



## FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

# FTC Challenges Illumina's Proposed Acquisition of PacBio

## Agency alleges acquisition would eliminate a nascent competitive threat to maintain Illumina's monopoly in next-generation DNA sequencing systems

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FOR RELEASE

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The Federal Trade Commission has authorized an action to block Illumina Inc.'s proposed \$1.2 billion acquisition of Pacific Biosciences of California (PacBio). The Commission alleges in an [administrative complaint](#) that Illumina is seeking to unlawfully maintain its monopoly in the U.S. market for next-generation DNA sequencing (NGS) systems by extinguishing PacBio as a nascent competitive threat.

The complaint also alleges that the proposed acquisition is illegal because it may substantially lessen competition in the U.S. NGS market by eliminating current competition and preventing future competition between Illumina and PacBio. The Commission also authorized staff to seek a temporary restraining order and a preliminary injunction in federal court, if necessary, to maintain the status quo pending the administrative proceeding.

NGS is a rapidly expanding technology used in genetic research and clinical testing. Illumina is the world's leading supplier of NGS products. Illumina's systems employ short-read sequencing technology, which has been the predominant NGS technology in the United States for the last decade. PacBio is one of three other companies that manufactures and sells NGS systems in the U.S. market, according to the complaint. PacBio's platforms employ long-read sequencing technology, an important tool that PacBio pioneered and that has improved significantly over time.

"When a monopolist buys a potential rival, it can harm competition," said FTC Bureau of Competition Deputy Director Gail Levine. "These deals help monopolists maintain power. That's why we're challenging this acquisition."

According to the complaint, PacBio has made significant technological advancements in recent years that have increased the accuracy and overall throughput of its systems, while lowering the cost. As a result, PacBio is a closer alternative to Illumina than ever before. Customers have already switched some sequencing volume from Illumina to PacBio for certain use cases and applications, and PacBio is poised to take increasing sequencing volume from Illumina in the future.

The FTC's complaint also alleges that the acquisition would harm competition by reducing the combined firm's incentive to innovate and develop new products. According to the complaint, PacBio and Illumina drive each other's innovation, and the acquisition would eliminate that incentive. The Commission vote to issue the administrative complaint and to authorize staff to seek a temporary restraining order and preliminary injunction was 5-0. The administrative trial is scheduled to begin on Aug. 18, 2020.

**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. The issuance of the administrative complaint marks the beginning of a proceeding in which the allegations will be tried in a formal hearing before an administrative law judge.

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