Board or by the National Council of Defense, to whose duties in this connection the War Industries Board succeeded.

In some cases an inquiry has been begun in one connection and subsequently continued in another. Thus, the leather investigation was originally initiated by the Commission, but later the main part of the work on leather was done for the War Industries Board. The work on flour, originally a part of the food investigation, became a form of cooperative work with the Food Administration. So also the meat investigation has involved in certain matters a considerable degree of cooperation with the current administrative work of the Food Administration.

In many cases the cost determination originated in requests for the costs of particular companies for a specific period, but for most of the important industries the the ofT* ree of

COAL.

Investigation by the Commission into the coal industry was began during the preceding fiscal year. During the fiscal year ending June 30, 1918, various important developments in the work have taken place.

Anthracite.--In the last annual report a description was given of the measures taken by the Commission to control the anthracite price situation. This was a system of quasi-regulation, carried on through cooperation with the mine operators and the distributors. It was effected through the exercise of the Commission's legal powers in requiring reports to be filed with it at stated intervals, setting forth certain details of their transactions.

This cooperation was so effective that up to August 23rd, when anthracite prices were fixed by Executive order, less than one-fourth of 1 per cent of the anthracite output was sold at prices in excess of those indicated or suggested by the Commission.

Shortly after the passage of the Lever Act in August, 1917, the Commission was called upon by the President to furnish information to be used by him in the first fixing of anthracite coal prices under the said act on August 23, 1917.

At its request the Fuel Administration has been furnished from time to time with cost data and other information bearing on anthracite production. The cost information has been collected through a system of cost reports made by the operators to the Commission. The reports are on detailed forms prescribed and furnished by the Commission. The Commission has records showing the costs in detail, from January, 1917, through June, 1918, of 146 companies which produce all of the anthracite tonnage in Pennsylvania.

Bituminous coal.--In the last annual report of the Commission mention was made of several special inquiries then underway into the cost of production of bituminous coal. Agents of the Commission examined the books of the mine operators. During the early part of the past fiscal year this field work was extended to cover producers in Illinois, Wisconsin, Kentucky, Montana, and Michigan. The Commission secured directly from the books of the companies cost information concerning 280 companies which produce about 85,000,000 tons annually.

While this work was in progress, the Commission was called upon by the President to furnish information to be used as a basis for the fixing of bituminous coal prices under the Lever Act. Several conferences were held between the President and the Commission. A table of prices was promulgated by Executive order August 21, 1918. These prices were made provisional only, with a view to subsequent revision. After its organization, the Fuel Administration made, from time to time, certain revisions. These revisions were generally to take care of exceptional local conditions, and the tonnage involved was relatively small. The prices fixed on August 21 by Executive order remained substantially unchanged 1 (except for the addition of 45 cents based on a wage increase Nov. 1, 1917) until early in April, 1918, when a general revision of prices of

1 Dr. Garfield testified on Dec. 26 before the Senate Committee on Manufactures that up to that time there had been 40 revisions in bituminous coal prices and that only 3 ½ per cent of the total value of the tonnage had been

affected by such changes. (Shortage of Coal Hearings, S. Rept. 163, p. 60)

bituminous coal was put into effect by the Fuel Administration. This general revision was based on cost information collected by the Federal Trade Commission from mine operators, through a system of monthly coal reports similar to that used for determining anthracite cost of production. This revision was made necessary by radically changed conditions of production not existing prior to August 21, 1917.

The principal producing districts of Pennsylvania, West Virginia, Ohio, Indiana, Illinois, Kentucky and 11 other States are represented. The Commission has reports from about 3,200 companies (inclusive of the foregoing) showing their claimed costs by months continuously from August, 1917, through May, 1918. The tonnage covered by such reports comprises over 530,000,000 tons of annual production, or about 95 per cent of the total annual bituminous coal production, and include all bituminous coal producing districts.

Coal docks.--Agents of the Commission, at the request of the Fuel Administration, also secured from the books of 23 Great Lake dock companies cost information on the basis of which dock charges were revised by the Fuel Administration.

Trade regulation.--In

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Refined products.--The Navy Department, being unable to secure satisfactory bids for supplying fuel oil for the fiscal year 1917-18, required from the Federal Trade Commission information of the cost of producing fuel oil and gasoline, as a basis for determining reasonable prices.

This work was first carried on by agents in the field, being supplemented later by both schedules and field work. Costs were obtained from 162 refiners whose production comprised about 85 per cent of the total for the entire country. As obtaining the cost of refined products on a strict cost accounting basis would not be useful for fixing prices, because some of the most valuable products normally cost the least to produce, the Commission followed the method of allocating the total cost of refining to the different products on the basis of the yield and value of each at the refinery. Costs were determined in this manner for June, August, September, October, and December, 1917, and the first quarter of 1918.

From time to time the results of the Commission's cost determination have been furnished to the Navy Department and to the War Industries Board.

Crude petroleum.--This work has been conducted with a view to securing complete data on the cost of producing crude petroleum in the different

Of different types

On November 20 the Commission sent out a request to approximately 400 iron, steel, and coke companies directing them to send in monthly copies of their cost sheets for all commodities produced, beginning with the month of October. These data for the month of October were compiled and reports submitted to the War Industries Board on December 21, covering ore, coke, pig iron, crude steel, and numerous steel products.

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retail dealers should

Price fixing.--In December, 1917, the matter of fixing the price of newsprint paper for 10 companies in the United States and Canada was referred to the Commission by the Department of Justice. These companies, in settlement of a suit against them for alleged violation of the Sherman Law, entered into an agreement with the Attorney General dated November 26, 1917, which provided that the Federal Trade Commission should fix the price and terms of sale of their output of newsprint paper sold to publishers in the United States beginning April 1, 1918, for the duration of the war and three months thereafter. In the case of one company and its subsidiary the price was to be fixed as of January 1, 1918. The Commission, after making a through investigation of the costs of these companies and holding extensive hearings, on June 18, 1918, announced the following prices effective as of April 1, 1918:

Roll news in car lots, \$3.10 per 100 pounds, f. o. b. mill.

Roll news in less than car lots, \$3.225 per 100 pounds. f. o. b. mill.

Sheet news in car lots, \$3.50 per. 100 pounds, f. o. b. mill.

Sheet news in less than car lots, \$3.625 per 100 pounds, f. o. b. mill.

The agreement which these 10 manufacturers made with the Attorney General provided that they might appeal the findings of the Commission to the Circuit Court for the Second District of New York for review. This they did. The agreement also provided that either the manufacturers or the publishers might ask the Commission for a readjustment of the price if conditions warranted. The manufactures availed themselves of this privilege and asked for a readjustment of the price as of May 1, June 1, and July 1, 1918, on account of the increase in wages granted by the National War Labor Board effective May 1, the increase in freight rates ordered by the United States Railroad Administration effective June 26, and claimed increase in wood costs. Evidence has been taken regarding these increases but the Commission's decisions had not been rendered at the close of the fiscal year June 30, 1918. It should be noted that in this case the Commission acted as the arbitrator named in the agreement and not unclear any of the powers conferred upon it by law. The Commission has no price-fixing powers and, therefore, its finding ran only to the parties to the agreement.

Special paper inquiries.--During the first half of 1918 the Commission undertook a number of special paper investigations for various branches of the Government. These included:

1. General survey of paper industry for the Fuel Administration.
2. Investigations of the changes in prices and costs of certain manufacturers under contract with the Government Printing Office.
3. Investigations of the changes in costs of various manufactures of envelopes and other supplies furnished the Post Office Department under contract.
4. Investigation of the costs of chip-board containers for the War Department.
5. Various inquiries for the pulp and paper section of the War Industries Board.

LEATHER AND SHOES.

General investigation.--The investigation of the meat industry, directed by the President (see p.22), led to a general inquiry into conditions in the hide market, in the production of leather, and in the manufacture and sale of shoes. The Commission made an extensive inquiry into the manner in which hides are bought and

sold, the cost of producing leather, the cost of manufacturing shoes, and condition in the distribution of shoes, both wholesale and retail.

Conditions in the hide business, especially in the purchase and sale of the so-called country hides, have been investigated in practically all parts of the country. Representative shoe dealers, both wholesale and retail, have been interviewed in many of the principal cities of the United States, and data relative to the conditions in their business, particularly with reference to profits they have made in recent years, have been secured from their books. In addition to this, the accountants of the Commission have obtained from the books of a representative number of shoe manufactures the cost of manufacturing and selling shoes, particularly staple styles, and also considerable data showing the profits in the shoe-manufacturing business during the past four or five years.

Specific leather costs.--In the latter part of the fiscal year under consideration the War Industries Board requested time Commission to ascertain the cost of producing leather. This work involved the covering of 11 classes of groups. The War Industries Board selected what it considered representative tanneries in each group. By the end of the year the field work on the harness-leather and sole-leather groups was completed and the results of the investigation of the harness-leather group were reported to the price-fixing committee of the War Industries Board. The tanneries covered for harness leather had an average monthly production of about 1,500,000 pounds, and the tanneries covered in the sole-leather group represented a monthly production of nearly 17,000,000 pounds. In addition to covering these two groups, considerable progress was made in the three principle upper-leather groups.

As a result of these investigations, certain errors in cost accounting principles were corrected with a consequent saving of money to the Navy Department.

SISAL BINDER TWINE.

On December 21, 1917, the United States Food Administration requested the Commission to ascertain the cost of converting sisal hemp into sisal binder twine.

An examination was made with reference to the matter at seven manufacturing plants. Inasmuch as the State prisons are also large producers of sisal binder twine, the conversion costs of the Minnesota State Prison and the Michigan State Prison were also found. The Food Administration fixed binder twine prices on the basis of the raw material prices and the costs of conversion.

LOCOMOTIVES.

At the request of the Director General of Military Railways, the Commission investigated the costs of certain types of locomotives made by the two largest locomotive builders in this country. At the request of the Railway Administration a general

This food investigation covered primarily four branches of industry, namely, meat, flour, canned foods, and the trading in grain.

MEAT.

The investigation of the meat industry was a part of the general food investigation, and the purpose of it has been indicated by the foregoing quotation from the President's letter, directing that it be made.

Two general methods were followed. Facts as to production or distribution and storage were secured in large measure by schedule, supplemented by extensive work by accountants and agents in the field, examining the records of the companies and compiling data therefrom. Facts as to competitive conditions in the meat industry and some of the other food industries in which the meat packers are engaged were secured through interviews by field agents and through the examination of correspondence files and other corporate records.

The other method was by public hearings; such hearings being held in Boston, Philadelphia, Chicago, St. Paul, Omaha, Kansas City, and Washington.

These hearings were held to supplement, connect up, and make clear the facts recited in some of the documentary evidence found in the files.

The taking of this oral testimony under subpoena was not an adversary proceeding like a trial in court, but was only an additional means of finding facts germane to the inquiry imposed upon the Commission by the letter of the President of February 7, 1917. That letter directed the Commission to investigate, "to ascertain the facts bearing on the alleged violation of the antitrust acts, and particularly upon the question whether there are manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interests."

That order only upon the

industries in which they are factors, and over facilities used in connection therewith. The various percentages of control, which shows the complexity of their business, are given in the following table, most of the statistics being for 1916:

Industry and facilities.	Percentage of control by Big Five	Year or other period.
Interstate slaughter 1		
Number of cattle -----	82.4	1916
Number of calves -----	79.4	1916
Number of sheep -----	86.6	1916
Number of swine -----	63.3	1916
Lard production by interstate slaughters 1-----	75.5	1916
Average monthly stocks held by interstate slaughterers: 1		
Frozen beef -----	95.0	1916
Smoked ham and bacon -----	64.1	1916
Dry salt pork -----	69.8	1916
Pickled pork -----	71.5	1916
Lard -----	75.17	1916
Receipts of cattle at stockyards controlled by the Big Five as compared with2	64.9	1916
receipt of all yards -----	3 83.1	1916
Beef refrigerator cars -----	91.0	1917
Number of domestic branch houses operated by interstate slaughterers: 1	89.0	1916
Branch house sales of meats by interstate slaughterers: 1		
Fresh meats -----	94.9	1916
Cured meat -----	86.5	1916
Beef exports from Argentina a and Uruguay -----	4 60.4	1916
Stocks of hides held by interstate slaughterers -----	5 88.0-90.8	1916

1 Butchers not shipping their products in interstate trade are not considered in this connection.

2 Not counting Chicago yards as controlled.

3 Counting Chicago yards as controlled.

4 Includes swift Armour Morris and Wilson. Cudahy not engaged in slaughtering in South America.

5 Range of percentages

Data as to such industries as poultry, eggs, butter, cheese, canned goods, including fish, vegetables, fruit, and milk, indicate that the control of distribution in all these lines is already considerable and is growing. As to combination, controls, conspiracies and restraints out of harmony with the law and the public interest, the inquiry traced developments from 1890, when a committee of the United States Senate found and reported agreements between Armour, Swift, Morris, and Hammond to refrain from competition, with collusive prices and divided territory. From 1893 to 1896 there was a pool of the same companies with the Cudahy Packing Co. and one other, meeting every Tuesday afternoon, Henry Veeder acting as secretary. This was testified by Veeder in 1912. Territory was divided, volume of business apportioned, penalties assessed for violation. From 1898 to 1902 there was a new pool, to which Schwarzschild & Sulzberger was an added party.

In 1902 the Department of Justice filed charges of conspiracy and restraint against the big packers, and in 1903 a permanent injunction was issued against them. Meanwhile a \$60,000,000 merger of these companies was planned. It was abandoned because of the panic of 1903, cons61 Tc (and)a9n0175 Tc (other,) Tj 25.56 0 TD 0nnruoc () Tj

This effective plan continued till 1912, when, after failure of a criminal suit, threat of a civil suit caused dissolution of the National Packing Co., its plants being apportioned among Armour, Swift, and Morris.

The old pool of meat shipments has now been replaced by a simpler, more effective "live-stock pool" or division, on agreed percentages, of all live stock coming to market, the cattle percentage being approximately: Swift, 34

New York, and Philadelphia,

or concerns engaged in the grain trade were interviewed. A particular study was made of the future trading business in Chicago and Minneapolis, and schedules calling for extensive statistical information on future trading were sent to all members of the Chicago and Minneapolis grain exchanges. A special study was also made of the results of future trading to the individual speculator.

Comprehensive statistical information was gathered for the purpose of determining the flow of grain from the farm to the various markets and to the various classes of purchasers.

Price statistics were collected both from published and unpublished sources together with statistics of receipts and shipments, and other data for the study of the price determining factors.

Investigation was also made into various particular practices and problems of the grain trade such as scalping, the milling value of wheat, terminal elevator mixing, information services, grain trade, and financing.

This report had not been completed at the end of the fiscal year.

FLOUR.

A determination of the costs and profits of flour millers and flour jobbers was undertaken in the last half of 1917 as a part of the general food investigation.

The Commission's report on flour milling and jobbing included the cost and profits of 130 mills. Many other mills were visited but their records were not in such condition as to yield satisfactory cost figures. The aggregate production covered as to cost amounted to 51,560,000 barrels in the crop year 1915-16 and 43,146,000 barrels in the crop year 1916-17, representing about 40 per cent of the total domestic output of wheat flour and about 75 per cent of the quantity sold in interstate and foreign commerce.

The Commission's report included the cost and profits of typical car-lot jobbers and of 30 of the most important small-lot jobbers. These jobbers were located in Boston, Providence, New York, Philadelphia, Baltimore, Cleveland, and Chicago. The jobbers examined handled the bulk of the flour not distributed by the branch houses of milling companies. A summary of the report was issued on April 4, 1918, showing the costs and profits of millers and jobbers for the years 1913 to 1917, inclusive, which

and of the flour trade in the United States for the years 1913 to 1917, inclusive, which

general canned foods industry and canned vegetables and fruits. This report was based on an examination of the books of canning companies which produced about 25 per cent of the total output of the chief kinds of vegetables covered. The Commission also examined the operations and profits of certain representative brokers and jobbers. Information is made available in the Commission's report covering the cost of producing and marketing the chief canned vegetables and fruits, and the profits made by the canners and distributors.

The Commission made certain recommendations in the canned foods industry, chief of which were as follows:

1. That the use of future contracts in the sale of canned foods be limited, both as to the period during which they may be made, and the percentage of the pack which may be sold under such contracts.
2. That unnecessary reselling be restricted in order to keep the product of the cannery moving along as directly as possible until it reaches the consumer.
3. That the use of labels by packers and distributors be regulated to prevent deception and encourage reasonable competition.
4. That associations of canners take steps to limit their activities in accord with law and public policy, particularly with regard to price-fixing activities.
5. That more adequate information concerning supply and demand factors be collected and made public.

Particular attention was also called to the need of better credit organizations in the industry and to the danger of abuse through exclusive sales agents handling the output of several canning companies.

In February, 1918, the Commission began the inquiry as to the canned salmon industry, and the work was in progress at the close of the fiscal year. The report will cover 79 canning companies, which packed more than 4,000,000 cases in 1917. The books of 20 companies, operating 62 plants, and packing 51 per cent of that year's total production, were examined. In June, 1918, the Commission prepared for the Food Administration a memorandum concerning the costs and profits of Oregon Salmon Canners, and the Commission's accountants have examined and reported on numerous salmon packing companies in aid of the Food Administration in adjusting prices.

Cans and containers.--In connection with its investigation of canned foods, the Commission has ascertained the cost of producing the tin cans used for packing the canned foods, covering the operations of the largest producers. This information, together with that concerning the costs and profits of the producers of canned food boxes of various kinds will be published as a part of the general food investigation report.

CORPORATION REPORTS AND STATISTICS OF INDUSTRIES.

General corporation reports.--In previous annual reports the desirability of organizing the work of securing reports from industrial corporations generally, under the provisions of section 6 of the organic act of the Commission, has been pointed out. This has been postponed on account of war work.

Reports by industries.--On account of the war, also, the Commission has suspended projected plans for securing and combining more specific and current data regarding the most important industries of

the country referred to in the last annual report. It should be noted, however, that in the cost finding work now being performed by the Commission in connection

The number of accountants, including junior accountants, increased from 18 to 180. The clerical staff increased from 45 to 170. The remainder in each case comprised economists and field agents. In April, 1918, the Economic Division was reorganized. Prior to that time the direction of the economic work was intrusted to an advisory economic board consisting of three members of time staff, each investigation being conducted by an examiner in charge, and each member of the advisory economic board having immediate supervision of a group of these investigations. A chief economist was substituted for time advisory economic board, who should have sole responsibility for the work performed by the Economic Division. The chief economist is aided by a number of assistants and by a chief accountant, under whose immediate supervision the accountants and clerks are assigned. The chief accountant is also responsible for maintaining consistency of methods in accounting matters. Each of the assistant chief economists has the general supervision of a group of inquiries.

REPORTS.

The reports on economic investigations which were published by the Commission during the fiscal year ending June 30, 1918, are shown in the list on page 37.

The greater part of time economic work of the Commission was not done, however, with a view to issuing printed reports. This is especially true of the cost work which was done for various branches of the Government. A list of these unpublished reports is given below.

Date. made.	<i>Reports submitted during year.</i> Subject.	To whom
Sept. 7, 1917	Cost of producing gasoline and fuel oil for June, 1917	The President.
Do	Cost of producing lumber	Do.
Sept. 8, 1917	Preliminary report on steel costs	W a r
Industries Board.		
Sept. 18, 1917	Cost of iron ore, coke, pig iron, and other steel products	T h e
President.		
Sept. 20, 1917	Cost of producing Portland cement in 1916 and first 6 months in 1917.	Do.
Do	Cost of producing yellow pine mill-run lumber, and timbers	Do.
Do	Cost of producing Douglas fir, spruce, and hemlock mill-run timber.	Do.
Oct. 11, 1917	Cost of producing lead and zinc of companies supplying Navy,	T h e
President,		
	covering June, 1917	f o r
Navy.		
Do	Cost of producing lead and zinc in month of June, 1917	
Oct. 23, 1917	Cost of producing yellow pine lumber (supplemental)	Shipping
Board.		
Oct. 30, 1917	Supplemental report on cost of producing cement	T h e
President.		
Oct. 31, 1917	Cost of producing nickel and monel metal	T h e
President; Navy.		
Nov. 17, 1918	Cost of producing sheet steel	W a r
Industries Board.		
Nov. 30, 1917	Cost of producing aluminum ingots, sheets, tubes, canteens, meat cans, and cups.	

Dec. 10, 1917	Cost of lead covering 76 per cent of United States production, June, July, and August, 1917.	
Do President	Cost of producing gasoline, naphtha, fuel oil, gas oil, and kerosene covering 80 per cent of the refining industry (June, July, and August, 1917).	T h e
Dec. 14, 1917 Corps Air	No. 1 castor oil Service.	S i g n a l
Dec. 17, 1917 President.	Report on cost of steel (second report)	T h e
Jan. 5, 1918	Supplemental report on copper.	
Feb. 7, 1918	Report on wages in the iron and steel industry.	
Mar. 8, 1918	Costs of Boston lumber dealers	Navy.
Mar. 19, 1918	Actual yields from refining companies using large percentage of Gulf coast crude oil.	F u e l
Administration Mar. 23, 1918 Board.	Data on the quantities of crude oil consumed by refineries located on the Atlantic seaboard for months of September and October, 1917.	Shipping
Mar. 25, 1918 Do Do. Administration;	Sand and gravel (tentative report). Cost of southern pine for January, 1918. Cost of boxes in 1917 (boxes, shooks, wooden boxes, and corrugated and fiber board boxes).	F o o d Navy
Mar. 26, 1918 Board; Fuel	Stocks of crude oil held in storage and in transit by eastern refiners for October, 1917. Administration	Shipping

Date.

PERSONNEL.

During the fiscal year ending June 30, 1918, the number of new employees entering the service of the Commission was 895, while 399 employees left the Commission during the same period, making a net increase for the year of 496. This made the number of employees in the Commission on June 30, 1918, as follows :

	Employees.
Total salary.	
Statutory -----	115
\$147,400	
Lump sum -----	574
1,083,476	
Grand total -----	689
1,230,878	

A more detailed analysis of. the personnel is shown in the following statement:

Analysis of the personnel of the Federal Trade Commission and its Staff at the close of June 30, 1918.

3 Commissioners	\$10,000
1 secretary	5,000
3 clerks to Commissioners	1,500
1 chief clerk	2,000
1 disbursing clerk	2,000
1 clerk 1	2,000
2 clerks	1,980
9 clerks, class 4 2	1,800
1 clerk 1	1,740
1 Do	1,620
14 clerks, class 3 3	1,600
1 clerk 1	1,560
15 clerks, class 2	1,400
3 clerks 1	1,320
63 clerks, class 1	1,200
1 clerk	1,100
112 clerks	1,000
20 clerks 7	900
1 messenger	840

1 forewoman (charwoman)
6 charwomen

300
240
----- \$355.280

- 1 Paid on lump-sum roll.
- 2 5 paid on lump-sum roll.
- 3 9 paid on lump-sum roll.
- 4 5 paid on lump-sum roll.
- 5 46 paid on lump-sum roll.
- 6 91 paid on lump-sum roll.
- 7 1 paid on lump-sum roll.
- 8 10 paid on lump-sum roll,
- 9 3 paid on lump-sum roll.

2 special attorneys -----	\$5,000	
1 special attorney -----	4,000	
Do -----	3,600	
4 special attorneys -----	2,800	
1 special attorney -----	2,400	
	-----	\$34,200
1 attorney and examiner -----	5,000	
7 attorneys and examiners -----	4,000	
1 attorney and examiner -----	3,300	
2 attorneys and examiners -----	3,000	
3 attorneys and examiners -----	2,800	
1 attorney and examiner -----	2,500	
3 attorneys and examiners -----	2,400	
2 attorneys and examiners -----	2,100	
	-----	64,600
1 special expert -----	4,800	
Do -----	4,000	
Do -----	2,500	
Do -----	2,400	
	-----	13,700
2 special examiners -----	5,000	
1 special examiner -----	4,500	
Do -----	4,000	
Do -----	2,520	
Do -----	2,220	
	-----	23,240
1 special agent -----	4,500	
Do -----	4,200	
Do -----	3,600	
Do -----	3,300	
3 special agents -----	3,000	
1 special agent -----	2,750	
Do -----	2,500	
6 special agents -----	2,400	
1 special agent -----	2,280	
Do -----	2,220	
7 special agents -----	2,100	
4 special agents -----	2,000	
2 special agents -----	1,920	
Do -----	1,800	
3 special agents -----	1,620	
2 special agents -----	1,500	
3 special agents -----	1,440	
	-----	91,070
1 examiner -----	6,000	
5 examiners -----	5,000	
3 examiners -----	4,500	
4 examiners -----	4,000	
15 examiners -----	3,600	
2 examiners -----	3,500	
Do -----	3,300	
16 examiners -----	3,000	
3 examiners -----	2,800	
Do -----	2,750	
12 examiners -----	2,700	
2 examiners -----	2,600	
10 examiners -----	2,500	
32 examiners -----	2,400	
1 examiner -----	2,340	
2 examiners -----	2,280	

4 examiners	-----	2,200
13 examiners	-----	2,100
1 examiner	-----	2,040
20 examiners	-----	2,000
1 examiners	-----	1,920

24 examiners -----	\$1,800
1 examiner -----	1,700
Do -----	1,620
11 examiners -----	1,600
21 examiners -----	1,500
3 examiners -----	1,440
5 examiners -----	1,400
8 examiners -----	1,320
11 examiners -----	1,200
3 examiners -----	1,080
7 examiners -----	1,000
1 examiner -----	900
Do -----	1
Do -----	115
Do -----	110
Do -----	210
Do -----	18
Do -----	28
2 examiners -----	25
Do -----	23
	----- \$585,406

APPROPRIATIONS AND EXPENDITURES.

The appropriations of the Commission for the fiscal year ended June 30, 1918, under the sundry civil appropriation act approved June 12, 1918, were \$802,920. In addition to this amount the Commission had the sum of \$35,945.92, which was allowed by the ruling of the Comptroller of the Treasury under the second paragraph of section 3 of the act creating the Commission, said amount representing the unexpended balance of the appropriations for the Bureau of Corporations for the fiscal years ended June 30, 1913 and 1914. The Commission also had, in addition to the above, allotments from the President aggregating \$750,000 from the national security and defense fund provided for in the deficiency bills approved April 17, 1917, and December 31, 1917, and \$20,000 from the appropriation provided for by the trading with the enemy act approved October 6, 1917.

The expenditures of the Commission for the fiscal year ended June 30, 1918, were \$1,423,394.25. The appropriations, allotments, and expenditures are tabulated below :

and allotted	Expended.	Appropriated
Salaries, Commissioners, secretary, etc		\$172,920.00
\$157,146.43		
Compensation, travel expenses, and per diem in lieu of subsistence		300,000.00
265,253.71		
Expense--foodstuff investigation		250,000.00
250,000.00		
Contingent expenses		20,000.00
17,226.62		
Witness fees and mileage		15,000.00
3,338.54		

Rental of quarters	15,000.00
13,636.35	
Printing and binding	30,000.00
11,114.06	
Federal Trade Commission--without year	35,945.92
84,703.58	
National security and defense fund	750,000.00
687,071.18	
Expenses--trading with the enemy act	20,000.00
13,903.78	
Total	1,608,865.92
1,423,394.25	

¹ Per day when actually employed.

² Per day. Including Sundays and holidays.

³ Expenditures from the appropriation "Federal Trade Commission--without year" covered settlement of vouchers for contingent expenses incurred during the fiscal year ended June 30, 1917, the appropriation for contingent expenses for the said fiscal year being insufficient.

Expenditures from allotments made by the President from the national security and defense fund covered the following:

Salaries -----	
\$490,775.39	
Travel expenses and per diem in lieu of subsistence -----	
140,986.00	
Contingent expenses -----	

Corporation reports -----	\$737.57	
Print paper, ne s -----	206.34	\$160.88
Coal, bituminous -----	3,700.92	420.17
Oil, Oklahoma -----	3,438.93	1,667.57
Lumber -----		267.46
Resale prices -----	40.88	
Study of food conditions -----	302.30	
Coal, anthracite -----	1,454.13	2,132.49
Print paper, book -----	895.72	
Flags -----	11.97	
Alleged combination of salmon canners -----	2,488.12	349.69
Miscellaneous economic -----	6.70	91.32
Coal -----	115,700.00	77,089.28
Steel -----	57,671.88	13,177.73
Oil -----	22,566.53	32,153.18
Lumber -----	18,004.44	60,709.79
Cement -----	4,410.98	15,005.96
Copper, lead, and zinc -----	12,549.44	59,316.84
Aluminum -----		4,055.10
Canned goods -----	9,407.37	37,914.96

Detailed statement of expenditures of the Federal Trade Commission for the fiscal year ended June 30, 1918--Continued.

ECONOMIC DIVISION--Continued

	Office.	Field.
Navy yards -----	\$17.22	\$194.97
Bread -----	1,310.92	6,458.57
Sulphur -----	55.49	93.51
Sisal, twine -----	127.74	1,830.70
Box shooks -----	595.98	4,817.66
Lard substitutes -----	1,009.23	7,690.03
Sulphuric acid -----	296.25	1,212.45
Cotton textiles tile -----	929.59	847.38
Hollow building -----	528.25	523.30
Sand and gravel -----	864.77	3,709.02
Beans -----	42.96	317.81
Locomotives -----	342.66	3,132.75
Cost system for packers -----	1,787.53	
Chestnut extract -----	55.87	771.81
Fire brick -----	1,798.81	3,497.92
Meat packers' profits -----	96.79	163.86
Leather costs -----	3.62	842.73
Common brick -----	7.16	59.82
Government paper contracts -----	57.27	92.58
Livestock and its products -----	65,525.16	107,480.50
Grain products -----	9,957.48	18,258.28
Grain and produce exchanges -----	2,743.72	31,200.00
Paper schedules -----	7,269.57	8.23
Paper prices -----	4,309.24	60,622.14
Leather and shoes -----	3,364.69	15,593.06
Farm operating equipment -----	327.81	
Formal complaints -----	1,687.38	224.03
Informal complaints. -----	603.22	3,762.09
Witness fees and mileage -----		272.30
Total -----	354,523.13	579,887.50

LEGAL DIVISION.

Print paper, news -----		\$394.99
Oil, Oklahoma -----	\$9.62	
Print paper book -----	178.83	
Trading with the enemy -----	10,333.21	486.67
Oil -----	10.05	
Cement -----	5.98	
Live stock and its products -----	1,360.40	6,197.63
Grain products -----		13.49
Grain and produce exchanges -----	626.83	20,259.26
Canned goods -----	73.78	199.70
Export trade -----	121.72	
Paper prices -----	152.15	137.94
Leather and shoes -----	29.19	295.68
Independent Harvester Co -----	33.73	157.14
Farm operating equipment -----		20.10
Lumber -----		10.05
Briefs -----	1,391.03	
Formal complaints -----	10,703.86	13,533.32
Informal complaints -----	29,476.83	26,101.04
Advice requests -----	156.58	73.74
Miscellaneous legal -----	4,391.50	594.51
Witness fees and mileage -----		2,569.95
Total -----	59,055.29	71,045.21

SUMMARY OF EXPENDITURES.

Office. Field.

Total.		
Administrative division	\$356,916.43	\$1,966.69
1 \$358,883.12		
Economic division	354,523.13	579,887.50
934,410.63		
Legal division	59,055.29	71,045.21
130,100.50		
Total	770,494.85	652,899.40
1,423,394.25		

1 Includes all charges for salaries of the Commissioners and secretary and for economic and legal supervision; annual and sick leave, contingent expenses, rental of quarters, printing and binding, etc.

EXPORT TRADE DIVISION

Summary of the Law.--Under the export trade act, approved April 10, 1918, the Federal Trade Commission is authorized to receive, and "associations" now, or hereafter, solely engaged in export trade are required to file statements in the form specified by the act.

- 1 S. Doc. No.79, 65th Cong., 1st sess.
- 2 H. Doc. No. 1107, 65th Cong.. 2nd. sess.
- 3 S. Doc. No.248, 65th Cong. , 2nd. sess.
- 4 Contains extracts from the trading-with-the-enemy act and Executive order of Oct.12, 1917.

The Commission is given authority to investigate all instances where it has reason to believe that an export trade "association" has committed an act, or made an agreement, which is in restraint of trade within the United States, or which is in restraint of the export trade of any domestic competitor of such "association." This applies also where such an "association" has entered into any agreement, understanding, conspiracy, or done any act in the United States or else-where, which artificia

conduct, practices, management, and relation to other associations,

company.

Douglas Fir Exploitation & Export Co., 260 California Street, San Francisco, Cal.

Dunnellon Phosphate Co. (The), 106 East Bay Street, Savannah, Ga.
European & Far-Eastern Sales Co. (Inc.), 27 William Street, New York, N. Y.
Export Trade Association (Inc.), Borough of Manhattan, New York, N. Y.
Factory Products Export Corporation, 61 Broadway, New York, N. Y.
Fajardo Bros. & Co. (Inc.), 27 William Street, New York, N. Y.

merchants, or trader's, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

The world-wide dislocation of trade and industry incident to the war is creating new conditions which may vitally affect American

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ADMINISTRATION OF PATENT AND TRADE-MARK MATTERS UNDER
THE TRADING WITH THE ENEMY ACT.

Section 10

ANNUAL

After sufficient time had elapsed to allow the Commission thoroughly to appreciate the dangerous possibilities in the transmittal to enemy countries of patent and trademark applications and correspondence and payments with respect thereto, the conclusion

and Naval Intelligence Sections, and, as a result a recommendation was made to the President that the authority to license the transmittal of such documents which was being exercised by this Commission, and by the War Trade Board under the delegation of authority of the Secretary of the Treasury, be revoked. The President issued an Executive order on April 11, 1918, in accordance with this recommendation, and since that date no further licenses have been issued to correspond in any way whatever with enemy countries regarding patents, trade-marks, prints, labels, or copyrights.

Prior to the issuance of this Executive order, the situation had become chaotic. Some attorneys and industrial concerns had adopted the policy of not filing or prosecuting patent applications in enemy countries during the continuance of the war; others who were continuing to file and prosecute such applications found that in many instances their communications did not reach the intended destination, because of the sinking of ships or the withholding action by some censor through whose hands the papers passed. In view of the many uncertainties attending the transmittal of papers and documents generally, and in view of the potentially very dangerous character of the patent documents which were being transmitted, it was deemed best to stop the transmittal of such documents entirely, which was done by the Executive order of April 11. All the citizens and corporations of the United States are thus placed in one class, so that the status of their patent and trade-mark rights in enemy countries and the corresponding rights of enemies in this country, can be determined definitely and uniformly at the termination of the war.

It is interesting to observe that there has been substantially no objection from attorneys or industrial concerns to the enforced cessation of patent and trade-mark communication with enemy countries, although it has effected serious curtailment of the business of some attorneys, especially those who specialize in foreign work, and temporarily withholds or destroys patent and trade-mark protection of our own industrial concerns in enemy countries. The opinion seems to be the most unanimous that the end justified any means, however vigorous the latter might be.

Licenses under enemy ~~control~~ ~~of~~ ~~withheld~~ ~~rights~~ (which have ~~been~~ ~~218.305.0208~~ § 3 II 684083TD

ANNUAL REPORT

States of the manufacturing processes and by the difficulty of securing the necessary equipment and materials, but they have attacked these obstacles willingly and successfully. The Army, the Navy, and the Red Cross in addition to the medical profession are calling for vast quantities of these and other drugs and the manufacture of those quantities within the requisite time necessitates the installation of equipment which will be useless after these quantities have been supplied and normal conditions are again approached. It seems to be the fact that where the selling price of these drugs is undesirably high, it is due to enhanced cost of materials and equipment and to difficulties in unfamiliar processes rather than to any undue profit charged by the licensee, but reductions in prices may be expected as manufacturing processes become more nearly standardized. The Commission is inclined to be patient with its licensees, in view of the difficulties which they have encountered, and not only to stimulate production for the fulfillment of current needs, but also to develop a sound and enduring industry.

While the drug licenses have been the most important issued from a humanitarian viewpoint, the licenses for the production of coal-tar dyes have been the most important from the industrial viewpoint, and vast sums are being invested in the United States for the carrying on of this peculiarly German industry. E. I. du Pont de Nemours & Co. and the National Aniline & Chemical Co. (Inc.), as well as certain other concerns, are developing amid carrying on the coal-tar dye industry in the United States on a very large scale, but they have not been free to produce many of the colors covered by unexpired patents owned by German companies. Both the E. I. du Pont de Nemours & Co. and the National Aniline & Chemical Co. have quickly accepted the present opportunity to commence the manufacture of German-controlled colors, and have recognized the expediency of obtaining legal protection for such activity by license from the Commission.

The research work in identifying the processes of manufacturing these various colors, and their production in commercial quantities, was not materially aided by the disclosures of the patents, and it was an especially difficult task both for the applicants and for the Commission to determine under what patents these dye licenses should be granted to protect the licensees in what they desired to do. In many instances it was found that the disclosure in the patent was entirely inadequate. In other instances the disclosure was sufficient for laboratory practice, but entirely impracticable for commercial production. Again, one patent might disclose an incomplete process, while an essential step in the complete process would be covered by another patent, the title to which was in a different owner. Persistent investigation and experimentation by the applicants for license, together with extensive consideration by the Commission, finally resulted in a fairly satisfactory grouping of the necessary patents under which licenses were issued.

Four licenses have been issued to the E. I. du Pont de Nemours & Co. under 22 patents to manufacture, use, and sell, respectively, anthracene dyes, synthetic indigo, and its derivatives, sulphur dyes, and azo dyes. Licenses for the same four groups have been issued to the National Aniline & Chemical Co. under 46 patents.

Licenses

ANNUAL

it was evident that to grant a license would permit misrepresentation or confusion.

Under copyrights, one license has been issued to Houghton Mifflin Co. to publish a German officer's description of submarine warfare; another to David McKay, of Philadelphia, to publish an English and Greek dictionary; and a third to the John Crearar Library, of Chicago, to reproduce certain pages of a German treatise on dyes. The remaining licenses under copyrights have been for the production of grand operas. The San Carlo Grand Opera Co. is licensed to produce "The Jewels of the Madonna," "The Secret of Suzanne," "Sahome," and "Hansel and Gretel." The Philadelphia Operatic Society is licensed to produce "The Secret of Suzanne," and the Ravinia Co., of Chicago, is licensed to perform "The Secret of Suzanne" and the second act of "The Jewels of the Madonna."

In all of the licenses issued by the Commission, a royalty is stipulated which is payable periodically to the Alien Property Custodian and the right is reserved in the Commission to investigate the licensee's business and to cancel a license at any time in its discretion, if in its opinion the licensee has failed to satisfy the reasonable requirements of the public with satisfactory articles at reasonable prices, or under any circumstances which in the opinion of the Commission make it advisable that the license be canceled in whole or in part.

Despite the complete control which the Commission thus retains over the licensee, in order to protect the interests of the public, the licensee is subject under the "trading with the enemy act" to a contingent liability which seems inadvisable and unnecessary. The act provides that the licensee shall be required to deposit with the Alien Property Custodian not to exceed 5 per cent of the gross sums received by the licensee, or not to exceed 5 per cent of the value of the use of the licensee. The act further provides that within one year after the war the enemy owner may bring suit against the Commission's licensee for recovery for all use and enjoyment of the subject matter and that the court may decree to the owner payment of a reasonable royalty, and may terminate the license and enjoin the licensee from infringement thereafter or continue the license for such period and upon such terms as it may find to be reasonable.

These provisions as to royalty and termination of the license have caused a decided feeling of uneasiness and uncertainty among the Commission's licensees, and many competent counsel are advising clients not to apply for licenses of such inconclusive character, but to take their chances of being sued for infringement after the war in the ordinary course.

Every license issued by the Commission has been granted, not for the duration of the war, but for the life of the right under which it is granted, and the Commission is firmly of the opinion that equity demands that the royalty prescribed in the license be fixed with more definiteness, and that the power of the courts to terminate the licenses be abrogated. In some instances 5 per cent of the gross sums received by the licensee is not a prescribed 19328

The Commissioner of Patents has appointed a committee of primary examiners

In many instances, subsequent to the taking over of a corporation by the Alien Property Custodian, this Commission has been requested to make an investigation in its unique way, and we have been able to disclose stock held by or for enemies which it has been impossible to discover in any other manner.

CONCLUSIONS.

The results accomplished under the trading with the enemy act seem to be divisible into three general classes.

The work connected with the issuance of orders to maintain secrecy regarding inventions and the investigation and censorship of patent matters destined for enemy countries prior to the revocation of authority to do so, have been of immediate importance and value in protecting the military endeavors of the Nation, and the utility and scope of this work will certainly be increased if the trading with the enemy act be amended in accordance with pending legislation.

The extensive investigation to uncover enemy ownership or control of American industries has been and continues to be of especial value, both from the industrial and the military aspects. The information gathered by this investigation in many instances has disclosed ramifying enemy interests that had been otherwise undiscovered, and has been a powerful aid in nullifying the attempts of German and Austrian financial interests to dominate many American industries. At the same time this investigation, primarily designed to acquire industrial and economic information, has frequently disclosed information of a personal nature which has been of immediate value to the Military and Naval Intelligence Sections in apprehending individuals whose activities were inimical to the interests of the Nation.

The issuance of licenses under enemy-owned or controlled patents trade-marks, and copyrights is of high value in affording legal protection to those corporations and individuals who have been so licensed.

LEGAL DIVISION.

The work of the legal division during the fiscal year ending June 30, 1918, has been characterized by a very marked increase, not only in the number of proceedings instituted and disposed of but also in the scope and range of its activities over that of previous years.

By the provisions of the Federal Trade Commission act the Commission is required to prevent the use of unfair methods of competition in interstate commerce, in violation of section 5, and it is also charged with the duty of enforcing sections 2, 3, 7, and 8 of the Clayton Act, designed to prevent certain price discriminations, tying contracts, intercorporate stockholders, and interlocking directories. The jurisdiction of the Commission has been greatly enlarged during the past year by the enactment by Congress of the Webb Act, approved April 10, 1918, extending the powers of the Commission to embrace certain-phases of export trade of the United States. This act and the Commission's relation thereto, is referred to more fully elsewhere in this report.

There have been presented to the Commission during the year 332 applications for the issuance of complaints and for the institution of proceedings charging unfair methods of competition or violations of those sections of the Clayton Act which the Commission is required to enforce. In the applications involving unfair methods of competition the practices complained of, which were alleged to be unfair methods of competition, include:

- Advertising: False and misleading. Refusal to accept.
- Bogus independents.
- Commission's letter, misuse of.
- Commission's order, disobedience of.
- Combination of buyers to force down prices by refusal to purchase.
- Conspiracy: To injure competitor. Black lists. To eliminate competition and maintain exorbitant prices.
- Contracts: Abrogation of Exclusive agency. Exclusive dealing (full line forcing). Inducing breach of.
- Defamation: Libel. Slander.
- Division of territory.
- Direct selling to consumers by producers and wholesalers.
- Discounts: Quality or grade. Quantity.
- Discrimination, price.
- Disparagement of: Goods. Business.
- Employees : Bribery of. Enticement of.
- Espionage.
- Fraudulent marking of goods.
- Impairment of competitive power of other concerns by stock control.
- Intimidation: Threats. Boycott. Molestation or obstruction.
- Joint selling agencies.
- Holding back shipments to increase price of product.
- Limitation of outputs, agreements.
- Misbranding.
- Misrepresentations.
- Mergers.
- Making up cost sheets "in reckless disregard of true cost."
- Monopoly.
- Nondelivery of goods on bona fide orders.
- Open price exchanges.
- Organization of "trust" to increase prices.
- Passing off: Of goods. Of name.
- Patents and copyrights, infringement of.
- Price agreements.
- Price cutting: General. Local. Free goods or premiums (trading in).
- Price enhancement of product.
- Price enhancement of products, combinations.
- Price enhancement of raw material.
- Price fixing : By associations and combinations. By individuals and corporations.
- Prices, charging excessive for necessary supplies.
- Prosecution and persecution of alleged infringers of patents.
- Rebates.
- Refusal to sell.
- Refusal to furnish repair parts.
- Refusal to furnish service, at instigation of competitor.
- Restraint of trade.
- Restraint of trade, combinations.
- Resale price maintenance.
- Selling certain products at a loss and recouping on others.
- Suits, malicious and wrongful.

Spurious inquiries for estimates.
Simulation of slogans.
Supplies, cutting off of competitors.
Unauthorized use of trade-mark.
Using cars obtained for Government purposes for private purposes.

To make accurate determination of the facts involved in many of the application for the issuance of complaints, long and skillful

investigations are required of the industries involved and the trade practices and regulations of such industries. These investigations are made by attorneys and examiners of the Commission various sections of the country. In the making of such investigations, intricate questions of both law and fact very often arise which require the services of the Commission's attorneys in preparing briefs and opinions thereon which are, with reports of such investigations, submitted to the Board of Review for its consideration. This board, which is composed of two lawyers and one economist, after a complete review of the facts ascertained from such investigations, and the law applicable thereto, submits the matter to the Commission, with its opinion, either dismissal of the application or the issuance of a complaint in a proceeding authorized by law. With this report and opinion before it, the Commission then proceeds to a consideration of the matter to determine whether to the Board of

drb-1 19.68 0 a TD 0271.72 0 TD 0.023 Tc ((d (che Commt) Tj 44.16 0 T

Commission for its consideration and determination upon agreed state-

ments of facts wherein it is stipulated between the counsel for the Commission and the respondents, that the Commission shall proceed forthwith upon such agreed statements of facts to make and enter its findings and order to cease and desist from the practices charged without the introduction of evidence. The chief counsel has prepared a form of answer to complaints in proceedings where such agreement may be arranged, which, in itself, accomplishes the same purpose by virtually making the charges in the complaint and the answer an agreed statement of facts. This form of answer has been used by numerous respondents during the last fiscal year, thus eliminating the burden of lengthy and expensive trials. The many settlements of proceedings by agreed statements of fact is an indication of the thorough and impartial manner in which the attorneys and examiners of the Commission have made investigations of the facts involved.

The Commission takes modest pride in the achievements of the legal division during the past year. The orders issued by the Commission requiring respondents to cease and desist from unfair methods of competition is patently doing much to establish higher ethics of competition in industry, protecting the public from restraints of trade and monopoly, and appears to be an entire justification for the enactment of section 5 of the Federal Trade Commission act which requires the Commission to prevent unfair methods of competition in interstate commerce.

Appended hereto is a copy of a complaint of the Commission in a proceeding which is typical of the complaints issued by it (Exhibit 6), and likewise a copy of the findings as to the facts, conclusions of law, and an order to cease and desist (Exhibit 7).

A brief resume of the adversary proceedings under consideration by the Commission during the year ending June 30, 1918, is as follows:

PROCEEDINGS INSTITUTED SINCE JULY 1, 1917.

(June 30, 1918.)

Complaint No. 15 (July 5, 1917, amended complaint Apr. 8, 1918).--Federal Trade Commission v. The Curtis Publishing Co. Cause: Stifling and suppressing competition by refusal to sell its publications to dealers who will not agree to sell or distribute the publications of certain of its competitors in alleged violation of section 5 of the Federal Trade Commission act; and further, attempting to create a monopoly by means of price fixing conditioned on the non-sale of competitors' publications in alleged violation of section 3 of the Clayton Act.

Complaint No 16 (Aug. 1, 1917).--Federal Trade Commission v. The Whole-sale Saddlery Association of the United States and National Harness Manufacturers' Association of the United States. Cause: The complaint is in three parts, viz, (1) against the Wholesale Saddlery Association; (2) against both; and (3) against the National Harness Manufactures' Association. (1) Stifling and suppressing competition in the wholesale harness and saddlery trade by unfairly hampering and obstructing certain competitors who are not members of the association by inducing and compelling manufacturers of saddlery accessories to refuse to recognize such competitors as legitimate jobbers or wholesalers and entitled to

prices and terms as such; (2) stifling and suppressing competition in the combined or closely affiliated wholesale and retail harness and saddlery goods business by inducing and compelling manufacturers of saddlery accessories to refuse to recognize such competitors as legitimate jobbers entitled to prices and terms as such; and (3) stifling and suppressing competition by hampering and obstructing competition by inducing and compelling manufacturers by various means not to sell to certain competitors, among

which are mail-order houses, general stores, hardware stores, etc.: all in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No.17 (Aug. 7, 1917).--Federal Trade Commission v. Bureau of Statistics of the Book Paper Manufacturers, Charles F. Moore, the bureau's secretary, and 23 paper manufacturers. Cause: Unfair methods of competition by engaging in a concerted movement to enhance prices and bring about a uniformity of such enhanced prices in the book-paper industry in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 18 (Sept. 14, 1918).--Federal Trade Commission v. Association of Flag Manufacturers of America, et al. Cause : Engaging in a concerted movement to unduly enhance the prices of American flags and to maintain such prices, and to bring about a general uniformity in such prices by meetings, correspondence, and other means of intercommunication, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No.19

Incorrect quotation of a patent claim, by threats, not made in good faith, to sue competitor's customers for infringement of patents, by endeavoring to persuade or force certain trade journals to refuse competitor's advertising during the pendency of a suit against a certain competitor's customer by making false and misleading statements, concerning the devices and apparatus and financial condition of this competitor, and by making false and misleading statements in trade journals and to certain customers of the competitor, etc., in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 24 (Jan. 10, 1918).--Federal Trade Commission v. Galena-Signal Oil Co. Cause: Stifling and suppressing competition in the manufacture and sale of lubricants, etc., by price discrimination in alleged violation of section 2 of the Clayton Act; and by fixing its sales price or discount or rebate thereof, on the condition that the purchaser shall not use the goods of competitors, in alleged violation of section 3 of the Clayton Act; the effect of both practices being to substantially lessen competition or to tend to create a monopoly.

Complaint No. 25 (Dec. 11, 1917).--Federal Trade Commission v. J. F. Hillerich & Son Co. Cause: Unfair methods of competition in connection with the manufacture, marketing, and sale of baseball bats by fixing resale prices and refusing to supply those who do not agree to maintain such selling prices or who do not sell at the prices fixed, in alleged violation of section 5 of the

Federal Trade Commission act; price discrimination, the effect of which may be to substantially lessen competition or tend to create a monopoly in alleged violation of section 2 of the Clayton Act.

Complaint No. 26 (Dec. 11, 1917).--Federal Trade Commission v. National Distilling Co. Cause: Stifling or suppressing competition in the manufacture and sale of yeast by sampling in large quantities, by gratuities to bakers and their employees, by providing entertainment to bakers and their employees, etc., by supplying yeast without any immediate charge therefor, by making payments of cash to customers, which cash payments are included and distributed in the price of yeast delivered under a contract entered into at the time of said payment, in alleged violation of section 5 of the Federal Trade Commission act; price discrimination and fixing its sale prices, rebates and discounts conditioned that the purchaser shall not use or deal with the Goods of competitors, the effect of which may be to substantially lessen competition or tend to create a monopoly, in alleged violation of sections 2 and 3 of the Clayton Act.

Complaint No. 27 (Dec. 6, 1917).--Federal Trade Commission v. Chester Kent & Co. Cause: Attempting to eliminate competition in time sale of certain proprietary medicines by fixing resale prices and refusing to sell to those who fail to maintain such prices, in alleged violation of section 5 of the Federal Trade Commission act; price discrimination the effect of which may be to substantially lessen competition or tend to create a monopoly, in alleged violation of section 2 of the Clayton Act.

Complaint No. 28 (Dec. 11, 1917).--Federal Trade Commission v. Ward Baking Co. (complaint No. 21). Cause: Stifling and suppressing competition by fixing resale prices and refusing to sell to those who will not agree to maintain such standard resale prices or who do not reser2f9-T2.96 TRDw-0002188 0 T(c) (440 28D Act.) 5

Complaint No. 32 (Jan. 29, 1918).--Federal Trade Commission v. United Drug Co. Cause: Stifling and suppressing competition in the manufacture and sale of patent and proprietary medicines, tobacco in different forms, candy, foodstuffs, motions, etc., by selling and offering for sale certain of such merchandise through its various local retail stores at prices less than cost of which do not yield a fair return of profit in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 33 (Feb. 1, 1918).--Federal Trade Commission v. American Radiator Co. Cause: Stifling and suppressing competition in the manufacture and sale of radiators by offering to the trade certain rebates or discounts in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 34 (Feb. 1, 1918).--Federal Trade Commission v. Dearborn Typewriter Co. Cause: Stifling and suppressing competition in the sale of typewriters by publishing and causing to be published false and misleading advertisements designed and calculated to cause customers and prospective customers to believe that the repaired and rebuilt typewriters of standard makes

offered for sale at a price of less than one-half that charged by the makers of such machines are new typewriters in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 35 (Feb. 1, 1918).--Federal Trade Commission v. Metro Type writer Co. Cause: Stifling and suppressing competition in the sale of type-writers by publishing and causing to be published false and misleading advertisements designed and calculated to cause customers and prospective customers to believe that the repale-

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Colorado Milling & Elevator Co. Cause: Attempting to eliminate competition by fixing resale prices and by refusing to sell to those who will not agree to maintain such prices in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 41 (Feb. 19, 1918).--Federal Trade Commission v. Rockford Varnish Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 42 (Feb. 19, 1918).--Federal Trade Commission v. Columbus Varnish Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, thorough lavish entertainment of competitors' employees secret payment of money to employees of customers who might otherwise by goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 43 (Feb. 19, 1918)

Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise

the manufacture and sale of varnish and kindred products thorough lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No.in

tainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 68 (Feb. 19, 1918).--Federal Trade Commission v. Murphy Varnish Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 69 (Feb. 19, 1918).--Federal Trade Commission v. Marietta Paint & Color Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of paints, stains, and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 70 (Feb. 19, 1918).--Federal Trade Commission v. O'Neil Oil & Paint Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of paints, oils, and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 71 (Feb. 19, 1918).--Federal Trade Commission v. Grand Rapids Wood Finishing Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 72 (Feb. 19, 1918).--Federal Trade Commission v. The Forbes Varnish Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 73 (Feb. 19, 1918).--Federal Trade Commission v. The Lawrence-McFadden Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 74 (Feb. 19, 1918).--Federal Trade Commission v. Pratt & Lambert (Inc.). Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 75 (Feb. 19, 1918).--Federal Trade Commission v. Essex Varnish Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish, lacquers, and japans through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns, and by secretly and surreptitiously paying and offering to pay employees of its cus-

violation of section 5 of the Federal Trade Commission act.

Complaint No. 82 (Mar. 13, 1918.)--Federal Trade Commission v. Photo-Engravers' Club of Chicago. Cause: Adopting a standard scale or uniform price at which they sell their products and with the intent

Federal Trade Commission act.

Complaint No. 91 (Apr. 15, 1918).--Federal Trade Commission v. Massachusetts Chocolate Co. Cause: Stifling and suppressing competition in the manufacture, marketing, and sale of candy by fixing resale prices and refusing to sell to those who will not agree to maintain such specified standard resale prices in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 92 (Apr. - 15, 1918).--Federal Trade Commission v. Standard Oil Co. of Now York. Cause: Acquiring a large part of the stock of the Magnolia Petroleum Co., the effect of which may be to substantially lessen competition between the two companies and to restrain commerce in petroleum or tend to create a monopoly in that business in alleged violation of section 7 of the Clayton Act.

Complaint No. 93 (Apr. 15, 1918).--Federal Trade Commission v. Atlantic Ice & Coal Corporation. Cause: Unfair methods of competition in the sale of coal and the manufacture and sale of ice by dividing territory with ostensible competitors, by intimidating competitors, threatening customers of a competitor by obtaining secrets of competitors' business through interests ostensi-

bly Independent but actually affiliated, etc., in alleged violation of section 5 of the Federal Trade Commission act; by price discrimination, by price fixing on the condition that the buyer buy not elsewhere, by acquiring stock of other corporations engaged in like commerce, the effect of all of which may be to substantially lessen competition or tend to create a monopoly in alleged violation of sections 2 and 7 of the Clayton Act.

Complaint No. 94 (Apr. 15, 1918).--Federal Trade Commission v. The American Tobacco Co. Cause: Attempting to eliminate competition by adopting and maintaining a system of fixing resale prices for jobbers and wholesalers in tobacco products, entering into agreements with such jobbers and wholesalers for the maintaining of such prices, threatening to refuse to sell to those who fail to maintain such prices, selling to those who agree at lower prices than to others, inducing jobbers who maintain prices not to sell to those who do not, and causing diverting of retailers' orders, etc., in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 95 (Apr. 15, 1918).--Federal Trade Commission v. United States Gold Leaf Manufacturers' Association and the individuals, firms, and corporations, the members thereof. Cause: Unfair methods of competition in connection with the manufacture and sale of gold leaf by engaging in a concerted movement to unduly enhance the prices of gold leaf and to maintain such prices, through meetings, correspondence, etc., and by pooling their surplus products and selling the same abroad at a less price than such products are being sold in the United States at the same time, assessments being made to cover losses on foreign sales when made below cost, the effect being to curtail supply, restrain competition, and enhance prices, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 96 (Apr. 15, 1918).--Federal Trade Commission v. Ringwalt Linoleum Works (Inc.). Cause: Stifling and suppressing competition in the manufacture and sale of floor covering by advertising, holding out, and selling its product to the public as linoleum, whereas its product is composed of a felt base impregnated with asphaltum with a paint backing and facing which simulation is designated and calculated to deceive and mislead the public and cause purchasers to believe that the products is linoleum, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 97 (Apr. 15, 1918).--Federal Trade Commission v. S. M. Hexter & Co. Cause: Stifling and suppressing competition in the sale of cotton fabrics by offering its cotton fabric to the public under the trade name of "Sol Satin," which simulation is designed and calculated to, and does, deceive the public and cause purchasers to believe that respondents' fabric is composed of silk, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 98 (Apr. 19, 1918).--Federal Trade Commission v. J. H. Allen & Co. Cause: Unfair methods of competition in the business of roasting coffee and packing tea and selling the same by giving to its customers and prospective customers as an inducement to secure their trade and patronage, certain papers, coupons, or certificates which were, and are, redeemable in various prizes or premiums, consisting of personal property of unequal values, the distribution of which was and is determined by chance or lot, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 99 (Apr. 19, 1918) .--Federal Trade Commission v. C. F. Bonsor

& Co. (Inc.). Cause: Unfair methods of competition in the business of roasting coffee and packing tea and selling the same by giving to its customers and prospective costumers, as an inducements to secure their trade and patronage, certain papers, coupons, or certificates which were and are redeemable in various prizes and premiums

giving to its customers and prospective customers, as an inducement to secure trade and patronage, certain papers, coupons or certificates which were and are redeemable in various prizes and premiums consisting of personal property of unequal values, the distribution of which was and is determined by chance or lot, in alleged violation of sections 5 of the Federal Trade Commission act.

Complaint No. 102 (Apr. 19, 1918).--Federal Trade Commission v. The Dannemiller Grocery Co. Cause: Unfair methods of competition in the business of roasting coffee and packing tea and selling the same by giving to its customers and prospective customers, as an inducement to secure their trade and patronage, certain papers, coupons or certificates which were and are redeemable in various prizes and premiums consisting of personal property of unequal values, the distribution of which was and is determined by chance or lot, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 103 (Apr. 19, 1918).--Federal Trade Commission v. J. S. Elliott Coffee Co. Cause: Unfair methods of competition in the business of roasting coffee and packing tea and selling the same by giving to its customers and prospective customers, as an inducement to secure their trade and patronage, certain papers, coupons or certificates which were and are redeemable in various prizes and premiums consisting of personal property of unequal values, the distribution of which was and is determined by chance or lot, in alleged violation of section 5 of the Federal Trade Commission act.

prospective customers, as an inducement to secure their trade and patronage, certain papers, coupons, or certificates which were and are redeemable in various prizes and premiums consisting of personal property of unequal values, the distribution of which was and is determined by chance or lot, in alleged violation of section 5 of the Federal Trade Commission act

Complaint No. 108 (Apr. 19, 1918).--Federal Trade Commission v. F. W. Hinz & Sons. Cause: Unfair methods of competition in the business of roasting coffee and packing tea and selling the same by giving to its customers and prospective customers, as an inducement to secure their trade and patronage, certain papers, coupons, or certificates which were and are redeemable in various prizes and premiums consisting of personal property of unequal values, time distribution of which was and is determined by chance or lot, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 109 (Apr. 19, 1918).--Federal Trade Commission v. Thomas C. Jenkins. Cause: Unfair methods of competition in the business of roasting coffee and packing tea and selling the same by giving to its customers and prospective customers, as an inducement to secure their trade and patronage, certain papers, coupons, or certificates, which were and are redeemable in various prizes and premiums consisting of personal property of unequal values,

the distribution of which was and is determined by chance or lot, in alleged violation of section 5 of the Federal Trade Commission acts.

Complaint No. 110 (Apr. 19, 1918).--Federal Trade Commission v. The Johnson Layne Coffee Co. Cause: Unfair methods of competition in the business of roasting coffee and packing tea and selling the same by giving to its customers and prospective customers, as an inducement to secure their trade and patronage, certain papers, coupons, or certificates which were and are redeemable in various prizes and premiums

which was and is determined by chance or lot, in alleged violation of section 5 of time Federal Trade Commission act.

Complaint No. 116 (Apr. 19, 1918).--Federal Trade Commission *v.* Roth-Homeyer Coffee Co. Cause: Unfair methods of competition in the business of roasting coffee and packing tea and selling the same by giving to its customers and

ness or roasting coffee and packing tea and selling the same by giving to its customers and prospective customers, as an inducements to secure their trade and patronage, certain

violation of section 5 of the Federal Trade Commission act.

Complaint No. 125 (May 3, 1918).--Federal Trade Commission v. Advance Paint Co. Cause: Stifling and suppressing competition in connection with the manufacture and

adequate consideration, threatening to sell oil direct by retail unless dealers used the Gilbert & Barker product, and by holding itself out to be the agent of its competitors as well as of the Gilbert & Barker Manufacturing Co., quoting exorbitant prices, in alleged violation of section 5 of the Federal Trade Commission p&ors

to cancel and rescind orders and contracts for the purchase of the products of its competitors with the intent and effect of stifling and suppressing competition in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No.137. (May 13, 1918).--Federal Trade Commission v. Milwaukee Tank Co.

Complaint No. 139. (May 13, 1918).--Federal Trade Commission v. Guarantee Liquid Measure Co. Cause: Unfair methods of competition in the manufacture and sale of automatic measuring oil pumps, etc., by inducing and attempting to induce, by divers means and methods, its customers and the customers of its competitors, to cancel and rescind orders and contracts for the purchase of the product of its competitors and by falsely representing certain products of its competitors to be old style and to have been or to be about to be condemned by public officials, with the intent and effect of stifling and suppressing competition, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 140 (May 15, 1918).--Federal Trade Commission v. Stanley Booking Corporation. Cause: Stifling and suppressing competition in the sale and leasing of moving-picture films by causing contracts entered into between producers and certain of its competitors to be broken, exhibiting films in theaters in close proximity to those of competitors in advance of production by competitors and at a less price, but after contemplated exhibition of the same pictures had been advertised by competitors selling and leasing films on condition that films of competitor's be not exhibited,

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section 5 of the Federal Trade Commission act.

Complaint No. 145 (May 24, 1918).--Federal Trade Commission v. Consolidated Rendering Co., New Haven Rendering Co., Atlantic Packing Co., and L.T. Frisbie Co. Cause: Stifling and suppressing competition in the rendering business by purchasing and offering to purchase in certain local areas raw materials necessary in the manufacture of their products at and for prices unwarranted by trade conditions and so high as to be prohibitive to small competitors in such areas, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 146 (June 6, 1918).--Federal Trade Commission v. The Acme White Lead & Color Works. Cause: Stifling and suppressing competition in connection with the manufacture and sale of paint and kindred products, through lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise buy goods from competing concerns, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 147 (June 6, 1918).--Federal Trade Commission v. American Varnish Co. Cause: Stifling and suppressing competition in connection with the manufacture and sale of varnish and kindred products, through lavish en-

tainment of competitors employees, secret payment of money to employees of

refuse to maintain such fixed resale prices, in alleged violation of section 5 of the Federal Trade Commission act; price discrimination and granting discounts and rebates contingent on purchaser not using goods of competitors, in alleged violation of section 2 of the Clayton Act.

Complaint No.156 (June 6, 1918) .--Federal Trade Commission v. Purity Preserving Co. and R J. McGuiar Co. Cause: The same interests are alleged to control and direct the two companies: The Purity Preserving Co. between January and September, 1917, entered into a large number of contracts for sale of tomato catsup; during September,

Complaint No. 157 (June 6, 1918).--Federal Trade Commission v. Saenger Amusement Co. Cause: Stifling and suppressing competition in the purchase and sale, leasing and exhibition of moving-picture films by forcing exchanges to accept its terms on threat to cause exhibitors to refuse to handle otherwise; causing contracts between exhibitors and exchanges to be broken by divers means and methods, including prior exhibition of films in neighboring theaters after "first exhibition" had been advertised by the other, threatening withdrawal of patronage if exchanges continued to supply exchanges, threatening curtailing supply unless exhibitors dealt with respondent, inducing employees of competitors to leave their employment, all in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 158 (June 6, 1918).--Federal Trade Commission v. Clayton F., Summy Co. Cause: Unfair methods of competition in the publishing and sale of sheet music, by fixing resale prices and refusing to sell to those who fail to maintain such fixed resale prices, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 159 (June 10, 1918).--Federal Trade Commission v. The United Rendering Co., M. L. Shoemaker & Co. (Inc.), the Berg Co., The D. B. Martin Co., Consolidated Dressed Beef Co., Baugh & Sons Co., Winfield S. Alien, Nathan Berg, F. W. English, Christopher Offenhauser. Cause: Stifling and suppressing competition in the business of refining animal fats and the manufacture and sale of products therefrom by engaging in a combination or conspiracy to purchase and offer to purchase raw materials in certain local areas at prices unwarranted by trade conditions and prohibitive to small competitors thus punishing the latter for refusing to enter into a working arrangement to eliminate competitive bidding, and by interfering with competitors' business by causing their trucks to be followed for the purpose of spying on competitors' business and customers, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 160 (June 10, 1918).--Federal Trade Commission v-0.029 f

lavish entertainment of competitors' employees, secret payment of money to employees of customers who might otherwise purchase goods from competing concerns, in alleged violations of section 5 of the Federal Trade Commission act.

Complaint No.163 (June 28, 1918).--Federal Trade Commission v. Armour & Co. Cause: Stifling and suppressing competition in the manufacture and sale of dairy products by concerning its control of and affiliation with Beyer Bros. Co., a creamery company, while directing the efforts and business of said company; discriminating in prices paid for butter fat or cream; and by purchasing and offering to purchase butter fats or cream in certain localities at prices unwarranted by trade conditions and so high as to be prohibitive to small competitors, in alleged
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taken from old and used rope, in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 165 (June 29, 1918).--Federal Trade Commission v. The Esterbrook Steel Pen Manufacturing Co. Cause: Stifling and suppressing competition in the manufacture, marketing, selling, and reselling of its pens by fixing standard resale prices and refusing to sell their products to those who fail to maintain such resale prices and by price discrimination in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 166 (June 29, 1918).--Federal Trade Commission v. E. E. Gray Co. Cause: Stifling and suppressing competition in the sale of Mocha and Java coffees by selling and offering for sale Santos and Columbia coffees under the trade-brand "M & J" coffee, the natural result of which is to confuse, mislead, and deceive purchasers and the public into the belief that said coffee is Mocha and Java coffee in alleged violation of section 5 of the Federal Trade Commission act.

Complaint No. 167 (June 29, 1918).--Federal Trade Commission v. ~~coffees~~

distribution of gratuities, by making contributions to associations and conventions, by extensive entertainment, by making deliveries of yeast without any immediate charge therefor, by cash payments, substituting competitors' samples and deliveries, trailing competitors' agents, misrepresenting competitors' methods, by concealing its control of a supposed independent yeast company, etc., in

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Complaint No 8 (Dec. 15, 1917).--Federal Trade Commission v. Victor Talking Machine Co. of New Jersey. Cause: Attempting to create a monopoly by price fixing in connection with leasing, selling, and contracting to sell talking machines, sound records, sound boxes, and needles conditioned on nonuse of competitors' goods, in alleged violation of section 3 of the Clayton Act. Disposition: Upon the filing of certain stipulations as to facts by the respondent, the complaint was withdrawn and further proceedings ordered discontinued without prejudice.

Complaint No. 9 (Apr. 16, 1918).--Federal Trade Commission v. Standard Car Equipment Co. and Standard Construction Co. Cause: Unfair methods of competition in connection with leasing and selling tank cars by inducing employees of competitors to leave, by making false representations that it is closely affiliated with one of its competitors, by acquiring trade secrets of competitor from former employees, etc., in alleged violation of section 5 of the Federal Trade Commission act. Disposition: After the submission of the evidence and arguments of

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Complaint No. 18 (Jan. 29, 1918).--Federal Trade Commission v. Association of Flag Manufacturers of America et al. Cause: (Ante.) Disposition: An order to cease and desist entered against certain of the respondents, findings of fact abating the cause as to the Association of Flag Manufacturers of America, America, *Complaint*

mitting the charges in the complaint, an order was issued requotsng

Corporation. Cause: (Ante.) Disposition: It appearing that the respondent corporation had dissolved and ceased to exist, the complaint was dismissed.

Complaint No. 50 (Apr. 15, 1918).--Federal Trade Commission v. Van Camp Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No.51 (Apr.15, 1918).--Federal Trade Commission v. Sun Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No.52 (Apr.15, 1918).--Federal Trade Commission v. Lilly Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No.54 (Apr.15, 1918).--Federal Trade Commission v. Lndemann Wood Finishing Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring It to cease and desist from the practices complained of.

Complaint No. 55 (Apr. 15, 1918).--Federal Trade Commission v. Adams & Elting Co. Cause: (Ante.) Disposition: Upon the answer of respondent ad-

mitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 56 (Apr. 15, 1918).--Federal Trade Commission v. Valentine & Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 57 (June 18, 1918).--Federal Trade Commission v. Bridgeport Wood Finishing Co. Cause: (Ante.) Disposition: It appearing that the business of the respondent corporation had been sold prior to the filing of the complaint, the same was dismissed.

Complaint No. 58 (Apr. 15, 1918).--Federal Trade Commission v. George D. Wetherill & Co. (Inc.). Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 59 (Mar. 13, 1918).--Federal Trade Commission v. Reliance Varnish Works. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 60 (Apr. 15, 1918).--Federal Trade Commission v. Blackburn Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 61 (Apr. 15, 1918). --Federal Trade Commission v. F. W. Thurston Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 62 (Apr. 15, 1918).--Federal Trade Commission v. Grand Rapids Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease amid desist from the practices complained of.

Complaint No. 63 (Apr. 15, 1918).--Federal Trade Commission v. National Varnish Co. Cause: (Ante.) Disposition : Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 64 (Apr. 24, 1918). --Federal Trade Commission v. Standard Varnish Works. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 65 (Apr. 15, 1918).--Federal Trade Commission v. Mayer & Loewenstein. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 66 (Apr. 15, 1918).--Federal Trade Commission v. Boston Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 67 (Apr. 15, 1918). --Federal Trade Commission v. Louisville

Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 68 (Apr. 15, 1918) .--Federal Trade Commission v Murphy Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 69 (Apr. 15, 1918) .--Federal Trade Commission v. Marietta Paint & Color Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring It to cease and desist from the practices complained of.

Complaint No. 70 (Mar. 13, 1918) .--Federal Trade Commission v. O'Neil Oil & Paint Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 71 (Apr. 30, 1918) .--Federal Trade Commission v. Grand Rapids Wood Finishing Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 72 (Apr. 15, 1918) .--Federal Trade Commission v. The Forbes Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent

admitting the allegations complaint, in order was entered requiring it to cease and desist from the complained of.

Complaint No. 73 (Apr. 15 1918).--Federal Trade Commission v. The Lawrence-McFadden Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 74 (Apr. 15, 1918).--Federal Trade Commission v. Pratt & Lambert (Inc.). Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 75 (Apr. 15, 1918).--Federal Trade Commission v. Essex Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 76 (Apr. 15, 1918).--Federal Trade Commission v. The Glidden Varnish Co. Cause: (Ante.) Disposition: Upon the answer or respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 77 (Apr. 15, 1918).--Federal Trade Commission v. The Ault & Wiborg Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 78 (Mar. 13, 1918).--Federal Trade Commission v. Chas. R Long, Jr., Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease

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case was dismissed.

Complaint No. 99 (July 22, 1918).--Federal Trade Commission v. C. F. Bonsor & Co. (Inc.). Cause: (Ante.) Disposition: Upon the answer of the respondent admitting the allegations of the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 100 (June 6, 1918).--Federal Trade Commission v. Buddha Tea Co. Cause: (Ante.) Disposition: Upon the answer of the respondent admitting the allegation of the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 102 (June 6, 1918).--Federal Trade Commission v. The Danemiller Grocery Co. Cause: (Ante.) Disposition: Upon the answer of the respondent admitting the allegations of the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 105 (June 6, 1918).--Federal Trade Commission v. A. Ethridge & Co. Cause: (Ante.) Disposition: Upon the answer of the respondent admitting the allegations of the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 108 (June 6, 1918).--Federal Trade Commission v. F. W. Himmz & Sons. Cause: (Ante.) Disposition: Upon the answer of the respondent ad-

mitting the allegations of the complaint, an order was entered

Specialty Co. Cause: (Ante.) Disposition: Upon the answer of the respondent admitting the allegations of the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 125 (June 6, 1918).--Federal Trade Commission v. Advance Paint Co. Cause: (Ante.) Disposition: Upon the answer of the respondent admitting the allegations of the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 147 (June 28, 1918).--Federal Trade Commission v. American Varnish Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 149 (June 29, 1918).--Federal Trade Commission v. James B. Day & Co. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

Complaint No. 150 (June 24, 1918) .--Federal Trade Commission v. S. C. Johnson & Son. Cause: (Ante.) Disposition: Upon the answer of respondent admitting the allegations in the complaint, an order was entered requiring it to cease and desist from the practices complained of.

of any further testimony.

Complaint No. 21.--Federal Trade Commission v. Ward Baking Co. Cause: (Ante.) Status: All of the evidence has been introduced in this proceeding and the briefs of both the Commission and the respondent are now in preparation. Upon the filing of same the matter will be finally terminated.

Complaint No. 22.--Federal Trade Commission v. Chicago Flexible Smaft Co. Cause: (Ante.) Status: This proceeding is now in the course of trial, the Commission having introduced a part of its evidence.

Complaint No 24.--Federal Trade Commission v. Galena-Signal Oil Co. Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and the answer of the respondent and is now being prepared for trial.

Complaint No 25.--Federal Trade Commission v. J. c61TD 2.64 2ics0 Tc NbTjo2.04 0 TI

Complaint No. 86.--Federal Trade Commission v. F. E. Atteaux & Co. Cause: (Ante.) Status: This proceeding is at issue on the complaint of the Commission and the answer of the respondent and is ready for trial.

Complaint No. 87.--Federal Trade Commission v. Crescent Manufacturing Co. Cause: (Ante.) Status: The proceeding is at issue upon the complaint of the Commission and answer of the respondent and is awaiting trial and determination along with similar resale price maintenance proceedings pending before the Commission.

Complaint No. 88.--Federal Trade Commission v. Beech-nut Packing Co. Cause: (Ante.) Status: The proceeding is at issue upon the complaint of the Commission and answer of time respondent and is awaiting trail and determination along with similar resale price maintenance proceedings pending before the Commission.

Complaint No. 89.--Federal Trade Commission v. L. E. Waterman Co. Cause: (Ante.) Status: The proceeding is at issue upon the complaint of the Com-
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mission and the answer of the respondent and is awaiting trial and determination along with similar resale price maintenance proceedings pending before the Commission.

Complaint No 90.--Federal Trade Commission v. Cluett, Peabody & Co. (Inc.). Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and the answer of the respondent, and is awaiting trial and determination along with similar resale price maintenance cases pending before the Commission.

Complaint No. 91.--Federal Trade Commission v. Massachusetts Chocolate Co. Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and the answer of the respondent, and is awaiting trial and determination along with similar resale price maintenance cases pending before the Commission.

Complaint No. 92.--Federal Trade Commission v. Standard Oil Co. of New York. Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and answer of the respondent, and is ready for trial.

Complaint No. 93.--Federal Trade Commission v. Atlantic Ice & Coal Corporation. Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and answer of the respondent, and is now being prepared for trial.

Complaint No. 96.--Federal Trade Commission v. Ringwalt Linoleum Works (Inc.). Cause: (Ante.) Status: The proceeding is at issue on the complaint of the Commission and answer of the respondent, and is being prepared for trial.

Complaint No. 97.--Federal Trade Commission v. S. M. Hex ter & Co. Cause: (Ante.) Status: This proceeding is at issue on the complaint of the Commission and the answer of the respondent, and is being prepared for trial.

Complaint No. 101.--Federal Trade Commission v. The Climax Coffee & Baking Powder Co. Cause: (Ante.) Status: Negotiations are pending for the dismissal of this proceeding upon the showing by the respondent that it had discontinued the practices complained of prior to the filing of the complaint.

Complaint No. 103.--Federal Trade Commission v. J.S. Elliott Coffee Co. Cause: (Ante.) Status: Negotiations are pending for the determination of this proceeding by stipulation and agreement.

Complaint No. 104.--Federal Trade Commission v. Enterprise Coffee Co. Cause:

(Ante.) Status: Negotiations are pending for the determination of this proceeding by stipulation and agreement.

Complaint No. 106.--Federal Trade Commission v. B L. Gerhart & Co. Cause: (Ante.) Status: Negotiations are pending for the determination of this proceeding by stipulation and agreement.

Complaint No. 107.--Federal Trade Commission v. The Grocers Coffee Co. Cause: (Ante.) Status: Negotiations pending for the determination of this proceeding by stipulation and agreement.

Complaint No. 111.--Federal Trade Commission v. C. D. Kenny Co. Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and the answer of the respondent denying the allegations in the complaint.

Complaint No. 121.--Federal Trade Commission v. E. J. Brach & Sons. Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and the answer of the respondent and negotiations are pending for a settlement of the same by stipulation and agreement.

Complaint No. 122.--Federal Trade Commission v. George Muench. Cause: (Ante.) Status: This proceeding is pending on the respondent's answer and motion to dismiss.

Complaint No. 123.--Federal Trade Commission v. American Can Co. Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and the answer of the respondent and is now being prepared for trial.

Complaint No. 126.--Federal Trade Commission v. Ironite Co., Master Builders Co., and United Products Co. Cause : (Ante.) Status : This proceeding is at issue upon the complaint of the Commission and the respondent's answer and Is being prepared for trial.

Complaint No. 127

Booking

determination.

Complaint No. 141.--Federal Trade Commission v. The Evans Dollar Pen Co. Cause: (Ante.) Status: This proceeding is at issue upon the complaint of the Commission and the answer of the respondent and is awaiting trial and determination along with similar resale price maintenance proceedings pending before the Commission.

Complaint No. 142.--Federal Trade Commission v. Wilson & Co. Cause: (Ante.) Status: This proceeding is in course of trial, the greater part of the evidence having been introduced.

Complaint No. 143.--Federal Trade Commission v. Morris & Co. Cause: (Ante.) Status : This proceeding is at issue upon the complaint of the Commission and the answer of the respondent and is awaiting trial.

Complaint No. 144.--Federal Trade Commission v. Weyl-Zuckerman Co. Cause: (Ante.) Status: This proceeding is at issue upon time complaint of the Commission and the answer of the respondent and is awaiting trial.

Complaint No. 145.--Federal Trade Commission v. .

Complaint No. 146--Federal Trade Commission v. The Acme White Lead & Color Works. Cause: (Ante.) Status: Answer not due.

Complaint No. 148--Federal Trade Commission v. Chicago Varnish Co. Cause: (Ante.) Status: Answer not due.

Complaint int No. 151--Federal Trade Commission v. G. J. Liebich Co. Cause: (Ante.) Status: Answer not due.

Complaint No. 152--Federal Trade Commission v. The Royal Varnish Co. Cause: (Ante.) Status: Answer not due.

Complaint No. 153--Federal Trade Commission v. Twin City Varnish Co. 8 . 2

Ready for trial -----	8	
In course of trial -----	6	10
	85	10

MISCELLANEOUS LEGAL WORK.

In addition to the formal and informal proceedings heretofore reviewed, the legal department has taken an active and prominent part in many of the matters which have arisen under the jurisdiction of the Commission.

In the various investigations and surveys of trade and industrial conditions, corporate affairs, and economic questions, conducted during the fiscal year, members of the legal department have rendered service not only in ascertaining and determining the exact conditions and surrounding facts, but also have assisted in the preparation of the various reports made by the Commission to the public and to different branches of the Government, by briefing the legal propositions arising from the facts ascertained, conducting the examination of witnesses called in the various investigations, compelling returns to demands of the Commission for information in the determination of costs of production of materials used for war purposes, giving opinions as to the legal effect of the effect

Under section 6 of the Federal Trade Commission act the Commission is only authorized to gather and compile information and to investigate the organization, business, conduct, practices, and management of corporations engaged in interstate commerce, except banks and common carriers, and their relations to other corporations and to individuals, associations, and partnerships. Under section 5 of the Federal Trade Commission act the Commission may proceed against individuals and partnerships for using unfair methods of competition; but it can not, under section 6, make an investigation of the business and practices of individuals and partnerships engaged in interstate commerce. The Commission can not make a full economic investigation into industries under section 6 for the reason that many individuals and partnerships are engaged in such industries and the Commission is without legal authority to investigate the business of such individuals or partnerships. The Commission can not require reports from such individuals and partnerships for the purpose of determining the cost of production of war materials for time purpose of the determination of a fair price, nor can it make a report on general conditions in such industries without an investigation or report on the business of individuals engaged in such industries.

Therefore the legal department urgently requests that the Commission recommend to Congress an amendment to section 6 of the Federal Trade Commission act to meet the difficulties here pointed out. This the Commission does.

All of which is respectfully submitted.

WILLIAM B. COLVER, *Chairman.*
JOHN FRANKLIN FORT,
VICTOR MURDOCK.

EXHIBIT 1.

FEDERAL TRADE COMMISSION ACT.

AN ACT To

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partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the Commission, to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the Commission. If upon such hearing the Commission shall be of the opinion that the method of competition in question is prohibited by this act, it shall make a re3887cTD 0.0254 Tc (in) Tj 8.644 0 TD 0 Tc () Tj 2.

If such person, partnership, or corporation fails or neglects to obey such order of the Commission while this same is in effect, the Commission may apply to the circuit court of appeals of the United States, within any circuit where the method of competition in question was used or where such person, partnership, or corporation resides or carries on business, for the enforcement of its order, and shall certify and file application transcript of the entire record in the proceeding, including all testimony taken and the report and order of the Commission. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon such person, partnership, or corporation and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the Commission. The findings of the Commission as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material, and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the fact, or make new findings, by reason of the additional evidence so threat, and it shall file such modified or new findings, which, if supported by testimony, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the Commission to cease and desist from using such method of competition may obtain a review of such order in said circuit court of appeals by filing in the court a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the Commission as in the case of an application by the Commission for the enforcement of its order, and the findings of the Commission as to the facts, if supported by testimony, shall in like manner be conclusive.

The jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the Commission shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the Commission or judgment of the court to enforce the same shall in any wise relieve or absolve any person, partnership, or corporation from any liability under the antitrust acts.

Complaints, orders, and other processes of the Commission under this section may be served by anyone duly authorized by the Commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the

partnership to be served, or to the president, secretary, or other executive officer

commerce, or any class of them, or any of them, respectively, to file with the Commission in such form as the Commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the Commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the Commission may prescribe, and shall be filed with the Commission within such reasonable period as the Commission may prescribe, unless additional time be granted in any case by the Commission.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the antitrust acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation, and the report shall be made public in the discretion of the Commission.

(d) Upon the direction of the President or either House of Congress to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation.

(e) discretion 16(ditionusin0.1652 TD 0 Tc68 Tc (acts) j 8.64 0 TD0.023 TTc -0.18

report of a master in other equity causes, but the court may adopt or reject such report, in whole or in part, and enter such decree as the nature of the case may in its judgment require.

SEC. 8. That the several departments and bureaus of the Government when directed by the President shall furnish the Commission, upon its request, all records, papers, and information in their possession relating to any corporation subject to any of the provisions of this act, and shall detail from time to time such officials and employees to the Commission as he may direct.

SEC. 9. That for the purposes of this act the Commission, or its duly authorized agent or agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any corporation being investigated or proceeded against; and the Commission shall have power to require by subpoena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation. Any member of the Commission may sign subpoenas, and members and examiners of the Commission may administer oaths and affirmations, examine witnesses, and receive evidence.

Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. And in case of disobedience to a subpoena the Commission

taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

No person shall be excused from attending and testifying or from producing documentary evidence before the

EXHIBIT 2.

PROVISIONS OF THE CLAYTON ACT WHICH CONCERN THE FEDERAL
TRADE COMMISSION.

“Commerce,” as used herein, means trade or commerce among the Several

eligible at the time of his election or selection to act for such bank or other corporation in such capacity his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to any of the provisions hereof by reason of any crime in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

SEC. 11. That authority to enforce compliance with sections two, three, seven and eight of this act by the persons respectively subject thereto is hereby vested in the Interstate Commerce Commission where applicable to common carriers, in the Federal Reserve Board where applicable to banks, banking associates and trust companies, and in the Federal Trade Commission where applicable to all other character of commerce, to be exercised as follows:

Whenever the Commission or Board vested with jurisdiction thereof shall have reason to believe that any person is violating or has violated any of the provisions of sections two, three, seven and eight of this act, it shall issue and serve upon such person a complaint stating its charges in that respect, and containing, in the case of the

least thirty days after the service of said complaint. The person so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission or board requiring such person to cease and desist from the violation of the law so charged. 01 1.92 0sholic TD 0,.0218 2 21 2 0

Any party required by such order of the Commission or board to cease and desist from a violation charged may obtain a review of such order. In said circuit court of appeals by filing in the court a written petition praying that the order of the Commission or board be set aside. A copy of such petition shall be forthwith served upon the Commission or board, and thereupon the Commission or board forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the Commission or board as in the case of an application by the Commission or board for the enforcement of its order, and the finding of the Commission or board as to the facts, if supported by testimony, shall in like manner be conclusive.

The jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the Commission or board shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, a

Complaints, orders, and other processes of tile Commission or board under this section may be served by anyone duly authorized by the Commission or board, either (a) by delivering a copy thereof to the person to be served. or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person; or (c) by registering and mailing a copy thereof addressed to such person at his principal office or place of business. The verified return by tile person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post-office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of tile service of the same.

Approved, October 15, 1914.

EXHIBIT 3.

RULES OF PRACTICE BEFORE THE FEDERAL TRADE COMMISSION.

I. SESSIONS.

The principal office of the Commission at Washington, D. C., is open each business day from 9 a.m. to 4:30 p.m. The Commission may meet and exercise all its powers at any other place, and may, by one or more of Us members, or by such examiners as it may

more than 8 ½ inches wide and not more than 11 inches long, and weighing not less than 16 pounds to the ream, folio base, 17 by 22 Inches, with left-hand margins not less than 1 ½ inches wide, or they may be printed in 10 or 12 point type on good unglazed paper 8 inches wide by 10 ½ inches long, with inside margins not less than 1 inch wide.

IV. SERVICE.

Complaints, orders, and other processes of the Commission may be served by anyone duly authorized by the Commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer, or a director of the corporation or association to be served; or (b) by leaving a copy thereof at

Upon the joining of issue in a proceeding by the Commission the examination of witnesses therein shall proceed with all reasonable diligence and with the least practicable delay. Not less than 5 nor more than 10 days' notice shall be given by the Commission to counsel or parties of the time and place of examination of witnesses before the Commission, a Commissioner, or an examiner.

IX. OBJECTIONS TO EVIDENCE.

Objections to the evidence before the Commission, a Commissioner, or an examiner shall, in any proceeding, be in short form, stating the grounds of objections relied upon, and no transcript filed shall include argument or debate.

X. MOTIONS.

A motion in a proceeding by the Commission shall plainly state the order applied for, and all affidavits, records, and other helpers upon which the same is founded, except such as have been previously filed or served in the same proceeding, shall be filed with such motion and plainly referred to therein.

ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION. 99

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Application for extension of time in which to file any brief shall be by petition in writing, Stating the facts upon which tile application rests, which must be filed with the Commission at least 5 days before the time for filing the brief.

Every brief shall contain, in the order here stated-

(1) A concise abstract, or statement of the case.

(2) A brief of the argument, exhibiting, a clear statement of the points of fact or law to be discussed, with the reference to the pages of the record and the authorities relied upon in support of each point.

Every brief of more than 10 pages shall contain on its top fly leaves a subject index with page references, the subject index to be supplemented by a list of all cases referred to, alphabetically arranged, together with references to pages where the cases are cited.

Briefs must be printed in 10 or 12 point type on good unglazed paper 8 inches *by* 101 inches, with inside margins not less than 1 inch wide, and with double leaded text and single-leaded citations.

Oral arguments will be had only as ordered by the Commission.

XI. ADDRESS OF THE Commission.

All communications to the Commission must be addressed to Federal Trade Commission, Washington, D. C., unless otherwise specifically directed.

EXHIBIT 4.

[PUBLIC--NO. 126--65TH CONGRESS.]

[H. R 2316.]

An Act To promote export trade, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States
Of America in Congress*

acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States.

SEC. 4. That the prohibition against "unfair methods of competition" and the remedies provided for enforcing said prohibition contained in the act entitled "An act to create a Federal trade Commission, to define its powers and duties, and for other purposes," approved September twenty-sixth, nineteen hundred and fourteen, shall be construed as extending to unfair methods of competition used in export trade against competitors engaged in export trade, even though the acts constituting such unfair methods are done without the territorial

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class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein it shall summon such association, its officers, and agents to appear. Therefore it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if it shall conclude that the law has been violated by agents by

EXHIBIT 5.

established by the President; and sums so paid shall be deposited by said alien property custodian forthwith in the Treasury of the United States as a trust fund for the said licensee and for the owner of the said patent, trade-mark, print, label, or copyright registration as hereinafter provided, to be paid from the Treasury upon order of the court, as provided in sub-

division (f) of this section, or upon the direction of the alien property custodian.

(e) Unless surrendered or terminated is provided in this act, any license, granted hereunder shall continue during the term fixed in the license or in the absence of any such limitation during the term of the patent, trademark, print, label, or copyright registration under which it is granted. Upon violation by the licensee of any of the provisions of this act, or of the conditions of the license, the President may, after due notice and hearing, cancel any license granted by him.

(f) The owner of any patent, trade-mark, print, label, or copyright under which a license is granted hereunder may, after the end of the war and until the expiration of one year thereafter, file a bill in equity against the licensee in the, district court of the United States for the district in which the said licensee resides, or, if a corporation, in which it has its principal place of business, (to which suit the Treasurer of the United States shall be made a party), for recovery from the said licensee for all use and enjoyment of the said patented Invention, trade-mark, print, label, or copyrighted matter: *Provided, however,* That whenever suit is brought, as above, notice shall be filed with the alien property custodian within thirty days after date of entry of suit: *Provided further,* That the licensee may make any and all defenses which would be available were no license granted. The court on due proceedings had may adjudge and decree to the said owner payment of a reasonable royalty. The amount of said judgment and decree, when final, shall be paid on order of the court to the owner of the patent from the fund deposited by the licensee, so far as such deposit will satisfy said judgment and decree; and the said payment shall be in full or partial satisfaction of said judgment and decree, as the all such judgments and decrees, facts may appear; and if, after payment of, there shall remain any balance of said deposit, such balance shall be repaid to the licensee on order of the alien property custodian. If no suit is brought within one year after the end of the war, or no notice is filed as above required, then the licensee shall not be liable to make any further deposits, and all funds deposited by him shall be repaid to him on order of the alien property custodian. Upon entry of suit and notice

to the performance of acts authorized in subsections (a) and (g) of this section, shall be valid.

(i) Whenever the publication of an invention by the granting of a patent may, in the opinion of the President, be detrimental to the public safety or defense, or may assist the enemy or endanger the successful prosecution of the war, he may order that the invention be kept secret and withhold the grant of a patent until the end of the war: *Provided*, That the invention disclosed in the application for said patent may be held abandoned upon it being established before or by the Commissioner of Patents that, in violation of said order, said invention has been published or that, in application for a patent therefor has been filed in any other country, by the inventor or his assigns or legal representatives without the consent or approval of the Commissioner or under a license of the President.

When an applicant whose patent is withheld as herein provided, and who faithfully obeys the order of the President above referred to shall tender his

By the Executive order of April 11, 1918, the power and authority vested in the Federal Trade Commission under section 10 (b) of the Trading with the Enemy Act and Section XVII X V I I

APPLICATIONS FOR LICENSES UNDER PATENTS AND COPYRIGHTS
OWNED OR CONTROLLED BY AN ENEMY OR ALLY OF ENEMY.

Applicants for a license under patents or copyrights owned or controlled by an enemy or an ally of an enemy are required to file a verified statement with the Federal Trade Commission in concise and nontechnical language, covering the following points, stating in each instance the facts upon which any conclusion may be based:

(b) The government of any nation which is ally of a nation with which the united states is at war, or any political or municipal subdivision of such ally nation, or any officer, official, agent, or agency thereof.

(c) Such other individuals, or body or class of individuals as may be natives, citizens, or subjects of any nation which is an ally of a nation with which the United States is at war, other than citizens of the United States, wherever resident or wherever doing business, as the President, if he shall find the safety of the United States or the successful prosecution of the war shall so require, may, by proclamation include within the term "ally of the enemy."

(*d*) That licensing the applicant is for the public welfare. Specifically, that there is a demand for the patented or copyrighted article or the product of the patented process which is not being met.

(*e*) That the applicant is able to make or cause to be made the patented or

(1) Where the alleged trademark is the, name of a patented or copyrighted article and a license is granted tunder the patent or copyright.

(2) Where the alleged trade-mark is the name of an article manufactured tunder tin expired patent or copyright.

THE LICENSE FEE.

The act provides that the license fee shall not exceed \$100, and not exceeding 1 per cent of the sum deposited with the alien property custodian. This fund is an amount not to exceed (a) 5 per cent of the gross sums received by the licensee from the sale of the licensed subject matter, or (b) 5 per cent of the value of the use of the licensed subject matter as established by the Federal Trade Commission.

ACCOUNTING AND PAYMENT TO THE ALIEN PROPERTY CUSTODIAN.

The licensee shall file with the Federal Trade Commission, semiannually on January 1 and July 1 of each year and oftener if required, a full statement of the extent of the use and enjoyment of the license, and of the prices received from the sale or use of the subject matter of it, and within 30 days thereafter the licensee shall pay to the alien property custodian not to exceed 5 per cent of the gross sums received from the sale of the licensed subject subject the Federal the payment of the cent of the use

Commission may be material for the purpose of showing the amounts from time to time payable by the licensee concerning such royalty and what is a fair and reasonable price to the public for such article.

The licensee shall, within

accountable to the Federal Trade Commission for the observance of the terms of his license by the actual manufacturer of the article, and the license will contain the following addendum, naming the actual manufacturer who shall sign:

-----, m a n u f a c t u r e r f o r
_____, the licensee _____
of the article herein licensed, separately agrees to keep separate books containing full particulars of all articles manufactured, and the cost thereof, sold to _____ the licensee, and the price or prices

charged therefore and his books and plant shall be open to inspection in the same manner as provided for the licensee. The licensee and the undersigned, during the continuance of the license, shall furnish or procure to be furnished all such information as the Federal Trade Commission may consider to be material for the purpose of ascertaining the amount of royalty payable by the licensee, the cost of producing or procuring the patented article, the price or prices charged for said article, and shall permit or procure permission to be given to such person or persons as shall be authorized in that behalf by the Federal Trade Commission at any time or times to enter upon and inspect any factory or place of business in which the manufacture of the patented article shall be carried on by the undersigned for the licensee, and all books, papers, and documents relating to such manufacture and sale.

The undersigned, manufacturer, is not authorized to make, use, or vend - the Invention of the patent except for _____, the licensee, and not further or otherwise, and the undersigned undertakes to observe and perform the terms and conditions of the license to _____ to which this is attached.

Dated _____, 191__.

Accepted and agreed to.

_____.

Manufacturer.

FORM OF LICENSE UNDER COPYRIGHT.

Copyright licenses issued by the Federal Trade Commission under the provisions of the "Trading with the enemy act" will be in substantially the following form:

Copyright No. _____, dated _____ to _____ for the (book, etc., as the case may be; see copyright act of March 4, 1909, sec. 5, for classification) entitled (Insert title of work).

The Federal Trade Commission, under the authority of and in conformity with the "Trading with the enemy act" and of the Executive order of October 12, 1917, hereby licenses _____ to exercise within the United States all the rights created by the copyright laws of the United States of America, being the act of March 4, 1909, as amended with respect to the subject matter of copyright to _____, No. _____, dated _____ for the (book, etc., as the case may be; see copyright act of March 4, 1909, sec. 5, for classification) entitled (insert title of work), a copy of

Commission, under the act of 4 Tc () TjTD 026 0 TD 0 Tcee (boo8 Tc () Tj 2.04 0 TD 9.68 0

The licensee shall, within 10 days after each of the semiannual days aforesaid, deliver a sworn statement to the Federal Trade Commission in writing showing

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in which the use or manufacture of the said copyright work shall be carried on, and all books, papers, and documents of such licensee relating to such use, manufacture, and sale.

If any payment under this license shall not be made within one month after the same shall have become due under the provisions herein contained (whether demand therefor shall have been made or not), or if the licensee shall or shall attempt to assign or part with the benefit of or grant any sublicense under this license, or shall make default in the performance or observance of any obligation on his part herein continued, or shall have violated any of the conditions of this license or any of the provisions of the statute under which it is granted, and if after 10 days' notice, in writing, shall have failed to comply with the aforesaid, then the Federal Trade Commission may, by notice in writing, and after a hearing, cancel, and terminate this license as from the date of such notice, but without prejudice to and so as not in any manner to affect any liability hereunder on part of the licensee which may be subsisting or have accrued.

If in the opinion of the Federal Trade Commission the licensee has failed to use this license so as to satisfy the reasonable requirement of the public with regard to the copyright work; or

If in the opinion of the Federal Trade Commission the licensee has failed to supply to the public the copyright work at reasonable prices,

and

volved except for _____, the licensee, and not further or otherwise, and the undersigned undertakes to observe and perform the terms and conditions of the license to _____ to which this is attached.

Dated _____, 191__.

Accepted and agreed to.

_____.

Manufacturer.

A surety company bond may be required of the licensee, if, in the opinion of the Federal Trade Commission, it is necessary to safeguard the public interest.

FORM OF APPLICATION FOR LICENSE.

TRADING WITH THE ENEMY ACT.

To the FEDERAL TRADE Commission:

Application of _____ for a license under patent to _____, date _____ No. _____.

(If under copyright, state title of work, name of copyright proprietor, and date of copyright registration.)

The undersigned, for the purpose of securing a license, represents to the Federal Trade Commission as follows:

(a) The undersigned is a citizen of the United States, residing at street, in the city of _____, State of _____, United States of America. (If a corporation, state under the laws of what State it is organized; the location of its corporate offices, its business offices, and plants or factories.)

(b) The undersigned is desirous of being licensed under the patent (or copyright) above United, which is owned or controlled by a citizen or subject of _____. (State the enemy country or the ally of the enemy of which the patentee or copyright proprietor is a citizen or subject, or if a corporation where it is incorporated, and if the patent or copyright is not owned but is claimed to be controlled state fully the facts which establish the nature of the control.)

fully or controlled by a citizen or subject of _____ (b) _____ is the ally of _____

this end and their terms and conditional. State the name and address of the manufacturer proposed to be employed and his technical equipment,. etc., and

(h) The application is also to contain the following: "The undersigned intends in good faith to manufacture or cause to be manufactured the article licensed and understands that the license, if granted, may not be assigned and may be canceled by the Federal Trade Commission, after due notice of hearing upon violation by the undermined of any of the provisions of the "Trading with the enemy act ' or of any of the conditions of the license."

(Signed) _____,

Applicant.

OATH FOR AN INDIVIDUAL.

STATE OF _____
County of _____, ss:

_____, being duly sworn, deposes and states that the is the same person whose name is signed to the foregoing statement; that lie has read this statement and' knows and understands its contents; and that it is true.

Subscribed and sworn to before me this _____ day of _____, 191__.

Notary Public.

OATH FOR A CORPORATION.

STATE OF _____
County of _____, ss:

_____, being duly sworn, deposes and states that he is the _____ of _____, the corporation whose name is signed to the foregoing statement; that the is duly ,authorized to swear to such statement on behalf of such corporation; that the has read this statement and knows and understands its contents; and that it is true.

Subscribed and sworn to before me this _____ day of _____, 19__.

Notary

Public.

EXHIBIT 6.

FEDERAL TRADE COMMISSION v. BOTSFORD LUMBER CO. ET AL.

UNITED STATES OF AMERICA,

Edgemont, S. Dak.; J. J. Stehly, Hecla, S. Dak.; C. A. Finch Lumber Co., La
Moure, N. Dak.; Bond Lumber Co., Minot, N. Dak.; Piper-Howe Lumber Co.,
Minot, N. Dak.; Crane-Johnson Lumber Co., Cooperstown, N. Dak.; Dunham
Lumber Co., Bismarck, N. Dak.; Valley Lumber Co., Hillsboro, N. Dak.;
Washburn-Merrick Lumber Co., Bismarck, N. Dak.; ~~Crane-Johnson~~ Lumber Co., A6cD0rg /F011.04 T

Minn.;

the manager of said Lumberman Publishing Co. and the editor of said Mississippi Valley Lumberman, and the said respondent, Platt B. Walker and the Lumberman Publishing Co., hold out said periodical to be the official organ and representative of said regular dealers in the various States where they are located and do business, and said regular dealers receive and accept such trade journal as their official organ and representative. and Munday per Tj 32.04 08 TD 0 Tc () Tj 2.16 0

PARAGRAPH THREE. That the respondent, Luke W. Boyce, residing at Minneapolis, Minn., is a detective, doing business under the trade name and style of "Northern Information Bureau," is

the quantity and quality of lumber or building material required for certain building purposes, and the prices therefor, and also containing requests for the printed matter, advertisements, and other special information furnished bona fide customers and prospective customers by such mail-order houses; that the writers and senders of such letters have no purpose or intention of buying any lumber or building material from such mail-order houses, but write and send such letters to cause such mail-order houses annoyance and delay in the transaction of their business and damage and expense, and for the purpose, among other things, of furnishing time information thus secured to time respondent, Platt B. Walker, for publication, and said respondent, Platt B. Walker, does publish in said trade journal a large amount of the information thus obtained, and thereby, and by other means, the said respondent regular dealers acquaint the said respondent, Platt B. Walker, and each other, of their activities amid participation in such scheme of making such bogus and spurious requests of said mail-order houses, and thus encourage time continued participation in such scheme on the part of the respondents, and thereby cause an increase in the amount of such correspondence with mail-order houses.

118 ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION.

(b) That the respondents, who are regular dealers, largely through the urging, encouragement, and suggestion of the respondent, Platt B. Walker, by published articles in the Mississippi Valley Lumberman and otherwise, and acting thereon and pursuant to such Conspiracy, systematically urge, and use their Influence with, banks, credit-reporting agencies, and others who are called upon by said mail-order houses to make reports as to the identity and occupation of the persons from whom they receive such bogus and spurious requests, to fail to make such reports or to make misleading reports thereon, with the result that such mail-order houses do not, in many cases, receive such reports or receive misleading reports In reference thereto.

(c) That said respondents have endeavored to induce, and in some instances have induced, manufacturers to refrain from and to discontinue furnishing supplies of lumber and building material to some of said mail-order houses, and the said respondents, who are regular dealers, acting with said respondents, Platt B. Walker and Luke W. Boyce, and pursuant to such conspiracy, have, by threats of withdrawal or actual withdrawal, of patronage, compelled certain manufacturers to discontinue selling to mail-order houses, and by the well-known attitude of intolerant hostility of said regular dealers toward the competition of mail-order houses, have deterred and do deter manufactures from selling supplies to such mail-order houses, the same being accomplished (1) by means of information surreptitiously obtained by the respondent, Luke W. Boyce, as to the names and methods of manufacturers selling to mail-order houses and communicated by said respondent, Luke W. Boyce, to said respondent, Platt B. Walker; (2) by means of correspondence carried on by said respondent, Platt B. Walker, with such manufacturers; (3) by the publication in the Mississippi Valley Lumberman by said respondent, Platt B. Walker, of the names of manufacturers who supply mail-order houses; (4) by publication in said trade journal by said respondent, Platt B. Walker, of articles containing direct or implied threats that the regular dealers will withdraw their patronage from such manufacturers if they sell to the mail-order houses; (5) by articles published in said trade journal by the respondent, Platt B. Walker, advising the regular dealers to withdraw their patronage from such

manufacturers; and (6) by publication in said trade journal by the respondent, Platt B. Walker, of a false report to the effect that an Investigation had been instituted by detectives of the Northern Information Bureau, conducted by the respondent, Luke W. Boyce, to ascertain the names of all manufacturers selling to mail-order houses.

(d) That the respondents, Platt B. Walker and Luke W. Boyce, have surreptitiously sought and obtained from employees of mail-order houses confidential information as to the business of mail-order houses, and, in particular, in reference to their source of supplies, financial condition, internal affairs, amid business secrets; and said respondent, Platt B. Walker, has on file with the

[SEAL.]
BRACKEN,

LEONIDAS L.

Secretary.
JOHN WALSH,
Chief Counsel for the Commission.

EXHIBIT 7.

commerce among the several States and Territories of the United States.

PARAGRAPH TWO. That the respondent has, for more than a year last past, systematically given and offered to give to operative bakers using compressed yeast, both its customers and prospective customers and its competitors' customers and prospective customers, as an inducement to purchase or contract to purchase from respondent yeast, without other consideration therefor, in quantities larger than required under the particular circumstances for proper sample or demonstration purposes.

PARAGRAPH THREE. That the respondent has, for more than a year last past, made a systematic practice of giving and offering to give to operative bakers using compressed yeast, both its customers and prospective costumers and its competitors' customers and prospective customers, as an inducement to pur-

chase or contract to purchase yeast from the respondent, and to employees of such users or yeast as an inducement to said employees to influence their respective employers to purchase or contract to purchase yeast from the respondent, gratuities such as liquors, cigars, meals, and other personal property and, in some instances, money.

PARAGRAPH FOUR. That the respondent has, for more than a year last past, systematically given and offered to give to operative bakers using compressed yeasts, both its customers and prospective customers and its competitors' customers and prospective customers, as an inducement to purchase or contract to purchase yeast from the respondent, and to employees of such users of

of

in

furnished to said users of yeast at the respondent's principal distributing centers by its representatives known as "sales agents"; that the expense of such entertainments is charged on the books of account of the respondent as "sales agent's expenses," and is made to obtain and retain the patronage of said operative bakers, and includes, among other things, cigars, drinks, meals, theater tickets, and automobile rides.

PARAGRAPH NINE. That the respondent has, for more than a year last past, systematically delivered, and offered to deliver, to operative bakers, using compressed yeast, as an inducement for said users of yeast to continue or to enter into contracts of purchase of yeast from the respondent, yeast for various periods without any immediate charge therefor, the price of such compressed yeast, so delivered, being included and distributed in the price of yeast delivered during the term of a contract then in existence or made subsequent to the period of such delivery of yeast for which no immediate charge is made.

PARAGRAPH TEN. That time respondent has for more than a year last past systematically made and offered to make to operative bakers using yeast, as an inducement for said users of yeast to continue, or to enter, contracts of purchase of yeast from the respondent, payments of cash, the amount of said

cash payments being included and distributed in the price of yeast delivered under a contract entered at the time of said payment of cash.

PARAGRAPH ELEVEN. (a) That occasionally respondent's representatives have removed, or attempted to remove, competitors' trial samples of compressed yeast from the possession of operative bakers using yeast by substituting or attempting to substitute respondent's yeast therefor, or by purchasing or attempting to purchase from said operative bakers such competitors' trial samples.

(b) That occasionally respondent's representatives have purchased or offered to purchase, or have substituted or offered to substitute, respondent's compressed yeast for competitors' compressed yeast in the hands of competitors' customers.

(c) That occasionally respondent's representatives have followed up competitors' representatives as the latter made the rounds of competitors' customers and prospective customers, with the object of hindering and embarrassing competitor's agents in the sale and delivery of yeast and the transaction or business incident thereto.

PARAGRAPH TWELVE. That at divers times certain agents and representatives or the respondent have made misrepresentations to the trade as to time methods pursued by its competitors in time transaction of said competitors' business.

PARAGRAPH THIRTEEN. That the respondent for more than a year last past has concealed its control of and affiliation with a yeast company, to wit, the Bakers & Consumers' Compressed Yeast Co., a corporation organized and existing under and by virtue of the laws of the State of New Jersey, having its principal office and place of business in the city of New York, State of New York; that the respondent has permitted the said Bakers & Consumers' Compressed Yeast Co. to be held out and advertised as wholly independent and without connection with the respondent and has directed the efforts and business of said Bakers & Consumers' Compressed Yeast Co. to the acquisition of certain trade which respondent was in danger of losing.

II.

PAR. 1. That from October 1, 1915, until the present time the respondent has sold practically 90 per cent of the compressed yeast used by commercial bakers, th

responsible for any failure to sell or deliver said compressed yeast, if such failure be occasioned by strikes or by any other cause beyond their control.

Dated _____, 191__.

_____ *Purchaser.*

In the presence of:

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_____5.T 395.52m2_____r5s

respondent, giving as their reason that they were under contract with respondent.

III.

PAR. 1. That for more than one year last past respondent has sold compressed yeast to operative bakers on time basis of :

Bakers using 500 pounds or more per week, 10 cents per pound (which price is called time wholesale price; there have been and are a few customers who used or use from 4,000 to 12,000 pounds per week who have received or are receiving a discount of from 2 per cent to 5 per cent from this price for cash payment of monthly bills within 10 days); bakers using from approximately 300 to 500 pounds per week, 17 cents per pound; bakers using approximately from 200 to 300 pounds per week, 18 to 19 cents per pound; bakers using approximately from 100 to 200 pounds per week, 19 to 20 cents per pound; bakers using approximately from 60 to 100 pounds per week, 21 to 22 ½ cents per pound; bakers using approximately from 30 to 60 pounds per week, 25 cents per pound; bakers using under 25 pounds per week, 25 ½ to 25 cents per pound, largely depending on remoteness of point of delivery. The above figures are the figures applying in the territory of the United States east of the Rocky Mountains.

That owing to competition in various localities it has deviated from such basic prices in order to

in interstate commerce in violation of the provisions of section 5 of an act of Congress approved September 26, 1914, entitled "An act to create a

having made and filed a report containing its findings as to the facts, and its conclusions that the respondent has violated section 5 of an act of Congress approved September 26, 1914, entitled, "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and has violated sections 2 and 3, respectively, of an act of Congress approved October 15, 1914, entitled, "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," which said report is hereby referred to and made a part hereof:

Therefore it is ordered that the respondent, the Fleischmann Co., its officers and agents, cease and desist from:

1. Giving, or offering to give, compressed yeast without to

distribution centers by its representatives known a “sales

Maine, having its principal office and place of business at the

harmony with the selling policy of respondent;

(e) By repeatedly adding to its so-called distributing agents, concerns reported as aforesaid by its salesmen as being in harmony with its selling policy;

(f) By refusing in occasional instances to sell to jobbers, wholesalers, and other dealers withdrawn as aforesaid for failing to resell its product at general sales list prices.

(7)

or other wmtION. 129

That, expressed in the form of a percentage of the net sales, the total costs or expense of jobbers and wholesalers selling according to customary jobbing methods range from 6.3 per cent to 10.71 per cent, and that the common figure (I. e., time predominant, typical, and most frequent figure and the one around which the

are, and each of them is, under the circumstances therein set forth, in violation of the provisions of section 2 of an act of Congress approved October 15, 1914, entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes"; and that the methods of competition set forth in the findings, are, and each of them is, under the circumstances therein set forth, unfair methods of competition in interstate commerce, in violation of the provisions of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

[SEAL.]

(Signed)

WILLIAM B. COLVER,
JOHN FRANKLIN FORT,
VICTOR MURDOCK,

Commissioners.

UNITED STATES OF AMERICA,

Before Federal Trade Commission, ss:

At a regular meeting of the Federal Trade Commission, held at its office in the city of Washington, D. C., On the 26th day of July, 1918.

Present: William B. Colver, chairman; John Franklin Fort, Victor Murdock, Commissioners.

Federal Trade Commission v. The Cudahy Packing Company. Docket No.20.

ORDER TO CEASE AND DESIST.

The Federal Trade Commission having issued and served its complaint herein, and the respondent having entered its appearance by Thomas Creigh and Gilbert H. Montague, its attorneys, and having duly filed its answer admitting certain of the allegations of said complaint and denying certain other allegations thereof, and particularly denying that respondent has ever violated any of the provisions of the acts of Congress mentioned in said complaint or any of the provisions of any other law; and the Commission having offered testimony in support of the charges of said complaint, and respondent having rested its case at the close of the Commission's case, and the Commission on the date hereof having made and filed its report containing its findings as to the facts and its conclusions that respondent has violated section 5 of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and section 2 of an act of Congress approved October 15, 1914, entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," which said report is hereby referred to and a

Provided, That nothing herein contained, shall prohibit respondent from issuing price lists, or printing prices in its advertising or upon containers of “Old Dutch Cleanser,” so long as respondent shall refrain from directly or in directly recommending, requiring, or by any means whatsoever bringing about the resale of “Old Dutch Cleanser” at such prices; and

Provided, further, That nothing herein contained shall prohibit respondent from selling to or soliciting order’s from dealers directly at such prices, or at any other prices fixed by the party through whom such orders are filled.

(SEAL.)

(Signed)

L. L. BRACKEN,

Secretary.