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UNITED STATES OF AMERICA, :
 : Plaintiff, :
 : v. :
MOVIELAB, INC., :
 : Defendant. :
- - - - - x

70 Civ. No. 3100 (M.I.G.)
Filed: May 2, 1974
Entered: June 7, 1974

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on July 20, 1970, and the defendant, Movielab, Inc., having appeared and filed its answer to the complaint denying the substantive allegations thereof and raising certain affirmative defenses, and the plaintiff and the defendant, by their respective attorneys, having consented to the entry of this Final Judgment without this Final Judgment constituting evidence or an admission by either party with respect to any such issue;

NOW, THEREFORE, before the taking of any testimony and without trial or adjudication of any issue of fact or law herein, and upon the consent of the parties hereto, it is hereby

ORDERED, ADJUDGED AND DECREED as follows:

I

This Court has jurisdiction of the subject matter of this action and of the parties hereto. The complaint states claims upon which relief may be granted against the defendant under Section 7 of the Act of Congress of October 15, 1914 (15 U.S.C. § 18), commonly known as the Clayton Act, as amended.

II

As used in this Final Judgment:

(A) "Eligible Purchaser" means any person undertaking to establish and operate, or substantially expand the operations of, a professional film processing laboratory in the New York Metropolitan Area, to which the plaintiff, after notice, does not object, or if the plaintiff does object, of which the Court approves.

(B) "Professional Film Processor" means any person engaged, in whole or in part, in the business of developing, duplicating, printing or otherwise treating negative or positive 8, Super 8, 16, Super 16, 35 or 70 mm motion picture film (1) produced for commercial exhibition in theatres, or (2) produced for television, industrial, advertising, scientific, educational, governmental or other commercial purposes.

(C) "New York Metropolitan Area" means the area of the State of New York embracing the Counties of New York, Bronx, Queens, Kings, Richmond, Nassau, Suffolk, Westchester, Rockland, and Putnam together with northern New Jersey.

(D) "Person" means any individual, partnership, corporation or other business or legal entity.

III

The provisions of this Final Judgment shall apply to the defendant, its officers, directors, agents and employees, and to its subsidiaries, successors and assigns, and to each of their respective officers, directors, agents and employees, and to all other persons in active concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise. Any Eligible Purchaser who acquires any assets by means of a divestiture pursuant to this Final Judgment shall not be considered to be a successor or assign of the defendant.

IV

(A) The defendant is ordered and directed to sell to an Eligible Purchaser:

(1) All of its right, title and interest in the machinery, equipment and furniture identified in the attached Schedule 1. Such machinery, equipment and furniture is presently located (with the exception noted on Schedule 1) at the defendant's premises at 619 West 54th Street, New York, New York, and 6823 Santa Monica Blvd., Hollywood, California, and at the time of delivery to the Eligible Purchaser shall be in good repair and satisfactory operating condition; and

(2) The additional machinery, equipment and furniture identified in the attached Schedule 2, which shall be ordered or acquired by the defendant for the account of the Eligible Purchaser and delivered to the Eligible Purchaser as soon as practicable after the consummation of said sale. At the time of delivery to the Eligible Purchaser, such machinery, equipment and furniture shall be in good repair and satisfactory operating condition.

(B) If the defendant does not make a sale pursuant to this Section within 12 months from the date of entry of this Final Judgment, the defendant is further ordered and directed to immediately select, at its cost and expense, an independent broker, approved by the plaintiff, who shall for the next 12 months following his selection actively, continuously and in good faith attempt to sell the machinery, equipment and furniture identified in the attached Schedules 1 and 2, to an Eligible Purchaser.

(C) With the approval of the plaintiff, an Eligible Purchaser may, at his option, purchase less than all of the machinery, equipment and furniture identified in the attached Schedules 1 and 2.

V

Pursuant to any sale made under Section IV of this Final Judgment

(A) The defendant shall offer to sublease the third floor premises at 323-333 East 44th Street, New York, New York, which it holds under lease, to the Eligible Purchaser for use in connection with the operation of a professional film processing laboratory, at a rent not more than the rent required by the defendant's lease. If the Eligible Purchaser subleases the premises for a period of time less than that covered by the defendant's lease, the defendant shall offer to renew the sublease for the balance of the defendant's lease at a rent not more than the rent required by the defendant's lease; and

(B) The defendant shall assist and cooperate, at the option of the Eligible Purchaser, in the selection and design of suitable premises for the establishment and operation, or substantial expansion, of a professional film processing laboratory in the New

York Metropolitan Area, including the installation of necessary machinery, equipment and furniture; and

(C) The defendant, for a period of 6 months immediately following the consummation of such sale, shall assist and cooperate, at the option of the Eligible Purchaser, in the soliciting, hiring and training of such personnel as the Eligible Purchaser may reasonably require for the establishment or substantial expansion of the Eligible Purchaser's operations. The defendant shall release, free and clear, from any employment contract, any officer or employee who requests such a release in order to become associated with the Eligible Purchaser; and

(D) The defendant shall immediately supply the Eligible Purchaser with a written list of potential professional film processing customers known to the defendant including, without limitation, the name and address of each customer serviced by the defendant at any time since June 1969.

VI

In accomplishing the sale ordered by Section IV of this Final Judgment, the defendant shall make known the availability for sale of the machinery, equipment and furniture identified in the attached Schedules 1 and 2, and the related conditions and requirements set forth in Section IV(C) and Section V(A) through (D) of this Final Judgment, by customary and usual means. This shall include bimonthly advertising in financial publications of general circulation and in appropriate trade publications. The defendant shall furnish, on an equal and nondiscriminatory basis, to all bona fide prospective Eligible Purchasers who so request, necessary and appropriate information regarding said machinery, equipment and furniture, and shall permit them to make such inspection as may be reasonably necessary. The defendant shall also inform each bona fide prospective Eligible Purchaser that it may, with the prior approval of the plaintiff, purchase less than all of the machinery, equipment and furniture identified in the attached Schedules 1 and 2.

VII

If a sale pursuant to Section IV of this Final Judgment is not made within 12 months of the selection of the independent broker then upon application, within 45 days thereafter, and upon a showing to this Court by the plaintiff that there is a reasonable expectation that a sale may be made to an Eligible Purchaser, the provisions of Section IV shall be extended for such additional period of time as may be reasonably necessary to conclude a sale with an Eligible Purchaser.

VIII

(A) The defendant shall submit written reports to the Assistant Attorney General in charge of the Antitrust Division every 30 days, describing in detail the efforts made by it and the independent broker to comply with the provisions of Section IV(A) and (B), and Section VI of this Final Judgment. Each report shall include the name and address of each person who, during the preceding 30 days, has made an offer or expressed a desire to the defendant or the independent broker to purchase all or any part of the machinery, equipment or furniture identified in the attached Schedules 1 and 2. The first report shall be submitted within 30 days after the date of entry of this Final Judgment.

(B) At least 60 days prior to the closing of any sale pursuant to Section IV of this Final Judgment, the defendant shall furnish in writing to the plaintiff the terms and conditions of the proposed sale together with the name and address of the proposed purchaser and a description of its business. Within 20 days of the receipt of such information, the plaintiff may request in writing additional information concerning the transaction and the parties thereto. If no request is made for additional information, the plaintiff shall advise the defendant in writing no later than 30 days prior to the scheduled closing date whether it has any objections to the proposed sale. If a request for such additional information is made, the plaintiff shall advise the defendant in writing within 30 days after the

receipt of such information, or within 30 days after the receipt of a statement in writing from the defendant that it does not have the requested information, whether it has any objections to the proposed sale. If the plaintiff does not so object, then the sale may be consummated. If the plaintiff does so object, the proposed sale shall not be consummated unless the defendant obtains approval by the Court or the plaintiff's objection is withdrawn. The time periods in Section IV shall be tolled during the pendency of any proceeding in this Court under this Final Judgment relating to the approval of a proposed sale.

IX

(A) Pending any sale made pursuant to Section IV of this Final Judgment, the defendant shall continue, at its discretion, to use or store at its premises at 619 West 54th Street, New York, New York, and 6823 Santa Monica Blvd., Hollywood, California, the machinery, equipment and furniture identified in the attached Schedule 1, provided said machinery, equipment and furniture are maintained in reasonable condition. Pending any such sale, the defendant shall not remove any of the machinery, equipment or furniture identified in Schedule 1 from its premises at 619 West 54th Street or 6823 Santa Monica Blvd., or otherwise sell or dispose of any of it, without the prior written approval of the plaintiff.

(B) Nothing contained in this Final Judgment shall be deemed to prohibit the defendant from accepting and enforcing a bona fide lien, mortgage or other form of security on the assets to be sold pursuant to Section IV of this Final Judgment, received by the defendant to secure full payment of the price at which said assets are sold. If the defendant, by enforcement or settlement of any such bona fide lien, mortgage or other form of security, reacquires ownership, possession or control of any of said assets, it shall promptly notify the plaintiff in writing, and shall make bona fide attempts to dispose of such assets by sale or otherwise to an Eligible Purchaser within 6 months from the date of reacquisition.

The defendant is enjoined and restrained for a period of 10 years from the date of entry of this Final Judgment from acquiring all or any part of the stock or assets of any professional film processor in the New York Metropolitan Area, except with the prior written consent of the plaintiff, or if such consent is refused, then upon approval by this Court after an affirmative showing by the defendant that the effect of any such acquisition of stock or assets will not be to substantially lessen competition or tend to create a monopoly in any line of commerce in any section of the country. Nothing herein contained shall preclude defendant from acquiring professional film processing equipment, from any source, in the ordinary course of its business.

XI

For the purpose of securing or determining compliance with this Final Judgment, and for no other purpose:

(A) Any duly authorized representative or representatives of the Department of Justice shall, upon the written request of the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division, upon reasonable notice to the defendant made to its principal office, be permitted subject to any legally recognized privilege:

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

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

(B) Upon the written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, the

defendant shall submit such written reports with respect to any of the matters contained in this Final Judgment as from time to time may be requested.

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

XII

Jurisdiction of this action is retained by this Court 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 or directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment, for the modification of any of the provisions thereof, and for the enforcement of compliance therewith and punishment of violations thereof.

Dated: June 7, 1974

/s/ MURRAY T. GURFEIN
United States District Judge

Schedule I

<u>Quantity</u>	<u>Description</u>
(Printing)	
2	35 mm Bell & Howell Model C Color Printer, complete DH
3	16 mm Bell & Howell Model C Color Printer, complete DH
1	35 mm Peterson B & W Printer
1	S/8 Model C (additive) Printer (Color)
1	S/8 HFC Reduction (additive) Printer (Color)
1	35 mm Precision Dupe Printer (Color)
1	35 to 16 mm Reduction Printer EK Tracker
1	16 mm Contact Track Printer J
1	Reduction Printer, Depue, B & W
1	35-16 Reduction Tracker/Generators 100 Amp. D.C. Solid State
1	Compressor - Twistair or Ango
6 each	Tables - rewind; Chairs; Appleboxes; Racks (supervisor area)
1	Supervisor Table w/Ticket Racks
(Developing)	
1	35/16 Negative Developing Machine 75 FPM (Color)
1	35 mm Negative Developing Machine (Color)
1	35/16 CRI - 1 Developing Machine (Color)
1	35/16 Positive and Negative Developing Machine (Color)
1	16 mm Positive Developing Machine (Color) <u>(Stored in New Jersey)</u>
1	16 mm ECO 2 - ME 4 Reversal Developing Machine (Color)
1	B & W Developing Machine 35 mm Negative
1	B & W Developing Machine 16 mm Negative
1	B & W Developing Machine 35 mm Positive
1	B & W Developing Machine 16 mm Positive
1	Compressor - North American Rockwell
2	Vacuum pumps
(Timing)	
1	Hazeltine Color Analyzer

<u>Quantity</u>	<u>Description</u>
(Timing)	
2	35 mm Hollywood Hi-Speed Projector
3	16 mm Hollywood Hi-Speed Projector
1	16 mm Projector, B & H, Regular Speed w/Stand
2	Synchronizers 16 x 3
2	Synchronizers 35 x 2
4 each	Chairs; Tables (rewinds light box); Timer Correcting Tables; Desks; Racks
(Chemical Mixing)	
2	Silver Recovery Units - Arri - pair
2	Scales SS - 1 small, 1 large
(Control Department)	
1	Westrex Densitometer
1	E.K. 31 A Densitometer
1	Photovolt (sound track)
1	Scenetester
3	Racks
(Projection Inspection)	
1	Hi-Speed HFC 35 mm Projector
1	Hi-Speed HFC 16 mm Projector
1	Bell & Howell Sound 16 mm Projector
4 each	Racks
3 each	Rewind Tables
(Theater)	
2	35 mm Xenon Arc Projector
1	16 mm Xenon Projector (lamp) (proj) (recti) 2800 + 4000 + 2000
(Machine Shop)	
1 each	Lathe - South Bend; Drill Press; Bridgeport Milling Machine (or Van Norman); Contour Saw; Surface Grinder; Bench Grinder; Disc Grinder and Sander
(Tape Punch Room)	
1	Bell & Howell Tape Puncher

<u>Quantity</u>	<u>Description</u>
(Tape Punch Room)	
1	Duplicator & Read Out Verifier
2 each	Tables and Racks
(Finishing)	
1	35 mm Table Splicer
1	16 mm Table Splicer
2 each	Sign-out Tables; Sign-out Machines
3	Tables W/H & R
9 each	Racks
6 each	Storage Reel racks for Cans
(Negative Room)	
4	Synchronizers
1	35 mm Sound Reader Opt/mag.
1	16 mm Sound Reader Opt/mag.
2	Bell & Howell Splicer (Table)
1	Foot Splicer
4 each	Tables 3 x 5 W/Rewinds, Horses; Cabinets - Supplies; High Racks and Low Racks
3 each	Footage Counters
6	Leader Disposal Racks
(Customer Service-Supervisors)	
1 each	Electric Typewriter; Conference Table; Adding Machine
	As needed - Desks, Chairs, Racks, etc.
(Receiving & Shipping)	
2	Sign-in Machines
4	Tables - 3x10 SS Top
	As needed - Racks, Bins, Scales, etc.

Schedule 2

<u>Quantity</u>	<u>Description</u>
(Printing)	
2	35-16 Depue w/Bell & Howell LH w/readers
1	Compressor - Twistair or Ango
1	S/8 Model C (additive) Printer (Color)
(Developing)	
1	35/16 Comb. Positive Demand Drive (Sl Dev.) 240 FPM Com (Color)
1	Compressor - North American Rockwell
15 each	Recirculation Pumps - Eastern; Replenishment Pumps - Marsh; Heat Exchangers (solutions); Florators; Temperature Recorders and Air Regulators
6	Unicorn Tape Splicer (1 ea rm 16 & 35)
4 each	Sinks; Rewind Wet-End Tables; Tables - Dry End Rewind w/Dazor lamp
9	Safelight Colortrans
1	35 mm Negative Developing Machine (Color 5247)
1	35/16 Developing Machine (Color) 7247, 5247
1	35/32 & S/8 Developing Machine (Color)
(Timing)	
1 each	35 mm Hi-Speed Projector; 35 mm Regular Projector Norelco Silent; 16 mm Hi-Speed Projector; 16 mm Projector, B & H, Regular Speed w/Stand
(Chemical Mixing)	
20	Tanks, Storage Plastic 15 x 200/5x 500 gals.
3	Benches SS Work Top
1	Sink SS, Double Compartment w/Side Counter Tops
15	Tanks, Mixing Plastic 15 x 200 gals. Plumbing Elect. Controls \$50. per sal. Waterproof Floor \$1.25 sq. ft. Water Filters

<u>Quantity</u>	<u>Description</u>
(Chem Lab)	
	Waterproof Floor \$1.50 sq. ft.;
	Miscellaneous Chemical Apparatus
1 each	Scale; Work Bench with Hood
As Needed:	Cabinets and Work Bench
(Control Department)	
2	Macbeth Digital Densitometer
1	Microscope
1	Sensitometer
(Projector Inspection)	
1	Simplex 35 mm Norelco
6 each	Screens and Chairs
(Theater)	
1	2800 + 20,000 + 2000 35 mm Xenon Projector (Lamp) (proj.) (recti) RCA Sound System - Single Channel Exhaust System
1	Screen Auto Mastering (Remote Control)
1	Footage Counter
20	Seats - Console Construction
(Machine Shop)	
1 each	Welding Outfit; Pipe Threader; Portable Drill; Saw; Acetylene Torch.
2	Strobatacs
25	Fire Extinguishers
(Finishing)	
2 each	35 mm Table Splicer; 16 mm Table Splicer; Miscellaneous Punches; Tape Machines; etc.
(Negative Room)	
4	Synchronizers
2	Bell & Howell Splicers (Table)
1 each	Moviola 35 mm; Moviola 16 mm
(Cleaning Dept.)	
1	Sonic Cleaner 35/16 Combination
1	Buffer - Glass Wheel
4	Racks

Quantity

Description

(Cleaning Dept.)

2

Tables - Rewinds (Hose with Vacuum Head)

(Receiving and Shipping)

2

Tape Machines

(Vault)

40

Racks

4

File Cabinets

(Lab.)

As Needed:

Electrical Fixtures and Power;
Heating, A/C; Sprinklers;
Plumbing; Construction (Walls, etc.)