

COMPETITION TRIBUNAL/TRIBUNAL DE LA CONCURRENCE

Court File No.: CT-88/1

IN THE MATTER OF an application by the Director of Investigation and Research under subsection 64(1) of the *Competition Act*, R.S.C. 1970, c. C-23, as amended;

AND IN THE MATTER OF a Limited Partnership formed to combine the operations of the Reservec and Pegasus computer reservation systems;

AND IN THE MATTER OF The Gemini Group Automated Distribution Systems Inc.;

AND IN THE MATTER OF an application by the Director of Investigation and Research under section 106 of the *Competition Act*, R.S. 1985, c. C-34 to vary the Consent Order of the Tribunal dated July 7, 1989.

BETWEEN:

THE DIRECTOR OF INVESTIGATION AND RESEARCH

- and -

AIR CANADA
AIR CANADA SERVICES INC.
PWA CORPORATION
CANADIAN AIRLINES INTERNATIONAL LTD.
PACIFIC WESTERN AIRLINES LTD.
CANADIAN PACIFIC AIR LINES, LIMITED
154793 CANADA LTD.
153333 CANADA LIMITED PARTNERSHIP
THE GEMINI GROUP AUTOMATED DISTRIBUTION SYSTEMS INC.

APPLICANT	
COMPETITION TRIBUNAL TRIBUNAL DE LA CONCURRENCE	
FILED	DEC 2 1992 <i>YB</i>
REGISTRAR - REGISTRAIRE	
OTTAWA, ONT.	# 613
PRODUIT	

RESPONDENTS

- and -

CONSUMERS' ASSOCIATION OF CANADA
AMERICAN AIRLINES, INC.
ATTORNEY GENERAL OF MANITOBA
ALLIANCE OF CANADIAN TRAVEL ASSOCIATIONS
BIOS COMPUTING CORPORATION
AIR ATONABEE LIMITED

INTERVENORS

**RESPONSE OF THE RESPONDENTS, PWA CORPORATION,
CANADIAN AIRLINES INTERNATIONAL LTD., PACIFIC
WESTERN AIRLINES LTD, and CANADIAN PACIFIC
AIR LINES, LIMITED TO NOTICE OF APPLICATION**

TO: Director of Investigation and Research
c/o L. Yves Fortier, Q.C.
Ogilvy, Renault
Barristers and Solicitors
1981 McGill College Avenue
Suite 1100
Montreal, Quebec
H3A 3C1

AND TO: Air Canada
7373 Cote Vertu Blvd. West
P.O. Box 14000,
St. Laurent, Quebec
H4Y 1H4

AND TO: Air Canada Services Inc.
c/o Air Canada
7373 Cote Vertu Blvd. West
P.O. Box 14000,
St. Laurent, Quebec
H4Y 1H4

AND TO: The Gemini Group Limited Partnership
330 Front Street West
5th Floor
Toronto, Ontario
M5V 3B7

AND TO: The Gemini Group Automated Distribution Systems Inc.
330 Front Street West
5th Floor
Toronto, Ontario
M5V 3B7

AND TO: Covia Canada Partnership Corp.
c/o Covia Partnership
9700 West Higgins Road
Suite 400
Rosemont, Illinois
60018 U. S. A.

1. The Respondents, PWA Corporation, Canadian Airlines International Ltd., Pacific Western Airlines Ltd. and Canadian Pacific Air Lines, Limited (these Respondents), were

parties to the Application made by the Director under Section 64(1) of the Competition Act for an Order dissolving the Gemini partnership and as well were parties to the Application to seek a Consent Order under s. 105 of the Competition Act by the Director on April 24, 1989.

2. The Respondents, Pacific Western Airlines Ltd. and Canadian Pacific Air Lines, Limited, are now part of the corporate amalgam Canadian Airlines International Ltd.

3. These Respondents' use of any of the terms "PWA", "CDN", "AC", "Gemini", "Gemini Partnership", "CRS", "Covia", "distribution services", "hosting services", "Director", "Tribunal", "Gemini Order", "Gemini Hosting Contract", "AMR", and "AA" shall have the meaning given to them in the Director's Application of November 5, 1992 (the November 5, 1992 Application).

3. These Respondents state that in addition to the facts alleged by the Director in the November 5, 1992 Application, these Respondents rely on the following:

- (a) The effect of severing CDN hosting services from distribution services as proposed by the Director in his Application of November 5, 1992 would not in itself mean the demise of the Gemini Partnership, as the Gemini Partnership (subject to its terms) would retain its CRS distribution function with PWA retaining its partnership interest in the Gemini Partnership.
- (b) Severing CDN hosting services from distribution services in the Gemini Partnership would be consistent with the proposals discussed by AC and PWA during the course of their merger negotiations.
- (c) Furthermore, severing CDN hosting services from distribution services in the Gemini Partnership would be consistent with the proposals discussed between Covia and PWA during the course of the reorganization discussions of the Gemini Partnership which occurred during the period 1991 through 1992.
- (d) The early termination of hosting services from distribution services in the Gemini Partnership is required if PWA is to conclude an agreement with AMR as described by the Director in his Application of November 5, 1992. An


agreement between PWA and AMR is the only viable alternative to a monopoly of the Canadian airline industry by Air Canada.

4. Wherefore these Respondents support the Notice of Motion of the Director dated November 5, 1992 before the Competition Tribunal and ask that the Application be allowed.

5. Service on these Respondents of any documents in connection with these proceedings may be effected on Messrs. Bennett Jones Verchere, Barristers and Solicitors, 4500 Bankers Hall East, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7, Attention C. D. O'Brien, Q.C. or R. W. Thompson, Esquire.

All of which is respectfully submitted this 1ST day of December, A.D. 1992.

BENNETT JONES VERCHERE

Per: 
Solicitors for PWA Corporation and Canadian
Airlines International Ltd.

TO: COUNSEL FOR ALL PARTIES

AND TO: THE REGISTRAR, COMPETITION TRIBUNAL