

CHAPTER X

THE PATENT MONOPOLY

NOTE

FOR several years past the United Shoe Machinery Company has been regarded, and with reason, as the foremost example of a Patent Monopoly. This concern is, moreover, a combination, since prior to 1897 much of the machinery now controlled by the single company was divided among four concerns and was therefore, subject to at least limited competition. In February 1897 the United Shoe Machinery Company was organized under the laws of the State of New Jersey. By means of an issue and exchange of its capital stock it took over the business of four concerns—the Consolidated and McKay Lasting Machine Company, Goodyear Shoe Machinery Company, McKay Shoe Machinery Company and Eppler Welt Machine Company. Since that time the United Shoe Machinery Company has substantially controlled the shoe machinery business of the United States which has been handled strictly upon a lease basis. Powerful as the company has been it has been constantly threatened by the invention of new types of shoe machinery. Frequently it has been compelled to buy out such potential competitors, often at high valuations. The license or lease system of the United Shoe Machinery Company is shown below in the exhibits by a typical lease contract. There has also been included another typical lease or license agreement, that of the Motion Picture Patents Company and one of the Crown Cork and Seal Company.

The last exhibit in this chapter consists of excerpts from the decision handed down in March 1912 in the so-called Dick case. Influential as was the decision in the Dr. Miles Medical Company case, in restricting the tendency toward monopolistic control so far as the conditions and terms of sale have reference to unpatented articles, the Dick case goes the full length in the opposite direction and upholds in the most sweeping language the power of concerns and individuals holding patents to impose whatsoever conditions