

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

Plaintiff,

v.

UNIROYAL, INC.,

Defendant.

CIVIL ACTION NO. 72 CIV 2793

Filed: June 29, 1972

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

2. The defendant Uniroyal, Inc. maintains an office, transacts business, and is found within the Southern District of New York.

II

THE DEFENDANT

3. Uniroyal, Inc. (hereinafter referred to as "Uniroyal") is made the defendant herein. The defendant is a corporation

organized and existing under the laws of the State of New Jersey, with a place of business in New York, New York. Prior to February 27, 1967, Uniroyal was engaged in business under the name "United States Rubber Company". All references to Uniroyal herein include United States Rubber Company during the appropriate time period.

### III

#### TRADE AND COMMERCE

4. Uniroyal is a diversified industrial corporation whose current product lines are divided into four major product categories -- the production of tires and related products; the production of consumer, industrial and plastic products such as footwear, clothing, plastic coated fabric, carpet underlay, sports equipment, mats, belting and plastic parts; the production of chemicals; and the production of fibers and textiles. In 1970, Uniroyal ranked as the 72nd largest industrial corporation in the United States with total sales of approximately \$1.5 billion. In that year, Uniroyal's tire operations accounted for about 55.8 percent of its total sales; its chemicals, rubber and plastics operations accounted for about 10.8 percent of total sales; its industrial products accounted for about 10.6 percent of total sales; and all other operations accounted for about 17.8 percent of total sales.

5. Uniroyal maintains production facilities in 23 states and, through divisions and subsidiaries, in Canada and various other foreign countries. Uniroyal operates its own sales offices, laboratories and warehouses throughout the United States. In addition, Uniroyal markets its products domestically

through a network of independent distributors and dealers and company-owned outlets in each of the states of the United States.

6. Uniroyal purchases substantial quantities of raw materials, equipment, supplies, commodities and services from other companies for use in its operations. Many of these same companies also make substantial purchases of the types of products manufactured by Uniroyal.

7. Uniroyal's purchases of raw materials, equipment, supplies, commodities and services from other companies or suppliers are made in a continuous flow of interstate commerce. Conversely, shipments of tires, rubber products, chemicals and other products by Uniroyal to these suppliers and to distributors, jobbers, dealers and warehouses are made in a continuous flow of interstate commerce.

#### IV

#### OFFENSES ALLEGED

8. Since at least as early as 1959, and continuing to the date of this complaint, the defendant has violated Section 1 of the Sherman Act (15 U.S.C. § 1) by entering into combinations involving reciprocal purchasing arrangements with respect to a substantial amount of interstate trade and commerce whereby the defendant purchased products and services sold by various suppliers upon the understanding that those suppliers would purchase the products and services of the defendant, in unreasonable restraint of the aforesaid interstate trade and commerce.

9. Since at least as early as 1959, and continuing to the date of this complaint, the defendant, through the use of

its purchasing power, has violated Section 2 of the Sherman Act (15 U.S.C. § 2) by attempting to monopolize that part of the aforesaid interstate trade and commerce consisting of the requirements of actual and potential suppliers of the defendant for tires, rubber products, chemicals and other products sold by the defendant.

10. Pursuant to the aforesaid combinations and attempt to monopolize, the defendant has done, among other things, the following:

- (a) adopted a policy of reciprocal purchasing or of purchasing from suppliers who would purchase from Uniroyal;
- (b) up to 1966, designated a trade relations manager, and thereafter other personnel, with specific responsibility for coordinating trade relations within the corporation to facilitate and promote the practice of reciprocal dealing;
- (c) maintained comparative purchase and sales records to measure the balance of purchases from and sales to suppliers;
- (d) made Uniroyal's purchasing data available to persons with sales responsibilities and Uniroyal's sales data available to persons with purchasing responsibilities;
- (e) took measures to insure that actual and potential suppliers were aware of Uniroyal's practice of reciprocal purchasing;
- (f) discussed with actual and potential suppliers their sales and purchase positions relative to Uniroyal;

- (g) caused suppliers to purchase, maintain or increase their purchases from Uniroyal in reciprocation for Uniroyal's purchases from those suppliers; and
- (h) purchased goods and services from particular suppliers upon the understanding that such suppliers would purchase goods and services from Uniroyal.

V

EFFECTS

11. The aforesaid violations by the defendant have had the following effects, among others:

- (a) competitors of Uniroyal in the sale of various goods and services have been foreclosed from selling substantial quantities thereof to firms that were actual and potential suppliers of Uniroyal; and
- (b) suppliers of various goods and services required by Uniroyal have been foreclosed from selling substantial quantities of such goods and services to Uniroyal.

PRAYER

WHEREFORE, plaintiff prays:

1. That the aforesaid combinations between the defendant and its suppliers involving reciprocal purchasing arrangements be adjudged and decreed to be in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

2. That the aforesaid attempt to monopolize be adjudged and decreed to be in violation of Section 2 of the Sherman Act (15 U.S.C. § 2).

3. That the defendant and its officers, directors and agents, and all other persons acting on behalf of the defendant, be perpetually enjoined from:

- (a) entering into or adhering to any contract, agreement or understanding with any supplier involving reciprocal purchasing arrangements;
- (b) communicating to suppliers that it will place its purchases with or give preference to suppliers who purchase from the defendant;
- (c) engaging in the practice of compiling statistics which compare the defendant's purchases of goods or services from companies with sales by the defendant to such companies;
- (d) discussing with suppliers comparative purchase and sales data of such companies relative to the defendant;
- (e) compiling lists of approved suppliers based entirely or in part on suppliers' purchases from the defendant;
- (f) transmitting to personnel with sales responsibilities information concerning purchases by the defendant from particular suppliers, transmitting to personnel with purchasing responsibilities information concerning sales by the defendant to particular companies, or otherwise implementing any program involving reciprocity; and

(g) utilizing purchases by the defendant or one of its subsidiaries, affiliated companies or divisions from particular suppliers to promote sales to such suppliers by the defendant or one of its subsidiaries, affiliated companies or divisions.

4. That this Court order the defendant to abolish any duties that are assigned to any of its officials or employees which relate to the conduct or effectuation of a reciprocity or trade relations program.

5. That this Court order the defendant to advise all of its suppliers, by written notice, that the defendant no longer engages in reciprocal purchasing and to furnish a copy of the Final Order of this Court to such suppliers.

6. That plaintiff have such other relief as the nature of the case may require and the Court may deem just and proper.

7. That plaintiff recover the costs of this action.



RICHARD G. KLEINDIENST  
Attorney General

JOSEPH T. MAIORIELLO

Attorney, Department of Justice



WALKER B. COMEGYS  
Acting Assistant Attorney General



BADDIA J. RASHID



LEWIS BERNSTEIN

Attorneys, Department of Justice