

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Joseph J. Simons, Chairman
Noah Joshua Phillips
Rohit Chopra
Rebecca Kelly Slaughter
Christine S. Wilson

_____)
In the Matter of)
)
Stryker Corporation,)
a corporation;)
)
and)
)
Wright Medical Group N.V.,)
a corporation.)
_____)

DOCKET NO. C-4728

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act (“FTC Act”), and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that Respondent Stryker Corporation (“Stryker”), a corporation subject to the jurisdiction of the Commission, has made an offer to acquire all of the voting securities of Wright Medical Group N.V., Inc. (“Wright”), a company subject to the jurisdiction of the Commission, in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and that such acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC 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 Stryker is a corporation organized, existing, and doing business under, and by virtue of the laws of, the state of Michigan with its executive offices and principal place of business located at 2825 Airview Boulevard, Kalamazoo, Michigan 49002. Stryker is engaged in the development, manufacture, sale, and distribution of medical devices used in a broad range of medical specialties.



2. Respondent Stryker is, and at all times relevant herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act as amended, 5 U.S.C. § 12, and is a company whose business is in or affects commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. THE ACQUIRED COMPANY

3. Respondent Wright is a corporation organized, existing, and doing business under, and by virtue of, the laws of The Netherlands with its principal place of business located at Prins Bernhardplein 200, Amsterdam, The Netherlands, 1097 JB and its United States address for service of process is Michael McFalls, Ropes & Gray, 2099 Pennsylvania Avenue, NW, Washington, D.C. 20006. Wright is engaged in the development, manufacture, sale, and distribution of medical devices used in a broad range of medical specialties.
4. Respondent Wright is, and at all times relevant herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and is a company whose business is in or affects commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

III. THE PROPOSED ACQUISITION

5. Pursuant to a Purchase Agreement dated November 4, 2019, Stryker agreed to acquire all of the voting securities of Wright (the “Acquisition”). The Acquisition is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

IV. THE RELEVANT MARKET

6. The relevant lines of commerce in which to analyze the effects of the Acquisition are the development, manufacture, license, marketing, distribution, and sale of the following reconstructive joint implants: (1) total ankle replacements and (2) finger joint arthroplasty implants.
7. The United States is the relevant geographic area in which to assess the competitive effects of the Acquisition in the relevant lines of commerce.

V. THE STRUCTURE OF THE MARKET

8. Total ankle replacements are used to treat end-stage ankle arthritis, which typically develops when cartilage on the bones of the ankle joint wears away and causes bone-

- on-bone grinding. The U.S. market for total ankle replacements is highly concentrated. Wright and Stryker are the first and third largest suppliers, respectively, of total ankle replacements, while Integra LifeSciences (“Integra”) is the second-largest supplier. Exactech, Inc. and Zimmer Biomet also supply total ankle replacement products, but have only small shares of the market. Together, a combined Stryker and Wright would account for approximately 75% of the total U.S. ankle replacement market.
9. Finger joint arthroplasty implants are used to treat advanced osteoarthritis and are implanted into a patient’s proximal interphalangeal joints or metacarpophalangeal joints through a surgical procedure to replace damaged bone and cartilage. The U.S. market for finger joint arthroplasty implants is highly concentrated. Stryker and Wright are two of only three significant suppliers for finger joint arthroplasty implants. Integra is the leading supplier while Stryker and Wright are the second and third largest suppliers, respectively. BioPro Implants (“BioPro”) is the only other supplier of finger joint arthroplasty implants in the United States, but has a very small share of the market. The combined Stryker and Wright would have a finger joint arthroplasty implant market share in the United States in excess of 50%.

VI. ENTRY CONDITIONS

10. Entry into the relevant markets described in Paragraphs 6 and 7 would not be likely or sufficient in magnitude, character, and scope to deter or counteract the expected anticompetitive effects of the Acquisition. *De novo* entry would not take place in a timely manner because product development times, U.S. Food and Drug Administration approval requirements, and market adoption times are lengthy. A potential entrant into the relevant markets would also need to develop a reputation for consistent quality and service before surgeons would substitute them for currently marketed devices.

VII. EFFECTS OF THE ACQUISITION

11. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, by eliminating actual, direct, and substantial competition between Stryker and Wright in the markets for total ankle replacements and finger joint arthroplasty implants, thereby increasing the likelihood in these markets that: (1) a combined Stryker-Wright would be able to unilaterally exercise market power; (2) research and development would be reduced; and (3) customers would be forced to pay higher prices.

VIII. VIOLATIONS CHARGED

12. The Acquisition described in Paragraph 5, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this third day of November, 2020 issues its Complaint against said Respondent.

By the Commission.

April J. Tabor
Acting Secretary

SEAL: