

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **William E. Kovacic, Chairman
Pamela Jones Harbour
Jon Leibowitz
J. Thomas Rosch**

In the Matter of)	
)	
THE LUBRIZOL CORPORATION,)	
a corporation,)	
)	Docket No. C-
and)	
)	
THE LOCKHART COMPANY,)	
a corporation.)	
)	
)	
)	

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act, and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that respondent The Lubrizol Corporation (“Lubrizol”), a cor

3. Respondents are, and at all times herein have been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and are corporations whose businesses are in or affect “commerce” as defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

II. THE ACQUISITION

4. Pursuant to an asset purchase agreement dated February 7, 2007, Lubrizol acquired certain assets from Lockhart, including assets relating to oxidates such as intellectual property, contracts, purchase orders, customer lists and records, product formulae and processes, and goodwill, for \$15.6 million (“the Acquisition”).
5. The purchase agreement included a non-competition agreement that prohibited Lockhart, for a period of five years from the date of the purchase agreement, from directly or indirectly engaging in any business competitive with the assets it sold to Lubrizol. Lubrizol subsequently indicated that this provision barred Lockhart from leasing its plant in Flint, Michigan, to another oxidate manufacturer.

III. THE RELEVANT MARKET

6. For the purposes of this Complaint, the relevant product market in which to evaluate the effects of the Acquisition is oxidate for use as a rust preventive additive. Oxidates include products composed of or containing oxidates, products derived from oxidates, and those products’ functional equivalents (collectively “oxidates”).
7. For the purposes of this Complaint, the relevant geographic market in which to evaluate the effects of the Acquisition is the United States of America.
8. Purchasers of Lubrizol’s oxidates have no economic alternative to purchasing these products.

IV. THE STRUCTURE OF THE MARKET

9. Lubrizol and Lockhart are, by a large margin, the two largest providers of oxidates in the United States. Consequently, the United States market for oxidates is highly concentrated, with a pre-acquisition Herfindahl-Hirschman Index (“HHI”) of 7,007. Prior to the Acquisition, Lubrizol and Lockhart dominated the market for oxidates, and, together accounted over 98% of sales in the U.S. market for oxidates. The Acquisition created a monopoly in this market and increased HHI concentration by 2,672, resulting in a post-acquisition HHI of 9,679.
10. Lubrizol and Lockhart were actual and substantial competitors in the relevant market.

