

1 KATRINA ROUSE (CABN 270415)
2 katrina.rouse@usdoj.gov
3 ALBERT B. SAMBAT (CABN 236472)
4 albert.sambat@usdoj.gov
5 Attorneys for the United States
6 Antitrust Division
7 U.S. Department of Justice
8 450 Golden Gate Avenue
9 Box 36046, Room 10-0101
10 San Francisco, CA 94102
11 Telephone: (415) 934-5300
12 Facsimile: (415) 934-5399

10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA

13 UNITED STATES OF AMERICA,
14 Plaintiff,

15 v.

16 RETAIL FURNITURE DEALERS
17 ASS'N OF S. CAL.,
18 W. STOVE CO.,
19 O'KEEFE & MERRITT CO.,
20 JAMES GRAHAM MFG. CO.,
21 ESTATE STOVE CO.,
22 CRIBBEN & SEXTON,
23 LEO J. MEYBERG CO.,
24 W.C. GAFFERS,
25 BARKER BROS.,
26 BROADWAY DEP'T STORE, INC.,
27 J.W. ROBINSON CO.,
28 BULLOCK'S INC.,
MAY CO.,
FIFTH ST. BLDG. (INC.),
DOHRMANN COMMERCIAL CO.,
LOS ANGELES FURNITURE CO.,
S. CAL. GAS CO.,

Misc. No. 2:19-MC-00094-VAP

**UNITED STATES' MOTION TO
TERMINATE LEGACY
ANTITRUST JUDGMENT AND
MEMORANDUM IN SUPPORT
THEREOF**

1 S. COUNTIES GAS CO.,
2 C.E. PRICE,
3 B.D. BARNES,
4 JACK P. DAVIDSON,
5 DANIEL P. O'KEEFE,
6 ROSS MUNRO,
7 LLOYD D. LANGWORTHY,
8 R.C. FERBER,
9 L. EARN,
10 V.T. PENDER,
11 F.F. BROWN,
12 E.J. STRICKLAND,
13 NORMAN R. MCKEE,
14 W.E. FAIRCHILD,
15 E.P. BARKER,
16 G.W. GUTH,
17 PHIL BATTELIE,
18 WILLIAM STANELY KEIR,
19 J.P. ELLIOTT,
20 M.G. SUES, AND
21 FRED G. ABBEY,

22 Defendants.
23
24
25
26
27
28

I. INTRODUCTION

The United States respectfully moves to terminate the judgment in the above-captioned antitrust case pursuant to Rule 60(b) of the Federal Rules of Civil Procedure. The judgment was entered by this Court 77 years ago.¹ The United States has concluded that because of its age and changed circumstances since its entry, the judgment no longer serves to protect competition. The United States gave the public notice and the opportunity to comment on its intent to seek termination of the judgment; it received no comments opposing termination. For this and other reasons explained below, the United States requests that the judgment be terminated.²

¹ This case was originally filed as case No. 2230-Y in the former Southern District of California prior to the establishment of the Central District of California in 1966.

² For the convenience of the Court, the United States notes that one or more of the arguments in support of termination are the same for the following 35 judgments: (1) *United States v. Pac. Coast Plumb. Supply Ass'n, et al.*, Civil No. 1686-92 (S.D. Cal. Jan. 6, 1912); (2) *United States v. S. Cal. Wholesale Grocers' Ass'n, et al.*, Civil No. H-81-J (S.D. Cal. Sept. 22, 1925); (3) *United States v. Cal. Wholesale Grocers' Ass'n, et al.*, Civil No. H-80-M (S.D. Cal. May 5, 1926); (4) *United States v. Eighteen Karat Club, et al.*, Civil No. L12J (S.D. Cal. May 4, 1927); (5) *United States v. S. Cal. Marble Ass'n, et al.*, Civil No. 1254-H (S.D. Cal. Nov. 12, 1940); (6) *United States v. Harbor Dist. Lumber Dealers Ass'n, et al.*, Civil No. 1401-Y (S.D. Cal. Feb. 14, 1941); (7) *United States v. Heating, Piping, & Air Conditioning Contractors Ass'n of S. Cal., et al.*, Civil No. 1642-Y (S.D. Cal. July 10, 1941); (8) *United States v. Santa Barbara Cty. Chapter, Nat'l Elec. Contractors Ass'n, et al.*, Civil No. 1678-H (S.D. Cal. Aug. 4, 1941); (9) *United States v. Harbor Dist. Chapter, Nat'l Elec. Contractors Ass'n, et al.*, Civil No. 1677-RJ (S.D. Cal. Aug. 4, 1941); (10) *United States v. San Pedro Fish Exch., et al.*, Civil No. 1772-B (S.D. Cal. Sept. 15, 1941); (11) *United States v. Retail Furniture Dealers Ass'n of S. Cal., et al.*, Civil No. 2230-Y (S.D. Cal. May 7, 1942); (12) *United States v. S. Cal. Gas Co., et al.*, Civil No. 2231-Y (S.D. Cal. May 7, 1942); (13) *United States v. Schmidt Lithograph Co., et al.*, Civil No. 2424 BH (S.D. Cal. Sept. 14, 1942, as modified on Nov. 25, 1975); (14) *United States v. Produce Exch. of L.A., et al.*, Civil No. 2539-Y (S.D. Cal. Nov. 2, 1942); (15) *United States v. California Fruit Growers Exch., et al.*, Civil No. 2577-BH (S.D. Cal. Nov. 18, 1942); (16) *United States v. John B. Reeves & Son, et al.*, Civil No. 8769-WM (S.D. Cal. May 29, 1950); (17) *United States v. Stationers Ass'n of S. Cal., Inc., et al.*, Civil No. 14777-C (S.D. Cal. Jan. 15, 1954); (18) *United States v. Kosher Butchers' Ass'n of L.A., et al.*, Civil No. 17914 Y (S.D. Cal. Mar. 1, 1955); (19) *United States v. Los Angeles Meat & Provision Drivers Union, Local No. 626, et al.*, Civil No. 682-60 HW (S.D. Cal. Jun. 17, 1963); (20) *United States v. Kaynar*

1 II. BACKGROUND

2 From 1890, when the antitrust laws were first enacted, until the late 1970s, the
 3 United States frequently sought entry of antitrust judgments whose terms never expired.³
 4 Such perpetual judgments were the norm until 1979, when the Antitrust Division of the
 5 United States Department of Justice (“Antitrust Division”) adopted the practice of
 6 including a term limit of ten years in nearly all of its antitrust judgments. Perpetual
 7 judgments entered before the policy change, however, remain in effect indefinitely unless
 8 a court terminates them. Although a defendant may move a court to terminate a perpetual
 9 judgment, few defendants have done so. There are many possible reasons for this,
 10 including that defendants may not have been willing to bear the costs and time resources
 11 to seek termination, defendants may have lost track of decades-old judgments, individual
 12 defendants may have passed away, or company defendants may have gone out of
 13 business. As a result, hundreds of these legacy judgments remain open on the dockets of
 14

15 *Mfg. Co., et al.*, Civil No. 63-1036-S (S.D. Cal. Jun. 30, 1964); (21) *United States v.*
 16 *California Chem. Co., et al.*, Civil No. 64-873-S (S.D. Cal. Aug. 23, 1965); (22) *United*
 17 *States v. Bethlehem Steel Co., et al.*, Civil No. 65-1426-IH (S.D. Cal. Aug. 23, 1966);
 18 (23) *United States v. Gen. Motors Corp., et al.*, Civil No. 62-1208-CC (S.D. Cal. Aug.
 19 17, 1966); (24) *United States v. Armco Steel Corp., et al.*, Civil No. 65-1425-S (C.D. Cal.
 20 Nov. 15, 1966); (25) *United States v. Ace Drill Bushing Co., et al.*, Civil No. 66-483-TC
 21 (C.D. Cal. Jan. 17, 1967); (26) *United States v. United States Steel Corp., et al.*, Civil No.
 22 64-836-MP (C.D. Cal. Dec. 8, 1967); (27) *United States v. Am. Pipe & Constr. Co., et al.*,
 23 Civil No. 64-832-MP (C.D. Dec. 8, 1967); (28) *United States v. Kaiser Steel Corp., et al.*,
 24 Civil No. 64-833-MP (C.D. Cal. Dec. 8, 1967); (29) *United States v. United Concrete*
 25 *Pipe Corp., et al.*, Civil No. 64-834-MP (C.D. Cal. Dec. 8, 1967 & C.D. Cal. May 24,
 26 1968); (30) *United States v. U.S. Indus., et al.*, Civil No. 64-835-MP (C.D. Cal. Dec. 8,
 27 1967 & C.D. Cal. May 24, 1968); (31) *United States v. Greater L.A. Solid Wastes Mgmt.*
 28 *Ass’n, et al.*, Civil No. 74-809-RJK (C.D. Cal. Apr. 29, 1974); (32) *United States v.*
Frito-Lay, Inc., et al., Civil No. 70-1175-R (C.D. Cal. Oct. 21, 1974); (33) *United States*
v. Orange Cty. Travel Agents Ass’n, Civil No. 75-1513 WMB (C.D. Cal. Aug. 13, 1975);
 (34) *United States v. R & G Sloane Mfg. Co., et al.*, Civil No. 71-1522-ALS (C.D. Cal.
 Apr. 12, 1976); and (35) *United States v. Phillips Petrol. Co., et al.*, Civil No. 75-974-HP
 (C.D. Cal. Aug. 31, 1977).

³ The primary antitrust laws are the Sherman Act, 15 U.S.C. §§ 1–7, and the Clayton Act, 15 U.S.C. §§ 12–27. The judgment the United States seeks to terminate with this motion concerns violations of the Sherman Act.

1 courts around the country. Originally intended to protect the loss of competition arising
2 from violations of the antitrust laws, none of these judgments likely continues to do so
3 because of changed circumstances.

4 The Antitrust Division has implemented a program to review and, when
5 appropriate, seek termination of legacy judgments. The Antitrust Division's Judgment
6 Termination Initiative encompasses review of all its outstanding perpetual antitrust
7 judgments. The Antitrust Division described the initiative in a statement published in the
8 Federal Register.⁴ In addition, the Antitrust Division established a website to keep the
9 public informed of its efforts to terminate perpetual judgments that no longer serve to
10 protect competition.⁵ The United States believes that its outstanding perpetual antitrust
11 judgments presumptively should be terminated; nevertheless, the Antitrust Division is
12 examining each judgment to ensure that it is suitable for termination. The Antitrust
13 Division is giving the public notice of—and the opportunity to comment on—its intention
14 to seek termination of its perpetual judgments.

15 In brief, the process the United States is following to determine whether to move to
16 terminate a perpetual antitrust judgment is as follows:

- 17 • The Antitrust Division reviews each perpetual judgment to determine whether it
18 no longer serves to protect competition such that termination would be
19 appropriate.
- 20 • If the Antitrust Division determines a judgment is suitable for termination, it
21 posts the name of the case and the judgment on its public Judgment
22 Termination Initiative website,
23 <https://www.justice.gov/atr/JudgmentTermination>.

24 ///

25 ///

27 ⁴ Department of Justice's Initiative to Seek Termination of Legacy Antitrust
28 Judgments, 83 Fed. Reg. 19,837 (May 4, 2018), <https://www.gpo.gov/fdsys/granule/FR-2018-05-04/2018-09461>.

⁵ *Judgment Termination Initiative*, U.S. DEP'T OF JUSTICE, <https://www.justice.gov/atr/JudgmentTermination>.

- 1 • The public has the opportunity to comment on each proposed termination
2 within thirty days of the date the case name and judgment are posted to the
3 public website.
- 4 • Following review of public comments, the Antitrust Division determines
5 whether the judgment still warrants termination; if so, the United States moves
6 to terminate it.

7 The United States followed this process for each judgment it seeks to terminate.⁶

8 The remainder of this motion is organized as follows: Section III describes the
9 Court's jurisdiction to terminate the judgment and the applicable legal standards for
10 terminating the judgment. Section IV argues that perpetual judgments rarely serve to
11 protect competition and that those that are more than ten years old presumptively should
12 be terminated. Section IV also discusses specific circumstances justifying termination.
13 Section V concludes. Appendix A attaches a copy of the judgment that the United States
14 seeks to terminate with this motion. A proposed order terminating the judgment
15 accompanies this motion.

16 **III. APPLICABLE LEGAL STANDARDS FOR JUDGMENT TERMINATION**

17 This Court has jurisdiction and authority to terminate the judgment. The judgment
18 provides that the Court retains jurisdiction. In addition, the Federal Rules of Civil
19 Procedure grant the Court authority to terminate the judgment. According to
20 Rule 60(b)(5) and (b)(6), “[o]n motion and just terms, the court may relieve a party . . .
21 from a final judgment . . . (5) [when] applying it prospectively is no longer equitable; or

22
23 ⁶ The United States followed this process to move several dozen other district
24 courts to terminate legacy antitrust judgments. *See, e.g., In re: Termination of Legacy*
25 *Antitrust Judgments in the District of Idaho*, Case 1:19-mc-10427-DCN (D. Idaho Apr.
26 18, 2019); *United States v. Inter-Island Steam Navigation Co., et al.*, Case 1:19-mc-
27 00115 (D. Haw. April 9, 2019) (terminating five judgments); *United States v. Odom Co.,*
28 *et al.*, Case 3:72-cv-00013 (D. Alaska Mar. 29, 2019) (terminating one judgment); *United*
States v. The Nome Retail Grocerymen's Ass'n, et al., Case 2:06-cv-01449 (D. Alaska
Mar. 7, 2019) (terminating one judgment); *United States v. Am. Amusement Ticket Mfrs.*
Ass'n, et al., Case 1:18-mc-00091 (D.D.C. Aug. 15, 2018) (terminating nineteen
judgments); *In re: Termination of Legacy Antitrust Judgments*, No. 2:18-mc-00033 (E.D.
Va. Nov. 21, 2018) (terminating five judgments).

1 (6) for any other reason that justifies relief.” Fed. R. Civ. P. 60(b)(5)–(6); *see also Frew*
2 *ex rel. Frew v. Hawkins*, 540 U.S. 431, 441 (2004) (explaining that Rule 60(b)(5)
3 “encompasses the traditional power of a court of equity to modify its decree in light of
4 changed circumstances” and that “district courts should apply a ‘flexible standard’ to the
5 modification of consent decrees when a significant change in facts or law warrants their
6 amendment”) (citation omitted); *United States v. Asarco Inc.*, 430 F.3d 972, 979 (9th Cir.
7 2005) (Under Rule 60(b), “a court may relieve a party from a final judgment when . . . it
8 is no longer equitable that the judgment should have prospective application. . . . [This]
9 Rule codifies the courts’ traditional authority, inherent in the jurisdiction of the chancery,
10 to modify or vacate the prospective effect of their decrees.”) (citations and internal
11 quotation marks omitted). Given its jurisdiction and authority, the Court may terminate
12 the judgment for any reason that justifies relief, including that the judgment no longer
13 serves its original purpose of protecting competition.⁷ Termination of the judgment is
14 warranted.

15 **IV. ARGUMENT**

16 It is appropriate to terminate the judgment because it no longer serves its original
17 purpose of protecting competition. The United States believes that this perpetual
18 judgment presumptively should be terminated because its age alone suggests it no longer
19 protects competition. Other reasons, however, also weigh in favor of terminating it.
20 Under such circumstances, the Court may terminate the judgment pursuant to
21 Rule 60(b)(5) or (b)(6) of the Federal Rules of Civil Procedure.

22 ///

23 ///

25 ⁷ In light of the circumstances surrounding the judgment for which it seeks
26 termination, the United States does not believe it is necessary for the Court to make an
27 extensive inquiry into the facts of the judgment to terminate it under Fed. R. Civ. P.
28 60(b)(5) or (b)(6). The judgment would have terminated long ago if the Antitrust
Division had the foresight to limit it to ten years in duration as under its policy adopted in
1979. Moreover, the passage of decades and changed circumstance since its entry, as
described in this memorandum, means that it is likely that the judgment no longer serves
its original purpose of protecting competition.

1 **A. The Judgment Presumptively Should Be Terminated Because of Age**

2 Permanent antitrust injunctions rarely serve to protect competition. The experience
3 of the United States in enforcing the antitrust laws has shown that markets almost always
4 evolve over time in response to competitive and technological changes. These changes
5 may make the prohibitions of decades-old judgments either irrelevant to, or inconsistent
6 with, competition. These considerations, among others, led the Antitrust Division in
7 1979 to establish its policy of generally including in each judgment a term automatically
8 terminating the judgment after no more than ten years.⁸ The judgment—which is
9 decades old—presumptively should be terminated for the reasons that led the Antitrust
10 Division to adopt its 1979 policy of generally limiting judgments to a term of ten years.

11 **B. The Judgment Should Be Terminated Because It Is Unnecessary**

12 In addition to age, other reasons weigh heavily in favor of terminating the
13 judgment. Based on its examination of the judgment, the Antitrust Division has
14 determined that it should be terminated for the following reason:

- 15 • The judgment prohibits acts that the antitrust laws already prohibit, such as
16 fixing prices, allocating markets, rigging bids, and engaging in group boycotts.
17 These prohibitions amount to little more than an admonition that defendants
18 must not violate the law. Absent such terms, defendants still are deterred from
19 violating the law by the possibility of imprisonment, significant criminal fines,
20 and treble damages in private follow-on litigation; a mere admonition to not
21 violate the law adds little additional deterrence. To the extent a judgment
22 includes terms that do little to deter anticompetitive acts, it should be
23 terminated.
- 24 • Most defendants likely no longer exist. With the passage of time, many of the
25 company defendants in these actions likely have gone out of existence, and
26 many individual defendants likely have passed away. To the extent that

27 ///

28 _____
⁸ U.S. DEP'T OF JUSTICE, ANTITRUST DIVISION MANUAL at III-147 (5th ed. 2008),
<https://www.justice.gov/atr/division-manual>.

1 defendants no longer exist, the related judgment serves no purpose and should be
2 terminated.

3 The judgment was entered in 1942. Jurisdiction was explicitly retained in Section
4 XI of the judgment. This consent decree addressed the sale of gas ranges in the Los
5 Angeles area, enjoining price fixing and concerted refusal to deal by a trade association
6 and affiliated manufacturers, retailers, and individuals. The decree largely enjoins
7 conduct that constitutes per se violation of Section 1 of the Sherman Act (price fixing).
8 Additionally, given the passage of a substantial amount of time, the subject individuals
9 are not likely still engaged in business.

10 **C. There Has Been No Public Opposition to Termination**

11 The United States has provided adequate notice to the public regarding its intent to
12 seek termination of the judgment. On April 25, 2018, the Antitrust Division issued a
13 press release announcing its efforts to review and terminate legacy antitrust judgments.⁹
14 On March 22, 2019, the Antitrust Division listed the judgment on its public website,
15 describing its intent to move to terminate it.¹⁰ The notice identified the case, linked to the
16 judgment, and invited public comment. No comments were received opposing
17 termination.

18 //

19 ///

20 ///

21 ///

22 ///

23 ///

25 ⁹ Press Release, *Department of Justice Announces Initiative to Terminate*
26 *“Legacy” Antitrust Judgments*, U.S. DEP’T OF JUSTICE (April 25, 2018),
27 [https://www.justice.gov/opa/pr/departement-justice-announces-initiative-terminate-legacy-
antitrust-judgments](https://www.justice.gov/opa/pr/departement-justice-announces-initiative-terminate-legacy-antitrust-judgments).

28 ¹⁰ *Judgment Termination Initiative*, U.S. DEP’T OF JUSTICE, [https://www.
justice.gov/atr/JudgmentTermination](https://www.justice.gov/atr/JudgmentTermination); *Judgment Termination Initiative: Central District
of California*, U.S. DEP’T OF JUSTICE, [https://www.justice.gov/atr/judgment-termination-
initiative-california-central-district](https://www.justice.gov/atr/judgment-termination-initiative-california-central-district) (last updated Mar. 22, 2019).

1 **V. CONCLUSION**

2 For the foregoing reasons, the United States believes termination of the judgment
3 in the above-captioned case is appropriate and respectfully requests that the Court enter
4 an order terminating it. A proposed order terminating the judgment in the above-
5 captioned case accompanies this motion.

6
7
8 DATE: 6/7/2019

Respectfully submitted,

/s/

KATRINAROUSE
Assistant Chief
San Francisco Office
Antitrust Division
United States Department of Justice

/s/

ALBERT B. SAMBAT
Trial Attorney
San Francisco Office
Antitrust Division
United States Department of Justice