

MERGER ANTITRUST LAW

LAW 1469
Georgetown University Law Center
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Tuesdays and Thursdays, 3:30 pm – 5:30 pm
Dale Collins

wdc30@georgetown.edu
www.appliedantitrust.com

Class 15 (October 16): U.S. Sugar/Imperial Sugar (Unit 7)

In this class, we will critique the parties' performance in *U.S. Sugar/Imperial Sugar*. We will start with the most important reason why the merging parties won the case (think "hearts," not "minds"), then turn to what the DOJ did wrong, and end with what the merging parties did right. Expect an interactive class, so be thinking about your critique.

Before you read the *U.S. Sugar* opinion, read the class notes on supply-side switching. It clarifies how, under the Merger Guidelines, demand-side substitution sets the market boundary, while supply-side considerations typically affect market participants and shares (and only rarely the boundary itself). Keep that distinction in mind as you read the court's discussion of distributors, imports, shipping patterns, and HHIs. Also, you might find it helpful to quickly review the geographic market definition in the Unit 3C class notes (slides 42-64).

You can skim the press release announcing the U.S. Sugar/Imperial Sugar transaction (pp. 5-7) and the DOJ's press release and complaint challenging the deal (pp. 9-37). Instead, spend your time on the district court's Memorandum Opinion (pp. 38-97). Judge Maryellen Noreika of the District Court of the District of Delaware rendered judgment for the merging parties and denied the DOJ's request for a permanent injunction (p. 98).

The DOJ indicated that it would appeal and sought an injunction pending appeal from the district court. Read Rule 62(d) of the Federal Rules of Civil Procedure for injunctions by the district court pending appeal (p. 196). As is often the case, the district court denied the DOJ's Rule 62(d) motion (pp. 102-04).

Having filed its Notice of Appeal (NOA) (p. 99) and following the denial of its Rule 62(d) motion by the district court, the DOJ filed an emergency motion seeking an injunction pending appeal under Rule 8 of the Federal Rules of Appellate Procedure. Read Rule 8 (p. 196). The DOJ's motion also sought an administrative injunction pending the resolution of the Rule 8 motion (pp. 106-32). You can skim most of the DOJ's motion, but be sure to read the standards for entering a Rule 8(a) motion with more care (pp. 112-13). Indeed, you may find it helpful to read all of the motion up to page 113. There is no need to read the opposition brief (pp. 133-61) and the DOJ's reply (162-72), but they are short and somewhat interesting. Read the Third Circuit's order denying the DOJ's motion (pp. 173-74), which allowed the parties to close the deal while the appeal was pending (pp. 175). The Third Circuit ultimately affirmed the district court (pp. 176-94), which you do not need to read unless you are especially interested.

We will run class a little differently. While I have slides and will show some of them to get us started, I intend to spend most of the class discussing what the DOJ did wrong in the litigation. I will be soliciting your views, so be prepared!

As you prepare for this class, take a look at the excerpts from the 2010 Horizontal Merger Guidelines, the 2023 Merger Guidelines, and *Sanford Health, Advocate, Tronox, and JetBlue* on geographic market definition (pp. 199-227). As with the earlier excerpts, these passages will help you solidify your knowledge of the definition of the geographic market. I hope you especially enjoy the *Tronox* excerpt since you should now know enough to understand what the FTC's expert was doing in applying the hypothetical monopolist test using a critical loss implementation.

Enjoy the reading! Email me if you have any questions.

P.S. We will not have time in class to go through the background of the case, so I have posted the relevant portions of the class slides I would have used if we had the time. You do not need this if you read the opinion carefully, but I pass them along for whatever they are worth.