Client:	Luxottica Group S.p.A.
Industry:	Eyewear
Area of Law:	Antitrust
Venue:	Federal Trade Commission
Result:	$50 billion global merger cleared by U.S. regulators

FTC Grants Unconditional Clearance for Global Eyewear Merger

In 2018, Pillsbury represented longtime client Luxottica Group S.p.A. in securing unconditional antitrust clearance from the U.S. Federal Trade Commission for its combination with Essilor Group S.A. The transaction, one of the largest in 2018, created a super-parent company, EssilorLuxottica, estimated to have a market capitalization of over $50 billion, some 140,000 employees and operations in more than 150 countries.

Headquartered in Milan, Italy, Luxottica is a leading firm for eyewear frames. It is the parent of well-known U.S. retailers such as LensCrafters and Sunglass Hut, owns the iconic eyewear brands Ray-Ban and Oakley, and manufactures frames and sunglasses under brands such as Prada and Armani. Essilor is a global leader in lens manufacturing and innovation, owning laboratories around the United States. Among its best-known lens brands are Varilux progressives and Transitions photochromic lenses.

The size of the transaction garnered substantial media attention as well as scrutiny from antitrust enforcement agencies around the globe. The antitrust issues in the U.S. were extraordinarily complex because both parties are active in various segments of the industry. The FTC examined a wide range of antitrust theories—vertical (supplier/buyer), horizontal (direct competition) and potential competition—involving a wide range of the parties' products and services.

Our lawyers, and the economists they retained, provided large amounts of documentation and data to facilitate the FTC's review. Their submissions persuaded FTC staff that the proposed transaction would not lessen competition in any relevant market. The investigation occurred during a period of Washington's renewed interest in aggressive merger enforcement, as well as a reexamination of the appropriate standards to apply in challenging vertical mergers.

Nevertheless, after more than a year-long investigation, the FTC published a rare statement announcing the closing of the matter without any remedial action. "FTC staff extensively investigated every plausible theory and used aggressive assumptions to assess the likelihood of competitive harm," the statement said. "Assessing the likely competitive effects of a proposed transaction is a fact-specific exercise that takes into account the current market dynamics, which may be different in the future. Here, however, the evidence did not support a conclusion that Essilor's proposed acquisition of Luxottica may be substantially to lessen competition in violation of Section 7 of the Clayton Act."

In recognition for our work on the transaction, Pillsbury earned an M&A Atlas award for Global M&A Deal of the Year (Large/Mega-Market).