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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

SPACE EXPLORATION  
TECHNOLOGIES  
CORPORATION,

Plaintiff,

vs.

THE BOEING COMPANY and  
LOCKHEED MARTIN  
CORPORATION,

Defendant(s).

CV 05-07533 FMC (MANx)

ORDER GRANTING MOTIONS  
TO DISMISS

THIS CONSTITUTES NOTICE OF ENTRY  
AS REQUIRED BY FRCP, RULE 77(d).

This matter is before the Court on Defendants' Motions to Dismiss (docket # 17, 23). The Court has reviewed the moving, opposition, and reply documents submitted in connection with these Motions. The matter was heard on February 13, 2006, at which time the parties were in receipt of the Court's tentative Order. At the conclusion of the hearing, the Court took the matter under submission, and now issues the following order granting Defendants' Motions and dismissing all claims.

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## I. Background

### A. Nature of the Case

This action arises out of Defendants' alleged attempt to preclude competition in the provision of technology and services to the United States Government for portions of its space program. *See* FAC ¶ 1 (alleging that Defendants The Boeing Company ("Boeing") and Lockheed Martin Corporation ("Lockheed") "engaged in an unlawful conspiracy to eliminate competition in, and ultimately to monopolize, the government space launch business").

### B. Factual Allegations

In the First Amended Complaint ("FAC"), Plaintiff Space Exploration Technologies Corporation ("SpaceX") makes the following factual allegations:

In 1995, the United States Government began a multi-billion dollar space program involving "evolved expendable launch vehicles" ("EELV"). FAC ¶ 2. This program was to be administered by the United States Air Force ("USAF"), which would award contracts to companies to provide EELVs and related launch services. FAC ¶ 2.

On June 9, 1998, the USAF got a Justification and Approval ("J & A") to deal solely with Defendants with respect to EELVs and related services; at the time, Defendants were the only two companies capable of delivering these services. FAC ¶ 24. Since 1998, the USAF has awarded short-term contracts (one-to-three-year contracts) to both Defendants, attempting to ensure that the two would compete with each other. FAC ¶ 25. This practice also gave new EELV manufacturers the opportunity to compete for

COMPLAINT

1 contracts. FAC ¶ 25.

2 Beginning in 2000 and continuing through the present, Defendants  
3 made misrepresentations regarding the lack of commercial demand for  
4 EELVs. FAC ¶ 26. They collectively demanded additional funding to  
5 continue in the EELV business. FAC ¶ 26. They refused to deal with the  
6 USAF unless the USAF agreed to deal with them on common terms. FAC ¶  
7 5. The USAF renegotiated the contracts with Defendants “to provide  
8 government subsidies in the form of infrastructure sustainment payments.”  
9 FAC ¶ 26. The USAF began paying these sustainment payments in fiscal  
10 year 2002. FAC ¶ 27.

11 On March 5, 2005, the USAF announced that it would issue a Request  
12 for Proposals (“RFP”) for a third lot of EELVs (referred to as “the Buy 3  
13 Launches”), and that the RFPs would probably be for a two-to-three-year  
14 period. FAC ¶ 28.

15 On March 17, 2005, an amendment was made to the J & A so that it  
16 covered the Buy 3 Launches. FAC ¶ 29. This meant that the contracts for  
17 the Buy 3 Launches would be awarded to Defendants on a non-competitive  
18 basis. FAC ¶ 29. At the time the J & A was amended, the USAF was aware  
19 that Defendants intended to merge their EELVs businesses into one joint  
20 venture to be known as the “United Launch Alliance,” or “ULA.” FAC  
21 ¶¶ 16, 29.

22 This amendment also approved “a restructured acquisition strategy  
23 that allow[ed] the [USAF] to issue non-competitive cost reimbursable  
24 contracts for infrastructure payments to [Defendants], plus non-competitive  
25 launch service contracts that could remain in place for five years or longer.”  
26 FAC ¶ 30. The amendment permits the USAF to award to Defendants “non-

1 competitive cost reimbursement launch capability contracts on a sole-source  
2 basis to subsidize Defendants' fixed costs associated with their EELV  
3 business." FAC ¶ 32. This exclusive subsidy will help Defendants maintain  
4 their dominant marketing positions. FAC ¶ 32.

5 On April 6, 2005, the USAF issued an RFP for the Buy 3 EELV launch  
6 capability services exclusively to Defendants; the contracts would cover fully  
7 Defendants' infrastructure costs and other costs associated with the EELV  
8 business. FAC ¶ 35.

9 On April 21, 2005, the USAF issued an RFP exclusively to Defendants,  
10 stating that the performance period was to begin in fiscal year 2006 and  
11 continue through fiscal year 2011 or beyond. FAC ¶ 36. The RFP included  
12 a "mission allocation matrix" that shows that the USAF has already allocated  
13 all scheduled 23 launch missions to Defendants. FAC ¶ 36.

14 On August 15, 2005, SpaceX filed a protest with the Government  
15 Accounting Office ("GAO"). FAC ¶ 38. In response to the protest, the  
16 USAF modified the RFPs so that they "technically would appear to apply  
17 only to launches awarded in fiscal year 2006 for launch in 2008." FAC ¶ 38.  
18 However, the allocation of all the scheduled launches did not change. FAC  
19 ¶ 38.

20 Because significant advance preparations must be made for each  
21 launch, the significant commitment made by the USAF is the "allocation" of  
22 the launch rather than the awarding of the contract. FAC ¶ 39. The  
23 arrangement that Defendants have with the USAF ensures that they will be  
24 reimbursed for the preparations they make now for the launches that are  
25 outside the contract period but that have been "allocated" to them. FAC  
26 ¶ 39. This arrangement gives Defendants a competitive advantage in that  
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1 they will be able to develop their technological capabilities and will have the  
2 advantage of having government subsidies to cover the cost of developing  
3 their infrastructure. FAC ¶ 40.

4 In 2003, the United States Department of Justice (“DOJ”) investigated  
5 Boeing’s EELV-related activities. FAC ¶ 45. Specifically, the DOJ  
6 investigated allegations that Boeing had illegally obtained proprietary  
7 information about Lockheed’s EELV program — Lockheed’s confidential  
8 pricing data — during the 1996-1999 time frame. FAC ¶ 45. The USAF  
9 suspended Boeing from participating in the EELV program, and shifted \$1  
10 billion in contracts from Boeing to Lockheed. FAC ¶ 45. The suspension  
11 was lifted before the Buy 3 procurement process began. FAC ¶ 46.

12 The Defendants in this action have been on opposing sides in  
13 litigation surrounding the EELV program. Lockheed sued Boeing, alleging  
14 that Boeing attempted to lessen competition and monopolize the EELV  
15 business. FAC ¶ 50. One former USAF official pleaded guilty to charges  
16 that she “manipulated the procurement process to benefit Boeing.” FAC  
17 ¶ 47. The CFO of Boeing pleaded guilty to a related charge. FAC ¶ 47.  
18 Boeing counterclaimed that Lockheed made false and misleading statements  
19 to the Government during the EELV procurement process. FAC ¶ 51. The  
20 Defendants settled that litigation upon the formation of their joint venture,  
21 ULA. FAC ¶ 56.

22 Today, these companies are “the only companies with contracts  
23 through the EELV program[,] the only companies [that are] being paid . . .  
24 for EELV launch services[,] the only companies to have received  
25 infrastructure sustainment payments[,] and the only companies currently  
26 expected to receive launch capability subsidies . . . .” FAC ¶ 3. The GAO  
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1 recently concluded that the EELV program has cost overruns of \$13.2  
2 billion, which amounts to 70% of the original budget of \$18.8 billion. FAC  
3 ¶ 52.

4 SpaceX has developed new technologies and a new business model that  
5 will allow it to reduce costs and increase reliability of launch vehicles. FAC  
6 ¶ 4. SpaceX is developing its own launch vehicles, which are expected to be  
7 ready by fiscal year 2007. FAC ¶¶ 4, 34.

### 8 9 **C. Plaintiff's Claims**

10 Based on these factual allegations, SpaceX asserts antitrust and unfair  
11 business practices claims. Plaintiff also asserts claims based on violations of  
12 the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18  
13 U.S.C. §§ 1961 - 1968. Specifically, Plaintiff asserts the following claims:  
14 1) violation of § 1 of the Sherman Act, 15 U.S.C. § 1 (prohibiting "contract[s]  
15 and combination[s] . . . in restraint of trade); 2) violation of § 2 of the  
16 Sherman Act, 15 U.S.C. § 2 (prohibiting monopolies and attempts to  
17 monopolize); 3) violation of § 7 of the Clayton Act, 15 U.S.C. § 18  
18 (prohibiting the acquisition of stock or share capital where the effect of such  
19 acquisition may be substantially to lessen competition or tend to create a  
20 monopoly); 4) a violation of RICO, 18 U.S.C. § 1962(c) (prohibiting persons  
21 from being associated with any enterprise in order to participate in the  
22 enterprise's affairs through a pattern of racketeering activity); 5) a violation  
23 of RICO, 18 U.S.C. § 1962(d) (prohibiting conspiracies to commit  
24 substantive RICO violations); 6)-7) violations of the California Cartwright  
25 Act, Cal. Bus. & Prof. Code § 16720 (modeled after and prohibiting the same  
26 types of activities as the federal Sherman Act — restraint of trade and  
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1 monopolization); and 8) unfair business practices in violation of Cal. Bus. &  
2 Prof. Code § 17200.

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4 **D. The Present Motions**

5 Boeing moves to dismiss, arguing that SpaceX lacks Article III  
6 standing in that it does not have a viable launch vehicle at this time, and that  
7 therefore SpaceX has not suffered the requisite “injury-in-fact” necessary to  
8 establish standing to assert any of its claims. Boeing also argues that SpaceX  
9 has not met other claim-specific standing requirements, and that it has failed  
10 to allege facts regarding the essential elements of each claim for relief.

11 Finally, Boeing argues that a specific request for declaratory relief — that the  
12 Court declare void the USAF procurement award — should be considered a  
13 “bid protest,” which is subject to the exclusive jurisdiction of the Court of  
14 Federal Claims.

15 Lockheed also moves to dismiss, arguing that because SpaceX is not  
16 capable of providing the services the Government seeks to procure, it has not  
17 suffered an antitrust injury, and that therefore it has no standing to bring its  
18 Sherman Act or Cartwright Act antitrust claims. Lockheed also argues that  
19 SpaceX, as a competitor, cannot bring a Clayton Act claim. Lockheed also  
20 contends that the Noerr-Pennington doctrine precludes SpaceX’s antitrust  
21 claims. Finally, Lockheed argues that SpaceX has not stated an unfair  
22 business practices claim because § 17200 requires an underlying violation of  
23 the law and all SpaceX’s other claims are precluded.

24 In the end, the Court concludes that SpaceX has not alleged the  
25 requisite injury in fact to establish standing, and dismisses the FAC without  
26 prejudice.

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### III. Standing and Ripeness

Although Boeing's Motion is captioned as one brought pursuant to Fed. R. Civ. P. 12(b)(6), because it challenges the Court's subject-matter jurisdiction, it is properly brought as a motion pursuant to Fed. R. Civ. P. 12(b)(1). The burden of establishing standing is on the party asserting jurisdiction. *Los Angeles County Bar Ass'n v. Eu*, 979 F.2d 697, 701 (9th Cir. 1992).

Standing is a threshold requirement in every federal case; it is an integral component of subject matter jurisdiction. *Bender v. Williamsport Area School District*, 475 U.S. 534, 541-43, 106 S. Ct. 1326, 1331- 32 (1986). *Warth v. Seldin*, 422 U.S. 490, 498, 95 S.Ct. 2197, 2205 (1975). It draws its roots from the Article III requirement that judicial power of the federal courts be limited to the adjudication of "cases" and "controversies." As an aspect of justiciability, the standing question is whether the plaintiff has alleged such a personal stake in the controversy as to warrant his invocation of federal court jurisdiction. *Id.* Standing "is an essential and unchanging part of the case-or-controversy requirement of Article III." *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560, 112 S. Ct. 2130, 2136 (1992).

The Supreme Court has established that the "irreducible constitutional minimum" of standing contains three elements: (1) the plaintiff must have suffered an "injury in fact" — an invasion of a legally protected interest which is concrete and particularized and actual or imminent, not conjectural or hypothetical; (2) a causal connection between the injury and the conduct complained of — the injury has to be fairly traceable to the challenged action of the defendant, and not the result of the independent action of some third party not before the court; and

1 (3) likelihood that the injury will be redressed by a favorable decision. *Lujan*,  
2 504 U.S. at 560, 112 S.Ct. 2130.

3 At issue in this case is whether SpaceX has suffered an injury-in-fact.  
4 To meet this requirement, a plaintiff must allege harm that is “distinct and  
5 palpable” rather than “abstract[,] conjectural[,] or hypothetical.” *Idaho*  
6 *Conservation League v. Mumma*, 956 F.2d 1508, 1514 (9th Cir. 1992) (internal  
7 quotation marks and citation omitted). A plaintiff must “show that he  
8 personally has suffered some actual or threatened injury as a result of the  
9 putatively illegal conduct of the defendant.” *Carson Harbor Village Ltd. v.*  
10 *City of Carson*, 37 F.3d 468, 475 (9th Cir. 1994) (internal quotation marks and  
11 citations omitted), *reversed on other grounds*, 104 F.3d 1133 (1997). The injury  
12 must be “real and immediate” rather than “conjectural or hypothetical.” *Id.*  
13 (citation omitted). The mere possibility of future injury does not confer  
14 standing, and allegations that amount to nothing more than speculation  
15 regarding future injury are insufficient. *Gospel Missions of America v. City of*  
16 *Los Angeles*, 328 F.3d 548, 555 (9th Cir. 2003).

17 Boeing argues that SpaceX has failed to allege an injury-in-fact and  
18 that SpaceX has not suffered an injury-in-fact because it does not yet have an  
19 EELV to offer.<sup>1</sup> Portions of Boeing’s argument are dependent upon the  
20 preclusive effect of a Court of Federal Claims decision (“COFC decision”)  
21 involving the current parties. *See Space Exploration Technologies Corporation*  
22 *v. United States, et al.*, 68 Fed. Cl. 1 (2005). The Court takes judicial notice of  
23 this decision, which is attached as Ex. A to Boeing’s Request for Judicial  
24 Notice.

25 Boeing’s argument is based upon the application of the doctrine of  
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27 <sup>1</sup> As explained below, Boeing also argues that portions of SpaceX claims are not ripe.  
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1 collateral estoppel, also known as issue preclusion. An issue that is actually  
2 litigated and necessarily determined in a previous action is conclusive in  
3 subsequent suits involving the same parties. *Peck v. Commissioner*, 904 F.2d  
4 525, 527 (9th Cir. 1990). SpaceX, Boeing, and Lockheed were all parties to  
5 the COFC action. The issues surrounding the existing contract were  
6 actually litigated and necessarily decided. *See generally* COFC decision, 68  
7 Fed. Cl. 1 (2005). Accordingly, the Court gives preclusive effect to the issues  
8 surrounding the existing contract.

9 Boeing correctly contends that the COFC decision conclusively  
10 establishes that the current RFPs cover only launches awarded through fiscal  
11 year 2006, and that SpaceX will not be able to offer an EELV until at least  
12 2007.<sup>2</sup> Therefore, as Boeing correctly argues, SpaceX cannot establish an  
13 injury-in-fact as to the contracts already awarded.

14 Boeing also correctly argues that SpaceX has not alleged any injury  
15 based on the award of infrastructure subsidy payments because, under the  
16 terms of the relevant RFP,<sup>3</sup> SpaceX was not eligible to bid; it did not have  
17 launch capability at the time of the RFP (April 6, 2005), and therefore was  
18 not a qualified bidder. *See* Boeing's Ex. B. In the absence of a right to bid,  
19 SpaceX cannot be said to have suffered an injury-in-fact.

20 SpaceX, which bears the burden of establishing that it has standing to  
21 pursue its claims, has failed to offer persuasive arguments that it has suffered  
22 the requisite injury-in-fact. SpaceX's allegations lack any reference to any  
23 specific type of injury suffered by SpaceX. SpaceX stated: "SpaceX has

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25 <sup>2</sup> SpaceX so alleges in the FAC as well. FAC ¶ 34.

26 <sup>3</sup> The Court takes judicial notice of the RFP, attached as Ex. B. to Boeing's Request  
27 for Judicial Notice.

1 (a) suffered injury as a result of Defendants' conduct, (b) continues to suffer  
2 injury from Defendants' conduct, and (c) will suffer concrete injury in the  
3 future if Defendants' anticompetitive and unlawful conduct continues  
4 unabated." Opp at 3. SpaceX then refers the Court to FAC ¶¶ 6, 7, 11, 19-20,  
5 39-40, 65-69, 75, 82, and 92 before summarily concluding: "SpaceX's  
6 allegations are more than sufficient to establish Article III standing; the  
7 FAC pleads concrete and particularized existing and imminent injury-in-fact  
8 that is proximately caused by, and directly traceable to, Defendants' unlawful  
9 conduct." Opp. at 4. SpaceX criticizes Boeing's argument as "ignor[ing]  
10 over a dozen particularized allegations" and notes that its allegations  
11 "extend[] well beyond [a] single contract." Opp. at 4. Then SpaceX states  
12 "that Defendants' conduct has caused and continues to cause SpaceX injury  
13 by excluding competition in the Government EELV market and distorting  
14 and harming current and future competition in the commercial EELV  
15 market," before reiterating its reliance on the paragraphs of the FAC cited  
16 above. Opp. at 4. Despite repeated conclusory and vague references to harm  
17 suffered, SpaceX's argument is utterly devoid of any concrete factual  
18 allegations regarding any type of actual injury suffered.<sup>4</sup>

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21 <sup>4</sup> At the hearing on this matter, SpaceX argued that at least one of the antitrust laws  
22 upon which it bases its claims, § 7 of the Clayton Act, is "forward-looking and doesn't  
23 require actual past injury." Tr. at 18. Although under certain circumstances, injunctive  
24 relief is available to a plaintiff without actual past injury, an antitrust plaintiff is not  
25 relieved of the constitutional requirement that the threatened injury be "imminent." See  
26 *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 112 S.Ct. 2130 (1992) (setting forth the  
27 requirement that injury be actual or imminent); cf. *Cargill, Inc. v. Monfort of Colorado, Inc.*,  
28 479 U.S. 104, 107 S.Ct. 484 (1986) (permitting the fifth largest beef packer to seek  
injunction of prohibiting merger between second and third largest beef packers). Here,  
SpaceX's contention does not take into account that it is not yet in a position to compete  
with Defendants. Until it is, such a claim is unripe.

1           SpaceX's reference to specific paragraphs of the FAC does not give  
2 substance to its argument, nor do those portions of the FAC constitute a  
3 "dozen particularized allegations" that were "ignore[d]" by Boeing.  
4 Paragraphs 6 and 7 allege that Defendants have "corrupt[ed] the government  
5 procurement process for awarding EELV contracts" and eliminated  
6 "competitive bidding on the merits," but they do not explain the exact  
7 nature of the harm that has befallen SpaceX, which is not yet capable of  
8 providing EELVs or launch services. The conclusory reference in paragraph  
9 7 that "SpaceX has suffered significant injury from Boeing's and Lockheed  
10 Martin's coordinated efforts to exclude [it] from competition" does not  
11 establish injury-in-fact.

12           Paragraph 11 merely introduces SpaceX and its claims and does not  
13 offer concrete allegations regarding harm actually suffered: "SpaceX seeks  
14 . . . monetary relief to compensate SpaceX for the injuries it has already  
15 suffered as a direct result of Defendants' conduct."

16           Paragraph 19 discusses the effects of exclusion from the sale of EELVs  
17 to the USAF in the abstract and does not discuss harm suffered by SpaceX:  
18 "[Exclusion from the market] has the effect of making it extremely difficult,  
19 if not impossible, to develop the economies of scale necessary to compete . . .  
20 in the sale of EELVs to other government agencies and commercial  
21 customers." SpaceX's conclusory statement of injury in paragraph 20 is  
22 insufficient to establish injury-in-fact: "SpaceX has been, and will continue  
23 to be, injured by this reduction in competition and its exclusion from the  
24 sale of EELVs to commercial customers."

25           The factual allegations set forth in the remaining paragraphs relied on  
26 by SpaceX, ¶¶ 39-40, 65-69, 75, 82, and 92, suffer another fundamental  
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1 problem: they present issues that are not ripe for adjudication.

2 “The standing question . . . bears close affinity to questions of ripeness  
3 —whether the harm asserted has matured sufficiently to warrant judicial  
4 intervention.” *Warth v. Seldin*, 422 U.S. 490, 499 n. 10, 95 S.Ct. 2197, 2205  
5 (1975). “If a plaintiff has not yet suffered a concrete injury-in-fact, he or she  
6 lacks standing, even though it is possible that in the future such injury will  
7 occur. Yet such a suit could also be said to suffer from a lack of ripeness  
8 because the circumstances have not yet developed to the point where the  
9 court can be assured that a live controversy exists.” 15 Moore’s Federal  
10 Practice, § 101.71 (3d ed. 2005). Such is the case here.

11 SpaceX, by its own allegation, is not yet ready to compete with  
12 Defendants in the EELV market. Because it lacks such readiness, its  
13 speculative claims regarding future harm are not ripe. In the remaining  
14 paragraphs cited by SpaceX, the repeated reference to harm to SpaceX’s  
15 ability to compete in the EELV market cannot overcome SpaceX’s allegation  
16 that that its launch vehicle will not be ready until 2007. *See* FAC ¶¶ 39-40  
17 (addressing allocation of future scheduled launches); FAC ¶ 65 (Defendants’  
18 actions “have substantially and adversely affected competition. . . and have  
19 caused direct and significant injury to SpaceX.”); ¶ 66 (“SpaceX has been  
20 injured directly by this reduction in competition and its exclusion from the  
21 market.”); ¶ 67 (“Absent Defendants’ conspiracy and anticompetitive  
22 conduct, SpaceX would be able to compete on the merits to obtain EELV  
23 launch contracts from the [USAF].”); ¶ 68 (“In free and fair competition,  
24 SpaceX would win at least a share of government EELV launches . . . .”);  
25 ¶ 69 (“Defendants’ [anticompetitive acts] also have significantly injured  
26 competition in the sale of EELVs to commercial customers and have  
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1 damaged SpaceX's ability to compete for commercial customers."); ¶ 75  
2 (Defendants' anticompetitive actions have "significantly injured the only  
3 current potential competitor to Defendants, SpaceX."); ¶ 82 ("Due to  
4 [Defendants' anticompetitive acts], Space X . . . has been directly and  
5 significantly injured by . . . the elimination of aggressive competition  
6 between Boeing and Lockheed Martin, . . . the exclusion from the U.S.  
7 Government market[,] and the exclusion from receiving taxpayer-financed  
8 infrastructure subsidies . . ."); ¶ 92 ("SpaceX [has] been excluded from . . .  
9 participating in the EELV program, receiving launch contracts or  
10 allocations, and receiving important infrastructure subsidies from the U.S.  
11 Government."); cf. FAC ¶ 34 ("SpaceX will be ready to provide EELVs and  
12 EELV launch services by fiscal year 2007 . . ."). These allegations fall short  
13 when measured (as they must be) in terms of whether they allege a "concrete  
14 and particularized" injury-in-fact that warrants immediate judicial  
15 intervention.

16 Moreover, the issues surrounding the "final allocation" of the launches  
17 are not ripe for adjudication. There are at least two such issues.

18 First, there is an issue of whether the USAF's preliminary allocation to  
19 Defendants will negatively impact on SpaceX. From the allegations of the  
20 FAC, it appears that SpaceX anticipates that the "allocation" of the launches  
21 to Defendants by the USAF ensures — or at least makes it more likely —  
22 that Defendants will win the "final allocation" of these launches. However,  
23 in proceedings before the COFC, the USAF represented that the RFPs had  
24 been amended to allow bidders to submit offers by launch and that no final  
25 allocations have been made for the time period in which SpaceX plans to  
26 have its own launch vehicle ready. COFC decision, 68 Fed. Cl. at 5 n.5  
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1 (“The Air Force insists that no final allocation of launch operations for FY07  
2 or later has been made and that plaintiff will be accorded every opportunity  
3 to compete for future contracts.”). Therefore, at the current time, SpaceX’s  
4 allegations that the USAF will at some time in the future act in a manner  
5 that is inconsistent with these expressed intentions is merely speculative. As  
6 such, it presents an issue that is not ripe for adjudication.

7         Second, as argued by SpaceX at the hearing, the infrastructure  
8 subsidies have the potential to place SpaceX at a competitive disadvantage in  
9 terms of pricing the launch vehicles. The argument is that Defendants have  
10 another source of funds (from the USAF) to cover their fixed costs, and  
11 therefore the price of the product — the launch vehicles — need not factor in  
12 those fixed costs; conversely, SpaceX, which does not receive the same  
13 subsidies to cover its fixed costs, would have no choice but to factor in those  
14 fixed costs when pricing its product. The logic of this argument cannot be  
15 faulted. As a matter of simple cost accounting, a for-profit business that does  
16 not factor fixed costs into the price of its goods can certainly offer a product  
17 at a lower price than a for-profit business that does not factor in those costs.  
18 This may be especially true in this case, where fixed costs appear to the Court  
19 to be very high.

20         A fundamental assumption underlying this argument is that the USAF  
21 will merely compare the price of the launch vehicles offered by the parties  
22 without factoring in the infrastructure subsidies. However, the expressed  
23 intention of the USAF is to take the subsidies into account. See COFC  
24 decision, 68 Fed. Cl. at 6 (noting that the USAF was “adamant” that the very  
25 infrastructure subsidies of which SpaceX complains “will not be held against  
26 new competitors.”). Therefore, at the current time, SpaceX’s allegations that  
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1 the USAF will at some time in the future act in a manner that is inconsistent  
2 with these expressed intentions is merely speculative. As such, it presents an  
3 issue that is not ripe for adjudication.

4 Accordingly, SpaceX lacks standing to assert claims related to  
5 contracts already awarded by the USAF.<sup>5</sup> Other claims asserted by SpaceX,  
6 those based on anticipated events, are unripe. Because this action presents  
7 no Article III case or controversy, and because the Court lacks subject-matter  
8 jurisdiction over it, SpaceX's claims are dismissed.

#### 9 10 **IV. Leave to Amend**

11 At the hearing, SpaceX asked for leave to amend the FAC. It does not  
12 appear to the Court that SpaceX will, at this time, be able to overcome the  
13 constitutional deficiencies that plague its claims. Nevertheless, the Court  
14 will be better able to make this determination upon review of a Second  
15 Amended Complaint. SpaceX may file a Second Amended Complaint within  
16 twenty days of the entry of this Order.

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19 <sup>5</sup> At the hearing, SpaceX argued that the Court "seem[ed] to buy into defendants' . . .  
20 attempts to portray [its] case as nothing more than a bid protest." Tr. at 5. This is  
21 incorrect. Had the Court viewed this case in the manner suggested by SpaceX's argument,  
22 the Court would have simply dismissed the action as within the exclusive jurisdiction of  
the Court of Federal Claims. *See Emery Worldwide Airlines v. United States*, 264 F.3d 1071,  
1079 (Fed. Cir. 2001).

23 In the present antitrust action, this Court is required to determine whether SpaceX  
24 has standing under Article III of the United States Constitution before turning to the  
25 merits of SpaceX's claims. *See Steel Co. v. Citizens for a Better Environment*, 523 U.S. 83, 93,  
26 118 S.Ct. 1003, 1012 (1998). In making that determination, the Court looks to whether  
27 SpaceX has suffered an injury-in-fact. The parties' business with the USAF is conducted  
through a governmental bidding process that awards contracts. Therefore, it is necessary to  
discuss past and present contracts in determining whether SpaceX has a justiciable claim at  
this time. As set forth at length in this Order, SpaceX does not.

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**V. Conclusion**

The Court grants the Motions to Dismiss. The FAC is dismissed without prejudice.

Dated: February 15, 2006

  
FLORENCE-MARIE COOPER, Judge  
UNITED STATES DISTRICT COURT