

Antitrust

1. Be prepared to define, explain, give examples of, and distinguish between the following terms:
 - a. horizontal restraint
 - b. vertical restraint
 - c. price-fixing
 - d. per se violation
 - e. rule of reason
 - f. price discrimination
 - g. monopoly

2. Read and be prepared to orally discuss the case:
 - *United States v. Microsoft Corp.* [on-line]

Discuss and answer the following questions:

- a. (1) What is a monopoly?
(2) What elements must be proven in order to make a case in monopoly?
 - b. Of what anti-competitive behavior was Microsoft accused? Did the Court find that Microsoft had violated the Sherman Anti-Trust act in this activity? Why or why not?
 - c. How does monopoly power hurt the consumer?
3. Read and be prepared to orally brief and discuss the cases:
 - *In Re: Cardizem CD* [on-line].
 - *State Oil Co. v. Khan* [on-line]

Be prepared to discuss and answer the following questions:

- a. What are the two standards used to determine violations of Section 1 of the Sherman Act? Identify and explain each.
 - b. Which tests did the courts apply in *Cardizem* and *State Oil*? What did they rule in each of those cases? Why?
 - c. Restraint of trade:
 - (1) What is meant by horizontal restraint?
 - (2) What is meant by vertical restraint?
 - (3) Which standard is applied to each of these restraints?
 - (4) Illustrate the differences in a vertical restraint and a horizontal restraint, using McDonald's, Burger King, and Wendy's restaurants.
 - d. Price fixing:
 - (1) What is price fixing?
 - (2) Is price fixing legal?
 - (2) Which test is usually applied to price fixing arrangements? Why was that test not applied in *State Oil*?
4. Price discrimination:
 - a. What is price discrimination?
 - b. What must be the two effects of price discrimination in order for there to be a violation of Section 2 of the Clayton Act?
 - c. Give examples of illegal price discrimination.
 - d. Give examples of legal price discrimination.