

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA

UNITED STATES OF AMERICA,

Plaintiff,

v.

REED ROLLER BIT COMPANY, et al.,

Defendants.

CIVIL ACTION

NO. 66-248

[Entered July 25, 1967]

FINAL JUDGMENT

On the 21st day of September, 1966, this cause came on regularly to be heard and on the 22nd day of June, 1967, the Court filed its Opinion or Memorandum of Decision which it adopted as findings of fact and conclusions of law,

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED as follows:

I

As used in this Final Judgment:

(A) "Reed" shall mean defendant Reed Roller Bit Company (now G. W. Murphy Industries, Inc.), a corporation organized and existing under the laws of the State of Texas, its successors and assigns.

(B) "AMF" shall mean American Machine & Foundry Company, a corporation organized and existing under the laws of the State of New Jersey.

(C) "American Iron" shall mean AMF American Iron, Inc., a corporation organized and which existed under the laws of the State of Delaware until November 2, 1965, at which time it was dissolved.

(D) "Tool joints" shall mean rotary shouldered connections made of high alloy steel consisting of two parts, a box and pin end, which together form a strong and fluid seal used to join two sections of drill pipe and which are generally flash welded.

(E) "Drill collars" shall mean thirty-foot lengths of heat treated alloy steel, drilled axially and integrally threaded, and joined in an assembly to furnish weight for the lower end of a rotary oil well drilling string.

(F) "American Iron tool joint and drill collar facilities" shall mean the machinery, equipment, patent rights, licenses, trade names, trademarks, manufacturing "know-how," customer files and/or lists, books and records, which are reasonably related to the tool joint and drill collar operation acquired by Reed from AMF and all assets which have subsequently been acquired and are, in the buyer's judgment, reasonably necessary to maintain the operation, except that the term shall not include handling equipment for the flash welder that has been custom built for the Reed plant. With respect to supplies and inventories in Reed's stock, anything the buyer would need, in his judgment, and which, in his judgment, is not readily available on the open market within the time required by the buyer shall be considered within the definition of "American Iron tool joint and drill collar facilities." So that the buyer may fully exploit the trade names, Reed, upon sale, if the buyer so desires, shall discontinue any use of the names "American Iron" or "American Iron & Machine Works, Inc." or trademarks relating thereto.

(G) "Person" shall mean any individual, partnership, firm, corporation, association, trustee, or other business or legal entity.

II

(A) This Court has jurisdiction of the subject matter hereof and of the parties hereto pursuant to Section 15 of the Act of Congress of October 15, 1914 (15 U.S.C. Sec. 25), as amended, entitled "An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes," commonly known as the Clayton Act.

(B) The acquisition by the defendant Reed of the American Iron tool joint and drill collar facilities constitutes a violation of Section 7 of the Clayton Act.

(C) This action is dismissed as to defendants AMF and American Iron.

III

This Final Judgment is binding upon Reed and its subsidiaries, affiliates, directors, officers, agents, and employees, and upon all other persons who shall have received actual notice of this Final Judgment by personal service or otherwise.

IV

(A) Reed is ordered and directed, within twelve (12) months from the date hereof, to divest itself of the American Iron tool joint and drill collar facilities.

(B) Reed is ordered and directed to publicize the availability thereof for sale in appropriate trade and/or financial publications and to generally promote the expeditious sale thereof. Sale shall be upon terms and to a person first approved by this Court which will consider the importance of effectuating a prompt sale and the necessity of a sale to a purchaser who will use the said facilities as a viable competitor in the sale and production of tool joints and drill collars.

(C) Reed is ordered and directed within 30 days of the date of entry of this Final Judgment to submit to the Court and the plaintiff a complete inventory (including any assessed valuation and a statement of the present physical location) of all of the American Iron tool joint and drill collar facilities.

(D) Reed is ordered and directed to render bi-monthly written reports to the Court, with copies to the plaintiff, detailing its efforts to comply with subsection (A) above and the results of such efforts, including every offer to buy which it received. Plaintiff or Reed may apply to this Court for

approval or disapproval of any proposal for the sale of said facilities, provided that such proposal complies with the terms of IV(B) above.

(E) Reed is ordered and directed to the extent reasonably possible to maintain the American Iron tool joint and drill collar facilities at a standard of operating performance and capacity which is in all respects equivalent to that which existed at the time of the acquisition from AMF.

(F) Reed may continue to use and operate the American Iron tool joint and drill collar facilities until the date of sale. Until the date of sale, Reed will continue to use the trade name "American Iron" in connection with its sale of fluid end expendable parts. Reed is further ordered and directed to make certain that the American Iron tool joint and drill collar facilities and any part thereof are kept readily identifiable and are not commingled or interchanged with Reed's other assets so as to lose their identity.

(G) Reed is ordered and directed to furnish to all bona fide prospective purchasers of the American Iron tool joint and drill collar facilities, all relevant information regarding said facilities, and to permit them at reasonable hours on appointment to have such access to, and make inspection of said facilities,

(H) If a buyer is found who wishes to have the tool joint and/or drill collar facilities moved to a location other than Houston, Texas, and the cost of such transfer would exceed the costs of transfer to said location from Oklahoma City, Reed will bear the additional cost of transportation.

(I) Reed is ordered and directed for a period of one year following the date of sale, at the option of the buyer, to provide the buyer with technical assistance and manufacturing "know-how" which may assist the buyer in the building of a plant, the installation of American Iron tool joint and drill collar facilities and/or

the production of tool joints and drill collars. In this connection Reed will:

- (1) Make available to the buyer engineering and manufacturing information, machinery design, floor plans, factory and machinery layouts, layouts for utilities and complete information as to production processes, including drawings, product specifications, time studies, floor sheets, plans, temperature ranges, pressure ranges and other operating data related to the production and/or welding of tool joints and drill collars;
- (2) Allow a reasonable number of technically qualified employees of the buyer to have access to Reed's plant in order to inspect, observe, and become acquainted with Reed's tool joint and drill collar production and welding;
- (3) Send engineers and other technically qualified employees as are available to the buyer's plant to assist the buyer in designing plant and layout, in setting up American Iron tool joint and drill collar facilities, and in solving such production problems as may arise.

Actual and reasonable travel and living expenses (if out-of-town) incurred by Reed's, or the buyer's, employees and a reasonable per diem for the time spent by Reed's employees shall be paid for by the buyer.

(J) Nothing herein contained shall be deemed to prohibit Reed from retaining, accepting, and enforcing a bona fide lien, pledge or other form of security for the purpose of securing to Reed repayment of loans, guarantees of loans, or letters or lines of credit, made to or on behalf of the purchaser, or for the

prupose of securing to Reed full payment of the price at which said facilities are disposed of or sold; and provided further that if (after divestiture or sale pursuant to Section IV(A) hereof) by enforcement or settlement of a bona fide lien, pledge, or other form of security, Reed reacquires said facilities, Reed shall again be subject to the provisions of this Final Judgment, and shall dispose of any such business thus reacquired within twelve (12) months from the time of reacquisition.

(K) If the American Iron tool joint and drill collar facilities are not sold within twelve (12) months from the date hereof, the Court, after notice and hearing, upon the proposal of either party may appoint a broker or brokers (each party to submit the names of three (3) brokers) to solicit and negotiate offers for the purchase of said facilities in accordance with Section IV(B) hereof, or take such other action which is deemed advisable to effectuate a sale of said facilities in accordance with Section IV(B) hereof. Said brokers shall make reports to the Court and to the parties, and shall be engaged for a term and for such compensation as may be fixed by the Court upon their appointment.

(L) Reed is ordered and directed to, at the option of the buyer, grant to said buyer a non-exclusive, royalty-free license under United States Letters Patent No. 3,134,169 under terms of the license granted to Reed on the same patent on July 24, 1967. Reed shall be permitted to keep the friction welding machinery associated with the welding of macaroni tubing, but shall divest itself of all other friction welding machinery. Reed, at the option of the buyer, is nevertheless directed to furnish technical assistance and "know-how" to the buyer regarding macaroni tubing in the manner provided for in Section IV(I) hereof.

V

For a period of ten (10) years from the date of entry of this Final Judgment, Reed is enjoined and restrained, except by agreement of the parties, from acquiring, holding or exercising any control over, directly or indirectly, any tool joint or drill collar assets, or the whole or any part of the stock or share capital, of any person engaged in the manufacture and sale of tool joints and/or drill collars. After said ten (10) year period Reed is enjoined and restrained for an additional ten (10) years from acquiring, holding, or exercising any control over, directly or indirectly, any assets or the whole or any part of the stock or share capital of any person engaged in the manufacture and sale of tool joints and/or drill collars except with notice to the plaintiff herein and with the approval of this Court upon an affirmative showing by Reed that the effect of the acquisition, holding, or control will not be substantially to lessen competition or tend to create a monopoly in the manufacture or sale of tool joints and/or drill collars.

The defendant Reed is taxed the costs of this action.

VI

For the purpose of determining and securing compliance with this Final Judgment, duly authorized representatives of the Department of Justice shall, on written request of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to a defendant made to its principal office, be permitted, subject to any legally recognized privilege:

(A) Access, during the office hours of said 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 said defendant regarding the subject matter contained in this Final Judgment; and

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

Upon such written request, the defendant shall submit reports in writing in respect to said matters as may from time to time be requested.

No information obtained by the means provided for in this Section VI 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 United States, except in the course of a legal proceeding in which the United States is a party for the purpose of securing compliance with this Final Judgment or as otherwise required by law.

VII

This Court retains jurisdiction 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 or carrying out of this Final Judgment, or for the modification or termination of any of the provisions hereof, and for the enforcement therewith and punishment of violations hereof.

DATED AND ENTERED at Oklahoma City, Oklahoma, this 25th day of July, 1967.

s/ Luther B. Eubanks
United States District Judge

Approved as to form, without waiver
of any rights on appeal:

s/ Paul D. Carrier
Attorney for Plaintiff,
United States of America

s/ John C. Snodgrass
Attorney for Defendant,
Reed Roller Bit Company

s/ Herbert A. Bergson
Attorney for Defendant,
American Machine & Foundry Company