

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,

Plaintiff,

v.

SPRINGS MILLS, INC.,

Defendant.

Civil No. 70-2826

Filed: June 30, 1970

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COMPLAINT

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 to obtain equitable relief against the above-named defendant and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and this action is instituted against the above-named defendant 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 the continuing violation by defendant, as hereinafter alleged, of Section 1 of the Sherman Act.

2. The defendant named herein maintains offices, transacts business and is found within the Southern District of New York.

## II

### THE DEFENDANT

Springs Mills, Inc., hereinafter referred to as Springs, is hereby made the defendant herein. Springs is a corporation existing under the laws of South Carolina and has its principal place of business in Fort Mill, South Carolina. From 1933 to July 2, 1966, it was known as The Springs Cotton Mills. On July 2, 1966, it merged with and survived its majority stockholder, a Delaware corporation, which was known as Springs Mills, Inc. It is engaged in the manufacture of textiles, including sheets and pillowcases, hereinafter referred to collectively as sheets. Springs distributes its sheets for sale throughout the United States.

## III

### CO-CONSPIRATORS

4. Various corporations and individuals not made defendants in this complaint, including wholesalers and department stores that resell Springs' prime line sheets, participated as co-conspirators in the offense alleged herein and performed acts and made statements in furtherance thereof.

## IV

### DEFINITION

5. "New York-Connecticut market" refers to New York City and the Counties of Nassau, Suffolk, Westchester, Albany, Schenectady, and Rensselaer in New York State and the Counties of Fairfield, New Haven, and Hartford in the State of Connecticut.

NATURE OF TRADE AND COMMERCE

6. Sheets are made in a variety of sizes from various textile fibers, but most sheets are made of cotton or of a blend of cotton and synthetic fiber. In general, the lower the thread count (the number of threads per square inch), the lower the quality and texture. Sheets are made in muslins and percales, the latter of which may be carded or combed. The muslins have a lower thread count than the percales. A combed percale is finer in texture than a carded percale.

7. The sheets of each manufacturer bearing the same count and composition are identical in manufacture but are commonly packaged differently. One type of package, which usually bears the manufacturer's name and which is widely recognized and promoted, has a trademark or trade name identifying the sheets therein as prime line sheets of the manufacturer. Other types of packages, containing the same sheets, bear either a private label belonging to a large scale retailer or a secondary trademark or trade name. For the most part, such packages do not show the manufacturer's name or their source.

8. For the most part, sheet manufacturers distribute sheets either directly to retailers or through wholesalers for resale to retailers. In each major population center the sheet manufacturer's largest volume retail outlets are the department stores, upon which the manufacturer relies for promotion and advertising of its prime line sheets. Such retailers

customarily offer sheets at specially reduced prices, referred to as "white sales," only at certain seasonal periods.

9. In 1966, domestic manufacturers of sheets sold approximately 14.9 million dozen sheets and 13.4 million dozen pillowcases for approximately \$421 million. With sales of sheets and pillowcases in excess of \$60 million annually, Springs accounts for approximately 15 per cent of industry sales. Its dollar volume of sales of sheets in the States of New York and Connecticut has averaged more than \$9,000,000 for the past three years with more than \$4,000,000 sales to retailers, including department stores and specialty shops.

10. Springs has mills located in North and South Carolina and warehouses in South Carolina, California, Texas and Washington. Springs regularly and continuously ships sheets from such mills and warehouses in interstate commerce to customers located throughout the United States including the New York-Connecticut market.

## VI

### OFFENSE

11. Beginning at least as early as 1962 and continuing to the date of the filing of this complaint, the defendant and co-conspirators have engaged in a combination and conspiracy in unreasonable restraint of the aforesaid interstate trade and commerce in Springs prime line sheets, in violation of Section 1 of the Act of Congress of July 2, 1890, as amended (15 U.S.C. § 1), commonly known as the Sherman Act. The said combination and conspiracy will continue unless the relief hereinafter prayed for is granted.

12. The aforesaid combination and conspiracy has consisted of a continuing understanding and concert of action among the defendant and co-conspirators, the substantial terms of which have been and are:

- (a) to stabilize retail prices for Springs prime line sheets in the New York-Connecticut market; and
- (b) to eliminate, curtail, and restrict the sale of Springs prime line sheets by cut-price retailers in the New York-Connecticut market.

13. For the purpose of formulating and effectuating the aforesaid combination and conspiracy, the defendant and co-conspirators did the following things, among others:

- (a) Springs consulted with its department store retailers concerning suggested retail prices on Springs prime line sheets to be issued by Springs for use during regular and white sale periods;
- (b) Springs prepared and distributed suggested retail price lists for such sheets during regular and white sale periods;
- (c) the aforesaid department store retailers sold Springs prime line sheets at or above the aforesaid suggested retail prices;
- (d) Springs induced retailers in the New York-Connecticut market to

increase their prices for Springs  
prime line sheets;

- (e) Springs refrained from selling its  
prime line sheets to cut-price  
retailers;
- (f) Springs persuaded its wholesalers not  
to sell Springs prime line sheets  
to cut-price retailers; and
- (g) Springs persuaded its wholesalers to  
induce cut-price retailers who obtained  
Springs prime line sheets to resell  
such sheets at locations not directly  
competitive with its department store  
customers.

## VII

### EFFECTS

14. The aforesaid combination and conspiracy has  
had the following effects, among others:

- (a) competition in the sale and distribu-  
tion of Springs prime line sheets was  
restrained;
- (b) retail prices for Springs prime line  
sheets were stabilized at artificial  
levels;
- (c) consumers purchasing Springs prime  
line sheets were deprived of the  
benefits of price competition

### PRAYER

WHEREFORE, plaintiff prays:

1. That the Court adjudge and decree that the defendant has engaged in a combination and conspiracy in unreasonable restraint of the aforesaid interstate trade and commerce in Springs prime line sheets, as hereinabove alleged, in violation of Section 1 of the Sherman Act.

2. That the defendant, its successors, assignees, and transferees, and the respective officers, directors, agents, employees and representatives thereof, and all persons acting or claiming to act on behalf thereof, be perpetually enjoined and restrained from, in any manner, directly or indirectly, continuing, maintaining, or renewing the aforesaid combination and conspiracy to restrain interstate trade and commerce as hereinbefore alleged, or from engaging in any other combination or conspiracy having a similar purpose or effect, or from adopting or following any practice, plan, program or device having the purpose or effect of continuing, maintaining or renewing the aforesaid violation.

3. That the defendant Springs be perpetually enjoined and restrained from entering into any agreements, arrangements or understandings with wholesalers or retailers:

- (a) to fix, maintain, or stabilize the retail prices for sheets;
- (b) to restrict the stores in which sheets may be sold;
- (c) to restrict the specific retailers or classes of retailers to whom sheets may be sold.

4. That Springs be enjoined and restrained for a period of years from publishing, distributing or communicating suggested or recommended retail prices for Springs sheets.

5. That the defendant Springs be enjoined for a period of years from applying or seeking to apply any state fair trade law against any person buying or selling Springs sheets.

6. That the plaintiff have such other, further and different relief as the Court may deem just and proper.

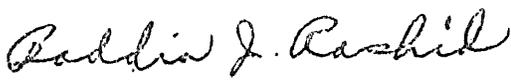
7. That the plaintiff recover the costs of this suit.

  
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