

BLOGS
Antitrust

Tying and Other Claims by Service Competitor Rejected

A federal court in Arizona has rejected various antitrust claims brought by a servicer of aircraft power units against a manufacturer of those units. *Aerotec Int'l, Inc. v. Honeywell Int'l, Inc.*, 2014 U.S. Dist. LEXIS 38651 (D. Ariz. Mar. 17, 2014). The court granted summary judgment in favor of Honeywell International, a company that manufactures aircraft power units that provide on-board electrical power in commercial aircraft. Honeywell is the largest servicer of its power units. Aerotec International is an independent service provider that performs maintenance, repair, and overhaul work on Honeywell power units. Aerotec brought suit alleging that Honeywell engaged in illegal tying in violation of section 1 of the Sherman Act by using its dominant position in the market to coerce aircraft owners who need Honeywell parts to purchase maintenance services directly from Honeywell. Some of those aircraft owners went on to sign exclusive dealing agreements with Honeywell, so Aerotec further alleged that those agreements were anticompetitive in violation of section 1. Aerotec also claimed that Honeywell engaged in monopolization and attempted monopolization in violation of section 2 of the Sherman Act, among other claims.

In reviewing the section 1 claims, the court noted that Aerotec had not alleged any customers were prevented from doing business with Aerotec because of limited access to Honeywell parts. Since Aerotec was not foreclosed from competition by Honeywell's bundling of its parts and services at a discount, no illegal tying had occurred. The court also observed that Aerotec failed to show how any exclusive agreement between Honeywell and particular customers had precluded competition, since there were at least forty-nine other service providers for Honeywell's power units. Although Honeywell controlled roughly half of the market for repair, its power was insufficient to influence service prices where other providers actively competed for customers. The fact that Aerotec's own fractional share of the market had decreased was not enough to demonstrate the injury to overall competition required under section 2.

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