

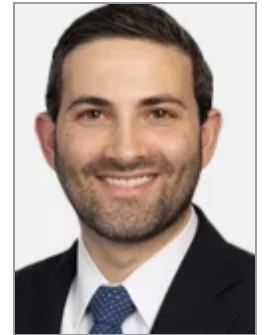
Antitrust Analysis In Iowa Pathologist Case Misses The Mark

By **Daniel Graulich** (March 10, 2025, 6:08 PM EDT)

A dominant medical provider in a region with a physician shortage uses deception to drive out its only competitor. Does the newcomer have standing to sue?

In December, the U.S. District Court for the Southern District of Iowa said no in *Goldfinch Laboratory PC v. Iowa Pathology Associates PC*, citing the often-quoted statement that antitrust law protects competition, not competitors.[1] But when this framing causes courts to focus on market effects exclusively, it can lead to false assumptions about competition and market context.

Courts should, therefore, first consider whether conduct is potentially exclusionary — especially when coercion is involved — before assessing market effects more generally when analyzing antitrust injury and antitrust standing.



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Case Background

Goldfinch Laboratory was founded by four pathologists who previously worked for Iowa Pathology Associates. The complaint alleged that IPA was the only independent pathology practice in central Iowa and that IPA contracted with nearly all pathologists in the region. Goldfinch also claimed that pathologists at the University of Iowa mostly confined their services to the university, making Goldfinch the only entrant.

Because of this dearth of pathologists, Goldfinch alleged that IPA was able to charge above-market rates, maintaining fees that were in the top 5% of Medicare Part A contracts and requiring rural hospitals to pay at least 400% of the actual Medicare fee schedule.

According to the complaint, IPA maintained its regional position and pricing power through a series of coercive acts aimed at excluding Goldfinch from central Iowa, including:

- Pressuring Goldfinch's pathologists to sign non-competition agreements when they worked for IPA and, even after they refused, informing them that they were nonetheless subject to non-compete restrictions;
- Blocking patients' access to biopsy slides in IPA's custody that were needed to ensure patients' continuity of care in violation of the established standard of care;
- Locking out Goldfinch's pathologists from their own offices at IPA's facilities while IPA simultaneously made public representations that these physicians were still employed by IPA;
- Making false statements and posting false reviews about Goldfinch's legality and operations; and
- Making false statements about having exclusive contracts with referral sources.

Goldfinch sued IPA and its affiliate, Regional Laboratory Consultants, for violations of federal and state antitrust laws.

Decision

In December, the district court dismissed Goldfinch's lawsuit for lack of antitrust standing.[2]

The district court's analysis centered on the issue of harm to competition generally. The court reasoned that "any competitive action between two entities in the same market is likely to cause some level of profit loss, but this does not entitle the losing entity to have standing to sue for antitrust injuries."

The court's dismissal relied on two key findings.

First, the court held that most of IPA's actions targeted only Goldfinch as opposed to pathologists in general. The court, therefore, concluded that Goldfinch's losses were not antitrust injuries.

Second, while the court acknowledged that false statements about exclusive contracts were capable of causing antitrust injury — since such statements could prevent other pathologists, in addition to Goldfinch's pathologists, from contracting with referral sources — Goldfinch was not the proper plaintiff because patients and payers were the ones who paid higher prices for pathology services.

Core Analytical Issue

Classifying whether conduct is competitive or coercive is at the heart of the antitrust injury and antitrust standing inquiry.

As stated by the U.S. Supreme Court in its 1983 decision in *Associated General Contractors v. California State Council of Carpenters*:

If ... the immediate victims of coercion by defendants have been injured by an antitrust violation, their injuries would be direct and ... they would have a right to maintain their own treble damages actions.[3]

The Supreme Court also clarified in 1977 in *Brunswick Corp. v. Pueblo Bowl-O-Mat Inc.* that effects, while relevant, do not dictate finding antitrust injury since "[c]ompetitors may be able to prove antitrust injury before they actually are driven from the market and competition is thereby lessened." [4]

By focusing solely on impacts on pathologists generally, the court's opinion sidesteps the question: Was the alleged conduct competitive or coercive? In failing to address this issue, the court committed a series of logical missteps in its antitrust standing analysis.

The alleged conduct, i.e., interference with Goldfinch's supply and customer relationships, was facially coercive. Yet the court implicitly treated potential misrepresentations, malpractice and false statements as competitive actions targeted at a single competitor.

This approach ignores market context and erases the essential characteristics that distinguish cheating from competing, thereby redefining competition as "anything goes."

This approach cannot be squared with an understanding of competition as a rule-based system of voluntary exchange that embodies fundamental national values of free enterprise, as stated in the Supreme Court's 2013 decision in *Federal Trade Commission v. Phoebe Putney Health Systems*.[5]

The court drew a false analogy between the harms associated with false statements and undercutting on price in citing as comparable cases instances where plaintiff competitors lacked antitrust standing for alleging injuries caused by aggressive price competition.[6]

But whereas consumers' and competitors' economic interests oftentimes diverge under price competition, since consumers generally benefit from low prices whereas competing sellers do not, Goldfinch's interests converge with payers and patients with respect to the defendants' purported use

of deception, which, as was alleged in this case, increased transaction costs associated with purchasing and providing pathology services, thereby harming each constituency in directly related ways.

The court assumed that harm to Goldfinch was not harm to competition generally, but this contradicted its acknowledgment that Goldfinch was the only entrant and that there was a dearth of pathologists in central Iowa.

The court also overlooked that the use of coercive tactics, like deception, raise rivals' costs because firms must spend more on matters unrelated to providing services and cannot respond in kind without exposing themselves to liability.

As observed by the Supreme Court in *Lorain Journal Co. v. U.S.*, a 1951 case where a dominant city newspaper threatened to drop any local advertiser that worked with a radio station seeking to operate in the same city, "coercion used by [a monopolist] ... inevitably operated to strengthen its entire operation."^[7]

The court took inconsistent views when analyzing false claims about exclusivity and pressuring pathologists to sign noncompetes. Despite recognizing exclusive contracts with referral sources operate against pathologists generally, and not just Goldfinch, the same logic holds for noncompetes.

As part of the purported pressure campaign, Goldfinch alleged that IPA and RLC previously secured or sought noncompetes with their affiliated pathologists since at least 2021.

Pressuring Goldfinch's pathologists can therefore be viewed as part of a broader scheme to prevent any rival practices, and pathologists generally, from assembling a workforce necessary to compete.

The court assumed that Goldfinch's exclusion was unrelated to the high prices paid by payers and patients. However, given the allegations that IPA had a 100% market share and required affiliated pathologists to sign noncompetes, Goldfinch's entry could have challenged IPA's prices.

By inhibiting entry, the defendants' alleged conduct removed this competitive constraint and reinforced IPA's market position in a way that decreased available options for consumers. Accordingly, Goldfinch's alleged losses directly stemmed from the same competition-reducing aspect of the defendants' conduct that allowed IPA to maintain high prices.^[8]

Conclusion

Antitrust standing analysis requires distinguishing between competitive and exclusionary conduct. This step involves identifying objective legal concepts, such as coercion, and determining how these concepts should be applied when analyzing a defendant's conduct and market context, e.g., the defendant's market position and barriers to entry.


In this case, the court exclusively focused on the immediate effects IPA's actions had on Goldfinch without determining whether the conduct alleged was exclusionary. The court, thus, treated coercion as equivalent to competitive action, while assuming away market context. Given these errors in its standing analysis, the court could not properly assess whether Goldfinch's exclusion represented a loss of a rival due to competitive forces or a structural reduction in competition due to the defendants' exclusionary conduct.

By demarcating between competitive and exclusionary conduct, courts and parties can more effectively frame how antitrust injury and antitrust standing analysis should proceed. This distinction also recognizes that competition is defined, first and foremost, by legal principles that allow a free market to function rather than contingent economic effects.

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[1] [Goldfinch Lab'y, P.C. v. Iowa Pathology Assocs. P.C.](#) , No. 4:24-cv-00168-RGE-HCA, 2024 U.S. Dist. LEXIS 233004, at *15 (S.D. Iowa Dec. 13, 2024).


[2] *Id.* at 17. While the court also ruled against the plaintiff on issues of agreement and market definition, these issues were secondary and addressed only after granting the defendants' motion for lack of statutory standing.

[3] [Associated Gen. Contractors v. Cal. State Council of Carpenters](#) , 459 U.S. 519, 541 (1983).

[4] [Brunswick Corp. v. Pueblo Bowl-O-Mat Inc.](#) , 429 U.S. 477, 489 n.14 (1977).

[5] [FTC v. Phoebe Putney Health Sys.](#) , 568 U.S. 216, 225 (2013).

[6] The court cited [Cargill Inc. v. Monfort of Colo. Inc.](#) , 479 U.S. 104, 116 (1986) (plaintiff competitor lacked standing to challenge a merger that would result in a "price-cost squeeze" stemming from increased competition) and [Atl. Richfield Co. v. USA Petroleum Co.](#) , 495 U.S. 328, 344 (1990) (plaintiff competitor lacked antitrust standing to challenge a vertical maximum resale price fixing arrangement) with the *cf.* signal in concluding Goldfinch did not suffer antitrust injuries and Brunswick Corp., 429 U.S. at 489 (plaintiff lacked standing to pursue a challenge a defendant's acquisitions of bowling alleys on verge of bankruptcy where the acquisitions led to increased price competition that caused plaintiff to incur profit losses) in concluding Goldfinch's injury was remote.

[7] [Lorain Journal Co. v. United States](#) , 342 U.S. 143, 150, 72 S. Ct. 181, 184 (1951).

[8] *Atl. Richfield*, 495 U.S. at 344.