

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Gibson v. Cendyn Group, LLC

No. 24-3576 (9th Cir. Aug. 15, 2025) · No. 24-3576 · Decided August 15, 2025

SUMMARY

The Ninth Circuit affirmed the dismissal with prejudice of a putative antitrust class action against Cendyn Group, hotel operators, and related entities. The court held that plaintiffs failed to plausibly allege that individual licensing agreements for revenue-management software restrained competition in the market for Las Vegas Strip hotel-room rentals under Section 1 of the Sherman Act. The court did not address the dismissed hub-and-spoke claim because plaintiffs abandoned that portion of their appeal.

CASE DETAILS

COURT	United States Court of Appeals for the Ninth Circuit
WRITING FOR THE COURT	Carlos T. Bea; Carlos T. Bea, Circuit Judge; Ana de Alba, Circuit Judge; Jeffrey Vincent Brown, District Judge, sitting by designation
JURISDICTION	United States Court of Appeals for the Ninth Circuit
DECIDED	August 15, 2025
DOCKET	24-3576
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed under 28 U.S.C. § 1291 from the district court's dismissal with prejudice under Federal Rule of Civil Procedure 12(b)(6) of their putative Section 1 Sherman Act class action.
STANDARD OF REVIEW	The Ninth Circuit reviewed the Rule 12(b)(6) dismissal de novo, accepting material factual allegations as true and construing them in the light most favorable to the nonmoving party.
PRECEDENTIAL VALUE	published and precedential
PARTIES	Richard Gibson, Roberto Manzo v. Cendyn Group, LLC, The Rainmaker Group Unlimited, Inc., Caesars Entertainment, Inc., Treasure Island, LLC, Wynn Resorts Holdings, LLC, Blackstone Inc., Blackstone Real Estate Partners VII L.P., JC Hospitality, LLC

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QUESTIONS PRESENTED

1. Whether plaintiffs plausibly alleged that individual licensing agreements between Cendyn and competing Las Vegas Strip hotels restrained trade in the relevant market under Section 1 of the Sherman Act.
2. Whether the alleged collection of individual licensing agreements could be evaluated in the aggregate to establish a Section 1 violation.
3. Whether the district court was required to apply the rule of reason before dismissing the complaint.

HOLDINGS

1. Plaintiffs failed to plausibly allege that the individual licensing agreements restrained trade in the market for hotel-room rentals on the Las Vegas Strip. The agreements did not affect the hotels' competitive incentives or restrain their ability to compete in that market.
2. Plaintiffs could not convert the number of individual licensing agreements into an actionable aggregate restraint. Count 2 contained no factual allegation of a horizontal conspiracy among the hotels, and the challenged agreements did not individually restrain competition.
3. The district court did not need to apply the rule of reason because plaintiffs failed at the threshold to allege a restraint of trade in the relevant market.

KEY QUOTATIONS

“Section 1 requires a causal link between the contested agreement and an anticompetitive restraint of trade in the relevant market.” (6)

“Nor does it require businesses to decline to take advantage of a service because its competitors already use that service.” (21)

“The statement that as a general matter a restraint of trade is analyzed under the rule of reason does not support the holding that every contract triggers scrutiny pursuant to the rule of reason—regardless whether the contract imposes a restraint of trade in the relevant market at all.” (26)

“To make out a Section 1 claim, Plaintiffs must allege a restraint of trade in the relevant market that causes an “actual adverse effect on competition.”” (29)

FACTUAL BACKGROUND

Plaintiffs regularly rented hotel rooms on the Las Vegas Strip and alleged that they paid higher prices because competing hotels used Cendyn's revenue-management software. The hotels independently entered licensing agreements for Cendyn products that generated pricing recommendations using hotel data and, in some

circumstances, competitor pricing information. Plaintiffs did not allege that Cendyn pooled or shared one hotel's confidential information with other hotel licensees, or that the hotels agreed among themselves to follow Cendyn's recommendations.

PROCEDURAL HISTORY

Plaintiffs alleged that Las Vegas Strip hotels violated Section 1 of the Sherman Act through agreements involving Cendyn's revenue-management software. The district court dismissed Count 1, which alleged a hub-and-spoke agreement among the hotels, and Count 2, which alleged that the aggregate of individual licensing agreements caused artificially inflated prices. On appeal, plaintiffs abandoned their challenge to dismissal of Count 1; the Ninth Circuit affirmed dismissal of Count 2 with prejudice.

DISPOSITION

affirmed

CASES CITED

- Kendall v. Visa U.S.A., Inc., 518 F.3d 1042, 1046 (9th Cir. 2008)
- Burgert v. Lokelani Bernice Pauahi Bishop Tr., 200 F.3d 661, 663 (9th Cir. 2000)
- In re Musical Instruments and Equip. Antitrust Litig., 798 F.3d 1186, 1191-1195 (9th Cir. 2015)
- United States v. Topco Assocs., Inc., 405 U.S. 596, 606-607 (1972)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 553 (2007)
- Paladin Assoc's. Inc. v. Mont. Power Co., 328 F.3d 1145, 1154 (9th Cir. 2003)
- Board of Trade v. United States, 246 U.S. 231, 238 (1918)
- Aya Healthcare Servs., Inc. v. AMN Healthcare, Inc., 9 F.4th 1102, 1108 (9th Cir. 2021)
- State Oil Co. v. Khan, 522 U.S. 3, 10 (1997)
- CoStar Grp., Inc. v. Com. Real Est. Exch., Inc., 141 F.4th 1075, 1084 (9th Cir. 2025)
- Adriana Intern. Corp. v. Thoeren, 913 F.2d 1406, 1408 n.1 (9th Cir. 1990)
- Ohio v. Am. Express Co., 585 U.S. 529, 543 (2018)
- Leegin Creative Leather Products Inc. v. PSKS, Inc., 551 U.S. 877, 881-884, 898-899 (2007)
- Plymouth Dealers' Association of Northern California v. United States, 279 F.2d 128, 130-135 (9th Cir. 1960)
- Allied Orthopedic Appliances Inc. v. Tyco Health Care Grp. LP, 592 F.3d 991, 996 (9th Cir. 2010)
- Northwest Wholesale Stationers, Inc. v. Pacific Stationery & Printing Co., 472 U.S. 284, 289, 298 (1985)
- William O. Gilley Enters., Inc. v. Atlantic Richfield Co., 588 F.3d 659, 665 (9th Cir. 2009) (per curiam)
- PLS.Com, LLC v. Nat'l Ass'n of Realtors, 32 F.4th 824, 834 (9th Cir. 2022)
- Dickson v. Microsoft Corp., 309 F.3d 193, 203-204 (4th Cir. 2002)