

Trade Regulation Reporter - Trade Cases (1932 - 1992), U. S. v. Scophony Corporation of America, et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases ¶62,463, (Jul. 6, 1949)

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U. S. v. Scophony Corporation of America, et al.

1948-1949 Trade Cases ¶62,463. U.S. District Court, S.D. New York. Civil Action No. 34-184. July 6, 1949. 589 F2d 462

Sherman Antitrust Act

Consent Judgment—Television Industry —Divesting of Ownership Ordered — The remaining defendant in an action charging television equipment manufacturers with violating the Sherman Act consented to a decree which terminated licenses and agreements and enjoined such practices as allocating markets, excluding any person from the manufacture of television equipment, limiting the importation or exportation of installations, refraining from competition, or exchanging technical information exclusively. The judgment required the television company to divest itself of ownership interests in a holding and licensing defendant company.

For the plaintiff: Herbert A. Bergson, Assistant Attorney General; John F. X. McGohey, United States Attorney; Manual M. Gorman, J. Francis Hayden, Special Assistants to the Attorney General; Sigmund Timberg, Mervin C. Pollack, Special Assistants to the Attorney General; Wm. D. Kilgore, Jr., Special Attorney.

Final Judgment

HENRY W. GODDARD, District judge: Plaintiff, United States of America, having filed its complaint herein on December 18, 1945; all defendants except defendant Scophony, Limited having severally filed answers to the complaint denying the substantive allegations thereof; defendants, Scophony Corporation of American, General Precision Equipment Corporation and Television Productions, Inc., having severally consented to the entry on January 12, 1949, of a final judgment herein; the complaint herein having been dismissed on stipulation and order duly filed and entered on January 12, 1949 as against defendants Arthur Levey, Earle, G. Hines and Paul Raibourn; defendant Scophony, Limited having unsuccessfully moved to dismiss this action and to quash service of process as to it for lack of jurisdiction over said defendant herein; defendant Scophony Limited being now in all respects in default herein; defendant Scophony, Limited being the only defendant as to whom this action is now pending; and defendant Scophony, Limited having consented to the entry of this final judgment without admission by said defendant with respect to any issue of fact or law,

Now, therefore, no testimony or evidence having been taken herein except the deposition of W. G. Elcock by plaintiff used on the motion of defendant Scophony, Limited, hereinabove mentioned, and without any trial or finding or adjudication of any issue of law or fact herein, and upon consent of plaintiff United States of America and defendant Scophony, Limited.

It is hereby ordered, adjudged and decreed:

[*Jurisdiction*]

I

That this Court has jurisdiction of the subject matter of this action and of the parties thereto; and that the complaint states a cause of action under Sections 1 and 2 of the Act of Congress of July 2, 1890 entitled "An Act to Protect Trade and Commerce Against Unlawful Restraints and Monopolies" and acts amendatory thereof and supplemental thereto.

[*Applicability of Provisions*]

II

That the provisions of this judgment applicable to defendant Scophony, Limited shall apply with equal force to its successors and assigns, its directors, officers, agents, representatives or employees, and to any person or corporation acting or with authority to act under, through, or for such defendant.

[*Agreements Terminated*]

III

That the following licenses and agreements and all amendments, modifications, or supplements of the same, having heretofore been terminated and cancelled as to defendants Scophony Corporation of America, General Precision Equipment Corporation and Television Productions,' Inc. are hereby terminated and cancelled as to defendant Scophony, Limited as of December 18, 1945, and said defendant is hereby enjoined and restrained from the performance, observance or enforcement of any of the terms or provisions thereof, and from directly or indirectly adopting, adhering to or furthering any course of conduct for the purpose or with the effect of maintaining, reviving, or reinstating the terms and provisions of said licenses and agreements:

A. Agreement dated July 31, 1942, between Scophony, Limited, William George Elcock, General Precision Equipment Corporation, and Television Productions, Inc., a copy of which is annexed to the complaint herein as Exhibit 1;

B. Agreement dated August 11, 1942, between Scophony, Limited, William George Elcock and Scophony Corporation of America, a copy of which is annexed to the complaint herein as Exhibit 2;

C. Agreement dated August 11, 1942, between Scophony Corporation of America, General Precision Equipment Corporation and Television Products, Inc., a copy of which is annexed to the complaint herein as Exhibit 3.

[*Acts Enjoined*]

IV

That defendant Scophony, Limited is hereby enjoined and restrained from entering into, adhering to, maintaining or furthering, directly or indirectly, any agreement, combination, plan or program with defendants Scophony Corporation of America, General Precision Equipment Corporation, and Television Productions, Inc. or any of them:

(a) To allocate, divide or restrict territories, customers, or markets for the manufacture, use or distribution of processes, products, apparatus or installations for, or relating to television;

(b) To exclude any person from or to restrict or limit any person in the manufacture, use or distribution of any process, invention, product, apparatus or installation for, or relating to television;

(c) To limit, restrict or prevent the importation into, or exportation from the United States, its territories or possessions, of any process, invention, product, apparatus or installation for, or relating to television;

(d) To refrain from competition or to leave any person free from competition in any territory or market in the manufacture, use or distribution of processes, products, inventions, apparatus or installations for, or relating to television;

(e) To exchange exclusively among said defendants, or any of them, patent licenses or technical information with respect to the manufacture, use or distribution of any process, product, invention, apparatus or installation for, or relating to television.

[*Dispossession of Ownership*]

V

(A) That defendant Scophony, Limited divest itself of any and all stock or ownership interests in defendant Scophony Corporation of America as soon as possible, but in no event to exceed two years from the date of this judgment. During said period, defendant Scophony, Limited shall submit to the Attorney General a report every six months setting forth in detail, the efforts made by it to dispose of said stock and ownership interests.

(B) That defendant Scophony, Limited be enjoined and restrained from directly or indirectly:

(a) Acquiring any stock or ownership in defendant Scophony Corporation of America;

(b) Having any officer, director, representative, agent or employee who is at the same time an officer, director, representative; agent or employee of defendant Scophony Corporation of America;

(c) Dominating, controlling or interfering with, or, attempting to; dominate, control, or interfere with, the business, financial or promotional policies, practices, operation, management, expansion or other activities of defendant Scophony Corporation of America.

[*For Purposes of Compliance*]

VI

For the purpose of securing compliance with this judgment, and for no other purpose, duly authorized representatives of the Department of Justice shall, on written request of the Attorney General, or an Assistant Attorney General, and on reasonable notice to defendant Scophony, Limited be permitted, subject to any legally recognized privilege, (a) reasonable access, during the office hours of said defendant to all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of said defendant relating to any matters contained in this judgment, and (b) subject to the reasonable convenience of said defendant, and without restraint or interference from it, to interview officers or employees of said defendant, who may have counsel present, regarding any such matters. For the purpose of securing compliance with this judgment, and for no other purpose, said defendant, upon the written request of the Attorney General, or an Assistant Attorney General, shall submit such reports with respect to "any of the matters contained in this judgment as may from time to time be necessary for the purpose of enforcement of this judgment. No information obtained by the means permitted in this Section shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of such Department, except in the course of legal proceedings in which the United States is a party for the purpose of securing compliance with this judgment, or as otherwise required by law.

[*Jurisdiction Retained*]

VII

Jurisdiction of this action is retained for the purpose of enabling any of the parties to this judgment to apply to the Court at any time for such further orders and direction as may be necessary or appropriate for the construction or carrying but of this judgment or the modification thereof or the enforcement of compliance therewith and for punishment of violations thereof.