

Krupp-Nirosta is a holding company set up to hold patents. With American Stainless Steel, K-N practically dominated the stainless steel industry until 1933. It is owned by a number of American steel companies. It is involved in litigation with the Rustless Iron and Steel Company of Baltimore. The suit was filed in June 1933. In this suit its patents were held invalid.

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K-N was formed by F/ Krupp A.G., Crucible Steel Co., Allegheny-Ludlum, Republic Steel Company, Percy Armstrong. In exchange for patent rights, they took stock in K-N.

Controlling interest of K-N is believed to be held by Krupp or its nominee. Half the royalties believed transmitted to Krupp in Essen, Germany; other half to stockholders.

Original K-N patents related to Austenitic Chromium Nickel Stainless Steels and fall into three groups:

Stainless heat treating patents--1,404,907-8. These obtained from Krupp A.G.

Another group--1,538,337 and 1,538,360 covering Titanium bearing chromium nickel stainless steel, originally owned by Ludlum.

Third group--High silicon chromium nickel stainless steel patents, 1,420,707-8, ~~1,617,334~~ 1,617,334 (originally Crubible's), and 1,513,793 (Ludlum's).

There are a number of American steel companies licensed to use K-N patents and presumably pay K-N royalties thereon.

K-N "does not appear to have made a particularly forceful attempt to assert these patent rights against American industry until six or eight months ago" (i.e., about June-July 1940). At that time K-N, under patent 2,186,710 (like 1,538,337 and 1,538,360, titanium bearing chromium nickel stainless steel) and represents prolongation of monopoly under these patents.

A second recent patent, 2,190,486, chromium nickel steel containing columbium and welded articles made from it; the patent on the steel itself is involved in an interference (that is, in the welded materials) with Electro Metallurgical Company. The award in lower courts was to K-N; now before Third Circuit (believe decision in February 1941 favored K-N).

A third patent recently issued to K-N, 2,200,229, covers welded articles fashioned of chromium nickel stainless steel with a carbon content less than .07%.

In initiating assertion of 2,186,710 and 2,200,229 against industry, K-N initiated proceedings upon 2,186,710. The assertions were against manufacturers of steel rather than the actual makers, users or sellers. Thus the monopoly on welded articles originally was being improperly asserted against the manufacturers of unpatented steel itself.

The Rustless action against K-N filed 6/4/40 in the U.S. District Court in Delaware.

Allegheny Ludlum is understood to be K-N stockholder.
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K-N withdrew/its first position and went after fabricators and has, through letters circulated through the trade, advised melters and converters of steel that they are free from charges of patent infringement or violation if they contribute to infringement in selling to fabricators (however, K-N did not waive its rights).

K-N advised the trade that no royalties would be paid on welded articles supplied to the U. S. Govt.

K-N advised fabricators that they were ready to grant licences under 2,200,229 and 2,186,710. Royalties 3/4¢ a pound for columbium and .3¢ a pound on carbon steel less than .07% for welded articles. Note royalties against steel itself.

Part of present licencing program of K-N. No royalty is required on welded articles for the U. S. Govt. Many products needed by the govt. however require the use in their manufacture of welded stainless steel articles and thus are indirectly affected.

"The patents of K-N, therefore, are believed to stand in the way of any government defense program requiring the manufacture of products such as dies, chemicals and explosives and the like" through equipment.

From D.J.'s stuff 6/11/41.