



Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, JULY 3, 1972

The Department of Justice filed a civil antitrust suit today to prevent Converse Rubber Corporation of Malden, Massachusetts, from leasing, with an option to purchase, the rubber-canvas footwear operations of the B. F. Goodrich Company of Akron, Ohio.

Attorney General Richard G. Kleindienst said the suit asked for a temporary restraining order and preliminary injunction blocking the scheduled July 5 transaction, until a final determination of the suit.

The suit, filed in U. S. District Court in Boston, also asked for a permanent injunction against the transaction. Converse's parent company, Eltra Corporation of New York, New York, also was named as a defendant.

Converse, Goodrich and Eltra had entered into an agreement in principle on May 17 under which Converse was to lease, for a 12-year period and with an option to purchase, the Goodrich rubber-canvas footwear plant in Lumberton, North Carolina, as well as all related machinery and equipment located at two other Goodrich footwear plants in Elgin, South Carolina and Mayaguez, Puerto Rico.

OVER

The agreement also included separate leases by Converse of the Goodrich footwear distribution and warehouse facilities in Charlotte, North Carolina, and Lawrence, Kansas, and the sale or assignment of substantially all of Goodrich's rubber-canvas footwear patents, trademarks and brand names to Converse.

The suit charged that the proposed transaction, which would transfer the entire rubber-canvas footwear operations of Goodrich's Footwear Division to Converse, would violate Section 7 of the Clayton Act by eliminating competition and increasing concentration in the manufacture and sale of canvas shoes, rubber-canvas shoes, and national brand canvas shoes.

These products are known as gym shoes, tennis shoes or sneakers.

Assistant Attorney General Thomas E. Kauper, in charge of the Antitrust Division, said that Converse and Goodrich are leading manufacturers of canvas shoes, rubber-canvas shoes, and national brand canvas shoes.

As a result of the proposed transaction, Mr. Kauper said, substantial actual and potential competition between Converse and Goodrich in these product lines will be eliminated.

OVER

According to the complaint, total United States sales of canvas shoes, including both the rubber and national brand variety, by domestic manufacturers in 1971 were about \$317 million. Of this total, Converse accounted for \$57.4 million, or 18.1 percent, and the Goodrich operations which Converse would lease accounted for \$29 million, or 9.1 percent.

In the rubber-canvas shoe market, the Goodrich operations and Converse accounted for 19.5 percent and 19 percent, respectively, of a total of some 57.5 million pairs of such shoes sold in the United States by domestic manufacturers in 1971, the complaint said.

The complaint further said that Converse and the Goodrich operations accounted for 33 percent and 11 percent, respectively, of a total of some \$152 million in national brand canvas shoes sales in the United States in 1971.

In this market, Converse sells canvas shoes under the "Converse", "All Stars", "Chuck Taylor" and "Coach" labels.

Goodrich sells its national brand canvas shoes under the "Jack Purcell", "P F" and "P F Flyer" labels.

According to the complaint, the manufacture and sale of canvas shoes in the United States is concentrated, with three manufacturers accounting for about 54.6 percent of industry sales.

OVER

In the manufacture and sale of rubber-canvas shoes in this country, more than 75 percent of industry sales are controlled by only three manufacturers, and in the national brand canvas shoe market, three manufacturers account for in excess of 90 percent of industry sales.