



**europa
community**

PRESS RELEASE

EUROPEAN COMMUNITY INFORMATION SERVICE

2100 M Street Northwest, Suite 707, Washington D.C. 20037 • Telephone: (202) 296-5131
New York Office: 155 E. 44th Street, New York, N.Y. 10017 • Telephone: (212) MU 2-0458

NO. 27

FOR IMMEDIATE RELEASE

June 23, 1972

EUROPEAN COMMISSION RULES IN FAVOR OF DAVIDSON RUBBER

WASHINGTON, D.C., June 23 -- The European Commission has ruled that an exclusive patent franchise given by an American rubber goods manufacturer to German, French and Italian firms is not a restraint of trade as defined by Common Market law. It also ruled favorably in the case of a patent and know-how license given by the German subsidiary of a French corporation to a rubber goods subsidiary of the Japanese auto maker Toyota.

In its ruling, the Commission said that it recognized that the contract of the Davidson Rubber Company, which belongs to the McCord Corporation, with the German company Happich of Wupperthal, the French company Maglum of Neuilly-sur-Seine and the Italian firm Gallino of Turin fulfilled the conditions for exemption from Clause 85 of the Rome Treaty forbidding trade restrictions. The contract, which is for the manufacture of arm rests in cars, helps to promote technical and economic progress, as defined in the treaty, the Commission said. The contract gave consumers an equitable share of the resultant profit. The contract contained only those restrictions which were indispensable to achieve these objectives, and did not give the franchise-holders the means to eliminate competition substantially. There

are other arm rest manufacturers in the Common Market, and automobile manufacturers themselves exploit several arm rest patents and take care of a third of their own needs.

The Commission said that the Davidson patent "can be regarded as the most important of all arm rest manufacture patents" and that the franchise-holders had a third of the market for automobile arm rests in the Common Market.

The second decision authorized the Loerrach-based subsidiary of the Grenoble company A. Raymond to preserve the patent license it had given to the Nagoya Rubber Company, in which Toyota have a controlling interest.

The Commission said that the exclusive manufacturing rights given to Nagoya for the Far East market and the ban on Nagoya exporting to Europe contained in the German contract did not affect competition within the Common Market. The exclusive rights only eliminated potential competitors in the Far East market; it was improbable that these Japanese goods would be exported to Common Market countries in any case.

#