

FEDERAL TRADE COMMISSION

v.

BUTTERICK COMPANY, FEDERAL PUBLISHING COMPANY, STANDARD FASHION COMPANY, BUTTERICK PUBLISHING COMPANY, NEW IDEA PATTERN COMPANY, AND DESIGNER PUBLISHING COMPANY, INC.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914, AND OF SECTION 3 OF AN ACT OF CONGRESS APPROVED OCTOBER 15, 1914.

Docket 594—August 14, 1923.

SYLLABUS.

Where certain noncompetitive corporations engaged in the manufacture and sale of paper patterns to a substantial proportion of all the merchants of the country available for the distribution and sale of such products, in their contracts of sale—

- (a) Required the merchant or distributor purchaser to agree to sell said patterns only at the prices fixed thereon by the selling corporation, and to observe said agreement; and
- (b) Required the merchant or distributor purchaser to agree not to sell on his premises the patterns of any other manufacturer, and to observe said agreement;

With the effect of substantially lessening competition and tending to create a monopoly:

Held, That the use of such contracts, under the circumstances set forth, constituted an unfair method of competition in violation of Section 5 of an Act of Congress approved September 26, 1914, and a violation of Section 3 of an Act of Congress approved October 15, 1914.

COMPLAINT.

I.

The Federal Trade Commission having reason to believe, from a preliminary investigation made by it, that the Butterick Company, the Federal Publishing Company, the Standard Fashion Company, the Butterick Publishing Company, the New Idea Pattern Company, and Designer Publishing Company, hereinafter referred to as the respondents, have been and now are 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 upon information and belief as follows:

PARAGRAPH 1. That Butterick Company, Butterick Publishing Company, Standard Fashion Company, New Idea Pattern Company, and Designer Publishing Company are corporations organized and existing under the laws of the State of New York; that Designer Publishing Company is a consolidation of and successor to Standard Fashion Company and New Idea Pattern Company; that Federal Publishing Company is a corporation organized and existing under the laws of the State of New Jersey and that each of said respondents has an office and its principal place of business in New York City, N. Y.

PAR. 2. That Federal Publishing Company owns and controls all the issued and outstanding capital stock of Butterick Publishing Company and Standard Fashion Company; that Butterick Company owns and controls all the issued and outstanding capital stock of Federal Publishing Company and New Idea Pattern Company and likewise owns or controls all the issued and outstanding capital stock of Designer Publishing Company; that Butterick Publishing Company and Designer Publishing Company as the consolidation of and successor to Standard Fashion Company and New Idea Pattern Company, are each engaged in the manufacture and sale in interstate commerce, of paper dress patterns of women's and children's garments and in the publication and distribution in interstate commerce of periodicals and catalogues advertising and illustrating such patterns, and that in the conduct of such business the last-named respondents are operated, directed, and controlled by Federal Publishing Company and Butterick Company.

PAR. 3. That the manufacture and sale of paper patterns for women's and children's garments is practically dependent upon their distribution to the consumer through the medium of retail dry goods stores in which such patterns are carried as staple articles of trade; that each and all of the respondents are in competition with other producers of such patterns, but not with each other, for the dry goods stores which act as centers of distribution and for purchasers of such patterns from the stores.

PAR. 4. That the sale of paper dress patterns is a valuable and important asset to a retail dry goods dealer, as it tends toward the sale of the goods from which such patterns are made up and to increase the business of the store, particularly when the dress patterns are extensively advertised by their manufacturers.

PAR. 5. That one of the practices of respondents is to fix a price for the resale of their patterns, in pursuance of which they have severally but in common action entered into written contracts with about twenty thousand retail dry goods dealers throughout the

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United States, each contract binding the dry goods retailer to maintain the resale price, which practice the respondents enforce by refusing to sell their patterns to dealers who refuse to enter into such contracts.

PAR. 6. That another of the practices of respondents is to exclude the patterns of their competitors from the dry goods stores in which their own patterns are on sale, in pursuance of which they have severally but in common action entered into written contracts with about twenty thousand retail dry goods dealers throughout the United States, each contract binding the dry goods retailer not to sell or permit the sale of any competitor's patterns on the premises, which practice the respondents enforce by threats to refuse and by refusals to sell its patterns to the dry goods retailers who refuse to enter into such contracts or be bound thereby, having entered into such contracts, and as well by threats of suits and institution of suits for damages.

PAR. 7. That the use by each and all of said respondents severally and in their common action of either and both of the above mentioned practices is an unfair method of competition in commerce within the meaning of Section 5 of an act of Congress entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914.

II.

The Federal Trade Commission having reason to believe, from a preliminary investigation made by it, that the Butterick Company, the Federal Publishing Company, the Standard Fashion Company, the Butterick Publishing Company, the New Idea Pattern Company, and Designer Publishing Company, hereinafter referred to as the respondents, have been and now are violating the provisions of Section 3 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," issues this complaint, stating its charges in that respect on information and belief as follows:

PARAGRAPH 1. That the several recitals of paragraphs 1 to 6, inclusive, are hereby charged as fully and completely as though the said several paragraphs were herein repeated verbatim.

PAR. 2. That the actions and doings of the said respondents severally and in their common interest, hereinabove referred to and recited may be to substantially lessen competition and tend to create a monopoly in the line of commerce therein described, contrary to the intent and meaning of Section 3 of the Act of Congress entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission having issued and served its complaint herein, wherein it is alleged that it had reason to believe that the above-named respondents have been and now are using unfair methods of competition in interstate commerce in violation 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 the said respondents have been and are violating the provisions of Section 3 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 a proceeding by it as to such alleged violation of Section 5 of the Act of September 26, 1914, would be to the interest of the public; and fully stated its charges in that respect; and respondents having entered their appearances by their attorneys and having duly filed their answer; and testimony in said proceedings having been taken before an examiner of the Commission, and thereupon this case came on for final hearing and the Commission having heard argument of counsel and having duly considered the record and being now fully advised in the premises, makes this its findings as to the facts and conclusion.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. The respondents, the Butterick Company, the Butterick Publishing Company, the Standard Fashion Company, the New Idea Pattern Company, and the Designer Publishing Company, Inc., are corporations organized and existing under the laws of the State of New York, and the respondent, the Federal Publishing Company, is a corporation organized and existing under the laws of the State of New Jersey.

The office and place of business of each of the said respondents, except the New Idea Pattern Company, is in the Butterick Building, No. 223 Spring Street, New York City; the principal office and place of business of the New Idea Pattern Company is 236 Broadway, New York, N. Y.

The Federal Publishing Company owns all the capital stock of the Butterick Publishing Company, except certain qualifying shares and one-half of the capital stock of the Designer Publishing Company, Inc., except certain qualifying shares.

The Butterick Company owns all of the capital stock of the Federal Publishing Company, except certain qualifying shares and one-

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half of the capital stock of the Designer Publishing Company, Inc., except certain qualifying shares.

On the 7th day of January, 1920, the respondents Standard Fashion Company and the New Idea Pattern Company were consolidated as the Designer Publishing Company, Inc., and the said Designer Publishing Company, Inc., succeeded to the business, property, assets, contracts, and interests of every kind and nature of the said Standard Fashion Company and the New Idea Pattern Company.

PAR. 2. By reason of common stock ownership mentioned in paragraph 1 hereof the respondents are not in ultimate competition with each other, and by reason of their ownership of the capital stock of the Standard Fashion Company, the New Idea Pattern Company, the Designer Publishing Company, Inc., and the Butterick Publishing Company, the respondents, the Butterick Company and the Federal Publishing Company, elect the directors who control the business activities of each of said respondents, the Butterick Publishing Company and the Designer Publishing Company, Inc., and while they existed, controlled the Standard Fashion Company and the New Idea Pattern Company.

PAR. 3. The term "pattern," as hereinafter used, means one of the paper patterns which are manufactured by all concerns engaged in the industry and which are put up in envelopes and sold to the purchasing public in that form. These patterns are distributed to the user, the consuming public, through department stores, dry goods stores, and other stores, in cities, towns, and villages, throughout the United States and through the mail to purchasers in the country districts, and the term "distributor," as hereinafter used, refers to department stores, dry goods stores, and other stores where patterns are sold at retail to the public.

PAR. 4. The sale of paper dress patterns is a valuable and important asset to a retail dry goods dealer, as it tends toward the sale of the goods from which such patterns are made up, and to increase the business of the store, particularly when the dress patterns are extensively advertised by their manufacturers.

PAR. 5. There are in the United States approximately 132,000 cities, towns, and villages. Of this number 287 contain 25,000 inhabitants or more; 259 contain 10,000 to 25,000; 721 contain 5,000 to 10,000; and 4,808 contain from 1,000 to 5,000 inhabitants, and it is not found advisable by the pattern companies engaged in manufacturing and selling patterns to have a distributor in places with less than 1,000 trading inhabitants, although in the west some towns or villages with 500 inhabitants have a distributor for one or more of

the manufacturers engaged in the pattern industry, because said town or village is the center of a trading district.

PAR. 6. Prior to the organization of the Designer Publishing Company, Inc., the Standard Fashion Company and the New Idea Pattern Company were each engaged in the business of manufacturing and selling patterns and in the course of such business said respondents each maintained a factory in the city of New York, State of New York, in which patterns were designed, manufactured, and prepared for shipment to distributors and purchasers thereof, and since the organization of the Designer Publishing Company, Inc., as the successor of Standard Fashion Company and the New Idea Pattern Company, the Designer Publishing Company, Inc., has been engaged in like business, and in the course of such business it has maintained and operated in the city of New York, in the State of New York, a factory in which it designs, makes, and prepares patterns for shipment to distributors and purchasers thereof.

The Standard Fashion Company and the New Idea Pattern Company, prior to the organization of the Designer Publishing Company, Inc., and the Designer Publishing Company since its organization each in the course of its business sold products to distributors and purchasers thereof located in States other than the State of New York, and pursuant to such sales caused such products to be transported by common carriers from the State of New York through and into States of the United States other than the State of New York and into the District of Columbia to distributors or purchasers thereof.

The Butterick Publishing Company is engaged in the business of manufacturing and selling patterns and in the course of its business maintains in the city of New York, and State of New York, a factory in which such patterns are designed, manufactured, and prepared for shipment to distributors and purchasers thereof, and said respondent sells products to distributors and purchasers located in States other than the State of New York and causes said products to be transported by common carriers from the State of New York through and into many States of the United States and the District of Columbia to such distributors and purchasers.

The success of the business of manufacturing and selling patterns depends upon their distribution to the consumers by retail stores in which are sold piece goods from which women's and children's garments can be made and each of the respondents is in active competition with other producers of patterns in securing such retail stores to act as distributors for its product.

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PAR. 7. There are in the United States approximately 50,000 merchants available for the sale of patterns. Of this number the respondent, Butterick Publishing Company, in the course of its business contracted with approximately 9,500 of such merchants under contracts of which true specimen copies are in evidence (Com. Ex. A, B and B-1), and which said contracts are in the following words and figures, to wit:

EXHIBIT A

19____

THE BUTTERICK PUBLISHING CO.,

Butterick Building, New York, N. Y.

GENTLEMEN: Please sell and deliver to the undersigned purchaser, f. o. b. New York City, or at your Branch Office in _____ the following goods and merchandise:

Butterick Patterns: An assortment of the new issues each month averaging \$_____ net. Additional Patterns, as ordered. Discount, singly or in quantity, 50 per cent from retail prices.

_____ Section of Tills, _____ holes each, at _____ cents per hole.
 _____ Ruled Postal Cards, at _____ cents each, addressed to you or your Branch Office, for ordering Patterns.

Butterick Fashion Sheets, monthly, as follows, beginning with _____ issue, 19____.

January_____	July_____
February_____	August_____
March_____	September_____
April_____	October_____
May_____	November_____
June_____	December_____

Price, \$1.00 per hundred. On lots of 500 or more of an issue, purchaser's advertisement printed on front page at an extra charge of \$1.00 per lot. On lots of not less than 250 of an issue, purchaser's business card printed on front space at an extra charge of 50 cents per lot. Smaller quantities furnished with a blank space for a hand stamp. No advertisement printed on less than 500 of an issue, and no business card printed on less than 250 of an issue.

One Rubber Hand Stamp, three lines, with ink pad, \$1.00 Counter Catalogue, Pamphlet Edition: One subscription beginning with _____ issue, 19____, at \$1.50 per annum.

Publications, as follows, at regular net prices, these quantities subject to modification:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
The Delineator_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Butterick Quarterly_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Butterick Transfer_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

(For Embroidery, braiding, etc.)

NOTE.—Unsold copies of THE DELINEATOR AND BUTTERICK QUARTERLY are returnable for cash credit at cost.

Signs: _____ Outdoor and _____ Indoor. Send with first shipment. These signs are consigned and remain your property.

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Shipping Directions: First shipment by _____ Monthly goods by _____

Transportation charges on all goods ordered or returned, payable by purchaser. All goods ordered (except the Subscription to the Counter Catalogue, and the Fashion Sheets, which are payable yearly in advance), will be paid for on or before the 15th of the month following their shipment.

The Patterns discarded from your catalogue will be exchangeable during the months of January and July for new patterns at nine-tenths of the sum paid for them, and all Patterns on hand at the expiration of the term of this order will be returnable for repurchase at three-quarters of cost in cash, if delivered to your New York office in good condition, payable within one month from date of delivery.

The undersigned agrees to receive and distribute gratuitously, regularly as issued, the Butterick Fashion Sheets during the term of this order; to use best endeavors to advance the sale of Butterick Patterns; not to sell, or permit to be sold, on the premises of the undersigned during the term of this agreement, any other make of patterns; not to sell Butterick Patterns except at label prices and to conserve your interests at all times.

This order is to continue in force for a term of three years from date, and from year to year thereafter until it shall be terminated by either party giving the other a three months' terminating notice in writing, at the expiration of any contract period, or within thirty days thereafter, this order to remain in force during said three months.

Failure or neglect by either party to perform any provision of this agreement will, at the option of the other, release the other party from all obligations hereunder.

Purchaser's Name_____

Address_____

We accept the above contract order, and hereby sell and agree to sell the goods specified upon the terms and conditions above set forth.

THE BUTTERICK PUBLISHING COMPANY,

By_____

EXHIBIT B

THIS AGREEMENT, made this _____ day of _____, 19____, between THE BUTTERICK PUBLISHING COMPANY, of New York, N. Y., party of the first part, and _____ of _____ party of the second part, witnesseth:

THAT THE PARTY OF THE FIRST PART AGREES: To grant, and does hereby grant, to the party of the second part the right to act as Special Agent for the sale of its Patterns in the _____ of _____, State of _____; To sell and deliver f. o. b. New York, or at its Branch office in _____ to said party of the second part, Patterns at 50 per cent of retail prices, and advertising matter at the prices specified on the reverse side hereof; To allow said party of the second part to return twice during each year (in January or February and in July or August) at nine-tenths of the sum paid for them, Patterns purchased hereunder in exchange for new Patterns to be shipped thereafter but not in exchange for other goods than Patterns; to permit the sum of _____ Dollars, part of the purchase price of patterns, to stand unpaid on

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its books as a "Standing Credit" to bear interest at 5 per cent per annum, payable semiannually on January 15 and July 15 of each year, and to become due and payable on the termination of this agreement, either by regular notice or otherwise.

THAT THE PARTY OF THE SECOND PART AGREES, In consideration thereof: To purchase from the party of the first part, and to keep on hand for sale at all times during the period this agreement continues in force, Patterns to the amount of ----- Dollars, at 50 per cent of retail prices; To allow said party of the first part, or any party delegated by it, to examine and take account of the Pattern Stock at any time it may desire; To purchase for free distribution Fashion Sheets from the party of the first part to a number not less than ----- Sheets of Butterick Fashions per annum; To pay to the party of the first part, for Patterns to be furnished by it as original stock, the sum of ----- dollars, as follows -----

And to pay for other goods purchased from said party of the first part on or before the fifteenth day of the month succeeding the month of purchase; To pay transportation on goods ordered or returned; To keep the Patterns on the ground floor of the building; To give or cause to be given by a lady attendant proper attention to the sale of the Patterns; To conserve the best interests of the party of the first part at all times; not to sell or permit to be sold on the premises of the party of the second part during the term of this contract, any other make of patterns; not to sell Butterick Patterns except at label prices; and not to remove the Pattern stock from its original location nor to assign it or the agency without the written consent of the party of the first part.

THAT IT IS MUTUALLY AGREED: This agreement shall remain in force for the term of two years from date and from year to year thereafter until it shall be terminated in the following manner: At any time within 30 days after the expiration of any contract term as herein specified, either party may give the other a notice, in writing, of a desire to terminate the agreement, and upon the expiration of 6 months following such notice, or within 1 week—either before or after—said expiration, all Patterns held by party of the second part shall be returned to party of the first part at its General Office in New York; and if all the provisions of this agreement shall have been performed by party of the second part, the party of the first part shall pay to said party of the second part, in current funds, within 30 days of the time of delivery to it of said Patterns, three-fourths of the amount charged for the same, but patterns returned, either for exchange or for redemption at the termination of the agreement, must have been procured *direct* from the party of the first part, *and not through any other party*; and Patterns stamped or marked (otherwise than by mark affixed by party of the first part at the time of sale), wet, opened or in any way damaged or defaced, shall not be returnable. Failure or neglect to perform the provisions of this agreement by either party shall, at the option of the other, release said other party from all obligations hereunder; and failure to require compliance with the strict letter of this agreement shall not constitute a waiver of any condition of the agreement, nor forfeit nor prejudice any rights hereunder.

IN WITNESS OF THIS AGREEMENT we have hereunto signed our names this _____ day of _____ 19____.

Done at _____

THE BUTTERICK PUBLISHING CO.

Per _____

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EXHIBIT B-1

THE BUTTERICK PUBLISHING CO., _____ 19____
Butterick Building, New York, N. Y.

GENTLEMEN: Please sell and deliver to the undersigned Purchaser, f. o. b. New York City, or at your Branch Office in _____, the following goods and merchandise:

BUTTERICK PATTERNS as follows, at 50 per cent of retail price.

Original Stock, including _____ issue, \$_____ net. New Patterns each month, \$_____ net. Additional Patterns as ordered.

_____ Section of Tills, _____ holes each, at 8 cents per hole, with pattern stock inserted.

Butterick Fashion Sheets, monthly as follows, beginning with _____ issue, 19____.

January_____	July_____
February_____	August_____
March_____	September_____
April_____	October_____
May_____	November_____
June_____	December_____

Price, 75 cents per hundred. On lots of 500 or more of an issue, purchaser's advertisement printed on front page, at an extra charge of \$1 per lot. On lots of not less than 250 of an issue, purchaser's business card printed on front card space at an extra charge of 50 cents per lot. Smaller quantities furnished with a blank space for hand stamp. No advertisement printed on less than 500 of an issue, and no business card printed on less than 250 of an issue.

Quarterly Catalogues, beginning with _____ issue, 19____, as follows:

Spring_____	Autumn_____
Summer_____	Winter_____

Price, \$2 per hundred. Purchaser's card printed on front page on lots of 100 or more without extra charge. On lots of 500 or more of an issue, purchaser's card on front page and advertisement on last page at an extra charge of \$2. On lots of 1,000 or more of an issue, no extra charge for purchaser's card and advertisement.

Publications, as follows, at regular net prices, these quantities subject to modification:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
The Delineator_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Counter Catalogue } _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(Monthly) } _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Butterick Fashions } _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(Quarterly) } _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Butterick Embroidery Book } _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

NOTE.—Unsold copies of THE DELINEATOR, BUTTERICK FASHIONS and EMBROIDERY BOOK are returnable for cash credit at cost.

Shipping Directions: First shipment by _____ Monthly goods by _____.

Transportation charges on all goods ordered or returned, payable by purchaser.

All goods ordered, except the original pattern stock, will be paid for on or before the 15th of the month following their shipment. The purchase price of the original stock of patterns will be paid as follows:

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\$----- on signing this contract order; \$----- on or before -----; the balance (\$-----) is to remain unpaid until the termination of this arrangement, and to bear interest at 3 per cent per annum, payable semiannually on January 15th and July 15th of each year.

The Patterns discarded from your catalogue will be exchangeable during the months of January and July for new patterns at nine-tenths of the sum paid for them, and all Patterns on hand at the expiration of the term of this order will be returnable for repurchase at three-fourths of cost in cash, if delivered to your New York office in good condition, payable within one month from date of delivery.

The undersigned agrees: To purchase and keep on hand for sale at all times, Butterick Patterns to an amount not less than the original stock as above specified; to permit you, or your representative, to count the stock of patterns at any time, and to accept patterns sent to fill up any shortage; to receive and distribute gratuitously regularly as issued the Butterick Fashion Sheets and Quarterly Catalogues during the term of this order; to keep the patterns on the ground floor of the building; to give or cause to be given proper attention to the sale of Butterick Patterns; to use best endeavors to advance their sale; not to sell, or permit to be sold, on the premises of the undersigned during the term of this agreement, any other make of patterns; not to sell Butterick Patterns except at label prices; to conserve your interests at all times; and not to remove the pattern stock from its original location without your written consent.

This order is to continue in force for a term of 3 years from date, and from year to year thereafter until it shall be terminated by either party giving the other a 3 months' terminating notice in writing, at the expiration of any contract period, or within 30 days thereafter, this order to remain in force during said 3 months.

Failure or neglect by either party to perform any provision of this order will, at the option of the other, release the other party from all obligations hereunder.

Purchaser's Name-----

Address-----

We accept the above contract order, and hereby sell and agree to sell the goods specified upon the terms and conditions above set forth.

THE BUTTERICK PUBLISHING COMPANY,

Per -----

Of the total business done by the respondent, the Butterick Publishing Company, 90 per cent is conducted under the contract heretofore set out and marked Exhibit B, and 10 per cent under the contracts marked Exhibit A and contract marked Exhibit B-1.

Of the said 50,000 merchants above mentioned, the respondent, the Standard Fashion Company, on January 7, 1920, had contracts outstanding and in force with approximately 6,000 of such merchants.

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True specimen copies thereof are in evidence (Com. Ex. C and D), and which said contracts are in the following words and figures to wit:

EXHIBIT C

STANDARD FASHION CO.,

12-14-16 Vandam Street, New York.

Please sell and deliver to undersigned purchaser by

-----Express	} at	New York
-----Freight		Boston
		Chicago
		San Francisco

FASHION SHEETS

(Issued Monthly. \$1.00 a hundred)

Jan-----	April-----	July-----	Oct-----
Feb-----	May-----	Aug-----	Nov-----
Mar-----	June-----	Sept-----	Dec-----

On lots of 250 or more of one issue of Fashion Sheets, Merchant's Card printed at 50 cents for each printing.

On lots of 500 or more of one issue, Merchant's Card and Advertisement printed.

DESIGNERS

(Issued Monthly)

Jan-----	April-----	July-----	Oct-----
Feb-----	May-----	Aug-----	Nov-----
Mar-----	June-----	Sept-----	Dec-----

STANDARD QUARTERLY.

(Issued Quarterly.)

Jan-----	April-----	July-----	Oct-----
Feb-----	May-----	Aug-----	Nov-----
March-----	June-----	Sept-----	Dec-----

Designer and Standard Quarterlies to be furnished at regular agent's rates; unsold copies returnable for cash credit at cost.

One Copy monthly of the Large Catalogue for Counter Use at regular agent's rate.

\$----- at net prices of New Monthly Patterns as issued. (This order optional with purchaser.)

You will furnish additional patterns as ordered by me from time to time, and all patterns to be charged at 50 per cent off retail prices.

Commence these orders for monthly goods with the ----- issue and continue during term of this arrangement shipping by ----- Signs ----- (No charge for signs.)

----- Printed Postal Cards, 2 cents each; 5 Line Rubber Stamp, Ink and Inking Pad, \$1.00.

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Fashion Sheets to be paid for yearly in advance. All other goods to be paid for on or before 15th of month succeeding month of shipment.

All transportation on goods ordered or returned payable by undersigned purchaser.

Each January and July, patterns discarded to be delivered to you for credit at nine-tenths cost in exchange for other patterns to be shipped thereafter.

At the termination of this arrangement in the manner provided below, and the conditions of this contract-order having been fulfilled by the purchaser, all patterns on hand to be returned for cash credit at three-quarters cost.

Patterns returned in exchange or for redemption must have been purchased hereunder and must be delivered to you in good condition.

The undersigned purchaser agrees to promote the sale of Standard Patterns by every reasonable means; to sell Standard Patterns only at label prices, and not to sell or permit to be sold on purchaser's premises, during the term of this contract-order, any other make of pattern.

This agreement to remain in force for a term of 3 years from date of first shipment, and from term to term thereafter until terminated by 3 months' written notice from either party to the other, giving at the expiration of the original, or any subsequent term, or within 30 days thereafter.

Purchaser's name _____

Date _____ Town _____ State _____

Received on account of above contract-order _____ Dollars, which order is hereby accepted.

STANDARD FASHION COMPANY,

Per _____

EXHIBIT D

STANDARD FASHION Co.,

12-14-16 Vandam Street, New York.

You will please sell and deliver to undersigned purchaser by

_____ Express	} at New York Boston Chicago San Francisco
_____ Freight	

_____ Standard Patterns at net invoice prices, assortment to include styles of _____ issue, packed in _____ pigeonholes @ _____ per hole, _____ cabinets @ \$1.50 per drawer, to be paid as follows: _____ the balance of the purchase price _____ to remain unpaid on your books while this arrangement continues in force, becoming due and payable at its termination, on which undersigned purchaser will pay interest at 5 per cent per annum due January 15th of each year.

FASHION SHEETS

(Issued Monthly. \$1.00 a hundred)

Jan. _____	April _____	July _____	Oct. _____
Feb. _____	May _____	Aug. _____	Nov. _____
March _____	June _____	Sept. _____	Dec. _____

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On lots of 250 or more of one issue of Fashion Sheets, Merchant's Card printed at 50 cents for each printing.

On lots of 500 or more of one issue, Merchant's card and Advertisement printed.

DESIGNERS

Issued Monthly

Jan_____	April_____	July_____	Oct_____
Feb_____	May_____	Aug_____	Nov_____
March_____	June_____	Sept_____	Dec_____

STANDARD QUARTERLY

Issued Quarterly

Jan_____	April_____	July_____	Oct_____
Feb_____	May_____	Aug_____	Nov_____
March_____	June_____	Sept_____	Dec_____

Designers and Standard Quarterlies to be furnished at regular agent's rates; unsold copies returnable for cash credit at cost.

One Copy monthly of the Large Catalogue for Counter Use at regular agent's rate.

\$_____ at net prices of New Monthly Patterns as issued.

You will furnish additional patterns as ordered by me from time to time and all patterns to be charged at 50 per cent off retail prices. Commence these orders for monthly goods with the ____ issue and continue during term of this arrangement, shipping by _____ Signs _____ (No charge for signs.)

All goods to be paid for on or before 15th of month succeeding month of shipment.

All transportation on goods ordered or returned payable by undersigned purchaser.

Each January and July, patterns discarded to be delivered to you for credit at nine-tenths cost in exchange for other patterns to be shipped thereafter.

At the termination of this arrangement in the manner provided below, and the conditions of this contract-order have been fulfilled by the purchaser, all patterns on hand to be returned for cash credit at three-fourths cost.

Patterns returned in exchange or for redemption must have been purchased hereunder and must be delivered to you in good condition.

Pattern stock on hand to be maintained at or above \$_____ net.

The undersigned purchaser agrees to promote the sale of Standard Patterns by every reasonable means; to sell Standard Patterns only at label prices, and not to sell or permit to be sold on purchaser's premises, during the term of this contract-order, any other make of pattern. Pattern stock to be kept on ground floor of building.

This agreement to remain in force for a term of three years from date of first shipment, and from term to term thereafter until terminated by three

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months' written notice from either party to the other, given at the expiration of the original, or any subsequent term or within 30 days thereafter.

Purchaser's name _____

Date _____ Town _____ State _____

Received on account of above contract-order _____ Dollars, which order is hereby accepted.

STANDARD FASHION COMPANY,

Per _____

EXHIBIT D-1

MUTUAL AGREEMENT between the STANDARD FASHION COMPANY, of New York, first party, and _____ of _____ State of _____, second party.

FIRST PARTY hereby grants to second party an Agency for the sale of STANDARD PATTERNS for _____ in the City of _____, State of _____ for a term of 3 years from date hereof, and from term to term thereafter until this agreement is terminated, as hereinafter provided, and agrees to sell and deliver f. o. b. New York, or at its Branch Office in _____, to second party, STANDARD PATTERNS at a discount of 50 PER CENT, from retail prices, and advertising matter at the prices and on the conditions named on the reverse side hereof; also such other publications as may be issued by first party, at regular agent's rates; to allow second party to return discarded patterns semiannually, between January 15th and February 15th, and July 15th and August 15th, in exchange, at nine-tenths cost, for other patterns to be shipped at the time of return or thereafter, but not in exchange for other goods than patterns. Patterns returned for exchange must have been purchased by second party from first party direct and must be delivered in good order to first party at its General Office in New York.

SECOND PARTY agrees, in consideration of the above, to purchase from first party, for free distribution, STANDARD FASHION SHEETS to a number not less than _____ per annum, and HANDY CATALOGUES to a number not less than _____ per annum; and to pay transportation charges on all goods ordered or returned under this agreement; to purchase and keep on hand at all times, except during the periods of exchange specified above, _____ Dollars' value in Standard Patterns at net invoice prices, and to pay for a pattern stock of the amount stated above, to be selected by the first party, the terms of payment to be as follows: _____ Dollars at time of signing this contract, and _____ Dollars in 30 days after shipment of stock, _____ the balance of the purchase price _____ Dollars to remain unpaid, as a Standing Credit, during the continuance of this agreement, and to become due and payable at its termination, second party to pay interest on this Standing Credit at the rate of 3 per cent per annum, on January 15th of each year; all other purchases to be paid for on or before the 15th day of the month succeeding the date of shipment.

Second party also agrees not to assign or transfer this agency, nor to remove it from its original location without the written consent of said first party, not to sell or permit to be sold on the premises of second party, during the term of this contract, any other make of patterns and not to sell Standard Patterns except at label prices. Second party further agrees to permit first party or its representative to take account of pattern stock whenever it de-

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sires, to pay proper attention to the sale of Standard Patterns, to conserve the best interests of the agency at all times, to reorder promptly all patterns sold, and to give the department a prominent position on the ground floor in the store.

EITHER PARTY, desirous of terminating this agreement, must give the other party three month's notice in writing, within thirty days after the expiration of any contract period as above specified, the agency to continue regularly during such three months. Upon expiration of such notice, second party agrees to promptly return to first party all Standard Patterns bought under this contract and then on hand, which first party agrees to credit on receipt in good order at three-fourths cost, paying to second party, within thirty days after receipt of same, in cash, any balance due. Neglect to return the pattern stock within two weeks after expiration of three months' notice shall relieve first party from all obligation to redeem the same. Failure to require compliance with the strict letter of this agreement shall not constitute a waiver of any condition nor forfeit nor prejudice any right hereunder.

It is hereby acknowledged by both parties that there are no verbal understandings between them conflicting with this contract.

Dated _____ 19__

Done at _____ State of _____

STANDARD FASHION COMPANY.

Per _____

(First Party)

(Second Party)

Of the total business done by respondent, the Standard Fashion Company, approximately 5 to 7 per cent was done under the contract above marked Exhibit C, 10 to 12 per cent under the contract marked Exhibit D, and 80 to 85 per cent under the contract marked Exhibit D-1.

Of the said 50,000 merchants mentioned above the New Idea Pattern Company, at the time of its consolidation with the respondent, the Designer Publishing Company, had contracts outstanding and in force with approximately 4,000 of such merchants. A true specimen copy is in evidence (Com. Ex. E) and which said contract is in the following words and figures, to wit:

EXHIBIT E.

To _____

Agency.

No.

THE NEW IDEA PATTERN COMPANY, a corporation of the State of New York, hereinafter called the Publisher, and _____, hereinafter called the Merchant, for good and valuable considerations hereby mutually acknowledged, have entered into an arrangement, the details of which are as follows:

THE PUBLISHER grants the Merchant the right to act as special agent for the sale of its Patterns in _____ and agrees to sell and deliver to the Mer-

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chant at Publisher's principal office in New York City or its western office in Chicago, Illinois, its Patterns, Fashion Sheets, etc., in the quantities and at the intervals hereinafter mentioned, and the Merchant hereby agrees to pay for same at the prices and in the manner hereinafter specified, and to pay all transportation expense on same.

THE MERCHANT agrees to purchase from the Publisher a first or original stock of patterns to the value of _____ Dollars (\$_____) net, including the _____ date styles and _____ case _____ to hold the same; also the new patterns as issued monthly thereafter, as follows:

LADIES PATTERNS: Bust Measures 32 34 36 38 40 42 44.
Waist 22 24 26 28 30 32 34.

MISSSES' PATTERNS: 14 16 18 years. Girls' and Children's _____

MEN'S _____ one size _____

THE PUBLISHER agrees to permit the sum of _____ Dollars (\$_____), part of the purchase price of the original stock of patterns, to stand unpaid on its books as a standing credit, to bear interest at two per cent per annum, payable semiannually on January 15th and July 15th of each year, and to become due and payable on termination of this agreement by regular notice or otherwise.

THE MERCHANT agrees to purchase from the Publisher and distribute gratuitously to his customers and the public _____ Fashion Sheets yearly, in the monthly quantities and at the prices stated below, with advertising privileges as outlined on reverse side hereof.

Jan_____	\$_____	May_____	\$_____	Sept_____	\$_____
Feb_____	\$_____	June_____	\$_____	Oct_____	\$_____
Mar_____	\$_____	July_____	\$_____	Nov_____	\$_____
Apr_____	\$_____	Aug_____	\$_____	Dec_____	\$_____

THE PUBLISHER agrees to allow the Merchant to deliver to its New York, Chicago, St. Louis or San Francisco office for exchange twice each year, as per Discard List issued semiannually (in January and in July), any patterns purchased hereunder, in exchange at EVEN RATES, for new monthly patterns on standing order as above specified.

THE MERCHANT agrees to keep the patterns on the ground floor; to reorder by number and size all patterns sold, and maintain the pattern stock on hand at not less than the net amount of the original stock; to allow the Publisher to inventory said stock of patterns at any time, to accept and pay for patterns sent to fill up a shortage; to conserve the best interests of the agency at all times; to use best endeavors to sell New Idea Patterns, and to sell the same at regular retail prices; not to sell or permit to be sold on the premises of the Merchant during the term of this contract any other make of patterns; and not to remove the agency nor to assign it to any other party or parties, without the Publisher's written consent.

TERMS.—For patterns sixty (60) per cent of retail prices; for _____ Case containing _____ Pigeonholes each \$_____.

PAYMENTS for all purchases to be made on the fifteenth day of the month succeeding the month of shipment.

IT IS MUTUALLY AGREED that this arrangement shall remain in force for a period of five years from date hereof, and from term to term thereafter, until terminated in the following manner:

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Either party may terminate this agreement by giving to the other at the expiration of any contract period above stated sixty days' notice in writing, this arrangement to continue during the said sixty days, after which time the Merchant agrees to deliver to the Publisher at its principal office in New York City all patterns then on hand, and all the Merchant's obligations herein being fulfilled, the Publisher will accept and give the Merchant credit for such patterns at three-fourths the amount originally charged, and will pay the Merchant in cash within thirty days thereafter any balance due. Patterns returned either for exchange or for repurchase at termination of agreement, must have been purchased direct from the Publisher, and must be delivered in good order. Failure by the Merchant to return the said patterns within twelve days after the expiration of the sixty days' notice to discontinue will relieve the Publisher of the obligation to receive or pay for the same.

It is hereby acknowledged by both parties that there are no verbal understandings between them conflicting with this contract.

Signed this _____ day of _____ 19____, At _____

THE NEW IDEA PATTERN CO.

Original Shipment via _____ By _____
Monthly Shipments via _____ Agent's Signature _____

At the time of the consolidation of the Standard Fashion Company and the New Idea Pattern Company into the Designer Publishing Company, Inc., the Designer Publishing Company continued in force and effect the forms of contracts then in use by the Standard Fashion Company and the New Idea Pattern Company, notifying the distributors with whom such contracts had been made of the merger, and for the purpose of making new contracts or of renewing any contract then outstanding which it might have desired to renew, the Designer Publishing Company prepared and put into use forms of contracts, which said contracts are in the following words and figures, to wit:

EXHIBIT C-1

THE DESIGNER PUBLISHING COMPANY, INC.,
12-14-16 Vandam Street, New York.

Please sell and deliver to undersigned purchaser by

Express_____	} at New York
Freight_____	
	Boston
	Chicago
	San Francisco
	Toronto

FASHION SHEETS

Issued Monthly. (\$1.00 a hundred)

Jan_____	April_____	July_____	Oct_____
Feb_____	May_____	Aug_____	Nov_____
March_____	June_____	Sept_____	Dec_____

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On lots of 250 or more of one issue of Fashion Sheets, Merchant's Card printed at 50 cents for each printing.

On lots of 500 or more of one issue, Merchant's Card and Advertisement printed.

DESIGNERS

(Issued Monthly)

Jan_____	April_____	July_____	Oct_____
Feb_____	May_____	Aug_____	Nov_____
March_____	June_____	Sept_____	Dec_____

STANDARD QUARTERLY

(Issued Quarterly)

Jan_____	April_____	July_____	Oct_____
Feb_____	May_____	Aug_____	Nov_____
March_____	June_____	Sept_____	Dec_____

Designer and Standard Quarterlies to be furnished at regular agent's rates; unsold copies returnable for cash credit at cost.

One Copy monthly of the Large Catalogue for Counter Use at regular agent's rate.

\$_____ at net prices of New Monthly Patterns as issued. (This order optional with purchaser.)

You will furnish additional patterns as ordered by me from time to time, and all patterns to be charged at 50 per cent off retail prices.

Commence these orders for monthly goods with the _____ issue and continue during term of this arrangement, shipping by _____ Signs _____ (No charge for signs.)

_____ Printed Postal Cards, 1 cent each; 5 Line Rubber Stamp, Ink and Inking Pad, \$1.00.

Fashion Sheets to be paid for yearly in advance. All other goods to be paid for on or before 15th of month succeeding month of shipment.

All transportation on goods ordered or returned payable by undersigned purchaser.

Each January and July, patterns discarded to be delivered to you for credit at nine-tenths cost in exchange for other patterns to be shipped thereafter.

At the termination of this arrangement in the manner provided below, and the conditions of this contract-order having been fulfilled by the purchaser, all patterns on hand to be returned for cash credit at three-quarters cost.

Patterns returned in exchange or for redemption must have been purchased hereunder and must be delivered to you in good condition.

The undersigned purchaser agrees to promote the sale of your Patterns by every reasonable means; to sell your Patterns only at label prices, and not to sell or permit to be sold on purchaser's premises, during the term of this contract order, any other make of pattern.

This agreement to remain in force for a term of 3 years from date of first shipment, and from term to term thereafter until terminated by 3 months'

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written notice from either party to the other, given at the expiration of the original, or any subsequent term, or within 30 days thereafter.

Purchaser's Name _____

Date _____ Town _____ State _____

Received on account of above contract-order _____ Dollars, which order is hereby accepted.

THE DESIGNER PUBLISHING CO., INC.,

Per _____

EXHIBIT D-2

MUTUAL AGREEMENT between THE DESIGNER PUBLISHING COMPANY, INC. (Manufacturers of Standard New Idea Designer Patterns), of New York, first party, and _____ of _____, second party.

FIRST PARTY hereby grants to second party an Agency for the sale of its PATTERNS for _____ in the City of _____ for a term of 3 years from date hereof, and from term to term thereafter until this agreement is terminated, as hereinafter provided, and agrees to sell and deliver f. o. b. New York, or at its Branch Office in _____ to second party, its PATTERNS at a discount of FIFTY PER CENT, from retail prices, and advertising matter at the prices and on the conditions named on the reverse side hereof; also such other publications as may be issued by first party, at regular agents' rates; to allow second party to return discarded patterns semi-annually, between January 15th and February 15th, and July 15th and August 15th, in exchange, at nine-tenths cost, for other patterns to be shipped at the time of return or thereafter, but not in exchange for other goods than patterns. Patterns returned for exchange must have been purchased by second party from first party direct and must be delivered in good order to first party at its General Office in New York, or branch office in _____

SECOND PARTY agrees, in consideration of the above, to purchase from first party, for free distribution, FASHION SHEETS to a number not less than _____ per annum, and to pay transportation charges on all goods ordered or returned under this agreement; to purchase from first party and keep on hand at all times, _____ Dollars' value in Patterns at net invoice prices, and to pay first party for a pattern stock of the amount stated above, to be selected by the first party, the terms of payment to be as follows: _____ Dollars at time of signing this contract, and _____ Dollars in thirty days after shipment of stock _____ the balance of the purchase price, _____ Dollars to remain unpaid, as a Standing Credit, during the continuance of this agreement, and to become due and payable at its termination, second party to pay interest on this Standing Credit at the rate of five per cent, per annum on January 15th of each year; all other purchases to be paid for on or before the 15th day of the month succeeding the date of shipment.

Second party also agrees not to assign or transfer this agency, nor to remove it from its original location without the written consent of said first party, not to sell or permit to be sold on the premises of second party, during the term of this contract, any other make of patterns and not to sell Patterns except at label prices. Second party further agrees to permit first party or its representative to take account of pattern stock whenever it desires, to pay attention to the sale of Patterns, to conserve the best interests of the agency at all times, to reorder promptly all patterns as sold, and to give the department a prominent position on the ground floor in the store.

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EITHER PARTY, desirous of terminating this agreement, must give the other party three months' notice in writing, within thirty days after the expiration of any contract period as above specified, the agency to continue regularly during such three months. Upon expiration of such notice, second party agrees to promptly return to first party all Patterns bought under this contract and then on hand, which first party agrees to credit on receipt in good order at three-fourths cost, paying to second party, within thirty days after receipt of same, in cash, any balance due. Failure to require compliance with the strict letter of this agreement shall not constitute a waiver of any condition nor forfeit nor prejudice any right hereunder.

It is hereby acknowledged by both parties that there are no verbal understandings between them conflicting with this contract. Dated ----- 19----

Done at -----

THE DESIGNER PUBLISHING Co., INC.

Per-----

(First Party.)

(Second Party.)

EXHIBIT E-1

THE DESIGNER PUBLISHING COMPANY, INC. (Manufacturers of Standard New Idea Designer Patterns), a corporation of the State of New York, hereinafter called the Publisher, and ----- hereinafter called the Merchant, for good and valuable considerations hereby mutually acknowledged, have entered into an agreement, the details of which are as follows:

THE PUBLISHER grants the Merchant the right to act as special agent for the sale of its Patterns in -----, and agrees to sell and deliver to the Merchant at Publisher's principal office in New York City, or its branch office in ----- its Patterns, Fashion Sheets, etc., in the quantities and at the intervals herein mentioned, and the Merchant hereby agrees to pay for same at the prices and in the manner hereinafter specified, and to pay all transportation expense on same.

THE MERCHANT agrees to purchase from the Publisher a first or original stock of patterns to the value of ----- Dollars (\$-----) net, including the ----- dated style and ----- case ----- to hold the same; also the new patterns as issued monthly thereafter, as follows:

LADIES' PATTERNS: Bust Measures 32 34 36 38 40 42 44.
Waist 22 24 26 28 30 32 34.

MISSSES' PATTERNS: 14 16 18 years.

GIRLS' AND CHILDREN'S -----

MEN'S ----- one size -----

THE PUBLISHER agrees to permit the sum of ----- Dollars (\$-----), part of the purchase price of the original stock of patterns to stand unpaid on its books as a standing credit, to bear interest at 5 per cent per annum, payable semiannually on January 15th and July 15th of each year, and to become due and payable on termination of this agreement by regular notice or otherwise.

THE MERCHANT agrees to purchase from the Publisher and distribute gratuitously to his customers and the public ----- Fashion Sheets yearly, in the monthly quantities and at the prices stated below, with advertising privileges as outlined on reverse side hereof.

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Jan-----	\$-----	May-----	\$-----	Sept-----	\$-----
Feb-----	\$-----	June-----	\$-----	Oct-----	\$-----
Mar-----	\$-----	July-----	\$-----	Nov-----	\$-----
Apr-----	\$-----	Aug-----	\$-----	Dec-----	\$-----

THE PUBLISHER agrees to allow the Merchant to deliver to its New York, Chicago, St. Louis, San Francisco or Toronto office for exchange twice each year, as per Discard List issued semiannually (in January and in July), any patterns purchased hereunder, in exchange at EVEN RATES, for new monthly patterns on standing order as above specified.

THE MERCHANT agrees to keep the patterns on the ground floor; to reorder by number and size all patterns sold, and maintain the pattern stock on hand at not less than the net amount of the original stock; to allow the Publisher to inventory said stock of patterns at any time; to accept and pay for patterns sent to fill up a shortage; to conserve the best interests of the agency at all times; to use best endeavors to sell Publisher's Patterns and to sell the same at regular retail prices; not to sell or permit to be sold on the premises of the Merchant during the term of this contract any other make of patterns; and not to remove the agency nor to assign it to any other party or parties, without the Publisher's written consent.

TERMS.—For patterns, sixty (60) per cent. of retail prices; for _____ case containing _____ Pigeonhole each \$-----.

PAYMENTS for all purchases to be made on the fifteenth day of the month succeeding the month of shipment.

IT IS MUTUALLY AGREED that this arrangement shall remain in force for a period of five years from date hereof, and from term to term thereafter, until terminated in the following manner:

Either party may terminate this agreement by giving to the other at the expiration of any contract period above stated 60 days' notice in writing, this arrangement to continue during the said 60 days, after which time the Merchant agrees to deliver to the Publisher at its principal office in New York City, all patterns then on hand, and all the Merchant's obligations herein being fulfilled, the Publisher will accept and give the Merchant credit for such patterns at three-fourths the amount originally charged, and will pay the merchant in cash within 30 days thereafter any balance due. Patterns returned either for exchange or for repurchase at termination of agreement, must have been purchased direct from the Publisher, and must be delivered in good order. Failure by the Merchant to return the said patterns within twelve days after the expiration of the 60 days' notice to discontinue will relieve the Publisher of the obligation to receive or pay for the same.

It is hereby acknowledged by both parties that there are no verbal understandings between them conflicting with this contract.

Signed this _____ day of _____, 19--, at _____

THE DESIGNER PUBLISHING CO., INC.,

By _____

Agent's Signature _____

Original Shipment via _____

Monthly Shipments via _____

and at the time of the service of the complaint herein, the respondent, the Designer Publishing Company, Inc., was distributing approximately 36 per cent of all of its patterns under contracts, form Exhibits E and E-1.

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PAR. 8. The respondent, the Butterick Publishing Company, has been engaged in the business of manufacturing and selling patterns in interstate commerce for more than fifty years, and the respondents the Standard Fashion Company and the New Idea Pattern Company had each been engaged in a like business for more than thirty years, and the Designer Publishing Company, Inc., has been engaged in like business for about two years prior to May 24, 1920; and each of said respondents has used or is now using in the course of its business contracts as set out in paragraph 7 above, all of which contracts provide that the retail merchant shall maintain the resale price fixed by the respondents and that such retail merchant shall not sell or permit to be sold on his (the merchant's) premises any other make of pattern than that of the respective respondent.

PAR. 9. Each and all of the respondents in the preparation of patterns for sale and shipment encloses each pattern in an envelope on which is printed or stamped a price which is the resale or "label" price and each and every one of the respondents enter into contracts, agreements, and understandings in writing with the merchant or distributor of their patterns whereby said merchant or distributor contracts and agrees to sell the patterns manufactured and furnished by the respondent only at the resale price stamped on the said envelope in which the pattern is enclosed, and in order to enforce such resale price maintenance, each and every one of the respondents refuse to sell to any merchant or distributor who refuses to enter into such contracts.

PAR. 10. Each of said respondents has uniformly refused to permit any merchant, with whom it has a contract for the sale of its product, to sell or permit to be sold upon the premises occupied or controlled by said merchant, any make of pattern other than that of the respondent with whom the merchant has contracted, and has refused to permit any such merchant to sell the patterns manufactured by respondent except at the labeled prices and in order to enforce the said restrictive clause in their said contracts, each of the respondents has at diverse times notified merchants under contract with it, that it would enforce the restrictive clause in their contract and the respondents, the Butterick Publishing Company and the Standard Fashion Company have in the past brought suits and sought injunctive relief against diverse merchants whom they claimed had violated such restrictive clauses, and among such suits so brought was that of the Standard Fashion Company, petitioner, vs. Magrane-Houston Company, which was carried on writ of certiorari to the Supreme Court of the United States, and in which suit opinion was

handed down April 10, 1922.¹ In this said suit there was before the court a contract of the said Standard Fashion Company identical in form to contract Exhibit D-1 and said contract was held by the Supreme Court to be a contract of sale, and within the provisions of Section 3 of the Clayton Act.

PAR. 11. There are in active competition with the respondents, other manufacturers of patterns, all of whom sell and distribute their patterns throughout the various States of the United States in interstate commerce, the principal competitors being—

McCall Pattern Company, organized in 1895, has approximately 7,000 active distributors;

Pictorial Review Pattern Company, organized 1904, 1905, has approximately 6,500 active distributors;

Home Pattern Company, organized 1905, has approximately 3,900 distributors;

People's Home Journal Pattern Company, organized about 1918, has approximately 300 active distributors;

May-Manton Patterns, organized about 1900. There is no evidence as to the number of distributors, but prior to 1920 they sold approximately five million patterns yearly;

Vogue Pattern Company made patterns in 1908 which were distributed only by mail orders until 1915, since which time it has distributed patterns through a selected list of retail merchants.

All of the large pattern companies have some periodical which may be termed its official organ, or means whereby the manufacturer disseminates to the public information concerning the merits of the designs for which it has patterns.

McCall Pattern Company has McCall's Magazine, circulation approximately 1,300,000.

Pictorial Pattern Company has the Pictorial Review, circulation approximately 1,800,000.

Home Pattern Company has the Curtis publication, The Ladies' Home Journal, circulation approximately 1,800,000.

People's Home Journal Pattern Company has the People's Home Journal, circulation approximately 900,000.

Vogue Pattern Company has The Vogue Magazine, circulation approximately 140,000.

The Designer Publishing Company, Inc., has the Designer, circulation approximately 400,000.

The Butterick Publishing Company has The Delineator, circulation approximately 900,000.

¹ 258 U. S. 346.

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PAR. 12. Prior to 1916 most of the pattern companies in the distribution of their patterns had in their contracts a clause restricting the distributor to the sale of the patterns manufactured by the particular company entering into the contract, and at the same time, during the five years prior to May 24, 1920, out of the 50,000 distributors hereinbefore mentioned, approximately 38,000 had exclusive dealing clauses in their contracts.

All pattern manufacturers print upon the envelope in which their respective patterns are offered to the public the price of said pattern.

Patterns range in price from ten cents to one dollar.

PAR. 13. There is in evidence (Respondent's Ex. 9) a tabulated list showing the distributors of patterns in the principal cities of over 100,000 inhabitants, and while the list is too long to incorporate in these findings, yet special attention is directed thereto, and from this list three cities are shown as an example.

In the cities of New York, Philadelphia, and Washington patterns of various manufacturers are distributed among the principal stores as follows:

NEW YORK.

Gimbel Bros., Butterick.	Stern Bros., Pictorial.
H. C. F. Koch & Son, Butterick.	Bloomingdale Bros., Pictorial, Home,
R. H. Macy & Co., Pictorial, Home,	McCall, Excella.
McCall.	B. Altman, Vogue.
John Wanamaker, Pictorial, Home,	
McCall, People's Home Journal.	

PHILADELPHIA.

Gimbel Bros., Butterick.	N. Snellenberg & Co., Pictorial, Excella.
Joseph Darlington, Butterick.	John Wanamaker, Home, Vogue.
Strawbridge & Clothier, Designer, Pic-	Lit Brothers, McCall.
torial Review.	B. F. Dewers, McCall.

WASHINGTON.

Woodward & Lothrop, Butterick.	Goldenberg Department Store, McCall.
King's Palace, Butterick.	Palais Royal, Pictorial.
Lansburgh & Bro., Designer.	Sworzyn & Sons, Pictorial.
S. Kann's Sons Company, Pictorial,	
Home, Excella.	

PAR. 14. The contracts used by the respondents are not contracts of agency or joint venture, but are contracts of sale and the restrictive covenants in said contracts substantially lessen competition and tend to create a monopoly.

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Order.

CONCLUSION.

Under the facts and circumstances set forth in the foregoing findings, the use and employment by the respondents each and every one of them, of the restrictive covenants in their contracts were and are in violation of the provisions of Section 3 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 were and are unfair methods of competition within the meaning 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.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of the respondents, the testimony and evidence taken before a trial examiner of the Commission, the trial examiner's report upon the facts and the exceptions thereto, and upon argument of counsel, and the Commission having made its findings as to the facts and its conclusion that the respondents have violated the provisions of section 3 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 also 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;"

Now, therefore, it is ordered, That the respondents, Butterick Company, Federal Publishing Company, Standard Fashion Company, Butterick Publishing Company, New Idea Pattern Company, and Designer Publishing Company, Inc., their officers, directors, agents, and employees, while engaged in competition in interstate commerce among the several States and Territories of the United States and District of Columbia, cease and desist—

From selling the patterns manufactured by them or any of them, for resale to the public upon any contract, agreement or understanding that the distributor shall maintain the resale price fixed by the maker and/or that such distributor shall not deal in patterns produced by any other maker than the respondents or any of them.

It is further ordered, That the respondents shall within ninety (90) days from the date of service of this order, file with the Commission a report in writing setting forth in detail the manner and form with which it has complied with the order of the Commission herein set forth.

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FEDERAL TRADE COMMISSION DECISIONS.

Complaint.

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