ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDERS TO AID PUBLIC COMMENT

In the Matter of Stryker and Wright Medical
File No. 201-0014

INTRODUCTION

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from Stryker Corporation ("Stryker") designed to remedy the anticompetitive effects resulting from Stryker's proposed acquisition of Wright Medical Group N.V. ("Wright"). The proposed Decision and Order ("Order") contained in the Consent Agreement requires Stryker to divest all rights and assets related to its total ankle replacement and finger joint implant businesses to DJO Global, Inc. ("DJO").

The proposed Consent Agreement has been placed on the public record for thirty days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After thirty days, the Commission will review the comments received and decide whether it should withdraw, modify, or make the Consent Agreement final.

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The proposed Acquisition would likely result in substantial competitive harm to consumers in the markets for total ankle replacements and finger joint implants. As suppliers of close substitutes in each relevant market, Stryker and Wright respond directly to competition from each other with improved products, better service, and lower prices. By eliminating this direct and substantial head-to-head competition, the proposed Acquisition likely would allow the combined firm to exercise market power unilaterally, resulting in less innovation and higher prices for consumers.

ENTRY CONDITIONS

Entry in the relevant markets would not be timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the anticompetitive effects of the proposed Acquisition. To enter or effectively expand in either relevant market successfully, a supplier would need to design and manufacture an effective product, obtain FDA approval, and develop clinical history supporting the long-term efficacy of its product. The new entrant or expanding firm would also need to develop and foster product loyalty and establish a nationwide sales network capable of marketing the product and providing on-site service at hospitals nationwide. Establishing a track record for quality, service, and consistency is difficult, expensive, and typically requires several years.

THE CONSENT AGREEMENT

The Consent Agreement eliminates the competitive concerns raised by the proposed Acquisition by requiring the parties to divest to DJO all of the rights and assets needed for it to become an independent, viable, and effective competitor in the U.S. markets for total ankle replacements and finger joint implants. The divestitures will maintain the competition that currently exists in each o-1 (r)e0 -1.145 T.S.