

ANTITRUST RULING *continued from page 11*

Business experts disagreed on the effect repeal of the "Dr. Miles rule" would have.

Because many manufacturers focus on having large sales volumes, they will not choose to set prices that leave a high margin for retailers, some analysts said. But others said makers of products such as watches, computers and golf clubs might prefer a strategy of higher prices and better service for customers with lower sales volumes.

"Resale price maintenance can increase inter-brand competition by encouraging retailer services," said Kennedy, speaking for the majority. He said retailers that offer displays and service for customers could be undercut by "free-riding" discounters.

But lawyers for the Consumers Union said that abandoning the rule against retail price-fixing would result in higher prices for a variety of products.

The decision is a victory for a Los Angeles-area maker of handbags and other leather products. Leegin Creative Leather Products Inc., based in the City of Industry, makes handbags under the Brighton brand. Owner Jerry Kohl has insisted that shopkeepers sell his bags at prices he set.

He was sued by the owner of Kay's Kloset, a women's clothing shop near Dallas, on the grounds that his pricing policy violated antitrust laws. A jury

agreed with the shopkeeper and the decision led to nearly a \$4-million judgement.

The Supreme Court reversed the verdict in *Leegin vs. PSKS*. Chief Justice John G. Roberts, Jr. and Justices Antonin Scalia, Clarence Thomas and Samuel A. Alito, Jr. also were in the majority.

"Bottom line, the consumers were the big losers," said Phil Smith, owner of Kay's Kloset. "Price competition has always been the American way. We always like to shop for the best deal and that's been taken away."

But a marketing official for the Phoenix-based golf club maker Ping Inc. welcomed the ruling. "Not every consumer is a bargain shopper," said Ping's director of distribution, Bill Gates. He said his company's sales representatives spend 30 or 40 minutes with a customer to fit the golfer with a club.

The decision repealing the automatic rule against retail price-fixing was the Supreme Court's fourth this year to limit the reach of the antitrust laws.

"The only safe predictions to make about this decision are that it will likely raise the price of goods at retail and that will create considerable legal turbulence," Breyer said.

The ruling leaves open the possibility that price-fixing agreements can be challenged under antitrust laws but only when a manufacturer's brand dominates the market. This is rarely true with common retail products.

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