

20-339-cv(L)

In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation

1
2 UNITED STATES COURT OF APPEALS
3 FOR THE SECOND CIRCUIT
4

5
6 August Term, 2021
7

8 (Argued: March 16, 2022

Decided: March 15, 2023)

9
10 Docket Nos. 20-339(L), 20-340(CON),
11 20-341(CON), 20-342(CON), 20-343(CON), 20-344(CON)
12

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14
15 Fikes Wholesale, Inc.,
16

17 Plaintiff - Appellant,
18

19
20 Plaintiffs in civil action Photos Etc. Corp. v. Visa U.S.A., Inc. 05-cv-5071JG-JO,
21 CHS Inc., Leons Transmission Service, Inc., Traditions, Ltd., Plaintiffs in civil
22 action Parkway Corp. v. Visa U.S.A., Inc. 05-cv-5077 JG-JO, Plaintiffs in civil
23 action Discount Optics, Inc., et al. v. Visa U.S.A., Inc., et al. 05-cv-5870 JG-JO,
24 Payless Shoe Source, Inc., Capital Audio Electronics, Inc.,
25

26 Plaintiffs - Appellees,
27

28 Plaintiffs in civil action Jetro Holding, Inc. et al v. Visa U.S.A., Inc. et al 05-cv-
29 4520 JG-JO, Plaintiffs in civil action National Association of Convenience Stores
30 et al v. Visa U.S.A., Inc. et al 05-cv-4521 JG-JO, Plaintiffs in civil action Supervalu
31 Inc. v. Visa U.S.A. Inc. et al 05-cv-4650 JG-JO, Plaintiffs in civil action Seaway Gas
32 & Petroleum, Inc. v. Visa U.S.A., Inc. et al 05-cv-4728-JG-JO, Plaintiffs in civil
33 action Raley's v. Visa U.S.A. Inc. et al 05-cv- 4799 JG-JO, Plaintiffs in civil action
34 East Goshen Pharmacy, Inc. v. Visa U.S.A., Inc. 05-cv-5073 JG-JO, Plaintiffs in

1 civil action National Grocers Association et al v. Visa U.S.A., Inc. et al 05-cv- 5207
 2 JG-JO, Plaintiffs in civil action American Booksellers Association v. Visa U.S.A.,
 3 Inc. et al 05-cv-5319 JG-JO, Plaintiffs in civil action Rookies, Inc. v. Visa U.S.A.,
 4 Inc. 05-CV-5069 JG-JO, Plaintiffs in civil action Jasperson v. Visa U.S.A., Inc. 05-
 5 cv-5070 JG-JO, Plaintiffs in Civil action Animal Land, Inc. v. Visa U.S.A., Inc 05-
 6 cv-5074 JG-JO, Plaintiffs in civil action Bonte Wafflerie, LLC v. Visa U.S.A., Inc.
 7 05-cv-5083 JG-JO, Plaintiffs in civil action Broken Ground, Inc. v. Visa U.S.A., Inc.
 8 05-cv-5082 JG-JO, Plaintiffs in civil action Baltimore Avenue Foods, LLC v. Visa
 9 U.S.A., Inc. 05-cv-5080 JG-JO, Plaintiffs in civil action Fairmont Orthopedics &
 10 Sports Medicine, PA v. Visa U.S.A., Inc. 05-cv-5076 JG JO, Plaintiffs in civil action
 11 Tabu Salon & Spa, Inc. v. Visa U.S.A., Inc. 05-cv-5072 JG-JO, Plaintiffs in civil
 12 action Lakeshore Interiors v. Visa U.S.A., Inc. 05-cv-5081JG JO, Plaintiffs in civil
 13 action NuCity Publications, Inc. v. Visa U.S.A., Inc. 05-cv-5075 JG-JO, Plaintiffs in
 14 civil action Hyman v. VISA International Service Association, Inc. 05-cv-5866 JG-
 15 JO, Plaintiffs in civil action Lee et al v. Visa U.S.A. Inc. et al 05-cv-3800 JG-JO,
 16 Plaintiffs in civil action Resnick Amsterdam & Leshner P.C. v. Visa U.S.A., Inc. et
 17 al 05-cv-3924 JG-JO, Plaintiffs in civil action Hy-Vee, Inc. v. Visa U.S.A., Inc. et al
 18 05-cv-3925-JG-JO, Plaintiffs in civil action Meijer, Inc. et al v. Visa U.S.A. Inc. et al
 19 05-cv-4131-JG-JO, Plaintiffs in civil action Lepkowski v. Mastercard International
 20 Incorporated et al 05-cv-4974 JG-JO, Plaintiffs in civil action Kroger Co. v. Visa
 21 U.S.A., Inc. 05-cv-5078 JG-JO, Plaintiffs in civil action Fitlife Health Systems of
 22 Arcadia, Inc. v. Mastercard International Incorporated et al 05-cv-5153 JG-JO,
 23 Plaintiffs in civil action Harris Stationers, Inc., et al. v. Visa International Service
 24 Association, et al. 05-cv-5868 JG-JO, Plaintiffs in civil action Dr. Roy Hyman, et al
 25 v. Visa International Service Association, Inc., et al . 05-cv-5866 JG-JO, Plaintiffs
 26 in civil action Performance Labs, Inc. v. American Express Travel Related
 27 Services Co., Inc., et al. 05-cv-5869 JG-JO, Plaintiffs in civil action Leeber Cohen,
 28 M.D. v. Visa U.S.A., Inc., et al. 05-cv-5878 JG-JO, Plaintiffs in civil action G.E.S.
 29 Bakery, Inc. v. Visa U.S.A., Inc., et al. 05-cv-5879 JG-JO, Plaintiffs in civil action
 30 Connecticut Food Association, Inc., et al. v. Visa U.S.A., Inc., et al. 05-cv-5880 JG-
 31 JO, Plaintiffs in Twisted Spoke v. Visa U.S.A., Inc., et al. 05-cv-5881 JG-JO,
 32 Plaintiffs in civil action Lombardo Bros., Inc. v. Visa U.S.A., Inc. 05-5882 JG-JO,
 33 Plaintiffs in civil action Abdallah Bishara, etc. v. Visa U.S.A., Inc. 05-cv-5883 JG-
 34 JO, Plaintiffs in civil action 518 Restaurant Corp. v. American Express Travel
 35 Related Services Co., Inc., et al. 05-cv-5884 JG-JO, Plaintiffs in civil action JGSA,

1 Inc. v. Visa U.S.A., Inc., et al. 05-cv-5885 JG-JO, Plaintiffs in civil action The
 2 Kroger Co., et al. v. MasterCard Inc., et al., 06-cv-0039 JG-JO, Plaintiffs in civil
 3 action Rite Aid Corporation et al. v. Visa U.S.A., Inc. et al. 05-cv-5352 JG-JO,
 4 Plaintiffs in civil action Fringe, Inc. v. Visa, U.S.A., Inc et al 05-cv-4194 JG-JO,
 5 Plaintiffs in civil action Bi-Lo, LLC. et al v. Visa U.S.A., Inc. et al 06-cv-2532 JG-
 6 JO, Plaintiffs in civil action Bi-Lo, LLC. et al v. Mastercard Incorporated et al 06-
 7 cv-2534 JG-JO, Plaintiffs in civil action 06-cv-5583, Esdacy, INC. v. Visa USA,
 8 INC. et al, QVC, Inc., GMRI, Inc., NATSO, Incorporated, Plaintiffs in civil action
 9 BKS. v. Visa U.S.A., Inc. et al 09-cv-2264-JG-JO, Plaintiffs in civil action Gulfside
 10 Casino Partnership. v. Visa U.S.A., Inc. et al 09-cv-03225 JG-JO, Keith
 11 Superstores, BKS, INC., BKS of LA, Inc. d/b/a KEITH SUPERSTORES, and
 12 KEITHCO PETROLEUM, INC., Keithco Petroleum, Inc., BKS, INC., BKS of LA,
 13 Inc. d/b/a KEITH SUPERSTORES, and KEITHCO PETROLEUM, INC., National
 14 Community Pharmacists Association, National Cooperative Grocers Association,
 15 Coborn's Incorporated, D'Agostino Supermarkets, Inc., National Restaurant
 16 Association, Affiliated Foods Midwest, Gielen Enterprises, Inc., Rice Palace, Inc.,
 17 Tobacco Plus, Inc., CVS Pharmacy, Inc., Plaintiffs in Delta Airlines Inc et all v.
 18 Visa Inc et al, 1:13-cv-04766-JG-JO, Cox Communications, Inc., Cox Enterprises,
 19 Inc., Cox Media Group, Inc., G6 Hospitality LLC, Live Nation Entertainment,
 20 Inc., Manheim Inc., Motel 6 Operating LP, E-Z Mart Stores, Inc., Jacksons Food
 21 Stores, Inc./PacWest Energy LLC, Kum & Go, L.C., Sheetz, Inc., Susser Holdings
 22 Corporation, The Pantry, Inc., Plaintiffs in Target Corporation, et al. v. Visa Inc.,
 23 et al., 13-cv-03477, DSW Inc., Jetblue Airways Corporation, Plaintiffs in Civil
 24 Action 7-Eleven Inc., et al. v. Visa Inc. et al, 1:13-cv-05746-JG-JO, Minnesota
 25 Twins LLC, Crystal Rock LLC, Plaintiffs in Civil Action Target Corporation, et al.
 26 v. Visa Inc. et al., 13-cv-4442, Plaintiffs in civil action Publix Supermarkets, Inc. v.
 27 Visa U.S.A. Inc. et al 05-cv-4677 - JG-JO, Plaintiffs in civil action LDC, Inc. v. Visa
 28 U.S.A., Inc., et al 05-cv-5871 JG-JO, Robersons Fine Jewlery, Inc., Sunoco, Inc.
 29 (RM), Einstein Noah Restaurant Group, Inc., Furniture Row BC, Inc., Google,
 30 Inc., Google Payment Corporation, Bass Pro Group, LLC, American Sportsman
 31 Holdings Co., Bass Pro Outdoor World, LLC, BPIP, LLC, BPS Direct, LLC, Big
 32 Cedar, LLC, Fryingpan River Ranch, LLC,

33
34 Plaintiffs,
35

v.

HSBC Bank USA, N.A., Capital One Bank, Capital One, F.S.B., Capital One Financial Corporation, Wells Fargo & Company, Juniper Financial Corporation, National City Bank of Kentucky, National City Corporation, Mastercard Incorporated, HSBC Finance Corporation, HSBC North America Holdings Inc., Citibank, N.A., Citigroup Inc., Chase Bank USA, N.A., JPMorgan Chase & Co., Fifth Third Bancorp, Bank of America, N.A., First National Bank of Omaha, Barclays Financial Corp., Chase Paymentech Solutions, LLC, Visa International Service Association, Visa U.S.A. Inc., Bank of America Corporation, Texas Independent Bancshares, Inc., Wells Fargo Merchant Services, LLC, Visa Inc., Capital One Bank, (USA), N.A., JP Morgan Chase Bank, N.A., Barclays Bank PLC, Barclays Bank Delaware, MBNA America Bank, N.A., HSBC Finance Corporation, HSBC Holdings PLC, HSBC North America Holdings, Inc, PNC Financial Services Group, Inc., SunTrust Bank, Suntrust Banks Inc, Wells Fargo Bank, N.A., Wachovia Corporation, Wachovia Bank, National Association, BA Merchant Services LLC, FKA National Processing, Inc., FIA Card Services, N.A., Mastercard International Incorporated,

Defendants - Appellees,

Defendants in civil action Jetro Holding, Inc. et al v. Visa U.S.A., Inc. et al 05-cv-4520 JG-JO, Defendants in civil action National Association of Convenience Stores et al v. Visa U.S.A., Inc. et al 05-cv-4521 JG-JO, Defendants in civil action Supervalu Inc. v. Visa U.S.A. Inc. et al 05-cv-4650 JG-JO, Defendants in civil action Publix Supermarkets, Inc. v. Visa U.S.A. Inc. et al 05-cv-4677-JG-JO, Defendants in civil action Seaway Gas & Petroleum, Inc. v. Visa U.S.A., Inc. et al 05--cv-4728 JG-JO, Defendants in civil action Raley's v. Visa U.S.A. Inc. et al 05-cv-4799- JG-JO, Defendants in civil action East Goshen Pharmacy, Inc. v. Visa U.S.A., Inc 05-cv-5073-JG-JO, Defendants iin civil action National Grocers Association et al v. Visa U.S.A., Inc. et al 05-cv- 5207 JG -JO, Defendants in civil action American Booksellers Association v. Visa U.S.A., Inc. et al 05-cv-5319 JG -JO, Defendants in civil action Rookies, Inc. v. Visa U.S.A., Inc. 05-cv-5069-JG-JO, Defendants in civil action Jasperson v. Visa U.S.A., Inc. 05-cv-5070-JG-JO, Defendants in civil action Animal Land, Inc. v. Visa U.S.A., Inc. 05-cv-5074-JG-

1 JO, Defendants in civil action Bonte Wafflerie, LLC v. Visa U.S.A., Inc. 05-cv-5083
 2 JG-JO, Defendants in civil action Broken Ground, Inc. v. Visa U.S.A., Inc. 05-cv-
 3 5082 JG-JO, Defendants in civil action Baltimore Avenue Foods, LLC v. Visa
 4 U.S.A., Inc. 05-cv-5080 JG-JO, Defendants in civil action Fairmont Orthopedics &
 5 Sports Medicine, PA v. Visa U.S.A., Inc. 05-cv-5076-JG-JO, Defendants in civil
 6 action Tabu Salon & Spa, Inc. v. Visa U.S.A., Inc. 05-cv-5072 -JG-JO, Defendants
 7 in civil action Lakeshore Interiors v. Visa U.S.A., Inc. 05-cv-5081 JG-JO,
 8 Defendants in civil action Parkway Corp. v. Visa U.S.A., Inc. 05-cv-5077-JG-JO,
 9 Defendants in civil action Hyman v. VISA International Service Association, Inc.
 10 05-cv-5866 JG -JO, Defendants in civil action Lee et al v. Visa U.S.A. Inc. et al 05-
 11 cv-03800, Defendants in civil action Resnick Amsterdam & Leshner P.C. v. Visa
 12 U.S. A, Inc. et al, 05-cv-3924 JG-JO, Defendants in civil action Hy-Vee, Inc. v. Visa
 13 U.S.A., Inc. et al 05-cv-03925 JG-JO, Defendants in civil action Meijer, Inc. et al v.
 14 Visa U.S.A. Inc. et al 05-cv-4131 JG-JO, Defendants in civil action Lepkowski v.
 15 Mastercard International Incorporated et al 05-cv-4974-JG-JO, Defendants in civil
 16 action Photos Etc. Corp. v. Visa U.S.A., Inc. 05-cv-5071-JG-JO, Defendants in civil
 17 action Kroger Co. v. Visa U.S.A., Inc. 05-cv-5078 JG-JO, Defendants in civil case
 18 Fitlife Health Systems of Arcadia, Inc. v. Mastercard International Incorporated
 19 et a 05-cv-5153 JG -JO, Defendants in civil action Rite Aid Corporation et al. v.
 20 Visa U.S.A., Inc. et al. 05-cv-5352 JG-JO, Defendants in civil action The Kroger
 21 Co., et al. v. MasterCard Inc., et al., 06-cv-0039 JG-JO, Defendants in civil action
 22 Harris Stationers, Inc., et al. v. Visa International Service Association, et al. 05-cv-
 23 5868 JG-JO, Defendants in civil action Dr. Roy Hyman, et al. v. Visa International
 24 Service Association, Inc., et al. 05-cv-5866, Defendants in civil action Performace
 25 Labs, Inc. v. American Express Travel Related Services Co., Inc., et al 05-cv-5869
 26 JG-JO, Defendants in civil action Discount Optics, Inc., et al. v. Visa U.S.A., Inc.,
 27 et al. 05-cv-5870 JG-JO, Defendants in civil action LDC, Inc. v. Visa U.S.A., Inc. et
 28 al. 05-cv-5871 JG-JO, Defendants in civil action G.E.S. Bakery, Inc. v. Visa U.S.A.,
 29 Inc., et al. 05-cv-5879 JG-JO, Defendants in civil action Leeber Cohen, M.D. v.
 30 Visa U.S.A., Inc., et al. 05-cv-5878 JG-JO, Defendants in civil action Connecticut
 31 Food Association, Inc., et al. v. Visa U.S.A., Inc., et al 05-cv-5880 JG-JO,
 32 Defendants in civil action Twisted Spoke v. Visa U.S.A., Inc., et al. 05-cv-5881 JG-
 33 JO, Defendants in civil action Lombardo Bros., Inc. v. Visa U.S.A., Inc. 05-cv-5882
 34 JG-JO, Defendants in civil action Abdallah Bishara, etc. v. Visa U.S.A., Inc. 05-cv-
 35 5883 JG-JO, Defendants in civil action 518 Restaurant Corp. v. American Express

1 Travel Related Services Co., et al. 05-cv-5884 JG-JO, Defendants in civil action
 2 JGSA, Inc. v. Visa U.S.A., Inc., et al 05-cv-5885, Defendants in civil action Fringe,
 3 Inc. v. Visa, U.S.A., Inc. et al 05-cv-4194 JG-JO, Defendants in civil action Bi-Lo,
 4 LLC. et al v. Visa U.S.A., Inc. et al 06-cv-2532 JG-JO, Defendants in civil action Bi-
 5 Lo, LLC. et al v. Visa U.S.A., Inc. et al 06-cv-2534 JG-JO, Defendants in civil action
 6 06-cv-5583, Esdacy, INC. v. Visa USA, INC. et al, Washington Mutual, Inc.,
 7 Defendants in civil action BKS. v. Visa U.S.A., Inc. et al 09-cv-2264-JG-JO,
 8 Wachovia Corporation, Wachovia Bank, National Association, Defendants in
 9 civil action Gulfside Casino Partnership. v. Visa U.S.A., Inc. et al 09-cv-03225 JG-
 10 JO, Landers Harley-Davidson Little Rock, Sears Holdings Management
 11 Corporation, Discover Financial Services, Newport European Motorcars, Ltd.
 12 Newport Beach, California, Newport European Motorcars, Ltd. Newport Beach,
 13 California, Dennis D Gibson, Unlimited Vacations and Cruises Inc., Top Gun
 14 Wrecker, Orange County Bldg Materials, Bishop, DBA Hat & Gown, Enterprise
 15 Holdings, Inc., Ragland Bros. Retail Cos., Inc., ABP Corporation, NJ Applebee's
 16 (Paramus), River Valley Market, LLC, Durango Natural Foods, The Real Good
 17 Fashion Store, Inc., Paymentech, LLC, LAJ, Inc., DBA Grapevine Wines an
 18 Spirits, Lane Courkamp, Premier Enterprises Group, Class Action Recovery
 19 Service, Discover, Refund Recovery Services, LLC, Electronic Payment Systems,
 20 LLC, Daviss Donuts and Deli, Jonbro, Visa Europe Limited, Visa Europe Services
 21 Inc., Chase Manhattan Bank USA, N.A., Citibank (South Dakota), N.A., BA
 22 Merchant Services LLC, FKA National Processing, Inc., FIA Card Services, N.A.,
 23 Bass Pro Shops White River Conference and Education Center, LLC, SunTrust
 24 Bank Holding Company,

25
26 Defendants,

27
28 v.
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30 Jack Rabbit LLC, Cahaba Heights Service Center, Inc., DBA Cahaba Heights
 31 Chevron, R & M Objectors, Falls Auto Gallery, DBA Falls Car Collection,
 32 Gnarlywood LLC, Quincy Woodrights, LLC, Kevan McLaughlin, Unlimited
 33 Vacations and Cruises Inc., Pets USA LLC, Slidell Oil Company, LLC, National
 34 Association of Shell Marketers, Inc., Petroleum Marketers Association of
 35 America, Midwest Petroleum Company, Society of Independent Gasoline

1 Marketers of America,
2

3 Objectors - Appellants.
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6

7 Before: JACOBS, LEVAL, and PARK, Circuit Judges.
8

9 A putative class of over 12 million merchants brought this antitrust action
10 under the Sherman Act against Visa U.S.A. Inc., MasterCard International Inc.,
11 and numerous banks that serve as payment-card issuers for those networks.
12 Plaintiffs alleged that Visa and MasterCard adopted and enforced rules and
13 practices relating to payment cards that had the combined effect of injuring
14 merchants by allowing Visa and MasterCard to charge supracompetitive fees
15 (known as “interchange fees”) on each payment card transaction. After nearly
16 fifteen years of litigation, the parties agreed to a settlement of roughly \$5.6
17 billion, which was approved by the United States District Court for the Eastern
18 District of New York (Brodie, C.J.) over numerous objections. In so doing,
19 \$900,000 in service awards was granted to lead plaintiffs, and roughly \$523
20 million was granted in attorneys’ fees.

The appellants are various objectors who argue that the district court erred when it certified the class, approved the settlement, granted service awards and computed attorneys' fees.

We conclude that these arguments are without merit and therefore **AFFIRM** the district court's orders in all respects, except as noted below.

The opinion of the Court is unanimous. Judge Jacobs and Judge Leval each concur in separate opinions.

NATHANIEL A. TARNOR, Hagens
Berman Sobol Shapiro LLP, New York, NY
(Steve W. Berman, Hagens Berman Sobol
Shapiro LLP, Seattle, WA, on the brief), for
Objectors-Appellants Fikes Wholesale, Inc.,
et al.

N. ALBERT BACHARACH, JR. (Paul S. Rothstein, on the brief), Gainesville, FL, for Objectors-Appellants Jack Rabbit, LLC, et al.

KENDRICK JAN, San Diego, CA, for
Objectors-Appellants Gnarlywood LLC, et
al.

JOHN J. PENTZ, Sudbury, MA, for
Objectors-Appellants Pets USA LLC, et al.

1 C. Benjamin Nutley, Pasadena, CA, and
2 John W. Davis, Tampa, FL, for Objector-
3 Appellant Kevan McLaughlin.
4

5 PATRICK J. COUGHLIN, (Joseph D. Daley,
6 Alexandra S. Bernay, and Carmen A.
7 Medici, on the brief) Robbins Geller
8 Rudman & Dowd LLP, San Diego, CA; K.
9 Craig Wildfang, Thomas J. Undlin, Ryan
10 W. Marth, Robins Kaplan LLP,
11 Minneapolis, MN; H. Laddie Montague, Jr.,
12 Merrill G. Davidoff, Michael J. Kane, Berger
13 Montague PC, Philadelphia, PA, for
14 Plaintiffs-Appellees.
15

16 KANNON K. SHANMUGAM (Kenneth A.
17 Gallo, Jessica Anne Morton, Stacie M.
18 Fahsel, on the brief) Paul, Weiss, Rifkind,
19 Wharton & Garrison LLP, Washington, DC;
20 Gary R. Carney, Elyssa E. Abuhoff, Paul,
21 Weiss, Rifkind, Wharton & Garrison LLP,
22 New York, NY, for Defendants-Appellees.
23

24
25 DENNIS JACOBS, Circuit Judge:
26

27 A putative class of over 12 million merchants brought this antitrust action
28 under the Sherman Act against Visa U.S.A. Inc. (“Visa”), MasterCard
29 International Inc. (“MasterCard”), and numerous banks that serve as payment-
30 card issuers for those networks. Plaintiffs alleged that Visa and MasterCard
31 adopted and enforced rules and practices relating to payment cards that had the

1 combined effect of injuring merchants by allowing Visa and MasterCard to
2 charge supracompetitive fees (known as “interchange fees”) on each payment
3 card transaction. After nearly fifteen years of litigation, the parties agreed to a
4 settlement of roughly \$5.6 billion, which was approved by the United States
5 District Court for the Eastern District of New York (Brodie, C.J.) over numerous
6 objections. In so doing, \$900,000 in service awards was granted to lead plaintiffs,
7 and roughly \$523 million was granted in attorneys’ fees.

8 The appellants are various objectors who argue that the district court erred
9 when it certified the class, approved the settlement, granted service awards and
10 computed attorneys’ fees.¹

11 We conclude that these arguments are without merit and therefore
12 AFFIRM the district court’s orders in all respects, except as noted below.
13

¹ We refer to “Appellants” plural, regardless of whether a point was advanced by one objector-appellant or more.

BACKGROUND

I

It is well known that Visa and MasterCard operate two of the world's largest payment-card networks. An understanding of this case requires some knowledge of how those networks operate. In brief: the customer presents a payment card to the merchant; the merchant relays the card information to its bank (the acquiring bank); the acquiring bank forwards that information to the appropriate network (Visa or MasterCard); the network relays the information to the bank that issued the customer's card (the issuing bank); and the issuing bank confirms that the customer has sufficient credit or funds to cover the purchase. . When these steps are completed, the issuing bank transmits its approval back through the chain to the acquiring bank, which relays it to the merchant at the point of sale.

Next, the issuing bank provides the funds via the appropriate network to the acquiring bank, less the "interchange fee" (the focus of this litigation) which the issuing bank – a member of the Visa or MasterCard network - keeps. While the issuing and acquiring banks are contractually free to agree on an applicable interchange fee, Visa and MasterCard each set a default fee in the absence of such

1 an agreement. The acquiring bank, in turn, pays the merchant while charging
2 what is known as a “merchant discount fee.” That fee covers the interchange
3 fee as well as an additional amount that compensates the acquiring bank for
4 processing the transaction. The applicable default fee varies depending on
5 factors that include the type of payment card.

6 Merchants who accept Visa- and MasterCard-branded cards are bound by
7 the issuers’ network rules, which in effect are identical to one another. For
8 example, the “honor-all-cards” rules require any merchant that accepts a Visa- or
9 MasterCard-branded credit card to accept all credit cards of that brand,
10 regardless of the differences in interchange fees. Further, multiple rules
11 prohibit merchants from influencing customers to use one type of payment over
12 another--such as a credit card with a lower interchange fee, or cash rather than
13 credit. These “anti-steering” rules include the “no-surcharge” and “no-discount”
14 rules, which prohibit merchants from charging different prices at the point of
15 sale depending on the means of payment.

II

Numerous antitrust lawsuits were filed against Visa and MasterCard beginning in 2005. The first consolidated complaint in this action (which was followed by several amended complaints) was filed the following year. The then-operative complaints alleged that the Visa and MasterCard interchange fees, and associated rules, were anticompetitive and violated the Sherman Act, 15 U.S.C. §§ 1 and 2, and California's Cartwright Act, Bus. & Prof. Code § 16700 et seq.

Prolonged negotiation resulted in a "2012 Settlement Agreement." Consistent with the then-operative complaint, the proposed settlement divided the plaintiffs into two classes. The first--the Rule 23(b)(3) damages class--covered merchants that accepted Visa and/or MasterCard from January 1, 2004 to November 27, 2012. The second--the Rule 23(b)(2) injunction class--covered merchants that accepted (or would accept) Visa and/or MasterCard on or after November 27, 2012. The 23(b)(3) class was set to receive roughly \$5.3 billion, after opt-out payments. The 23(b)(2) class would receive injunctive relief in the form of changes to Visa's and MasterCard's network rules. While members of

1 the (b)(3) damages class could opt out, members of the (b)(2) injunction class
2 could not. The same counsel represented both classes.

3 The settlement agreement was given preliminary approval in late 2012.
4 Final approval by the district court came roughly a year later.

6 III

7 On June 30, 2016, we held that the members of the (b)(2) injunction class
8 received inadequate representation, in violation of the Due Process Clause and
9 Rule 23(a)(4) of the Federal Rules of Civil Procedure, because, despite their
10 divergent interests, they were represented by the same counsel and lead
11 plaintiffs as the (b)(3) damages class. See In re Payment Card Interchange Fee &
12 Merch. Disc. Antitrust Litig., 827 F.3d 223, 233-34 (2d Cir. 2016). Specifically, we
13 explained that the interest of the (b)(3) class members was in “maximiz[ing] cash
14 compensation for past harm,” while the interest of the (b)(2) class members was
15 in “maximiz[ing] restraints on network rules to prevent harm in the future.” Id.
16 at 233. This conflict disadvantaged the (b)(2) injunction class, we concluded,
17 because “[t]he class counsel and class representatives who negotiated and
18 entered into the [2012] Settlement Agreement were in the position to trade

1 diminution of (b)(2) relief for increase of (b)(3) relief.” Id. at 234. Accordingly,
2 we vacated the district court’s certification of the settlement class, reversed
3 approval of the 2012 Settlement Agreement, and remanded for further
4 proceedings. Id. at 240.

6 IV

7 On remand, the district court appointed the three law firms that had
8 previously served as class counsel (together, “Class Counsel”) to serve as interim
9 counsel only for the Rule 23(b)(3) damages class.² About two years later, after
10 additional discovery and renegotiation, the parties executed this new settlement
11 agreement (the “Settlement Agreement”), which provides for a collective award
12 of \$5.6 billion (as reduced in the amount of \$700 million to reflect opt-outs). The
13 district court granted preliminary approval on January 24, 2019, and final
14 approval on December 13, 2019.

² The district court also appointed separate counsel to represent a proposed injunctive-relief class seeking certification under Rule 23(b)(2). The (b)(2) action is now proceeding as DDMB, Inc. v. Visa, Inc., No. 05-md-1720.

1 The Settlement Agreement defines the class as “all persons, businesses,
2 and other entities that have accepted any Visa-Branded Cards and/or
3 Mastercard-Branded Cards in the United States at any time from January 1, 2004
4 to the Settlement Preliminary Approval Date [January 24, 2019].” App’x at 3324
5 ¶ 4. The definition expressly excludes, among others, the “Dismissed Plaintiffs,”
6 a defined term referring to roughly 200 merchants (and their related entities) that
7 had opted out of the initial settlement and separately settled their claims. Id. at
8 3316 ¶ 3(t), 3324-25 ¶ 4. The Settlement Agreement provides that each claimant
9 will receive a pro rata share of the monetary fund “in accordance with the
10 relative economic interests of the Claimants as measured by the Interchange Fee
11 amounts attributable to their Visa- and Mastercard-Branded Card transactions
12 during the Class Period.” Id. at 3567.

13 In exchange for this cash, each class member released claims “arising out
14 of or relating to” any conduct or acts that were or could have been alleged in the
15 litigation. Id. at 3337 ¶ 31(a). That release covers all claims that have accrued
16 during the class period, or that will “accrue no later than five years after the
17 Settlement Final Date,” id., which is defined as the date on which appeals from
18 the Settlement Agreement become final, id. at 3321-22 ¶ 3(ss).

1 The release “extend[s] to, but only to, the fullest extent permitted by
2 federal law.” Id. at 3337 ¶ 31(a). The parties have stated, in the district court and
3 on appeal, that this language is intended to comport with the “identical factual
4 predicate” test, i.e., that a settlement may validly release claims “that would have
5 to be based on the identical factual predicate as that underlying the claims in the
6 settled class action.” TBK Partners, Ltd. v. Western Union Corp., 675 F.2d 456,
7 460 (2d Cir. 1982). See Defendants-Appellees Br. at 52; Plaintiffs-Appellees Final
8 Approval Br. at 63; App’x at 4424. The district court so construed the Settlement
9 Agreement in granting approval. In re Payment Card Interchange Fee & Merch.
10 Disc. Antitrust Litig., No. 05-md-1720, 2019 WL 6875472, at *23-25 (E.D.N.Y. Dec.
11 16, 2019) (“Final Approval”).

12 Because of the dispute described below between integrated oil companies
13 and their franchised service stations operating under the trademark of the
14 franchisor, contesting which should receive the settlement funds allocated to
15 customers using payment cards to purchase primarily gasoline, the district court
16 determined to appoint a special master to study and determine the question,
17 subject to de novo review by the district court.

1 After granting final approval of the Settlement Agreement, the district
2 court awarded Class Counsel 9.31% of the settlement fund in attorneys' fees,
3 approximately \$523 million. See In re Payment Card Interchange Fee & Merch.
4 Disc. Antitrust Litig., No. 05-md-1720, 2019 WL 6888488, at *25 (E.D.N.Y. Dec. 16,
5 2019). This award was meant to reflect, among other things, the "enormous
6 number of hours and many years" devoted to the case, id. at *10, and the
7 "substantively risky" nature of the litigation, id. at *14. The award for expenses
8 was \$39 million. See id. at *25.

9 Separately, the district court granted the class representatives \$900,000 in
10 service awards, in addition to out-of-pocket expenses. The district court
11 recognized that "[t]here is no indication that any Class Representative assumed
12 the position or undertook the time and labor they did in anticipation of being
13 compensated," but still granted the award because of the "enormous amount of
14 time and resources" they spent on the case. App'x at 7456-57.

15 Appellants argue that the district court abused its discretion when it
16 certified the class, approved the settlement, granted service awards and
17 computed attorneys' fees.

1 customers at the service stations. The franchisees claim to have “accepted” Visa
2 and/or MasterCard from consumers paying for the gasoline dispensed at their
3 stations, while the franchisors claim to have “accepted” the payment cards by,
4 inter alia, providing operating and processing services on the same set of
5 transactions. The question of which ones accepted the payment cards was not
6 resolved by the district court but was instead set aside for determination by a
7 special master, subject to de novo review by the district court. Appellants
8 contend that this failure of the settlement agreement renders the class
9 unascertainable, with dire consequences for the settlement.³ This is mistaken.

10 Ascertainability requires only that “a proposed class is defined using
11 objective criteria that establish a membership with definite boundaries.” In re

³ There was a question as to whether this unresolved issue might impact appellate jurisdiction. To obviate any such complications, we remanded pursuant to the procedure set out in United States v. Jacobson, 15 F.3d 19 (2d Cir. 1994), for the district court to consider whether, in the event its disposition of the dispute between service stations and oil companies was deemed not a final judgment, there was no just reason for delay in the appeal of all other issues. On July 18, 2022, the district court so concluded and certified that the judgment previously entered and appealed from should be considered a partial final judgment in accordance with Rule 54(b) of the Federal Rules of Civil Procedure. In re Payment Card Interchange Fee & Merch. Disc. Antitrust Litig., No. 05-md-1720, 2022 WL 2803352 (E.D.N.Y. July 18, 2022).

1 Petrobras Sec., 862 F.3d 250, 269 (2d Cir. 2017). This definition meets that
2 requirement by providing the timeframe (January 1, 2004 to January 24, 2019)
3 and place (the United States) in which a particular group (entities that have
4 accepted Visa and/or MasterCard) was allegedly harmed. That is all that is
5 needed.

6 True, the word “accepted” lends itself to ambiguity. But the district court
7 properly concluded that “the class definition is . . . objectively guided by federal
8 antitrust standards.”⁴ Final Approval, No. 05-md-1720, 2019 WL 6875472, at *31;
9 see also In re Motorola Sec. Litig., 644 F.3d 511, 517 (7th Cir. 2011) (“[A]s a
10 general rule, a class definition is interpreted according to the substantive law that
11 provides the basis for the class action.”). In view of those standards, the district
12 court accepted Class Counsel’s claim that “they represent only . . . the direct

⁴ Appellants argue that it is not clear that federal antitrust law should guide the class definition, as the operative complaint also asserts claims under California’s Cartwright Act, which expressly allows recovery for indirect payors. Cal. Bus. & Prof. Code § 16750(a). But Appellants raised this argument for the first time in their reply brief, thereby waiving it. See JP Morgan Chase Bank v. Altos Hornos de Mexico, S.A. de C.V., 412 F.3d 418, 428 (2d Cir. 2005) (“[A]rguments not made in an appellant’s opening brief are waived even if the appellant pursued those arguments in the district court or raised them in a reply brief.”).

1 purchaser, and not every entity in the payment chain.” Final Approval, No. 05-
2 md-1720, 2019 WL 6875472, at *31 (internal quotation marks omitted).⁵ Put
3 differently, the district court found that federal antitrust law clarified that the
4 only entities that could fall within the class definition were those deemed to be
5 direct payors of the challenged fees.

6 Appellants argue that it is not enough for the definition to be discernible:
7 the criteria for class membership must be “administratively feasible,” such that
8 identifying the class members “would not require a mini-hearing on the merits of
9 each case.” Brecher v. Republic of Arg., 806 F.3d 22, 24-25 (2d Cir. 2015) (internal
10 quotation marks omitted). Appellants contend that the administrative feasibility
11 requirement is not satisfied in this case, since the dispute over which entity was
12 the direct payor for any given transaction will lead to “hundreds of thousands of
13 mini trials.” Jack Rabbit Br. at 64.

⁵ No party to this appeal disputes that “for any given transaction, only one interchange fee was paid and only one claimant is entitled to recover based on that fee.” Defendants’ Br. at 31; see also Jack Rabbit Br. at 38, 55 (“Pursuant to Illinois Brick, there can only be one claim per antitrust injury.”). We therefore accept that interpretation of federal antitrust law for the purposes of this appeal, without opining on its soundness.

1 representative parties . . . fairly and adequately protect the interests of the class.”

2 Fed. R. Civ. P. 23(a)(4).

3 Appellants argue that the franchisees have been inadequately represented
4 because no class representative has a shared interest in the franchisees’ dispute
5 with their franchisors. Such shared interests are necessary to protect the
6 franchisees, Appellants contend, since the loser of the intra-class conflict will be
7 entitled to no recovery, but will still be bound by the settlement’s release.

8 Appellants are confused. The dispute is not over which group of class
9 members will get the recovery; the dispute is over which claimants are within the
10 class. Whoever “accepted” the payment cards is by definition in the class, gets
11 compensation, and is bound by the release; an entity that did not accept the
12 payment is by definition excluded from the class and is not bound by the
13 settlement. See Rothstein v. Am. Int’l Grp., 837 F.3d 195, 204 (2d Cir. 2016)
14 (noting that non-class members “cannot be bound by any orders or judgments
15 entered in respect to the settlement” (internal quotation marks omitted)). The
16 class representatives owe nothing to the losing entities; outsiders are irrelevant.

17 The district court emphasized that point: “[B]ecause the conflict is not
18 between class members, but between entities disputing who has the right to

1 claim class status, there is no intra-class conflict or inadequate representation;
2 Class Counsel and Class Plaintiffs are not responsible to, and do not represent,
3 the entity that loses the dispute over the right to claim settlement funds.” In re
4 Payment Card Interchange Fee & Merch. Disc. Antitrust Litig., 330 F.R.D. 11, 33
5 (E.D.N.Y. 2019) (“Preliminary Approval”). As a result, the district court
6 concluded, there “is a dispute that needs to be resolved,” but it “need not be
7 resolved through creation of subclasses or appointing new class representatives
8 or counsel.” Final Approval, No. 05-md-1720, 2019 WL 6875472, at *18.

9 We agree with the district court that the arguments advanced by the
10 franchisees present no reason why the settlement affecting all claimants other
11 than the franchisors and franchisees of integrated oil companies should not be
12 consummated.

13 Until now, there has been no conflict between franchisors and franchisees.
14 To the contrary, they have shared an interest in maximizing the recovery for all
15 class members, which each claims to be. Going forward, however, franchisors
16 and franchisees will become adverse to each other for resolution of the questions
17 regarding which should be deemed to have accepted the cards and therefore to
18 come within the class and receive settlement funds, and how those funds should

1 be allocated,. It appears that class counsel will be conflicted on those questions.
2 The district court should ensure that franchisors and franchisees will be
3 represented by counsel, enabling each side to present arguments to the special
4 master and the district court as to why they should be favored over the
5 adversary, and enabling them to negotiate toward settlements of the disputes
6 affecting each adverse pair.

7 Whether this will require designations of subclasses and appointment of
8 further counsel to represent them or whether their existing privately retained
9 counsel will adequately serve the needs, we leave to the good judgment of the
10 district court.

11
12 **C**

13 Appellants next challenge the district court's plan to refer the dispute over
14 class membership to a special master, subject to its de novo review. Appellants
15 raise three arguments on this score.

16 First: they contend this dispute should have been resolved before class
17 certification because "no class may be certified that contains members lacking
18 Article III standing," and "[t]he class must therefore be defined in such a way

1 that anyone within it would have standing.” Denney v. Deutsche Bank AG, 443
2 F.3d 253, 264 (2d Cir. 2006). This argument stems from the same mistaken belief
3 that this is a dispute between class members rather than a dispute over class
4 membership. And there is nothing unusual about a special master identifying
5 that entity after settlement approval. See Rothstein, 837 F.3d at 199, 201-02
6 (noting that class membership was determined after settlement approval);
7 Motorola, 644 F.3d at 515 (same).

8 Second: they contend that the claims process is fundamentally unfair
9 because it will necessarily result in one group receiving nothing and yet releasing
10 all its claims. As discussed above, however, that is just not so. Excluded entities
11 would not be bound by the settlement.

12 Third: they contend that the contemplated special master process is too
13 vague, complicated, and adversarial to be appropriate under Rule 23. This
14 vagueness argument rests on a series of open questions as to how the special
15 master will go about identifying direct payors--e.g., whether the special master
16 will allow legal briefs or expert testimony. But logistics can be worked out in
17 time. The district court provided the only marching order that matters: that the

1 special master identify the direct payor or payors in any given transaction.⁶ That
2 is enough for now.

3 As to the complicated and adversarial nature of the impending special
4 master proceedings, special masters have been frequently tasked with deciding
5 antitrust standing issues at the summary judgment stage. These are tough and
6 hotly disputed issues. But district courts with loaded dockets may rely on
7 special masters to decide thorny things. With respect to the restrictions imposed
8 by Rule 53(a)(1)(C) on circumstances in which special masters may be appointed,
9 limiting appointment to matters that “cannot be effectively and timely addressed
10 by an available district judge or magistrate judge,” we have no reason to doubt
11 that the district court complied with its obligations. Fed. R. Civ. P. 53(a)(1)(C).⁷

⁶ This fact distinguishes this case from the one that Appellants rely upon, in which the Fifth Circuit held that that a mandatory limited-fund settlement of tort claims required decertification because the district court punted, *without any guidance*, “the difficult question of equitable distribution . . . to the special master.” In re Katrina Canal Breaches Litig., 628 F.3d 185, 194 (5th Cir. 2010).

⁷ Appellants contend that special masters are most useful at determining quantitative issues, but “[w]hen the issues referred to a master go beyond hard-to-measure damages or an accounting . . . the waters grow more turbid.” Stauble v. Warrob, Inc., 977 F.2d 690, 694 (1st Cir. 1992). That observation was made in reference to a prior version of Rule 53, which provided that “in actions to be tried

1 In affirming the district court's decision, of course, we are not granting blanket
2 approval to any future decision made by the special master. Decisions by the
3 special master will be reviewable de novo by the district court and, in turn,
4 reviewable by us on appeal.

5
6 **D**

7 The final objection is raised on behalf of franchisees who had been
8 designated "Dismissed Plaintiffs," a term defined in the Settlement Agreement to
9 include entities that opted out via a separate agreement. The problem first raised
10 at the preliminary settlement hearing was that some or all of the franchisors that
11 settled separately had included their franchisees in the release. The franchisees
12 contested their dismissed status on the grounds that the franchisors lacked
13 authority to release their claims and that, in any event, some of them dealt with

without a jury, save in matters of account and of difficult computation of damages, a reference [to a special master] shall be made only upon a showing that some *exceptional condition* requires it." Fed. R. Civ. P. 53(b) (as amended Apr. 30, 1991, effective Dec. 1, 1991) (emphasis added). Under Rule 53, as revised, special masters may now address pretrial and post-trial matters without a showing of exceptional conditions, so long as the circumstances of the appointment respect the conditions imposed by subsection (a)(1)(C). See Fed. R. Civ. P. 53(c).

1 more than one franchisor, not all of which had settled separately. The district
2 court did not address the first objection, but did direct issuance of a “notice of
3 exclusion,” informing the franchisees that they were excluded from the class, and
4 that, because their claims had been settled, they would not be eligible for class
5 settlement funds unless they had also accepted payment in a capacity other than
6 as a Dismissed Plaintiff.

7 At the final approval stage, exclusion was again contested. In response to
8 the claim that separate settlements were entered without the consent of the
9 franchisees, the district court instructed Class Counsel to send supplemental
10 notice informing all entities that had received a “notice of exclusion” that that
11 they could “make a claim for class settlement funds if [the settling entity] did not
12 have authority to settle and release [their] claims.” App’x at 7220. Appellants
13 contend that this supplemental notice violated the Due Process Clause because it
14 was sent only after final approval of the Settlement Agreement, thereby
15 preventing the franchisees from opting out of or objecting to the settlement. We
16 disagree.

17 “The standard for the adequacy of a settlement notice in a class action
18 under either the Due Process Clause or the Federal Rules is measured by

1 reasonableness.” Wal-Mart Stores, Inc. v. Visa U.S.A., Inc., 396 F.3d 96, 113 (2d
2 Cir. 2005). “There are no rigid rules to determine whether a settlement notice to
3 the class satisfies constitutional or Rule 23(e) requirements; the settlement notice
4 must fairly apprise the prospective members of the class of the terms of the
5 proposed settlement and of the options that are open to them in connection with
6 the proceedings.” Id. at 114 (internal quotation marks omitted).

7 There was nothing unreasonable about the supplemental notice. The
8 district court ordered these notices out of caution, after an objection raised at the
9 final approval stage. There was no need then to provide an opt-out because all
10 entities receiving the notice were already presumed to be excluded from the
11 class.⁸ Nor was the notice needed to provide these entities with the opportunity
12 to object; after all, it was the objection of a “Dismissed Plaintiff” that caused the
13 supplemental notices to be sent in the first place.

⁸ All entities identified as Dismissed Plaintiffs would have presumably been bound by the release contained in separate settlement agreements; but the validity of those agreements could always be challenged in a separate action.

1 because it requires class members to forgo relief for the same length of time,
2 regardless of whether the class member was in business for fifteen years of the
3 class period, or for the final month only.

4 We have no occasion to decide these questions. That is because the release
5 of claims provision contains a de-facto severability clause, providing that the
6 release “extend[s] to, but only to, the fullest extent permitted by federal law.”
7 App’x at 3337 at ¶ 31(a). This language ensures that the Settlement Agreement
8 will stand even if certain aspects of the release were to fall. A holding as to the
9 proper scope of the release--i.e., whether the future release violates federal law--
10 can await a case in which the issue would directly affect the proceedings.

11 12 III

13 The district court granted \$900,000 in service awards to the lead plaintiffs.
14 Appellants contend that such awards are prohibited by Supreme Court
15 precedent and that, even if they were generally permissible, the amount awarded
16 in this case was excessive. We will address these two arguments in turn.

A

Service awards are likely impermissible under Supreme Court precedent. The Supreme Court has held that it was “decidedly objectionable” for cash allowances to be “made for the personal services and private expenses” of a creditor who brought suit on behalf of himself and other similarly situated bondholders. Trustees v. Greenough, 105 U.S. 527, 537 (1881). Such allowances, the Court reasoned, “would present too great a temptation to parties to intermeddle in the management of valuable property or funds in which they have only the interest of creditors, and that perhaps only to a small amount.” Id. at 538.

Appellants argue that Greenough precludes the granting of service awards in this case, and in virtually all other cases⁹--as the Eleventh Circuit held in Johnson v. NPAS Solutions, LLC, 975 F.3d 1244 (11th Cir. 2020). True, Greenough’s holding was not about persons designated as class representatives under the later-formulated class action rules; but it “involved an analogous litigation actor.” Id. at 1259. Finally, appellants argue that although Rule 23

⁹ Service awards are expressly allowed by statute for class representatives in private securities litigation. See 15 U.S.C. § 78u-4(a)(4).

1 post-dates Greenough, it makes no reference to service awards, and is thus
2 “irrelevant.” Id.

3 But practice and usage seem to have superseded Greenough (if that is
4 possible). See Melito v. Experian Mktg. Sols. Inc., 923 F.3d 85, 96 (2d Cir. 2019);
5 Hyland v. Navient Co., 48 F.4th 110, 123-24 (2d Cir. 2022). And even if (as we
6 think) practice and usage cannot undo a Supreme Court holding, Melito and
7 Navient are precedents that we must follow.

8
9 **B**

10 Appellants contend that the service awards here are excessive, even if
11 service awards are otherwise deemed permissible, and must be reduced.

12 We have articulated no standard by which district courts can consider the
13 grant of service awards. District courts within this Circuit have generally relied
14 upon the following factors:

15 [1] the existence of special circumstances including the
16 personal risk (if any) incurred by the plaintiff-applicant
17 in becoming and continuing as a litigant, [2] the time and
18 effort expended by that plaintiff in assisting in the
19 prosecution of the litigation or in bringing to bear added
20 value (e.g., factual expertise), [3] any other burdens

1 sustained by that plaintiff . . . and, of course, [4] the
2 ultimate recovery.

3
4 Dial Corp. v. News Corp., 317 F.R.D. 426, 439 (S.D.N.Y. 2016) (ellipsis in original)
5 (quoting Roberts v. Texaco, 979 F. Supp. 185, 200 (S.D.N.Y. 1997)). District courts
6 also “often look to the sums awarded in similar cases, and compare the named
7 plaintiff’s requested award to each class member’s estimated pro rata share of
8 the monetary judgment or settlement.” In re AOL Time Warner ERISA Litig.,
9 No. 02-cv-8853, 2007 WL 3145111, at *2 (S.D.N.Y. Oct. 26, 2007) (citations
10 omitted). Given the Supreme Court’s precedent in apparent opposition to the
11 practice, and the standardless use of it nevertheless, it is unsurprising that, as has
12 been said, “the decision to grant the [service] award, and the amount thereof,
13 rests solely within the discretion of the Court.” Dial, 317 F.R.D. at 439.

14 Here, the district court bestowed a total of \$900,000 in service awards to
15 the eight lead plaintiffs, with the two highest awards in the amount of \$200,000.

16 The district court justified these awards as follows:

- 17 • “Courts have approved similarly-sized service awards, even in cases
18 with smaller settlement fund sizes and for cases that proceeded for a
19 shorter duration of time.”
20

- 1 • “Class Representatives spent an enormous amount of time and
2 resources in serving as named representatives in this complex
3 litigation that has spanned well over a decade.”
4
- 5 • “There is no indication that any Class Representative assumed the
6 position or undertook the time and labor they did in anticipation of
7 being compensated.”
8
- 9 • “Class Counsel does not seek service awards in excess of the service
10 awards requested and previously granted pursuant to the now-
11 vacated 201[2] Settlement Agreement, despite significant additional
12 efforts and time spent by the Class Plaintiffs in the six years since
13 that time, including time spent as a result of another round of
14 discovery.”
15

16 App’x at 7455-56 (citations omitted). Appellants challenge the amount of these
17 awards on four grounds.

18 First: Appellants argue that the lead plaintiffs cannot adequately represent
19 the class because the service awards dwarf the recovery for the lead plaintiffs
20 and the average class member. As Appellants point out, certain lead plaintiffs
21 will receive service awards that are about 100 times as large as their expected
22 settlement recovery. Thus, Photos Etc., with an estimated claim of about \$2,000,
23 gets a service award of \$200,000--more than 400 times the average recovery,
24 which is less than \$500. We recognize that certain district courts have relied on

1 these sorts of comparisons;¹⁰ but we have never required their use, and we
2 decline to do so now.

3 Second: The district court credited each lead plaintiff for the full time it
4 spent on the litigation. Appellants contend that, to avoid rewarding inefficiency,
5 the district court should have limited its consideration to the average number of
6 hours expended by the lead plaintiffs with the largest claims--CHS and Payless.
7 This idea is more creative than it is compelling, or workable. We cannot say that
8 the district court's approach was an abuse of discretion.

9 Third: Payless reported that participation in this case cost it \$70,000 in
10 salary and wages; and CHS reported \$39,000. Appellants contend that service
11 awards should have been directly tied to those losses, and that the district court's
12 failure to do so amounted to an abuse of discretion. Service awards have been
13 limited to lost wages and out-of-pocket expenses in the context of private federal

¹⁰ In 2014, Judge Gleeson questioned the requested service awards based on the reasons that Appellants now articulate. See In re Payment Card Interchange Fee & Merch. Disc. Antitrust Litig., 991 F. Supp. 2d 437, 448-49 (E.D.N.Y. 2014). But Judge Gleeson's reservations are not law of the case, and Chief Judge Brodie, to whom the case was reassigned after Judge Gleeson's retirement, had no obligation to follow suit.

1 securities litigation. See 15 U.S.C. § 78u-4(a)(4) (limiting service awards to
2 “reasonable costs and expenses (including lost wages) directly relating to the
3 representation of the class”). The district court in this antitrust case was not
4 bound by the limitation.

5 Fourth: Appellants contend that much of the work that the lead plaintiffs
6 performed was geared toward obtaining legislative reform for the injunction
7 class, and that those efforts should have been excluded in arriving at a service
8 award for the damages class. Given that the basis for any service award in a
9 class action is at best dubious under Greenough, and that, unsurprisingly,
10 calculation of such an award is standardless, it is difficult to find traction for a
11 ruling that this award is an abuse of discretion. In any event, among the variety
12 of factors considered, the district court made no more than passing reference to
13 time that lead plaintiffs spent on legislative activities. But the point here is valid.
14 The class should not pay for time spent lobbying for changes in law that do not
15 benefit the class. We direct the district court to reduce the award to the extent its
16 size was increased because of time spent lobbying.

1 IV

2 The award of attorneys' fees exceeds half a billion dollars. The district
3 court acknowledged that the "sheer size" of this award resulted in "apparent
4 unfairness," but found that "public policy interests weigh in favor of a
5 substantial award." In re Payment Card Interchange Fee & Merch. Disc.
6 Antitrust Litig., No. 05-md-1720, 2019 WL 6888488, at *21 (E.D.N.Y. Dec. 16, 2019)
7 ("Fee Opinion"). True, the amount is breathtaking; but the only question for us
8 is whether the district court abused its discretion in awarding such fees. We
9 cannot say that it did.

10
11 A

12 It is well-established under the common fund doctrine that "attorneys who
13 create a fund for the benefit of a class of plaintiffs are entitled to reasonable
14 compensation from that fund." Victor v. Argent Classic Convertible Arbitrage
15 Fund L.P., 623 F.3d 82, 84 (2d Cir. 2010). This reasonableness principle has deep
16 roots in Supreme Court jurisprudence, stemming from the decisions in
17 Greenough and Central Railroad & Banking Co. v. Pettus, 113 U.S. 116 (1885).
18 While this Circuit's approach to calculating fees has "evolved in a somewhat

1 circuitous fashion,” Goldberger v. Integrated Res., Inc., 209 F.3d 43, 48 (2d Cir.
2 2000), we established at the turn of this century that district courts could
3 calculate fees using either the lodestar amount, which is the reasonable hourly
4 rate multiplied by the hours reasonably expended, or a percentage of the fund,
5 see id. at 50.

6 Regardless of which method is chosen, the analysis is effectively the same.
7 In calculating a reasonable common fund fee, district courts are to be guided by
8 the following factors: “(1) the time and labor expended by counsel; (2) the
9 magnitude and complexities of the litigation; (3) the risk of the litigation . . . ;
10 (4) the quality of representation; (5) the requested fee in relation to the
11 settlement; and (6) public policy considerations.” Id. (alteration in original)
12 (citation omitted). What is more, district courts that use the percentage method
13 routinely keep the lodestar in sight, heeding Goldberger’s advice to “requir[e]
14 documentation of hours as a cross check on the reasonableness of the requested
15 percentage.” Id. (internal quotation marks omitted).

16 The district court here followed the trend in this Circuit by applying the
17 percentage method. See Fee Opinion, No. 05-md-1720, 2019 WL 6888488, at *9,
18 *24. Class Counsel had requested 9.56% of the settlement fund, which amounted

1 to about \$537 million. See id. at *3. The district court found that the requested
2 award was supported by each of the Goldberger factors, except for the quality of
3 representation. See id. at *10-21. While the district court found that Class
4 Counsel did “a tremendous job in litigating this case,” id. at *15, it explained that
5 “the low percentage of recovery in comparison to the total alleged damages
6 figure weighs slightly against granting the full amount of Class Counsel’s
7 requested fee,” id. at *17.¹¹

8 The district court then conducted a lodestar cross-check, dividing the
9 percentage fee requested (\$537 million) by the lodestar (\$215 million).¹² It
10 concluded that the resulting multiplier of 2.5 fell “well within a range of
11 multipliers that have been deemed acceptable, especially in complex actions.”
12 Id. at *22 (citing Wal-Mart Stores, Inc. v. Visa U.S.A., Inc., 396 F.3d 96, 123 (2d

¹¹ The district court noted that the \$5.6 billion settlement figure is less than the interchange fees that one retailer--Wal-Mart Stores, Inc.--paid in a single decade. See id. at *16.

¹² The district court ultimately adjusted the lodestar amount to about \$213 million, after deducting time spent exclusively on injunctive relief after the remand. See id. at *24.

1 Cir. 2005) (finding a multiplier of 3.5 to be reasonable in a megafund antitrust
2 action)).

3 The district court then decided to reduce the requested percentage by .25%
4 to account for the relatively small settlement figure, as a percentage of the
5 amount of damages reasonably claimed. See id. at *24. This resulted in an
6 award of 9.31% of the common fund, or roughly \$523 million. See id. The final
7 lodestar multiplier was 2.45. See id.

8
9 **B**

10 Appellants first challenge the roughly 630,000 hours that Class Counsel is
11 found to have expended on the case. Specifically, Appellants contend that the
12 district court abused its discretion by failing to either: (1) exclude from its
13 analysis all pre-remand time--about 500,000 hours--because of Class Counsel's
14 conflicting representation of the damages and injunction class; or (2) limit pre-
15 remand time to exclude time that benefitted the injunction class only. Appellants
16 argue that the district court's failure to adjust the pre-remand time in either of
17 these ways allowed inflated hours to distort its Goldberger review (specifically,

the time and labor factor) and its lodestar cross-check (by juicing up the lodestar).

1

Appellants' first argument seeks a categorical exclusion. That is, Appellants claim that Class Counsel should not have received credit for any pre-remand work, since attorneys cannot be compensated for their simultaneous representation of competing parties.¹³ We are unpersuaded.

Appellants' argument hinges on Silbiger v. Prudence Bonds Corp., 180 F.2d 917 (2d Cir. 1950) (L. Hand, L.), in which the district court awarded attorney's fees from a bankruptcy reorganization in which the attorney represented two classes of bondholders with directly opposing interests, such that one class would be "certain to lose by the success of the [other]." Id. at 920. Judge Hand noted that the "usual consequence" of this sort of conflicting

¹³ Appellants also summarily state that even if the nature of the conflict alone does not preclude recovery for pre-remand work, "[o]f course, when an attorney creates a situation in which it is impossible to accurately bill separate clients . . . the remedy is to preclude the recovery of any attorney's fees from either client." Gnarlywood Br. at 43. But Appellants cite no authority for this proposition.

1 representation was that the offending attorney would be “debarred from
2 receiving any fee from either [client], no matter how successful his labors.” Id.

3 It is unclear whether that rule applies in the class action context. See In re
4 Austrian & German Bank Holocaust Litig., 317 F.3d 91, 104 n.17 (2d Cir. 2003)
5 (“We do not believe that the strict approach taken in Silbiger, which was not a
6 class action, requiring forfeiture of at least one-third of the attorney’s fee, is
7 applicable in the context of the pending litigation.” (citation omitted)).¹⁴ In any
8 event, Silbiger noted an “exception” to the general rule: “it is reasonable not to
9 impose an entire forfeiture of the allowance,” when the award “comes in no part
10 out of any group that [could] have been prejudiced by the attorney’s divided
11 allegiance.” 180 F.2d at 921. This language provides the “salient distinguishing
12 feature relied upon in Silbiger.” New York, N.H. & H.R. Co. v. Iannotti, 567 F.2d
13 166, 176 (2d Cir. 1977).

¹⁴ Silbiger concluded that there needed to be some “penalty” for the attorney’s failure to notify the court of the conflict, and the case was remanded with instructions to reduce the fee by at least one-third. 180 F.2d at 919, 921. Appellants do not argue for a similar partial forfeiture—at least not as a penalty for conflicted representation.

The exception applies with full force to this case. All fees will come out of the common fund created for the damages class--i.e., the class which always stood to benefit from Class Counsel's conflicted representation. The injunction class will pay none of it. So total forfeiture is neither required nor appropriate.¹⁵

2

Alternatively, Appellants contend that if Class Counsel is compensated for time spent prior to remand, there should be exclusion of hours spent pursuing injunctive-related relief--e.g., time pursuing extra-judicial legislative changes, and supporting third-party investigations and litigations. This exclusion, we are told, is not intended to be a penalty for conflicted representation; instead, it seeks to ensure that the damages class does not pay more than its fair share. This

¹⁵ This analysis is unaffected by Appellants’ attempt to cast Class Counsel’s representation as an “ethical violation.” Gnarlywood Br. at 48. Class Counsel never violated the New York Rules of Professional Conduct, see Fee Opinion, No. 05-md-1720, 2019 WL 6888488, at *18, and we expressly declined to “impugn the motives or acts of class counsel” on the last appeal, In re Payment Card Interchange Fee & Merch. Disc. Antitrust Litig., 827 F.3d at 234. Indeed, it was only in the context of a settlement (where relief for one party could be used as a bargaining chip to enhance relief for another) that a conflict between the classes arose. Class Counsel could have represented both classes without any conflict had the case proceeded to trial and to a final disposition.

1 argument has some appeal; but we conclude that the district court acted within
2 its discretion when it decided to include the pre-remand time in its entirety.

3 Appellants rely on Hensley v. Eckerhart, 461 U.S. 424 (1983), which
4 considered whether prevailing counsel can be compensated for time spent on
5 unsuccessful claims under a fee-shifting statute providing that “the court, in its
6 discretion, may allow the prevailing party . . . a reasonable attorney’s fee.” Id. at
7 426 (quoting 42 U.S.C. § 1988) (emphasis added). Hensley observed that when a
8 plaintiff “present[s] in one lawsuit distinctly different claims for relief that are
9 based on different facts and legal theories,” id. at 434, “counsel’s work on one
10 claim will be unrelated to his work on another claim” and, thus, “work on an
11 unsuccessful claim cannot be deemed to have been expended in pursuit of the
12 ultimate result achieved,” id. at 435 (internal quotation marks omitted).

13 Appellants latch on to this statement.

14 But the Supreme Court went on to consider cases in which “the plaintiff’s
15 claims for relief will involve a common core of facts or will be based on related
16 legal theories.” Id. In those cases, the Court reasoned, “[m]uch of counsel’s time
17 will be devoted generally to the litigation as a whole, making it difficult to divide

1 the hours expended on a claim-by-claim basis.” Id. As a result, attorneys in such
2 cases may still “recover a fully compensatory fee.” Id.

3 Hensley’s reasoning is instructive here. In considering the time and labor
4 expended on litigation (the first Goldberger factor), it makes little sense to credit
5 counsel for work performed on behalf of a class that it no longer represents. So if
6 the work done on behalf of the injunction class could all be teased apart from the
7 work done for the damages class, the district court should have done so. But that
8 was not an option. The injunctive and monetary claims were interwoven, such
9 that “the majority of Class Counsel’s work leading up to the 201[2] Settlement
10 Agreement would have been aimed generally at proving antitrust violation,
11 regardless of the particular remedy sought or class represented.” Fee Opinion,
12 No. 05-md-1720, 2019 WL 6888488, at *11.

13 Under the circumstances, “[t]here was simply no need for the district court
14 to engage in an artificial distribution of attorney time between [monetary] and
15 [injunctive] claims.” Dague v. City of Burlington, 935 F.2d 1343, 1359 (2d Cir.
16 1991) (internal quotation marks omitted), rev’d in part, 505 U.S. 557 (1992).

C

Finally, Appellants raise three challenges to the lodestar multiplier, which was pegged at 2.45.

First: Appellants contend that Class Counsel artificially inflated the lodestar by failing to weed out the time spent working for injunctive-related relief. Had this time been excluded, and the lodestar lowered, the multiplier would have exceeded 2.45 and might have fallen out of a range deemed reasonable. As explained above, however, the district court acted within its discretion when it declined to exclude hours spent solely on behalf of the injunction class, which was in any event small in number relative to the 630,000 total hours.

Second: Appellants challenged the district court's comparison of the lodestar multiplier in this case to multipliers found reasonable in other similar actions. See Fee Opinion, No. 05-md-1720, 2019 WL 6888488, at *22. But in Wal-

1 Mart, we endorsed the use of lodestar comparators, see 396 F.3d at 123, which
2 would seem necessary to avoid picking numbers arbitrarily.¹⁶

3 Third: The district court justified the lodestar multiplier by reference to the
4 “significant litigation risk.” Fee Opinion, No. 05-md-1720, 2019 WL 6888488, at
5 *22. According to Appellants, that was an abuse of discretion because the risks
6 identified--e.g., the challenge of proving antitrust standing--are not of the sort
7 that we deemed applicable in Fresno County Employees’ Retirement Association
8 v. Isaacson/Weaver Family Trust, 925 F.3d 63 (2d Cir. 2019). That case,
9 Appellants posit, relied exclusively on the risk generated from counsel’s
10 devotion of resources to a specific case while forgoing other paying work.

11 Appellants’ reading of Fresno County is too narrow. The true risk we
12 identified in Fresno County was the risk that a case taken on contingency will
13 fail:

¹⁶ According to Appellants, such comparisons go beyond the factors laid out in Goldberger, which characterized the practice of fixing a “benchmark” as an “all too tempting substitute for the searching assessment that should properly be performed in each case.” Goldberger, 209 F.3d at 52. But Goldberger eschewed benchmarks only for the percentage of the common fund--i.e., it counseled against pegging the percentage at 25%. It said nothing about applying benchmarks to the lodestar multiplier.

1 The plaintiff class is . . . appropriately charged for
2 contingency risk where such risk is appreciable because
3 the class has benefited from class counsel's decision to
4 devote resources to the class's cause at the expense of
5 taking other cases. That is, because class counsel has
6 decided to represent the plaintiff class, class counsel's
7 ability to freely represent other clients is limited *by the*
8 *risk she has assumed that the class's cause will be unsuccessful.*
9

10 925 F.3d at 70 (emphasis added). The district court reasonably concluded that
11 the significant litigation risk present in this case meant that class counsel had
12 taken on a venture with a high risk of failure, and that the risk should be
13 compensated.

14 Finally: Appellants argue that the straight lodestar--i.e., the figure without
15 any multiplier--is the presumptively reasonable fee in cases (such as this one)
16 initiated under fee-shifting statutes.¹⁷ But we rejected that same argument in
17 Fresno County, explaining that "an attorney seeking a fee after establishing a
18 common fund will receive a fee calculated using either the lodestar method or a
19 percentage-of-the-fund method, which can yield a fee that is less than, equal to,

¹⁷ The case was filed under the Sherman Act, which provides that persons "injured in [their] business or property by reason of anything forbidden in the antitrust laws . . . shall recover threefold the damages . . . sustained, and the cost of suit, including a reasonable attorney's fee." 15 U.S.C. § 15(a).

1 or greater than the lodestar fee.” Id. at 68. We further explained that where, as
2 here, “statutory fees and the common-fund doctrine collide, the common-fund
3 doctrine operates autonomously from fee-shifting principles.” Id. at 69. The
4 district court therefore acted within its discretion when it granted Class Counsel
5 a fee award that more than doubled the lodestar.

6 CONCLUSION

7 For the foregoing reasons, we AFFIRM in all respects the district
8 court’s orders, to the extent they constituted a final judgment, with the exception
9 that we direct the district court to reduce the service award to class
10 representatives to the extent that its size was increased by time spent in lobbying
11 efforts that would not increase the recovery of damages. We make no ruling as
12 to how damages should be allocated as between branded oil companies and their
13 branded service station franchisees, the reasonableness of the special master’s
14 ultimate findings, or the legality of releasing an as-of-yet hypothetical future
15 claim; such issues must wait for a developed factual record and a final judgment,
16 and, as to the breadth of the releases, the assertion by the defendants in a future

- 1 litigation of a claim of release which is challenged on the ground that
- 2 interpreting the release so broadly violates federal law.¹⁸

¹⁸ This panel will retain jurisdiction over any further appeals in this case (though not any appeal from the grant or denial of injunctive relief).