

Analysis to Aid Public Comment
In the Matter of Idexx Laboratories, Inc., File No. 101-0023

The Federal Trade Commission has accepted for public comment an Agreement Containing Consent Order to Cease and Desist (“Agreement”) with IDEXX Laboratories, Inc. (“IDEXX”). The Agreement seeks to resolve charges that IDEXX engaged in exclusionary conduct to maintain its monopoly power in the companion animal diagnostic testing equipment and supplies industry in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45.

Specifically, the proposed Complaint that accompanies the Agreement (“Complaint”) alleges that IDEXX has used its monopoly power to impose exclusive deals with its distributors. As a result, IDEXX has foreclosed rivals from key distribution channels and limited competition in the relevant market, leading to higher prices, lower output, reduced innovation and diminished consumer choice.

The Commission anticipates that the competitive issues described in the Complaint will be resolved by accepting the proposed Order, subject to final approval, contained in the Agreement. The Agreement has been placed on the public record for 30 days for receipt of comments from interested members of the public. Comments received during this period will become part of the public record. After 30 days, the Commission will again review the Agreement and comments received, and will decide whether it should withdraw from the Agreement or make final the Order contained in the Agreement. IDEXX has already entered into a non-exclusive distribution agreement with MWI Veterinarian Supply Co., Inc. (“MWI”), and that distribution agreement has been incorporated into the terms of the proposed Order.

The purpose of this Analysis to Aid Public Comment is to invite and facilitate public comment concerning the proposed Order. It is

The top tier distributors provide better services to their manufacturer clients than other distributors. Those better servi

animal veterinary clinics in the United States, and those competitors are impeded from effectively and efficiently marketing their POC diagnostic products to veterinarians.

IDEXX's exclusionary practices have blocked rivals from the most efficient sales channel. IDEXX has used its exclusionary practices to successfully diminish, marginalize or force its competitors from the U.S. market.

from over 85 percent of available sales opportunities at this level of the distribution chain. This foreclosure is particularly significant because nearly all POC diagnostics are sold to veterinarians through distributors, and other channels to the veterinarians are inconvenient, impractical and more expensive for both the veterinarians and IDEXX's competitors.

A monopolist may rebut a showing of competitive harm by demonstrating that the challenged conduct is reasonably necessary to achieve a pro-competitive benefit.³ Any proffered justification, if proven, must be balanced against the harm caused by the challenged conduct.⁴ In this case, however, no pro-competitive efficiency justifies IDEXX's exclusionary and anticompetitive conduct. Further, IDEXX cannot show that the exclusive arrangements were reasonably necessary to achieve a procompetitive benefit.

