

AN FTC GUIDE TO SINGLE FIRM CONDUCT

INTRODUCTION

SOME COMPANIES SUCCEED IN THE MARKETPLACE to the point where their behavior may not be subject to common competitive pressures. This is not a concern for most businesses, as most markets in the U.S. support many competing firms, and the competitive give-and-take prevents any single firm from having undue influence on the workings of the market.

SECTION 2 OF THE SHERMAN ACT makes it unlawful for a company to “monopolize, or attempt to monopolize,” trade or commerce. As that law has been interpreted, it is not illegal for a company to have a monopoly, to charge “high prices,” or to try to achieve a monopoly position by what might be viewed by some as particularly aggressive methods. The law is violated only if the company tries to maintain or acquire a monopoly through unreasonable methods. For the courts, a key factor in determining what is unreasonable is whether the practice has a legitimate business justification.

These Fact Sheets discuss antitrust rules that courts have developed to deal with the actions of a single firm that has market power.

FACT SHEETS FOR SINGLE FIRM CONDUCT

- » **Monopolization Defined:** Market power plus exclusionary or predatory acts without business justification
- » **Exclusionary or Predatory Acts**
 - **Exclusive Supply or Purchase Agreements**
 - **Tying the Sale of Two Products**
 - **Predatory or Below-Cost Pricing**
 - **Refusal to Deal**

