



Department of Justice

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JUSTICE DEPARTMENT REQUIRES LUCASFILM TO STOP ENTERING INTO ANTICOMPETITIVE EMPLOYEE SOLICITATION AGREEMENTS

Settlement Preserves Competition for Digital Animation Employees

WASHINGTON — The Department of Justice announced today that it has reached a settlement with Lucasfilm Ltd. that prevents it from entering into agreements restraining employee recruitment. The department said that the agreement between Lucasfilm and Pixar eliminated important forms of competition to attract highly skilled employees and, overall, significantly diminished competition to the detriment of affected employees who were likely deprived of information and access to better job opportunities.

The Department of Justice's Antitrust Division filed a civil antitrust complaint today in U.S. District Court for the District of Columbia, along with a proposed settlement that, if approved by the court, would resolve the lawsuit.

Today's complaint arose out of a larger investigation by the Antitrust Division into employment practices by high tech companies. In September 2010, the Antitrust Division reached a settlement with Adobe Systems Inc., Apple Inc., Google Inc., Intel Corp., Intuit Inc. and Pixar that prevented the companies from entering into no solicitation agreements for employees.

According to today's complaint, Lucasfilm and Pixar agreed not to cold call each other's employees; agreed to notify each other when making an offer to an employee of the other company; and agreed, when offering a position to the other company's employee, not to counteroffer with compensation above the initial offer.

The department said that Pixar is not a named defendant in today's complaint because the relief the department obtained in the previous settlement is sufficient to prevent Pixar from entering into these types of agreements.

"The agreement between Lucasfilm and Pixar restrained competition for digital animators without any procompetitive justification and distorted the competitive process," said Christine Varney, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "The proposed settlement resolves the department's antitrust concerns."

The digital animation sector faces strong demand for employees with advanced or specialized skills. A principal means by which digital animation companies recruit these

employees is their direct solicitation, referred to as “cold calling.” Savvy employees can use these companies’ tactics to extract multiple rounds of bidding, thus increasing their eventual salaries. These forms of competition, when unrestrained, result in better career opportunities, the department said.

The complaint alleges that the companies’ actions reduced their ability to compete for digital animation workers and interfered with the proper functioning of the price-setting mechanism that otherwise would have prevailed in competition for employees. None of the agreements was limited by geography, job function, product group or time period.

The proposed settlement, which if accepted by the court will be in effect for five years, prohibits the companies from engaging in anticompetitive agreements relating to employee hiring and retention. Although the complaint alleges only that the companies agreed to certain practices, the proposed settlement more broadly prohibits the companies from entering, maintaining or enforcing any agreement that in any way prevents any person from soliciting, cold calling, recruiting or otherwise competing for employees. The companies will also implement compliance measures tailored to these practices.

Lucasfilm Ltd. is a California corporation with its principal place of business in San Francisco.

The proposed settlement, along with the department’s competitive impact statement, will be published in The Federal Register, as required by the Antitrust Procedures and Penalties Act. Any person may submit written comments concerning the proposed settlement within 60 days of its publication to James J. Tierney, Chief, Networks & Technology Enforcement Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street N.W., Suite 7100, Washington D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the final judgment upon a finding that it serves the public interest.

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