

Complaint

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IN THE MATTER OF
SCOVILL MANUFACTURING COMPANY

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7 OF THE
CLAYTON ACT

Docket 6527. Complaint, Mar. 12, 1956—Decision, Sept. 15, 1956

Consent order requiring the nation's largest manufacturer of safety and common pins to divest itself of the safety and common pin production of an acquired competitor.

Before *Mr. Frank Hier*, hearing examiner.

Mr. William R. Tincher for the Commission.

Davis, Polk, Wardwell, Sunderland & Kiendl, by *Mr. Taggart Whipple*, of New York City, for respondent.

COMPLAINT

The Federal Trade Commission, having reason to believe that the party respondent named in the caption hereof and hereinafter more particularly designated and described, has violated and is now violating the provisions of Section 7 of the Clayton Act (U.S.C. Title 15, Sec. 18) as amended and approved December 29, 1950, hereby issues its complaint, pursuant to Section 11 of the aforesaid Act (U.S.C. Title 15, Sec. 21), charging as follows:

PARAGRAPH 1. Respondent Scovill Manufacturing Company (hereinafter referred to as "respondent") is a corporation organized and existing under the laws of the State of Connecticut, with its office and principal place of business at 99 Mill Street, Waterbury, Connecticut.

PAR. 2. DeLong Hook & Eye Company (hereinafter referred to as "DeLong") is, or at all times pertinent herein was, a corporation organized and existing under the laws of the State of Pennsylvania, with its office and principal place of business at 21st and Clearfield Streets, Philadelphia, Pennsylvania.

PAR. 3. Respondent is engaged in the production and sale of a variety of products in commerce, as "commerce" is defined in the Clayton Act. In the year ending December 31, 1954, respondent's sales of all products aggregated approximately \$110,000,000. Such production and sale in commerce included the production and sale of safety pins and common pins. In the year ending December 31, 1954, respondent's sales of these products aggregated approximately \$3,300,000. Respondent is, and prior to the acquisition de-

scribed in paragraph five hereof was, the largest manufacturer of safety pins and common pins in the United States.

PAR. 4. Prior to about April 1955, DeLong was engaged in the production and sale of a variety of products in commerce, as "commerce" is defined in the Clayton Act. In the year ending March 31, 1955, DeLong's sales of all products aggregated approximately \$2,265,000. Such production and sale in commerce included the production and sale of safety pins and common pins. In the year ending March 31, 1955, DeLong's sales of these products aggregated approximately \$777,000.

PAR. 5. During or about April 1955, respondent acquired, with certain exceptions not here pertinent, all the outstanding capital stock and the assets and the business of DeLong.

PAR. 6. By its acquisition of the stock and assets of DeLong, respondent has eliminated one of the principal competitors in the production and sale of safety pins and common pins in the United States.

PAR. 7. Respondent has violated Section 7 of the Clayton Act as amended, in that the acquisition of the stock and assets of DeLong, as described in paragraph five hereof, may have the effect of substantially lessening competition or tending to create a monopoly in the production and sale of safety pins and common pins in the United States.

PAR. 8. The foregoing acquisition, acts and practices of respondent as hereinbefore alleged and set forth, constitute a violation of Section 7 of the Clayton Act (U.S.C. Title 15, Sec. 18) as amended and approved December 29, 1950.

INITIAL DECISION BY FRANK HIER, HEARING EXAMINER

Pursuant to the provisions of Section 7 of the Clayton Act (U.S.C. Title 15, Sec. 18) as amended and approved December 29, 1950, and Section 11 of said Act (U.S.C. Title 15, Sec. 21), and the Federal Trade Commission on March 12, 1956, issued and subsequently served its complaint in this proceeding against respondent Scovill Manufacturing Company, a corporation existing and doing business under the laws of the State of Connecticut, with its office and principal place of business located at 99 Mill Street, Waterbury, Connecticut.

On April 23, 1956, respondent filed its answer to the complaint herein, and on July 30, 1956, no hearings having been held, there was submitted to the undersigned hearing examiner an agreement between respondent and its counsel, and counsel supporting the complaint, providing for entry of a consent order to cease and desist

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and to divest. By the terms of said agreement, respondent admits all the jurisdictional facts alleged in the complaint; agrees that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations; and agrees that the answer of respondent herein to the complaint shall be considered as having been withdrawn. By such agreement, respondent waives any further procedural steps before the hearing examiner and the Commission; waives the making of findings of fact and conclusions of law; and waives all of the rights it may have to challenge or contest the validity of the order to cease and desist and to divest entered in accordance with this agreement. Such agreement further provides that it disposes of all of this proceeding as to all parties; that the record on which this initial decision and the decision of the Commission shall be based shall consist solely of the complaint and this agreement; that the latter shall not become a part of the official record unless and until it becomes a part of the decision of the Commission; that the agreement is for settlement purposes only and does not constitute an admission by respondent that it has violated the law as alleged in the complaint; and that the following order may be entered in this proceeding by the Commission without further notice to respondent, and, when so entered, it shall have the same force and effect as if entered after a full hearing, and may be altered, modified, or set aside in the manner provided for other orders; and that the complaint may be used in construing the terms of the order.

The hearing examiner having considered the agreement and proposed order, and being of the opinion that they provide an appropriate basis for settlement and disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings made, and the following order issued:

1. Respondent Scovill Manufacturing Company is a corporation existing and doing business under the laws of the State of Connecticut, with its office and principal place of business located at 99 Mill Street, Waterbury, Connecticut.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent, Scovill Manufacturing Company, a corporation, its officers, agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution in commerce, as "commerce"

is defined in the Clayton Act, as amended, of safety pins and of common pins, do cease and desist from:

Manufacturing, producing, or assembling safety pins or common pins on the premises or in the factory or plant of the DeLong Hook & Eye Company Division of the Scovill Manufacturing Company, located at 21st and Clearfield Streets, Philadelphia, Pennsylvania, said division of Scovill Manufacturing Company being located on the premises and in the buildings formerly occupied by the DeLong Hook & Eye Company prior to its acquisition by the Scovill Manufacturing Company on April 1, 1955.

It is further ordered, That respondent, Scovill Manufacturing Company, shall divest itself absolutely, in good faith, within 90 days after service upon it of a copy of this order, of all safety pin and common pin machines, equipment and related attachments now located in and at the said DeLong Hook & Eye Company Division at 21st and Clearfield Streets, Philadelphia, Pennsylvania which were acquired from the former DeLong Hook & Eye Company of that address, together with, and as a unit, and to the same purchaser, all trade names, trade-mark registrations, patents, and goodwill acquired by Scovill Manufacturing Company, as a result of the aforementioned acquisition, which relate to or have been used in connection with or in the sale of safety pins or common pins.

It is provided, however, That if the aforesaid property is not sold or disposed of entirely for cash, nothing in this order shall be deemed to prohibit respondent from retaining, accepting and enforcing in good faith any security interest in the aforesaid property for the purpose of securing to respondent full payment of the price, with interest, at which the aforesaid property is disposed of or sold; and

Provided further, That if, after a good faith divestiture of the aforesaid property, the buyer fails to perform his obligation and respondent regains ownership of or control over the aforesaid property, respondent shall redinvest itself of the property within one hundred and fifty days in the same manner as ordered originally.

The terms "safety pins" and "common pins" as used herein refer to identical terms as used and understood by the members of the PIN, CLIP AND FASTENER ASSOCIATION when reporting their shipments of said items to the safety pin and common pin divisions of said association.

It is further ordered, That respondent, Scovill Manufacturing Company, shall, within one hundred days after service upon it of this order, file with the Commission a report in writing setting forth in

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detail the manner and form in which it has complied with the order contained herein.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 15th day of September, 1956, become the decision of the Commission; and, accordingly:

It is ordered, That the respondent herein shall, on or before November 23, 1956,¹ file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the order contained in the initial decision.

¹Date of January 5, 1957, substituted, by order of October 5, 1956.

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IN THE MATTER OF
P. W. MINOR & SON, INC., ET AL.

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket 6565. Complaint, June 7, 1956—Decision, Sept. 15, 1956

Consent order requiring shoe manufacturers in Batavia, N.Y. to cease using the words "orthopedics" and "Corrector" in connection with certain of their stock shoes, and representing falsely on cartons and in advertisements that their several lines of shoes provided a variety of corrective and supporting features for foot ailments.

Mr. R. P. Bellinger for the Commission.

Mr. Irving Weinstein, of New York City, for respondents.

INITIAL DECISION BY FRANK HIER, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on June 7, 1956, issued and subsequently served its complaint in this proceeding against P. W. Minor & Son, Inc., a corporation existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at Batavia, New York, and respondents Henry H. Minor, Jr., Leo J. Hart and Charles B. Taft, individually and as officers of the corporate respondent, whose policies, acts and practices they were alleged to formulate, direct and control. The address of the individual respondents is likewise Batavia, New York.

On August 1, 1956, no hearings having been held, there was submitted to the undersigned hearing examiner an agreement between respondents and their counsel, and counsel supporting the complaint, providing for the entry of a consent order. By the terms of said agreement, respondents admit all the jurisdictional facts alleged in the complaint and agree that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations. By such agreement, respondents waive any further procedural steps before the hearing examiner and the Commission; waive the making of findings of fact and conclusions of law; and waive all of the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with this agreement. Such agreement further provides that it disposes of all of this proceeding as to all parties; that the record on which this initial decision and the decision of the Commission shall be