



CT-1990 / 001 – Doc # 404a

IN THE MATTER of an application by Southam Inc. et al.
under sections 105 and 106 of the *Competition Act*, R.S.C. 1985, c. C-34;

AND IN THE MATTER of the direct and indirect acquisitions by
Southam Inc. of equity interests in the business of publishing
The Vancouver Courier, the *North Shore News* and the *Real Estate Weekly*.

B E T W E E N:

Southam Inc.
Lower Mainland Publishing Ltd.
Rim Publishing Inc.
Yellow Cedar Properties Ltd.
North Shore Free Press Ltd.
Specialty Publishers Inc.
Elty Publications Ltd.

Applicants

and

The Director of Investigation and Research

Respondent



REVISED DIVESTITURE ORDER

Date of Hearing:

October 16, 1998

Members:

Rothstein J. (presiding)
Mr. André Côté
Mr. Lorne R. Bolton

Counsel for the Applicants:

Southam Inc.
Lower Mainland Publishing Ltd.
Rim Publishing Inc.
Yellow Cedar Properties Ltd.
North Shore Free Press Ltd.
Specialty Publishers Inc.
Ely Publications Ltd.

Mark J. Nicholson

Counsel for the Respondent:

The Director of Investigation and Research

Stanley Wong
Kevin Wright

COMPETITION TRIBUNAL
REVISED DIVESTITURE ORDER

Southam Inc. et al.

v.

The Director of Investigation and Research

FURTHER TO the application of the Director of Investigation and Research ("Director") pursuant to section 92 of the *Competition Act* ("Act") requesting that the Tribunal order certain divestitures, and further to the Order Regarding Divestiture dated March 8, 1993 and varied on January 13, 1998 (the "order") requiring the respondents to divest either the *North Shore News* business or the *Real Estate Weekly* business (as defined in paragraph 1 of the order);

AND FURTHER TO the application of Southam Inc. ("Southam") pursuant to sections 105 and 106(b) of the Act for an order varying the order;

AND ON READING the notice of application, the statement of grounds and material facts, the affidavit of John Collison, the consent order impact statement, the material filed by the Director and the consent of the parties and Madison Venture Corporation filed herein;

AND WITH the consent of all parties;

AND FOR THE REASONS to be issued under separate cover;

THE TRIBUNAL ORDERS THAT the order shall be varied and be replaced with the following:

Definitions

1. For the purposes of this order, the following definitions shall apply:
 - (a) "continuing obligations agreement" shall mean the agreement between Southam and Madison, in the form attached as exhibit VIII to the divestiture agreement, whereby the parties agree, among other items, that Madison will purchase newsprint under Southam's newsprint quota;
 - (b) "Director" shall mean the Director of Investigation and Research;
 - (c) "divestiture agreement" shall mean the agreement dated August 6, 1998 between Southam and Madison whereby Southam agrees, *inter alia*, to purchase Madison's interests in LMPL and Madison agrees to purchase, *inter alia*, the REW-NS;
 - (d) "LMPL" shall mean Lower Mainland Publishing Ltd.;
 - (e) "Madison" shall mean Madison Venture Corporation and any wholly-owned subsidiaries of Madison which own shares in LMPL;

- (f) "NSN" shall mean the *North Shore News*, a community newspaper published by LMPL, including the *Homes* real estate supplement;
- (g) "REW" shall mean the *Real Estate Weekly*, a real estate newspaper published by LMPL in numerous editions throughout the Lower Mainland of British Columbia;
- (h) "REW-NS" shall mean the North Shore edition of the REW;
- (i) "Southam" shall mean Southam Inc. and its affiliates;
- (j) "Vannet" shall mean VanNet Sales, a division of LMPL which sells advertising for a group of community newspapers to advertisers seeking to purchase advertisements from multiple newspapers through one representative;
- (k) "Vannet agreement" shall mean the agreement between Southam and Madison, in the form attached as exhibit VI to the divestiture agreement, whereby the parties agree that *Squamish Chief*, *Whistler Question*, *Lillooet News*, *Sunshine Coast Reporter* and *Powell River Peak* shall remain affiliated with Vannet.

Divestiture

2. Southam shall forthwith acquire Madison's interest in LMPL and Madison shall divest its interest in LMPL to Southam. Southam shall forthwith divest the REW-NS and the other newspaper properties listed in the divestiture agreement to Madison pursuant to the divestiture agreement.

Post-Divestiture Obligations

3. Southam and Madison shall comply with the transition periods set out in the divestiture agreement, attached as exhibit "A" to the affidavit of John Collison dated September 10, 1998, with respect to the printing, production and distribution of the REW-NS.

4. Southam, or any of its affiliates, shall not acquire any direct or indirect interest in Madison or the REW-NS and Madison shall not acquire any direct or indirect interest in LMPL or the NSN.

5. Except as provided in this order, Southam and Madison shall maintain an arm's length business relationship. No officer, director or member of senior management of Southam shall concurrently hold any like positions with Madison or any of its affiliates without the Director's written consent. No officer, director or member of senior management of Madison or any of its affiliates shall hold any such position with Southam without the Director's written consent. Southam and Madison shall notify the Director of any new business relationships between Southam and Madison or any of the latter's affiliates.

6. Southam shall not employ or retain, directly or indirectly, any of Sam Grippo, Bruce Aunger or John Collison without the Director's written consent. Southam shall not directly or indirectly dispose of an interest in LMPL or NSN to Sam Grippo, Bruce Aunger or John Collison.

7. Southam and Madison shall notify the Director of any amendments to the continuing obligations agreement or the Vannet agreement.

8. Madison shall notify the Director of any direct or indirect disposition of a controlling interest in the REW-NS.

9. The obligations set out in paragraphs 3 through 8 shall extend for a period of ten years following the divestiture outlined in paragraph 2.

10. Where notice is required, it shall be given on a timely basis.

11. Notice to the Director shall be considered given if delivered, sent by registered mail or by facsimile to the following address:

Competition Bureau
19th Floor, Place du Portage, Phase 1
50 Victoria Street
Hull, Quebec
K1A 0C9

Attention: Assistant Deputy Director
Mergers Branch Division "B"

Facsimile: (819) 953-6169

Other

12. Upon substantial completion of the divestiture agreement, the Consent Interim Order dated March 18, 1991, and amended from time to time, shall be of no force and effect.

13. The Tribunal shall retain jurisdiction in this matter for purposes of variation of, or providing direction with respect to, this order and for any other purposes provided for in the Act.

DATED at Ottawa, this 16th day of October, 1998.

SIGNED on behalf of the Tribunal by the presiding judicial member.

(s) Marshall Rothstein
Marshall Rothstein