



EUROPEAN COMMISSION - PRESS RELEASE

Mergers: Commission approves acquisition of medical device company Synthes by Johnson & Johnson

Brussels, 19 April 2012 - The European Commission has cleared under the EU Merger Regulation the proposed acquisition of Synthes Inc. by Johnson & Johnson, both US companies active in the area of orthopaedic medical devices. The Commission's investigation confirmed that, subject to the divestment of Johnson & Johnson's trauma business, the merged entity would continue to face competition from a number of other strong competitors and that customers would still have sufficient alternative suppliers in all of the markets concerned.

Commission Vice President in charge of competition policy Joaquín Almunia said: *"This was the first time the Commission examined these product markets. We obtained remedies to ensure that competition will remain strong in these markets, for the ultimate benefit of patients and social security systems"*.

The Commission examined the competitive effects of the proposed acquisition in various affected markets. The Commission concluded that there were no competitive concerns for spine, shoulder replacement and cranio-maxillofacial devices ("CMF") as well as for surgical power tools.

However, the investigation showed that for trauma devices the transaction would significantly impede effective competition in a number of markets in different Member States.

These concerns were based on very high combined market shares of the merging entities in these markets, the rather mature character of the products, and the strong position of the AO Foundation, a highly reputed Swiss-based surgeon-led organisation with an exclusive relationship with Synthes. As a result, surgeons are generally reluctant to switch to other suppliers of trauma devices, making entry by competitors difficult or unattractive.

In order to remove the significant impediment of effective competition resulting from the proposed transaction, Johnson & Johnson submitted commitments to the Commission, consisting of the divestiture of its entire trauma business in the EEA (European Economic Area). This divestment removes the overlap in the area of trauma devices and thus the competition concerns. On this basis the Commission was able to clear the transaction.

Background

The transaction was notified to the Commission on 27 September 2011. On 3 November 2011, the Commission launched an in-depth investigation. The parties were advised in a Statement of Objections adopted on 25 January 2012 that the merger as notified raised serious concerns and, in the absence of a sufficient remedy, might be prohibited.

The markets affected by the transaction concern the production and distribution of various medical devices, namely: trauma devices, used to treat bone fractures, spine devices, used to correct various spine pathologies, shoulder replacement devices, used to reconstruct shoulder joints, cranio-maxillofacial devices ("CMF"), used for the treatment of facial and skull fractures and finally surgical power tools such as drill systems, drill bits, reamers and saws.

Merger control rules and procedures

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the European Economic Area (EEA)¹ or any substantial part of it.

The vast majority of mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

There are currently four other phase II investigations. The first was opened in November 2011 into the proposed acquisition of control over the sugar trader ED&F MAN by the German sugar and molasses producer Südzucker (see [IP/11/1327](#)), with a deadline set for 22 May 2012. The second ongoing phase II investigation relates to the planned acquisition of joint control over a branch of the Italian state-owned ferry group Tirrenia by Compagnia Italiana di Navigazione of Italy (see [IP/12/29](#)). The deadline for a decision in the latter case was suspended under Article 11(3) of the [Merger Regulation](#) from 13 February 2012 to allow the parties to submit the necessary information for the assessment of the transaction. The third ongoing phase II investigation was opened in March into the proposed acquisition of EMI's recorded music business by Universal (see [IP/12/311](#)). The deadline for this investigation is 6 September 2012. The fourth ongoing phase II investigation, also opened in March, concerns the proposed acquisition of control over Goodrich by United Technology in the aviation equipment sector (see [IP/12/308](#)), with a deadline set for 9 August 2012.

A non-confidential version of today's decision will be available at:

http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=2_M_6266

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¹ The EU plus Norway, Iceland and Liechtenstein.