UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA,	:	
	:	
Plaintiff,	:	Civil Action No. C-304
v.	:	
	:	Filed: May 26, 1971
INSILCO CORPORATION,	:	
Defendant.	:	

COMPLAINT

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

I

JURISDICTION AND VENUE

1. This complaint is filed and this action is instituted under Section 15 of the Act of Congress of October 15, 1914, as amended (15 U.S.C. § 25), commonly known as the Clayton Act, in order to prevent and restrain violation by the defendant, as hereinafter alleged, of Section 7 of said Act, as amended (15 U.S.C. § 18), and for equitable relief.

2. Defendant Insilco Corporation transacts business and is found within the District of Connecticut.

II

DEFENDANT

3. Insilco Corporation (hereinafter referred to as "Insilco") is named the defendant herein. Insilco is a corporation organized and existing under the laws of the State of Connecticut with its principal offices located in Meriden, Connecticut. As used herein, Insilco refers to Insilco Corporation, its subsidiaries, affiliates, predecessors and any other companies controlled by it.

4. In 1968, Insilco had net sales of about $202 million and net earnings of about $11.4 million. Insilco is the parent of The International Silver Company, Inc., a wholly-owned subsidiary also located in Meriden, Connecticut. The International Silver Company, Inc., is engaged in the manufacture and sale of tableware and holloware made from sterling silver, silver plate, stainless steel and pewter.

III

DEFINITIONS

5. As used herein, the term "stainless steel flatware" shall refer to eating utensils, including knives, forks, spoons, ladles and sets of these articles, made predominantly of stainless steel.

6. As used herein, the term "trading company" shall refer to a foreign company which acts as a conduit between foreign manufacturers and United States importers of stainless steel flatware.

IV

TRADE AND COMMERCE

7. Stainless steel flatware has found considerable

consumer acceptance in recent years. Its relatively low price and high durability have made it the most popular type of flatware sold in the United States. Sterling silver and silver plate flatware are generally more expensive and require more maintenance than stainless steel flatware. For this reason, a large number of consumers are only interested in purchasing flatware made of stainless steel, particularly for everyday use. Sales of stainless steel flatware have grown rapidly in the United States since its introduction following World War II.

8. In 1968, approximately 75 percent of the stainless steel flatware sold in the United States was manufactured domestically and approximately 25 percent was imported. Approximately 90 percent of all imports in that year originated in Japan, Taiwan and South Korea. In 1968, the total sales of stainless steel flatware in the United States were approximately $88 million.

9. The sale of stainless steel flatware in the United States is highly concentrated. The two largest firms selli[ng] stainless steel flatware in the United States, Oneida, Ltd., with approximately $33.8 million of such sales in 1968, and Insilco, with about $21 million of such sales in 1968, accounted for approximately 38 percent and 24 percent, respectively, of total United States sales during that year. Stanley Roberts, Inc. (hereinafter referred to as "Roberts"), which was acquired by Insilco in 1969, had about 5 percent of such sales.

10. Domestic production of stainless steel flatware is dominated by two producers. In 1968, these two companie[s]

accounted for approximately 77 percent of all stainless steel flatware so produced. Oneida, Ltd., the largest domestic manufacturer, accounted for approximately 47 percent and Insilco, the second largest domestic manufacturer, accounted for about 30 percent of the stainless steel flatware produced in the United States during that year. Sixteen other manufacturers accounted for the remainder of such production.

11. Similarly, the importation of stainless steel flatware into the United States is dominated by two companies. In 1968, these two companies accounted for approximately 51 percent of all United States sales of imported stainless steel flatware. The largest importer of such flatware, Roberts, accounted for 26 percent of all imports during that year. Roberts sales of imported stainless steel flatware in 1968 totaled at least $4.6 million.

12. Prior to 1967, the United States Government maintained a quota restriction on the amount of stainless steel flatware imported into the United States. In 1967, the United States Government removed that import quota. The two largest domestic producers of stainless steel flatware, Oneida, Ltd. and Insilco, have subsequently entered into the importation of stainless steel flatware from the Orient. Oneida, Ltd. has purchased its requirements from trading companies, whereas Insilco has imported stainless steel flatware manufactured by a Taiwan subsidiary, International Tableware Industrial Corporation.

13. United States importers generally use the services of trading companies to obtain foreign made stainless steel flatware. It is essential for United

States importers of stainless steel flatware to maintain their business relationships with these trading companies because importation is often subject to quotas and sales restrictions imposed by the United States Government or producing countries, and trading companies have generally dealt with their customers on an historic share of the market basis when supplies of stainless steel flatware are limited.

14. Roberts was founded in 1957 as Gift Company Incorporated and has since changed its name to Stanley Roberts, Inc. From its inception, Roberts has been almost exclusively engaged in the importation of stainless steel flatware from the Orient. Roberts has long-established associations with trading companies which market stainless steel flatware manufactured in Japan. In 1968, Roberts had sales of approximately $5 million, substantially all of which was attributable to sales of imported stainless steel flatware. Roberts reported net income of $70,000 ~~$50,000~~ for the same year.

15. At the time Insilco acquired Roberts, both companies were engaged in the distribution and sale, throughout the United States and across international boundaries, of substantial amounts of commodities, including stainless steel flatware.

V

OFFENSE ALLEGED

16. On or about May 2, 1969, Insilco, through a wholly-owned subsidiary, entered into an agreement to purchase substantially all of the capital stock of Roberts. On June 25, 1969, the acquisition was consummated in accordance with the May 2, 1969 agreement.

17. The effect of this acquisition of Roberts may be substantially to lessen competition or tend to create a monopoly with respect to the above described trade and commerce, in violation of Section 7 of the Clayton Act, as amended, in the following ways, among others:

(a) actual and potential competition between Insilco and Roberts in the sale of stainless steel flatware has been eliminated;

(b) competition generally in the sale of stainless steel flatware has been substantially lessened; and

(c) concentration in the sale of stainless steel flatware has been increased to the detriment of actual and potential competition.

PRAYER

WHEREFORE, plaintiff prays:

1. That the aforesaid acquisition of Roberts by Insilco be declared to be unlawful and in violation of Section 7 of the Clayton Act.

2. That the Court order such preliminary relief as it deems necessary to insure that, pending final adjudication of this litigation, the business and financial operations of Roberts shall be maintained completely separate and independent from those of Insilco, and to insure that Insilco takes no action that would impair its ability to comply with any Court Order that may be issued requiring divestiture of Roberts.

3. That Insilco be ordered to divest itself of all of the stock and all assets of Roberts it has acquired, including the "Stanley Roberts" name and all Roberts trade

names, licenses, importation contracts, leases and real and personal property.

4. That Insilco be enjoined for a period of 10 years from the date of final judgment in this action from dealing with any trading companies or other sources of stainless steel flatware with which Insilco has made business arrangements, agreements, understandings or contacts as a result of its acquisition of or relationship with Roberts.

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

6. That plaintiff recover the costs of this action.

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