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NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

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ENTERED IN CIVIL DOCKET 10/5/00

UNITED STATES OF AMERICA,
Plaintiff,
v.
JDS UNIPHASE CORPORATION
and E-TEK DYNAMICS, INC.,
Defendants.

Civil Action No. C 00-2227 TEH
Filed:
Entered: October 3, 2000

FINAL JUDGMENT

WHEREAS, plaintiff, United States of America ("United States"), filed its Complaint on June 22, 2000, plaintiff and defendants, defendant JDS Uniphase Corporation ("JDS") and defendant E-TEK Dynamics, Inc. ("E-TEK"), by their respective attorneys, have consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law, and without this Final Judgment constituting any evidence against or admission by any party regarding any issue of fact or law;

AND WHEREAS, defendants agree to be bound by the provisions of this Final Judgment pending its approval by the Court;

AND WHEREAS, plaintiff requires defendants to refrain from enforcing or reacquiring

1 contractual rights effecting control over the output of any coating chambers owned by or on the
2 premises of certain merchant suppliers, for the purpose of remedying the loss of competition alleged
3 in the Complaint;

4 AND WHEREAS, defendants have represented to the plaintiff that the defendants can and
5 will refrain from effecting such control, as ordered herein, and that defendants will later raise no claim
6 of hardship or difficulty as grounds for asking the Court to modify any of the prohibitions contained
7 below;

8 NOW THEREFORE, before the taking of any testimony, without trial or adjudication of any
9 issue of fact or law, and upon consent of the parties, it is ORDERED, ADJUDGED AND
10 DECREED:

11 **I. Jurisdiction**

12 This Court has jurisdiction over the subject matter of and each of the parties to this action.
13 The Complaint states a claim upon which relief may be granted against defendants under Section 7 of
14 the Clayton Act, as amended (15 U.S.C. § 18).

15 **II. Definitions**

16 As used in this Final Judgment:

17 A. "E-TEK" means defendant E-TEK Dynamics, Inc., a Delaware corporation with its
18 headquarters in San Jose, California, its successors and assigns, and its subsidiaries, divisions, groups,
19 affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and
20 employees.

21 B. "Filter Vendor(s)" means Barr Associates, Inc., Herrmann Technology, Inc., Hoya
22 Corporation USA, Optical Coating Japan Corporation, and their successors and assigns.

23 C. "JDS" means defendant JDS Uniphase Corporation, a Delaware corporation with its
24 headquarters in San Jose, California, its successors and assigns, and its subsidiaries, divisions, groups,
25 affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and
26 employees.

27 D. "Optical Filter(s)" means dielectric thin film filters used in optical networks for the

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1 telecommunications industry, such as, but not limited to, wideband, narrowband and gain flattening
2 filters.

3 E. "Rights of First Refusal" means: (1) the contractual rights held by defendants of first
4 refusal over all other persons with respect to the output of coating chambers for the manufacture of
5 Optical Filters by the Filter Vendors, such as set forth in the Supply Agreements; (2) any right
6 obligating a Filter Vendor to accept a defendant's purchase order for Optical Filters; and (3) any right
7 the effect of which would be to enable a defendant, through unilateral action, to prevent a Filter
8 Vendor from selling Optical Filters to persons other than a defendant.

9 F. "Security Interest and Rights of Repayment" means E-TEK's contractual rights under
10 the Supply Agreements to: (1) a priority security interest in the chambers that are subjects of the
11 Supply Agreements; and (2) repayment, through discounts on Optical Filter purchases or otherwise,
12 of funds advanced to the Filter Vendors in connection with the purchase or upgrade of the chambers
13 that are subjects of the Supply Agreements.

14 G. "Supply Agreements" means the following contracts, including all amendments to
15 these contracts: (1) Supply Agreement between E-TEK and Barr Associates, Inc. dated October 8,
16 1996; (2) Supply Agreements between E-TEK and Herrmann Technology, Inc. dated December 14,
17 1998, February 11, 1999 (both "First . . . Agreement" and "Second . . . Agreement"), and May 5,
18 1999; (3) Supply Agreement between E-TEK and Hoya Corporation USA dated July 20, 1999; and
19 (4) Supply Agreement between E-TEK and Optical Coating Japan Corporation dated February 25,
20 1999.

21 H. "Transition Period" means the ninety (90) days following the filing of the Complaint in
22 this matter.

23 **III. Applicability**

24 This Final Judgment applies to JDS and E-TEK, as defined above, and all other persons in
25 active concert or participation with any of them who receive actual notice of this Final Judgment by
26 personal service or otherwise.

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1 **IV. Prohibition on Enforcement of Rights**

2 A. After the expiration of the Transition Period, defendants shall not enforce the Rights
3 of First Refusal in the Supply Agreements.

4 B. After the first thirty (30) days of the Transition Period, defendants shall not enforce
5 the Rights of First Refusal in the Supply Agreements with respect to thirty (30) percent of each Filter
6 Vendor's Optical Filter manufacturing capacity subject to those Rights. After the second thirty (30)
7 days of the Transition Period, defendants shall not enforce the Rights of First Refusal in the Supply
8 Agreements with respect to sixty (60) percent of each Filter Vendor's Optical Filter manufacturing
9 capacity subject to those Rights. During the Transition Period, and unless the plaintiff otherwise
10 consents in writing, defendants shall refrain from making or enforcing any purchase orders to the
11 Filter Vendors unless the period for deliveries of Optical Filters under the purchase orders is no
12 longer than thirty (30) days in duration.

13 C. After the filing of the Complaint in this matter, defendants shall not enforce the
14 Security Interest and Rights of Repayment in the Supply Agreements.

15 D. Defendants promptly shall notify, by usual and customary means, the firms that
16 defendants have identified to the plaintiff, in response to Second Request Specifications 3(h) and 9, of
17 the prohibitions under the terms of this Final Judgment on the Defendants' enforcement of the Rights
18 of First Refusal and Security Interest and Rights of Repayment.

19 **V. Affidavits**

20 Within forty (40) calendar days of the filing of the Complaint in this matter, and every forty
21 (40) calendar days thereafter, through and including one hundred twenty (120) calendar days
22 thereafter, defendants shall deliver to plaintiff an affidavit as to the fact and manner of their
23 compliance with Section IV of this Final Judgment.

24 **VI. Compliance Inspection**

25 A. For the purposes of determining or securing compliance with this Final Judgment, or
26 of determining whether the Final Judgment should be modified or vacated, and subject to any legally
27 recognized privilege, from time to time duly authorized representatives of the United States
28 Department of Justice, including consultants and other persons retained by the United States, shall,

1 upon written request of a duly authorized representative of the Assistant Attorney General in charge
2 of the Antitrust Division, and on reasonable notice to defendants, be permitted:

3 (1) access during defendants' office hours to inspect and
4 copy, or at plaintiff's option demand defendants provide
5 copies of, all books, ledgers, accounts, records,
6 correspondence, memoranda, and documents in the
7 possession or control of defendants, who may have
8 counsel present, relating to any matters contained in this
9 Final Judgment; and

10 (2) to interview, either informally or on the record,
11 defendants' officers, employees, or agents, who may
12 have their individual counsel present, regarding such
13 matters. The interviews shall be subject to the
14 interviewee's reasonable convenience and without
15 restraint or interference by defendants.

16 B. Upon the written request of the Assistant Attorney General in charge of the Antitrust
17 Division, defendants shall submit written reports, under oath if requested, relating to any of the
18 matters contained in this Final Judgment as may be requested.

19 C. No information or documents obtained by the means provided in this section shall be
20 divulged by the plaintiff to any person other than a duly authorized representative of the executive
21 branch of the United States, except in the course of legal proceedings to which the United States is a
22 party (including grand jury proceedings), or for the purpose of securing compliance with this Final
23 Judgment, or as otherwise required by law.

24 D. If at the time information or documents are furnished by defendants to plaintiff,
25 defendants represent and identify in writing the material in any such information or documents to
26 which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil
27 Procedure, and defendants mark each pertinent page of such material, "Subject to claim of protection
28 under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then plaintiff shall give defendants ten

1 (10) calendar days notice prior to divulging such material in any legal proceeding (other than a grand
2 jury proceeding).

3 **VII. No Reacquisition**

4 Defendants shall not reacquire, directly or indirectly, any Right of First Refusal over any
5 coating chambers owned by or located on the premises of the Filter Vendors as of the filing of the
6 Complaint in this matter. After the expiration of the Transition Period, nothing in this Final Judgment
7 shall preclude defendants from purchasing Optical Filters from the Filter Vendors pursuant to
8 purchase orders so long as the period for deliveries of Optical Filters under the purchase orders is no
9 longer than sixty (60) days in duration, unless the plaintiff otherwise consents in writing. The
10 provisions of this paragraph shall remain in effect for three years from expiration of the Transition
11 Period.

12 **VIII. Retention of Jurisdiction**

13 This Court retains jurisdiction to enable any party to this Final Judgment to apply to this
14 Court at any time for further orders and directions as may be necessary or appropriate to carry out
15 or construe this Final Judgment, to modify any of its provisions, to enforce compliance, and to
16 punish violations of its provisions.

17 **IX. Expiration of Final Judgment**

18 Unless this Court grants an extension, this Final Judgment shall expire ten (10) years from
19 the date of its entry.

20 **X. Public Interest Determination**

21 Entry of this Final Judgment is in the public interest.

22
23 **Date:** 10/3/00

24 Court approval subject to procedures of Antitrust
25 Procedures and Penalties Act, 15 U.S.C. § 16

26 
27 United States District Judge