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(Prefiled)

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Introduced by Sens. GIANARIS, SALAZAR, BIAGGI, HOYLMAN, JACKSON, KAVANAGH, MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Consumer Protection in accordance with Senate Rule 6, sec. 8 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the general business law, in relation to actions or practices that establish or maintain a monopoly, monopsony or restraint of trade, and in relation to authorizing a class action lawsuit in the state anti-trust law

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act shall be known and may be cited as the "Twenty-
2 First Century Anti-Trust Act".
3 § 2. Legislative findings. The legislature hereby finds and declares
4 that there is great concern for the growing accumulation of power in the
5 hands of large corporations. While technological advances have improved
6 society, these companies possess great and increasing power over all
7 aspects of our lives. Over one hundred years ago, the state and federal
8 governments identified these same problems as big businesses blossomed
9 after decades of industrialization. Seeing those problems, the state
10 and federal governments enacted transformative legislation to combat
11 cartels, monopolies, and other anti-competitive business practices. It
12 is time to update, expand and clarify our laws to ensure that these
13 large corporations are subject to strict and appropriate oversight by
14 the state. The legislature further finds and declares that unilateral
15 actions which seek to create a monopoly or monopsony are as harmful as

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 contracts or agreements of multiple parties to do the same and should be
2 treated similarly under the law. After monopolies or monopsonies have
3 been established, it is typically too late to repair or mitigate the
4 damage which has been done. Accordingly, mere attempts to create monop-
5 lies or monopsonies through anti-competitive conduct should also be
6 treated as actions contrary to the interests of the people of the state
7 of New York and should be penalized accordingly. The legislature
8 further finds and declares that effective enforcement against unilateral
9 anti-competitive conduct has been impeded by courts, for example, apply-
10 ing narrow definitions of monopolies and monopolization, limiting the
11 scope of unilateral conduct covered by the federal anti-trust laws, and
12 unreasonably heightening the legal standards that plaintiffs and govern-
13 ment enforcers must overcome to establish violations of those laws. The
14 legislature further finds and declares that one of the purposes of the
15 state's anti-trust laws is to ensure that our labor markets are open and
16 fair. The legislature further finds and declares that anti-competitive
17 practices harm great numbers of citizens and therefore must ensure that
18 class actions may be raised in anti-trust suits.

19 § 3. Section 340 of the general business law, as amended by chapter 12
20 of the laws of 1935, subdivision 1 as amended by chapter 893 of the laws
21 of 1957, subdivision 2 as amended by chapter 805 of the laws of 1984,
22 subdivisions 3 and 4 as renumbered by chapter 502 of the laws of 1948,
23 subdivision 5 as amended by chapter 333 of the laws of 1975 and subdivi-
24 sion 6 as amended by chapter 31 of the laws of 1999, is amended to read
25 as follows:

26 § 340. Contracts or agreements for monopoly, monopsony, or in
27 restraint of trade illegal and void. 1. Every contract, agreement,
28 arrangement or combination whereby

29 A monopoly or monopsony in the conduct of any business, trade or
30 commerce or in the furnishing of any service in this state, is or may be
31 established or maintained, or whereby

32 Competition or the free exercise of any activity in the conduct of any
33 business, trade or commerce or in the furnishing of any service in this
34 state is or may be restrained or whereby

35 For the purpose of establishing or maintaining any such monopoly,
36 monopsony, or unlawfully interfering with the free exercise of any
37 activity in the conduct of any business, trade or commerce or in the
38 furnishing of any service in this state any business, trade or commerce
39 or the furnishing of any service is or may be restrained, is hereby
40 declared to be against public policy, illegal and void.

41 2. (a) It shall be unlawful for any person or persons to monopolize or
42 monopsonize, or attempt to monopolize or monopsonize, or combine or
43 conspire with any other person or persons to monopolize or monopsonize
44 any business, trade or commerce or the furnishing of any service in this
45 state.

46 (b) It shall be unlawful for any person or persons with a dominant
47 position in the conduct of any business, trade or commerce, in any labor
48 market, or in the furnishing of any service in this state to abuse that
49 dominant position.

50 (i) In any action brought under this paragraph, a person's dominant
51 position may be established by direct evidence, indirect evidence, or a
52 combination of the two.

53 (1) Examples of direct evidence include, but are not limited to, the
54 unilateral power to set prices, terms, conditions, or standards; the
55 unilateral power to dictate non-price contractual terms without compen-
56 sation; or other evidence that a person is not constrained by meaningful

1 competitive pressures, such as the ability to degrade quality without
2 suffering reduction in profitability. In labor markets, examples of
3 direct evidence include, but are not limited to, the use of non-compete
4 clauses or no-poach agreements, or the unilateral power to set wages.

5 (2) A person's dominant position may also be established by indirect
6 evidence such as the person's share of a relevant market. A person who
7 has a share of forty percent or greater of a relevant market as a seller
8 shall be presumed to have a dominant position in that market under this
9 paragraph. A person who has a share of thirty percent or greater of a
10 relevant market as a buyer shall be presumed to have a dominant position
11 in that market under this paragraph.

12 (3) If direct evidence is sufficient to demonstrate that a person has
13 a dominant position or has abused such a dominant position, no court
14 shall require definition of a relevant market in order to evaluate the
15 evidence, find liability, or find that a claim has been stated under
16 this paragraph.

17 (ii) In any action brought under this paragraph, abuse of a dominant
18 position may include, but is not limited to, conduct that tends to fore-
19 close or limit the ability or incentive of one or more actual or poten-
20 tial competitors to compete, such as leveraging a dominant position in
21 one market to limit competition in a separate market, or refusing to
22 deal with another person with the effect of unnecessarily excluding or
23 handicapping actual or potential competitors. In labor markets, abuse
24 may include, but is not limited to, imposing contracts by which any
25 person is restrained from engaging in a lawful profession, trade, or
26 business of any kind, or by restricting the freedom of workers and inde-
27 pendent contractors to disclose wage and benefit information.

28 (iii) Evidence of pro-competitive effects shall not be a defense to
29 abuse of dominance and shall not offset or cure competitive harm.

30 (c) (i) The following conduct is per se illegal: the use of noncompete
31 clauses, restrictions on class and collective actions aside from those
32 prerequisites laid out in article nine of the civil practice law and
33 rules, and no-poach agreements. The conduct is per se illegal whether
34 the agreement is horizontal or vertical.

35 (ii) Any person who violates this section shall be civilly liable to a
36 covered employee or independent contractor for treble damages, attor-
37 ney's fees, and costs, or alternatively, at the election of the covered
38 employee or independent contractor, statutory damages of two thousand
39 five hundred dollars per violation, including attorney's fees, and
40 costs.

41 (d) (i) The attorney general is hereby empowered to adopt, promulgate,
42 amend, and repeal rules, as such term is defined in paragraph (a) of
43 subdivision two of section one hundred two of the state administrative
44 procedure act, to carry out the purposes of paragraph (b) of this subdivi-
45 sion, including those considerations specified in the findings and
46 declarations of the legislature for this act.

47 (ii) Before any such rule shall take effect, at such time that the
48 attorney general is prepared to file a notice of adoption pursuant to
49 subdivision five of section two hundred two of the state administrative
50 procedure act, the attorney general shall transmit a copy of the rule in
51 its final form to the temporary president of the senate and the speaker
52 of the assembly and, in addition, shall provide any relevant information
53 regarding the need for such rule. Such proposed rule, or proposed repeal
54 of a rule, is subject to the denial by both houses of the legislature
55 and shall take the form of a resolution. Each house of the legislature
56 shall have sixty days following the transmission of such rule to issue

1 denial by resolution or take no action. Such rule shall not take effect
2 if both houses pass a resolution denying such proposed rule within the
3 time prescribed by this subparagraph.

4 (iii) The attorney general shall issue guidance on how it will inter-
5 pret market shares and other relevant market conditions to achieve the
6 purposes of paragraph (b) of this subdivision while taking into account
7 the important role of small and medium-sized businesses in the state's
8 economy. The attorney general may issue other guidance with respect to
9 paragraph (b) of this subdivision.

10 (iv) Nothing in this section shall be deemed to diminish the jurisdic-
11 tion of the public service commission.

12 3. Subject to the exceptions hereinafter provided in this section, the
13 provisions of this article shall apply to licensed insurers, licensed
14 insurance agents, licensed insurance brokers, licensed independent
15 adjusters and other persons and organizations subject to the provisions
16 of the insurance law, to the extent not regulated by provisions of arti-
17 cle twenty-three of the insurance law; and further provided, that noth-
18 ing in this section shall apply to the marine insurances, including
19 marine protection and indemnity insurance and marine reinsurance,
20 exempted from the operation of article twenty-three of the insurance
21 law.

22 [~~3-~~] 4. The provisions of this article shall not apply to cooperative
23 associations, corporate or otherwise, of farmers, gardeners, or dairy-
24 men, including live stock farmers and fruit growers, nor to contracts,
25 agreements or arrangements made by such associations, nor to bona fide
26 labor unions, nor to the creation, production, and dissemination of a
27 single expressive work that is copyrighted, including but not limited
28 to, a streaming series, television programs and or motion pictures.

29 [~~4-~~] 5. The labor of human beings shall not be deemed or held to be a
30 commodity or article of commerce as such terms are used in this section
31 and nothing herein contained shall be deemed to prohibit or restrict the
32 right of workingmen, including employees and independent contractors, to
33 combine in unions, organizations and associations, not organized for the
34 purpose of profit, to establish or maintain union apprenticeship or
35 training programs that may lead to any government-issued trade license,
36 or to bargain collectively concerning their wages and the terms and
37 conditions of their employment. Nothing in this section shall be deemed
38 to prevent or create liability with respect to any actions to comply
39 with article eight or nine of the labor law. A bona fide collective
40 bargaining agreement, project labor agreement or any other agreement
41 lawful under 29 U.S.C. 158(f), as amended, or any term therein, shall
42 not be considered evidence of a violation or dominance under this
43 section. Project labor agreement shall have the meaning specified in
44 section two hundred twenty-two of the labor law.

45 [~~5-~~] 6. An action to recover damages caused by a violation of this
46 section must be commenced within four years after the cause of action
47 has accrued. The state, or any political subdivision or public authority
48 of the state, or any person who shall sustain damages by reason of any
49 violation of this section, shall recover three-fold the actual damages
50 sustained thereby, as well as costs not exceeding ten thousand dollars,
51 and reasonable attorneys' fees. At or before the commencement of any
52 civil action by a party other than the attorney-general for a violation
53 of this section, notice thereof shall be served upon the attorney-gener-
54 al. Where the aggrieved party is a political subdivision or public
55 authority of the state, notice of intention to commence an action under
56 this section must be served upon the attorney-general at least ten days

1 prior to the commencement of such action. This section shall not apply
2 to any action commenced prior to the effective date of this act.

3 ~~[6.]~~ 7. In any action pursuant to this section, the fact that the
4 state, or any political subdivision or public authority of the state, or
5 any person who has sustained damages by reason of violation of this
6 section has not dealt directly with the defendant shall not bar or
7 otherwise limit recovery; provided, however, that in any action in which
8 claims are asserted against a defendant by both direct and indirect
9 purchasers, the court shall take all steps necessary to avoid duplicate
10 liability, including but not limited to the transfer and consolidation
11 of all related actions. In actions where both direct and indirect
12 purchasers are involved, a defendant shall be entitled to prove as a
13 partial or complete defense to a claim for damages that the illegal
14 overcharge has been passed on to others who are themselves entitled to
15 recover so as to avoid duplication of recovery of damages.

16 8. Any damages recoverable pursuant to this section may be recovered
17 in any action which a court may authorize to be brought as a class
18 action pursuant to article nine of the civil practice law and rules.

19 9. An arrangement, as this term is used in this article, includes, but
20 is not limited to, a contract, combination, agreement or conspiracy.

21 10. Premerger notification.

22 (a) Any person conducting business in the state which is required to
23 file the Notification and Report Form for Certain Mergers and Acquisi-
24 tions pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of
25 1976, 15 U.S.C. s. 18a (a), shall provide the same notice and documenta-
26 tion in its entirety to the attorney general at the same time that
27 notice is filed with the federal government.

28 (b) The following classes of transactions are exempt from the
29 requirements of this section:

30 (i) acquisitions of goods or realty transferred in the ordinary course
31 of business;

32 (ii) the creation, production, and dissemination of a single expres-
33 sive work that is copyrighted, including but not limited to, a streaming
34 series, television programs and or motion pictures;

35 (iii) acquisitions of bonds, mortgages, deeds of trust, or other obli-
36 gations which are not voting securities;

37 (iv) transfers to or from a federal agency or a state or political
38 subdivision thereof;

39 (v) transactions specifically exempted from the provisions of this
40 article; and

41 (vi) such other acquisitions, transfers, or transactions, as may be
42 exempted under paragraph (f) of this subdivision hereunder.

43 (c) Any information or documentary material filed with the attorney
44 general pursuant to this subdivision shall be exempt from disclosure
45 under article six of the public officers law, and no such information or
46 documentary material may be made public, except as may be relevant to
47 any administrative or judicial action or proceeding.

48 (d) Any person, or any officer, director, or partner thereof, who
49 fails to comply with any provision of this subdivision shall be liable
50 to the state for a civil penalty of not more than ten thousand dollars
51 for each day during which such person is in violation of this section.
52 Such penalty may be recovered in a civil action brought by the attorney
53 general.

54 (e) In considering any transaction under this subdivision, the attor-
55 ney general shall consider such transaction's effects on labor markets.

56 (f) The attorney general is hereby empowered to:

1 (i) define the terms used in this subdivision;
2 (ii) exempt, from the requirements of this subdivision, classes of
3 persons, acquisitions, transfers, or transactions which are not likely
4 to violate the provisions of this article; and
5 (iii) adopt, promulgate, amend, and rescind other rules and regu-
6 lations to carry out the purposes of this subdivision.

7 § 4. Section 341 of the general business law, as amended by chapter
8 333 of the laws of 1975, is amended to read as follows:

9 § 341. Penalty. Every person or corporation, or any officer or agent
10 thereof, who shall [~~make or attempt to make or enter into any such~~
11 ~~contract, agreement, arrangement or combination or who within this state~~
12 ~~shall~~] do or attempt to do, within this state, any act [~~pursuant there-~~
13 ~~to~~] declared unlawful under subdivision one and paragraph (a) of subdi-
14 vision two of section three hundred forty of this article, or in, toward
15 or for the consummation thereof[, ~~wherever the same may have been made~~],
16 is guilty of a class [~~E~~] D felony, and on conviction thereof shall, if a
17 natural person, be punished by a fine not exceeding one [~~hundred thou-~~
18 ~~sand~~] million dollars, or by imprisonment for not longer than four
19 years, or by both such fine and imprisonment; and if a corporation, by a
20 fine of not exceeding one hundred million dollars. An indictment or
21 information based on a violation of any of the provisions of this
22 section must be found within [~~three~~] five years after its commission. No
23 criminal proceeding barred by prior limitation shall be revived by this
24 act.

25 § 5. Section 342-a of the general business law, as amended by chapter
26 275 of the laws of 1962, is amended to read as follows:

27 § 342-a. Recovery of civil penalty by attorney-general. In lieu of any
28 penalty otherwise prescribed for a violation of a provision of this
29 article and in addition to an action pursuant to section three hundred
30 forty-two of this article, the attorney-general may bring an action in
31 the name and in behalf of the people of the state against any person,
32 trustee, director, manager or other officer or agent of a corporation,
33 or against a corporation, foreign or domestic, to recover a penalty in
34 the sum specified in section three hundred forty-one of this article for
35 the doing in this state of any act [~~herein~~] declared to be illegal in
36 this article, or any act in, toward or for the making or consummation of
37 any contract, agreement, arrangement or combination [~~herein~~] prohibited
38 by this article, wherever the same may have been made. The action must
39 be brought within [~~three~~] five years after the commission of the act
40 upon which it is based.

41 § 6. Section 342-b of the general business law, as amended by chapter
42 420 of the laws of 1975, is amended to read as follows:

43 § 342-b. Recovery of damages by attorney general. In addition to
44 existing statutory and common law authority to bring such actions on
45 behalf of the state, [~~and~~] public authorities, and resident persons and
46 entities, the attorney general may also bring action on behalf of any
47 political subdivision or public authority of the state upon the request
48 of such political subdivision or public authority, or in the name of the
49 state, as parens patriae, on behalf of persons and other entities resid-
50 ing in the state of New York, to recover damages for violations of
51 section three hundred forty of this article, or to recover damages
52 provided for by federal law for violations of the federal antitrust
53 laws. In any class action the attorney general may bring on behalf of
54 [~~these or other subordinate~~] governmental entities, any governmental
55 entity that does not affirmatively exclude itself from the action, upon
56 due notice thereof, shall be deemed to have requested to be treated as a

1 member of the class represented in that action. The attorney general,
2 on behalf of the state of New York, shall be entitled to retain from any
3 moneys recovered in such actions the costs and expenses of such
4 services.

5 § 7. The general business law is amended by adding a new section 342-d
6 to read as follows:

7 § 342-d. Recovery of expert witnesses' fees and costs by attorney-gen-
8 eral and private litigants. In any action alleging a violation of a
9 provision of this article, including actions brought under subdivision
10 twelve of section sixty-three of the executive law, the attorney general
11 and private litigants shall recover reasonable fees and costs for its
12 expert witnesses and consultants if the attorney general or private
13 litigants prevail in such action.

14 § 8. Severability. If any provision of this act, or the application
15 thereof to any person or circumstances, is held invalid or unconstitu-
16 tional, that invalidity or unconstitutionality shall not affect other
17 provisions or applications of this act that can be given effect without
18 the invalid or unconstitutional provision or application, and to this
19 end the provisions of this act are severable.

20 § 9. This act shall take effect immediately.