

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 FORD MOTOR COMPANY and THE)
 ELECTRIC AUTOLITE COMPANY,)
)
 Defendants.)

Civil Action No. 21911
Filed: November 27, 1961

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 relief against the above-named defendants and complains and alleges as follows:

Jurisdiction and Venue

1. The complaint is filed and this action is instituted against the defendants under Section 15 of the Act of Congress of October 15, 1914, c. 323, 38 Stat. 736, as amended, entitled "An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes," commonly known as the Clayton Act, in order to restrain the continued violation by the defendants, as hereinafter alleged, of Section 7 of said Act, 38 Stat. 731, as amended by the Act of Congress of December 29, 1950, c. 1184, 64 Stat. 1125.
2. Defendant Ford Motor Company maintains offices, transacts business and is found within the Eastern District of Michigan.
3. Defendant The Electric Autolite Company transacts business and is found within the Eastern District of Michigan.

Defendants

4. Ford Motor Company, hereinafter referred to as "Ford," is named a defendant herein. Ford is a corporation organized and existing under the laws of the State of Delaware, with its principal office located in Dearborn, Michigan.

5. The Electric Autolite Company, hereinafter referred to as "Electric Autolite," is a corporation organized and existing under the laws of the State of Ohio, with its principal office located in Toledo, Ohio.

Trade and Commerce

6. Ford is primarily engaged in the manufacture and sale of passenger cars and trucks and related parts and accessories. The company also manufactures tractors, farm implements and related parts and accessories. In 1960 Ford was the third largest industrial corporation in the United States according to sales. Ford's sales for that year were \$5,237,899,262; its total assets as of December 31, 1960, were \$3,756,803,522.

7. The production of automobiles represents one of the nation's most highly concentrated major industries. In 1960 the three largest automobile manufacturers accounted for over 90 percent of total domestic automobile production. During the first half of this year the two largest automobile manufacturers (Ford and General Motors Corporation) accounted for over 80 percent of the nation's automobile production. For the year 1960 Ford accounted for more than 28 percent of the total automobiles produced in this country. For the first six months of 1961 Ford's share of the total domestic production had increased to more than 30 percent.

8. Ford is the most highly integrated of the domestic automobile manufacturers and produces substantial portions of the steel, iron and glass required in its manufacturing operations. In addition to manufacturing substantial quantities of its basic raw material requirements,

Ford also manufactures a substantial portion of its requirements of automotive electrical systems and components. For example, Ford manufactures most of its requirements of generators, starters and ignition coils, and the company also manufactures a substantial portion of its requirements of instruments, voltage regulators and horns. However, Ford has traditionally purchased its spark plugs and batteries from independent companies. Champion Spark Plug Company, hereinafter referred to as "Champion," has for many years supplied Ford's spark plug requirements for original installation and for sales in the automobile repair and replacement market, often referred to as the "after-market." Ford sells parts and accessories in interstate commerce throughout the United States through franchised car dealers and through independent parts distributors and jobbers.

9. Electric Autolite was, prior to the sale of certain assets to Ford, hereinafter described in more detail, one of the nation's largest non-integrated suppliers of automotive parts and accessories. The company manufactured a full line of automotive electrical products including batteries, generators, spark plugs, electrical motors, instruments and ignition systems. The company has, for many years, been a supplier of parts to automobile manufacturers for installation as original equipment in automobiles. In addition, the company has for many years sold its products, including spark plugs, to automobile manufacturers, warehouse distributors, and jobbers, under the well-known trade name "Autolite" for automobile repair and replacement purposes. Electric Autolite's sales in the automobile repair and replacement market ("after-market"), were made through an experienced sales organization which distributed the company's products in interstate commerce throughout the United States.

10. The manufacture of spark plugs was, prior to the acquisition hereinafter more fully described, dominated by two independent, non-integrated manufacturers, Electric Autolite and Champion, and one integrated automobile producer, General Motors Corporation. These three companies manufactured spark plugs for original installation and for the automotive after-market. These three companies accounted for more than

90 percent of total domestic production in 1960.

11. Independent non-integrated producers, such as Electric Autolite, although small in size compared to the integrated automobile manufacturers, have played an important role in the introduction of new products, the improvement of technology, and the development of more efficient operations in the industry. These independent non-integrated companies act, to some extent, as suppliers of original equipment to automobile manufacturers and, to a greater extent, as suppliers of parts for the after-market.

12. There are certain recognizable patterns in the distribution of spark plugs, other electrical system parts, and automotive parts and accessories in general. Direct sales are usually made by the manufacturer to large automotive parts distributors, oil companies, automobile manufacturers, tire manufacturers, chain stores and mail order houses. The automotive parts distributors normally resell to jobbers who in turn sell to garages, gas stations, automobile parts stores and sometimes to car dealers. The oil companies resell primarily to gas stations. The tire manufacturers resell to their own retail chain stores. The automobile manufacturers, in addition to using the parts as original equipment, resell to their dealers and also to jobbers, who in turn sell to gas stations, garages, automobile parts stores and other car dealers. Ultimately, mail order houses, chain and independent automobile parts stores, garages, gas stations, and car dealers compete in the sale of parts to the automobile owners.

13. Prior to the sale of certain assets to Ford, hereinafter described in more detail, spark plugs and other electrical system parts manufactured by Electric Autolite were sold in competition with similar products manufactured or distributed by Ford to jobbers, garages, car dealers, gas stations and automobile parts stores and truck and automobile fleets, as well as to car owners.

Offenses Charged

14. Pursuant to an agreement entered into on April 12, 1961, between Ford and Electric Autolite, Ford acquired, among other assets, the spark plug manufacturing facilities, the battery plant at Owasso, Michigan, the trade name "Autolite," and all of the customer lists and outstanding agreements with distributors and purchasers pertaining to the acquired operations of Electric Autolite. The effect of the foregoing agreement may be substantially to lessen competition or to tend to create a monopoly in violation of Section 7 of the Clayton Act, among other ways, as follows:

- a. Competition generally in the manufacture, distribution and sale of automotive parts may be substantially lessened;
- b. Concentration in the production, distribution and sale of automotive parts has been substantially increased to the detriment of actual and potential competition;
- c. Actual and potential competition between Ford and Electric Autolite in the manufacture, distribution and sale of automotive parts has been eliminated;
- d. Electric Autolite has been eliminated as an important competitive factor in the manufacture, distribution and sale of automotive parts to the detriment of actual and potential competition;
- e. Ford's advantage over its competitors in the manufacture and sale of automotive parts may be enhanced to the detriment of actual and potential competition;
- f. Competition generally in the manufacture, distribution and sale of automotive electrical parts and components may be substantially lessened;

- g. Concentration in the production, distribution and sale of automotive electrical parts and components has been substantially increased to the detriment of actual and potential competition;
- h. Actual and potential competition between Ford and Electric Autolite in the manufacture, distribution and sale of automotive electrical parts and components has been eliminated;
- i. Electric Autolite has been eliminated as an important competitive factor in the manufacture, distribution and sale of automotive electrical parts and components to the detriment of actual and potential competition;
- j. Ford's advantage over its competitors in the manufacture and sale of automotive electrical parts and components may be enhanced to the detriment of actual and potential competition;
- k. Competition generally in the manufacture, distribution and sale of spark plugs both for use in original equipment and for replacement purposes may be substantially lessened;
- l. Concentration in the manufacture, distribution and sale of spark plugs both for use in original equipment and for replacement purposes has been substantially increased to the detriment of actual and potential competition;
- m. Actual and potential competition between Ford and Electric Autolite in the manufacture,

distribution and sale of spark plugs both for use in original equipment and for replacement purposes has been eliminated;

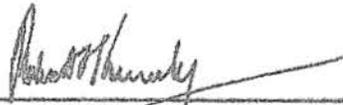
- n. Electric Autolite has been eliminated as an important competitive factor in the manufacture, distribution and sale of spark plugs both for use in original equipment and for replacement purposes to the detriment of actual and potential competition;
- o. Ford's competitive advantage over its competitors in the manufacture, distribution and sale of spark plugs both for use in original equipment and for replacement purposes may be enhanced to the detriment of actual and potential competition;
- p. A substantial share of the automobile original equipment markets for spark plugs and batteries have been foreclosed to independent suppliers of these products to the detriment of actual and potential competition;
- q. The Ford dealer organization, numbering approximately 8,000, has been foreclosed to independent suppliers of spark plugs, batteries and other automotive parts as possible outlets for their products to the detriment of actual and potential competition;
- r. Ford's advantage over its smaller competitors in the manufacture, distribution and sale of automobiles may be enhanced to the detriment of actual and potential competition;

s. Mergers and acquisitions involving other manufacturers of automobiles, parts or related accessories may be fostered to the detriment of actual and potential competition in the manufacture, distribution and sale of such products.

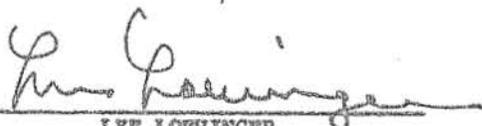
Prayer

WHEREFORE, plaintiff prays:

1. That the acquisition described in paragraph 14 of this Complaint be adjudged a violation of Section 7 of the Clayton Act.
2. That under such terms and conditions as the Court may proscribe defendant Ford be required to divest itself of the unlawfully acquired assets of Electric Autolite including specifically the trade name "Autolite."
3. 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.
4. That the plaintiff recover the cost of this action.



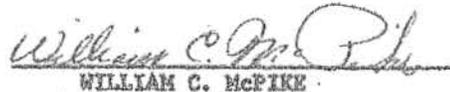
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