

U. S. v. KRENTLER-ARNOLD HINGE LAST CO.

FINAL DECREE

This cause coming on to be heard on this 7th day of February, 1913, before the Honorable Arthur J. Tuttle, district judge, and the petitioner having appeared by its district attorney, Clyde I. Webster, and by Malcolm A. Coles, its Special Assistant to the Attorney General, and having moved the court for an injunction in accordance with the prayer of its petition, and it appearing to the court that the allegations under the provisions of the act of July 2, 1890, known as the antitrust act, that it has jurisdiction of the subject matter, and that the defendants have each either been regularly served or accepted service of process, and have appeared in open court by Clement R. Stickney, their counsel, and said defendants now by leave of the court having withdrawn their answers herein and stated in open court through their counsel that it is not their desire or intention, nor the desire or intention of any or either of them to violate the provisions of the act above referred to, but stated that it is their desire and intention and the desire and intention of each of them to comply with each and all the provisions of the statutes of the United States referring to agreements, combinations, or conspiracies in restraint of trade, and that their previous action in the premises was in the full belief that it was not in violation of law, and that it is the desire and intention of them and each of them not to operate under or make or carry on any such contracts or practices as are condemned by said act of Congress as now construed by the court, and now consenting to the entering and rendition of this decree, now, therefore, it is accordingly by the court adjudged, ordered, and decreed as follows:

First. That so much of the 2nd section of that certain license agreement made by and between the Krentler-Arnold Hinge Last Company and each of its dated licensees, a copy whereof is set forth in the petition in this cause, as reads:

Second. The party of the second part, in lieu of, and as the equivalent of, a specific royalty or license fee, hereby agrees to buy of the party of the first part all

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LAST CO.

IN THE DISTRICT COURT OF THE UNITED STATES FOR
THE EASTERN DISTRICT OF MICHIGAN, SOUTHERN
DIVISION.

Equity No. 2.

THE UNITED STATES OF AMERICA,

VS.

KRENTLER-ARNOLD HINGE LAST COMPANY AND OTHERS.

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the hinges and special parts used in the manufacture of said lasts and to use no other hinges and special parts therefor, and agrees to fit all hinged lasts manufactured by it with said hinges and special parts bought of the party of the first part, and not to manufacture any other hinged lasts; *and agrees to maintain the prices of all lasts sold by the licensee, strictly in accordance with the schedule or list of prices hereto attached, and forming a part of this license, the same schedule to be furnished to all licensees.* The party of the first part consents, and is hereby mutually agreed, that the licensees under this form of license shall choose (by majority ballot of all licensees present in person or by proxy, upon duly mailed ten days' notice, each licensee having one vote) an adjuster, who shall determine any and all special or general changes in said schedule or list of prices, but said changes shall first be approved by the licensor, and the referee chosen by the licensees shall at all times be acceptable to the licensor.

constitutes an agreement in restraint of interstate trade and commerce in violation of section 1 of the act of July 2, 1890, known as the antitrust act, in that it provides that the licensees of said Krentler-Arnold Hinge Last Company shall maintain the prices of *all* lasts sold by them in accordance with the schedule of prices furnished by the licensor, and in that it attempts to regulate or fix the prices of unpatented lasts and parts and to maintain the prices of said unpatented lasts and parts in connection with and in relation to the prices fixed and maintained for patented lasts and parts manufactured and sold by said licensees; and said defendants and each of them are hereby jointly and severally restrained, enjoined, and forbidden from further observing or attempting to carry out in any respect said provisions of said agreement, and from hereafter agreeing or conspiring together in any way, either verbally or in writing to fix and maintain, or from maintaining or observing an agreed price upon unpatented lasts, parts, or fittings.

Second. That sections 6 and 7 of the license agreement aforesaid made by and between the Krentler-Arnold

Hinge Last Company and each and all of its licensees, the language of which sections is as follows:

Sixth. The party of the second part hereby covenants and agrees, as further consideration for this license, that it will in no way violate or contest the validity of the patents contained in the first-mentioned "schedule of patents," or of either of them, or any part thereof, at any time during the life of said patents *or any of them*, or question in any way the title of the party of the first part in and to said patents; and hereby expressly admits the validity and the sufficiency of the said letters patent, and each of them. This license does not operate to revoke in any way the sixth paragraph (corresponding to this paragraph) of the preceding license agreement between the parties hereto.

Seventh. This license is personal to the party of the second part and to its employees, and in its said factory at Beverly, Mass., and not otherwise, and is nonassignable by said licensee; but in case the party of the first part should sell or transfer the business, or any part thereof, the party of the first part may assign this license or such part thereof; and it is revocable by the party of the first part upon sixty days' written notice, without, however, relinquishment of any indebtedness of the licensee or claims of the licensor, or of any of the continuing covenants of the preceding paragraph; *otherwise it shall remain in force to the end of the term of the latest patent aforesaid.*

constitute agreements in restraint of interstate trade and commerce in violation of section 1 of the act of July 2, 1890, known as the antitrust act, in that they attempt to make the terms of said license agreement applicable to lasts or attachments thereto after the letters patent under which they are manufactured have expired; and the said defendants and each of them are hereby jointly and severally perpetually enjoined, restrained, and forbidden from carrying out or being bound by so much of said license agreement contained in said sections 6 and 7 thereof as attempts to extend the license agreements to lasts or attachments after the expiration of the patents under which

they are manufactured, and said defendants and each of them are further hereby jointly and severally perpetually enjoined, restrained, and forbidden from hereafter agreeing or conspiring together to fix or maintain, and from maintaining or observing, an agreed price upon lasts or attachments thereto covered by any patent after such patent shall expire.

Third. That the organization and association of the licensees of the Krentler-Arnold Hinge Last Company, known as the Cary Club, described in the petition in this cause, was and is now a combination and conspiracy in direct restraint of interstate trade and commerce, in violation of the provisions of the said act of July 2, 1890, and the defendant licensees, and each of them, who now are members of said Cary Club, are hereby perpetually, jointly and severally, enjoined, restrained, and forbidden from further maintaining said organization and from participating therein, and from hereafter creating, maintaining, or participating, in any manner whatsoever, in any organization of like character.

Fourth. It is further hereby adjudged, ordered, and decreed that the court retains jurisdiction of this cause for the purpose of enforcing the decree herein and also for the purpose of modifying any of its injunctive provisions upon the joint application of the Attorney General and the defendants.

Fifth. It is further adjudged, ordered, and decreed that the defendants be, and they hereby are, given a period of thirty days from and after the date of entry of this decree for compliance with the terms thereof.

Sixth. It is further hereby adjudged, ordered, and decreed that the defendants pay the costs of suit to be taxed.

ARTHUR J. TUTTLE,
United States District Judge.