

IN THE MATTER OF
GEORGIA-PACIFIC CORPORATION

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATIONS OF THE
FEDERAL TRADE COMMISSION AND SEC. 7 OF THE CLAYTON
ACTS

Docket 8843. Final Order, Dec. 26, 1972—Modifying Order, May 12, 1978

This order modifies a final order to cease and desist issued December 26, 1972, 38 FR 1581, 81 F.T.C. 984, by changing Paragraphs 6 and 7 to permit acquisitions of \$1,000,000 or less without prior Commission approval, and by substituting for Paragraph 10, one that limits reporting obligations to those corporate alterations that may have a significant affect on compliance.

ORDER MODIFYING ORDER TO CEASE AND DESIST

By a petition filed March 31, 1978, and revised by a petition filed April 26, 1978, respondent Georgia-Pacific Corporation asked the Commission to reopen this proceeding to modify Paragraphs 6, 7, and 10 of the consent order issued by the Commission on December 26, 1972.

Paragraph 7 of the consent order requires, *inter alia*, that Georgia-Pacific obtain Commission approval before purchasing non-softwood plywood assets when the seller is engaged in softwood plywood manufacturing. Georgia-Pacific contends that this reporting requirement is overbroad because the consent order was aimed at preventing Georgia-Pacific from increasing its market power in the softwood plywood industry, and it is unlikely that its ability to control price or entry in the relevant market would be affected when the acquisition is of non-softwood plywood assets.

Respondent also requests modification of Paragraphs 6 and 7 of the order so that it need not obtain approval of acquisitions of softwood plywood assets where the purchase price is less than 1 million dollars. Respondent believes that purchases of this size are *de minimis* and "would not undercut the effectiveness of the consent order, but it would reduce needless administrative burdens arising from compliance with the consent order. . . ." More precisely, respondent contends that it is unable to bid at auctions for softwood plywood equipment owned by softwood plywood firms, as these auctions often take place upon relatively short notice which precludes the soliciting and receiving of prior approval from the Commission. Because of their *de minimis* nature, these asset acquisitions, respondent believes, would likely be approved by the Commission.

The final modification sought by Georgia-Pacific relates to Paragraph 10 of the consent order. This paragraph requires respondent to notify the Commission of the creation or dissolution of subsidiaries even if the corporate change does not affect compliance obligations arising from the order. Respondent is a large, multinational corporation which periodically must, it represents, "make various adjustments in its corporate structure which do not or would not affect its compliance obligations." The modification proposed by respondent will limit its reporting obligations under Paragraph 10 to those corporate alterations that may have significance from a compliance standpoint.

The Bureau of Competition filed on May 1, 1978, an answer to respondent's petition. The Bureau does not oppose the modifications.

We agree that the petition should be granted. The modifications proposed by respondent should not affect adversely the purpose of the order, which, is to say, the aspects of the order complained of by respondent are either unnecessary or overbroad, and they are, therefore, unwarranted.

Accordingly,

It is ordered, That the proceeding be, and it hereby is, reopened.

It is further ordered, That the order to cease and desist be, and it hereby is, modified by substituting for Paragraphs 6, 7 and 10 of the order, the following:

PARAGRAPH 6

It is further ordered, That for ten (10) years from the effective date, respondent shall cease and desist from acquiring, directly or indirectly through subsidiaries, or otherwise, for its use in the manufacture of softwood plywood, from any person, firm or corporation other than the manufacturer thereof or a regular dealer or distributor of such equipment in the ordinary course of such dealer's or distributor's business:

(A) Any equipment specifically designed for the manufacture of softwood plywood;

(B) Any equipment specifically designed and theretofore used in the manufacture of softwood plywood; and

(C) Any equipment thereafter converted by respondent, directly or indirectly, into equipment specifically designed for the manufacture of softwood plywood; unless such acquisitions amount to \$1,000,000 or less from any one person, firm or corporation in any twelve month period in the absence of prior Federal Trade Commission approval of

PARAGRAPH 7

It is further ordered, That for a period of ten (10) years from the effective date, respondent shall cease and desist from acquiring, directly or indirectly, through subsidiaries, or otherwise, the whole or any part of the share capital or assets of, or any other interest in, any other person, firm or corporation engaged in the manufacture of softwood plywood in the United States immediately prior to such acquisition, unless such asset acquisitions amount to \$1,000,000 or less from any one person, firm or corporation in any twelve-month period, in the absence of prior Federal Trade Commission approval of such acquisition; *Provided, however,* That nothing contained in this paragraph shall preclude or be deemed to preclude respondent from acquiring timberlands or any interest therein or timber in any form (including but not limited to stumpage, logs, veneers, chips, sawdust and cores); and, *Further provided,* That nothing contained in this paragraph shall apply to purchases of lumber, plywood, machinery, or any other product, by respondent in the regular conduct of its business from suppliers in the regular conduct of their businesses, or to sales made by respondent in the regular conduct of its business.

PARAGRAPH 10

It is further ordered, That for a period of ten (10) years from the effective date of the order entered by the Commission on December 26, 1972, respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent which may affect compliance obligations arising out of the order, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or joint ventures.

Interlocutory Order

91 F.T.C.

IN THE MATTER OF
BELTONE ELECTRONICS CORPORATION, ET AL.

Docket 8928. Interlocutory Order, May 12, 1978

Remand for additional hearings ordered for consideration of customer and territorial restriction on interbrand and intrabrand competition.

ORDER REMANDING FOR ADDITIONAL HEARINGS

By order of July 5, 1977, the Commission directed the parties in this proceeding to submit supplemental briefs concerning the impact of *Continental T.V., Inc. v. GTE Sylvania, Inc.*, 433 U.S. 36 (1977). After careful review of the briefs submitted by the parties and the record developed before the administrative law judge ("ALJ"), the Commission has determined that a limited remand of the case is necessary for consideration of the impact of respondents' customer and territorial restrictions upon both interbrand and intrabrand competition.

The complaint in this proceeding was issued on May 8, 1973, charging respondents with various violations of Section 5, including, *inter alia*, imposition of exclusive dealing, maintenance of territorial and customer restrictions, use of certain post-termination restraints, and misappropriation of the names and addresses of dealers' customers. After extensive pretrial discovery and 115 days of hearings in Washington, D.C., Chicago, San Francisco, and New Orleans, the ALJ filed his initial decision on September 7, 1976, finding that the respondents had engaged in the following unfair acts and practices and unfair methods of competition in violation of Section 5:

- (A) Requiring their selected dealers to sell Beltone products within assigned geographic territories;
- (B) Requiring their selected dealers to deal exclusively in Beltone hearing aids;
- (C) Prohibiting their dealers from dealing with certain potential customers;
- (D) Preventing others, not their dealers, from dealing in or repairing Beltone products; and
- (E) Appropriating and using for their own purposes the names and addresses of their dealers' customers.

The ALJ's legal analysis of respondents' territorial and customer restrictions (ID 79-82)¹ leaves no doubt that he examined these

¹ We recognize, of course, that respondents deny the existence of any territorial or customer restrictions and