

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,  
Antitrust Division  
U.S. Department of Justice  
Room 10-437  
555 Fourth Street, N.W.  
Washington, D.C. 20001,

Plaintiff,

v.

The Gillette Company  
Prudential Tower Building  
Boston, Massachusetts 02199,

Wilkinson Sword, Inc.  
7012 Best Friend Road  
Atlanta, Georgia 30340,

Stora Kopparbergs Bergslags AB  
Asgatan 22  
S-791 80  
Falun, Sweden,

and

Eemland Management Services BV  
Amsterdam, The Netherlands,

Defendants.

Civil Action No. 90-0053

Filed: January 10, 1990

VERIFIED COMPLAINT TO ENJOIN VIOLATION OF THE CLAYTON ACT

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 and  
other relief against the defendants 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 Clayton Act, as amended, 15 U.S.C. § 25, to prevent and restrain the violation by defendants, as hereinafter alleged, of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

2. The Gillette Company transacts business and is found in this District within the meaning of 15 U.S.C. § 22 and 28 U.S.C. § 1391(c).

3. Wilkinson Sword, Inc. transacts business and is found in this District within the meaning of 15 U.S.C. § 22 and 28 U.S.C. § 1391(c).

4. Upon information and belief, Stora Kopparbergs Bergslags AB is a Swedish corporation. Stora Kopparbergs Bergslags AB transacts business in the United States. Venue is proper in this District under 15 U.S.C. § 22 and 28 U.S.C. § 1391(d).

5. Upon information and belief, Eemland Management Services BV is a Netherlands corporation. Eemland Management Services BV transacts business in the United States. Venue is proper in this District under 15 U.S.C. § 22 and 28 U.S.C. § 1391(d).

## II.

### DEFINITIONS

6. "HHI" means the Herfindahl-Hirschman Index, a measure of market concentration. It is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. For example, for a market consisting of four firms with shares of thirty, thirty, twenty, and twenty percent, the HHI is 2,600 ( $30^2 + 30^2 + 20^2 + 20^2 = 2,600$ ). The HHI takes into account the relative size and distribution of the firms in a market and approaches zero when a market consists of a large number of firms of relatively equal size. The HHI increases both as the number of firms in the market decreases and as the disparity in size between those firms increases.

7. "Wet shaving razor blades" means razor blades designed for use in shaving wet hair. Wet shaving razor blades are sold either in packages of disposable blades or as part of disposable or reuseable razors.

## III.

### THE DEFENDANTS

8. The Gillette Company ("Gillette") is made a defendant. Gillette is a Delaware corporation with its principal offices located in Boston, Massachusetts. Gillette manufactures and sells wet shaving razor blades in the United States under various brands, including Atra, Trac II, Good



News, and Daisy. Upon information and belief, Gillette is the leading seller of wet shaving razor blades in the United States and in most other areas of the world. Upon information and belief, Gillette sold about 50 percent of all units of wet shaving razor blades sold in the United States in 1988, accounting for about \$450 million of retail sales. Gillette is engaged in interstate commerce and in activities substantially affecting interstate commerce.

9. Stora Kopparbergs Bergslags AB ("Stora") is made a defendant. Stora is a Swedish corporation with its principal offices in Falun, Sweden. Stora is engaged in a variety of worldwide businesses through numerous subsidiaries located throughout the world, including in the United States. Stora is engaged in interstate commerce and in activities substantially affecting interstate commerce.

10. Eemland Management Services BV ("Eemland") is made a defendant. Eemland is a Netherlands corporation with its principal offices in Amsterdam. Upon information and belief, in late 1989 or early 1990, Eemland acquired in a complex transaction certain businesses of Swedish Match AB from Stora, including its Wilkinson Sword wet shaving razor blade business. By acquiring these businesses of Swedish Match AB from Stora, Eemland thereby became engaged in interstate commerce and in activities substantially affecting interstate commerce.

11. Wilkinson Sword, Inc. ("Wilkinson Sword (USA)") is made a defendant. Wilkinson Sword (USA), a company incorporated in the United States, has its principal offices located in Atlanta, Georgia. Upon information and belief, until at least December 1989, Wilkinson Sword (USA) was a wholly-owned subsidiary of Swedish Match Holding, Inc., which was a wholly-owned subsidiary of Swedish Match AB, which was a wholly-owned subsidiary of Stora. Wilkinson Sword (USA) sells in the United States under the Wilkinson Sword trademark substantial quantities of wet shaving razor blades that at least until December 1989 were made by Swedish Match AB abroad and exported to the United States. Upon information and belief, Wilkinson Sword (USA) is the fourth or fifth largest seller of wet shaving razor blades in the United States. Upon information and belief, in 1988 Wilkinson Sword (USA) sold about 3 percent of all units of wet shaving razor blades sold in the United States, accounting for about \$7 million of retail sales. Wilkinson Sword (USA) is engaged in interstate commerce and in activities substantially affecting interstate commerce.

#### IV.

##### TRADE AND COMMERCE

12. A small but significant and nontransitory increase in the price of wet shaving razor blades would not cause significant substitution to any other methods of removing unwanted hair.

13. Suppliers of wet shaving razor blades compete with one another for sales throughout the United States.

14. The supply of wet shaving razor blades constitutes a line of commerce and relevant product market, and the United States as a whole is a section of the country and a relevant geographic market in which wet shaving razor blades are sold, within the meaning of Section 7 of the Clayton Act.

15. Gillette and Wilkinson Sword (USA) are direct competitors in the United States wet shaving razor blade market.

16. Upon information and belief, Gillette is the dominant supplier of wet shaving razor blades in the United States, and Wilkinson Sword (USA) is one of only four other significant suppliers. Upon information and belief, by acquiring the Wilkinson Sword wet shaving razor blade business outside the 12-nation European Community, Gillette will account for over 53 percent of all wet shaving razor blades sold in the United States.

17. The United States wet shaving razor blade market is highly concentrated and will become substantially more so as a result of the violation herein alleged. Upon information and belief, the HHI for the market is at least 3100, based upon unit sales in the United States, and about 4475, based upon retail dollar sales in the United States. Upon information and belief, the acquisition will increase the HHI by about 300 points to at least 3400, based upon unit sales in the United



States, and by about 125 points to about 4600, based upon retail dollar sales in the United States. A market with a post-acquisition HHI of 1000 is moderately concentrated, and a market with a post-acquisition HHI of 1800 is highly concentrated.

18. Entry into the United States wet shaving razor blade market on a significant competitive level is difficult and time consuming. Entry obstacles include establishing the necessary brand recognition, distribution networks, and production facilities.

19. Suppliers of wet shaving razor blades ship and sell substantial quantities of the blades across state lines to locations throughout the United States and import them into the United States from foreign countries. The sale of wet shaving razor blades is within the flow of and substantially affects interstate commerce.

#### V.

##### VIOLATION ALLEGED

20. Gillette has acquired the portion of the Wilkinson Sword wet shaving razor blade business outside the 12-nation European Community. While plaintiff has little detailed information about the transaction at present, to the best of its current information and belief:

(a) In December 1989 or early 1990, Gillette acquired from Eemland for about \$72 million the portion of the Wilkinson Sword wet shaving razor blade business, including

Wilkinson Sword (USA), outside the 12-nation European Community, with all associated assets (including manufacturing plants, intellectual property rights, distribution systems, and inventories);

(b) As part of the transaction involving this acquisition, the seller also sold to Gillette:

(1) about a 23 percent non-voting equity share in the seller for about \$14 million; and

(2) subordinated debentures of the seller for about \$69 million.

Upon information and belief, the seller and Gillette already have signed the necessary contracts, and Gillette already has paid for these assets and securities and already may have taken title to at least the Wilkinson Sword trademark rights in the United States. Upon information and belief, the parties intend to transfer to Gillette title to all of these assets and securities as soon as possible.

21. The effects of an acquisition by Gillette of the Wilkinson Sword wet shaving razor blade business and assets outside the 12-nation European Community may be substantially to lessen competition in interstate trade and commerce in violation of Section 7 of the Clayton Act in the following ways, among others:

(a) Actual and potential competition between Gillette and Wilkinson Sword, Inc. in the market for the sale of wet shaving razor blades in the United States will be eliminated; and



(b) Competition generally in the market for the sale of wet shaving razor blades in the United States may be substantially lessened.

VI.

PRAYER

WHEREFORE, plaintiff prays:

1. That preliminary and permanent injunctions be issued preventing and restraining defendants and all persons acting on their behalf from further consummating all or any part of the transaction described in paragraph 20, above, and from entering into or going forward with any other agreement or plan that would give Gillette, either directly or indirectly, any ownership or control over all or any part of the Wilkinson Sword wet shaving razor blade business outside the 12-nation European Community or any assets relating thereto.

2. That preliminary and permanent relief be granted rescinding all parts of the transaction described in paragraph 20, above, declaring null and void all obligations and benefits between defendants arising therefrom, and requiring the defendants to take all necessary actions to undo the transaction and to restore the status quo existing prior to the execution of the earliest agreement relating thereto.

3. That the transaction described in paragraph 20, above, be adjudged a violation of Section 7 of the Clayton Act.

4. That plaintiff have such other and further relief as

the nature of this case may require and as this Court may deem just and proper.

5. That plaintiff recover the costs of this action.

Dated: January 10, 1990

FOR PLAINTIFF UNITED STATES  
OF AMERICA

  
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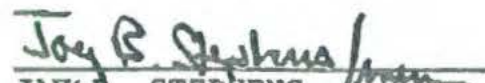
  
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