

**UNITED STATES vs. WEST COAST THEATRES, INC.**  
IN THE DISTRICT COURT OF THE UNITED STATES FOR  
THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL  
DIVISION.

In Equity No.S-10-C

THE UNITED STATES OF AMERICA, PLAINTIFF

VS.

WEST COAST THEATRES, INCORPORATED, ET AL.,  
DEFENDANTS.

FINAL DECREE

This cause having regularly come on to be heard at  
this term and the defendants appearing by their attorneys

as follows: Fox-West Coast Theatres, erroneously sued herein as West Coast Theatres, Incorporated, and Fox Film Corporation, by their attorneys Alfred Sutro, Esq., Richard E. Dwight, Esq. and Alfred Wright, Esq.; Paramount Famous Lasky Corporation, by its attorney Frank James, Esq.; Metro-Goldwyn-Mayer Distributing Corp., First National Pictures, Inc. and Universal Film Exchanges, Inc., by their attorney Messrs. Loeb, Walker & Loeb and Milton H. Schwartz; Vitagraph, Inc. and Warner Bros. Pictures, Inc., by their attorneys Messrs. Freston & Files, J. R. Files, Mulroney & Murphy and Robt. E. Mulroney; Pathé Exchange, Inc., by its attorney Neil S. McCarthy, Esq.; United Artists Corporation by its attorneys Messrs. Mott, Vallee & Grant and John G. Mott, Esq., and Harold B. Franklin, by his attorneys Messrs. Newlin & Ashburn and Allen W. Ashburn, and having consented in open court to the making and entry of this decree, before any testimony whatever having been taken, now, on motion of Samuel W. McNabb, Esq., United States Attorney, John H. Amen, Esq. and Albert J. Law, Esq., of counsel for the petitioner, and after due consideration,

It is ordered, adjudged, and decreed as follows:

The term "affiliated exhibitors" as used herein shall include all persons, firms, partnerships and/or corporations which are engaged directly or indirectly in the exhibition of motion pictures at theatres owned, operated or controlled directly or indirectly by any producer or distributor of motion picture films.

The term "unaffiliated exhibitors" as used herein shall include all persons, firms, partnerships, and/or corporations which are engaged in the exhibition of motion picture films at theatres which are not owned, operated or controlled directly or indirectly by any producer or distributor of motion picture films.

1. That the court has jurisdiction of the subject-matter hereof and of all persons and parties hereto and that the petition states a cause of action against the defendants under 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 Antitrust Act.

2. That the combination and conspiracy to restrain and to monopolize interstate trade and commerce in motion picture films as described in the petition herein is hereby declared illegal and in violation 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 Antitrust Act.

3. That the defendants and each of them, and each and all of the respective officers and directors of the corporate defendants and each and all of the respective agents, servants, employees and all persons acting or claiming to act on behalf of defendants or any of them, be and they hereby are perpetually enjoined and restrained from carrying out, directly or indirectly, by any means whatsoever, the conspiracy described in Paragraph VI of the petition herein, and from entering into or carrying out, directly or indirectly, such conspiracy.

4. That the defendants, their officers, agents, servants, employees, and all persons acting or claiming to act on behalf of them or any of them be enjoined from collusively, collectively or by concert or agreement—

a. Excluding or attempting to exclude said unaffiliated exhibitors from contracting in the course of the aforesaid interstate trade and commerce in motion picture films for films to exhibit first or second run or first suburban run in the City of Los Angeles, California, and in other cities and towns in the southern half of the State of California;

b. Excluding or attempting to exclude said unaffiliated exhibitors from contracting in the course of the aforesaid interstate trade and commerce in motion picture films for films to exhibit in competition with exhibitions thereof by said defendant, Fox-West Coast Theatres; and

c. Excluding or attempting to exclude from the aforesaid interstate trade and commerce in motion picture films all said unaffiliated exhibitors who—

(1) Exhibit two feature motion pictures on one program,

(2) Donate gifts or premiums to patrons;

d. Enforcing or attempting to enforce clearance schedules providing for unreasonable and discriminatory clearances for each and every theatre so operated by the defendant, Fox-West Coast Theatres, in the City of Los Angeles, California, and in other cities and towns in the southern half of California.

5. That the defendant, Fox-West Coast Theatres, its officers, agents, servants, employees, and all persons acting or claiming to act on behalf of it, or them, or any of them, be enjoined from coercing or compelling said distributors, their officers, agents or employees, with the intent, for the purpose, or calculated to have the effect of causing them—

a. To exclude said unaffiliated exhibitors from contracting in the course of the aforesaid interstate trade and commerce in motion picture films to exhibit first or second run or first suburban run in the City of Los Angeles, California, and in other cities and towns in the southern half of the State of California;

b. To exclude said unaffiliated exhibitors from contracting in the course of the aforesaid interstate trade and commerce in motion picture films to exhibit in competition with exhibitions thereof by said defendant, Fox-West Coast Theatres, and

c. To exclude from the aforesaid interstate trade and commerce in motion picture films all said unaffiliated exhibitors who—

(1) Exhibit two feature motion pictures on one program, and

(2) Donate gifts or premiums to patrons;

d. Enforcing or attempting to enforce clearance schedules providing for unreasonable and discrimina-

tory clearances for each and every theatre so operated by the defendant, Fox-West Coast Theatres, in the City of Los Angeles, California, and in other cities and towns in the southern half of California;

e. Giving or attempting to give defendant, Fox-West Coast Theatres, the right to select and contract for motion picture films to be exhibited at the theatres maintained and operated by it, or at theatres in behalf of which it contracts for motion picture films, before negotiations are entered into for film contracts with unaffiliated exhibitors; and

f. Entering or attempting to enter into film contracts whereby defendant, Fox-West Coast Theatres, is given the right to select for exhibition a certain number of motion picture films from the annual product of certain of said distributors to be selected by Fox-West Coast Theatres, from time to time during the season for the purpose and with the effect of preventing unaffiliated exhibitors competing with Fox-West Coast Theatres from contracting for and securing any of the product of those exhibitors immediately after the release thereof because of the requirement that the distributors not contract with any other exhibitor until Fox-West Coast Theatres had made its selection.

Nothing in either of the foregoing subdivisions e and f of this paragraph 5 shall be construed as preventing the defendant distributors acting separately from entering into contracts with the defendant, Fox-West Coast Theatres, for motion picture films to be exhibited at theatres maintained and operated by or at theatres for which Fox-West Coast Theatres contracts for motion picture films, or from permitting Fox-West Coast Theatres from selecting for exhibition a certain number of motion picture films from the annual product of such distributors, or any of them, from time to time, before said distributors or some of them enter into negotiations or contracts with unaffiliated exhibitors for, or permit unaffiliated exhibitors to select, motion picture films from time to time for

exhibition purposes, nor as preventing Fox-West Coast Theatres from entering into contracts for or making selections of motion picture films for exhibition purposes before the time when unaffiliated exhibitors, or some of them, have entered into such contracts or made such selections.

6. That the defendants and their officers, agents, servants, employees, and all persons acting or claiming to act on behalf of them or any of them are enjoined from taking concerted and agreed action to prepare, publish, adopt, attempt to enforce, or enforcing any uniform plan, system or schedule of zoning and/or clearance with the intent or for the purpose of unreasonably—

a. Excluding said unaffiliated exhibitors from contracting in the course of the aforesaid interstate trade and commerce in motion picture films to exhibit first or second run or first suburban run in the City of Los Angeles, California, and in other cities and towns in the southern half of the State of California;

b. Excluding said unaffiliated exhibitors from contracting in the course of the aforesaid interstate trade and commerce in motion picture films to exhibit in competition with exhibitions thereof by said defendant, Fox-West Coast Theatres;

c. Giving certain designated motion picture theatres operated by said defendant, Fox-West Coast Theatres an arbitrary and unreasonable protection over competing theatres operated by unaffiliated exhibitors; and

d. Giving motion picture theatres operated by said defendant, Fox-West Coast Theatres, and arbitrary and unreasonable clearance over motion picture theatres operated by unaffiliated exhibitors.

Nothing in this paragraph 6 contained shall be construed as prohibiting Fox-West Coast Theatres from negotiating for or entering into any lawful contract for motion picture films for exhibition purposes with any distributor separately.

7. That nothing in this decree contained shall be construed to declare a classification of theatres according to the method described in the petition as first, second, third or subsequent run or runs theatres, or such other reasonable classification as may hereafter from time to time be in use in the motion picture industry or zoning of such theatres or clearance and/or protection of motion picture films for exhibition purposes as between theatres, including clearances and/or protection according to runs or price of admission, to be illegal as such or in violation of the Act of Congress of July 2, 1890, entitled "An Act to Protect Trade and Commerce" commonly known as "Sherman Anti-Trust Act," or as prohibiting any defendant from selecting its own customers and bargaining with them in accordance with law, or any affiliated exhibitor from exhibiting at any time its own films in theatres owned or controlled by it.

8. That the terms of this decree shall be binding upon and shall extend to each and every one of the successors in interest of any or all of the defendants herein.

9. For the purpose of this decree in case any defendant is owned directly or indirectly by another defendant, the two defendants shall, so long as such relationship continues, be deemed one defendant.

10. That jurisdiction of this cause be and it hereby is retained for the following purposes:

a. Enforcing this decree;

b. Enabling the plaintiff to apply to this court for a modification, but not for an enlargement, of any of the provisions of this decree; and

c. Enabling the defendants or any of them to apply to this court for modification, but not for enlargement, of any of the provisions of this decree on the ground that the same have become inappropriate or unnecessary.

Any application by any party hereto under the foregoing subdivisions, a, b and c of this Paragraph 10 shall be made in open court upon notice to all of the parties hereto, and any of the parties hereto, upon such applica-

tion, shall have the right and privilege of requiring the production of witnesses upon whose testimony such application is sought or opposed, and of examining and cross-examining such witnesses in accordance with the rules of the Court.

Done in Open Court, this 21st day of August, 1930.

GEO. COSGRAVE,

*District Judge.*