

ing membership fees) received in all states,²²⁵ or to consent to direct actions filed against it by persons injured in the host state, are valid.²²⁶

Laws Prohibiting Trusts, Restraint of Trade or Fraud.—

Even during the period when the Court was invalidating statutes under liberty of contract principles, it recognized the right of states to prohibit combinations in restraint of trade.²²⁷ Thus, states could prohibit agreements to pool and fix prices, divide net earnings, and prevent competition in the purchase and sale of grain.²²⁸ Further, the Court held that the Fourteenth Amendment does not preclude a state from adopting a policy prohibiting competing corporations from combinations, even when such combinations were induced by good intentions and from which benefit and no injury have resulted.²²⁹ The Court also upheld a variety of statutes prohibiting activities taken by individual businesses intended to harm competitors²³⁰ or restrain the trade of others.²³¹

Laws and ordinances tending to prevent frauds by requiring honest weights and measures in the sale of articles of general consump-

²²⁵ *State Farm Ins. Co. v. Duel*, 324 U.S. 154 (1945).

²²⁶ *Watson v. Employers Liability Assurance Corp.*, 348 U.S. 66 (1954). Similarly a statute requiring a foreign hospital corporation to dispose of farm land not necessary to the conduct of their business was invalid even though the hospital, because of changed economic conditions, was unable to recoup its original investment from the sale. *New Orleans Debenture Redemption Co. v. Louisiana*, 180 U.S. 320 (1901).

²²⁷ *See, e.g., Grenada Lumber Co. v. Mississippi*, 217 U.S. 433 (1910) (statute prohibiting retail lumber dealers from agreeing not to purchase materials from wholesalers selling directly to consumers in the retailers' localities upheld); *Aikens v. Wisconsin*, 195 U.S. 194 (1904) (law punishing combinations for "maliciously" injuring a rival in the same business, profession, or trade upheld).

²²⁸ *Smiley v. Kansas*, 196 U.S. 447 (1905). *See Waters Pierce Oil Co. v. Texas*, 212 U.S. 86 (1909); *National Cotton Oil Co. v. Texas*, 197 U.S. 115 (1905), also upholding antitrust laws.

²²⁹ *International Harvester Co. v. Missouri*, 234 U.S. 199 (1914). *See also American Machine Co. v. Kentucky*, 236 U.S. 660 (1915).

²³⁰ *Central Lumber Co. v. South Dakota*, 226 U.S. 157 (1912) (prohibition on intentionally destroying competition of a rival business by making sales at a lower rate, after considering distance, in one section of the State than in another upheld). *But cf. Fairmont Co. v. Minnesota*, 274 U.S. 1 (1927) (invalidating on liberty of contract grounds similar statute punishing dealers in cream who pay higher prices in one locality than in another, the Court finding no reasonable relation between the statute's sanctions and the anticipated evil).

²³¹ *Old Dearborn Co. v. Seagram Corp.*, 299 U.S. 183 (1936) (prohibition of contracts requiring that commodities identified by trademark will not be sold by the vendee or subsequent vendees except at prices stipulated by the original vendor upheld); *Pep Boys v. Pyroil*, 299 U.S. 198 (1936) (same); *Safeway Stores v. Oklahoma Grocers*, 360 U.S. 334 (1959) (application of an unfair sales act to enjoin a retail grocery company from selling below statutory cost upheld, even though competitors were selling at unlawful prices, as there is no constitutional right to employ retaliation against action outlawed by a state and appellant could enjoin illegal activity of its competitors).