

Beck Redden Secures Affirmance of \$438M Antitrust Judgment

On June 5, 2020, the U.S. Court of Appeals for the Fifth Circuit upheld a judgment for \$438.65 million in favor of Beck Redden client HP, Inc. This antitrust judgment, based on a price-fixing conspiracy that resulted in federal criminal convictions and provoked employees of Quanta Storage, Inc., to invoke their right to remain silent, is one of the largest civil judgments ever affirmed by the Fifth Circuit.

The Fifth Circuit also upheld the district court's ability to enforce its judgment by ordering the defendant to turn over its assets to HP. As the Fifth Circuit put it, "Quanta risked bet-the-company litigation and lost, so the district court ordered it to hand over the company."

Beck Redden appellate partner Russell Post praised the Fifth Circuit's ruling: "Although the damage award was certainly substantial, the issues in this appeal were ultimately straightforward. The Fifth Circuit's decision is a powerful reaffirmation of basic principles of appellate review. The court correctly rejected Quanta's effort to relitigate the facts on appeal, and it correctly repudiated Quanta's ongoing attempt to defy U.S. antitrust law by refusing to honor the judgment."

Beck Redden secured the judgment after years of litigation in an MDL proceeding and a six-day jury trial in the U.S. District Court for the Southern District of Texas. Beck Redden partners Alistair Dawson and Alex Roberts, assisted by associate Garrett Brawley, persuaded the jury that Quanta had intentionally participated in a price-fixing conspiracy related to optical disk drives that were sold to HP. The jury

awarded \$176 million to HP, and the district court trebled damages in accordance with U.S. antitrust law. According to Dawson: “For years, companies like Quanta have conspired to cheat American companies like HP out of millions of dollars in lost profits. This verdict and this judgment send a powerful message to the group of co-conspirators and others like them that if they violate U.S. antitrust laws, there will be significant consequences. We look forward to enforcing this judgment so HP can recover some of the money it lost at the hands of Quanta and its co-conspirators.”

When Quanta failed either to post a bond or to perform the judgment, HP moved to enforce its judgment. The district court issued a turnover order compelling Quanta to turn over its assets to HP. Quanta appealed the judgment and the turnover order, and the Fifth Circuit consolidated and expedited the appeals.

In appellate briefs authored by Post with the able assistance of associate Parth Gejji, HP demonstrated that the judgment was supported by uncontested evidence proving Quanta’s role in the conspiracy and ample evidence supporting the damage award. HP further argued that Quanta could be compelled to turn over all of its assets – including foreign property – to satisfy a judgment based on wrongdoing in the U.S. At bottom, HP argued, Quanta is simply unwilling to respect U.S. antitrust law.

The Fifth Circuit agreed with HP. In a unanimous opinion, the court held that the antitrust judgment is sound and the district court can lawfully compel the turnover of Quanta’s property. Although the Fifth Circuit offered some grace to Quanta by allowing more time for compliance, it made clear that the choice is now stark: “Quanta’s board has a simple choice: obey the district court’s Turnover Orders or risk contempt proceedings.”

A hearing is set in the district court for June 19 on HP’s motion to hold Quanta in contempt for its failure to perform

the judgment.

The case is Hewlett-Packard Co. v. Quanta Storage, Inc., No. 19-20799 c/w No. 20-20235, in the United States Court of Appeals for the Fifth Circuit. [Click here to read the opinion.](#)

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