

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA,
Plaintiff,
v.
INTERNATIONAL TELEPHONE AND
TELEGRAPH CORPORATION,
Defendant.

Civil Action No. 13,319

Entered: September 24, 1971

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on August 1, 1969, and the defendant having filed its answer thereto, and the Court having, on December 31, 1970, dismissed plaintiff's complaint on the ground that plaintiff had failed to establish any violation of law, and plaintiff having appealed said judgment to the Supreme Court of the United States, and said appeal having not been determined, and plaintiff and defendant, by their attorneys, having consented to the entry of this Final Judgment;

Now, therefore, without this Final Judgment constituting any evidence or admission by any party with respect to any issue of fact or law, and upon consent of the parties, it is hereby

ORDERED, ADJUDGED AND DECREED as follows:

I.

This Court has jurisdiction over the subject matter and the parties consenting hereto. The complaint states a claim upon which relief may be granted against the defendant

under Section 7 of the Act of Congress of October 15, 1914 (15 U.S.C. § 18), commonly known as the Clayton Act, as amended.

II.

As used in this Final Judgment:

(A) "Person" shall mean an individual, partnership, corporation or any other business or legal entity;

(B) "Subsidiary" shall mean a company which a person controls or has power to control, or in which fifty percent (50%) or more of the voting securities is owned or controlled by that person, directly or indirectly;

(C) "ITT" shall mean defendant International Telephone and Telegraph Corporation and any of its subsidiaries;

(D) "The Fire Protection Division of Grinnell" shall mean the assets and operations of Grinnell Corporation and any of its subsidiaries related to the manufacture of automatic sprinkler devices or the fabrication, installation or sale of automatic sprinkler systems, and shall include the name "Grinnell" and any related names or trademarks now used in said manufacture, fabrication, installation or sale, but shall not include any assets or operations related to the manufacture of any product other than automatic sprinkler devices.

(E) "Hajoca" shall mean Hajoca Corporation.

III.

The provisions of this Final Judgment applicable to defendant shall apply also to each of its subsidiaries,

successors and assigns, and their officers, directors, agents and employees and to those persons in active concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise. Any person not a party hereto who acquires any securities or assets by means of a divestiture pursuant to this Final Judgment shall not be considered to be a successor or an assign of defendant.

IV.

(A) ITT is ordered and directed to divest, within two (2) years from the date of entry of this Final Judgment, all of its interest, direct and indirect, in Hajoca and, to a different person, the Fire Protection Division of Grinnell.

(B) Subject to the limitations set forth in this Section IV, the divestiture directed above may be carried out by any method; provided, however, that if ITT receives in connection with any such divestiture any securities from a person to whom divestiture is made, such securities (other than securities issued by ITT) (1) shall not be voted, if of a voting class, and (2) shall be disposed of no later than two hundred twenty (220) days after receiving such securities, unless plaintiff consents to a longer period, and provided further that if the divestiture is carried out by way of disposition of assets, such divestiture shall be made in the form of one or more going and viable businesses, each such business to be capable of engaging in substantially the same operations as those previously conducted by such business.

(C) The complete details of any contemplated plan of divestiture intended to implement the provisions of subsection (A) of this Section IV (including the identification of any person, or persons, or class of persons to whom the divested property is to be transferred and all outstanding contracts involving the properties to be divested to which ITT or any of its remaining subsidiaries is a party and not to be fully executed within two (2) years from the date of submission), shall be submitted to the plaintiff by ITT. Following the receipt of any such plan, plaintiff shall have thirty (30) days in which to object thereto by written notice to ITT. If plaintiff does not so object to the proposed plan, the plan may be consummated, but if objection is so made, the proposed divestiture shall not be consummated until ITT obtains judicial approval of the plan or until the plaintiff withdraws its objection; provided, however, (1) that in the case of a plan which provides for a pro rata distribution to security holders of ITT, or an exchange with security holders of ITT or any of its subsidiaries, or a public offering not involving a prior understanding or commitment to sell a portion of the securities to any predetermined purchaser (other than an underwriter or selling dealer for the purpose of resale to the general public), prior approval of the plaintiff need not be obtained and the plan may be consummated upon the termination of the thirty (30) day period, so long as the plan prohibits any person known by ITT to own or control beneficially more than one percent (1%) of the voting securities (including securities convertible into voting securities) of ITT from receiving

any of the equity interest being divested until he has disposed of his voting securities (including securities convertible into voting securities) of ITT in excess of one percent (1%) thereof, and (2) that in the case of a plan as to which the plaintiff objects, the time period set forth in subsection (A) of this Section IV within which divestiture must be accomplished shall, unless the Court orders otherwise upon application of the plaintiff, be tolled during the pendency of any proceeding under this Final Judgment relating to the approval of a proposed plan of divestiture.

(D) If the divestiture requirements of subsection (A) of this Section IV have not been met within two (2) years from the date of entry of this Final Judgment, ITT shall, unless the Court shall on application by ITT otherwise direct, place in the control of a trustee, promptly after his appointment by this Court, upon application of the plaintiff, at the cost and expense of ITT, all of ITT's then undivested interest in Hajoca and the Fire Protection Division of Grinnell, vesting in the trustee full authority to manage and to dispose of such interests subject to Court supervision after hearing the parties hereto on any issue presented;

(E) Until the divestiture required by this Final Judgment is accomplished ITT shall take no action which knowingly impairs the viability of the Fire Protection Division of Grinnell or ITT's ability to accomplish its divestiture, and specifically shall make no disposition of any of the assets of the Fire Protection Division of Grinnell, other than transactions in the ordinary course of business.

(F) Nothing herein shall prevent ITT from retaining the right to use the name "ITT Grinnell" except in the manufacture of automatic sprinkler devices or the fabrication, installation or sale of automatic sprinkler systems, including retaining the right to use said name on products other than sprinkler devices which are sold for use in automatic sprinkler systems, or from retaining the right to use any name or trademark divested hereunder on any molded or cast or similarly marked products for a period (not to exceed ten (10) years) sufficient to permit a cessation of the use of said name or trademark on an appropriately economic basis, so long as it makes it clear that the products involved are manufactured and sold by ITT, or from making an agreement that the name "Grinnell" and any related names shall not be used by others in any business other than the automatic sprinkler business in which ITT is now using the name "Grinnell".

(G) ITT is enjoined and restrained, without first obtaining the consent of the plaintiff, from disposing of any part of the business of Grinnell Corporation or its subsidiaries other than the Fire Protection Division of Grinnell to any person who acquires the Fire Protection Division of Grinnell.

V.

Simultaneously with the consummation of the divestiture pursuant to Section IV of this Final Judgment, ITT shall take such steps as may be necessary to ensure that no individual shall assume or occupy the position of director or officer of any person acquiring such divested assets or entity if such individual holds any position with ITT, unless plaintiff otherwise consents.

VI.

ITT is further ordered and directed to require any person who acquires the Fire Protection Division of Grinnell to file with this Court within thirty (30) days after ITT's divestiture of said Division its submission to the jurisdiction of the Court and an appropriate undertaking to refrain from participating in reciprocal relations in the sale of automatic sprinkler devices or systems until the expiration of ten (10) years from the date of entry of this Final Judgment.

VII.

(A) For the purpose of determining or securing compliance with this Final Judgment and for no other purpose, defendant shall permit duly authorized representatives of the Department of Justice, on written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to defendant's principal office, subject to any legally recognized privilege:

(1) Access during the office hours of defendant, who may have counsel present, to those books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of defendant which relate to any matters contained in this Final Judgment;

(2) Subject to the reasonable convenience of defendant and without restraint or interference from it, to interview officers or employees of defendant, who may have counsel present, regarding such matters.

(B) Upon written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust

Division, defendant shall submit such reports in writing, with respect to the matters contained in this Final Judgment, as may from time to time be requested.

(C) No information obtained by the means provided in this Section VII of this Final Judgment shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Executive Branch of the plaintiff except in the course of legal proceedings to which the United States is a party for the purpose of securing compliance with this Final Judgment or as otherwise required by law.

VIII.

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction, modification, or termination of any of the applicable provisions thereof, for the enforcement of compliance therewith, and for the punishment of violations thereof.

IX.

This Final Judgment shall remain in full force and effect for ten (10) years, and no longer, from the date of entry hereof except as to any provision herein for which a shorter term is specified therein.

/s/ M. JOSEPH BLUMENFELD
United States District Judge

Dated: September 24, 1971