



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

FTC Commissioners Unanimously Find that Consummated Merger of Microprocessor Prosthetic Knee Companies Was Anticompetitive; Assets Must Be Unwound

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FOR RELEASE

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The Federal Trade Commission issued an [Opinion](#) and [Final Order](#) in which the Commission upholds the Administrative Law Judge's decision that the [consummated acquisition of Freedom Innovations by Otto Bock HealthCare North America, Inc.](#)—both top sellers of prosthetic knees equipped with microprocessors or MPKs—resulted in anticompetitive harm in the microprocessor prosthetic knee market, likely leading to higher prices and less innovation for amputee patients and prosthetic clinic customers. The acquisition was not reportable under the Hart-Scott-Rodino Act. The Commission's order requires Otto Bock to divest the Freedom Innovations assets to an FTC-approved buyer.

The Commission's Opinion and Final Order states, "Based on our *de novo* review of the facts and law in this matter, we find that the Acquisition is likely to, and indeed already has, substantially lessened competition in the relevant market for MPKs... We hold that, to fully restore the competition lost from the Acquisition, [Otto Bock] must divest Freedom's entire business with the limited exceptions granted by the [Administrative Law Judge]."

The Commission's order represents the first time that the current Commission ordered that a consummated acquisition be unwound.

"The Commission is committed to ensuring competitive markets for the benefit of consumers, and there will be times when it has to act after a merger has been consummated," said FTC Chairman Joseph J. Simons. "The goal is always to restore the lost competition."

MPKs use microprocessors to adjust the stiffness and positioning of the joint in response to variations in walking rhythm and ground conditions, providing a stable platform for amputees. Prosthetists and doctors typically prescribe MPKs to patients with above-the-knee amputations who have a relatively high degree of mobility. Compared to other prosthetic products, MPKs reduce the risk of falling, cause less pain, and promote the health and function of the sound limb.

The Commission issued its opinion within the 100-day deadline (*i.e.*, 100 days after oral argument) specified in its rules of practice for adjudicative proceedings. The Commission vote approving the Commission Opinion and Order was 5-0. The

Respondents may file a petition for review of the Opinion and Order with a U.S. Court of Appeals within 60 days after service of the final order.

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Contact Information

MEDIA CONTACT:

Betsy Lordan

Office of Public Affairs

202-326-3707



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