

and special information intended only for bona fide customers and bona fide prospective customers; provided, that nothing herein contained shall be taken to prohibit such requests where disclosures are made by the parties making them of their connection with or their acting for respondent.

FEDERAL TRADE COMMISSION *v.* GEORGE MUENCH.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5, OF THE ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket No. 122.—March 26, 1919.

SYLLABUS.

Where an individual engaged in the manufacture and repairing of machinery gave and offered to give an employee of a customer, without the knowledge and consent of his employer, sums of money, as an inducement for him to influence his employer to purchase his goods or to refrain from dealing with his competitors: *Held*, That such payments and offers to pay, under the circumstances set forth, constituted an unfair method of competition in violation of section 5 of the act of September 26, 1914.

COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it, that George Muench, hereinafter referred to as respondent, has been for more than a year last past, using unfair methods of competition 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 Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in that respect on information and belief as follows:

PARAGRAPH 1. That the respondent, George Muench, is a resident of the State of Connecticut, having his principal factory, office, and place of business located at the city of Stamford, in said State, now and for more than one year last past engaged in manufacturing and selling various kinds of machinery throughout the States and Territories of the

United States, and that at all times hereinafter mentioned, the respondent has carried on and conducted such business in direct competition with other persons, firms, copartnerships and corporations manufacturing and selling like products.

PAR. 2. That in the course of his business of manufacturing and selling machinery throughout the States of the United States and the Territories thereof, the respondent, for more than one year last past, has been systematically and on a large scale, giving and offering to give to employees of both his customers and prospective customers, as an inducement to influence their employers to purchase or contract to purchase from the respondent machinery, without other consideration therefor, gratuities such as liquor, cigars, meals, theater tickets, valuable presents and entertainment.

PAR. 3. That in the course of his business of manufacturing and selling machinery throughout the States and Territories of the United States, the respondent, for more than one year last past, has been systematically, on a large scale, secretly paying and offering to pay to employees of both his customers and prospective customers, and his competitors' customers and prospective customers, without the knowledge and consent of their employers, and without other consideration therefor, large sums of money as an inducement to influence their said employers to purchase or contract to purchase from the respondent machinery or to influence such customers to refrain from dealing or contracting to deal with competitors of the respondent.

PAR. 4. That in the course of his business of manufacturing and selling machinery throughout the States and Territories of the United States, the respondent, for more than one year last past has been, systematically and on a large scale, secretly loaning and offering to loan to employees of both its customers and prospective customers, and his competitors' customers and prospective customers, without the knowledge and consent of their employers, and without other consideration therefor, large sums of money as an inducement to influence their said employers to purchase from the respondent machinery, or to influence such customers to refrain from dealing or contracting to deal with the competitors of the respondent.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission, having reason to believe that the above-named respondent, George Muench, has been, within the two years last past, using unfair methods of competition 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 Federal Trade Commission, to define its powers and duties, and for other purposes," and that a proceeding by it in that respect would be to the interest of the public, and fully stating its charges in that respect, and the respondent having entered his appearance by N. C. Downs, his attorney, and having filed his answer, admitting that certain of the matters and things alleged in said complaint are true in the manner and form therein set forth, and denying others therein contained, and the Commission having offered testimony in support of its charges in said complaint, and the respondent having waived the right to offer testimony in his behalf, and the attorneys for the Commission and respondent having submitted their briefs as to the law and the facts; now, therefore, The Federal Trade Commission makes and enters this, its report, stating its findings as to the facts and its conclusions.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That said respondent, George Muench, is a resident of the State of Connecticut, and has a machine shop and office in the city of Stamford, in said State, and is now and at all times hereinafter mentioned, was engaged in the business of repairing machinery and manufacturing to order and under contract, special machinery, including shaftings for use on bronze powder machines, and that said respondent, George Muench, is not generally engaged in interstate commerce, not having manufactured any machinery or done any repair work to be shipped out of the State of Connecticut into any other State or Territory of the United States except one shipment into the State of Pennsylvania in the year 1916, but said respondent, George Muench, is now and at all times hereinafter mentioned has been engaged in competition with

other persons, firms, copartnerships, and corporations, which last named were and are engaged in the manufacture and sale of like products in interstate commerce.

PAR. 2. That said respondent, George Muench, in the course of his business, for more than two years last past has been systematically and on a large scale secretly paying to one Maximillian J. Fuchs, an employee of the firm of Baer Bros., of New York City, a customer of said respondent, without the knowledge and consent of said Baer Bros., and without any other consideration therefor, large sums of money as an inducement to influence the said customer, Baer Bros., to purchase certain machinery and shafting from the said respondent, or to influence said customer, Baer Bros., to refrain from dealing or contracting to deal with the competitors of said respondent, and that said Maximillian J. Fuchs was the employee delegated by said Baer Bros. to decide upon and select the machinery and shafting to be purchased for said Baer Bros., and also was delegated to select the party from whom said machinery and shafting should be purchased.

PAR. 3. That the said sums of money given as aforesaid caused the said customer, Baer Bros., to refrain from dealing or contracting to deal with a competitor or competitors of said respondent.

CONCLUSIONS.

That the methods set forth in the foregoing findings of fact, under the circumstances therein set forth, are unfair methods of competition, in violation of the provisions of 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."

ORDER TO CEASE AND DESIST.

The Federal Trade Commission, having issued and served its complaint herein, and the respondent, George Muench, having entered his appearance by N. C. Downs, Esq., his attorney, and thereafter the Commission having offered testimony in support of its charges in said complaint, and respondent having waived all right to offer testimony in his behalf, and the attorneys for the Commission and the re-

spondent having submitted briefs as to the law and facts in said proceeding, and the Commission having made and entered its report stating 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," which said report is hereby referred to and made a part hereof: Now, therefore,

It is ordered: That the respondent, George Muench, and his agents, representatives, servants, and employees, cease and desist from directly or indirectly—

(1) Giving or offering to give to the employees of his customers or prospective customers, or those of his competitors' customers or prospective customers, as an inducement to influence their employers to purchase or to contract to purchase from the respondent, George Muench, machinery and machine parts and shafting without other consideration therefor, gratuities, such as money, cash bonuses, commissions, cigars, meals, valuable presents, and other personal property.

(2) Giving or offering to give to employees of his customers or prospective customers, or those of his competitors' customers or prospective customers, as an inducement to influence their employers to purchase or to contract to purchase from the respondent machinery and machine parts and shafting, etc., without other consideration therefor, entertainment, consisting of amusements or diversions of any kind whatsoever.

FEDERAL TRADE COMMISSION *v.* THE LASSO PICTURES CO.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF
SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER
26, 1914.

Docket No. 222.—March 26, 1919.

SYLLABUS.

Where a concern engaged in producing, leasing, and selling motion-picture films acquired certain films previously displayed to the public by others, and, with intent and effect of deceiving and mis-

leading the public and of injuring competitors, changed the names and titles of the films so obtained, and sold, leased, and offered the same for sale under new names and titles, for exhibition as new and original films:

Held, That the relabeling and sale of old films, under the circumstances set forth, constituted an unfair method of competition in violation of section 5 of the act of September 26, 1914.

COMPLAINT.

The Federal Trade Commission, having reason to believe, from a preliminary investigation made by it, that the Lasso Pictures Co., hereinafter referred to as respondent, has been and is using unfair methods of competition 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 Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in that respect on information and belief as follows:

PARAGRAPH 1. That the respondent, The Lasso Pictures Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, with its principal offices and place of business located at the city of New York, in said State, now and at all times hereinafter mentioned engaged in the business of producing, leasing, and selling motion pictures generally in commerce throughout the various States of the United States, the Territories thereof, and the District of Columbia, in competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That the respondent, The Lasso Pictures Co., with its office and principal place of business located at the city of New York, State of New York, in the conduct of its business purchases and enters into contracts of purchase for certain motion-picture films in the different States and Territories of the United States, transporting the same through other States of the United States in and to the city of New York, State of New York, the same being continuously moved to, from, and among other States and Territories of the United States and the District of Columbia, and there is

continuously and has been at all times hereinafter mentioned a constant current of trade and commerce in said motion-picture films between and among the various States of the United States, the Territories thereof, and the District of Columbia, and especially to and through the city of New York, State of New York, and therefrom to and through the other States of the United States, the Territories thereof, and the District of Columbia.

PAR. 3. That within the year last past the respondent, the Lasso Pictures Co., with the purpose, intent, and effect of stifling and suppressing competition in the motion-picture industry in interstate commerce, has secured certain motion-picture films which have been exhibited and displayed to the public by motion-picture exhibitors prior to the date respondent secured same, and that respondent changes the title and names of said motion-picture films, sells, leases, and offers for sale such old films for exhibition under new names and titles as new and original motion-picture films; that the exhibiting of such renamed and retitled pictures as aforesaid is calculated and designed to and does defraud and deceive the exhibitors and general public, and mislead them into the belief that said picture films are new and original and were never before exhibited or produced.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission, having reason to believe that the above-named respondents, Jacob Weinberg and Joseph M. Goldstein, copartners doing business under the trade name and style of Lasso Films, have been, within the two years last past using unfair methods of competition 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 Federal Trade Commission, to define its powers and duties and for other purposes," and that a proceeding by it in that respect would be to the interest of the public and fully stating its charges in that respect; and the respondents having entered their appearance by Herman J. Rubenstein, their attorney duly author-

ized and empowered to act in the premises, and having filed their answer admitting that certain of the matters and things alleged in said complaint are true in the manner and form therein set forth, and denying others therein contained, and thereafter having made and executed an agreed statement of facts, which has been heretofore filed in which it is stipulated and agreed by the respondents that the Federal Trade Commission shall take such agreed statement of facts as evidence in this case and in lieu of testimony, and shall forthwith thereupon make its report stating its findings as to the facts, its conclusions, and its order disposing of this proceeding, without the introduction of testimony or the presentation of argument; therefore, the Federal Trade Commission now makes and enters this its report stating its findings as to the facts and its conclusions.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondents, Jacob Weinberg and Joseph M. Goldstein, are copartners doing business under the trade name and style of Lasso Films with their principal office and place of business located in the city of New York in said State, and are now and at all times hereinafter mentioned engaged in the business of producing, leasing, and selling motion-picture films generally in commerce throughout the various States of the United States, the Territories thereof, and the District of Columbia in competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That the respondents, Jacob Weinberg and Joseph M. Goldstein, in the conduct of their business purchased and entered into contracts of purchase for certain motion-picture films in the different States of the United States, transporting the same through various States of the United States in and to the city of New York, State of New York; the same being continually moved to, from, and among other States and Territories of the United States and the District of Columbia, and there is continuously and has been at all times hereinafter mentioned, a constant current of trade and commerce in said motion-picture films between and among the

various States of the United States, the Territories thereof, and the District of Columbia, and especially to and through the city of New York, State of New York and therefrom to and through the other States of the United States, the Territories thereof, and the District of Columbia.

PAR. 3. That within the year last past prior to the issuance of the complaint herein, the respondents Jacob Weinberg and Joseph M. Goldstein, copartners doing business under the trade name and style of Lasso Films, secured certain motion-picture films which had been exhibited and displayed to the public by motion-picture exhibitors previous to the date respondents secured same, and that respondents after obtaining the said films changed the title and names of the said films, sold, leased, and offered for sale such old films for exhibition under new names and titles as new and original motion-picture films; that the substitution of new names and new titles for old motion-picture films was done with the intent, purpose, and effect of stifling and suppressing competition in the motion-picture industry, and furthermore such substitution of new names and new titles for old motion-picture films is calculated and designed to and does deceive the general public, and mislead them into the belief that the said motion-picture films so renamed and retitled are new and original and have never been exhibited or produced.

CONCLUSION.

That the method of competition set forth in the foregoing findings as to the facts under the circumstances therein set forth, are unfair methods of competition 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 Federal Trade Commission, to define its powers and duties, and for other purposes."

ORDER TO CEASE AND DESIST.

The Federal Trade Commission having issued and served its complaint herein and the respondents, Jacob Weinberg and Joseph M. Goldstein, copartners doing business under the trade name and style of Lasso Films, having entered

their appearance by Herman J. Rubenstein, Esq., their attorney duly authorized and empowered to act in the premises, and having filed their answer and thereafter having made, executed, and filed an agreed statement of facts in which they stipulated and agreed that the Federal Trade Commission should take such agreed statement of facts as the evidence in this case and in lieu of testimony and proceed forthwith upon the same, and to make and enter its report stating its findings as to the facts, its conclusions and its order without the introduction of testimony, and waiving therein any and all right to require the introduction of testimony or the presentation of argument in support of the same, and the Federal Trade Commission having made and entered its report stating its findings as to the facts and its conclusions that the respondents have 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," which said report is hereby referred to and made a part hereof: Now, therefore,

It is ordered: That the respondents, Jacob Weinberg and Joseph M. Goldstein, copartners doing business under the trade name and style of Lasso Films, their agents, representatives, servants, and employees cease and desist from directly or indirectly changing the titles and names of old motion picture films which have been exhibited prior to the date respondent secured same and substituting new names and titles unless it is clearly, definitely, distinctly, and unmistakably shown to purchasers and lessees of motion picture films, and the motion picture theater going public that the motion picture films so renamed and retitled are old motion picture films and are reissued under new names and new titles.

