



BLOGS
Antitrust

Court Denies Motion to Dismiss Robinson-Patman Act Claim Based on Alleged Inducement of Discriminatory Pricing

The United States District Court for the Western District of Pennsylvania recently denied in part a motion to dismiss a distributor’s claims against a competing manufacturer-distributor for breach of contract and unlawful price discrimination. *AlarMax Distributors, Inc. v. Honeywell International, Inc.*, 2015 WL 3645259 (W.D. Pa. June 9, 2015), involved a wholesale distributor of electronic fire and security products, AlarMax, that purchased its inventory from several companies, including defendant Honeywell. In addition to its manufacturing activities, Honeywell also operates ADI Global Distribution, the world’s largest distributor of electronic fire and security products.

AlarMax and Honeywell had previously entered into a settlement agreement and supply agreement that required Honeywell to sell its products to AlarMax on the same terms Honeywell offered to other distributors, and obligated Honeywell not to accept more favorable pricing terms from third-party manufacturers than were offered to AlarMax. AlarMax filed suit in 2014 after discovering evidence allegedly showing that Honeywell was violating the parties’ agreements and section 13(f) of the Robinson-Patman Act, including by offering better pricing to other distributors than to AlarMax and by requiring vendors to give ADI better pricing than AlarMax received from those vendors.

Honeywell moved to dismiss, but the court allowed the Robinson-Patman Act claim to stand. It concluded that AlarMax had made factual allegations sufficient to raise a reasonable inference that manufacturers were charging AlarMax higher prices than they charged Honeywell. In so concluding, the court rejected Honeywell’s argument that AlarMax needed to specifically plead “which products it bought, from whom, at what time, and at what allegedly higher prices than Honeywell paid for the same products.” Finally, the court ADI’s vendor agreement with third parties, which required Honeywell to receive lower prices than its competitors, supported a reasonable inference that Honeywell was knowingly inducing or receiving discriminatory pricing.

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