

## Federal Judge Blocks JetBlue's \$3.8 Billion Acquisition of Spirit Airlines Amid Antitrust Concerns



On Tuesday, U.S. District Judge William Young in Boston issued an injunction against JetBlue Airways' planned \$3.8 billion acquisition of ultra-low-cost carrier Spirit Airlines. The decision aligns with the concerns the U.S. Department of Justice (DOJ) raised that the merger could potentially diminish the availability of affordable airfares.

### Victory for Biden Administration's Antitrust Efforts

The ruling is a triumph for the Biden administration's commitment to preventing excessive consolidation within the U.S. airline industry. This verdict is expected to set a precedent that may complicate Alaska Air's attempts to finalize its acquisition of Hawaiian Airlines.

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### Uncertain Future for Spirit Airlines

The court's decision has also cast a shadow of uncertainty over the future of Spirit Airlines. Struggling to profit due to rising operating costs and ongoing supply chain challenges, the ultra-low-cost carrier now faces further hurdles with the blocked merger. Following the news, Spirit's shares plummeted by 52%, while JetBlue's shares saw a 2.5% increase on Tuesday afternoon.

### Potential Appeal and Regulatory Landscape

Despite the setback, the involved companies still have the option to appeal the ruling. JetBlue announced that it is reviewing the court's decision, while the DOJ has not yet provided immediate commentary.

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### Judge Young's Rationale

Judge Young justified his decision by stating that the proposed merger "does violence to the core principle of antitrust law," emphasizing the need to protect U.S. markets and participants from anti-competitive harm. He expressed concerns that consumers relying on Spirit's unique low-price model would likely be adversely affected. However, Young clarified that the injunction pertains explicitly to the current state of the JetBlue-Spirit merger.

### Impact on the Industry and Consumers

Despite the DOJ's request, the judge's refusal to ban any combination of the companies raises questions about potential asset divestitures. The DOJ, along with Democratic state attorneys general, argued that the merger would result in fewer flights and higher prices for millions of Americans. They claimed that allowing JetBlue to absorb Spirit would eliminate a crucial source of low-cost competitive disruption on over 375 routes, causing nearly \$1 billion in annual harm to consumers.

### JetBlue's Defense and Industry Dynamics

JetBlue's legal team argued that the challenge was misguided, highlighting that the merger involved the nation's sixth- and seventh-largest airlines, jointly controlling less than 8% of the domestic market. In comparison, the larger four carriers—United Airlines, American Airlines, Delta Air Lines, and Southwest Airlines—dominate 80% of the market, following previous government-approved mergers.

### Broader Antitrust Enforcement Efforts

This case is part of the broader antitrust enforcement initiative by the Biden administration, reflecting its commitment to scrutinizing industry consolidation. JetBlue had previously faced antitrust scrutiny in a separate

case, where a Boston judge ruled against its Northeast partnership with American Airlines in May.

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