

Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Scovill Manufacturing Company., U.S. District Court, D. Connecticut, 1948-1949 Trade Cases ¶62,223, (Feb. 17, 1948)

United States v. Scovill Manufacturing Company.

1948-1949 Trade Cases ¶62,223. U.S. District Court, D. Connecticut. Civil Action No. 1853. February 17, 1948.

Sherman Antitrust Act, Clayton Antitrust Act

Consent Judgment—Antitrust Violations Enjoined—Patent Licensing Required.—A consent judgment entered in a civil action charging a manufacturer of button fastening machinery with attempting to monopolize the button fastening business by means of illegal leasing agreements and by refusing to lease its machinery enjoins defendant from: leasing or selling its machinery on the condition that the lessee or purchaser shall not use the fasteners of a competitor; conditioning the availability of fastening machinery upon the purchase of fasteners from defendant; removing machinery from the premises of any lessee because such lessee purchases fasteners from competitors of defendant; conditioning any license or immunity to practice any invention related to fastening machinery claimed in any United States patent upon the purchase of fasteners or any similar product from defendant or from any other designated source; instituting or threatening to institute, or maintaining, any proceeding for infringement or for damages or royalties alleged to have accrued prior to the date of this judgment under any existing patent; and participating in any agreements or arrangements having the purpose or effect of continuing, reviving or renewing any of the antitrust violations alleged in the complaint, paragraphs 6 to 8. Defendant is required to grant to any applicant a non-exclusive, non-assignable and unrestricted license, at a uniform, reasonable royalty under any and all existing patents listed herein.

For plaintiff: John F. Sonnett, Assistant Attorney General; Manuel M. Gorman, Sigmund Timberg, Richard B. O'Donnell; Tom C. Clark, Attorney General; Wendell Berge, Assistant Attorney General; Robert A. Nitschke, Special Assistant to the Attorney General; Adrian W. Maher, U. S. Attorney (Hartford, Conn.); Grant W. Kelleher, Lawrence W. Somerville, Special Assistants to the Attorney General.

For defendant: Frederick H. Wiggin, Wiggin and Dana, New Haven, Connecticut, Francis P. Reeves, Waterbury, Conn.

Final Judgment

HINCKS, J.: The plaintiff, United States of America, having filed its complaint in this action on July 30, 1946; defendant, Scovill Manufacturing Company, having appeared and filed its answer to said complaint denying the substantive allegations thereof; and the plaintiff and said defendant by their respective attorneys having consented to the entry of this final judgment herein;

NOW, THEREFORE, before the taking of any testimony, and without trial or adjudication of any issue of fact or law herein, and without any admission by any party with respect to any such issue, and upon the consent of the parties hereto, the Court being advised and having considered the matter, it is hereby

ORDERED, ADJUDGED AND DECREED, as follows:

I

[*Jurisdiction*]

This Court has jurisdiction of the subject matter of this action and of the parties to this judgment; the complaint states a cause of action against defendant, Scovill Manufacturing Company, under the Act of Congress of July 2, 1890, as amended, entitled "An Act to Protect Trade and Commerce Against Unlawful Restraints and Monopolies," said Act being commonly known as the "Sherman Anti-trust Act," and under the Act of Congress of October 15, 1914, as amended, entitled "An Act to Supplement Existing Laws Against Unlawful Restraints and

Monopolies, and for Other Purposes,” amendatory thereof and supplementary thereto, said Act being commonly known as the “Clayton Act.”

II

[*Terms Defined*]

When used in this final judgment, the following terms have the meanings assigned respectively to them below:

- (a) “Fasteners means tack-attached or staple-attached buttons, rivets, burrs, and snap fasteners for the fastening of clothing.
- (b) “Fastening machinery” means machinery and accessories for attaching fasteners to clothing.
- (c) “Existing patents” means all presently issued United States letters patent owned or controlled by defendant, Scovill Manufacturing Company, or under which it has power to issue licenses or sublicenses, relating to fastening machinery, consisting of the following numbered United States patents:

1,620,468	2,230,795
1,809,322	2,248,086
1,836,887	2,248,087
1,860,148	2,301,547
1,879,895	2,310,007
1,913,648	2,310,008
1,975,413	2,329,047
2,067,225	2,345,476
2,071,506	2,345,640
2,071,507	2,354,717
2,134,404	2,361,688
2,136,536	2,373,436
2,160,146	2,406,516
2,164,743	

and renewals, reissues, divisions and extensions of any such patent.

III

[*Applicability of Provisions*]

The provisions of this judgment applicable to defendant, Scovill Manufacturing Company, shall apply to each of its subsidiaries, successors, and assigns, and to each of its officers, directors, agents, nominees, employees, and to any other person acting under, through or for such defendant.

IV

[*Practices Enjoined*]

Defendant, Scovill Manufacturing Company, be and hereby is enjoined and restrained from:

- A. Leasing or making any sale or contract, or adhering to any contract for the sale or lease of fastening machinery, whether patented or unpatented, for use or resale within the United States, or any territory thereof, or the District of Columbia, or any insular possession or other place under the jurisdiction of the United States, or from fixing a price charged therefor or discount from or rebate upon such price, on the condition agreement, or understanding that the lessee or purchaser thereof shall not purchase, use or deal in the fasteners of a competitor or competitors of defendant, Scovill Manufacturing Company.
- B. Conditioning the availability of fastening machinery or parts or repairs thereof upon the securement of fasteners from the defendant, Scovill Manufacturing Company, or any other designated source.
- C. Removing fastening machinery from the premises of any lessee because such lessee purchases, uses or deals in fasteners manufactured or sold by any person other than defendant.

D. Engaging in, or participating in, contracts, agreements, understandings or arrangements having the purpose or effect of continuing, reviving, or renewing any of the violations of the anti-trust laws alleged in paragraph 6 to 8 inclusive, in the complaint herein.

E. Conditioning any license or immunity, expressed or implied, to practice any invention related to fastening machinery claimed in any United States patent by the tying of any license or immunity for such invention to the purchase or securement of fasteners or any similar product or article from the defendant, Scovill Manufacturing Company, or any other designated source.

F. Instituting or threatening to institute or maintaining any suit, counter-claim or proceeding, judicial or administrative, for infringement or to collect charges, damages, compensation or royalties alleged to have accrued prior to the date of this judgment under any existing patent.

V

[*Licensing Required*]

Defendant, Scovill Manufacturing Company, be and hereby is directed to grant to any applicant making a written request therefor a non-exclusive, non-assignable and unrestricted license, save for and at a uniform reasonable royalty, under any or all existing patents as listed in Section II (c). Any applicant for such license who fails to agree with defendant, Scovill Manufacturing Company, upon a reasonable royalty may apply to this court upon thirty (30) days' notice to defendant, Scovill Manufacturing Company, and to the Attorney General at Washington, D. C., to determine the reasonable royalty for such license.

VI

[*Webb-Pomerene Act*]

Nothing in this judgment shall prevent defendant, Scovill Manufacturing Company from availing itself of the benefits of (a) the Act of Congress of April 10, 1918, commonly called the Webb-Pomerene Act, (b) the Act of Congress of 1937, commonly called the Miller-Tydings Proviso to Section 1 of the Act of Congress of July 2, 1890, entitled "An Act to Protect Trade and Commerce Against Unlawful Restraints and Monopolies," or (c) save as elsewhere in this judgment provided of the patent laws.

VII

[*Inspection to Secure Compliance*]

For the purpose of securing compliance with this judgment and for no other purpose, duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General or an Assistant Attorney General, and upon reasonable notice to the defendant, Scovill Manufacturing Company, made to its principal office, be permitted, subject to any legally recognized privilege (1) access during the office hours of said defendant, to all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of said defendant relating to any matters contained in this judgment, and (2) subject to the reasonable convenience of said defendant and without restraint or interference from it, to interview officers or employees of such defendant, who may have counsel present, re-regarding any such matters; provided, however, that no information obtained by the means provided in this paragraph shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of such Department except in the course of legal proceedings, to which the United States is a party, for the purpose of securing compliance with this judgment, or as otherwise required by law.

VIII

[*Jurisdiction Retained*]

Jurisdiction of this cause is retained for the purpose of enabling any of the parties to this judgment to apply to the Court at any time for such further orders and directions as may be necessary or appropriate for the construction

or carrying out of this judgment, for the amendment, modification, or termination of any of the provisions thereof, for the enforcement of compliance therewith, and for the punishment or violations thereof.