## IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS FORT WORTH DIVISION

AMERICAN AIRLINES, INC.,	) )
Plaintiff,	)
VS.	) Civil Action No. 4:11-cv-0244-Y
TRAVELPORT LIMITED, et al.,	) JURY TRIAL DEMANDED
Defendants.	) )
TRAVELPORT LIMITED and TRAVELPORT LP,	) ) )
Counterclaim-Plaintiffs,	)
VS.	)
AMERICAN AIRLINES, INC.,	)
Counterclaim-Defendant.	) )

### REDACTED<sup>1</sup> PARTIAL ANSWER, AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS BY TRAVELPORT

<sup>&</sup>lt;sup>1</sup> This redacted version is filed pursuant to Order Granting Leave, signed on April 27, 2012 [Doc. 309]. The redacted version attached as Exhibit A to the Unopposed Motion for Leave to File Redacted Version of Partial Answer, Affirmative Defenses, and Counterclaims by Travelport [Doc. 172] contained an incorrect case style. This is the same document with the correct case style.

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 2 of 77 PageID 2826

Defendants Travelport Limited and Travelport, LP (collectively "Travelport") are not named in the First Claim for Relief and have moved to dismiss the Third, Fourth, Fifth, and Sixth Claims for Relief in Plaintiff's Second Amended Complaint. Travelport hereby answers the Second Claim for Relief and asserts affirmative defenses and counterclaims<sup>1</sup> against Plaintiff American Airlines, Inc. ("AA").

## PARTIAL ANSWER

Travelport answers Plaintiffs' Second Claim for Relief (paragraphs 1-169 and 173-175 of Plaintiff's Second Amended Complaint, as well as paragraphs 190-195 insofar as they relate to Plaintiff's Second Claim for Relief) as follows:

1. Travelport admits that Plaintiff American Airlines ("AA") brought this suit against defendants Sabre, Inc.; Sabre Holdings Corporation; and Sabre Travel International Ltd. (referred to collectively as "Sabre" in the Second Amended Complaint); Travelport Limited and Travelport, LP (referred to collectively as "Travelport" in the Second Amended Complaint); and Orbitz Worldwide, LLC (referred to as "Orbitz" in the Second Amended Complaint). Travelport also admits that Orbitz operates an online travel agency. Travelport denies the remaining allegations in this paragraph.

<sup>&</sup>lt;sup>1</sup> On November 29, 2011, AA filed a voluntary petition for Chapter 11 bankruptcy in the Bankruptcy Court for the Southern District of New York. Although AA elected to continue pursuing its antitrust claims against Travelport in this Court, AA would not agree to Travelport's request for a stipulation allowing Travelport to pursue counterclaims based on the same subject matter and conduct underlying AA's claims against Travelport. Travelport has thus moved in the Bankruptcy Court in the Southern District of New York for leave to pursue these counterclaims in this Court. A hearing on Travelport's motion is scheduled for January 27, 2012. Prior to the lifting of the bankruptcy stay, Travelport's Counterclaims are asserted as a defensive measure only. Upon lifting of the bankruptcy stay, the Counterclaims seek affirmative judgment against AA.

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 3 of 77 PageID 2827

2. Travelport admits that it operates global distribution systems ("GDSs") under the trademarks Galileo, Apollo, and Worldspan, and that Sabre also operates a GDS. Travelport also admits that its GDSs among other things enable travel agents to access airline fare, flight, and availability information, as well as to make reservations and issue tickets on airlines' flights. Travelport denies that GDSs are gatekeepers between AA (and other network airlines) and travel agents and their customers. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

3. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

4. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

5. Travelport denies the allegations in this paragraph.

6. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport admits that AA has paid tens of millions of dollars in booking fees to Travelport. Travelport denies the remaining allegations in this paragraph.

7. Travelport denies the allegations in this paragraph.

8. Travelport denies the allegations in this paragraph.

9. Travelport admits that AA claims to have developed a product AA calls AA Direct Connect. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to the capabilities or cost of AA Direct Connect, and therefore denies them. Travelport is also without knowledge or information

- 2 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 4 of 77 PageID 2828

sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

10. Travelport denies the allegations in this paragraph.

11. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

12.

Travelport denies the remaining allegations in this paragraph.

13. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

14. Travelport denies the allegations in this paragraph.

15. Travelport denies the allegations in this paragraph.

16. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

17. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

18. Travelport denies the allegations in this paragraph.

19. Travelport denies the allegations in this paragraph.

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 5 of 77 PageID 2829

20. Travelport admits that AA pays Travelport booking fees and that these fees have totaled millions of dollars. Travelport denies the remaining allegations in this paragraph.

21. Travelport denies the allegations in this paragraph.

22. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

23. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

24. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

25. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

26. Travelport admits that Travelport Limited is a Bermuda corporation; that Travelport operates GDSs under the trademarks Galileo, Apollo, and Worldspan; and that Travelport transacts business in this district and elsewhere. Travelport denies the remaining allegations in this paragraph.

27. Travelport admits that Travelport, LP is a Delaware limited partnership; that Travelport's executive offices are located at 300 Galleria Parkway, Atlanta, Georgia 30339; that Travelport, LP is an indirect wholly owned subsidiary of Travelport Limited; that Travelport, LP is the successor in interest to the Preferred Fares Amendment between Galileo and AA which amended the Galileo International Global Airline Distribution Agreement between Galileo and AA; that Travelport, LP is the successor in interest to the Subscriber Services Agreement between Galileo and Orbitz; that Travelport, LP transacts business in this district and elsewhere; and that Travelport, LP's agent for service of process is Corporation Service Company.

- 4 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 6 of 77 PageID 2830

28. Travelport admits that it has entered into a contract titled Subscriber Services Agreement with Orbitz, amendments to that contract, and other letter agreements. Those agreements are in writing and speak for themselves; Travelport denies Plaintiff's characterizations of the agreements. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

29. Travelport denies the allegations in this paragraph.

30. This paragraph contains legal conclusions that do not require a response.

31. This paragraph contains legal conclusions that do not require a response.

32. This paragraph contains legal conclusions that do not require a response.

33. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

34. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

35. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

36. Travelport admits that GDSs are sometimes called computerized reservation systems ("CRSs") and that its GDSs among other things enable travel agents to search for flights, fares and seat availability on airlines that participate in the GDS, and to make reservations and issue tickets for travel on those airlines. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 7 of 77 PageID 2831

37. Travelport admits that some GDSs were created and originally owned by airlines; that from the early 1980s to 2004, GDSs were regulated in the United States by the U.S. Department of Transportation ("DOT") (or its predecessor, the Civil Aeronautics Board). With the exception of the last two sentences of the paragraph, Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them. The last two sentences of this paragraph are AA's characterizations of statements by the DOT; those statements are in writing and speak for themselves. Travelport denies AA's characterizations. Travelport also denies that the quoted statements accurately describe the relationship between Travelport and AA.

38. Travelport denies the allegations in the first sentence of this paragraph. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

39. Travelport denies the allegations in this paragraph.

40. Travelport admits that its GDSs enable travel agencies to among other things search for flights, fares, and availability on multiple airlines and review the search results in an integrated display. Travelport denies the remaining allegations in this paragraph.

41. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in the first three sentences of this paragraph, and therefore denies them. Travelport is also without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph to the extent they relate to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

42. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

- 6 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 8 of 77 PageID 2832

43. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph to the extent they relate to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

44. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph to the extent they relate to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

45. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

46. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

47. Travelport admits that a GDS that does not provide airline ticketing services for an airline like AA would be less valuable to consumers and thus to travel agents than a GDS that does provide AA airline tickets. Travelport denies that it is protected from significant harm by high switching costs and long-term contracts with travel agents. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

48. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself; Travelport denies AA's characterizations. Travelport further denies that the quoted language accurately describes the current relationship between GDSs, airlines, and travel agents, and also denies any remaining allegations in this paragraph.

- 7 -

#### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 9 of 77 PageID 2833

49. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself; Travelport denies AA's characterizations. Travelport further denies that the quoted language accurately describes the current relationship between GDSs, airlines, and travel agents, and also denies any remaining allegations in this paragraph.

50. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself; Travelport denies AA's characterizations. Travelport further denies that the quoted language accurately describes current GDS fees or GDS power, and also denies any remaining allegations in this paragraph.

51. Travelport denies that the booking fees AA pays to Travelport have increased over the last decade. Travelport also denies that it engaged in "anticompetitive conduct." Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

52. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

53. Travelport denies that Travelport and Sabre are not substitutes for one another. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

54. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

- 8 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 10 of 77 PageID 2834

55. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

56. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

57. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself; Travelport denies AA's characterizations.

58. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

59. The first four sentences of this paragraph are AA's characterizations of documents that are in writing and speak for themselves; Travelport denies AA's characterizations. Travelport also denies the allegations in the fifth sentence of this paragraph insofar as they relate to Travelport. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

60. Travelport admits that it has offered (and agreed) to lower its booking fees. Travelport denies that its contracts with airlines contain anticompetitive provisions and further denies that its booking fees are above competitive levels. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

61. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

- 9 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 11 of 77 PageID 2835

62. Travelport admits that various contracts with participating airlines have different termination dates. Travelport denies that it staggered these termination dates for the purpose of maximizing its bargaining leverage and denies that its termination dates in fact maximize its bargaining leverage. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

63. Travelport denies that GDSs have "dominance" in the distribution of airline inventory. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

64. The allegations in this paragraph are AA's characterizations of documents that are in writing and speak for themselves; Travelport denies AA's characterizations.

65. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself; Travelport denies AA's characterizations.

66. To the extent the allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

67. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

68. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

69. To the extent the allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

- 10 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 12 of 77 PageID 2836

70. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. To the extent the remaining allegations in this paragraph are AA's characterizations of contracts between Travelport and its travel agency subscribers, those contracts are in writing and speak for themselves; Travelport denies AA's characterizations. Travelport also denies the remaining allegations in this paragraph.

71. Travelport denies the allegations in this paragraph.

72. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre and other non-Travelport GDSs, and therefore denies them. To the extent the remaining allegations in this paragraph purport to describe Travelport's contracts with its travel agency subscribers, those contracts are in writing and speak for themselves; Travelport denies AA's characterizations. Travelport also denies the remaining allegations in this paragraph.

73. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

74. Travelport admits that its technology is able to aggregate information from a variety of sources; that its technology enables travel agents to easily and efficiently compare flights and fares on multiple airlines. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre or as to travel agencies, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

- 11 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 13 of 77 PageID 2837

75. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

76. Travelport admits that Orbitz and Travelport have a contract called the Subscriber Services Agreement ("SSA"), which is in writing and speaks for itself. The remaining allegations in this paragraph are AA's characterizations of the contract; Travelport denies AA's characterizations.

77. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself. Travelport denies AA's characterizations.

78. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself. Travelport denies AA's characterizations.

79. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself. Travelport denies AA's characterizations.

80. The allegations in the first sentence of this paragraph are AA's characterizations of documents that are in writing and speak for themselves. Travelport denies AA's characterizations. Travelport denies the remaining allegations in this paragraph.

81. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

82. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

83. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

- 12 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 14 of 77 PageID 2838

84. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

85. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

86. Travelport denies that it has engaged in exclusionary practices. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.



Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

88. To the extent the allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

89. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

90. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

91. Travelport admits that it terminated a third-party developer agreement with Farelogix on December 28, 2010. Travelport denies the remaining allegations in this paragraph.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 15 of 77 PageID 2839

92. Travelport admits that it offers front and back office management systems and that back office systems allow travel agencies to organize booking information in ways that facilitate operations such as billing, accounting, and recordkeeping. Travelport denies the remaining allegations in the first sentence of this paragraph. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

93. Travelport admits that MIRs generated by Travelport GDSs can be used with the Trams Back Office product. To the extent the remaining allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

94. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

95. Travelport denies that it has refused to deal with Farelogix or any other applications developer that is working with Farelogix. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

96. To the extent the allegations in this paragraph relate to public statements by Travelport, those statements are in writing and speak for themselves; Travelport denies AA's characterizations of them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

- 14 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 16 of 77 PageID 2840

97. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

98. To the extent the allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

99. Travelport denies the allegations in this paragraph.

100. Travelport denies that Travelport lacks the technology to facilitate the airlines' ability to sell their passengers customized ancillary services, but admits that Travelport cannot offer ancillary fare info to the extent that the airlines withhold that information. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

101. Travelport denies the allegations in the first sentence of this paragraph. The allegations in the second sentence of this paragraph are AA's characterizations of a document that is in writing and speaks for itself; Travelport denies AA's characterizations.

102. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

103. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself; Travelport denies AA's characterizations.

104. Travelport admits that it is a member of an organization called Open Allies for Airfare Transparency, that Sabre is a member of that organization as well, and that Travelport communicated with other members of that organization as part of organization activities. Travelport denies the remaining allegations in this paragraph.

- 15 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 17 of 77 PageID 2841

105. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

106. Travelport denies the allegations in the first two sentences of this paragraph. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

107. Travelport denies the allegations in the first sentence of this paragraph. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

108. Travelport admits that on November 1, 2010, AA informed Orbitz that it was terminating certain agreements between AA and Orbitz. To the extent the allegations in this paragraph are AA's characterizations of contracts between AA and Orbitz, those contracts are in writing and speak for themselves; Travelport denies AA's characterizations. Travelport denies the remaining allegations in this paragraph.

109. The allegations in this paragraph are AA's characterizations of contracts between AA and Orbitz that are in writing and speak for themselves; Travelport denies AA's characterizations.

110. Travelport admits that in 2006 a Travelport affiliate acquired an interest in Orbitz and that Travelport currently retains an approximate 48% equity interest in Orbitz. The remaining allegations in the first two sentences are denied. The last sentence of this paragraph is a legal conclusion that requires no response; to the extent a response is deemed required, Travelport denies the allegations in this sentence.

111. Travelport denies the allegations in this paragraph.

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 18 of 77 PageID 2842

112. Travelport admits that it has a contract with Orbitz, which is in writing and speaks for itself. Travelport denies AA's characterizations of that contract. Travelport admits that on November 1, 2010, American notified Orbitz that American was terminating its relationship with Orbitz. Travelport denies the remaining allegations in this paragraph.

113. Travelport denies the allegations in this paragraph.

114. Travelport admits that on November 1, 2010, it notified AA that it would increase the booking fees charged to AA for certain bookings made by travel agents outside the United States. Travelport denies the remaining allegations in this paragraph.

115. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

116. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

117. Travelport admits that AA introduced a "Booking Source Premium" for Travelport subscribers who booked AA flights from outside of the United States using a Travelport GDS. Travelport also admits the allegations in the last sentence of this paragraph. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

118. Travelport denies the allegations in the first five sentences of this paragraph. The allegations in the last sentence of this paragraph are AA's characterizations of a document that speaks for itself. Travelport denies AA's characterizations.

119. Travelport denies that it engaged in display bias. The remaining allegations in this paragraph are AA's characterizations of a statement by a different federal court, which is in writing and speaks for itself. Travelport denies AA's characterizations.

- 17 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 19 of 77 PageID 2843

120. Travelport admits that AA ultimately ceased to impose its Booking Source Premium. Travelport denies that it engaged in display bias. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

121. Travelport denies the allegations in this paragraph. Any agreements between Travelport and Orbitz are in writing and speak for themselves; Travelport denies AA's characterizations of these agreements.

122. Travelport denies the allegations in the first two sentences of this paragraph. The remaining allegations in this paragraph are AA's characterization of documents that are in writing and speak for themselves. Travelport denies AA's characterizations.

123. The allegations in this paragraph are AA's characterizations of a document that is in writing and speaks for itself. Travelport denies AA's characterizations.

124. Travelport denies entering into any agreement among horizontal competitors not to compete for customers, and also denies the remaining allegations in this paragraph.

125. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

126. To the extent the allegations in this paragraph relate to Travelport, Travelport denies them except that Travelport admits that in 2010 it had conversations with one or more travel agencies regarding AA. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

127. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

- 18 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 20 of 77 PageID 2844

128. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

129. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

130. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

131. Travelport admits that it met or spoke with certain of its travel agency subscribers about AA. To the extent the remaining allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

132. The allegations in this paragraph are Plaintiff's characterizations of documents that are in writing and speak for themselves. Travelport denies Plaintiff's characterizations to the extent they are inconsistent with the documents.

133. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

134. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

135. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

136. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 21 of 77 PageID 2845

137. To the extent the allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

138. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

139. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

140. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

141. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

142. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

143. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

144. Travelport admits, upon information and belief, that AA is a primary provider of non-stop service between two of its hubs, Chicago and Dallas. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

145. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

146. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

- 20 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 22 of 77 PageID 2846

147. To the extent the allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

148. Travelport denies that it engaged in unlawful conduct. To the extent the remaining allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

149. Travelport denies that it increased AA's booking fees in retaliation for AA's attempt to compete with GDSs. Travelport further denies that Travelport's booking fees are supracompetitive. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

150. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

151. Travelport denies that it engaged in anticompetitive conduct; denies that AA is paying monopoly prices for access to Travelport's GDSs; and denies that Travelport is blocking price competition among GDSs and/or other sources. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

152. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

- 21 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 23 of 77 PageID 2847

153. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegation that AA Direct Connect would lower AA's booking costs, and therefore denies that allegation. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

154. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

155. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre or other, unspecified airlines, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

156. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

157. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph relating to Sabre, and therefore denies them. Travelport denies the remaining allegations in this paragraph.

158. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required, Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

- 22 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 24 of 77 PageID 2848

159. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required, Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

160. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required, Travelport denies that it engaged in "anticompetitive exclusionary actions." Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

161. To the extent the allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

162. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required, Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

163. Travelport denies the allegations in this paragraph.

164. Travelport denies the allegations in this paragraph.

165. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required and to the extent the allegations in this paragraph relate to Travelport, Travelport denies them. Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph, and therefore denies them.

- 23 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 25 of 77 PageID 2849

166. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required, Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

167. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required, Travelport is without knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph, and therefore denies them.

168. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required, Travelport denies them.

169. This paragraph contains legal conclusions that do not require a response. To the extent a response is deemed required, Travelport denies the allegations in this paragraph.

170-172. These paragraphs do not make claims against Travelport and therefore do not require a response. To the extent a response is deemed required, Travelport denies these paragraphs.

173. Travelport incorporates by reference its answers to paragraphs 1 through 169 as if fully set forth herein.

174. Travelport denies the allegations in this paragraph.

175. Travelport denies the allegations in this paragraph.

176-190. Travelport has filed a Motion to Dismiss the Third, Fourth, Fifth, and Sixth Claims for Relief in Plaintiff's Second Amended Complaint and therefore is not required to provide an answer to paragraphs 176-90. To the extent a response is deemed required, Travelport denies these paragraphs.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 26 of 77 PageID 2850

190. Travelport admits that AA requests the relief specified in this paragraph but denies that AA is entitled to the relief requested.

191. Travelport admits that AA requests the relief specified in this paragraph but denies that AA is entitled to the relief requested.

192. Travelport admits that AA requests the relief specified in this paragraph but denies that AA is entitled to the relief requested.

193. Travelport admits that AA requests the relief specified in this paragraph but denies that AA is entitled to the relief requested.

194. Travelport admits that AA requests the relief specified in this paragraph but denies that AA is entitled to the relief requested.

195. Travelport admits that AA requests the relief specified in this paragraph but denies that AA is entitled to the relief requested.

\* \* \*

Travelport also denies all allegations in the headings.

## AFFIRMATIVE DEFENSES

In response to Plaintiff's Second Claim for Relief, Travelport asserts the following defenses without assuming any burden of proof that rests on Plaintiff as to any issue. Travelport also expressly reserves the right to plead additional defenses, including affirmative defenses, as appropriate as the case proceeds. Travelport further incorporates by reference the defenses asserted by any other Defendant.

# FIRST DEFENSE Failure to State a Claim

Plaintiff fails to state a claim upon which relief may be granted.

# **SECOND DEFENSE** Statute of Limitations

Plaintiff's claims are barred, in whole or in part, by the applicable statutes of limitations. Plaintiff's claims are based on alleged acts occurring outside the applicable statute of limitations periods, and there is no basis for tolling. Plaintiff knew or should have known of the basis for its claims at or around the time of the acts allegedly giving rise to them, but Plaintiff failed to file its claims within the applicable statutes of limitations.

## THIRD DEFENSE Lack of Antitrust Standing

Plaintiff's claims are barred, in whole or in part, because Plaintiff lacks antitrust standing.

# FOURTH DEFENSE Lack of Antitrust Injury

Plaintiff's claims are barred, in whole or in part, because Plaintiff has not suffered antitrust injury.

Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 28 of 77 PageID 2852

## FIFTH DEFENSE Laches

Plaintiff's claims are barred, in whole or in part, by the equitable doctrine of laches.

Plaintiff's claims are based on alleged acts occurring long ago, and there is no basis for tolling.

Plaintiff knew or should have known of the basis for its claims at or around the time of the acts

allegedly giving rise to them, but Plaintiff failed to timely file its claims.

## SIXTH DEFENSE Waiver/Estoppel

Plaintiff's claims are barred, in whole or in part, by the doctrines of waiver and estoppel.

## SEVENTH DEFENSE Unclean Hands/In Pari Delicto

Plaintiff's claims are barred, in whole or in part, by the doctrine of unclean hands and/or

in pari delicto.

# EIGHTH DEFENSE Failure to Mitigate Damages

Plaintiff's claims are barred, in whole or in part, because it failed to mitigate any alleged injury or damages.

## NINTH DEFENSE Speculative Damages

Plaintiff's claims are barred, in whole or in part, because its alleged damages, if any, are

too remote and/or speculative to allow recovery and because determining whether, or to what

extent, Plaintiff was damaged is impossible.

## TENTH DEFENSE Prohibition of Multiple Recoveries

Plaintiff's claims are barred, in whole or in part, because Plaintiff is prohibited from

receiving multiple recoveries or relief for the same alleged injury.

Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 29 of 77 PageID 2853

## ELEVENTH DEFENSE Due Process

Plaintiff's claims are barred, in whole or in part, because they subject Travelport to the

risk of unfair, excessive, multiple, or inconsistent obligations and deprive Travelport of due

process of law.

## TWELFTH DEFENSE Ratification Doctrine

Plaintiff's claims are barred, in whole or in part, by the doctrine of ratification.

## THIRTEENTH DEFENSE Res Judicata / Collateral Estoppel

Plaintiff's claims are barred, in whole or in part, by the principles of res judicata and/or collateral estoppel.

## FOURTEENTH DEFENSE Injunctive Relief Improper

Plaintiff's claims for injunctive relief are invalid and improper in that Plaintiff has failed to allege, and is incapable of demonstrating, irreparable harm and/or the absence of any adequate remedy at law.

## FIFTEENTH DEFENSE Noerr-Pennington Doctrine

Plaintiff's claims are barred, in whole or in part, by the Noerr-Pennington doctrine.

## SIXTEENTH DEFENSE Lack of Causation

Plaintiff's claims are barred, in whole or in part, because any injuries or damages that

Plaintiff may have suffered were caused solely and proximately by the acts and omissions of

others.

# **PRAYER FOR RELIEF**

WHEREFORE, Travelport respectfully requests as follows:

- (a) that Plaintiff's Second Amended Complaint be dismissed with prejudice;
- (b) that Travelport be awarded the costs, expenses, and disbursements which

it incurs in defending this action;

(c) that Travelport be awarded the attorneys' fees which it incurs in defending

this action; and

(d) that Travelport be awarded such further relief as this Court may deem just

and proper.

Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 31 of 77 PageID 2855

#### COUNTERCLAIMS

In support of its counterclaims against AA, Travelport alleges as follows:

### NATURE OF THE CLAIMS

1. AA is engaged in an ongoing anticompetitive scheme to reduce price transparency and competition in airline travel. AA has concluded that it cannot compete on the merits against other carriers, so has focused its attention on "fragmenting" the airline ticket and reducing the ability of travelers to compare prices across different airlines. AA's express purpose in doing so is to secure higher prices from travelers for air travel.

2. Travelport is one target of this scheme. To accomplish its anticompetitive ends, AA must eliminate companies like Travelport that facilitate price transparency and competition in the distribution of airline services. Because Travelport has proven technology that enables travelers and their travel agents efficiently to compare airfares across many airlines, Travelport forces AA to compete head-to-head for travelers with other airlines. But AA's high cost structure makes it difficult for AA to compete on a level playing field.

3. AA thus seeks to "change the model" by forcing travel agencies to replace Travelport's efficient and comprehensive multi-airline technology with AA's inefficient and fragmented single-airline technology, which it calls "AA Direct Connect," and by selectively withholding information about certain fares and certain additional fees AA charges above the base ticket price.

4. AA's Direct Connect product is not able to succeed in the market on the merits. Thus, AA has resorted to using its significant market power to force AA Direct Connect on travel agents. AA's goal is that travel agents will no longer be able to readily compare prices across airlines and thereby to make it difficult, less efficient, and more expensive, for travelers to identify and book the best available fares for their desired itineraries. AA intends for the

- 30 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 32 of 77 PageID 2856

resulting confusion and fragmentation in the marketplace to reduce price competition among airlines and allow AA to reap inflated profits at the expense of the traveling public. By reducing competition on the merits, AA seeks to maintain and extend its already formidable monopoly power over passenger travel between certain cities and to attain monopoly power over passenger travel between others.

5. Because AA's scheme is frustrated by companies that enable travelers to compare AA's fares to those of rival airlines, AA has engaged in exclusionary conduct in an attempt to prevent fare comparisons, including forcing travel agencies to use AA's inefficient and fragmented single-carrier AA Direct Connect technology, punishing travel agencies that choose to use Travelport's technology, and raising Travelport's costs by free-riding on Travelport investments in customer service and technology.

6. Travelport brings these counterclaims to stop, and to recover damages for, AA's anticompetitive scheme, and to preserve and restore competition in the distribution of airline services.

### PARTIES

7. Plaintiff Travelport Limited is a Bermuda corporation with its principal place of business located at 300 Galleria Parkway, N.W., Atlanta, Georgia 30339.

8. Plaintiff Travelport, LP is a Delaware limited partnership with its principal place of business located at 300 Galleria Parkway, N.W., Atlanta, Georgia 30339. Travelport, LP is an indirect wholly owned subsidiary of Travelport Limited.

9. Defendant American Airlines, Inc. is a Delaware corporation with its principal place of business located at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155.

- 31 -

## JURISDICTION AND VENUE

Travelport's claims against AA arise under Section2 of the Sherman Act, 15
 U.S.C. §§ 2, and Sections 4 and 6 of the Clayton Act, 15 U.S.C. §§ 15, 26.

Subject matter jurisdiction is proper under 28 U.S.C. §§ 1331, 1337(a) and 15
 U.S.C. § 4.

12. Venue is proper in this district and division under 15 U.S.C. § 22 and 28 U.S.C.§ 1391(b) and (c).

13. AA (a) resides in this judicial district and division, (b) transacts a substantial amount of business within this judicial district and division, (c) is subject to personal jurisdiction in this judicial district and division, (d) has appeared in this matter, and (e) has committed, and/or intends imminently to commit, acts in violation of the federal antitrust laws in this judicial district and division.

### **INTERSTATE COMMERCE**

14. AA is engaged in interstate commerce and in activities that substantially affect interstate and international commerce. At the end of 2010, AA and affiliated airlines provided scheduled jet service to approximately 250 destinations, including interstate flights within the United States and flights between the United States and international destinations.

## THE DISTRIBUTION OF AIRLINE PRODUCTS AND SERVICES – AN HISTORICAL OVERVIEW

15. AA has long distributed its inventory to consumers both directly and through travel agencies. Before the internet, airline tickets were sold primarily through brick-and-mortar travel agencies and over the phone. Airlines facilitated the distribution of airline services through travel agencies by developing global distribution systems ("GDSs"). AA, for example, created a GDS known as Sabre (Semi-Automatic Business Research Environment) and

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 34 of 77 PageID 2858

introduced it to travel agencies in the mid-1970s. The Amadeus GDS was founded by several foreign airlines. Travelport's GDSs, which operate using the trademarks Galileo, Apollo, and Worldspan, evolved from systems originally created by United, Delta, TWA, Northwest and certain European carriers.

16. Today, a GDS is a sophisticated computerized reservation system ("CRS") that facilitates the efficient aggregation and distribution of travel inventory to travel agencies and their customers. A GDS receives and aggregates travel-related content, including real-time information about schedules, fares, and availability, from travel suppliers like AA, and distributes that content electronically to travel agencies, which can search for and compare various itinerary and pricing options across multiple travel suppliers within seconds, and also book tickets through the GDS.

17. Travel agencies generally fall into three categories: (a) online travel agencies ("OTAs"), which are primarily in the business of operating websites that enable consumers to search for and compare the products and services of multiple travel suppliers and book the option that best serves their needs; (b) travel management companies ("TMCs"), which cater to corporate clients by negotiating and managing travel-related services and/or monitoring and analyzing travel expenditures, in addition to making travel arrangements (in-house corporate travel departments sometimes function as TMCs); and (c) other travel agencies, sometimes referred to as "traditional" or "brick and mortar" travel agencies, which vary widely in their business models and the types of customers they serve.

18. Although travel agencies can perform a variety of services, their core function is to help travelers identify and book the best available fares for their desired itineraries.

- 33 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 35 of 77 PageID 2859

19. All types of travel agencies, including the in-house corporate travel departments that function as TMCs, generally use one or more GDSs to search for, compare, and/or book airline tickets and other travel products and services.

20. GDSs, in turn, provide products and services demanded by travel agencies and also perform valuable services for airlines and consumers. For example, GDSs enable travel agencies and consumers to minimize the time and cost associated with searching for and booking a flight, comparison shop to ensure the best overall value proposition for a traveler's needs, and control and manage the cost of travel procurement. A travel agency, through a GDS, or a consumer, using an online travel agency that is powered by a GDS, can compare competing airlines' routes, schedules, fares, and availability; book the itinerary that best suits the needs of the customer; select seats; identify and book hotel, car rental, and other travel products and services; and more – all quickly and efficiently, with one convenient tool.

21. On a daily basis, GDSs communicate accounting data for millions of tickets to third-party payment processors so airlines and travel agencies can get paid for their products and services. GDSs also communicate with the "back-office" and "mid-office" IT systems used by travel agencies for accounting and customer service. Through GDSs, travel agencies issue tickets; perform changes, cancellations, and re-issues; ensure compliance with corporate travel policies; receive updates about airline schedule changes which can then be passed along to their customers; and transmit automated data to customer expense reporting systems.

22. GDSs provide travel suppliers like AA with broad, real-time, global access to the many travelers who value the services of travel agencies. Because the GDSs provide customer service for tickets booked through them and increase travel agencies' ability to provide customer service, they save airlines a substantial portion of customer service costs that the airlines would

- 34 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 36 of 77 PageID 2860

otherwise bear. Airlines also benefit from the GDSs' assembly of complementary travel products, such as flights, hotels, and rental cars, into common delivery channels.

23. The development of GDSs revolutionized the distribution of airline tickets. For the first time, travel agencies and airlines could process a large number of transactions quickly, efficiently, and reliably. Airlines were able to offer travel agents real-time access to fares and inventory, which reduced the need for expensive telephone calls from travel agencies to airline reservation offices. GDSs also improved the efficiency of travel agencies by enabling them to query one computerized system for flight options on multiple airlines, and to book tickets electronically, rather than manually. As an industry advocacy group AA supports has stated: "The GDS pioneers" – airlines like AA – "recognized that system centralization was the only way to deliver airline content to a massive base of travel agencies/consumers with a high degree of speed, efficiency, and processing power."

24. In addition, by bringing together in one place fares and other travel information from competing airlines, GDSs promoted competition, including price competition, among airlines. GDSs also promoted the entry of new carriers and the expansion of smaller carriers serving a route by bringing their offerings to the attention of travelers.

25. This price competition created a competitive threat to the large airlines that owned the GDSs. This threat led to competitive abuses, as GDS-owning airlines used their GDSs to disadvantage rivals in the marketplace. For example, airlines that owned GDSs engaged in "display bias," displaying the airline-owner's flights first even when other airlines offered travelers more direct service and/or lower fares. AA engaged in this practice when it owned Sabre. In 1983, Robert Crandall, then AA's President, told Congress: "The preferential display

- 35 -

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 37 of 77 PageID 2861

of our flights, and the corresponding increase in our market share, is the competitive *raison d'être* for having created the system in the first place."

26. In order to protect consumers from such abuses and promote competition among airlines on the merits, in 1984 the federal government adopted a series of regulations governing GDSs. Among other things, the regulations required GDSs to stop the practice of display bias.

27. In 1992, the U.S. Department of Transportation ("DOT") determined that government regulation of the GDS industry was still necessary. Without regulation, the DOT concluded, airline-owners could still use their control over GDSs to bias displays, mislead consumers, and distort airline competition.

28. By the early 2000s, however, the major U.S. airlines had sold their ownership interests in GDSs. Unlike airline-owned GDSs, independently owned GDSs had no incentive to favor any airline. This development was a major factor in the DOT's decision to deregulate the GDS industry in 2004.

29. Another major change was the introduction of internet-based booking processes. Starting in the mid- to late 1990s, many airlines, including AA, launched websites with booking tools that enabled consumers to search for and book tickets over the internet. These "supplier.com" websites generally connected consumers directly with an airline's own reservation system, bypassing GDSs. This development gave airlines significant leverage when negotiating with the newly independent GDSs.

30. OTAs also emerged in this same time period. Unlike the airlines' own websites, OTA websites enable consumers to compare the products and services of multiple travel suppliers and book the option that best serves their needs. Expedia, Orbitz, Priceline, and Travelocity are examples of OTAs.

- 36 -

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 38 of 77 PageID 2862

31. The emergence and growth of OTAs were fueled by GDSs. Like traditional travel agencies, OTAs generally utilize Travelport, Sabre, or a competing GDS to provide the user with schedule, fare, and other information as well as to complete bookings. Orbitz (under common control with Travelport) uses the Worldspan GDS. Travelocity (created and owned by Sabre) uses the Sabre GDS. By providing an online platform through which the general public can efficiently shop for fares themselves, and by offering pro-consumer features such as multi-airline itineraries and flexible date and alternate airport searches, GDS-powered OTAs dramatically enhanced transparency. The result of this increased fare transparency was to force airlines to compete more aggressively on price, resulting in benefits to consumers.

32. Airlines have recognized the consumer benefits of fare transparency and the ready ability to comparison shop provided by GDSs and OTAs. For example, in 2008, in testimony defending the Delta-Northwest merger before the Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights, Northwest's then-Chief Executive Officer ("CEO") stated:

Over the past several years, online sites such as Orbitz, Expedia, and Travelocity have been created to enable customers to compare airline offerings directly.... These tools have provided enormous benefits to consumers and have increased the pricecompetitiveness of the airline industry. In fact, there are few businesses in which there is as much pricing transparency.

33. AA likewise has acknowledged that the price comparisons GDSs facilitate lead to greater competition among airlines and lower prices for travelers. As Isabella Goren, AA's Chief Financial Officer ("CFO") and Senior Vice President, recently stated: "The intensity of [airline] competition has increased markedly since the advent of Internet-based marketing and reservations systems that resulted in complete price transparency to the consumer – making comparison shopping for the lowest fare extremely easy." AA's 2010 Annual Report also

acknowledges the consumer benefits of "pricing transparency resulting from the use of the

internet," citing it as a factor limiting AA's ability to charge higher prices.

### AA'S ANTICOMPETITIVE SCHEME

34. While consumers benefit when pricing transparency promotes airline competition

that keeps fares low, AA sees this same competition as a problem. As an industry advocacy

group AA supports has stated:

At the core of the problem is the fact that today's GDS systems still sell airline tickets using the same airline *productcommoditizing* technology and methodology as they did 20-plus years ago. This is not to say that there have not been any improvements in the last 20-plus years, but rather that all the improvements still focus on displaying flights based primarily on price and schedule.

35. Pricing is a key factor driving most travelers' purchasing decisions. On many

routes, AA faces little or no competition. But where it does face competition, AA knows, as recently stated by Goren, "that if [AA] does not match competitors' fares on a route, it will lose customers to the lower priced carrier." And even on the many routes where AA faces little or no competition, AA knows that having high priced fares encourages potential entry or expansion by competitors. AA has learned from experience, as articulated by Goren, "that having higher prices results in lower revenues, rather than higher revenues." Accordingly, pricing transparency tends to drive down airline pricing.

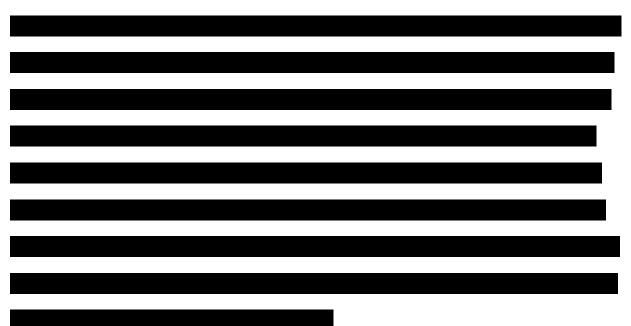
36. AA is at a particular disadvantage in competing on price, because AA is an inefficient competitor with the highest cost structure of any major U.S. airline. AA's largest costs are fuel and labor. High fuel prices impact AA more than other airlines, because AA's planes are generally older and less fuel-efficient than those of its major competitors. And AA's labor costs are the highest in the industry. AA was the only major U.S. airline to report an earnings loss in the first and second quarters of 2011. It was also the only major U.S. airline that

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 40 of 77 PageID 2864

did not turn a profit in 2010. From a cost standpoint, AA is not competitive with its peers. Because of its inefficiency, AA loses money quarter after quarter, while other, more efficient airlines make profits.

37. AA has thus devised and begun to implement an unlawful and anticompetitive scheme to solve what it sees as the "problem" of price transparency, insulate itself from competition, and raise prices to travelers. Through this scheme, AA seeks a return to the days of fragmented, airline-controlled distribution in which airline content was hidden and manipulated to make it more difficult for travelers to compare services and fares.

38. The elements, and purposes, of AA's scheme to "change the model" are starkly laid bare in its own internal strategy documents, which detail AA's plans to



39. AA's scheme, which has harmed and threatens to harm Travelport, other GDSs, travel agencies, and consumers, is anticompetitive in its purpose and effect. AA's conduct is intended to hinder the ability of GDSs, like Travelport, to facilitate efficient price comparisons across airlines. In place of the GDSs, AA offers AA Direct Connect, a product that does only a

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 41 of 77 PageID 2865

fraction of what GDSs do, imposes significant costs on travel agencies, and prevents travel agencies from performing their core function of identifying the best available fares. Yet, AA is using its considerable market power to impose its inferior AA Direct Connect product on travel agencies that would prefer, for a host of efficiency, cost, and other valid, pro-competitive reasons, to continue using GDSs.

40. AA's conduct also harms airline competition and, thus, consumers. Rather than competing to win travelers' business on the merits, by lowering fares or improving its services, AA aims to eliminate price transparency, prevent efficient comparison shopping, and make it difficult if not impossible for travelers to determine the airline that offers the best combination of price and service to suit their needs. As price transparency declines, so too will AA's incentives to offer competitive fares, leading to higher airline ticket prices. The reduced visibility of other airlines seeking to compete with AA will also make competitive entry more expensive and less likely.

#### THE EFFICIENCY-ENHANCING BENEFITS OF GDSs

41. GDSs are key to the efficient distribution of airline inventory to travel agencies and their customers. As AA recently stated in a federal court filing, to book tickets on an airline without using a GDS, a travel agent "would have to independently look up the flight, call the [airline], write the ticket manually, and complete the related accounting unassisted." Using a GDS, however, travel agencies (and consumers using GDS-powered OTAs) can search – within seconds – across multiple airlines for flights (including interline flights) meeting a traveler's specified criteria, book the selected itinerary, be assured of automatic updates about any flight or schedule changes, and account for the transaction quickly, efficiently, and seamlessly.

42. Unlike airlines, whose motivation is to make a sale at the highest possible price, GDSs have an incentive to provide the best possible fare options to their customers – including

- 40 -

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 42 of 77 PageID 2866

lowest available fare, best available itinerary, and interline (multi-airline) flight options. GDSs generally are not compensated based on the price of the tickets booked through them, but rather on the number of flight segments sold. Because one of the main benefits a GDS provides is efficient, real-time access to low fares, GDSs are highly motivated to develop features and functions that enable travel agencies and consumers to pinpoint quickly and efficiently, for example, the lowest available fares on a desired route.

43. Travelport invests a tremendous amount of money on the sophisticated infrastructure and technology required to deliver its broad ranging and high value travel services timely, accurately, and on a massive scale. Between 2008 and 2010, Travelport invested over \$175 million in product improvements and over \$24 million in technology and infrastructure. In 2010, Travelport operated across approximately 160 countries, providing travel distribution services to approximately 800 active travel suppliers and approximately 67,000 travel agencies, which in turn served millions of end consumers globally. Travelport's GDSs issued approximately 170 million tickets. With approximately six billion fares normally available at any one time, Travelport's GDSs executed an average of 77 million searches and processed up to 1.8 billion travel-related messages per day.

44. Travelport uses approximately 1,500 information technology professionals to maintain the reliability of its industry-leading technology platform and also to continuously improve and upgrade its systems and infrastructure to offer travel suppliers and travel agencies enhanced products, services, features, and functionality. Travelport is constantly working with its travel suppliers and travel agencies to provide new and innovative solutions. For example, Travelport has developed sales and marketing capabilities which allow travel suppliers flexibility in how they sell products or target special offers to particular traveler groups. Travelport also

- 41 -

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 43 of 77 PageID 2867

enables travel agencies to tailor product offers to end customers and provides a platform on which such products can be advertised and sold.

45. Travelport has provided these ever-increasing distribution services to airlines at ever-decreasing cost. Over the last five years, Travelport estimates that prices paid by U.S. airlines to Travelport have declined by 18% (24% on an inflation-adjusted basis). And AA has acknowledged that its domestic booking fees – the fees it pays to Travelport and other GDSs – fell 34% between 2005 and 2009.

#### AA DIRECT CONNECT REDUCES EFFICIENCY AND INCREASES COSTS

46. AA characterizes AA Direct Connect as "a direct link into AA's host reservation system for the facilitation of availability, shopping and pricing, booking, ticketing, and postticketing servicing transactions." AA Direct Connect is designed for travel agencies, not consumers, and as such is intended by AA to compete directly with GDSs.

47. But AA Direct Connect undercuts the tremendous one-stop shop efficiencies that led to the creation of GDSs by airlines in the first place. Because AA Direct Connect shows only AA's own fares, it cannot be used for price comparisons. It cannot be used to book tickets on competing carriers. It cannot be used to book tickets for a trip that requires flights on more than one carrier (<u>i.e.</u>, interline fares). Under AA Direct Connect, the comparisons travel agencies make every day to serve their customers' best interests – to match their preferred flight times and find the best routings and fares – are much more time-consuming and labor-intensive. For a travel agency to use multiple systems – AA Direct Connect to access and book AA products and services, and a GDS to access other suppliers' products and services – decreases efficiency and adds expense. If other airlines followed AA's lead, the inefficiencies would only multiply.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 44 of 77 PageID 2868

48. AA Direct Connect also increases travel agencies' technology costs. While GDSs use reliable, proven technologies that integrate seamlessly with travel agency mid- and back-office tools, online booking tools, and more, a travel agency would need to incur technology costs to link AA Direct Connect with these supplemental systems and processes. AA's internal analyses recognize that

49. In light of the facts that AA Direct Connect reduces efficiencies and increases costs, it is not surprising that travel agents do not want it. The vast majority of travel agencies and other potential AA Direct Connect customers prefer GDSs to AA Direct Connect. AA Direct Connect's unproven and inefficient technology has simply not been welcomed by the marketplace on its own merits, while GDSs' – including Travelport GDSs' – technology and broad offering of services continue to be highly valued and preferred by travel agents around the country.

50. The American Society of Travel Agents ("ASTA"), which is the world's largest association of travel agents, has warned that AA Direct Connect "threatens to produce expensive and complex 'de-integration' of efficient information flows that have benefited consumers of air travel for decades."

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 45 of 77 PageID 2869

51. Similarly, the National Business Travel Association ("NBTA"), now known as the Global Business Travel Association ("GBTA"), has cautioned: "Business travel buyers will ultimately foot the bill for marketplace fragmentation caused by airline initiatives that push the travel distribution marketplace in the wrong direction – away from transparency and competitiveness toward confusion and higher costs." The NBTA surveyed its membership and issued a press release on January 28, 2011, confirming that they were solidly opposed to AA's efforts:

A new survey of 244 business travel buyers released today by the National Business Travel Association (NBTA) Foundation has revealed that a vast majority of respondents (89%) expect an increase in travel costs if the airline industry moves to a "Direct Connect" model that bypasses the existing travel distribution system. Almost three-quarters (72%) believe a shift to a Direct Connect-type system would have a negative impact on the business travel industry, and over half (59%) of travel managers said they would be "very concerned" if other airlines pursue similar distribution strategies.

NBTA's Executive Director concluded: "Business travel buyers have spoken and they overwhelmingly indicate that the 'direct connect' approach for airfare distribution is a pricey strategy that will result in higher costs for companies and negatively impact the business travel industry as a whole."

52. Another trade association, the Business Travel Coalition ("BTC"), which represents corporate officials responsible for travel procurement, has stated: "Single-supplier direct connect proposals, like the one advanced by American Airlines, can cause massive fragmentation of airfares and ancillary fees depriving consumers of the ability to compare the total cost of air travel options across all airlines." According to BTC's Chairman:

> From what I hear in the marketplace, direct connect falls short of what travel managers want and need. They need the ability to comparison shop in whatever purchasing environment they choose to use, which means they are not willing to abandon well

established channels in favor of direct connect, especially if it increases costs....

It is corporate hubris in the extreme to think TMCs and travel managers would embrace radical change, and what by all accounts is an incomplete solution, that is unproven in the marketplace and carries with it all manner of implementation, operational and financial risks....

.... [T]here would likely be little debate about direct connect, and probably no antitrust lawsuits in the U.S. right now, if the solution were wind-tunnel-tested and found to be better, cheaper, faster for all industry participants instead of beneficial for an airline or two and some start-up technology vendors.

BTC surveyed corporate travel managers and concluded that "what American Airlines is selling,

nobody in the downstream distribution chain, to BTC's knowledge, is saying they want." Survey

results showed that 98% did not support AA's Direct Connect strategy and 94% felt that access

to an airline's full flight and fare information was either indispensably important or very

important for their corporate managed travel programs.

53. As a result of AA Direct Connect's inefficiencies, consumers will be harmed. As

AA's internal documents have stated:

### AA'S ANTICOMPETITIVE, DECEPTIVE, AND EXCLUSIONARY ACTS AND PRACTICES

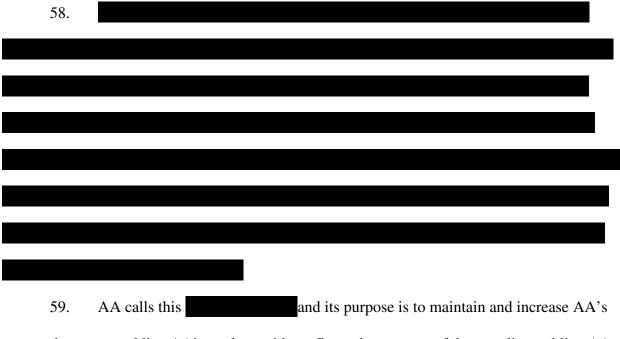
54. As noted above, AA is engaged in a scheme to distort and diminish competition through a series of steps.

55. AA's internal strategy documents reveal that a key part of its scheme is to

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 47 of 77 PageID 2871

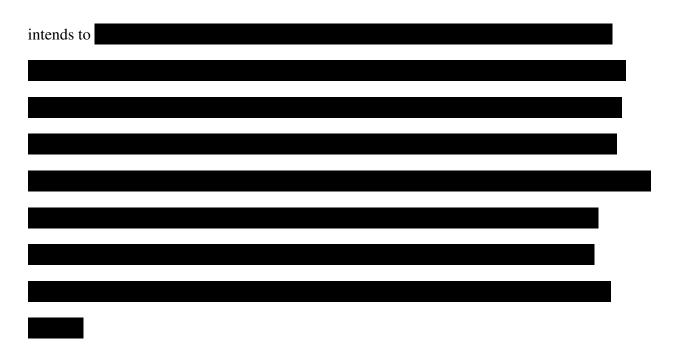
56. AA's documents lay out its plans to

57. But AA's Direct Connect technology, even when supplemented by third-party software applications, does not have the ability to perform many of the functions that GDSs perform for travel agencies. Unable to develop a true GDS bypass, AA expects travel agencies to continue using Travelport and other GDSs for many of the travel agencies' core tasks, while booking AA flights only on AA Direct Connect so that AA does not have to pay Travelport a booking fee. For example, Priceline, a major OTA that has signed an AA Direct Connect agreement, continues to use Travelport for a number of critical tasks, including fare comparisons and complex ticketing that AA Direct Connect cannot process. This free-riding by AA on Travelport's technology imposes significant costs on Travelport for which AA provides no compensation.



monopoly power and line AA's pockets with profits at the expense of the traveling public. AA

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 48 of 77 PageID 2872



60. "Merchandising" – including charging travelers for things they used to get for free

like checked baggage and in-flight meals – is another key component of AA's strategy to fill its

own pockets at the expense of the traveling public. As Gerard Arpey, then AA's Chairman and

Chief Executive Officer, explained in an earnings call:

[T]he real leverage in what we are attempting to do here is to become much more aggressive and in control of our ability to merchandise. I think that when you think about the business in the long run, it is an industry where virtually every company has either been bankrupt once, some more than once. And I think the track record would indicate that it's an industry that needs to find ways to generate more revenue. And we believe that probably the most aggressive vehicle for doing that is through the merchandising efforts that we have, in fact, led. Some of them have been controversial, including charging for checked baggage. But I do believe that, that ability is going to be a way to drive significantly more revenue in the long run.

Isabella Goren, AA's Chief Financial Officer and Senior Vice President, added: "the reality is

we're taking quite a significant leadership position in changing how the industry presents its

products and services with respect to generating additional revenue."

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 49 of 77 PageID 2873

61. In furtherance of its scheme, and as described below, AA has already engaged in a variety of anticompetitive, deceptive, and exclusionary acts, and threatens to engage in others.

#### A. WITHHOLDING ANCILLARY FARE CONTENT FROM TRAVELPORT AND OTHER GDSs

62. As part of its anticompetitive scheme, AA has discontinued its longstanding and profitable practice of providing its full flight and fare information ("Complete Fare Information") for use on Travelport's GDSs.

63. Airlines like AA benefit in at least two ways from the broad dissemination of their Complete Fare Information to GDSs. First, an airline that provides Complete Fare Information to GDSs can dramatically lower its distribution costs. GDSs are willing to accept significantly lower booking fees from airlines in exchange for the ability to guarantee subscribing travel agencies that they can access airlines' Complete Fare Information through the GDS. As AA has put it: "For GDSs, full content agreements mean lower revenues in segment fees." Travel agencies are likewise willing to accept lower compensation from airlines and GDSs in exchange for access to Complete Fare Information. Having access to Complete Fare Information through a GDS greatly improves a travel agency's efficiency and competitiveness. Without such information, a travel agency cannot quickly and efficiently assure its customer that he or she is paying the lowest available fare for the desired itinerary.

64. Second, an airline that withholds Complete Fare Information from GDSs misses opportunities to generate revenue. Because different travelers prefer to shop for and purchase tickets for air travel in different ways, broad dissemination of an airline's inventory can increase sales.

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 50 of 77 PageID 2874

65. Historically, AA has generally provided its Complete Fare Information to GDSs, except for a brief period of time when AA introduced discounted "web fares" and at first refused to give them to GDSs.

66. Recently, AA has again started to withhold Complete Fare Information from GDSs, including Travelport. For example, AA is withholding information about various fees for ancillary services, many of which were previously included in the base fare – e.g. charges for a first or second checked bag, early boarding, seat selection, meals, and/or in-flight entertainment ("Add-On Fares").

67. The purpose of Add-On Fares is to supplement airline revenues. A 2010 government study concluded that airline revenues from baggage fees and reservation change and cancellation fees alone, as a percentage of operating revenues, more than *quadrupled* between 2007 and 2009, and were continuing to grow even more. "In calendar years 2008 and 2009," the study found, "airlines collected nearly \$3.9 billion in baggage fees and over \$4 billion in reservation change and cancellation fees." In the first quarter of 2010, these same fees were up 13 percent over the corresponding quarter in 2009.

68. While "merchandising" – the selling of Add-On Fares – is now an important part of AA's revenue-generating strategy, AA has deliberately withheld information about most Add-On Fares from GDSs. AA withholds such information in part to disadvantage GDSs in competing for travel agencies, but primarily to make it more difficult for travelers to compare

- 49 -

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 51 of 77 PageID 2875

AA fares to those of other airlines on a full-cost basis. "As a result," according to an independent government study, "customers using online travel agencies and traditional or corporate travel agents, which together sell 60 percent of all airline tickets, cannot readily obtain and compare information on complete trip prices that include both the fare and selected service fees." Because most Add-On Fares are not available through GDSs, travel agents and customers can obtain information about and book such fares only from individual airlines, either through their websites or by otherwise contacting them directly – an inefficient and cumbersome process. In making it "impossible for customers using online travel agencies or for travel agencies using a GDS to select or make payment for optional services at the time of booking," AA among other things reduces travel agencies' efficiency, increases its own costs of selling Add-On Fares, and makes it difficult for corporate customers to track payments and ensure compliance with corporate travel policies.

69. Consumers are harmed by AA's conduct. Travelers who purchase a ticket without full knowledge of the applicable Add-On Fares cannot determine the best available fares for their desired itineraries. In addition, once a traveler purchases the base fare, the traveler becomes captive to the airline for ancillary services and cannot turn to alternative suppliers. Because many ancillary services are not really "ancillary" but are essential services that the airlines used to provide for free – such as ensuring that the traveler's bags fly with the traveler and are not left at the airport – the captive traveler must pay whatever the airline asks. As the Consumer Travel Alliance, Consumer Federation of America, National Consumers League, and European Consumer's Federation explained in a September 20, 2010 letter to the U.S. Department of Transportation:

Hidden fees are a violation of a traveler's most basic right: to know how much they will have to pay for their trip. When two out of every three air travelers say they have been surprised by hidden fees at the airport, you know the current system is broken and needs to be fixed. Airlines should have to share their fees with every traveler, through every ticketing channel in which they participate, to every point of sale. With the airline world of fees so complex with so many variations on each fee, this is the only way consumers can compare prices on the total cost of travel.

The airlines have every right to make a fair profit and set fares and fees that allow them to do so. But they have no right to try to hide those prices from their customers.

70. Travelport is likewise harmed by AA's conduct. AA has acknowledged that "a GDS with access to ancillary fee content could provide a better product to its customers." And a trade group AA supports has stated: "There is no question that travel agencies and their customers need access to the same types of airline optional services and products as are available on airline websites."

71. Travelport and, on information and belief, other GDSs have the technology and capability to distribute AA's Add-On Fares and have expressed to AA their desire and willingness to do so. Indeed, Travelport already merchandises optional services for four major airlines, and AA's director of distribution strategy, Cory Garner, has stated: "I do believe Travelport is capable of delivering the products. Technology is not the issue here."

72. Because airlines compensate GDSs through per-segment booking fees, providing Add-On Fares to GDSs would not necessarily result in any additional cost to AA. But AA nevertheless has persisted in withholding that content from GDSs. Its purpose in doing so is to make GDSs less attractive as a means of booking travel; to obscure the true all-in cost of AA's airline tickets, making comparison shopping more difficult, costly and time-consuming; and to raise prices to the traveling consumer. In the absence of these anticompetitive effects, withholding Add-On Fares from Travelport and other GDSs would merely reduce AA's revenue and increase its distribution costs. AA thus sacrifices profits in order to harm competitors and

- 51 -

consumers. This substantial change in AA's conduct is explainable only by AA's anticompetitive scheme.

### B. THREATENING TO DENY TRAVELPORT ACCESS TO EVEN MORE OF AA'S COMPLETE FARE INFORMATION WHEN CURRENT CONTRACTS EXPIRE

73. Travelport executed contracts with AA in 2006 that provide AA with significant

discounts on booking fees in exchange for providing Travelport with access to AA Complete

Fare Information. Those contracts were scheduled to expire in 2011, but have been extended

through March 2012.

74.				

### C. REFUSING TO DEAL WITH TRAVEL AGENCIES UNLESS THEY AGREE TO USE AA DIRECT CONNECT

75. As a further part of its scheme, AA is refusing to deal with travel agencies unless

they agree to abandon Travelport and other GDSs and use AA's proprietary AA Direct Connect

technology exclusively for issuing tickets on AA flights.

76. Presentations prepared by an AA consultant in October 2010 concluded that

Le Normania 2010 Orbit
. In November 2010, Orbitz

announced that AA had threatened to withdraw its content – all AA fares and schedules – from Orbitz unless Orbitz agreed to use AA Direct Connect.

77. On December 21, 2010, AA followed through on its threat, withdrawing its fares from Orbitz and terminating Orbitz's right to issue any tickets on AA's flights.

78. As a result, Orbitz was unable to display AA content or book AA flights through its website.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 55 of 77 PageID 2879

79. Orbitz lost nearly half of its market capitalization immediately after AA terminated Orbitz's ticketing authority.

80. AA's conduct harmed not only Orbitz but also Travelport, which among other things lost booking fees.

### D. REFUSING ACCESS TO AA'S COMPLETE FARE INFORMATION UNLESS TRAVEL AGENCIES AGREE TO USE AA DIRECT CONNECT

81. AA is also using control over AA Complete Fare Information to force travel agencies to use AA Direct Connect despite the fact that travel agencies oppose AA Direct Connect because they recognize that it will reduce efficiency, increase costs, and harm consumers.

82. AA's control over its Complete Fare Information gives AA significant leverage in obtaining concessions from travel agencies and GDSs. As a practical matter, AA controls access to a large, discrete, and critical set of routes, including travel between a number of key business centers, travel to and from important leisure destinations, and most flights out of Dallas/Fort Worth and Miami.

83. From the standpoint of travel agencies and GDSs, Complete Fare Information from other airlines is not a ready substitute for AA Complete Fare Information. Given the size and scope of AA's route network, and its dominance over certain cities and routes, including important business and leisure routes, travel agencies and GDSs cannot substitute another airlines' Complete Fare Information for AA's Complete Fare Information because the other airline's travel inventory would not give travel agencies or GDSs access to the fares in the routes that AA dominates.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 56 of 77 PageID 2880

84. In addition, because a travel agency's core function is to find the best available fares for its customers' desired itineraries, a travel agency must have access to Complete Fare Information from *each* major airline to remain competitive with other travel agencies. To be viable, most travel agencies must have access to AA Complete Fare Information in addition to having Complete Fare Information from other airlines. This fact is evidenced by the fact that Orbitz lost half of its market capitalization almost immediately following AA's punitive termination of Orbitz's ticketing authority for refusing to accept the inferior AA Direct Connect product.

85. Derivatively, when competing for travel agencies, GDSs must have access to Complete Fare Information from each major airline to remain competitive with other GDSs and other companies that provide technology for booking passenger air travel ("Booking Technology"). Travelport's value proposition would be significantly diminished by losing access to the Complete Fare Information of an airline the size of AA. As the U.S. Department of Justice has stated: "Where an airline has significant market share, . . . its participation in a CRS is critical to make that CRS attractive to travel agents. Without that airline's participation, the CRS would have great difficulty convincing travel agents to subscribe to that system." That a Booking Technology provider needs access to Complete Fare Information from each major airline to be competitive is evidenced by travel agencies' widespread rejection of AA Direct Connect, which contains, at most, only AA's Complete Fare Information.

86. AA is the only source of its Complete Fare Information, and therefore has significant bargaining leverage in negotiating with travel agencies and GDSs.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 57 of 77 PageID 2881

87. The importance to GDSs of having access to AA Complete Fare Information is further evidenced by the fact that Travelport has not been able to discontinue using AA despite AA's anticompetitive conduct intended to harm Travelport and its subscribers. Travelport has not been able to allow its agreements with AA to expire but has extended them despite the losses AA inflicted when terminating the ticketing authority of Travelport's sister corporation Orbitz and despite the significant costs AA has imposed on Travelport through its *in terrorem* lawsuit.

88. The importance to travel agencies of having access to AA Complete Fare Information is evidenced by the fact that travel agencies that preferred to use GDSs and that were vocal opponents of AA Direct Connect had no choice but to capitulate when AA threatened to deny the travel agencies access to AA Complete Fare Information.

89. Presentations prepared by an AA consultant in the summer of 2010 confirmed that

90. So instead of a carrot, AA used a stick. Unable to convince travel agencies to accept AA Direct Connect based on its own merits, AA devised a plan to exploit its power as one of the world's largest airlines, with dominance over many routes, in order to *force* travel agencies to use AA Direct Connect.

By threatening to withhold content, AA

reasoned, it could impose AA Direct Connect on travel agencies that did not want it.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 58 of 77 PageID 2882

91. AA declared that AA Direct Connect will ultimately be the only way for travel agencies to book its flights. In January 2011, the Wall Street Journal reported, based on an interview with AA senior executive Cory Garner, that "American remains committed to a wholesale shake-up of its distribution strategy *by requiring* all external sellers to access its fares and schedules through a direct electronic link rather than through the global distribution systems, or GDS . . . ." (emphasis added). Mr. Garner stated: "Ultimately we will see all travel agency volume going through Direct Connect." AA has conveyed this same message to travel agencies, warning them in a PowerPoint presentation that "agencies not on direct connect" will "not be able to guarantee access and provide optional services."

92. To show travel agencies it was serious, AA decided to make an example of Orbitz by terminating its ticketing authority as described above. Singling out Orbitz had the effect AA wanted: travel agencies that previously refused to use AA Direct Connect began agreeing to do so.

93. In January 2011, AA announced that Priceline had agreed to use AA Direct Connect and would begin doing so "in the near future." Upon information and belief, Priceline has indicated that AA Direct Connect is inefficient and that Priceline would prefer not to use it. But Priceline nevertheless was forced to use AA Direct Connect in order to get access to critical AA fare information. Ryan Mikolasik, an AA spokesman, confirmed that because Priceline is now using AA Direct Connect, it has access to AA's Complete Fare Information: "Priceline has access to our full content through direct connect (fares, schedules, as well as ancillary products, including the Your Choice Boarding and Flexibility package we launched last year)."

- 57 -

94. Another major OTA, Expedia, publicly voiced its opposition to AA Direct

Connect in January 2011:

American Airlines is attempting to introduce a new direct connect model that will result in higher costs and reduced transparency for consumers, making it difficult to compare American Airlines' ticket prices and options with offerings by other airlines. American Airlines' direct connect model is of questionable, if any, benefit to travelers, would be costly to build and maintain and would compromise travel agents' ability to provide travelers with the best selection.

As a result, the sale of American Airlines flights on our website has been suspended. We remain open to doing business with American Airlines on terms that are satisfactory to Expedia and do not compromise our ability to provide consumers with the products and services they need.

Three months later, however, Expedia, the largest OTA in the world, was forced to capitulate to

AA: on April 4, 2011, AA and Expedia issued a joint press release announcing that the two

companies were resuming their business relationship and that Expedia "plans to access

American's fares, schedules, and customized travel products and services via American's direct

connect link by using aggregation technology provided by a GDS." This type of agreement,

which AA calls a

95. AA has also forced

On

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 60 of 77 PageID 2884

August 18, 2011, AA and Amex GBT announced that they had reached an "agree[ment] in principle to explore a long-term arrangement" in which Amex GBT "would receive guaranteed direct long-term access to AA's fares, schedules, and customized travel products and services via AA's direct connect link through aggregation technology for such content provided by one or more global distribution systems (GDSs)." AA also announced a similar agreement with Hogg Robinson Group, another major TMC.

96. Internal AA documents confirm

97. There is no technological reason why AA must provide its Complete Fare Information, including Add-On Fares, only through AA Direct Connect. As noted above, Travelport has made clear to AA that Travelport is fully able to support the distribution of Complete Fare Information, including Add-on Fares, to travel agencies.

98. Other GDSs are likewise capable of distributing AA's Complete Fare Information, including Add-On Fares. A recent government report states that "Sabre has developed a merchandising product that enables the consumer to comparison shop fares, including selections of optional services," and that Amadeus has a similar product.

99. In a letter recently published in *The Beat* (a travel business newsletter), Jim Young, executive director of Open Axis (a trade group formed by AA and five other major domestic airlines), acknowledged: "I think we all know that both the global distribution systems and direct connect channels (either with or without the GDSs included in the transaction path)

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 61 of 77 PageID 2885

are more than capable of technically handling the complexities of airlines product distribution now and going forward."

100. AA's use of its content to force travel agencies to use AA Direct Connect harms not only Travelport and other GDSs but also competition and consumers. AA Direct Connect is not a better product, nor is it offered at a better price. It will only have negative effects on travel agencies' efficiency and cause them to incur additional costs. AA is using its power and leverage over its Complete Fare Information to coerce travel agencies to accept AA Direct Connect when they would prefer to continue using their GDSs. In this way, travel agencies are forced to forego their free choice between competing products. In the process, the traveling public is also harmed by the lack of transparency in fares, the increased costs of being able to compare fares across multiple airlines, and the higher fares and fees that result.

### E. OTHER AA EFFORTS TO BLOCK FARE COMPARISONS

101. In 2011, Google acquired ITA Software, a leading provider of flight search functionality, including for certain OTAs and travel meta-search engines like Kayak, TripAdvisor, and Bing Travel.

102. Meta-search engines enable consumers to search for flights across multiple airlines and OTAs simultaneously but do not offer booking services. When a consumer on a meta-search travel site enters a flight query, the meta-search engine provides a set of flight options, and for each option a set of links to various airline and/or OTA websites. To purchase a ticket, the consumer must click a link to an airline or OTA website. Meta-search engines thus compete with OTAs in the provision of comparative flight search services to consumers, but do not compete with OTAs, other travel agents, or airlines in the provision of booking services to consumers.

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 62 of 77 PageID 2886

103. Shortly after its acquisition of ITA, Google launched a new meta-search product called Flight Search.

104. For bookings, Flight Search provided links only to airline websites, including AA.com, and not to any OTAs.

105. The reason Flight Search excluded links to OTAs from its search results is that AA refused to provide content to Google Flight Search if Flight Search offered links to OTAs. In introducing its Flight Search product, Google said: "Google needs to honor the airlines" distribution decisions. It has long been known in the industry that the control of pricing data and distribution of the same by airlines is tightly held. That means that we can only show airlines in the booking links."

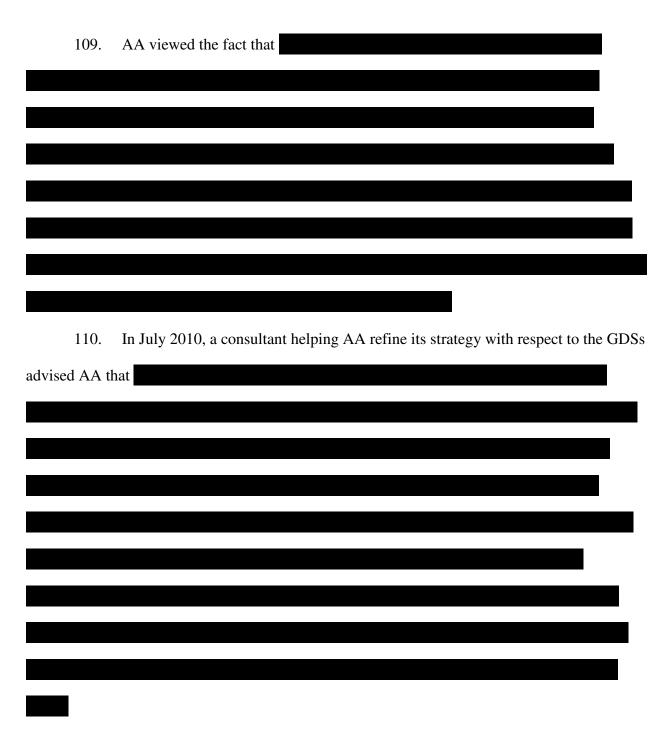
106. Jeremy Wertheimer, Google's vice president for travel, recently expanded on this point, stating unequivocally: "our airline partners were very clear – as we discussed with them this year – that they were not interested in participating if we provided links to OTAs."

107. AA's conduct with respect to Google represents yet another instance of AA taking steps to undermine price transparency and reduce consumer choice. AA is ensuring that consumers will see only the fares AA wants them to see, and not the potentially lower fares available through other booking sources such as OTAs. AA also hopes to weaken OTAs who force airlines to compete aggressively on price.

### F. AA'S COORDINATION WITH OTHER AIRLINES

108. Through private meetings and public statements, as well as through airline industry organizations, AA has enlisted other airlines in its anticompetitive scheme and coordinated its actions with these airlines.

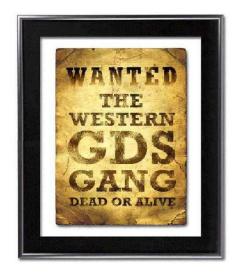
Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 63 of 77 PageID 2887



111. AA also used various industry organizations to promote its anticompetitive goals and secure other airline support. For example, during the June 6-10, 2010 meeting of the International Air Transportation Association ("IATA"), an airline trade association on whose Board of Governors AA's CEO sat, IATA's Director General lamented that there is too much

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 64 of 77 PageID 2888

airline capacity, that the industry contains too many competitors, and that barriers to entry into the airline business are too low – clearly implying that the group should take action to fix these "problems." Addressing the attendees, who on information and belief, included representatives of AA and other major airlines, the Director General attacked various regulators and other travel industry stakeholders who in his view contributed to the industry's problems, suggesting that they deserved to be on a "Wall of Shame." He called for action against the GDSs in particular with the following graphic:



112. In July 2010, AA and several other major airlines, together with the Airline Tariff Publishing Company ("ATPCo") – which AA has described as "the world leader in the collection and distribution of fare and fare-related data for the airline industry" – formed the "Open AXIS Group." While the Open AXIS Group's website bills it as simply a standardsetting body to promote the use of XML technology, its real purpose is "to advance the Direct Connect Movement around the world." The Open AXIS Group's aims are evident from a November 2010 white paper in which it bemoaned the problem of "product commoditization":

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 65 of 77 PageID 2889

The current system limits airline competitive differentiation largely to "schedule and price." As such, the airline product becomes fully commoditized, forcing the airlines to continually compete on price alone.

Price competition among airlines – which leads to lower prices for consumers – is "bad," the white paper concluded. It is thus clear that the Open AXIS Group has served as a forum for competing airlines to discuss ways to avoid competition on the basis of price.

113. AA also participates with other airlines in a number of other industry organizations, such as Take Travel Forward, through which it has worked to build an industry consensus for its distribution strategy.

#### **RELEVANT MARKETS AND MARKET POWER**

#### Non-Stop Passenger Air Travel Between AA Dominant City Pairs

114. The provision of non-stop passenger air travel between each city pair in Exhibit A (the "AA Dominant City Pairs") are relevant markets. Empirical studies of the airline industry support a city-pair approach to market definition.

115. There are no reasonable substitutes for air travel between two cities (for example, travel from Boston to Miami is not a substitute for travel from Chicago to Dallas). Moreover, even as between two cities, direct service is a different market than connecting service, as travelers will pay significantly more for direct service. For example, a non-stop ticket between LaGuardia Airport in New York City and Dallas/Fort Worth International Airport ("DFW") on average costs roughly 2.4 times more than a ticket for connecting service.

116. AA is one of the largest airlines in the United States. Together with affiliated airlines doing business as American Eagle and AmericanConnection, AA serves more than 250 cities with, on average, 3,400 daily flights. The vast majority of its flights are between points in the U.S. or points in the U.S. and international destinations.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 66 of 77 PageID 2890

117. AA has monopoly power over non-stop passenger air travel between each AA Dominant City Pair in Exhibit A. In 2010, AA had a greater than 70% share of the non-stop seat capacity for travel between the cities in each city pair. AA had a 100% share of non-stop domestic flights between 460 domestic city pairs and 160 domestic-international city pairs, and AA had a 70% to 99% share of non-stop seat capacity on flights between 130 domestic city pairs and 59 domestic-international city pairs. These shares are conservative because they assume that airports servicing the same city (such as Love Field and DFW) are reasonable substitutes even though for a substantial number of travelers they are not.

118. AA's route network has hubs in important business centers, including Dallas/Fort Worth, Chicago, New York, Miami, and Los Angeles. AA dominates non-stop flights between several of these hubs and other major cities that are key business centers. For example, in 2010, AA controlled 70% or more of the non-stop seats on flights between the following city pairs, among others:

- a. Boston and Dallas/Fort Worth;
- b. Boston and Miami;
- c. New York City and Dallas/Fort Worth;
- d. Miami and Dallas/Fort Worth;
- e. Chicago and Dallas/Fort Worth;
- f. Chicago and Miami;
- g. Los Angeles and Miami;
- h. San Francisco and Dallas/Fort Worth;
- i. Washington, D.C. and Dallas/Fort Worth;
- j. Washington, D.C. and Miami; and
- k. Dallas/Fort Worth and Tokyo.

### Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 67 of 77 PageID 2891

119. At certain of its hubs, AA dominates not only particular routes but also passenger air travel generally. For example, in 2010 AA accounted for roughly 86% of all seats originating from DFW. AA also accounted for roughly 74% of all seats, and roughly 55% of all passengers, originating from DFW and Love Field combined. In addition, AA accounted for roughly 70% of all seats, and roughly 51% of all passengers, originating from Miami International Airport ("MIA").

120. AA also controls flights from the United States to various Caribbean markets. AA provides the only flight options for travel between many U.S. cities and destinations within the Caribbean. In 2010 AA accounted for 100% of non-stop flights on 44 different routes between cities in the United States and the Caribbean, and 70% to 99% of non-stop seat capacity on another 27 such routes.

121. AA's market power is strengthened still further by its frequent flyer program. Travelers in areas dominated by a carrier – such as AA in Dallas/Fort Worth or Miami – tend to accumulate "points" or "miles" in that carrier's frequent flyer program. Frequent flyer programs encourage customer loyalty (i.e., the use of a particular carrier even when a competing carrier has a lower fare or otherwise has a more competitive alternative) by offering free tickets and highly coveted benefits—such as complimentary seat upgrades, priority check-in service, and priority boarding, among others—for meeting certain flight mile benchmarks. AA's AAdvantage frequent flyer program is the largest in the world and, even more than other such programs, creates a barrier to competitive entry which enhances AA's market power.

122. AA's participation with other airlines in the **one**world® alliance deepens and extends its power. As AA has stated:

AA is . . . a founding member of **one**world® alliance, which enables member airlines to offer their customers more services and

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 68 of 77 PageID 2892

benefits than any member airline can provide individually. These services include a broader route network, opportunities to earn and redeem frequent flyer miles across the combined **one**world network and more airport lounges. Together, **one**world members serve 750 destinations in approximately 150 countries, with about 8,500 daily departures.

123. There are significant barriers to entry for each AA Dominant City Pair, including the need for equipment, an FAA license, gates at the relevant airports, consumer reputation, and a viable frequent flyer program. An airline with a monopoly in any of these city pairs therefore could charge a monopoly price for travel between the two cities in the pair.

#### Non-Stop Passenger Air Travel Between AA Near-Dominant City Pairs

124. The provision of non-stop passenger air travel between each city pair in Exhibit B (the "AA Near-Dominant City Pairs") are relevant markets.

125. AA has substantial market power, approaching monopoly power, over non-stop passenger air travel between each AA Near-Dominant City Pair in Exhibit B. AA has between 40% and 70% share of the non-stop seat capacity for travel between the cities in each city pair.

126. There are significant barriers to entry for each AA Near-Dominant City Pair, including the need for equipment, an FAA license, gates at the relevant airports, consumer reputation, and a viable frequent flyer program. An airline with a monopoly in any of these city pairs therefore could charge a monopoly price for travel between the two cities in the pair.

#### HARM TO COMPETITION, AND HARM TO CONSUMERS

127. Harm to consumers and competition – and in the process harm to travel agencies, Travelport, and other GDSs, – is the very purpose of AA's anticompetitive scheme. By reducing price transparency, AA's anticompetitive scheme will among other things undermine efficient comparison shopping, lessen airline competition, hurt competitors in routes that AA dominates, make competitive entry more expensive and less likely, and enable AA to maintain and expand

- 67 -

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 69 of 77 PageID 2893

its monopoly power and raise price. AA's scheme also presents the dangerous probability that AA will gain a monopoly over routes AA nearly dominates, the market for Booking Technology for AA Tickets, and the markets for Booking Technology for AA Dominant City Pairs, over which AA already has a substantial share.

128. AA's aim in withholding Complete Fare Information from GDSs is to "fragment" distribution – i.e., to provide different fare information to different travel agencies and different travelers. The lack of uniformity among price offers, and in some instances the lack of any information about Add-On Fares, will make it more difficult if not impossible for travel agencies and travelers to compare the full, all-in costs of travel on AA with the full, all-in costs of travel on competing airlines.

129. AA recognizes that "[o]bviously, a consumer would prefer the ease of one-stop shopping for passenger air transportation." But AA's scheme will eliminate the tremendous onestop shopping efficiencies that GDSs have enabled for decades. AA knows that travel agencies and consumers are less likely to expend the time, money, and effort required to search for Complete Fare Information across multiple carriers if that information is not readily available through a GDS. Travel agencies' and consumers' inability to search efficiently for accurate and complete information about the costs of alternative flights across carriers will reduce airline price competition and enable AA to charge higher prices for its services.

130. AA's conduct will also make it more difficult for potential entrants on routes that AA dominates or nearly dominates to cut into AA's market power by initiating or expanding service. It simply will not be practical for travel agencies and consumers to compare the new entrants' services to those offered by AA if AA's Complete Fare Information is not available

- 68 -

## Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 70 of 77 PageID 2894

through the GDSs. Less competitive entry means increased prices and reduced options for travelers.

131. As a government report has stated, "complete and unbiased information when booking flights ... is important in a competitive industry." By withholding Complete Fare Information, including information about Add-On Fares, from GDSs, AA introduces a kind of systematic and persistent "display bias" that negatively and profoundly affects competition. Without Add-On Fare information, AA's flights appear less expensive: AA's flights will appear artificially "higher" on the travel agent's (or consumer's) screen when search results are sorted by fare than those flights would be if their listed fare included all of the related Add-On Fares. This harms competition by limiting travel agencies' and consumers' ability to identify the best available fare, and also by diminishing the ability of more efficient competitors or new entrants to have their fares presented in a fair and unbiased manner.

132. AA Direct Connect represents the ultimate biasing in favor of AA because it excludes information about competing flights altogether. If AA's information is available only through AA Direct Connect, a travel agent booking a flight to, from, or through the airports or on routes where AA is dominant will likely default to AA Direct Connect, to the exclusion of a GDS, because it will be faster for the agent to look at a single source to complete a transaction rather than attempting to compare prices and fare information between different sources. By doing so, the agent will not see competing flights and fares. Because AA will have effectively blocked access by other airlines to a large segment of travelers in routes where AA is dominant, competitors will be discouraged from attempting to enter or compete in those markets, further entrenching AA's monopoly power over those routes.

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 71 of 77 PageID 2895

133. AA's conduct ultimately will result in higher airline ticket prices as pricing transparency declines, and with it the incentives for AA to match low fares. Travel agents' costs will also rise, and consumers will bear that burden as well. Travelers will face increased prices, less negotiating power, loss of volume discounts, new fees and processing costs, lower rebates, lost savings, difficulties in re-accommodation, and other process inefficiencies.

#### ANTITRUST INJURY TO TRAVELPORT

134. As a result of AA's conduct, Travelport has suffered and will suffer significant and imminent harm. AA cannot achieve its goal of defeating fare transparency and comparison shopping without pressuring travel agencies away from their use of the Travelport GDS. AA's anticompetitive scheme is therefore inextricably intertwined with and dependent upon the injury caused to Travelport. For example, as discussed above, AA's strategy has already foreclosed Travelport from providing its services to a number of customers, including Orbitz, which causes economic injury to Travelport. In addition, by refusing to provide travel agencies with access to AA's Complete Fare Information unless they agree to use AA Direct Connect, AA will, unless restrained, substantially foreclose its GDS competitors, including Travelport, from providing their booking technology and services to travel agencies. And because travel agencies that use AA Direct Connect continue to use GDSs for a number of other functions, AA Direct Connect free-rides on Travelport's technology, raising Travelport's costs without compensation.

### <u>COUNT I</u> <u>MONOPOLIZATION OF NON-STOP</u> <u>PASSENGER AIR TRAVEL BETWEEN THE AA</u> DOMINANT CITY PAIRS IN VIOLATION OF 15 U.S.C. § 2

135. Travelport restates and incorporates herein by reference the allegations in paragraphs 1 through 135 above.

136. AA possesses monopoly power over non-stop passenger air travel between the AA Dominant City Pairs. AA has willfully acted to acquire, enhance, and maintain that power through the anticompetitive, deceptive and exclusionary acts and practices described herein, including: (a) changing its long-standing practices and sacrificing profits in order to withhold AA Complete Fare Information, including information about Add-On Fares, from GDSs; (b) raising GDS costs by free-riding on GDS investments in service and technology; (c) forcing travel agents to use AA's inferior Direct Connect product against their will by refusing to deal with travel agencies unless they use AA Direct Connect; (d) fragmenting availability of AA content by choosing which fares are available to which travel agencies and travelers; (e) frustrating travelers' ability to compare AA's offerings with those of other airlines on a full-fare basis; and (f) coordinating its actions with those of other airlines.

137. AA will continue to engage in anticompetitive, deceptive, and exclusionary conduct unless restrained by this Court.

138. The effect of AA's exclusionary conduct is to decrease the ability of travelers to identify and book the best available fares for their desired itineraries; reduce price competition among airlines; raise barriers to entry in the AA Dominant City Pairs; preserve AA's ability to

- 71 -

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 73 of 77 PageID 2897

charge supracompetitive prices in the AA Dominant City Pairs; and enhance AA's ability to increase prices in AA Dominant City Pairs.

139. AA has acted with intent to illegally acquire, enhance, and maintain its monopoly over non-stop passenger air travel between the AA Dominant City Pairs.

140. AA's conduct violates Section 2 of the Sherman Act, 15 U.S.C. § 2.

141. There is no lawful justification for AA's conduct.

142. AA's illegal conduct has directly and proximately caused injury to interstate commerce and to Travelport's business and property, and also presents an imminent threat of

causing further significant injury.

#### <u>COUNT II</u> <u>ATTEMPTED MONOPOLIZATION OF NON-STOP</u> <u>PASSENGER AIR TRAVEL BETWEEN THE AA</u> NEAR-DOMINANT CITY PAIRS IN VIOLATION OF 15 U.S.C. § 2

143. Travelport restates and incorporates herein by reference the allegations in paragraphs 1 through 135 above.

144. AA has between a 40% and 70% share of seat capacity in each of the AA Near Dominant City Pairs.

145. AA has willfully engaged in the anticompetitive, deceptive and exclusionary acts and practices described herein, including: (a) changing its long-standing practices and sacrificing profits in order to withhold AA Complete Fare Information, including information about Add-On Fares, from GDSs; (b) raising GDS costs by free-riding on GDS investments in service and technology; (c) forcing travel agents to use AA's inferior Direct Connect product against their will by refusing to deal with travel agencies unless they use AA Direct Connect and by withholding Complete Fare Information from travel agencies unless they use AA Direct Connect; (d) fragmenting availability of AA content by choosing which fares are available to

# Case 4:11-cv-00244-Y Document 172 (Case Participants) Filed 12/22/11 Page 74 of 77 PageID 2898

which travel agencies and travelers and hiding the best available fares from certain travel agencies and travelers; (e) frustrating travelers' ability to compare AA's offerings with those of other airlines on a full-fare basis; and (f) coordinating its actions with those of other airlines.

146. AA engaged in the above conduct with the specific intent to destroy competition and the specific intent that AA acquire, enhance, and maintain monopoly power over non-stop passenger air travel between the AA Near Dominant City Pairs.

147. The effect of AA's exclusionary conduct will be to decrease the ability of travelers to identify and book the best available fares for their desired itineraries; reduce price competition among airlines; deceive travelers into unwittingly paying higher prices for AA tickets and otherwise increase AA's ability to raise price in the AA Near Dominant City Pairs; and enable AA to attain monopoly power in the AA Near Dominant City Pairs other than through competition on the merits.

148. Unless restrained by this Court, there is thus a dangerous probability that AA will succeed in obtaining monopoly power over non-stop passenger air travel between the AA Near Dominant City Pairs.

149. AA's conduct violates Section 2 of the Sherman Act, 15 U.S.C. § 2.

150. There is no lawful justification for AA's conduct.

151. AA's illegal conduct has directly and proximately caused injury to interstate commerce and to Travelport's business and property, and also presents an imminent threat of causing further significant injury.

### PRAYER FOR RELIEF

Accordingly, Travelport prays for entry of judgment in its favor as follows:

- a. A decree that AA has violated, and threatens to continue violating, 15 U.S.C. § 2;
- b. A permanent injunction requiring AA to provide its Complete Fare Information to Travelport and prohibiting AA and its agents, servants, employees, affiliates, divisions, and subsidiaries, and those in association with them, from terminating a travel agency's ticketing authority, denying a travel agency access to AA Complete Fare Information, or taking any other punitive action against a travel agency because it chooses to use Travelport instead of AA Direct Connect;
- c. An award of three times Travelport's actual damages;
- d. An award of all costs in this action, including attorneys' fees and interest; and
- e. Such other relief as this Court deems proper.

### JURY DEMAND

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Travelport

demands a trial by jury on all issues so triable.

Dated: December 22, 2011

<u>/s/ Michael L. Weiner</u> Michael L. Weiner michael.weiner@dechert.com **DECHERT LLP** 1095 Avenue of the Americas New York, New York 10036-6797 212.698.3608 212.698.3599 (Fax)

Mike Cowie mike.cowie@dechert.com Craig Falls craig.falls@dechert.com **DECHERT LLP** 1775 I Street, NW Washington, D.C. 20006-2401 202.261.3300 202.261.3333 (Fax) Carolyn Feeney carolyn.feeney@dechert.com **DECHERT LLP** 2929 Arch Street Philadelphia, PA 19104 215.994.4000 215.994.2222 (Fax)

### ATTORNEYS FOR DEFENDANTS TRAVELPORT LIMITED and TRAVELPORT, LP

### Of Counsel to Travelport Defendants:

Walker C. Friedman State Bar No. 07472500 wcf@fsclaw.com Christian D. Tucker State Bar No. 00795690 tucker@fsclaw.com

### FRIEDMAN, SUDER & COOKE, P.C.

Tindall Square Warehouse No. 1 604 East 4th Street, Suite 200 Fort Worth, Texas 76102 817.334.0400 817.334.0401 (Fax)

John T. Schriver JTSchriver@duanemorris.com Paul E. Chronis pechronis@duanemorris.com **DUANE MORRIS LLP** 190 South LaSalle Street, Suite 3700 Chicago, Illinois 60603-3433 312.499.6700 312.499.6701 (Fax) Faith E. Gay faithgay@quinnemanuel.com Steig D. Olson steigolson@quinnemanuel.com **QUINN EMANUEL URQUHART & SULLIVAN, LLP** 51 Madison Avenue, 22<sup>nd</sup> Floor New York, New York 10010 212.849.7000 212.849.7100 (Fax)

### **CERTIFICATE OF SERVICE**

I hereby certify that on the 22nd day of December, 2011, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Northern District of Texas, Fort Worth Division, using the electronic case filing system of the court. The electronic case filing system sent a "Notice of Electronic Filing" to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

/s/ Walker C. Friedman Walker C. Friedman