

## MERGER ANTITRUST LAW

LAWJ/G-1469-05  
Georgetown University Law Center  
Fall 2023

Tuesdays and Thursdays, 11:10 am - 1:10 pm  
Dale Collins  
[wdc30@georgetown.edu](mailto:wdc30@georgetown.edu)  
[www.appliedantitrust.com](http://www.appliedantitrust.com)

### CLASS 1 HOMEWORK ASSIGNMENT—INSTRUCTOR’S ANSWER

#### Instructions

OPTIONAL: Submit by email no later than 11:10 am on Tuesday, August 29  
Send to [wdc30@georgetown.edu](mailto:wdc30@georgetown.edu)  
Subject line: Merger Antitrust Law: Assignment for Class 1

#### Assignment

Recall that the essential elements of a prima case of a Section 7 violation are:

1. The acquisition of stock or assets;
2. One or more relevant geographic markets (“section of the country”);
3. One or more relevant product markets (“line of commerce”; and
4. In each relevant market,<sup>1</sup> an anticompetitive effect (“the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly”)

Identify each alleged relevant market alleged in the TransDigm/Takata complaint. For each relevant market, identify the anticompetitive harm(s) alleged in the complaint and summarize the factual allegations in the complaint supporting each of these alleged harms.<sup>2</sup>

If you have any questions, send me an e-mail.

Dale Collins

**NOTE: Normally, homework assignments will receive participation grades. However, since the first week is more of a shopping period, you are not required to submit the assignments this week. I encourage you to do so, however, both because it will help you prepare for the discussion in class and it will help me better identify what I need to cover in more depth and what I can glance over in class.**

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<sup>1</sup> Recall that a “relevant market” is a line of commerce in a section of the country. In other words, the relevant market has the geographic dimensions of the relevant geographic market and the product dimensions of the associated relevant product market.

<sup>2</sup> This would be a typical assignment for an associate in a law firm.

## INSTRUCTOR'S ANSWER

Relevant market	Harms and supporting allegations
<p>1. Two-point lapbelts used on commercial airlines</p>	<p><i>Alleged anticompetitive harms:</i></p> <ul style="list-style-type: none"> <li>Higher product prices</li> <li>Reduced rate of innovation and product improvements</li> </ul> <p><i>Supporting allegations:</i></p> <p>Only 3 meaningful competitors premerger (Compl. ¶ 24) (a “3-to-2 merger”)</p> <ol style="list-style-type: none"> <li>1. AmSafe was by far the largest</li> <li>2. Small, privately held firm that had been in the market for years but gained little share</li> <li>3. SCHROTH, which entered the market with a new, innovative lightweight two-point lapbelt (“Airlite”), which it aggressively marketed to the major international airlines</li> </ol>
<p>2. Three-point shoulder belts used on commercial airlines</p>	<p><i>Alleged anticompetitive harms:</i></p> <ul style="list-style-type: none"> <li>Higher product prices</li> <li>Reduced rate of innovation and product improvements</li> </ul> <p><i>Supporting allegations:</i></p> <p>Only 2 meaningful competitors premerger (Compl. ¶ 26) (a “2-to-1 merger”)</p> <p>AmSafe was by far the largest</p> <ol style="list-style-type: none"> <li>1. “SCHROTH was aggressively seeking to grow its business at AmSafe’s expense”</li> <li>2. Probably means that SCHROTH had not achieved any significant sales yet, but that efforts to penetrate the market caused AmSafe to reduce prices</li> </ol>

<p>3. Technical restraints used on commercial airlines</p>	<p><i>Alleged anticompetitive harms:</i></p> <ul style="list-style-type: none"> <li>Higher product prices</li> <li>Reduced rate of innovation and product improvements</li> </ul> <p><i>Supporting allegations:</i></p> <p>Only 3 significant suppliers premerger (Compl. ¶ 28) (a “3-to-2 merger”)</p> <ol style="list-style-type: none"> <li>1. AmSafe (“leading supplier”)</li> <li>2. SCHROTH (“aggressively seeking to grow”)</li> <li>3. (Unnamed) international aerospace equipment manufacturer</li> </ol>
<p>4. Inflatable restraint systems used on commercial airplanes</p>	<p><i>Alleged anticompetitive harms:</i></p> <ul style="list-style-type: none"> <li>Higher product prices</li> <li>Reduced rate of innovation and product improvements</li> </ul> <p><i>Supporting allegations:</i></p> <p>Only 2 meaningful competitors premerger (Compl. ¶ 30) (a “2-to-1 merger”)</p> <ol style="list-style-type: none"> <li>1. AmSafe (which developed technology—offers both inflatable lapbelts and structural mounted airbags)</li> <li>2. SCHROTH (offers only structural mounted airbags), but “In recent years, SCHROTH had emerged as a strong competitor to AmSafe in the development of inflatable restraint technologies”</li> </ol> <p style="padding-left: 40px;">Sounds very weak to me</p> <p style="padding-left: 40px;">May be some innovation competition (but maybe not that much)</p>