FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Puts Conditions on Medtronic's Proposed Acquisition of Covidien

Settlement Preserves Future Competition in Market for Certain Drug-coated Balloon Catheters

FOR RELEASE

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TAGS: Health Care | Medical Equipment and Devices | Bureau of Competition | Competition | Merger

Global medical technology company Medtronic, Inc. has agreed to divest the drug-coated balloon catheter business of Ireland-based medical products company Covidien plc, in order to settle Federal Trade Commission charges that its $42.9 billion acquisition of Covidien would likely be anticompetitive. Under the FTC's proposed settlement, Medtronic will sell the drug-coated balloon catheter business to a Colorado-based medical device company, The Spectranetics Corporation.

According to the FTC's complaint both Medtronic and Covidien are developing drug-coated balloon catheters to compete with C.R. Bard, Inc., which currently is the only company that supplies these products, used to treat peripheral artery disease, in the U.S. market. Medtronic and Covidien are the only companies with products in clinical trials in the Food and Drug Administration's approval process, which makes it unlikely that other competitors could enter the market in time to counteract the effects of the merger, the FTC alleges.

Under the proposed consent order, an interim monitor will supervise Medtronic and Covidien to oversee the transfer of rights and assets related to Covidien's drug-coated balloon catheter business to Spectranetics. According to the FTC's analysis to aid public comment, Spectranetics currently manufactures and markets a range of devices to treat peripheral and coronary arterial disease, and has the industry and regulatory experience to obtain FDA approval for the product to enter the U.S. market as a viable competitor.

The proposed transaction was reviewed by antitrust enforcement agencies around the world, as well as by the Commission. FTC staff cooperated closely with antitrust agencies in Canada, China, the European Union, Japan, and Mexico.

The Commission vote to accept the proposed consent order for public comment was 5-0. The proposed settlement is part of the Commission's ongoing effort to protect U.S. consumers from higher healthcare-related costs.

The FTC will publish the consent agreement package in the Federal Register shortly. The agreement will be subject to public comment for 30 days, beginning today and continuing through December 29, 2014, after which the Commission will decide whether to make the proposed consent order final. Interested parties can submit comments electronically.

NOTE: The Commission issues an administrative complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to $16,000 per day.

The FTC's Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to antitrust{at}ftc{dot}gov, or write to the Office of Policy and Coordination, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Ave., NW, Room CC-5422, Washington, DC 20580. To learn more about the Bureau of Competition, read Competition Counts. Like the FTC on Facebook, follow us on Twitter, and subscribe to press releases for the latest FTC news and resources.

PRESS RELEASE REFERENCE:
FTC Approves Final Order Preserving Future Competition in the Market for Drug-coated Balloon Catheters Used to Treat Peripheral Artery Disease

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