

Winston Slams the Brakes on GEICO's Expansive Auto Parts Claims

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Winston & Strawn secured a significant win for clients Panasonic Corporation and Panasonic Corporation of North America on August 31 when the Eastern District of Michigan partially granted defendants' joint motion to dismiss GEICO's claims in the massive *In Re Automotive Parts Antitrust Litigation* multidistrict litigation.

Panasonic reached settlements in 2015 with new vehicle purchasers who claimed that auto parts companies conspired to fix prices, rig bids, and allocate markets and customers for HID ballasts, switches, and steering angle sensors in violation of Section 1 of the Sherman Act and various state laws. In September 2016, GEICO opted out of the settlements and filed its own claim against fourteen auto parts manufacturers and suppliers alleging conspiracies in the markets for 16 separate auto parts.

Defendants filed a joint motion to dismiss on several grounds, including improper joinder, lack of standing, and several state-law specific grounds. The court agreed with defendants' argument that GEICO's alleged 16-part conspiracy was implausible as it would force defendants only involved in certain alleged conspiracies to defend claims totally unrelated to parts it did not even manufacture or sell. Further, the court found that the 16 separate part conspiracies alleged were inappropriately joined in a single suit and directed GEICO to file separate suits for each of the alleged part-specific conspiracies.

The court also agreed with defendants' argument that GEICO does not have antitrust standing in its capacity as insurer because reimbursement to its insureds would duplicate its insureds' own recovery. Further, the court found that GEICO was neither a direct participant in the market allegedly affected by the conspiracy, nor was its alleged injury inextricably intertwined with the injury sought to be inflicted on the relevant market. While the court found that GEICO does have antitrust standing for its direct purchases of auto parts as a fleet owner, the denial of GEICO's standing as insurer significantly reduced possible claims against all of the defendants in the MDL—which includes several Winston clients (NTN, Hitachi Metals, and Corning).

New York Partners Jeffrey Kessler, Jeffrey Amato, and Eva Cole, and New York associate Lauren Duxstad worked on the briefing for defendants. Jeffrey Amato argued the antitrust standing portion of the motion to dismiss on behalf of defendants.

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