

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,
Department of Justice
Washington, D.C. 20530
(202) 724-7969

Plaintiff,

v.

ROHM AND HAAS COMPANY,
Independence Mall West
Philadelphia, PA 19105
(215) 592-3680
Defendant.

Civil No. 86-3091
Filed: 11/10/84
ANTITRUST

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 to obtain equitable and other relief against 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 Clayton Act, as amended (15 U.S.C. § 25), to prevent and restrain the further violation by the defendant, as hereinafter alleged, of Section 7 of the

Clayton Act, as amended (15 U.S.C. § 18), and to seek equitable relief to redress the defendant's violation.

2. Rohm and Haas Company transacts business within the District of Columbia.

II.

DEFINITIONS

3. "Duolite" means the assets comprising the ion exchange resins business of Duolite International, Inc., located in the United States at Redwood City, California, that Rohm and Haas purchased from Diamond Shamrock Corporation on May 29, 1984.

4. "Ion exchange resins" means small, solid, water-insoluble, synthetic resinous beads that contain either positively or negatively charged replaceable ions.

5. "HHI" means the Herfindahl-Hirschman Index, a measure of market concentration calculated by squaring the respective market shares of the firms competing in the market and then summing the resulting numbers. For example, for a market consisting of four firms with shares of 30, 30, 20, and 20 percent, the HHI is 2600 $[(30)^2+(30)^2+(20)^2+(20)^2=2600]$. The HHI, which takes into account the relative size and distribution of the firms in a market, can range from virtually zero to 10,000. The index approaches zero when a market is occupied by a large number of firms of relatively equal size. The index increases as the number of firms in the market decreases and as the disparity in size between the leading firms and the remaining firms increases.

III.

DEFENDANT

6. Rohm and Haas Company ("Rohm and Haas") is made a defendant herein. Rohm and Haas is a corporation organized and existing under the laws of the State of Delaware. Rohm and Haas maintains its principal offices at Independence Mall West, Philadelphia, Pennsylvania, and produces ion exchange resins in Philadelphia, Pennsylvania and Redwood City, California, and in various locations around the world for sale in and outside the United States.

IV.

TRADE AND COMMERCE

7. Ion exchange resins have a broad range of uses in three general applications: industrial water treatment; home water treatment; and specialty applications. Ion exchange resins are used principally to remove objectionable ions from aqueous solutions. When brought in contact with such a solution, the resins exchange unobjectionable ions located on the beads for objectionable ions in the solution, thereby purifying the solution.

8. Ion exchange resins are used in specialized, dedicated equipment that can not be adapted to accommodate any substitute for ion exchange resins. For most applications that employ ion exchange resins equipment, no competitive substitute exists to which a significant number of purchasers would switch in response to a small but significant nontransitory price increase

of ion exchange resins. Ion exchange resins constitute a relevant product market for antitrust purposes.

9. The relevant geographic market for ion exchange resins is the United States, and all firms that produce ion exchange resins for sale in the United States are in the market. Prior to Rohm and Haas' acquisition of Duolite, Rohm and Haas and Duolite both produced ion exchange resins for sale in the United States. Other United States and foreign producers of ion exchange resins sell ion exchange resins in the United States. In 1983, total sales of ion exchange resins in the United States were approximately \$112 million with foreign produced ion exchange resins accounting for about 15 percent of such sales. Rohm and Haas had 1983 sales in the United States of \$39 million. Duolite had 1983 sales of ion exchange resins in the United States of \$18 million.

10. The production of ion exchange resins for sale in the United States is highly concentrated. Rohm and Haas, the world's largest producer and the largest United States supplier of ion exchange resins, accounted in 1983 for approximately 35 percent of United States sales of ion exchange resins. Duolite, which was the world's second largest producer and the third largest supplier of ion exchange resins in the United States, accounted for approximately 16 percent of United States sales. In 1983, when Rohm and Haas acquired Duolite, the premerger HHI in the market for ion exchange resins in the United States was about 2559, and the acquisition increased the HHI 1020 to 3579.

11. Successful new entry into the production and sale of ion exchange resins involves significant time and costs. A small but significant nontransitory price increase would not induce new entry.

12. Rohm and Haas continually has purchased, from prior to its acquisition of Duolite to the present, raw materials and supplies from out-of-state sources and has sold ion exchange resins to customers outside the state in which it produced ion exchange resins. Such transactions regularly have resulted in interstate transfers of products and funds. Rohm and Haas is engaged and, since prior to its acquisition of Duolite, has been engaged in interstate commerce, and its activities substantially affect, and since prior to its acquisition of Duolite, substantially have affected interstate commerce.

VIOLATION ALLEGED

13. On May 29, 1984, Rohm and Haas purchased Duolite for about \$10 million. This sale resulted in the common control and ownership of the competing ion exchange resins businesses of Rohm and Haas and Duolite.

14. Rohm and Haas' acquisition of Duolite may substantially lessen competition in the sale of ion exchange resins in the United States in violation of Section 7 of the Clayton Act in the following ways, among others:

(a) actual and potential competition between Rohm and Haas and Duolite in the sale of ion exchange resins in the United States has been eliminated; and


(b) competition generally in the sale of ion exchange resins in the United States may substantially be lessened.

PRAYER

WHEREFORE, plaintiff prays:

1. That the acquisition of Duolite by Rohm and Haas be adjudged to be in violation of Section 7 of the Clayton Act;
2. That Rohm and Haas be ordered and directed to divest itself of Duolite;
3. That Rohm and Haas be ordered and directed to continue to operate Duolite in the production of ion exchange resins for sale in the United States;
4. That the plaintiff have such other and further relief as the Court may deem just and proper; and
5. That plaintiff recover the costs in this action.

Respectfully submitted,



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