4. Write: The prima facie case

- Additional evidence supporting the prima facie case
  - Unilateral effects on price—does not apply
    - Test (prepared in advance)
      1. The products of the merging firm must be differentiated and have different dollar margins (premerger, postmerger, or both)
      2. The products of the merging parties must be close substitutes for one another
         - That is, they have high cross-elasticities of demand or diversion ratios with one another
      3. The products of (most) other firms must be much more distant substitutes
         - That is, they have low cross-elasticities of demand or low diversion ratios with the products of the merging firms
      4. Repositioning into the products of the merging firms must be difficult
         - That is, other incumbent firms and new entrants in the market cannot easily change their product's attributes or introduce a new product that would be a close substitute to the products of the merged firm
    - Apply the test
      - Premerger, Clare's and Benny's premium ice cream products were coincidentally sold at the same price and have the same dollar margin
      - Postmerger,
        - Clare's will consolidate the premium brands, so there will only brand, so there will be no differentiated premium products on which to increase the price of one product and divert sales to a second product to recapture profits
        - Little diversion from premium products to regular products (and vice versa), so the merged firm has no opportunity for unilateral effects by raising the price in one category and recapturing diverted sales in the other category