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## Kasowitz Firm Corners Market in Magazine Distribution Cases

By Ben Hallman

Until it went out of business last month, Anderson News was one of four wholesale magazine distributors in the United States that provided single copies to newsstands and stores. On Monday the defunct company filed suit in Manhattan federal district court, accusing a dozen major magazine publishers and distributors of colluding to destroy Anderson's business after the distributor sided with retailers in a dispute over how to count single-copy sales.

This is Kasowitz, Benson, Torres & Friedman's second venture into magazine wholesale distribution cases. (An arcane niche, perhaps.) We recently told you about a lively hearing at which Marc Kasowitz, representing Source Interlink (another distributor), won a temporary restraining order in Manhattan federal district court directing eight of the defendants to supply Source with their titles--including People, Sports Illustrated, and Time--on the terms Source was seeking. Since the hearing, several of the publishers have settled with Source, agreeing to allow the company to distribute their magazines.

Wholesalers like Anderson and Source Interlink buy magazines at a discount from publishers, then mark them up and sell them to retailers. In exchange, wholesalers are responsible for retrieving and destroying unsold copies. Under a different system for distribution, retailers would

report sales and then dispose of unsold copies. Publishers have opposed the system; wholesalers Anderson and Source Interlink, which, until recently, controlled about 60 percent of the distribution market, sided with the retailers in the dispute. In response, according to the complaint in the Anderson case, the defendants conspired to eliminate the two wholesalers and obtain effective control over the two remaining distributors, News Group and Hudson.

Standing in the way of the publishers' alleged conspiracy, like Superman in front of a speeding locomotive, has been Kasowitz Benson. The firm helped save Source Interlink before it ran out of money, but Anderson has already divested many of its assets.

We don't know who will defend the publishers and distributors in this latest action, but an army of defense attorneys appeared at the Source Interlink hearing. They included: David Keyko of Pillsbury Winthrop for American Media; Stephen Rinehart of Troutman Sanders for Bauer Publishing; D. Jarrett Arp of Gibson, Dunn & Crutcher for Hudson News; and John Culver III of K&L Gates for the News Group.

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