

CONTENTS

<i>Foreword</i>	xi
<i>Preface</i>	xiii

Chapter I

INTRODUCTION TO DISTRIBUTION	1
A. Distribution Methods.....	2
1. Direct Sales to End Users	2
2. Sales to Dealers and Distribution.....	3
3. Franchising	4
B. Applicable Statutes.....	4
1. Federal	4
2. State Statutes.....	5
C. Economics and the Development of Case Law	7

Chapter II

ECONOMICS OF DISTRIBUTION AND FRANCHISING	9
A. Economic Analysis of Distribution	9
1. Introduction.....	9
2. Potential Procompetitive Efficiencies from Vertical Restraints	15
3. Potential Anticompetitive Effects from Vertical Restraints	26
B. Economic Characteristics of Franchise Systems	33
1. Economic Reasons for Franchising	33
2. Contractual Mechanisms Solving Incentive Conflicts in the Franchising Relationship	37
3. Franchising Involves the Sharing of Intangible Capital.....	45
C. Economic Evidence on Distribution and Franchise Arrangements..	46
1. The Use of Vertical Restraints in the Gasoline Distribution, Alcoholic Beverage, and Automotive Industries	48
2. Empirical Evidence on the Impact of Statutory Restraints on Product Distribution.....	55
D. Conclusion.....	67

Chapter III

RESALE PRICING ISSUES	69
A. Why Do Suppliers Adopt Resale Price Maintenance?	72
1. Presale Services	72
2. Promotion Subject to Free-Riding	75
3. Inventories and Availability.....	78
4. Assortments	79
5. Alternatives to Resale Price Maintenance	80
B. Resale Price Maintenance as an Anticompetitive Device	81
1. Cartels and Collusion.....	82
2. RPM to Shape Noncooperative Outcomes	90
C. Federal and State Standards for Evaluating Resale Price Maintenance Agreements.....	92
1. Dr. Miles and Its Gradual Erosion	93
2. Leegin ⁵⁹	95
3. Post-Leegin Rule of Reason Analysis.....	99
4. Federal Legislation	102
5. State Responses.....	104
6. Maximum Resale Price Maintenance Agreements	108
D. The Requirement of an Agreement	108
E. Injury and Damages.....	114
F. Minimum Advertised Pricing Programs.....	117

Chapter IV

CUSTOMER AND TERRITORIAL RESTRAINTS	123
A. Introduction	123
1. Historical Context and Adoption of the Rule of Reason	123
2. Analysis of Territorial or Customer Restrictions under the Rule of Reason	127
B. Exclusive Territories, Vertical Market Division, and Location Restrictions.....	129
1. Exclusive Territories.....	129
2. Restrictions on Resale.....	131
C. Economic Impact of Voluntary Exclusive Distribution Agreements	137
1. Reasons for Exclusive Territories.....	137
2. Potential Anticompetitive Effects of Exclusive Territories	142
3. Empirical Evidence on Exclusive Territories	147
D. Areas of Primary Responsibility	148
E. Profit Pass-Over Payments.....	153
F. Customer Restraints and National Accounts.....	154

G. Channel Restrictions.....156
 H. Dual Distribution.....158
 I. Antitrust Injury and Damage.....161

Chapter V

TYING AND BUNDLED DISCOUNTS.....163
 A. Introduction163
 B. Tying164
 1. Competitive Effects169
 2. Elements of a Per Se Tying Arrangement.....175
 3. Defenses and Justifications194
 4. Tying in Specific Contexts196
 5. Tying and the Rule of Reason.....208
 C. Bundled Discounts211
 1. Competitive Effects211
 2. Legal Standards.....212
 3. Intersection of Tying and Bundling217
 D. Antitrust Injury and Damages219

Chapter VI

EXCLUSIVE DEALING223
 A. Overview223
 1. Distribution and Organizational Form224
 2. Exclusive Dealing and Antitrust Concerns224
 3. Alternative Means to Exclusivity225
 B. Legal Analysis of Exclusive Dealing Agreements227
 1. Summary of Historical Development228
 2. Factors Considered in Evaluating an Exclusive Dealing Agreement.....230
 C. Economic Analysis.....245
 1. The Anticompetitive Effects of Exclusive Dealing245
 2. The Procompetitive, Efficiency Basis for Exclusive Dealing..248
 3. Empirical Tests of Exclusive Dealing.....249
 D. Partial and De Facto Exclusive Dealing Arrangements and Incentives251
 1. The Economics of Partial Exclusive Dealing251
 2. Legal Analysis of Partial Exclusive Dealing Arrangements...254
 E. Antitrust Injury and Damages263
 1. Actual Injury to Competition263
 2. Causal Relationship between Exclusive Dealing Arrangements and Antitrust Injury.....264

Chapter VII	
PRICE DISCRIMINATION AND RELATED CONDUCT	265
A. The Basic Economics of Price Discrimination.....	268
B. Summary of Relevant Federal and State Legislation	271
1. The Robinson-Patman Act: A Section-by-Section Overview..	272
2. Other Applicable Federal Statutes	277
3. State Statutes.....	279
4. Industry-Specific Legislation.....	280
C. Case Law	281
D. Unlawful Price Discrimination: A Detailed Look at Section 2(a) of the Robinson-Patman Act.....	286
1. Elements of the Prima Facie Claim	286
E. Affirmative Defenses to Section 2(a) Claims.....	292
1. Meeting Competition	292
2. Cost Justification and Functional Discounts.....	294
3. Changing Conditions	295
4. Practical Availability	295
F. Dual Distribution.....	297
G. Co-Branding	298
H. Sales Through Separate Distribution Channels.....	298
I. Illegal Brokerage and Commercial Bribery: Section 2(c) of the Robinson-Patman Act.....	299
J. Discriminatory Promotional Practices: Sections 2(d) and 2(e) of the Robinson-Patman Act.....	300
1. Payments, Services, and Facilities	301
2. Apply Only to Competing Customers.....	302
3. Proportionally Equal Terms.....	303
4. Defenses.....	303
K. Buyer Liability: Section 2(f) of the Robinson-Patman Act.....	303
L. Enforcement	304
1. Private Actions.....	304
2. FTC and Department of Justice Actions.....	305
M. Section 13c and the Exemption for Purchases by Charitable Organizations	305
N. Economic Impact of Vertical Incentive Pricing and Promotional Programs.....	306
1. Potential Procompetitive Benefits of Price Discrimination	306
2. Ambiguous Effects of Price Discrimination	308
3. Potential Negative Effects of Price Discrimination	310
4. Vertical Effects Due to Volume, Market Share, or Loyalty Discounts	311

5. Slotting Allowances312

O. Antitrust Injury and Damages315

 1. Antitrust Injury and Private Plaintiff Standing315

 2. Proving and Measuring Damages319

Chapter VIII

REFUSAL TO DEAL323

A. Introduction323

B. The Basics of Refusals to Deal.....324

 1. An Exception to the General Rule324

 2. Monopoly Power.....324

C. Summary of Relevant Law325

D. Economic Impact of Refusals to Deal333

 1. Competitive Concern with Refusals to Deal.....333

 2. When is a Refusal to Deal Anticompetitive?.....335

 3. Refusal to Deal at What Price?336

 4. The Special Place of Ceasing Sales in the Law336

 5. Essential Facilities338

E. Special Issues339

 1. Boycott.....339

 2. Tying.....339

 3. Refusals to License Intellectual Property¹⁰⁵340

F. Antitrust Injury and Damages342

Chapter IX

EU LAW OF PRODUCT DISTRIBUTION.....343

A. Introduction343

B. Key Elements of the Legal Framework.....344

 1. Article 101 TFEU344

 2. Block Exemptions and Vertical Regulation.....355

 3. Distribution Agreements Under the VBER366

 4. Article 102 TFEU370

 5. Agreements and Unilateral Conduct.....371

C. Resale Pricing.....372

D. Customer and Territorial Restraints379

 1. Historical and Economic Justification for the EU Approach...379

 2. Relevant EU case law and the U.S. approach.....382

 3. Customer and Territorial Restrictions Under the VBER388

 4. Online Sales400

E. Exclusive Dealing404

 1. Introduction.....404

2.	Exclusive dealing under Article 101 TFEU.....	408
3.	Exclusive Dealing Under Article 102 TFEU.....	415
F.	Conditional Rebates	417
1.	The Controversy Surrounding the Analysis of Conditional Rebates in EU Law	417
2.	The Traditional Approach in EU Case Law and the Decisional Practice of the European Commission to Conditional Rebates	419
3.	The New Policy Approach to Rebates and Its Uncertain Status....	427
G.	Tying Law and Policy	433
1.	Essential Taxonomy and General Approach.....	433
2.	Tying under Article 101 TFEU.....	434
3.	Tying Under Article 102 TFEU	435
4.	The Two Product Test.....	436
5.	Coercion.....	438
6.	Anticompetitive Effect.....	439
H.	Price Discrimination and Related Issues	445
1.	The Problem.....	445
2.	The Price Discrimination Test	448
I.	Distributor Termination and Refusal to Deal	456
1.	The Tests in General	456
2.	Indispensability	460
3.	Intensity of Exclusionary Effect	463
4.	Raising Rivals' Costs.....	466
5.	Consumer Harm.....	467
6.	Refusal to Supply an Existing Customer	470
J.	Most Favored Nation Clauses	472
1.	Introduction.....	472
2.	Commission Cases.....	472
3.	Analysis	473

Chapter X

	THE IMPACT OF THE INTERNET ON DISTRIBUTION.....	475
A.	Introduction	475
B.	Economics of Internet Distribution	476
C.	Prohibiting or Conditioning Internet Distribution.....	482
1.	Banning Internet Sales	482
2.	Limiting Internet Sales.....	487
3.	Dual Distribution	487
D.	Resale Pricing Issues in Internet Distribution	490

1. “Free-Riding” and the Internet	490
2. Limits on Online Advertising	491
3. Imposing Resale Pricing Rules	492
E. Tying and the Internet	495