

IN THE MATTER OF
THE BLOTTING PAPER MANUFACTURERS
ASSOCIATION ET AL.

CONSENT SETTLEMENT IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket 6107. Complaint, June 30, 1953—Decision, Oct. 8, 1953

Where six corporations which were all the manufacturers in the United States on a regular sustained basis of commercial blotting papers and disseminated printed price lists and quotations—in accordance with which they made substantially all their sales to their respective customers for some years—which, with one or two exceptions, were uniform as to prices, terms, and conditions of sale for comparable products; aided by their association and the officers thereof—

Entered into understandings and a planned common course of action with respect to terms and conditions of sales, sale and distribution of blotting paper, to thwart, lessen, and suppress competition among themselves and others in the manufacture, sale, and distribution thereof; and, as a part of their cooperative activities, and to effectuate their common purpose—

- (a) Cooperatively formulated and adopted, and from time to time amended, a set of trade practices which included, among other things, (1) specific cutting and banding charges for different sizes and quantities; (2) stated standard size and weights, including specific price differentials for special weights and sizes; (3) packaging specifications, including specific price differentials for special packaging; and (4) regulations and charges with reference to colors and finishes;
- (b) Fixed, established, and maintained uniform and identical price differentials applicable to the different variations in colors, size, weight, trim, type, quantity, and packing;
- (c) Held meetings at which terms and conditions of sales and trade practices and policies were discussed, agreed to and acted upon; and
- (d) Fixed, established, and maintained uniform price differentials applicable to each of five zones into which, acting collectively for pricing purposes, they divided the United States, and followed the practice, regardless of the location of the selling manufacturer or location in a particular zone of the purchaser or the cost of transportation, of using Zone A prices as base prices and adding thereto $\frac{1}{2}\phi$ per pound for sales made in Zone B and similar additional amounts, in the case of each, for the three remaining zones, namely, Zones C, D, and E:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice of the public; hindered, lessened, and prevented price competition among them in the sale of said products and had a dangerous tendency so to do; and constituted unfair methods of competition in commerce and unfair acts and practices therein.

Before *Mr. Everett F. Haycraft*, hearing examiner.
Mr. Floyd O. Collins for the Commission.

Wise, Corlett & Canfield, of New York City, for respondents generally.

Smith, Schnacke & Compton, of Dayton, Ohio, also represented Mead Corp.

Dykema, Jones & Wheat, of Detroit, Mich., also represented Paul Travis and Rochester Paper Co.

Mr. Lewis F. Powell, Jr., Mr. Joseph C. Carter, Jr., and Hunton, Williams, Anderson, Gay & Moore, of Richmond, Va., for Albemarle Paper Manufacturing Co.

CONSENT SETTLEMENT¹

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on the 30th day of June 1953, issued and subsequently served its complaint on the respondents named in the caption hereof, charging them with the use of unfair methods of competition and unfair acts and practices in violation of the provisions of said Act.

The respondents, desiring that this proceeding be disposed of by the consent settlement procedure as provided in Rule V of the Commission's Rules of Practice, solely for the purpose of this proceeding, any review thereof, and the enforcement of the order consented to, and conditioned upon the Commission's acceptance of the consent settlement hereinafter set forth, hereby:

1. Admit all the jurisdictional allegations set forth in the complaint.
2. Consent that the Commission may enter the matters hereinafter set forth as its findings as to the facts, conclusion, and order to cease and desist. It is understood that the respondents, in consenting to the Commission's entry of said findings as to the facts, conclusion, and order to cease and desist, specifically refrain from admitting or denying that they have engaged in any of the acts or practices stated therein to be in violation of law.
3. Agree that this consent settlement may be set aside in whole or in part under the conditions and in the manner provided in paragraph (f) of Rule V of the Commission's Rules of Practice.

The admitted jurisdictional facts, the statements of the acts and practices which the Commission had reasons to believe were unlawful,

¹ The Commission's "Notice" announcing and promulgating the consent settlement as published herewith, follows:

The consent settlement tendered by the parties in this proceeding, a copy of which is served herewith, was accepted by the Commission on October 8, 1953, and ordered entered of record as the Commission's findings as to the facts, conclusion, and order in disposition of this proceeding.

The time for filing report of compliance pursuant to the aforesaid order runs from the date of service hereof.

the conclusion based thereon, and the order to cease and desist, all of which the respondents consent may be entered herein in final disposition of this proceeding, are as follows:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. (a) The respondent The Blotting Paper Manufacturers Association, hereinafter referred to as respondent "Association," is an unincorporated membership organization. Its members are corporations engaged in the business of manufacturing and selling blotting paper. The constitution and bylaws of respondent Association asserts its purpose to be to establish and maintain such trade standards and practices as may be necessary for the general welfare of the industry in compliance with the requirements of the National Industrial Recovery Act. The home address of said respondent is 122 East 42d Street, New York, New York.

(b) Respondent Paul Travis is an individual and is president of respondent Association. Respondent's address is Rochester, Michigan.

(c) Respondent Graham A. Carlton is an individual and is vice president of respondent Association. Respondent's address is First and Hull Streets, Richmond, Virginia.

(d) Eric G. Lagerloef is an individual and is secretary and treasurer of respondent Association. Respondent's address is 122 East 42d Street, New York, New York.

PAR. 2. (a) Respondent Joseph Parker & Son Co. is a corporation organized and existing under and by virtue of the laws of the State of Connecticut with its home office and principal place of business located at 1155 Whaley Avenue, New Haven, Connecticut. Respondent is a member of respondent Association.

(b) Respondent The Wrenn Paper Company is a corporation organized and existing under and by virtue of the laws of the State of Ohio with its home office and principal place of business located at West First Avenue, Middletown, Ohio. The respondent is a member of respondent Association.

(c) Respondent The Rochester Paper Company is a corporation organized and existing under and by virtue of the laws of the State of Michigan with its home office and principal place of business located at Rochester, Michigan. Respondent is a member of respondent Association.

(d) Respondent Albemarle Paper Manufacturing Company is a corporation organized and existing under and by virtue of the laws of the State of Virginia with its home office and principal place of busi-

ness located at Tredegar Street, Richmond, Virginia. Respondent is a member of respondent Association.

(e) Respondent Standard Paper Manufacturing Company is a corporation organized and existing under and by virtue of the laws of the State of Virginia with its home office and principal place of business located at First and Hull Streets, Richmond, Virginia. Respondent is a member of respondent Association.

(f) Respondent Mead Corporation is a corporation organized and existing under and by virtue of the laws of the State of Ohio with its home office and principal place of business located at 118 West First Street, Dayton, Ohio. Respondent is a member of respondent Association.

PAR. 3. The respondent manufacturers are all engaged in manufacturing and selling commercial blotting papers of all types and are all the manufacturers located in the continental United States who are engaged in manufacturing blotting paper on a regular sustained basis. Said respondents manufacture approximately 90% of all the said blotting paper manufactured in the United States and because of said fact they are in a position to control the prices at which said products are sold to paper merchants and to control the terms and conditions of said sales.

PAR. 4. The respondent Association is not engaged in manufacturing and selling blotting paper; neither are the individual respondents so engaged in their individual capacity, but they have aided and abetted the respondent manufacturers in the practices herein found.

PAR. 5. In the course and conduct of their business, respondent manufacturers manufacture blotting paper and sell said product when manufactured to paper merchants and other purchasers and ship and/or cause said product to be shipped and transported from their respective factories to the purchasers thereof, many of whom are located in States of the United States other than the State of origin of said shipments. Respondents have for some years last past carried on a constant course of trade in said products in said commerce, as herein found.

PAR. 6. Respondent manufacturers were and are in competition with one another and with others in the manufacture, sale, and distribution of blotting paper in commerce among and between the various States of the United States and in the District of Columbia except insofar as actual and potential competition has been hindered, lessened, restricted, restrained and forestalled by the unfair methods of competition and unfair acts and practices in commerce, as is herein found.

PAR. 7. For some years last past the respondent manufacturers, with the aid and assistance of respondent Association and the individual respondents named herein, have been engaged in unfair methods of competition and unfair acts and practices in the commerce herein described, contrary to the provisions of the Federal Trade Commission Act in that they have acted to thwart, hinder, lessen, restrict and suppress competition among and between themselves and others in the manufacture, sale and distribution of blotting paper by cooperating, combining, conspiring, agreeing, and entering into understandings and a planned common course of action with respect to terms and conditions of sales, sales and distribution of blotting paper.

As a part of their cooperative activities and to effectuate their common purpose, respondents have committed acts and promulgated, adopted, and used unlawful policies, methods, and practices, among which are the following:

(a) Cooperatively formulated and adopted, and from time to time amended, a set of trade practices which include, among other things, (1) specific cutting and banding charges for different sizes and quantities; (2) stated standard size and weights, including specific price differentials for special weights and sizes; (3) packaging specifications, including specific price differentials for special packaging; and (4) regulations and charges with reference to colors and finishes.

(b) Fixed, established, and maintained uniform and identical price differentials applicable to the different variations in colors, size, weight, trim, type, quantity, and packing.

(c) Have held meetings at which terms and conditions of sales and trade practices and policies were discussed, agreed to and acted upon.

(d) Have for pricing purposes collectively formulated, adopted, and maintained a zoning system whereby the United States is divided into five price zones, to-wit: Zone A, zone B, zone C, zone D, and zone E, and have fixed, established, and maintained uniform identical price differentials applicable to each of said zones. In practice respondents use zone A prices as base prices and when sales are made in zone B, $\frac{1}{2}\text{¢}$ per pounds is added; in zone C another $\frac{1}{2}\text{¢}$ per pound is added; in zone D another $\frac{1}{2}\text{¢}$ per pound is added; and in zone E another $\frac{1}{2}\text{¢}$ per pound is added. This practice is followed regardless of the location of the selling manufacturer or location in a particular zone of the purchaser, or the cost of transportation.

PAR. 8. Each of the respondent manufacturers has published and disseminated to its customers printed price lists and printed price quotations, terms, and conditions of sale incorporating statements of trade practices, methods, policies, terms, conditions of sale such as

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those outlined and specified in the preceding paragraph 7. For some years last past, all of said respondent manufacturers' printed price lists and printed quotations, terms, and conditions of sale thus issued and disseminated, except as to one or two instances, have been uniform as to prices, terms, and conditions of sale for comparable products and said respondent manufacturers made substantially all of their sales in accordance therewith.

CONCLUSION

The acts and practices of respondents, as herein found, are all to the prejudice of the public, have a dangerous tendency to and have actually hindered, lessened, restrained, and prevented price competition among and between said respondents in the sale of said products in commerce within the intent and meaning of the Federal Trade Commission Act; and constitute unfair methods of competition and unfair acts and practices within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

It is ordered, That the respondents The Blotting Paper Manufacturers Association, and its officers; Paul Travis, individually and as President of respondent Association; Graham A. Carlton, individually and as Vice President of respondent Association; Eric G. Lagerloef, individually and as Secretary and Treasurer of respondent Association; Joseph Parker & Son Co., a corporation; The Wrenn Paper Company, a corporation; The Rochester Paper Company, a corporation; Albemarle Paper Manufacturing Company, a corporation; Standard Paper Manufacturing Company, a corporation; and Mead Corporation, a corporation, and the corporate respondents' officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the sale and distribution of blotting paper, do forthwith cease and desist from entering into, continuing, cooperating in, or carrying out, any planned, common course of action, understanding, agreement, combination, or conspiracy between and among any two or more of said respondents, or between any one or more of said respondents and persons so engaged in any line of commerce as to ordinarily compete with any of said respondents to do or perform any of the following acts:

1. Fixing, establishing, or maintaining by any manner whatever uniform prices, discounts, terms, or conditions of sale of blotting paper.

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2. Using in the quoting of prices on or in the sale of blotting paper, the differentials in price for variance in color, weight, size, trim, packaging, type, or quantity of blotting paper heretofore fixed or established; or,

3. Fixing, establishing, or maintaining any differentials in price for any variance in color, weight, size, finish, trim, packaging, type, or quantity of blotting paper.

4. Using in quoting prices on, or in the sale of blotting paper, the geographical zones or the price differentials between such zones heretofore fixed, or fixing, establishing, or maintaining any geographical areas or zones for pricing purposes or any differentials in price between any such areas or zones for use in quoting prices on or in the sale of blotting paper.

5. Using or maintaining the trade practices heretofore formulated and agreed upon, or agreeing upon of formulating and using any trade practices which specify prices or differentials in prices to be used in quoting prices on, or in the sale of blotting paper, or any similar set of rules or formula which results in uniform identical prices or fixed variances in prices.

It is further ordered, That the respondents shall within sixty (60) days after service upon them of this order file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

THE BLOTTING PAPER MANUFACTURERS
ASSOCIATION.

By [s] PAUL H. TRAVIS, *President*.

By [s] A. R. FORTUNE, *Vice-President*.

ROCHESTER PAPER COMPANY.

By [s] GRAHAM A. CARLTON.

By [s] ERIC G. LAGERLOEF.

JOSEPH PARKER & SON Co.

By [s] H. LEONARD MICHAELSON, Jr.,

Secretary.

THE WRENN PAPER COMPANY.

By [s] J. J. HALLOWELL, *President*.

THE ROCHESTER PAPER COMPANY.

By [s] A. R. FORTUNE, *Vice-President*.

ALBEMARLE PAPER MANUFACTURING
COMPANY.

By [s] F. D. GOTTWALD, *President*.

STANDARD PAPER MANUFACTURING
COMPANY.

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By [s] G. A. CARLTON, *Vice-President*.
MEAD CORPORATION.

By [s] H. E. WHITAKER, *President*.

Dated:

The foregoing consent settlement is hereby accepted by the Federal Trade Commission and ordered entered of record on this 8th day of October 1953.

IN THE MATTER OF
NATIONAL BLIND INDUSTRIES, INC. ET AL.

DECISION IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE
COMMISSION

Docket 6036. Complaint, Aug. 29, 1952—Decision, Oct. 20, 1953

Where a non-profit institution serving as a coordinating agency, broker, and clearing house for numerous workshops for the blind, located at various points throughout the United States, included as one of its principal functions the assisting of the Government in locating and procuring desired articles made by the blind and in assisting the various workshops in marketing their products to the Government as well as to private business concerns, charitable institutions, etc., and, as National Industries for the Blind, was a long established and well recognized organization; and thereafter a corporation and an individual, its officer and owner, engaged in the interstate sale and distribution of luminous house numbers and woven articles such as table and place mats, in competition with other corporations and individuals and with eleemosynary and charitable institutions similarly engaged—

- (a) Made use of a corporate name which, as National Blind Industries, Inc., so closely resembled that of National Industries for the Blind as to be confusing to the public and to have the tendency and capacity to cause it to mistake said private business enterprise for the other and thereby cause, or tend to cause, trade and contributions to be diverted unfairly to said private enterprise from the affiliates of National Industries for the Blind; and
- (b) Represented that they had facilities for training blind persons in handicraft and that contributions solicited from the public in connection with the sale of their merchandise would be used to train blind persons and for other rehabilitation work among the blind;

The facts being they had not trained any blind persons and were without facilities so to do; the only blind person in their employ received his training elsewhere, as did others engaged in making various articles sold by said corporation and its owner; and contributions were not otherwise used in rehabilitation work among the blind, but were made use of, as respects the major portion, for other purposes such as commissions of solicitors, salaries of collectors and other employees, rent on their place of business and payments to said owner as income and also on an indebtedness due him by said corporation:

Held: That such acts and practices, under the circumstances set forth, were all to the prejudice of the public and of their competitors and constituted unfair methods of competition in commerce and unfair and deceptive acts and practices therein.

Before *Mr. William L. Pack*, hearing examiner.
Mr. J. W. Brookfield, Jr., for the Commission.