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## IN THE MATTER OF

CZECHO-SLOVAK CRYSTAL IMPORTERS ASSOCIATION,  
INC. (IMPORTED CRYSTAL ASSOCIATION, INC.) ET AL.

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

*Docket 5988. Complaint, May 12, 1952—Decision, June 25, 1953*

While a small percentage of the lighting glass products made for use in the United States is presently manufactured in Japan, Germany, Austria and other foreign countries as well as in the United States, such glass products have generally been deemed to be of inferior quality to Czechoslovakian lighting glass products and have not enjoyed the acceptance in the United States accorded to said Czechoslovakian products.

Where twelve corporations, two partnerships and an individual, which were engaged in importing "lighting glass products"—i. e., glass crystals, prisms, drops, chandeliers, and related products—from Czechoslovakia and other foreign countries for sale and distribution throughout the United States and for use in the manufacture of lighting fixtures for such sale and distribution; would have been in competition with one another, except for the facts below set forth, and were in competition with their customers and with importers who were not members of their association; and for a number of years theretofore imported about 90% of the volume of lighting glass products made in Czechoslovakia for sale and distribution in the United States and thereby dominated and controlled the lighting glass products industry in this country; together with their association, incorporated in 1946 to "advance the business of importers of crystal chandeliers and of all chandelier parts from Czechoslovakia, and to deal with problems concerning or affecting them and of allied and kindred businesses; \* \* \*"—Cooperated, combined, conspired, agreed, and entered into and carried out an understanding and planned common course of action between and among themselves and others (1) to prevent competing purchasers from importing lighting glass products directly from the suppliers; (2) to fix and establish prices, terms, and conditions of purchase in connection with the importation of such products; and (3) to monopolize within themselves the import, sale and distribution of said products in commerce; and as a part and parcel of said action and practice unlawfully to thwart, hinder, frustrate, and suppress competition—

- (a) Restricted the membership of their association and obtained an agreement from the Czechoslovakian glass import authorities whereby the sale of said products was restricted to members of their association and other importers approved by them;
- (b) Caused said Czechoslovakian glass export authorities to enjoin glass exporters from selling such products to nonmember importers in the United States;

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- (c) Agreed with the Czechoslovak Glass Export Co., Ltd., that that export agency would lower its prices to enable said members to meet the competition of such products of other origin; that the sale of the Czechoslovakian products would be made exclusively to the members and other importers they approved; and that respondents would confine their purchases of such lighting glass products to said export agency to the exclusion of other sources of supply;
- (d) Agreed among themselves and with their source of supply in Czechoslovakia that the purchase price paid by any member of any lighting glass product would be identical with that paid by any other members for the same product; and
- (e) Organized and used their said association as an unlawful medium of effectuating and carrying out such agreement, understanding, and practices; and

Where their aforesaid association—

- (f) Received from the Czechoslovakian government officials their current list of United States lighting glass product importers and also numerous inquiries to such officials from non-member importers in the United States in regard to the purchase of lighting glass products; and advised said officials as to whether or not said non-member importers should be allowed to purchase directly from Czechoslovakia; and
- (g) Kept said government officials apprised of its membership and of competitive activities in the industry; and

Where the aforesaid members during the same period of time—

- (h) Refrained from purchasing lighting glass products from sources outside of Czechoslovakia; and

Where respondents, through the terms of an agreement entered into on or about August 29, 1949, with the Czechoslovak Glass Export Co. Ltd.—

- (i) Further implemented and insured a successful continuation of their unlawful cooperation, planned common course of action, etc. through the terms of said agreement whereby the association members were supplied with new prices and price lists, sales were limited to members with certain approved exceptions, members undertook to purchase exclusively in Czechoslovakia, competitive orders were to be cancelled if possible, and said Export Company undertook to quote competitive prices against all other suppliers, proof of whose lower prices was to be made available by the association; and

Where said respondents and said Glass Export Company, notwithstanding latter's notice in April 1950 that the agreement would not be renewed—

- (j) Continued to adhere to its terms and conditions until on or about October 1951 when circumstances beyond their control precluded respondents' further importation of lighting glass products from said country;

Capacity, tendency, and effect of which agreement, understanding, etc., and of the acts and practices done pursuant thereto were to substantially lessen, restrain, and eliminate competition among and between said respondent members and between them and others in the importation of lighting glass products and in the sale and distribution thereof and of lighting fixtures

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manufactured therefrom in commerce; empower and enable respondent members to control the market for said products and fixtures; enhance prices paid for said products and fixtures by competitors and consumers; and to tend dangerously to create a monopoly in respondent members in the importation of lighting glass products and in the sale and distribution of such products and fixtures in commerce:

*Held*, That such acts and practices were all to the injury and prejudice of the public and competitors, and constituted unfair methods of competition in commerce.

Before *Mr. James A. Purcell*, hearing examiner.

*Mr. Floyd O. Collins* and *Mr. J. Wallace Adair* for the Commission.

*Davis & Heffner*, of New York City, for respondents generally.

*Mr. Daniel Schnabel*, of Beverly Hills, Calif., for Lewis J. Smith.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the parties named in the caption hereof and more particularly described and referred to hereinafter as respondents, have violated Section 5 of the Federal Trade Commission Act (U. S. C. Title 15, Section 45), and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. The respondent, Czecho-Slovak Crystal Importers Association, Inc., hereinafter referred to as respondent "Association", is a New York corporation, incorporated in 1946, with its principal office and place of business presently located at 48 West 37th Street, New York, New York, which is the business office of its Secretary, Irvin G. Nelson. The membership of the respondent Association is composed of corporations and individuals trading as partnerships or sole proprietors who are generally engaged in the business of importing glass crystals, prisms, drops, chandeliers and other similar or related products (sometimes hereinafter referred to as "lighting glass products") for sale and distribution in commerce and for use in the construction of lighting fixtures for sale and distribution in commerce among and between the various states of the United States.

The constitution and by-laws of the respondent Association declares its purpose to be:

## ARTICLE II—PURPOSES

Section 1. The general purposes of the Association shall be to foster, encourage and generally to advance the business of importers of crystal chandeliers

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and of all chandelier parts from Czechoslovakia, and to deal with problems concerning or affecting them and of allied and kindred businesses; to secure freedom from unjust and unlawful exactions; to unite for appropriate study and action, the said importers and allied or kindred businesses who are interested in the tariff law and in the administration of the Customs in general; to secure for said businesses the fair and administrative treatment to which they are entitled and to discourage ill-considered tariff legislation which might result not only in unfair discrimination in the United States but also in adverse effects on our international trade in general; to reform abuses relating to said businesses, and to promote and encourage sound, ethical and progressive business methods among them; to collect and disseminate accurate and reliable information relating to matters of said businesses and also the standing of persons and corporations engaged therein; to procure uniformity and certainty of practices and usages of said businesses; to settle differences between its members and those with whom they do business; to insure united action wherever else the interests of its members are concerned; and to do all such things as may be necessary and proper for the carrying out of the foregoing purposes.

## ARTICLE IV—MEMBERSHIP, DUES, VOTING, COMPLAINTS

Section 1. Any American citizen or a partnership, or a corporation, consisting of American citizens, or of whom American citizens shall be controlling or managing members or directors, who import merchandise into the United States or its territories, or who deal in imported merchandise or who are interested in the tariff laws, shall be eligible to membership in the Association.

PAR. 2. The following is a description of the corporate and individual respondents (sometimes hereinafter referred to as "respondent members"), all of whom are members of respondent Association:

Bohemia Import Co., Inc., is a New York corporation, incorporated in 1946, with its principal office and place of business located at 39 West 23rd Street, New York, New York.

Crystal Mart, Incorporated, is a New York corporation, incorporated in 1946, with its principal office and place of business located at 31 East 27th Street, New York, New York.

Elite Glass Co., Inc., is a New York corporation, incorporated in 1926, with its principal office and place of business located at 111 West 22nd Street, New York, New York.

Nelson Bead Co., Inc., is a New York corporation, incorporated in 1946, with its principal office and place of business located at 48 West 37th Street, New York, New York.

Weiss & Biheller Merchandise Corporation is a New York corporation, incorporated in 1934, with its principal office and place of business located at 584 Broadway, New York, New York.

Lightolier Co., Inc., is a New York corporation, incorporated in 1904, with its principal office and place of business located at 346 Claremont Avenue, Jersey City, New Jersey.

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Rialto Import Corporation is a New York corporation, incorporated in 1925, with its principal office and place of business located at 135 West 44th Street, New York, New York.

Gregory Sales Company, Inc., is a New York corporation, incorporated in 1938, with its principal office and place of business located at 232 East 59th Street, New York, New York.

Charles J. Winston & Co., Inc., is a New York corporation, incorporated in 1940, with its principal office and place of business located at 515 Madison Avenue, New York, New York.

Lawson Crystal, Inc., is a Missouri corporation, incorporated in 1947, with its principal office and place of business located at 4453a Olive Street, St. Louis, Missouri.

Sol Horn, Inc., is a New York corporation, incorporated in 1946, with its principal office and place of business located at 236 Fifth Avenue, New York, New York.

Warren Kessler, Inc., is a New York corporation, incorporated in 1929, with its principal office and place of business located at 220 Fifth Avenue, New York, New York.

Isaac Albert, Louis Albert, and Charles Albert are individuals and co-partners, trading and doing business under the partnership name and style of I. Albert Co., with their principal office and place of business located at 232 East 59th Street, New York, New York.

Sol Goodman and Edith Goodman are individuals and copartners, trading and doing business under the partnership name and style of Goody Lamp Co., with their principal office and place of business located at 40 West 27th Street, New York, New York.

Lewis J. Smith is an individual trading and doing business under the firm name and style of Crystal Import Co., with his principal office and place of business located at 7201 Melrose Avenue, Los Angeles, California.

PAR. 3. The respondent Association is not engaged in the business of importing, selling, or distributing lighting glass products as herein described, but said respondent has aided, abetted, guided, and assisted its respondent members in the performance of unlawful acts and practices hereinafter alleged.

PAR. 4. The respondent members are now, and since October 1946 have been, engaged in the business of importing lighting glass products from Czechoslovakia and other foreign countries for sale and distribution throughout the United States and for use in the manufacture of lighting fixtures for sale and distribution throughout the United States. Said respondents cause such products, when sold, to be shipped to purchasers thereof, many of whom are located in the

several states of the United States other than the states of origin of said shipments and in the District of Columbia; and there has been, and now is, a constant current and course of trade in said lighting glass products and lighting fixtures in commerce, as "commerce" is defined in the Federal Trade Commission Act, among and between the several states of the United States and in the District of Columbia.

PAR. 5. Except for the unlawful cooperation, planned common course of action, understanding, agreement, combination and conspiracy hereinafter alleged, respondent members would be in competition with one another in the import of lighting glass products. Said respondent members have been, and are now, in competition with others engaged in the import of lighting glass products. Said respondents are also in competition with their customers and with importers who are not members of respondent Association in the offering for sale, sale and distribution of lighting glass products and lighting fixtures manufactured from such products throughout the several states of the United States and in the District of Columbia.

PAR. 6. Prior to World War II, and for several years thereafter, substantially all of the lighting glass products used in the United States in the manufacture of chandeliers and other similar or related lighting fixtures were obtainable only from Czechoslovakia. A small percentage of the lighting glass products manufactured for use in the United States is presently manufactured in Japan, Germany, Austria, and other foreign countries as well as in the United States. Such glass products have generally been deemed to be of inferior quality to Czechoslovakian lighting glass products and have not enjoyed the acceptance in the United States accorded to said Czechoslovakian glass products. Respondent members have for several years past imported, and still do import, approximately 90 percent of the volume of lighting glass products manufactured in Czechoslovakia for sale and distribution in the United States, and by reason of this fact possess the ability and the means of dominating and controlling, and have actually, for several years past, dominated and controlled the lighting glass products industry in the United States.

PAR. 7. For more than five years last past, the respondent members, together with the respondent Association, have been and are engaged in unfair methods of competition and unfair acts and practices in commerce, as "commerce" is defined in the Federal Trade Commission Act, in that they have acted and are still acting unlawfully to thwart, hinder, frustrate and suppress competition by cooperating, combining, conspiring, agreeing and entering into and car-

rying out an understanding and planned common course of action between and among themselves and others to prevent competing purchasers from importing lighting glass products directly from the suppliers thereof; to fix and establish prices, terms and conditions of purchase in connection with the purchase and importation of lighting glass products; and to monopolize within themselves the import, sale, and distribution of said products in said commerce. As a part and parcel thereof they have committed acts and promulgated and used policies, methods and practices hereinafter more particularly set forth in subparagraphs 1 to 7, inclusive, of this Paragraph 7:

1. Respondents restricted the membership of respondent Association and obtained an agreement or understanding from the Czechoslovakian glass export authorities, which were in control of the shipment of lighting glass products from Czechoslovakia, whereby the sale of said lighting glass products was restricted to respondent members and other importers approved by respondents.

2. Respondents caused the Czechoslovakian glass export authorities to enjoin glass exporters from selling lighting glass products to importers in the United States who were not members of respondent Association.

3. Respondents agreed with Czechoslovak Glass Export Co., Ltd. that that export agency would lower its price to enable respondent members to meet the competition of lighting glass products of other origin; that the sale of Czechoslovakian lighting glass products would be made exclusively to the respondent members and other importers approved by respondents; and that respondents would confine their purchases of such lighting glass products to the said export agency to the exclusion of other sources of supply.

4. Respondents agreed among themselves and with their source of supply in Czechoslovakia that the purchase price paid by any respondent member for any lighting glass product would be identical to that paid by any other respondent member for the same product.

5. Respondents organized and used, and are now using, respondent Association as an unlawful medium of effectuating and carrying out the agreement, understanding, and practices herein alleged.

6. In compliance with the aforesaid cooperation and planned common course of action, understanding or agreement, the Czechoslovakian government officials transmitted its current list of United States lighting glass product importers to the respondent Association for its approval. Since 1946, said Czechoslovakian officials have received numerous inquiries from importers located in the United States who were not members of respondent Association in regard to the pur-

