

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS

EASTERN DIVISION

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff	)	
v.	)	CIVIL ACTION NO. 60-C-844
	)	
SEALY, INC.,	)	FILED: May 31, 1960
	)	
Defendant	)	

C O M P L A I N T

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 against the above-named defendant and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are instituted against the defendant under Section 4 of the Act of Congress of July 2, 1890, c. 647, 26 Stat. 209, as amended, 15 U.S.C. §4, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act, in order to prevent and restrain continuing violations by defendant, as hereinafter alleged, of Section 1 of the Sherman Act.

2. The defendant named herein maintains offices, transacts business and is found within the Northern District of Illinois.

## II

### THE DEFENDANT

3. Sealy, Inc. (hereinafter referred to as "Sealy") is hereby made a defendant herein. Sealy is a corporation organized and existing under the laws of the State of Delaware, with its headquarters and principal place of business in Chicago, Illinois. Sealy's stockholders and/or licensees doing business in the United States (hereinafter referred to as "member factories") have been and are independent persons, firms, and corporations engaged in the business of manufacturing mattresses, foundations, combinations and sleepers, as those terms are defined herein.

## III

### CO-CONSPIRATORS

4. During the period of time covered by this complaint, all member factories have participated as co-conspirators with Sealy in the offense hereinafter charged and have performed acts and made statements in furtherance thereof.

5. The acts alleged in this complaint to have been done by Sealy or the co-conspirators were authorized, ordered, or done by the officers, agents, or employees of Sealy or the co-conspirators.

## IV

### DEFINITIONS

6. The term "mattress" as used herein means an item of bedding composed of an outer covering or tick, enclosing innersprings or a filler

of latex, synthetic foam, felt or other materials, or both, designed to be used as a pad for a bed and usually rests upon bedsprings or other foundation or support.

7. The term "foundation" as used herein means an item of bedding, apart from the bedstead, designed to support the mattress and often to provide additional cushioning, commonly but not exclusively composed of an upholstered frame enclosing springs.

8. The term "combination" as used herein means a mattress and a foundation manufactured as a set to match each other and to be sold together.

9. The term "sleeper" as used herein means a sofa bed, studio couch, or Hollywood bed ensemble.

10. The term "Sealy products" is used herein to describe an item of bedding bearing a Sealy label, incorporating a Sealy patented or exclusive Sealy feature, or styled according to Sealy catalogued items, or which is represented to consumers in any way as being a Sealy item. Sealy products include mattresses, foundations, combinations and sleepers, as herein-above described.

11. The term "retail store" as used herein means a person, firm, or corporation engaged in the business of selling mattresses, foundations, combinations and sleepers to consumers.

V

TRADE AND COMMERCE

12. Sealy presently has approximately 26 member factories located

in various cities and States throughout the United States. These member factories are franchised or licensed by the defendant Sealy, to manufacture and sell mattresses, foundations, combinations and sleepers, under the Sealy trade names and trademarks.

13. During the period of time covered by this complaint, member factories in the United States have manufactured mattresses, foundations, combinations and sleepers, many of which have been Sealy products, and have sold and shipped such mattresses, foundations, combinations and sleepers from the respective States in which they were manufactured to retail stores and other purchasers located in other States, for resale to consumers.

14. During the year 1959, the combined sales of the member factories totaled approximately \$48,000,000, a substantial portion of which consisted of sales of Sealy products.

## VI

### OFFENSE CHARGED

15. For many years last past and continuing up to and including the date of this complaint, Sealy and the co-conspirators have engaged in a combination and conspiracy in unreasonable restraint of the aforesaid interstate trade and commerce in Sealy products in violation of Section 1 of the Sherman Act. Such offense is continuing and will continue unless the relief hereinafter prayed for is granted.

16. The aforesaid combination and conspiracy has consisted of a continuing agreement, understanding, and concert of action among Sealy and the co-conspirators, the substantial terms of which have been that, with respect to Sealy products, they agreed:

- (a) That each member factory will sell Sealy products only within the exclusive marketing territory allocated to it, and will refrain from selling Sealy products outside such exclusive marketing territory;
- (b) to fix uniform suggested retail prices, and to induce retail stores to adhere to such suggested retail prices, for the purpose of fixing and stabilizing the retail prices of Sealy products.

17. In effectuating and carrying out the aforesaid combination and conspiracy, Sealy and the co-conspirators, have done those things which as hereinbefore charged, they combined, conspired and agreed to do.

## VII

### EFFECTS OF THE CONSPIRACY

18. The effects of the combination and conspiracy alleged in this complaint, upon the hereinbefore described interstate trade and commerce have been:

- (a) to eliminate competition among member factories in the sale and distribution of Sealy products;
- (b) to deprive jobbers, retailers and other purchasers of Sealy products of the benefits of free and open competition

- among member factories;
- (c) to eliminate price competition among retail stores in the sale of Sealy products;
  - (d) to deprive retail customers of the benefits of free and open competition in the sale of Sealy products; and
  - (e) to unreasonably restrain interstate trade and commerce in Sealy products.

PRAYER

WHEREFORE, Plaintiff prays:

1. That the aforesaid combination and conspiracy in restraint of interstate trade and commerce in Sealy products be adjudged and decreed to be unlawful and in violation of Section 1 of the Sherman Act.

2. That the defendant, its successors, officers, directors, managers, agents and representatives, and all persons acting or claiming to act for or on the behalf of defendant, be perpetually enjoined and restrained from continuing, reviving or renewing the aforesaid combination and conspiracy, and from entering into, maintaining or participating in any contract, agreement, understanding, plan, program or other arrangement having the purpose or effect of continuing, reviving, maintaining or renewing said combination and conspiracy.

3. That the defendant, its members, officers, directors, managers, agents, employees and representatives and their respective successors, assignees and transferees be perpetually enjoined from entering into, adhering to or maintaining any contract, agreement, arrangement, understanding, plan or program to:

- (a) fix, establish or maintain prices to be charged for mattresses, foundations, combinations and sleepers;
- (b) recommend, adopt or circulate suggested prices for the sale of mattresses, foundations, combinations and sleepers;
- (c) limit the territory within which any member factory may manufacture or sell mattresses, foundations, combinations and sleepers.

4. That the defendant be directed to adopt and enforce a permanent bylaw requiring:

- (a) the expulsion of any member factory who fails to comply with the terms of any final judgment in this case;
- (b) that all future applicants for membership in the defendant, Sealy, Inc., be required to agree to comply with the terms of any such final judgment as a condition of membership.

5. That the defendant, Sealy, and its member factories be enjoined from imposing or seeking to impose upon wholesalers or retailers to whom mattresses, foundations, combinations or sleepers are sold, any restrictions with respect to the persons to whom, prices at which, and the areas in which such products may be re-sold.

6. That the judgment contain such additional terms and provisions as are necessary and appropriate to provide effective assurance that neither defendant organization itself nor the conditions on which it franchises manufacturers or licenses trademarks, trade names, patents or copyrights are used for anti-competitive purposes or with anti-competitive effects.

7. That the defendant be directed to furnish to each of its member factories a copy of any final judgment which may be entered by this Court in this matter.

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

9. That the plaintiff recover the costs of this action.

Dated: May 31, 1969

/s/ William P. Rogers

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