

United States v. General Electric Company, Allis-Chalmers Manufacturing Company, and Westinghouse Electric Corporation.

In the United States District Court for the Eastern District of Pennsylvania. Civil No. 28228. Dated October 1, 1962.

Case No. 1549 in the Antitrust Division of the Department of Justice.

**Sherman Act**

**Collusive Bidding—Restrictive Practices—Turbine Generator Units—Consent Judgment.**—Manufacturers of turbine generator units were each prohibited by a consent judgment from submitting collusive bids, exchanging price information, fixing prices, discriminating in prices or terms of sale, refusing to sell products, tying-in sales of products, and allocating markets. Also, each manufacturer was required to submit non-collusion affidavits with bids to governmental agencies and to review and determine individually its prices.

See Department of Justice Enforcement, Vol. 2, ¶ 8834.10.

For the plaintiff: Lee Loevinger, Assistant Attorney General, W. D. Kilgore, Jr., Baddia J. Rashid, Donald G. Balthis, John F. Sarbaugh and John J. Hughes, Attorneys, Department of Justice.

For the defendants: Schnader, Harrison, Segal & Lewis, by W. Bradley Ward and Edward W. Mullinix, for Allis-Chalmers Manufacturing Company and Cravath, Swaine & Moore, by George B. Turner, for Westinghouse Electric Corporation.

**Final Judgment**

GANAY, Circuit Judge [*In full text*]: Plaintiff, United States of America, having filed its complaint herein on June 29, 1960, and the plaintiff and the undersigned de-

fendants, by their respective attorneys, having severally consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law herein, without this Final Judgment constituting

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evidence or an admission by any party signatory hereto with respect to any such issue, or with respect to any product to which this Final Judgment applies, and this Court having determined pursuant to Rule 54(b) of the Federal Rules of Civil Procedure that there is no just reason for delay in entering a Final Judgment as to all of plaintiff's claims asserted in said complaint against the defendants signatory hereto,

Now, therefore, before the taking of any testimony, without trial or adjudication of any issue of fact or law herein and upon consent of the parties signatory hereto as aforesaid, the Court hereby determines that the proceeding herein is terminated as to the defendants signatory hereto and directs entry of Final Judgment as to all of plaintiff's claims herein against those defendants (provided that the making and entry of this Final Judgment shall be without prejudice to plaintiff filing and prosecuting claims for damages, if any, resulting from activities alleged in the complaint herein) and as to those defendants it is hereby

Ordered, Adjudged and Decreed as follows:

I

[*Sherman Act*]

The Court has jurisdiction of the subject matter of this action and of the defendants signatory hereto. The complaint states claims upon which relief may be granted against those defendants under Section 1 of the Act of Congress of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act, as amended.

II

[*Definitions*]

As used in this Final Judgment:

(A) "Turbine-generator unit" means an assembly of a turbine and a generator used in the production or generation of electricity on land by the use of steam, but it does not include marine turbines or marine turbine-generators, gas turbines or gas turbine-generators, hydro-electric turbine-generators or hydraulic turbines;

(B) "Generators and motors" means: (1) a turbine-generator unit; and/or (2) electric rotating motors and generators, excluding (a) motors with a stator diameter smaller than the diameter of a general

purpose motor having a continuous rating of one horsepower, open type, 1700/1750 rpm, and generators in corresponding sizes, (b) traction or transportation motors and generators, and (c) motors and generators primarily designed for use in aircraft or space vehicles;

(C) "Person" means any individual, partnership, firm, corporation, association, trustee or any other business or legal entity; and

(D) "Manufacturer" means a person who manufacturers or assembles, or proposes in good faith to manufacture or assemble, within the United States in its own plant regularly maintained for that purpose.

III

[*Applicability*]

The provisions of this Final Judgment applicable to any consenting defendant shall apply also to each of its subsidiaries, successors and assignees, and to their respective officers, directors, agents, servants and employees, and to all other persons in active concert or participation with such defendant who shall have received actual notice of this Final Judgment by personal service or otherwise. Each such defendant is ordered and directed to take such steps as are reasonably appropriate to procure compliance by its subsidiaries, officers, directors, agents, servants and employees with the terms of this Final Judgment. For the purpose of this Final Judgment each consenting defendant and its subsidiaries, officers, directors, agents, servants and employees, or any of them, shall be deemed to be one person. This Final Judgment shall not apply to or require sales of generators and motors for use outside the United States except for sales of such generators and motors by any consenting defendant to or for the use of the plaintiff or any instrumentality or agency thereof.

IV

[*Practices Prohibited*]

Each of the consenting defendants is enjoined and restrained from directly or indirectly entering into, adhering to or claiming or maintaining any right under any contract, agreement arrangement, understanding, plan or program with any other manufacturer or seller of generators and motors in the United States to:

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(A) Eliminate or suppress unreasonably competition in the manufacture, distribution or sale of generators and motors;

(B) Allocate or divide territories, markets, fields or customers for the manufacture or sale of generators and motors; provided, however, that this subsection (B) shall not prohibit a consenting defendant from accepting or granting, without more, otherwise lawful patent, trade secret or technical information licenses;

(C) Fix or maintain prices, pricing methods, or any terms or conditions for the sale of any generators and motors to any third person;

(D) Exchange information concerning prices, pricing methods or other terms and conditions of sale (other than information released to the trade generally) at or upon which any generators and motors are to be sold to any third person;

(E) Submit noncompetitive, collusive or rigged bids or quotations for supplying any generators and motors to any third person;

(F) Bid or quote, refrain from bidding or quoting or communicate an intention to bid or quote or to refrain from bidding or quoting, on any generators and motors to be sold to any third person;

(G) Hinder, restrict, limit or prevent any person from purchasing any generators and motors from any third person (except as may result from any bona fide purchase or sale agreement, without more); or

(H) Hinder, restrict, limit or prevent any person from selling any generators and motors to any third person (except as may result from any bona fide purchase or sale agreement, without more).

V

*[Refusal to Sell, Discrimination]*

Each of the consenting defendants is enjoined and restrained from directly or indirectly:

(A) Communicating to or exchanging with any manufacturer or seller of any generators and motors any prices applicable to any generators and motors except with or after the release of such prices to the trade generally, or except in connection with bona fide purchase or sale negotiations;

(B) Continuing to be a member of or participating in the activities of any association or other organization with knowl-

edge that any of the activities of such association or other organization are being carried on in a manner which, if the association or other organization were a consenting defendant herein, would violate the provisions of this Final Judgment;

(C)(1) Refusing to sell or quote on, subject to defendant's regularly established terms and conditions of sale, any generator to any manufacturer of turbine-generator units (produced for general resale to others) in which such generator is incorporated, for incorporation in and resale with such turbine-generator unit, so long as such generator is being sold or offered for sale by such defendant to any other manufacturer of the same type of equipment for the same purpose;

(2) Discriminating in any such sales by selling any such generator in quantities, or at prices, terms and conditions of sale for the same quantities, not at the same time available to other such manufacturers; provided, however, that in any suit or proceeding hereafter instituted by the plaintiff against any such defendant charging a violation of this subsection (2), such defendant may rebut a *prima facie* case made by the plaintiff by showing that its lower price to a purchaser or purchasers was made in good faith to meet an equally low price of a competitor, or did not have the effect of substantially lessening competition.

Provided that any such prospective purchaser is financially able, and is not delinquent in his account, to purchase such generator and such defendant is able in accordance with its usual and customary production and delivery scheduling procedures to supply such generator to the purchaser at or about the time requested by the purchaser.

(D) Conditioning the sale to any person of any turbine-generator unit, as ordinarily sold (except for repair or replacement purposes) by such defendant to other persons in the same commercial class, upon the purchase from such defendant of any other item of electrical equipment.

Provided, however, in any instance in which such defendant reasonably believes that the use intended to be made of the turbine-generator unit or generator will expose such defendant to a substantial risk of liability, nothing in subsections (C) and (D) of this Section V shall be deemed to prohibit such defendant from requiring as

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a term of sale that the purchaser agree in writing to hold such defendant harmless and to give a reasonably adequate bond (or, at the purchaser's option, to maintain reasonably adequate insurance) to secure such agreement insofar as it relates to claims by third persons.

VI

*[Price Review]*

(A) Each of the consenting defendants is ordered and directed, not later than one year following the effective date of this subsection (A), individually and independently (1) to review and determine its book prices for turbine-generator units based upon lawful considerations, and (2) to announce such prices determined under (1) above; provided, however, that the price review, determination and announcement referred to above shall not be required with respect to any turbine-generator units as to which such defendant, within one year following the effective date of this subsection (A), files with this Court, with a copy sent to the Assistant Attorney General in charge of the Antitrust Division, an affidavit stating that such defendant, prior to the effective date of this subsection (A) and subsequent to June 29, 1960, reviewed, determined and announced the price of the product in accordance with the requirements of this subsection (A); and provided, further, that nothing contained in this subsection (A) shall prevent any such defendant from deviating from, modifying, or otherwise changing the prices announced in accordance with this subsection (A).

(B) Each of the consenting defendants is ordered and directed to send a copy of this Final Judgment not later than one hundred and eighty (180) days following the effective date of this subsection (B) to each of the Federal, State and local agencies and any other governmental awarding authorities to which sales, pursuant to bids submitted by such defendant, of any turbine-generator unit were made by such defendant between June 30, 1957 and June 29, 1960, provided that some or all of the consenting defendants may arrange collectively to send a single such copy to each such purchaser to which such sales were made by one or more of such defendants.

(C) Each of the consenting defendants is ordered and directed for a period of ten

(10) years from the effective date of this subsection (C) annually to notify each Federal, State and local governmental agency to which such defendant has, within the preceding year, submitted a sealed bid for any turbine-generator unit, that such defendant has been ordered, and each such defendant is hereby so ordered for such period plus one year, to submit upon request a statement in the form set forth in the Appendix hereto with each sealed bid for any turbine-generator unit submitted to such agency in response to an invitation to bid which requests such a statement.

VII

*[Permissive Provisions]*

Nothing contained in this Final Judgment shall be deemed to prohibit any of the consenting defendants,

(A) Where in order to sell or offer to sell electrical equipment which includes any generators and motors any person must have an item or items of electrical equipment (i) which it does not itself manufacture or assemble to combine with items of such equipment which it does itself manufacture, assemble, or purchase from others, (ii) or if it does manufacture such an item, the item is of such a type or quality that it cannot competitively sell or offer to sell its own item, (iii) or where such person could not singly perform the contract contemplated by such sale or offer to sell:

(1) from formulating or submitting, in combination with any person, a bona fide joint bid or quotation, where such joint bid or quotation is denominated as such or known to the purchaser to be such; or

(2) from conducting bona fide negotiations for or entering into any lawful agreement with any person for a bona fide purchase from or sale to each other, provided, that each party to the transaction is free to submit its own bid or quotation on terms independently determined by it;

(B) Where required directly or indirectly by a governmental agency, from formulating or submitting in combination with any person a bona fide joint bid or quotation which is denominated as such or known to the purchaser to be such;

(C) From entering into, creating, carrying out or implementing by lawful conduct any otherwise lawful contract, agreement, arrangement, understanding, plan or program with

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any reseller relating to the sale of any generators and motors purchased from the defendant; or

(D) From lawfully contracting with any person for the supply to or by such person of any generators and motors embodying the proprietary design of, or specially designed for, the purchaser upon terms prohibiting the supplier from selling equipment embodying such design to all others (except that the purchaser may authorize sales for repair or replacement purposes).

of securing compliance with this Final Judgment, or as otherwise required by law. If any such information is divulged to a duly authorized representative of the Executive Branch, outside the Department of Justice, such information shall be given after notice to the defendant and on the condition that it will not be revealed to any person outside of such representative's Department or Agency except where required by regulation or statute or pursuant to court process.

VIII

*[Inspection and Compliance]*

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

(A) Reasonable access during the office hours of such defendant to all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of such defendant relating to any matters contained in this Final Judgment; and

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

A consenting defendant, upon the written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, and upon reasonable notice made to its principal office, shall submit such written reports, under oath if it is requested, with respect to any of the matters contained in this Final Judgment as from time to time may be necessary and requested for the enforcement of this Final Judgment. No information obtained by the means provided in this Section shall be divulged by any representative of the Department of Justice to any person except a duly authorized representative of the Executive Branch of the United States except in the course of legal proceedings to which the United States is a party for the purpose

IX  
*[Jurisdiction Retained]*

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

X  
*[Effective Dates]*

Except as herein provided, the provisions of this Final Judgment shall become effective upon entry hereof. Subsection V(C) and Section VI of this Final Judgment shall not become effective until entry of a Final Judgment, not subject to further appeal, against the last remaining defendant in this action; provided, however, that upon motion of any party consenting hereto, on thirty (30) days' notice to the other parties, and for good cause shown, this Court may enter an order making any or all of such Section or subsection effective as to any or all of the consenting defendants at any earlier or later date the Court may deem appropriate.

**Appendix**  
*Affidavit*

The undersigned hereby certify to their best knowledge and belief that:

(1) The bid to .....  
(name of recipient of bid) dated .....  
has not been prepared by .....  
(name of defendant) in collusion with  
any other seller of turbine-generator  
units, and

(2) The prices, terms or conditions of  
said bid have not been communicated by  
the undersigned nor by any employee  
or agent of .....  
(name of defendant), to any other seller  
of turbine-generator units and will not  
be communicated to any such seller prior  
to the official opening of said bid,  
in violation of the Final Judgment in Civil  
No. 28228 entered by the United States

District Court for the Eastern District of  
Pennsylvania on ....., 1962.

Dated:.....

.....  
Signature of person responsible  
for the preparation of the bid

.....  
Signature of person supervising  
the above person, where feasible