

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman  
Julie Brill  
Maureen K. Ohlhausen  
Joshua D. Wright

In the Matter of	)	
	)	
HONEYWELL INTERNATIONAL INC.	)	Docket No. C-4418
a corporation	)	
	)	

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act, and its authority thereunder, the Federal Trade Commission (the "Commission"), having reason to believe that Respondent Honeywell International Inc. ("Honeywell"), a corporation subject to the jurisdiction of the Commission, has agreed to acquire Intermec, Inc. ("Intermec"), a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint stating its charges as follows:

I. RESPONDENT

1. Respondent Honeywell is a corporation organized, existing and doing business under, and by virtue of, the laws of the state of Delaware, with its office and principal place of business located at 101 Columbia Road, Morris Township, New Jersey, 07962. Hand Held Products, Inc. and Metrologic Instruments, Inc. are wholly-owned subsidiaries of Honeywell, doing business as Honeywell Scanning Mobility ("HSM"), with its office and principal place of business located at 9680 Old Bailes Road, Fort Mill, South Carolina, 29707. The HSM business includes the development, manufacture, and sale of two-dimensional scan engines ("2D scan engines") and devices into which 2D scan engines are incorporated.

2. Intermec is a corporation organized, existing and doing business under, and by virtue of, the laws of the state of Delaware, with its office and principal place of business located at 6001 36<sup>th</sup> Avenue West, Everett, WA 98203-1265.

3. Respondent Honeywell and Intermec are corporations who, either directly or through owned subsidiaries, are engaged in, among other things, the design, manufacture, and sale of scan engines, including, but not limited to, 2D scan engines and devices into which 2D scan engines are incorporated.

4. Respondent Honeywell and Intermec are corporations that at all times relevant herein have, either directly or through their subsidiaries, been engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and are corporations whose business is in, or affects commerce, as "commerce" is defined under Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

## II. THE PROPOSED ACQUISITION

5. Pursuant to an Agreement and Plan of Merger ("Merger Agreement") dated December 9, 2012, Honeywell proposes to acquire all of Intermec for approximately \$600 million ("Acquisition").

## III. THE RELEVANT MARKET

6. For purposes of this Complaint, the relevant line of commerce in which to analyze the Acquisition is 2D scan engines. 2D scan engines are hardware components that include a two-dimensional ("2D") image sensor and translate a barcode into a digital format that computer processors can interpret and analyze. 2D scan engines capture the barcode image by taking a digital photograph of it, and then use a proprietary algorithm to decode the image. Products such as retail store scanners, kiosks and rugged mobile handheld computers utilize 2D scan engines to capture and decode digital data.

7. 1D scan engines and scanning functions on smart phones and other consumer devices are not substitutes for 2D scan engines. 2D scan engines can read both one-dimensional ("1D") and 2D barcodes. 1D scan engines are unable to read most types of 2D images, and are not viable substitutes for 2D scan engines. Due to their different functionality, the price of 2D scan engines is not constrained by the price of 1D scan engines. Scanning functions on smart phones and similar consumer devices are not substitutes for the functionality of 2D scan engines. Although the scanning functions on some consumer devices can capture 2D barcodes, these scanners do not offer the reading range, field of view, accuracy, or speed of a 2D scan engine. Consequently, they do not constrain the price of 2D scan engines.

8. For purposes of this Complaint, the relevant geographic area in which to analyze the effects of the Acquisition on the 2D scan engine market is the United States. 2D scan engine suppliers who want to sell their scan engines to customers who intend to incorporate the scan engines into products that will be sold into the United States must own or have a license to 2D scan engine intellectual property ("IP") rights and indemnify customers against the threat of suit. In contrast, customers do not view IP rights as an impediment from buying from manufacturers other than Honeywell, Intermec and Motorola outside the U.S.

#### IV. MARKET STRUCTURE

9. The market for 2D scan engines in the United States is highly concentrated.

