

BLOGS
Antitrust

FTC Injunction to Block Merger of Food Service Distributors Upheld by Federal District Court

In a case closely followed in the franchising and distribution industries, the proposed merger of national distributors Sysco Corporation and US Foods, Inc. has been blocked. *FTC v. Sysco Corp.*, 2015 U.S. Dist. LEXIS 83482 (D.D.C. June 23, 2015). Upholding the administrative injunction, the United States District Court in Washington, D.C. agreed with antitrust concerns raised by the Federal Trade Commission. Many restaurant chain franchisors and others had been asked to support or refute these concerns as witnesses in the case, due to the close vendor relationships between food franchise systems and the distributors. The issue centered on whether the merged entity would have harmed competition in the broadline distribution of products to food service outlets. Competitive harm was inevitable, the court found.

Shortly after this ruling, Sysco and US Foods abandoned their attempts to merge.

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