

United States District Court
For the Northern District of California

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAFeway INC.; WALGREEN CO.; THE
KROGER CO.; NEW ALBERTSON'S, INC.;
AMERICAN SALES COMPANY, INC.; and HEB
GROCERY COMPANY, LP,

Plaintiffs,

v.

ABBOTT LABORATORIES,

Defendant.

No. C 07-05470 CW

ORDER DENYING
DEFENDANT ABBOTT
LABORATORIES' MOTION
TO CERTIFY ISSUES
FOR INTERLOCUTORY
APPEAL
(Docket No. 137)

MEIJER, INC. & MEIJER DISTRIBUTION,
INC.; ROCHESTER DRUG CO-OPERATIVE,
INC.; and LOUISIANA WHOLESALE DRUG
COMPANY, INC., on behalf of
themselves and all others similarly
situated,

Plaintiffs,

v.

ABBOTT LABORATORIES,

Defendant.

No. C 07-05985 CW

(Docket No. 233)

RITE AID CORPORATION; RITE AID HDQTRS
CORP.; JCG (PJC) USA, LLC; MAXI DRUG,
INC. D/B/A BROOKS PHARMACY; ECKERD
CORPORATION; CVS PHARMACY, INC.; and
CAREMARK LLC,

Plaintiffs,

v.

ABBOTT LABORATORIES,

Defendant.

No. C 07-06120 CW

(Docket No. 126)

1 SMITHKLINE BEECHAM CORPORATION, d/b/a
2 GLAXOSMITHKLINE,

No. C 07-05702 CW

(Docket No. 199)

3 Plaintiff,

4 v.

5 ABBOTT LABORATORIES,

6 Defendant.
7 _____/

8 Defendant Abbott Laboratories moves for an order certifying an
9 interlocutory appeal of three issues:

- 10 1. Whether Plaintiffs have properly stated a predatory
11 pricing antitrust claim even though they admittedly
12 have not satisfied the standard set forth by the
13 Supreme Court in linkLine, which requires
14 allegations of a dangerous probability of recoupment
15 and below-cost pricing for the retail product in the
16 challenged market?
- 17 2. Whether Plaintiffs have properly stated a
18 refusal-to-deal antitrust claim without any actual
19 refusal to deal in the challenged market, based on
20 the allegation that the combined pricing of
21 products in two separate markets makes it difficult
22 for rivals to compete?
- 23 3. Whether Plaintiffs can state an antitrust claim
24 based on a theory that Abbott charged a low (but not
25 below-cost) price for Norvir to discourage
26 innovation by rivals?

27 Def.'s Mot. at 1. Plaintiffs oppose the motion. The motion was
28 taken under submission on the papers. Having considered all of the
papers submitted by the parties, the Court DENIES Abbott's motion.

BACKGROUND

On January 12, 2010, the Court denied Abbott's motion to
dismiss, which was based in large part on John Doe 1 v. Abbott
Laboratories, 571 F.3d 930 (9th Cir. 2009), and Pacific Bell
Telephone Co. v. Linkline Communications, Inc., ___ U.S. ___, 129
S. Ct. 1109 (2009). In Doe, the Ninth Circuit considered whether,

1 under the Doe plaintiffs' monopoly leveraging theory, Abbott
2 violated section 2 of the Sherman Act, 15 U.S.C. § 2, through its
3 conduct in pricing Norvir and Kaletra.¹ 571 F.3d at 932-33. The
4 court held that the plaintiffs' theory, which did not include
5 allegations of an antitrust duty to deal or below-cost pricing, was
6 the "functional equivalent" of the price squeeze theory rejected by
7 the Supreme Court in Linkline. Id. at 934-35; see also Linkline,
8 129 S. Ct. at 1114. In Linkline, the Supreme Court addressed
9 "whether a plaintiff can bring price-squeeze claims under § 2 of
10 the Sherman Act when the defendant has no antitrust duty to deal
11 with the plaintiff." 129 S. Ct. at 1116-17. The Court rejected
12 the plaintiffs' theory, holding that "the price-squeeze
13 claims . . . are not cognizable under the Sherman Act." Id. at
14 1123.

15 Here, it is alleged, among other things, that Abbott violated
16 § 2 by engaging in predatory pricing of a bundled product and by
17 breaching its antitrust duty to deal. Because Plaintiffs here do
18 not base their claims on the monopoly leveraging or price squeeze
19 theories addressed in Doe and Linkline, the Court rejected Abbott's
20 argument that those cases barred Plaintiffs' antitrust claims. The
21 Court also rejected Abbott's arguments that Verizon Communications
22 Inc. v. Law Offices of Curtis V. Trinko, LLP, 540 U.S. 398 (2004),
23 and MetroNet Services Corp. v. Qwest Corp., 383 F.3d 1124 (9th Cir.
24 2004), preclude the antitrust duty to deal claims.

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27 ¹ In Doe, the parties agreed that, as a condition of
28 settlement, Abbott would take an interlocutory appeal of the
Court's decisions. 571 F.3d at 932.

LEGAL STANDARD

Pursuant to 28 U.S.C. § 1292(b), a district court may certify an appeal of an interlocutory order only if three factors are present. First, the issue to be certified must involve a "controlling question of law." 28 U.S.C. § 1292(b). Establishing that a question of law is controlling requires a showing that the "resolution of the issue on appeal could materially affect the outcome of litigation in the district court." In re Cement Antitrust Litig., 673 F.2d 1020, 1026 (9th Cir. 1982) (citing U.S. Rubber Co. v. Wright, 359 F.2d 784, 785 (9th Cir. 1966)).

Second, there must be "substantial ground for difference of opinion" on the issue. 28 U.S.C. § 1292(b). A substantial ground for difference of opinion is not established by a party's strong disagreement with the court's ruling; the party seeking an appeal must make some greater showing. Mateo v. M/S Kiso, 805 F. Supp. 792, 800 (N.D. Cal. 1992).

Third, it must be likely that an interlocutory appeal will "materially advance the ultimate termination of the litigation." 28 U.S.C. § 1292(b); Mateo, 805 F. Supp. at 800. Whether an appeal may materially advance termination of the litigation is linked to whether an issue of law is "controlling" in that the court should consider the effect of a reversal on the management of the case. Id. In light of the legislative policy underlying § 1292, an interlocutory appeal should be certified only when doing so "would avoid protracted and expensive litigation." In re Cement, 673 F.2d at 1026; Mateo, 805 F. Supp. at 800. If, in contrast, an interlocutory appeal would delay resolution of the litigation, it should not be certified. See Shurance v. Planning Control Int'l,

1 Inc., 839 F.2d 1347, 1348 (9th Cir. 1988) (refusing to hear a
2 certified appeal in part because the Ninth Circuit's decision might
3 come after the scheduled trial date).

4 "Section 1292(b) is a departure from the normal rule that only
5 final judgments are appealable, and therefore must be construed
6 narrowly." James v. Price Stern Sloan, Inc., 283 F.3d 1064, 1068
7 n.6 (9th Cir. 2002). Thus, the court should apply the statute's
8 requirements strictly, and should grant a motion for certification
9 only when exceptional circumstances warrant it. Coopers & Lybrand
10 v. Livesay, 437 U.S. 463, 475 (1978). The party seeking
11 certification of an interlocutory order has the burden of
12 establishing the existence of such exceptional circumstances. Id.
13 A court has substantial discretion in deciding whether to grant a
14 party's motion for certification. Brown v. Oneonta, 916 F. Supp.
15 176, 180 (N.D.N.Y. 1996) rev'd in part on other grounds, 106 F.3d
16 1125 (2nd Cir. 1997).

17 DISCUSSION

18 Abbott does not meet its burden to show that an interlocutory
19 appeal is warranted. First, an appeal will not materially advance
20 the ultimate termination of this litigation. On the contrary, an
21 immediate appeal is likely to delay, rather than advance, the end
22 of these cases. Dispositive motions are scheduled to be heard this
23 summer, with trial calendared for February, 2011. Abbott suggests
24 that the trial would not be materially delayed because the Ninth
25 Circuit would hear an appeal on an expedited basis and might decide
26 before the trial date. Abbott's assertions do not persuade the
27 Court. As Plaintiffs correctly note, an interlocutory appeal could
28 only materially advance the ultimate termination of this litigation

1 if the Ninth Circuit accepts the appeal and rules in favor of
2 Abbott on all the above-mentioned issues. Further, at least with
3 regard to GSK, resolution of these issues does not address all
4 claims asserted against Abbott. Thus, litigation would
5 nevertheless continue.

6 Second, Abbott does not establish a substantial ground for
7 difference of opinion. As it did in its omnibus motion to dismiss,
8 Abbott insists that Doe and Linkline control the outcome of this
9 case. However, as explained further in the Court's Order on the
10 motion to dismiss, neither of those cases addressed the antitrust
11 theories proffered by Plaintiffs in their amended complaints.
12 Abbott quotes a portion of Doe, which states, "However labeled,
13 Abbott's conduct is the functional equivalent of the price squeeze
14 the Court found unobjectionable in Linkline." 571 F.3d at 935.
15 This statement is taken out of context. In the section preceding
16 the language Abbott quotes, the Ninth Circuit stated:

17 Does try to distance themselves from Linkline on the
18 footing that their claim is for monopoly leveraging, not
19 price squeezing, and that Abbott provides products to
20 consumers in both the booster and boosted markets whereas
21 AT & T provided products in retail and wholesale markets.
We understand the difference, but it is insubstantial.
However labeled, Abbott's conduct is the functional
equivalent of the price squeeze the Court found
unobjectionable in Linkline.

22 Id. The Court reads this discussion to address the Doe plaintiffs'
23 attempt to distinguish monopoly leveraging from price squeezing,
24 not to immunize Abbott from liability under any antitrust theory.
25 The Ninth Circuit did not rule on the theories proffered by
26 Plaintiffs here and, as a result, Doe does not apply.

27 Abbott also argues that the Court's prior orders demonstrate a
28 substantial ground for difference of opinion. However, like Doe

1 and Linkline, those orders addressed different antitrust theories
2 and positions taken by the parties at that time. Although
3 Plaintiffs' claims arise from the same series of acts as those
4 complained of in Doe, their allegations and theories materially
5 differ.

6 Abbott vehemently disagrees with the Court's reading of
7 various cases, including Trinko and MetroNet. However, Abbott's
8 contrary reading of authority is not enough to create a substantial
9 ground for difference of opinion justifying an interlocutory
10 appeal.

11 CONCLUSION

12 For the foregoing reasons, the Court DENIES Abbott's motion
13 for certification of an interlocutory appeal. (Case No. 07-05470,
14 Docket No. 137; Case No. 07-05985, Docket No. 233; Case No. 07-
15 06120, Docket No. 126; Case No. 07-05702, Docket No. 199.)
16 Dispositive motions are scheduled to be filed on July 30, 2010,
17 with a hearing on the motions set for September 30, 2010 at 2:00
18 p.m.

19 IT IS SO ORDERED.

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21 Dated: June 1, 2010



22 CLAUDIA WILKEN
23 United States District Judge
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