



## **DETERMINATION OF MERGER NOTIFICATION M/08/033 - Sony/Sony NEC Optiarc**

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### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by Sony Corporation of Sony NEC Optiarc Inc.**

**Dated 19/11/2008**

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### **Introduction**

1. On 29 October 2008, the Competition Authority (the "Authority"), in accordance with section 18(1)(a) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposed acquisition of sole control by Sony Corporation ("Sony") of Sony NEC Optiarc Inc. ("Sony NEC Optiarc").
2. Sony currently directly holds 55% of Sony NEC Optiarc's share capital. The proposed acquisition involves the acquisition by Sony of the 45% of the share capital of Sony NEC Optiarc that is currently owned by NEC Corporation ("NEC"). Post acquisition, Sony will control 100% of the share capital of Sony NEC Optiarc.

### **The Undertakings Involved**

#### ***The Acquirer***

3. Sony is a global entertainment and electronics company headquartered in Tokyo, Japan. It is the ultimate parent company of the Sony group of companies. Sony is active in the manufacturing and commercialisation at a worldwide level of electronic consumer products (e.g. televisions, audio and video players, personal computers, and car navigation systems) as well as electronic components for those products (e.g. LSIs, optical pick-ups, audio/video/data recording media, data recording systems and batteries).
4. Sony has three subsidiaries in the State: (1) Sony Computer Entertainment Ireland Limited; (2) The Extreme Music Library (Ireland) Limited; and, (3) Sony Pictures Home Entertainment (Ireland) Limited. Sony's turnover in the State for the financial year 2007 did not relate to optical disk drives ("ODD") products.

#### ***The Target***

5. Sony NEC Optiarc is a joint venture between Sony and NEC<sup>1</sup>. The joint venture was established on 3 April 2006, following merger control clearance by the European Commission, which was granted on 31 March 2006.<sup>2</sup> Sony NEC Optiarc is active in the development, design,

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<sup>1</sup> NEC is the ultimate parent company of the NEC group of companies. NEC is a global electronics company headquartered in Tokyo, Japan. It is active in two main sectors: IT products and services, mainly supplied to government agencies and enterprises (e.g. software, PC servers and personal computers), and network communications (e.g. broadband technology, mobile telephones and handsets).

<sup>2</sup> Case No COMP/M.4139, *Sony / NEC / JV*, 31 March 2006.

manufacturing (by subcontracting to third parties), marketing and sale of ODDs, including ODDs using the blue laser technology. Sony NEC Optiarc is headquartered in Tokyo, Japan.

6. Sony NEC Optiarc does not have any physical presence in Ireland. Sony NEC Optiarc's turnover in the State for the financial year 2007 related exclusively to sales of ODD products.

### **Analysis**

7. The proposed acquisition does not give rise to any horizontal or vertical overlap in the State. The merging parties informed the Authority that Sony is active in related vertical markets: (1) at the upstream level in the production of LSIs and optical pick-ups (two key components for ODDs); and, (2) at the downstream level in the production of personal computers. The merging parties stated, however, that this vertical overlap does not occur in the State as Sony does not have any manufacturing facilities with respect to any of these products in the State.
8. The Authority considers that given the absence of any overlap between the activities of parties in the State, the proposed acquisition does not raise competition concerns in the State.

### **Determination**

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition of sole control by Sony Corporation of Sony NEC Optiarc Inc. will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

### **For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority