

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

Plaintiff,

v.

MANUFACTURERS AIRCRAFT ASSOCIATION, INC.;
AERONCA, INC.;
BEECH AIRCRAFT CORPORATION;
BELL AEROSPACE CORP.;
BOEING COMPANY;
CESSNA AIRCRAFT COMPANY;
CURTISS-WRIGHT CORPORATION;
FAIRCHILD HILLER CORP.;
GENERAL DYNAMICS CORPORATION;
GOODYEAR AEROSPACE CORP.;
GRUMMAN AIRCRAFT ENGINEERING CORP.;
KAMAN CORP.;
LING-TEMCO-VOUGHT, INC.;
LOCKHEED AIRCRAFT CORPORATION;
MARTIN-MARIETTA CORPORATION;
MCDONNELL DOUGLAS CORPORATION;
NORTH AMERICAN ROCKWELL CORPORATION;
NORTHROP CORPORATION;
PIPER AIRCRAFT CORPORATION;
RYAN AERONAUTICAL CO.;
UNITED AIRCRAFT CORPORATION,

Defendants.

Civil No.72-CIV-1307

Filed: March 29, 1972

C O M P L A I N T

The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action against the defendants named herein, and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are instituted under Section 4 of the Act of Congress

of July 2, 1890, as amended (15 U.S.C. § 4), commonly known as the Sherman Act, in order to prevent and restrain continuing violation by the defendants, as hereinafter alleged, of Section 1 of the Sherman Act.

2. The defendants Manufacturers Aircraft Association, Inc., Boeing Company, General Dynamics Corporation, Lockheed Aircraft Corporation, Martin-Marietta Corporation, McDonnell Douglas Corporation, and North American Rockwell Corporation transact business and are found within the Southern District of New York.

II

DEFENDANTS

3. Manufacturers Aircraft Association, Inc. (hereinafter referred to as "MAA"), a corporation organized and existing under the laws of the State of New York with its principal place of business in New York, New York, is made a defendant herein. The stockholders of MAA are firms engaged in the business of manufacturing aircraft and component parts and accessories thereto in various states of the United States.

4. The corporations named below are made defendants herein. Each of said corporations is organized and exists under the laws of the state indicated and has its principal place of business in the city indicated. Each of these corporations is a stockholder of MAA and each is or has been engaged in the research, development, manufacture, and sale of airplanes and parts and accessories thereto.

<u>Defendant Corporation</u>	<u>State of Incorporation</u>	<u>Principal Place of Business</u>
Aeronca, Inc.	Ohio	Middletown, Ohio

<u>Defendant Corporation</u>	<u>State of Incorporation</u>	<u>Principal Place of Business</u>
Beech Aircraft Corporation	Delaware	Wichita, Kansas
Bell Aerospace Corp.	Delaware	Buffalo, N. Y.
Boeing Company	Delaware	Seattle, Washington
Cessna Aircraft Company	Kansas	Wichita, Kansas
Curtiss-Wright Corporation	Delaware	Wood Ridge, N. J.
Fairchild Hiller Corporation	Maryland	Germantown, Md.
General Dynamics Corporation	Delaware	New York, N.Y.
Goodyear Aerospace Corporation	Delaware	Akron, Ohio
Grumman Aircraft Engineering Corp.	New York	Bethpage, N. Y.
Kaman Corp.	Connecticut	Bloomfield, Conn.
Ling-Temco-Vought, Inc.	Delaware	Dallas, Texas
Lockheed Aircraft Corporation	California	Burbank, California
Martin-Marietta Corporation	Maryland	New York, N.Y.
McDonnell Douglas Corporation	Maryland	St. Louis, Mo.
North American Rockwell Corp.	Delaware	El Segundo, California
Northrop Corporation	California	Beverly Hills, California
Piper Aircraft Corporation	Pennsylvania	Lock Haven, Pa.
Ryan Aeronautical Co.	California	San Diego, California
United Aircraft Corporation	Delaware	East Hartford, Connecticut

5. Whenever in this complaint reference is made to any act, deed, or transaction of a corporate defendant, such

allegation shall be deemed to mean that said corporation engaged in said act, deed, or transaction by or through its officers, directors, agents, or employees while they were actively engaged in the management, direction, or control of corporate business affairs.

III

OTHER PARTICIPANTS IN THE OFFENSE

6. Various other persons, firms, and corporations not made defendants herein have participated with the defendants in the offense alleged in this complaint and have performed acts and made statements in furtherance thereof.

IV

DEFINITIONS

7. As used herein, "airplane" means any form of heavier-than-air craft, using wing surfaces for sustaining it, and to include such indirect power plant appurtenances as radiators, oil-coolers, fuel and oil-coolers, fuel and oil tanks, and motor controls; but not to include the engine and such engine accessories as propellers, propeller hubs, superchargers, starters, magnetos, mufflers, carburetors, and reduction gears.

8. As used herein, "airplane patent" means any patent covering inventions for or capable of use in or in connection with airplanes.

9. As used herein, "MAA Agreement" means the Amended Cross Agreement of December 31, 1928 between the MAA and each of the stockholders of the MAA.

V

TRADE AND COMMERCE

10. Most airplanes manufactured in the United States are manufactured by stockholders of MAA and are sold in,

shipped to, and used in various states in the United States. The value of work done on aircraft in the United States in 1967 was \$7,912,700,000. This includes \$4,407,900,000 work done on new aircraft for United States military customers and \$3,504,800,000 work done on new aircraft for other customers, hereafter referred to as civilian aircraft. The value of shipments of civilian aircraft manufactured in the United States in 1969 was \$3,518,056,000.

11. The aircraft industry is highly concentrated. In 1966 the four largest firms accounted for 67 percent of the value of work done on aircraft and the eight largest firms accounted for 88 percent. These eight largest firms are all stockholders of MAA.

12. Owners of airplane patents and patentable inventions who are not airplane manufacturers try to sell or license such patents and patentable ideas to those in a position to use them, including the stockholders of the MAA. Patents and patentable inventions are frequently offered through patent brokers located in various states of the United States. The exact amount of commerce involved in the sale and licensing of airplane patents and patentable inventions is not known, but it is substantial and would be considerably more if the MAA Agreement was not adhered to by defendants.

VI

OFFENSE ALLEGED

13. Beginning at least as early as 1928 and continuing thereafter up to and including the date of this complaint, the defendants who were original parties to the MAA Agreement have been engaged in a contract and combination in

unreasonable restraint of the aforesaid interstate trade in airplanes and in airplane patents and patentable inventions in violation of Section 1 of the Sherman Act (15 U.S.C. § 1.). The other defendants joined the above contract and combination at various dates when they became parties to the MAA Agreement.

14. The foregoing contract and combination has consisted of a continuing agreement, understanding and concert of action among defendants, the substantial terms of which have been and are:

- (a) to eliminate competition among themselves in research and development of airplane patents and patentable inventions and in the manufacture of such inventions; and
- (b) to eliminate competition in the purchase of airplane patents and patent rights from other parties.

15. For the purpose of forming and effectuating the aforesaid contract and combination, defendants did those things which they contracted and combined to do, including, among other things, the following:

- (a) agreed to grant and caused to be granted to each other, licenses to make, use and sell airplanes under all airplane patents of the United States now or hereafter owned or controlled, directly or indirectly, by any defendant or under which any of them have or shall have the right to grant licenses;
- (b) agreed not to contract for or obtain any rights under any airplane patent or

invention in such manner that other defendants would be prevented from obtaining similar rights on the same terms;

- (c) agreed that the Board of Arbitration provided for in the MAA Agreement would have final authority to determine whether a defendant desiring compensation for the use of its airplane patents or patent rights is entitled to any compensation, and the amount thereof.

VII

EFFECTS

16. The aforesaid contract and combination has had, among others, the following effects:

- (a) restricting and suppressing competition among the defendants in the research, development, manufacture and sale of airplanes;
- (b) restricting and suppressing competition in the purchase of airplane patents and patentable inventions; and
- (c) hindering and delaying the research and development of patentable inventions for airplanes.

PRAYER

WHEREFORE, the plaintiff prays:

- 1. That the Court, pursuant to Section 5 of the Sherman Act, order summons to issue to such of the defendants as may not be found within this district,

commanding such defendants to appear and answer the allegations of this complaint and to abide by and perform such decrees and orders as the Court may make.

2. That the Court adjudge and decree that the defendants have engaged in a contract and combination in unreasonable restraint of the aforesaid interstate trade and commerce, in violation of Section 1 of the Sherman Act.

3. That the defendant MAA be dissolved within 60 days of the entry of a final judgment herein, and the MAA Agreement be cancelled.

4. That each of the defendants named in this complaint, its successors, assignees and transferees, and the respective officers, directors, agents and employees thereof, and all persons acting or claiming to act on behalf thereof:

(a) be enjoined from continuing, maintaining or renewing, directly or indirectly, the agreement, contract or combination hereinbefore alleged, or from engaging in any other practice, plan, program, or device having a similar effect;

(b) be enjoined from entering into any agreement, arrangement, understanding, plan or program with any other person, partnership, or corporation, directly or indirectly:

(1) to restrict individual research and development relating to airplanes;

(2) to require joint assessment of the value of rights to airplane patents or patentable

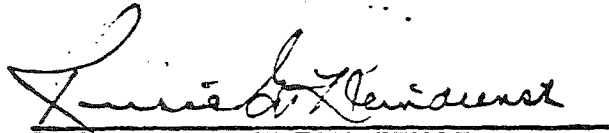
inventions; and

(3) to require that acquisition of rights to airplane patents or patentable ideas be conditioned upon availability of such rights to others on the same terms;

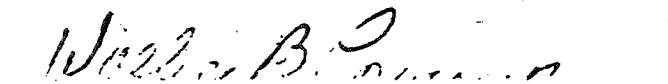
(c) be required to issue to any applicant interested in developing airplane technology unrestricted, royalty-free licenses under all United States patents owned, controlled or applied for to which the MAA Agreement has been applicable.

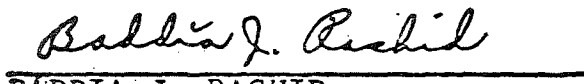
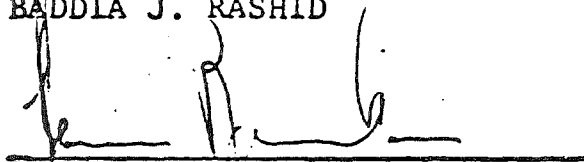
5. That the plaintiff have such other, further and different relief as the nature of the case may require and the Court may deem just and proper.

6. That the plaintiff recover the costs of this suit.


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