

20/04

17 May 2004

COMPETITION COMMISSION CLEARS ZEISS/BIO-RAD MERGER

The Competition Commission (CC) has approved the proposed acquisition by Carl Zeiss Jena GmbH (Zeiss) of the microscope business of Bio-Rad Laboratories Inc (Bio-Rad).

The merger concerns advanced 3D light microscope systems. These systems typically use lasers combined with fluorescence techniques to build 3D images. The systems are used mainly by universities and research laboratories, where the systems play an important role in biological and medical research. 'Confocal' systems are one of the most significant 3D light microscopy technologies. 'Multiphoton' systems are a development of confocal systems and can be better for looking at living cell structures.

Peter Freeman, Deputy Chairman of the CC and Chairman of the inquiry said:

'We were obviously concerned at the loss of Bio-Rad as an independent supplier, particularly of patented multiphoton microscope systems. But the evidence was that Bio-Rad would not continue in this business and we think UK customers will be as well served by Zeiss acquiring it as anyone else.

'The CC can only intervene if it finds a substantial lessening of competition resulting from the merger. In this case, the limited number of multiphoton system suppliers is caused by the effect of patent rights, not by the merger, and there is plenty of competition for confocal systems generally.'

Worldwide sales of confocal and multiphoton microscope sales in 2003 were equivalent to £163 million and UK sales £10 million.

Under the merger, Zeiss will acquire Bio-Rad's confocal business as well as its multiphoton technology, which is exclusively licensed from Cornell University. The relevant patents expire in 2009/10 and the merger will leave Zeiss as the main UK provider of multiphoton systems, although Leica (licensed under an alternative technology) is another significant provider. A wider range of suppliers including the Japanese groups Nikon and Olympus supply confocal microscopes to the UK (confocal sales in the UK and worldwide are ten times the sales of multiphoton systems).

Some customers and suppliers gave evidence that the loss of Bio-Rad as an independent supplier would harm competition, but the CC found that it was loss-making and unlikely to continue in business anyway. The question was whether a sale to Zeiss would lessen competition any more than a sale to anyone else and the CC found it would not.

The report is published in full on the CC's web site—www.competition-commission.org.uk

Notes for editors

1. The inquiry group is publishing its final report four weeks ahead of the statutory deadline of 14 June 2004.
2. The Enterprise Act 2002 empowers the OFT to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
3. The OFT referred the Zeiss/Bio-Rad merger to the CC on 30 December 2003. The CC published its provisional findings on 19 March 2004.
4. The Zeiss/Bio-Rad inquiry group consists of four members—Peter Freeman (Deputy Chairman of the CC), Nigel Macdonald, Professor David Parker and Richard Rawlinson—who are supported by the CC's staff.
5. Further information can be obtained from the CC's web site at: <http://www.competition-commission.org.uk>.