

## CASE STUDY

# Knocking Out a Multimillion-Dollar Antitrust Claim in the First Round

*“A federal judge has given the heave-ho to an antitrust suit brought by bankrupt magazine wholesaler Anderson News LLC against a host of single-issue magazine publishers including...American Media, Inc.”*

—Bankruptcy Law360

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Client:	<b>American Media, Inc.</b>
Industry:	Media
Area of Law:	Antitrust
Venue:	U.S. District Court for the Southern District of New York
Result:	The case was dismissed in its entirety with prejudice and without leave to replead



Pillsbury client American Media, Inc., is the leading publisher of celebrity journalism and health and fitness magazines in the United States. So when Anderson News, the nation's second-largest magazine wholesaler, went bankrupt and sought to blame the nation's largest publishers for its financial woes, AMI was a top target.

Before shutting down its operations, Anderson News had announced a seven-cent surcharge for each magazine it delivered, and also demanded that publishers assume certain inventory costs that Anderson previously paid. When AMI and others refused to agree to those newly imposed terms, Anderson News shut down and filed an antitrust conspiracy complaint against the major magazine publishers—a lawsuit seeking hundreds of millions of dollars in damages from the defendants.

The federal court dismissed the action, however, holding that Anderson's claim it was the victim of an industrywide antitrust conspiracy failed to meet the legal standard for plausibility: "Publishers and national distributors have an economic self-interest in more wholesalers, not fewer; more wholesalers yields greater competition, which is good for suppliers," wrote U.S. District Court Judge Paul Crotty.

On Pillsbury's initiative, the court also took a step beyond simply dismissing the flawed case: It dismissed the case without permitting Anderson News leave to file an amended complaint. Pillsbury was the only law firm among the defense counsel to brief the judge on this definitive, and dispositive, course.