

Consent Order from Lawyers Title Corporation ("LTC"), which is designed to remedy the anticompetitive effects arising from LTC's acquisition of the title insurance operations of Reliance Group Holdings, Inc. ("Reliance Group"), including Reliance Group's indirect subsidiaries Commonwealth Land Title Insurance Company and Transnation Title Insurance Company (collectively "Commonwealth"). Under the terms of the agreement LTC will be required to divest certain assets known as "title plants" in twelve counties or local jurisdictions in various parts of the United States. Title plants are privately owned collections of records and/or indices that are used by abstractors, title insurers, title insurance agents, and others to determine ownership of an interests in real property in connection with the underwriting and issuance of title insurance policies and for other purposes.

The proposed Consent Order has been placed on the public record for 60 days so that the Commission may receive comments from interested persons. Comments received during this period will become part of the public record. After 60 days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

On August 20, 1997, LTC entered into an agreement to acquire the title insurance operations of Reliance Group in exchange for consideration to Reliance Group valued at approximately \$456 million, consisting of cash, a minority voting interest in LTC, and additional non-voting convertible preferred shares of LTC. The proposed Complaint alleges that the acquisition, if consummated, would constitute a violation of section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, in local markets for title plant services in the following counties or local jurisdictions in the United States: Washington, DC.; Brevard County, Florida; Broward County, Florida; Clay County, Florida; Indian River County, Florida; Pasco County, Florida; St. Johns County, Florida; St. Lucie County, Florida; Ingham County, Michigan; Oakland County, Michigan; Wayne County, Michigan; and St. Louis City & County, Missouri.

Title plants are privately-owned collections of title information obtained from public records that can be used to conduct title searches or otherwise ascertain information concerning ownership of or interests in real

property. Title plants typically contain summaries or copies of public records or documents (often in a format that is comparatively easily to store and readily retrievable) as well as indices to facilitate locating relevant records that pertain to a particular property. Title plants permit users to obtain real property ownership information with significantly greater speed and efficiency than by consulting the original public records, which may be located in a number of separate public offices (e.g. offices of the county recorder, tax authorities, and state and federal courts), may be stored in an inconvenient form, and may be indexed in a fashion that makes it difficult to readily research a particular property. Because of the county-specific way in which title information is generated and collected and the highly local character of the real estate markets in which the title plant services are used, geographic markets for title plant services are highly localized, consisting of the county or local jurisdiction embraced by the real property information contained in the title plant.

In each of the local jurisdictions named in the Complaint, the market for title plant services is highly concentrated and LTC and Reliance Group are direct competitors in the sale or provision of title plant services. In each of the local jurisdictions named, there are no commercially reasonable substitutes for title plant services. For a number of reasons, including the relatively large fixed costs associated with building and maintaining title plants, entry into the market for title plant services in each of the local jurisdictions named is difficult or unlikely to occur at a sufficient scale to deter or counteract the effect of the acquisition. For these reasons, the Complaint alleges that in each of the named local jurisdictions the effect of the acquisition may be substantially to lessen competition by, among other things, eliminating direct actual competition between LTC and Reliance Group in title plant services, increasing the likelihood that LTC will unilaterally exercise market power in title plant services, and increasing the likelihood of collusion among competing providers of title plant services.

The Consent Order requires LTC to divest the pre-acquisition title plant interests of either LTC or Reliance Group in each of the identified local jurisdictions to a buyer or buyers approved by the Commission. The divestitures are required to be completed within six months after the respondent signs the Consent Order agreement. In addition to the title plant

assets themselves, the respondent also is required to divest all user or access agreements pertaining to the divested title plants. The respondent is further required for up to three years to continue to provide the buyers of the title plants with computer and other services previously provided for each divested title plant, and to assist the purchaser in transferring such services to another provider. In the period prior to divestiture, the respondent is required to maintain the viability and marketability of the properties, including updating the title plants in the same fashion as before the acquisition and maintaining in effect all user contracts and relationships.

The Consent Order includes a provision permitting the Commission to appoint a trustee to accomplish the divestiture of required plant interests if the divestitures are not accomplished by the respondent within the six-month period. The Consent Order also includes a requirement that for ten years the respondent provide the Commission with prior notice of future title plant acquisitions by the respondent in the counties where divestitures are required, if at the time of the acquisition the respondent continues to have an interest in a title plant serving the county. A prior notice provision is appropriate in this matter because the small transaction size of most individual title plant acquisitions is below the threshold of reportability under the Hart-Scott-Rodino Act (Clayton Act section 7A, 15 U.S.C. 18a, as amended) and because there is a creditable risk that the respondent will, but for an order to the contrary, engage in otherwise unreportable anticompetitive mergers.¹

The purpose of this analysis is to facilitate public comment on the proposed Consent Order, and it is not intended to constitute an official interpretation of the agreement and proposed Consent Order or to modify in any way their terms.

Donald S. Clark,

Secretary.

[FR Doc. 98-5533 Filed 3-3-98; 8:45 am]

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FEDERAL TRADE COMMISSION

[File No. 971-0103]

Roche Holding Ltd.; Analysis to Aid Public Comment

AGENCY: Federal Trade Commission.

¹ See Statement of FTC Policy Concerning Prior Approval and Prior Notice Provisions (June 21, 1995).

ACTION: Proposed consent agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before May 4, 1998.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 6th St. and Pa. Ave., NW., Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: William Baer or Christina Perez, FTC/H-374, Washington, DC 20580. (202) 326-2932 or 326-2048.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat 721, 15 U.S.C. 46 and § 2.34 of the Commission's rules of practice (16 CFR 2.34), notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for February 25, 1998), on the World Wide Web, at "<http://www.ftc.gov/os/actions/htm>." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, Sixth Street and Pennsylvania Avenue, NW., Washington, D.C. 20580, either in person or by calling (202) 326-3627. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with § 4.9(b)(6)(ii) of the Commission's rules of practice (16 CFR 4.9(b)(6)(ii)).

Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing a Proposed Consent Order ("Order") from Roche Holding Ltd ("Roche"), which remedies the anticompetitive effects of Roche's acquisition of Corange Limited. Corange

is the parent company of Boehringer Mannheim ("BM"). Both Roche and BM manufacture a wide array of pharmaceutical and diagnostic instruments and reagents. The proposed Order remedies the acquisition's anticompetitive effects by requiring Roche to divest BM's cardiac thrombolytic agent and drugs of abuse testing ("DAT") reagent assets as viable, on-going product lines. Roche has entered into an agreement to divest to Centocor, Inc. ("Centocor") BM's cardiac thrombolytic agent assets.

The proposed Order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Public comments regarding the proposed divestiture of the United States and Canadian Retavase businesses to Centocor, Inc. will be considered with other comments on the proposed Order. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed Order.

Pursuant to a Stock Purchase Agreement signed May 24, 1997, Roche agreed to purchase 100% of the outstanding voting stock of Corange for approximately \$11 billion. The proposed Complaint alleges that the acquisition violates Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and section 5 of the FTC Act, as amended, 15 U.S.C. 45, in the markets for the research, development, manufacture and sale of cardiac thrombolytic agents and workplace DAT reagents.

Cardiac thrombolytic agents are pharmaceuticals used to treat heart attacks by dissolving blood clots in the blood vessels of the heart. Angioplasty, the only other method of treating heart attacks, is a very expensive surgical procedure that is not available at many hospitals in the United States. As a result, there are no competitive substitutes for cardiac thrombolytic agents.

The U.S. cardiac thrombolytic agents market is highly concentrated. According to studies published in the New England Journal of Medicine, the safest and most effective cardiac thrombolytic agents are BM's Retavase and Genetech's Activase. Roche owns 68% of Genetech's stock. As a result of these studies, it appears that the only other cardiac thrombolytic agent approved for use in the United States, Streptokinase, is not an acceptable substitute for most U.S. physicians. Also, because of the lengthy

development time involved in entering the cardiac thrombolytic agent market, no other company is expected to enter the United States market for at least two years. For these reasons, the acquisition, if consummated, would lead to the elimination of the only head-to-head competition of safe and effective cardiac thrombolytic agents, and therefore, is likely to lead to higher prices.

DAT reagents are chemical antibodies that are combined with a urine specimen to detect the presence of an illegal drug. Workplace DAT is pre-employment, random, post-accident and reasonable cause testing of employees in law enforcement, federal government and private industry for safety and security reasons. It is conducted at commercial laboratories with high-volume dedicated instruments that can only use workplace DAT reagents. DAT conducted in hospitals is very different from workplace DAT. Hospitals use medium- to low-volume instruments that can conduct a wide-variety of tests and use a wide variety of reagents that cannot be used economically for workplace DAT.

The workplace market of DAT reagents is highly concentrated and new entry would be neither timely nor sufficient. A new producer of workplace DAT reagents would find it very difficult to develop a full line of workplace DAT reagents, as well as gain customer acceptance within two years. Roche and BM are two of only four suppliers of workplace DAT reagents in the United States. By eliminating the competition between two of the top three competitors in this highly concentrated market, the proposed acquisition would enhance the likelihood of coordinated interaction between or among the remaining firms in the market, increasing the likelihood that consumers in the United States would be forced to pay higher prices for workplace DAT reagents.

The proposed Order remedies the anticompetitive effects in the cardiac thrombolytic agent market by requiring Roche to divest all of the assets relating to BM's United States and Canadian Retavase businesses to Centocor, Inc. or another Commission-approved buyer. Centocor is an established biotechnology company that currently sells ReoPro. ReoPro is a drug that is given to a patient after a heart attack to prevent new blood clots from forming. Because this is a complementary product to Retavase, it is anticipated that Centocor will achieve significant marketing synergies if it is allowed to purchase the Retavase businesses. Although Centocor is not one of the large, well-known pharmaceutical

companies, it is well-respected by the medical community and has a significant capital base to support its proposed acquisition of the Retavase assets. In the event that Roche does not sell these assets to Centocor or another Commission-approved purchaser within ninety days of the Order's becoming final, a "crown jewel" provision in the Order permits a Commission-appointed trustee to divest the world-wide rights to Retavase.

The proposed Order also effectively remedies the proposed transaction's anticompetitive effects in the workplace DAT reagent market by requiring Roche to divest BM's DAT reagents and grant a non-exclusive license to all other Cloned Enzyme Donor Immuno-Assay ("CEDIA") reagents in the United States, including, but not limited to, reagents used for therapeutic drug monitoring, thyroid analysis, testing for anemia, and hormone testing. In the event Roche fails to divest and license these assets within two months of the Order's becoming final, the proposed Order contains a "crown jewel" provision that allows a Commission-appointed trustee to divest all of BM's CEDIA reagents.

The proposed Order also requires Roche to provide substantial assistance to each of the acquirers so that they can each compete effectively in the relevant markets. First, Roche must contract manufacture a supply of the divested products for the time period it takes for each acquirer to establish its own manufacturing processes and obtain its own FDA approvals to manufacture and sell Retavase and DAT reagents in the United States. Second, Roche must provide technical assistance and advice to assist both acquirers in their efforts to begin manufacturing the divested products. Finally, the Order provides the Retavase acquirer and the reagent acquirer the ability to hire former BM employees associated with the marketing or sales of Retavase or CEDIA reagents, respectively.

In order to facilitate the smooth transfer of assets and ensure that the acquirers will get the assistance necessary to independently manufacture the products, the proposed Order also provides for the appointment of an interim trustee. The interim trustee will serve until the acquirers have received all necessary FDA approvals to manufacture and sell the divested products.

Because it is becoming essential for a DAT reagents supplier to also provide its customers with DAT analyzers, the proposed Order requires Roche to terminate BM's exclusive distribution arrangement with Hitachi Ltd., and to inform Hitachi, within ten days of

divesting the DAT reagents, that, as to the reagent acquirer, it waives all exclusivity provisions of BM's agreement with Hitachi.

In addition, because of pending litigation between Genentech and BM, the proposed Order requires Roche to provide: (1) Full access to, and cooperation from, former BM employees and agents who have knowledge about the disputed patents; (2) access to any documents that may be relevant to the dispute; and (3) reimbursement for half of all the legal expenses relating to the dispute. In addition, Roche is prohibited from disclosing or otherwise making available to Genentech any information relating to the patent dispute without the prior written consent of the Retavase acquirer.

The Order also requires Roche to provide to the Commission a report of compliance with the divestiture and licensing provisions of the Order within sixty (60) days following the date the Order becomes final, and every ninety (90) days thereafter until Roche has completed the divestitures and licensing. The Order also requires Roche to notify the Commission at least thirty (30) days prior to any change in the structure of Roche that may affect compliance with the Order.

The purpose of this analysis is to facilitate public comment on the proposed Order, and it is not intended to constitute an official interpretation of the agreement and proposed Order or to modify in any way their terms.

Donald S. Clark,
Secretary.

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FEDERAL TRADE COMMISSION

[File No. 951-0006]

Stone Container Corp.; Analysis to Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before May 4, 1998.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 6th St. and Pa. Ave., NW., Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: Michael Antalics, FTC/S-2627, Washington, DC 20580. (202) 326-2821.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46 and § 2.34 of the Commission's rules of practice (16 CFR 2.34), notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with the accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for February 25, 1998), on the World Wide Web, at "http://www.ftc.gov/os/actions/htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, Sixth Street and Pennsylvania Avenue, NW., Washington, DC 20580, either in person or by calling (202) 326-3627. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with § 4.9(b)(6)(ii) of the Commission's rules of practice (16 CFR 4.9(b)(6)(ii)).

Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission has accepted an agreement to a proposed consent order from Stone Container Corporation ("Stone Container"), the largest manufacturer of linerboard in the United States. Stone Container maintains its principal place of business at 150 N. Michigan Avenue, Chicago, Illinois 60601.¹

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received, and will decide whether it should

¹ Stone Container operates linerboard mills in seven states. Stone Container also operates more than sixty box plants, which convert linerboard (together with corrugating medium) into corrugated containers. Linerboard is used as the inner and outer facing or liner of a corrugated box, and corrugating medium is the fluted inner material.