

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, )  
U.S. Department of Justice )  
Washington, DC 20530 )  
(202) 724-7969 )  
Plaintiff, )  
v. )  
GENERAL ELECTRIC COMPANY, )  
Fairfield, Connecticut 06431 )  
(203) 373-2493 )  
Defendant. )

Civ. No. 86-1578

Filed: June 6, 1986

COMPLAINT

The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable and other relief against the defendant named herein and complains and alleges as follows:

I.

JURISDICTION AND VENUE

1. This complaint is filed and this action is instituted under Section 15 of the Clayton Act, as amended (15 U.S.C. § 25), to prevent the violation by defendant, as hereinafter alleged, of Section 7 of the Clayton Act, as amended (15 U.S.C. § 18).

2. General Electric Company transacts business and is found within the District of Columbia.

## II.

### DEFINITIONS

3. "Vidicon tube" means an electron imaging tube used to convert an optical image into an electrical signal, which may then be amplified and processed to create a video signal. A vidicon tube consists of three main components: (1) an electron gun, which generates an electron beam; (2) a focusing and deflection mechanism, which focuses the electron beam; and (3) a photoconductive target, which produces an electrical charge when scanned by the electron beam.

4. "Silicon target vidicon tube for military application" means a vidicon tube that contains a photoconductive target made from a silicon semiconductor material and that is suitable for use in a military application.

5. "Antimony trisulfide target vidicon tube for military application" means a vidicon tube that contains a photoconductive target made from antimony trisulfide applied as a coating over a transparent photoconductive film and that is suitable for use in a military application.

6. "HHI" means the Herfindahl-Hirschman Index, a measure of market concentration calculated by squaring the market shares of each firm competing in the market and then summing the resulting numbers. (For example, for a market consisting of four firms with shares of 30, 30, 20, and 20 percent, the HHI is 2600  $[(30)^2 + (30)^2 + (20)^2 + (20)^2 = 2600]$ .) The HHI, which takes into

account the relative size and distribution of the firms in a market, can range from virtually zero to 10,000. The index approaches zero when a market is occupied by a large number of firms of relatively equal size. The index increases as the number of firms in the market decreases and as the disparity in size between the leading firms and the remaining firms increases.

7. "Military application" means any use of a vidicon in a United States military weapon system.

8. "RCA" means RCA Corporation, a corporation organized and existing under the laws of the State of Delaware. RCA maintains its principal offices in New York, New York. In 1984, RCA reported sales of approximately \$10 billion. RCA produces vidicon tubes for sale in the United States and outside the United States at its New Products Division based in Lancaster, Pennsylvania.

### III.

#### DEFENDANT

9. General Electric Company (hereinafter "GE") is made a defendant herein. GE is a corporation organized and existing under the laws of the State of New York. GE maintains its principal offices in Fairfield, Connecticut. In 1984, GE reported total sales of approximately \$30 billion. GE produces vidicon tubes for sale in the United States and outside the United States at its Microwave Products Department of its Defense Systems Division, headquartered in Owensboro, Kentucky.

IV.

TRADE AND COMMERCE

10. Cameras containing silicon target or antimony trisulfide target vidicon tubes for military application are used in such military applications as gunfire control, navigation, and target identification. Vidicon tubes for military applications are purchased directly by the military or by the weapon system contractor.

11. Before vidicon tubes from a producer can be used in a military application, the manufacturer of the weapon system must test that producer's vidicon tubes and certify that they comply with exacting military specifications governing resolution, picture distortion, sensitivity, ruggedness, and virtual absence of blemishes on the photoconductive target. Vidicon tubes not required to meet these exacting specifications are sold for use in commercial systems for television broadcasting, closed-circuit monitor services, medical applications, and industrial processes.

12. In vidicon tubes, the photoconductive target determines the spectral range of the camera and the quality of the picture. Silicon targets provide the greatest sensitivity, i.e., spectral range, of any target material. Silicon target vidicon tubes are used when low-light operation is intended. A silicon target vidicon tube for military application typically sells for between \$7,000 and \$9,000.

13. No competitive substitutes exist for silicon target vidicon tubes for military application. The market for such tubes is relatively insensitive to a small but nontransitory price increase. The production and sale of silicon target vidicon tubes for military application constitutes a relevant product market for antitrust purposes.

14. Both GE and RCA compete nationwide in the production and sale of silicon target vidicon tubes for military application. The United States constitutes a geographic market for the production and sale of silicon target vidicon tubes for military application.

15. In 1985, total sales of silicon target vidicon tubes for military application in the United States were approximately \$2 million. By 1990, total sales of such tubes are projected to increase more than seven-fold, to approximately \$15 million.

16. The production and sale of silicon target vidicon tubes for military application in the United States is highly concentrated. In 1985, GE accounted for approximately 87 percent of the market for silicon target vidicon tubes for military application in the United States and RCA accounted for approximately 12 percent. The HHI in the market for silicon target vidicon tubes for military application in the United States is about 7740. The merger of GE and RCA would increase the HHI by about 2116 to 9856.

17. Antimony trisulfide target vidicon tubes for military application provide resolution comparable to silicon target vidicon tubes for military application, but have lower sensitivity. They are used when operation under daylight conditions is intended. An antimony trisulfide target vidicon tube for military application typically sells for between \$2,000 and \$4,000.

18. No competitive substitutes exist for antimony trisulfide target vidicon tubes for military application. The market for such tubes is relatively insensitive to a small but nontransitory price increase. The production and sale of antimony trisulfide target vidicon tubes for military application constitutes a relevant product market for antitrust purposes.

19. Both GE and RCA compete nationwide in the production and sale of antimony trisulfide target vidicon tubes for military application. The United States constitutes a geographic market for the production and sale of antimony trisulfide target vidicon tubes for military application.

20. In 1985, total sales of antimony trisulfide target vidicon tubes for military application in the United States were approximately \$4.8 million. By 1990, total sales of such tubes are projected to increase by three-fold, to approximately \$14 million.

21. The production and sale of antimony trisulfide target vidicon tubes for military application in the United States is

highly concentrated. In 1985, GE accounted for approximately 50 percent of the market for antimony trisulfide target vidicon tubes for military application in the United States and RCA accounted for approximately 40 percent. The HHI in the market for antimony trisulfide target vidicon tubes for military application in the United States is about 4166. The merger would increase the HHI by about 3977 to 8143.

22. GE sells and ships silicon target and antimony trisulfide target vidicon tubes for military application to domestic customers located outside the state in which such tubes are produced. RCA sells and ships silicon target and antimony trisulfide target vidicon tubes for military application to domestic customers located outside the state in which such tubes are produced. The sales transactions in which GE and RCA engage regularly result in interstate transfers of equipment and funds. GE and RCA both are engaged in interstate commerce and their activities substantially affect interstate commerce.

## VI.

### VIOLATION ALLEGED

21. On or about December 11, 1985, GE and RCA entered into an agreement providing for GE to acquire for approximately \$6.28 billion all of the common stock of RCA. GE was also to acquire for approximately \$145 million two classes of RCA preferred stock. The agreement would result in common control and ownership of the competing vidicon tube businesses currently operated separately by GE and RCA.

22. The effect of the proposed merger of GE and RCA may be substantially to lessen competition in violation of Section 7 of the Clayton Act, in the following ways, among others:

a. actual and potential competition between GE and RCA in the production and sale of silicon target vidicon tubes for military application in the United States will be eliminated;

b. competition generally in the production and sale of silicon target vidicon tubes for military application in the United States may be substantially lessened;

c. actual and potential competition between GE and RCA in the production and sale of antimony trisulfide target vidicon tubes for military application in the United States will be eliminated; and

d. competition generally in the production and sale of antimony trisulfide target vidicon tubes for military application in the United States may be substantially lessened.

#### VII.

#### PRAYER

WHEREFORE, plaintiff prays:

1. That the proposed merger of GE and RCA be adjudged to be in violation of Section 7 of the Clayton Act;

2. That GE be ordered and directed to divest itself of its vidicon tube business to a purchaser that is able to assume the competitive posture of GE as of the date of this Complaint in the markets for silicon target vidicon tubes for military application

and antimony trisulfide target vidicon tubes for military application;

3. That, until GE completely divests its vidicon tube business, GE be ordered and directed to continue to operate its silicon target and antimony trisulfide target vidicon tube for military application business in active competition with RCA's silicon target and antimony trisulfide target vidicon tube for military application business;

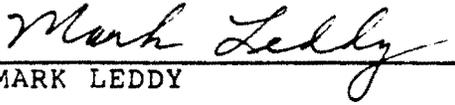
4. That the plaintiff have such other and further relief as the Court may deem just and proper; and

5. That plaintiff recover the costs of this action.

Respectfully submitted,

  
\_\_\_\_\_  
DOUGLAS H. GINSBURG  
Assistant Attorney General

\_\_\_\_\_  
SANFORD M. ADLER

  
\_\_\_\_\_  
MARK LEDDY

\_\_\_\_\_  
WILLIE L. HUDGINS, JR.

\_\_\_\_\_  
P. TERRY LUBECK

\_\_\_\_\_  
STEPHEN M. KOSLOW

\_\_\_\_\_  
MARK C. SCHECHTER

\_\_\_\_\_  
ROSEMARY T. RAKAS

Attorneys  
U.S. Department of Justice  
Antitrust Division  
Washington, D.C. 20530  
(202) 724-7969

Dated: