SUPREME COURT OF THE UNITED STATES

Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc.

429 U.S. 477 (1977) · No. No. 75-904 · Decided January 25, 1977

SUMMARY

The Supreme Court held that private plaintiffs seeking treble damages for a violation of § 7 of the Clayton Act must prove antitrust injury, meaning injury of the type the antitrust laws were intended to prevent and that flows from the unlawful conduct. The respondents' claimed loss of profits from competition allegedly preserved by Brunswick was not antitrust injury. The Court vacated the Court of Appeals' judgment and remanded, while directing judgment for Brunswick on the damages claim.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	Justice Marshall
JURISDICTION	Federal
DECIDED	January 25, 1977
DOCKET	No. 75-904
DISPOSITION	vacated
PROCEDURAL POSTURE	Respondents brought a private antitrust action under §§ 4, 7, and 16 of the Clayton Act. After a jury verdict awarding treble damages and a district-court divestiture order, the Third Circuit reversed and remanded for a new trial because of instructional errors and vacated the equitable decree. The Supreme Court granted Brunswick's petition for certiorari to review the damages theory.
STANDARD OF REVIEW	The Court reviewed the legal sufficiency of respondents' damages theory and concluded that judgment notwithstanding the verdict was warranted under Fed. R. Civ. P. 50(b).
PRECEDENTIAL VALUE	Published Supreme Court opinion and binding federal precedent
PARTIES	Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc., Other respondent bowling centers owned by Treadway Companies, Inc.

TOPICS

commercial litigation · damages · remedies · statutory interpretation · commercial

PRACTICE AREAS

antitrust · commercial litigation · commercial damages · equitable remedies

QUESTIONS PRESENTED

1. Whether a private plaintiff may recover treble damages under § 4 of the Clayton Act for losses allegedly caused by a § 7 acquisition when the claimed loss consists of profits that would have resulted from the acquired businesses' failure and disappearance from the market.
2. What disposition is appropriate where the plaintiffs' entire damages case rests on a legally insufficient theory of antitrust injury.
3. Whether respondents remained free on remand to seek equitable relief against practices by which a deep-pocket market entrant harms competition.

HOLDINGS

1. A plaintiff seeking treble damages for a § 7 Clayton Act violation must prove antitrust injury: injury of the type the antitrust laws were intended to prevent and that flows from the conduct making the defendant's acts unlawful. Mere injury causally linked to an illegal presence in the market is insufficient.
2. Respondents were not entitled to damages because their entire proof rested on the rejected theory that they could recover profits that would have resulted if the acquired bowling centers had closed, and they did not prove cognizable antitrust damages from predatory or other anticompetitive conduct.
3. Respondents remained free on remand to seek an injunction against practices by which a deep-pocket market entrant harms competition because Brunswick did not contest the Court of Appeals' holding that such equitable relief might be available upon proof of a § 7 violation.

KEY QUOTATIONS

> *"Plaintiffs must prove antitrust injury, which is to say injury of the type the antitrust laws were intended to prevent and that flows from that which makes defendants' acts unlawful."* (429 U.S. at 489)

> *"The antitrust laws, however, were enacted for "the protection of competition, not competitors," Brown Shoe Co. v. United States, 370 U. S., at 320."* (429 U.S. at 488)

FACTUAL BACKGROUND

Brunswick, a major bowling-equipment manufacturer and creditor, acquired and operated defaulting bowling centers after the bowling industry declined and repossessed equipment could not be resold effectively. Respondents, competing bowling centers, alleged that the acquisitions violated § 7 of the Clayton Act and sought treble damages based on profits they would have earned had the acquired centers closed. The jury awarded damages on that theory, but respondents did not prove that they lost income because of predatory or other anticompetitive conduct by Brunswick.

PROCEDURAL HISTORY

The District Court for the District of New Jersey entered judgment on a jury verdict awarding respondents damages based on profits they allegedly would have earned if Brunswick had not acquired and continued operating failing bowling centers. The court trebled the damages, awarded costs and fees, and ordered divestiture. The Third Circuit held that a properly instructed jury could find a § 7 violation but ordered a new trial and vacated the equitable relief. The Supreme Court rejected respondents' damages theory, directed judgment notwithstanding the verdict on the damages claim, and remanded for further proceedings concerning possible equitable relief.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The judgment of the Court of Appeals was vacated and the case remanded for further proceedings consistent with the opinion. Respondents could continue to seek equitable relief, including an injunction, but were not entitled to recover the claimed treble damages.

CASES CITED

- United States v. E. I. du Pont de Nemours & Co., 353 U.S. 586, 597 (1957)
- Brown Shoe Co. v. United States, 370 U.S. 294, 317-318, 320 (1962)
- United States v. Philadelphia National Bank, 374 U.S. 321, 362-363 (1963)
- United States v. Penn-Olin Chemical Co., 378 U.S. 158, 170-171 (1964)
- United States v. Von's Grocery Co., 384 U.S. 270, 277 (1966)
- FTC v. Procter & Gamble Co., 386 U.S. 568, 577-578 (1967)
- Gulf Oil Corp. v. Copp Paving Co., 419 U.S. 186, 201 (1974)
- Perma Life Mufflers v. International Parts Corp., 392 U.S. 134, 139 (1968)
- Fortner Enterprises v. United States Steel Corp., 394 U.S. 495, 502 (1969)
- Zenith Radio Corp. v. Hazeltine Research, 395 U.S. 100, 125, 130 (1969)
- Hawaii v. Standard Oil Co., 405 U.S. 251, 262, 264 (1972)
- Wyandotte Co. v. United States, 389 U.S. 191, 202 (1967)
- NBO Industries Treadway Cos. v. Brunswick Corp., 523 F.2d 262, 267-279 (3d Cir. 1975)
- GAF Corp. v. Circle Floor Co., 463 F.2d 752 (2d Cir. 1972), cert. dismissed, 413 U.S. 901 (1973)
- Calnetics Corp. v. Volkswagen of America, Inc., 532 F.2d 674 (9th Cir. 1976)
- Neely v. Eby Construction Co., 386 U.S. 317, 326-330 (1967)
- United States v. Generes, 405 U.S. 93, 106-107 (1972)