

Complaint.

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IN THE MATTER OF

NORMAN J. FREEMAN AND MYRON LEWIS, PARTNERS,
DOING BUSINESS UNDER THE NAME AND STYLE OF
OHIO SHELLAC CO.COMPLAINT, FINDINGS AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.*Docket 1307—October 31, 1925.*

SYLLABUS.

Where a firm engaged in the sale of paints, varnishes and allied products, sold varnishes in which shellac gum was not the principal and predominant element, in containers conspicuously labeled with the words "Dutch Maid Shellac," "Ohio Shellac," and other phrases containing the word "Shellac," together with the words, in some cases, "Grade A, Compound" and "Compound," in small and inconspicuous letters; in competition with concerns which sold their products labeled and branded in accordance with the spirit and purpose of a resolution adopted by the National Varnish Manufacturers' Association and other organizations, and designed to prevent the debasement of the term "Shellac," confusion in the trade, and deception of purchasers, through providing for the use on labels and in advertising of products not composed exclusively of shellac gum dissolved in alcohol, of the word "compound," with the word "shellac," where the latter content equaled or exceeded one-half of the total solid content, and for the use of the word "substitute" or "imitation" with the word "shellac," in other cases; with the effect of misleading and deceiving the trade and public into believing the aforesaid products to be composed solely of shellac gum dissolved in alcohol in those cases in which the word "compound" was not included in the label, and with the capacity and tendency similarly to mislead and deceive that portion of the trade and purchasing public failing to observe the aforesaid word when included, and in other cases to mislead and deceive that portion observing the same into believing shellac gum to be the principal and predominant element of said products, and to cause the purchase of the same in the aforesaid mistaken beliefs:

Held, That the sale of said products labeled as above set forth, constituted an unfair method of competition.

Mr. William A. Sweet for the Commission.

Waterworth & Waterworth, of Cleveland, Ohio, for respondents.

COMPLAINT.

Acting in the public interest pursuant to 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," the Federal Trade Commission charges that Norman J. Freeman and Myron Lewis, partners, doing business under the trade name and style Ohio Shellac Co., hereinafter referred to as respondents, have been and are using unfair methods

of competition in interstate commerce in violation of the provisions of Section 5 of said Act, and states its charges in that respect as follows:

PARAGRAPH 1. Respondents are partners doing business under the trade name and style Ohio Shellac Co., with their place of business in the city of Cleveland, State of Ohio. They are engaged in the business of selling paints, varnishes, and allied products to retail dealers, and to large quantity consumers located at points in various States of the United States. Respondents cause their said products when so sold to be transported from their said place of business in the city of Cleveland, Ohio, into and through other States of the United States to said purchasers at their respective points of location. In the course and conduct of their said business respondents are in competition with other individuals, partnerships, and corporations engaged in the sale of paints, varnishes, and allied products in commerce between and among various States of the United States.

PAR. 2. In the course and conduct of their said business respondents for about four years last past have sold and supplied, and still sell and supply, to their aforesaid vendees certain varnishes composed of shellac gum and/or various substitutes therefor dissolved in alcohol, wherein shellac gum is not the principal and predominant element. Respondents during aforesaid time have caused and still cause said varnishes to be packed in containers to which respondents have caused and still cause to be attached printed labels bearing in large and conspicuous letters the words "Dutch Maid Shellac," "Ohio Shellac," and other phrases containing the word "shellac," as the names and designations of said varnishes respectively. Said labels in no manner indicate that shellac gum is not the principal and predominant element of said varnishes, except that in some instances the word "compound" appears upon said labels in small and inconspicuous letters. Respondents supply their said varnishes so labeled to their aforesaid dealer vendees who in turn offer for sale and sell said varnishes so labeled to the consuming public.

PAR. 3. The word "shellac" standing alone or with a color adjective, when applied to varnish indicates that the product so designated contains shellac gum only, and to the exclusion of other gums and substitutes for shellac gum. Such varnish is hereinafter called "pure shellac." The words "shellac compound" standing alone or with a color adjective when applied to varnish indicate that the product so designated contains shellac gum as its principal and predominant element in combination with a smaller quantity of other gums and substitutes for shellac gum.

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PAR. 4. Aforesaid labeling by respondents of their said varnishes where the word "compound" does not appear as above set out, has the capacity and tendency to mislead and deceive many of the trade and public into the belief that respondents' varnishes so labeled are pure shellac varnishes and to cause such members of the trade and public to purchase said varnishes in that belief; further, said labeling where the word "compound" appears in small and inconspicuous letters, as above set out, has the capacity and tendency to mislead and deceive that portion of the trade and public who fail to observe aforesaid word "compound" upon said labels into the belief that respondents' said varnishes so labeled are pure shellac varnishes and to cause such members of the trade and public to purchase said varnishes in that belief; and further, said labeling where the word "compound" appears as above set out has the capacity and tendency to mislead and deceive that portion of the trade and public who observe aforesaid word "compound" on said labels into the belief that respondents' said varnishes so labeled contain shellac gum as their principal and predominant element and to cause such members of the trade and public to purchase said varnishes in that belief.

PAR. 5. In order to protect the purchasing public from deception through improper and false representations in the sale of paints, varnishes, and shellacs, and to promote the sale thereof upon terms of fair competition, on or about November 13, 1922, the National Varnish Manufacturers' Association, a trade organization composed of about 100 members and embracing in its membership nearly one-half of the total number of manufacturers of varnish in the United States, producing over three-fourths of the total production of varnish in the United States, adopted the following standard system of nomenclature for shellacs in accordance with the following resolution passed by said association on said date:

Whereas the term "shellac" has been applied not only to products composed of shellac gum dissolved in alcohol but also to compounds of shellac and other materials;

And whereas these practices, if continued, will result in the debasement of the term shellac, confusion in the trade, and deception of purchasers.

Now, therefore, be it resolved, That the term "shellac" on labels or in advertising means only shellac gum cut or dissolved in alcohol; that if such shellac be reduced, reinforced, or modified the term shellac shall likewise be modified by the addition of the word "compound" in conspicuous letters. That if the shellac content be less than 50% of the solid content by weight of the material, the word shellac shall not be used on labels or advertising, except as a part of the formula; if printed, except in connection with the word substitute or imitation.

Be it further resolved, That this information shall be plainly shown on all containers, bills, contracts, and letters of quotations. It is recommended

that products containing less than 50% by weight of shellac be sold under arbitrary trade names or brands.

On or about November 14, 1922, the above resolution was adopted by the Paint Manufacturers' Association of the United States, a trade organization composed of 140 paint manufacturers, and embracing in its membership about one-half of the total number of manufacturers of paint in the United States, producing about three-fourths of the total production of paint in the United States.

In response to the spirit and purpose of said resolution a very large proportion of the manufacturers of shellac are, and for about two years last past have been, labeling and branding their shellac, shellac compounds, and shellac substitutes in accordance with the terms of said resolution, and are, and during said time have been, selling their products so labeled and branded, in interstate commerce throughout the United States, in competition with the products of the respondents labeled and branded as set out in paragraph 2 hereof.

PAR. 6. In the month of December, 1923, respondent Norman J. Freeman entered into an undertaking with the Federal Trade Commission whereby he undertook to cease and desist from the practices hereinbefore set out, and pursuant to said undertaking executed the following agreement and stipulation, to wit:

FEDERAL TRADE COMMISSION,

2000 D Street, NW., Washington, D. C.

Attention: Mr. Millard F. Hudson. File 1-3039.

DEAR SIR: Replying to your letter of October 9th, 1923, you are advised as follows:

Norman Freeman is an individual trading as the Ohio Shellac Co. with principal place of business 5511 Euclid Avenue, Cleveland, Ohio. The Ohio Shellac Co. is engaged in the sale of paints, enamels, varnishes, and allied products, which are sold to retailers and other concerns located in the States of Ohio, Michigan, Pennsylvania, and elsewhere in the United States.

In the course of its business the Ohio Shellac Co. has purchased a product which it labeled or caused to be labeled "Ohio Shellac" and "Dutch Maid Shellac," and sells it to the trade under the aforesaid labels. In some instances the Ohio Shellac Co. in labeling the product has used the following language:

"Dutch Maid Shellac—Orange," followed by the words "Grade A, Compound," these last words being in type much smaller than the first quoted words and also relatively inconspicuous. The products labeled as outlined are not composed entirely of pure shellac gum cut in alcohol, but are adulterated. Such labeling and representation is of a nature and capacity to deceive and mislead the purchasers in the belief that said products are entirely composed of one hundred per cent shellac gum cut in alcohol.

In view of your statements in your letters of September 12 and October 9, 1923, that the Commission will accept the Ohio Shellac Co.'s assurances of discontinuance as dispositive of this matter, I hereby agree to forever cease and desist from advertising and offering for sale as shellac any product which

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is not one hundred per cent shellac gum cut in alcohol, or using the word "shellac" with other ingredients on labels, in circulars, or other advertising matter, or in any manner whatsoever in the sale of any product, unless the per cent of all ingredients used is clearly and accurately stated.

The Ohio Shellac Co. hereby agrees that if it should resume the practice in question the above statement of facts may be used as evidence against it in the trial of the complaint which the Commission may issue.

Yours very truly,

(Signed)

NORMAN J. FREEMAN,

NORMAN FREEMAN,

Trading as the Ohio Shellac Co.

Respondents, and each of them, have failed to abide by or carry out the terms of said undertaking, agreement, and stipulation, but have since the execution thereof continued in and still continue in the practices all hereinbefore set out.

PAR. 7. There are among the competitors of respondents referred to in paragraph 1 hereof and including the competitors mentioned in paragraph 5 hereof, many who sell pure shellac varnish and who properly designate, brand, and label same as shellac; there are others of said competitors who sell varnishes in which shellac gum is the principal and predominant element in combination with smaller quantities of other gums and substitutes for shellac gum, and who properly designate, label, and brand their said varnishes as shellac compounds; there are others of said competitors who sell varnishes made in imitation of and as substitutes for shellac varnish and in which shellac gum is not the principal and predominant element, who truthfully designate, label and brand their said varnishes as substitutes or imitations, or who designate, label and brand their said varnishes with various fanciful names which in nowise represent that shellac gum is the principal and predominant element in such varnishes. Respondents' acts and practices all hereinbefore set out tend to divert business from and otherwise prejudice said competitors.

PAR. 8. The above alleged acts and practices of respondents are all to the prejudice of the public and respondents' competitors, and constitute unfair methods of competition in commerce within the intent and 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.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

Pursuant to the provisions of an Act of Congress approved September 26, 1914, the Federal Trade Commission issued and served a complaint upon the respondents, Norman J. Freeman and Myron Lewis, copartners doing business under the name and style of Ohio

Shellac Co., charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act.

The respondents having entered their appearances and filed their answer herein and having made, executed, and filed an agreed statement of facts in which it is stipulated and agreed by the respondents that the Federal Trade Commission shall take such agreed statement of facts as the facts in this case in lieu of testimony and proceed forthwith upon such agreed statement of facts to make its findings as to the facts and such order as it may deem proper to enter therein, thereupon this proceeding came on for decision and the Commission, having duly considered the record and being fully advised in the premises, makes this its findings as to the facts and its conclusions drawn therefrom.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. Respondents are copartners doing business under the trade name and style Ohio Shellac Co. and having a place of business in the city of Cleveland, State of Ohio. They are engaged in the business of selling paint, varnishes and allied products to retail dealers and to large quantity consumers located at points in the various States of the United States other than the State of Ohio and cause said commodities when sold by them to be transported from their place of business in Cleveland, Ohio, into and through other States of the United States to the purchasers thereof in said other States, and are in competition with other individuals, partnerships and corporations also engaged in the sale of paint, varnishes and allied products in commerce.

PAR. 2. In the course and conduct of their said business respondents for about four years last past have sold and supplied to their aforesaid customers certain varnishes composed of shellac gum and various substitutes for shellac gum dissolved in alcohol, wherein shellac gum is not the principal and predominant element, and have caused said varnishes to be packed in containers to which respondents have caused to be attached printed labels bearing in large and conspicuous letters the words "Dutch Maid Shellac," "Ohio Shellac" and other phrases containing the word "shellac," as the name and designation of said varnishes, respectively, without indicating in any way that shellac gum is not the principal and predominant element of said varnishes, except that in some instances respondents in labeling said products have used in connection with the words "Dutch Maid Shellac" the words "Grade A Compound" and "Compound" printed in much smaller and less conspicuous type and lettering than the words "Dutch Maid Shellac." Respondent supplies said varnishes

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so labeled to their aforesaid customers who in turn offer for sale and sell said varnishes so labeled to the consuming public.

PAR. 3. "Shellac" is a distinctive commodity produced by insects, the *Tachardia Laccae*, found in India and a small portion of Tibet. These insects in swarms feed upon the leaves or twigs of certain trees and there exudes a substance which soon encloses the entire swarm. The twigs, when detached from the trees with the incrustations, are placed in bags or sacks and heated over a charcoal fire, the ends of the bags being twisted until a gumlike substance drips from the bag. This gum is collected on large flat stones or other flat surfaces and there hardens into cakes. These cakes are later broken up into small particles and are exported from India to the United States and various other countries. The industry is quite an extensive one, and there was imported into the United States in—

	<i>Pounds</i>
1910.....	24, 500, 000
1911.....	16, 333, 000
1912.....	20, 750, 000
1919.....	23, 750, 000
1920.....	29, 500, 000
1921.....	28, 200, 000

The "shellac" imported into the United States all originates in India and is used in the United States by manufacturers of furniture, electrical appliances, cables, whips, and hats, and is in the paint trade used for making a varnish, which varnish when made from shellac gum cut in alcohol is superior to any other varnish and is known to the trade as "shellac" or "shellac varnish."

The essential and peculiar characteristics of "shellac varnish" are the rapidity with which it dries, its penetrating qualities into the grain of the wood, and the fact that after it dries, on being subjected to heat it becomes pliable and assumes the shape of the commodity on which it is used and when cooled again becomes rigid in a new shape. No shellac gum is produced in America.

PAR. 4. "Shellac" as used and understood commercially, with reference to the gum or raw material, in the trade and among manufacturers, distributors, and painters, means the shellac gum imported from India, and the term "shellac" or "shellac varnish" is understood and does mean to manufacturers, distributors and painters and a large portion of the public users thereof the Indian gum cut in alcohol.

PAR. 5. In the making of varnishes, substitutes for shellac gum are used, such as resin, acroides, and copal. It is a practice among certain manufacturers and dealers who prepare such varnishes with the substitutes above referred to, to label the product put upon the

market either "Imitation Shellac" or "Shellac Substitute" or designate such product under some fanciful name such as "Krystolac," "Zinlac," or other trade name. These substitutes for "shellac varnish" are inferior in quality and value to "shellac" but where no deception in branding is practiced serve a useful purpose.

PAR. 6. On or about November 13, 1922, the National Varnish Manufacturers' Association, a trade organization composed of about 100 members and embracing in its membership nearly one-half of the total number of manufacturers of varnish in the United States, producing over three-fourths of the total production of varnish in the United States, adopted the following standard system of nomenclature for shellacs in accordance with the following resolution passed by said association on said date:

Whereas the term "shellac" has been applied not only to products composed of shellac gum dissolved in alcohol but also to compounds of shellac and other materials.

And whereas these practices, if continued, will result in the debasement of the term shellac, confusion in the trade, and deception of purchasers.

Now, therefore, be it resolved, That the term "shellac" on labels or in advertising means only shellac gum cut or dissolved in alcohol; that if such shellac be reduced, reinforced or modified, the term shellac shall likewise be modified by the addition of the word "compound" in conspicuous letters. That if the shellac content be less than 50% of the solid content by weight of the material, the word shellac shall not be used on labels or advertising, except as a part of the formula, if printed, except in connection with the word substitute or imitation.

Be it further resolved, That this information shall be plainly shown on all containers, bills, contracts, and letters of quotations. It is recommended that products containing less than 50% by weight of shellac be sold under arbitrary trade names or brands.

On or about November 14, 1922, the above resolution was adopted by the Paint Manufacturers' Association of the United States, a trade organization composed of 140 paint manufacturers, and embracing in its membership about one-half of the total number of manufacturers of paint in the United States, producing about three-fourths of the total production of paint in the United States. The United States Shellac Manufacturers' Association of Chicago and the National Paint, Oil & Varnish Association of New York adopted similar resolutions.

In response to the spirit and purpose of this resolution a very large proportion of the manufacturers of shellac are labeling or branding their shellac, shellac compounds, and shellac substitutes accordingly and are selling their products so labeled and branded throughout the United States, in competition with the products of the respondent labeled and branded as set out in paragraph 2 hereof.

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PAR. 7. That the word "pure" as applied to shallac indicates that the product so marked is free from adulteration, modification or reduction of an entire content of shellac gum dissolved in alcohol; that the word "shellac" (standing alone or with a color adjective) has the same meaning; that the word "compound" indicates adulteration, modification or reduction to only such extent that the word "shellac" used in conjunction therewith denotes that shellac gum is the principal and predominant element of the compound and that the word "substitute" as a qualification for the word "shellac" indicates an adulteration, modification or reduction in the amount of shellac gum present to such an extent that shellac gum is not the principal and predominant element of the compound.

PAR. 8. In the month of December, 1923, respondent Norman J. Freeman entered into an undertaking with the Federal Trade Commission whereby he undertook to cease and desist from the practices hereinbefore set out, and pursuant to said undertaking executed the following agreement and stipulation, to wit:

FEDERAL TRADE COMMISSION,

2000 D Street, N.W., Washington, D. C.

Attention: Mr. Millard F. Hudson. File 1-3039.

DEAR SIR: Replying to your letter of October 9th, 1923, you are advised as follows:

Norman Freeman is an individual trading as the Ohio Shellac Co. with principal place of business 5511 Euclid Avenue, Cleveland, Ohio. The Ohio Shellac Co. is engaged in the sale of paints, enamels, varnishes, and allied products, which are sold to retailers and other concerns located in the States of Ohio, Michigan, Pennsylvania and elsewhere in the United States.

In the course of its business the Ohio Shellac Co. has purchased a product which is labeled or caused to be labeled "Ohio Shellac," and "Dutch Maid Shellac," and sells it to the trade under the aforesaid labels. In some instances the Ohio Shellac Co. in labeling the product has used the following language:

"Dutch Maid Shellac—Orange," followed by the words "Grade A, Compound," these last words being in type much smaller than the first quoted words and also relatively inconspicuous. The products labeled as outlined are not composed entirely of pure shellac gum cut in alcohol, but are adulterated. Such labeling and representation is of a nature and capacity to deceive and mislead the purchasers in the belief that said products are entirely composed of one hundred per cent shellac gum cut in alcohol.

In view of your statements in your letters of September 12 and October 9, 1923, that the Commission will accept the Ohio Shellac Co.'s assurances of discontinuance as dispositive of this matter, I hereby agree to forever cease and desist from advertising and offering for sale as shellac any product which is not one hundred per cent shellac gum cut in alcohol, or using the word "shellac" with other ingredients on labels, in circulars, or other advertising matter, or in any manner whatsoever in the sale of any product, unless the per cent of all ingredients used is clearly and accurately stated.

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Conclusion.

The Ohio Shellac Co. hereby agrees that if it should resume the practice in question the above statement of facts may be used as evidence against it in the trial of the complaint which the Commission may issue.

Yours very truly,

(Signed)

NORMAN J. FREEMAN,

NORMAN FREEMAN,

Trading as Ohio Shellac Co.

Respondents, and each of them, have failed to abide by or carry out the terms of said undertaking, agreement and stipulation, but have since the execution thereof continued in and still continue in the practices all hereinbefore set out.

PAR. 9. The use by respondents of the labels containing the words "Dutch Maid Shellac" or "Ohio Shellac," alone, upon the containers of varnishes composed of shellac gum mixed with a large quantity of shellac gum substitutes sold and transported by respondents, as aforesaid, has the capacity and tendency to and does mislead and deceive the trade and public into the belief that said products are composed solely of shellac gum dissolved in alcohol and to induce said purchasers to purchase the same in that belief; further, the use of the labels upon which the word "compound" is printed in small and inconspicuous letters, as above described, has the capacity and tendency to mislead and deceive that portion of the public who fail to observe the word "compound" into the belief that the product so labeled is composed solely of shellac gum and alcohol and to cause such members of the trade and public to purchase same in that belief; and further, the use of the labels upon which the word "compound" is printed in small and inconspicuous letters as above described, has the capacity and tendency to mislead and deceive that portion of the trade and public who observe said word "compound" into the belief that the principal and predominant element of said product is shellac gum and to purchase same in that belief. The word "compound" upon the labels used by respondents, as above described, is not equally conspicuous with the words "Dutch Maid Shellac" and "Ohio Shellac" upon said labels.

CONCLUSION.

The practices of the said respondents under the conditions and circumstances described in the foregoing findings are unfair methods of competition in commerce and constitute a violation of the 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."

By the Commission: Commissioner Nugent dissenting to the foregoing action for the reason given in his dissent in the Don-O-Lac case, Docket 924.¹

¹ See 8 F. T. C. 235 at 247.

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ORDER TO CEASE AND DESIST.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer thereto by the respondents, and an agreed statement of facts in which it is stipulated and agreed by respondents that the Federal Trade Commission shall take such agreed statement of facts as the facts in this case and in lieu of testimony, and proceed forthwith upon such agreed statement of facts to make its report, stating its findings as to the facts and enter its order disposing of the proceedings, and the Commission having made its report, in which it stated its findings as to the facts and reached the conclusion that the respondents have violated the 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, their servants, agents and employees, shall cease and desist from—

1. Using the words "pure shellac" or "shellac" alone or in connection with any other word or words, unless the product designated is pure shellac gum dissolved or cut in alcohol.

2. Using the word "shellac" alone or in connection with any other word or words to designate a product which is not pure shellac but in which shellac gum is the principal and predominant element unless accompanied by the word "compound" in equally conspicuous letters.

3. Using the word "shellac" alone or in connection with any other word or words to designate a product which is not pure shellac and in which shellac gum is not the principal and predominant element unless accompanied by the word "substitute" in equally conspicuous letters.

And it is further ordered, That the respondent shall, within 60 days from the service upon it of a copy of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the order herein set forth.

By the Commission: Commissioner Nugent dissenting to the foregoing action for the reason given in his dissent in the Don-O-Lac case, Docket 924.¹

¹ See 8 F. T. C. 235 at 247.

Complaint.

IN THE MATTER OF
JOHN B. STETSON COMPANY.

COMPLAINT, FINDINGS AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914.

Docket 1278—November 6, 1925.

SYLLABUS.

Where a corporation engaged in the manufacture of hats and in the sale thereof to wholesale and retail dealers; in pursuance of a policy directed to the maintenance in different localities of uniform retail selling prices for its hats,

- (a) Held up orders from price cutters until satisfactory assurances had been given by the offending dealers that they would thereafter observe the prices established for their localities;
- (b) Secured, with the cooperation and assistance of dealers inclined to follow established prices, general agreements on the part of all the dealers, to respect such prices, in localities where the same had been cut;
- (c) Received from its dealers reports and information of price cutting on the part of others, investigated such reports, and endeavored to bring about a discontinuance of such price cutting; and held itself out to its dealers as ready and willing so to do;
- (d) Requested and procured from its salesmen and other agents reports and information as to price cutting by its customers and other dealers and acted upon such information by endeavoring to bring about a discontinuance thereof;
- (e) Reported to jobber customers the names of price-cutting former customers with whom it had discontinued business, as undesirable customers; and
- (f) Requested the assistance of dealers and of its agents in ascertaining the sources of supply of noncustomer price cutters, and upon ascertaining the same, advised the jobbers who had been supplying them, of their price cutting, together with the suggestion that such customers were undesirable;

With the result that jobbers advised as above set forth, usually ceased to sell to price cutters reported to them, it secured the cooperation of its dealers, established prices generally prevailed, retail dealers engaged in the distribution and sale of its products were prevented from selling the same at such lower price as they might consider warranted by their respective costs and by trade conditions generally, and competition in respect of its products was suppressed and hindered:

Held, That such a plan of resale price maintenance, under the circumstances set forth, constituted an unfair method of competition.

Mr. Alfred M. Craven for the Commission.

Morgan, Lewis & Bockius, of Philadelphia, Pa., for respondents.

COMPLAINT.

Acting in the public interest pursuant to the provisions of an Act of Congress approved September 26, 1914, entitled "An Act To