

Shrimp Breeders Snagged In Antitrust Suit By Texas Rival

By **Kevin Penton**

Law360, New York (January 26, 2016, 10:06 PM ET) -- A Florida-based company that breeds and sells shrimp and its Thailand- and Indonesia-based corporate owners violate federal and Texas antitrust laws through their strong-armed tactics against would-be competitors, a Texas company claimed on Tuesday.

Global Blue Technologies-USA LLC and several related entities and individuals allege that Shrimp Improvement Systems LLC, Thailand-based Charoen Pokphand Foods PCL and Indonesia-based Central Proteinaprima TBK restrain trade and monopolize or attempt to monopolize the shrimp "broodstock" market in violation of the Sherman Antitrust Act and the Texas Free Enterprise and Antitrust Act, according to its complaint in Texas federal court.

Broodstock are shrimp that are considered of high genetic quality and that are sold at either their postlarvae or mature stages, as part of attempts to breed shrimp that are more resistant to disease or are a particular size, according to the complaint by Global Blue, a shrimp farming company.

By "crushing competitors," SIS effectively controls the market for the specialized shrimp, declining to sell them to any entity it suspects will develop them into competing lines of broodstock, the complaint alleges. SIS requires postlarvae hybrid shrimp buyers to sign deals not to breed the shrimp to create broodstock, Global Blue alleges.

"SIS' market position and tactics have resulted in a monopoly in the production of 'pure lines' of shrimp broodstock, and of their postlarvae shrimp, both of which originated as part of a U.S. taxpayer-funded program," the complaint reads. "It is not feasible for anyone else in the continental U.S. to develop its own shrimp breeding program without using postlarvae shrimp derived from lines sold by SIS."

After Global Blue hired a former SIS official in June 2014 and began in 2015 to compete with the company in the sale of postlarvae shrimp, several of the defendants threatened they would file lawsuits alleging violations of various noncompetition agreements, according to the complaint.

Global Blue seeks an undetermined amount of damages, that the damages be tripled, pre- and post-judgment interest, costs and attorneys' fees, according to the complaint. It also seeks injunctions that would put an end to the various restrictions that it claims SIS includes in contracts for the specialized shrimp.

John Da Grosa Smith, an attorney representing Global Blue, told Law360 on Tuesday that the company is willing to take a stand against a monopoly that is hurting American shrimp farmers and consumers.

"It's un-American, the kind of monopoly you hardly see anymore in this country," Smith said. "It's all the worse because the defendants built their monopoly using lines of shrimp from an American taxpayer-funded program. Global Blue is on the side of right, and we are confident it will prevail."

Representatives for the defendants could not immediately be reached on Tuesday for comment.

Global Blue is represented by Joe A. Flores and by John Da Grosa Smith and Kristina M. Jones of Smith LLC.

Counsel information for the defendants was not immediately available on Tuesday.

The case is Global Blue Technologies-USA LLC et al. v. Shrimp Improvement Systems LLC et al., case number 2:16-cv-00027, in the U.S. District Court for the Southern District of Texas.

--Editing by Kelly Duncan.

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