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Getting the Deal Through:

Merger Control 2017



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GETTING THE
DEAL THROUGH 

Merger Control 2017

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Published by
Law Business Research Ltd
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London, W11 1QQ, UK
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No photocopying without a CLA licence.
First published 1996
Twenty-first edition
ISSN 1365-7976

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Printed and distributed by
Encompass Print Solutions
Tel: 0844 2480 112



CONTENTS

Getting an international ‘end-game’ deal through	7	China	102
Andreas von Bonin, Alastair Mordaunt, Mary Lehner and Thomas Wilson Freshfields Bruckhaus Deringer		Nicholas French, Ninette Dodoo, Janet (Jingyuan) Wang and Tracy (Jia) Lu Freshfields Bruckhaus Deringer	
Recent economic applications in EU merger control: UPP and beyond	10	Colombia	110
Hans W Friederiszick, Rainer Nitsche and Vincent Verouden E.CA Economics		Hernán Panesso and María Angélica de la Hoz Posse Herrera Ruiz	
Timelines	13	COMESA overview	115
Michael Bo Jaspers and Joanna Goyder Freshfields Bruckhaus Deringer		Janine Simpson and Shawn van der Meulen Webber Wentzel	
Acknowledgements for verifying contents	39	Croatia	118
Albania	41	Günter Bauer, Luka Čolić and Paul Hesse Wolf Theiss	
Günter Bauer, Denis Selimi and Paul Hesse Wolf Theiss		Cyprus	124
Argentina	45	Anastasios A Antoniou and Christina McCollum A A Antoniou & Associates LLC (EY Law)	
Alfredo M O’Farrell, Miguel del Pino and Santiago del Rio Marval, O’Farrell & Mairal		Czech Republic	129
Australia	51	Martin Nedelka and Radovan Kubáč Nedelka Kubáč advokáti	
Carolyn Oddie, Rosannah Healy and Robert Walker Allens		Denmark	134
Austria	59	Morten Kofmann, Jens Munk Plum, Erik Bertelsen and Bart Creve Kromann Reumert	
Maria Dreher and Thomas Lübbig Freshfields Bruckhaus Deringer		Estonia	138
Belgium	66	Raino Paron and Martin Mäesalu Raidla Ellex	
Laurent Garzaniti, Thomas Janssens, Tone Oeyen and Amaryllis Müller Freshfields Bruckhaus Deringer		European Union	143
Bolivia	71	John Davies, Rafique Bachour and Angeline Woods Freshfields Bruckhaus Deringer	
Jorge Luis Inchauste Comboni Guevara & Gutierrez SC - Servicios Legales		Faroe Islands	151
Bosnia and Herzegovina	75	Morten Kofmann, Jens Munk Plum, Erik Bertelsen and Bart Creve Kromann Reumert	
Günter Bauer, Naida Čustović and Paul Hesse Wolf Theiss		Finland	154
Brazil	80	Christian Wik, Niko Hukkinen and Sari Rasinkangas Roschier, Attorneys Ltd	
Marcelo Calliari, Daniel Andreoli and Joana Cianfarani TozziniFreire Advogados		France	159
Bulgaria	85	Jérôme Philippe and François Gordon Freshfields Bruckhaus Deringer	
Peter Petrov Boyanov & Co		Germany	166
Canada	90	Helmut Bergmann, Frank Röhling and Bertrand Guerin Freshfields Bruckhaus Deringer	
Neil Campbell, James Musgrove, Mark Opashinov and Joshua Chad McMillan LLP		Greece	173
Chile	97	Aida Economou Vainanidis Economou & Associates	
Claudio Lizana, Lorena Pavic and María José Villalón Carey		Greenland	178
		Morten Kofmann, Jens Munk Plum, Erik Bertelsen and Bart Creve Kromann Reumert	

Hong Kong	181	Malta	264
Nicholas French and Timothy Lamb Freshfields Bruckhaus Deringer		Ian Gauci and Cherise Ann Abela GTG Advocates	
Hungary	186	Mexico	270
László Zlatarov, Dániel Arányi and Dalma Kovács Weil, Gotshal & Manges		Gabriel Castañeda Castañeda y Asociados	
Iceland	190	Morocco	275
Hulda Árnadóttir and Heiðrún Lind Marteinsdóttir LEX		Corinne Khayat and Maija Brossard UGGC Avocats	
India	195	Mozambique	280
Shweta Shroff Chopra, Harman Singh Sandhu and Rohan Arora Shardul Amarchand Mangaldas & Co		Fabírcia de Almeida Henriques Henriques, Rocha & Associados Pedro de Gouveia e Melo Morais Leitão, Galvão Teles, Soares da Silva & Associados	
Indonesia	201	Netherlands	285
HMBC Rikrik Rizkiyana, Anastasia PR Daniyati and Ingrid Gratsya Zega Assegaf Hamzah & Partners		Winfred Knibbeler and Paul van den Berg Freshfields Bruckhaus Deringer	
Ireland	207	New Zealand	291
Helen Kelly and Eoin Kealy Matheson		Neil Anderson, Simon Peart and Harriet Hansen Chapman Tripp	
Israel	213	Nigeria	296
Eytan Epstein, Tamar Dolev-Green and Eti Portook M Firon & Co		Babatunde Irukera and Ikem Isiekwena SimmonsCooper Partners	
Italy	220	Norway	301
Gian Luca Zampa Freshfields Bruckhaus Deringer		Jonn Ola Sørensen and Eivind Stage Wikborg Rein	
Japan	228	Pakistan	306
Akinori Uesugi and Kaori Yamada Freshfields Bruckhaus Deringer		Waqqas Mir Mohsin Tayebaly & Co	
Kenya	234	Poland	311
Waringa Njonjo, Bryan Yusuf and Linda Ondimu MMAN Advocates		Aleksander Stawicki and Bartosz Turno WKB Wierciński Kwieciński Baehr	
Korea	239	Portugal	317
Seong-Un Yun and Sanghoon Shin Bae, Kim & Lee LLC		Mário Marques Mendes and Pedro Vilarinho Pires Gómez-Acebo & Pombo	
Latvia	244	Romania	324
Julija Jerneva and Janis Sarans Vilgerts		Adrian Ster Wolf Theiss	
Liechtenstein	249	Russia	329
Heinz Frommelt Sele Frommelt & Partners Attorneys at Law Ltd		Alexander Viktorov Freshfields Bruckhaus Deringer	
Luxembourg	254	Saudi Arabia	334
Alexandrine Armstrong-Cerfontaine and Bertrand Geradin King & Wood Mallesons		Fares Al-Hejailan, Rafique Bachour and Anna Biganzoli Freshfields Bruckhaus Deringer	
Macedonia	257	Serbia	339
Vesna Gavriloska, Maja Jakimovska and Margareta Taseva Čakmakova Advocates		Günter Bauer and Maja Stanković Wolf Theiss	

CONTENTS

Singapore	345	Turkey	402
Lim Chong Kin and Corinne Chew Drew & Napier LLC		Gönenç Gürkaynak ELIG, Attorneys-at-Law	
Slovakia	354	Ukraine	409
Günter Bauer, Luboš Frolkovič and Paul Hesse Wolf Theiss		Igor Svechkar, Alexey Pustovit and Oleksandr Voznyuk Asters	
Slovenia	359	United Arab Emirates	415
Günter Bauer, Klemen Radosavljevič and Paul Hesse Wolf Theiss		Rafique Bachour and Anna Biganzoli Freshfields Bruckhaus Deringer	
South Africa	364	United Kingdom	419
Robert Legh and Tamara Dini Bowman Gilfillan		Martin McElwee and Michael Caldecott Freshfields Bruckhaus Deringer	
Spain	375	United States	426
Francisco Cantos, Álvaro Iza and Enrique Carrera Freshfields Bruckhaus Deringer		Ronan P Harty and Mary K Marks Davis Polk & Wardwell LLP	
Sweden	381	Uzbekistan	435
Tommy Pettersson, Johan Carle and Stefan Perván Lindeborg Mannheimer Swartling		Bakhodir Jabborov Grata Law Firm	
Switzerland	386	Zambia	439
Marcel Meinhardt, Benoît Merkt and Astrid Waser Lenz & Staehelin		Sydney Chisenga Corpus Legal Practitioners	
Taiwan	391	The ICN in 2015-2016	444
Mark Ohlson, Charles Hwang and Fran Wang YangMing Partners		Andreas Mundt International Competition Network	
Thailand	398	Quick Reference Tables	445
Pakdee Paknara and Pattraporn Poovasathien Weerawong, Chinnavat & Peangpanor Ltd			

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Legislation and jurisdiction

1 What is the relevant legislation and who enforces it?

In Canada, all mergers are governed by the federal Competition Act (the Act), which establishes jurisdiction for the review of mergers affecting the Canadian market. The Act is enforced by the Commissioner of Competition (the Commissioner), who is appointed by the Federal Cabinet for a five-year renewable term. The Commissioner is supported by the Competition Bureau (the Bureau), an independent law enforcement agency within the federal Department of Innovation, Science and Economic Development. The Commissioner and, by extension, the Bureau has broad powers to investigate and evaluate a merger. Should the parties to a merger not be prepared to cure competitive concerns identified by the Bureau, the Commissioner can apply to the Competition Tribunal (the Tribunal) for a remedial order.

The Tribunal, created by the Competition Tribunal Act (the Tribunal Act), is a specialised adjudicative body composed of judicial members and business and economic experts. The Tribunal generally has the powers of a regular court and is the forum of first instance for any merger challenged by the Commissioner. While the Tribunal Act requires that the Tribunal conduct its hearings 'as informally and expeditiously as the circumstances and considerations of fairness permit', the Tribunal operates with many of the procedural trappings of an ordinary court and, consequently, hearings routinely take many months to complete.

For mergers subject to foreign investment or other specific regulatory approvals, see question 8.

2 What kinds of mergers are caught?

All mergers (and the term is defined very broadly) that have a sufficient Canadian nexus (ie, a real and substantial connection to Canada), regardless of size, are subject to the substantive jurisdiction of the Act, and therefore to potential investigation and evaluation by the Commissioner and possible referral to the Tribunal. However, the Act's pre-merger notification regime is of more limited scope. Part IX of the Act creates five broad categories of transactions that are subject to pre-merger notification if they meet certain party and transaction size thresholds (discussed in question 5). These are: asset acquisitions, share acquisitions, acquisitions of an interest in an unincorporated combination, amalgamations and the formation of unincorporated combinations.

3 What types of joint ventures are caught?

Generally, joint ventures with a sufficient Canadian nexus are caught by the Act's broad definition of 'merger' and are subject to the Act's substantive jurisdiction. Depending on how it is structured, a joint venture could be caught under the mandatory pre-merger notification regime as an unincorporated combination (usually a partnership), a share acquisition or a corporate amalgamation. However, there are exemptions for joint ventures that meet certain conditions. (There are also similar provisions in the Act dealing with competitor agreements that may apply to joint ventures – see question 20.)

4 Is there a definition of 'control' and are minority and other interests less than control caught?

The Act contains a bright-line definition of 'control': the holding or acquisition of more than 50 per cent of the voting securities of the corporation or, in the case of a partnership, the holding or acquisition of an interest in the

partnership entitling the holder or acquirer to more than 50 per cent of the profits of the partnership or of its assets on dissolution. However, the Act's pre-merger notification regime does not require that control be acquired to trigger a filing obligation. The acquisition of 'any of the assets in Canada of an operating business' (other than in the ordinary course) or of shares yielding cumulative ownership of more than 20 per cent of the shares of a public company (more than 50 per cent if the acquirer already owned 20 per cent or more before the proposed transaction) or more than 35 per cent of the shares of a private company (more than 50 per cent if 35 per cent or more was owned before the proposed transaction) will be sufficient to trigger a notification obligation (provided that other financial criteria discussed in question 5 are met). There are similar types of thresholds respecting acquisitions of interests in combinations and respecting amalgamations.

Additionally, minority interests less than outright control may be caught by the substantive provisions of the Act, because it defines a merger to include any transaction by which a party acquires a 'significant interest' in the business of another person. What constitutes a 'significant interest' is not defined by the Act. However, the Commissioner's Merger Enforcement Guidelines (MEGs) contemplate that the acquisition of a 'significant interest' could occur at as low as a 10 per cent ownership interest – or in some cases without an equity interest if contractual or other circumstances allow material influence to be exercised over the business of another person.

5 What are the jurisdictional thresholds for notification and are there circumstances in which transactions falling below these thresholds may be investigated?

The Act's substantive jurisdiction extends to all mergers that have a real and substantial Canadian nexus regardless of size. However, the Act's pre-merger notification requirements are triggered by bright-line thresholds designed to give certainty to merging parties regarding filing obligations. The transaction must involve an 'operating business' in Canada (in the sense that employees regularly report for work within Canada as opposed to merely a passive investment – but, in the Commissioner's view, such employees may be those of an agent or contractor). The obligation to notify is contingent upon satisfaction of both a party-size threshold and a transaction-size threshold.

Party-size threshold

The parties to the transaction, together with their worldwide 'affiliates' (defined generally as those entities in a relationship of control to one another or under common control), collectively have assets (book value) in Canada or gross revenues from sales in, from or into Canada (that is, domestic sales plus exports and imports) in excess of C\$400 million in the most recently completed fiscal year. For share acquisitions, the acquired corporation (rather than the vendor(s) of the shares) is deemed to be the party to the transaction. A vendor that owns more than 50 per cent of the shares would then be included in the party-size threshold calculation as an affiliate of the target.

Transaction-size threshold

The transaction size threshold is based on the book value of assets in Canada that are held by the entity which is the subject of the transaction or which are themselves the subject of the transaction, or the gross revenues generated from those assets (domestic plus export sales). For 2016 the general threshold (for assets or revenues) is C\$87 million. (Note: the threshold is subject to an annual inflation adjustment by regulation, which is typically

announced in January of the year. Consequently, the threshold is likely to be higher than C\$87 million in 2017.)

As noted in question 4, if the underlying party-size and transaction-size thresholds are met, the acquisition of more than 20 per cent of the shares of a public company (more than 50 per cent if the acquirer already owned 20 per cent or more before the proposed transaction) or more than 35 per cent of the shares of a private company (more than 50 per cent if 35 per cent or more was owned before the proposed transaction) will trigger a notification obligation. Similarly, a proposed acquisition of an interest in a combination of two or more persons to carry on business other than through a corporation (eg, a partnership) is also notifiable if the party-size and transaction-size thresholds are met and if it will result in the acquiring party and its affiliates being entitled to more than 35 per cent (or more than 50 per cent if the entitlement was already 35 per cent) of the profits of the combination or of its assets on dissolution. Similar, but more complex, thresholds apply to amalgamations.

6 Is the filing mandatory or voluntary? If mandatory, do any exceptions exist?

Notification is mandatory for transactions that exceed the thresholds set out in question 5. A narrow exemption exists for asset securitisations meeting certain criteria. There are also other exceptions of very limited scope (eg, transactions involving affiliated entities).

Parties occasionally notify voluntarily (eg, by applying for an advance ruling certificate), where a transaction falls below the notification thresholds, if there is significant concern about the competitive impact of a transaction. Doing so allows the parties to seek confirmation from the Commissioner that he will not challenge the merger. However, the significant filing fees required on notification (see question 10) make such voluntary filings relatively rare.

If a non-notifiable merger comes to the Bureau's attention from other sources (eg, marketplace complaints), a notification is not required but the Bureau may request or compel production of relevant information to carry out an assessment under the substantive merger provisions of the Act.

7 Do foreign-to-foreign mergers have to be notified and is there a local effects test?

Canada asserts an 'effects' test for jurisdiction. Thus, foreign-to-foreign mergers may be subject to substantive review under the Competition Act even though they occur outside Canada, if competitive effects from the transaction would occur within Canada. The competitive effects of primary interest are the impact on customers located in Canada.

Foreign-to-foreign transactions are subject to pre-merger notification if the financial thresholds set out in question 5 are exceeded. The asset value branches of the thresholds focus only on assets in Canada. However, the revenue branches of the thresholds include exports in addition to domestic sales, and in the case of the party-size threshold imports as well. For example, the acquisition of more than 20 per cent of the shares of a foreign public corporation that has a subsidiary that carries on an operating business in Canada would trigger a notification obligation if the financial thresholds are met (see question 5).

8 Are there also rules on foreign investment, special sectors or other relevant approvals?

The Investment Canada Act applies whenever a non-Canadian, directly or indirectly, acquires control of a Canadian business regardless of whether it was owned by Canadians or other non-Canadians. A non-Canadian acquirer must either file an application for review or a post-closing notification of the investment unless a specific exemption applies.

To determine whether an investment is reviewable under the Investment Canada Act it is necessary to consider whether the investor (or the vendor) is a 'WTO investor' (ie, controlled by citizens of member states of the World Trade Organization); the value of the assets of the Canadian business being acquired; and whether the Canadian business being acquired engages in cultural activities (such as those involving books, magazines, film, television, audio or video recordings, or radio or television broadcasting).

The threshold test changed for non-state-owned enterprise (SOE) WTO investors from an asset value test to an enterprise value test on 24 April 2015. If the Canadian business is being acquired directly and is not engaged in cultural activities, an investment will be reviewable only if the Canadian operating business being acquired has an enterprise value of C\$600 million. The C\$600 million enterprise value test is scheduled to increase to

C\$800 million in April 2017, and then to C\$1 billion in April 2019. After December 2020 the threshold will undergo an annual inflation adjustment. There are also higher proposed thresholds under both the Comprehensive Economic and Trade Agreement between Canada and the EU (CETA) and under the proposed Trans-Pacific Partnership (TPP). Where the investment involves the acquisition of publicly traded shares, enterprise value is calculated as the sum of the market capitalisation of the target and its liabilities minus its cash and cash equivalents. Where the investment involves the acquisition of privately held shares, enterprise value is calculated as the sum of the acquisition value and the target's liabilities (based on its most recent quarterly financial statements) minus its cash and cash equivalents (based on its most recent quarterly financial statements). Where the investment involves the acquisition of assets, enterprise value is calculated as the sum of the acquisition value and assumed liabilities minus cash and cash equivalents.

Where an SOE WTO investor is involved, and if the Canadian business is being acquired directly and is not engaged in cultural activities, an investment will be reviewable only if the Canadian operating business being acquired has assets with a book value in excess of C\$375 million. That threshold is expected to rise by an inflation-adjusted amount in early 2017.

If the acquisition by a WTO investor is indirect and does not involve a cultural business (ie, the acquisition of shares of a foreign corporation that controls a Canadian business) the transaction is not reviewable.

Where the Canadian business engages in any of the activities of a cultural business, or if neither the investor nor the vendor are WTO investors, the applicable thresholds for direct and indirect investments are assets with a book value of C\$5 million or C\$50 million, respectively.

An application for review is made to the Investment Review Division of the federal Department of Innovation, Science and Economic Development (or the Department of Canadian Heritage, where the merger involves any cultural businesses). There is an initial review period of 45 calendar days, which may be extended by 30 calendar days at the discretion of the agency, and further upon consent of the investor.

On an application for review, the substantive test applied is whether the proposed transaction is likely to be of net benefit to Canada. Any economic impact on Canada may be considered, including employment, investment, productivity, R&D, exports, Canadian management participation in the business and other factors. If the acquirer is an SOE, the review will also examine whether it is likely to operate the acquired Canadian business in an ordinary commercial manner. The Investment Canada Act approval is parallel to but separate from Competition Act reviews, and the Bureau provides input into this process with respect to a transaction's effects on competition in addition to completing its own review. Very few transactions are rejected under the Investment Canada Act, but it is common for investors to provide undertakings to the government to confirm that the net benefit test will be fulfilled.

An acquisition of control of a Canadian business by a non-Canadian that falls below the thresholds for review under the Investment Canada Act does not require an application for review. However, even where the transaction falls below the thresholds, it must still be notified by way of a filing form to the Investment Review Division of the Department of Innovation, Science and Economic Development (or the Department of Canadian Heritage for cultural cases). Notification may be submitted by the acquirer any time before or up to 30 days after consummation of the transaction. If the transaction is in the cultural sector, a review may then be ordered (regardless of the asset value) by the Federal Cabinet within 21 days after receipt of the notification.

The Investment Canada Act also establishes a national security review regime. Where the Minister of Innovation, Science and Economic Development in consultation with the Minister of Public Safety and Emergency Preparedness determines that a transaction may be injurious to national security, the Federal Cabinet may initiate a review of the transaction regardless of the size of the business or transaction, the nationality of the acquirer, whether the transaction involves an acquisition of control or of a minority interest and whether or not the transaction has closed. To date, minimal guidance has been provided as to the types of transactions that may be injurious to national security. However, a number of transactions have apparently been rejected or have been abandoned based on concerns about the investor in question acquiring telecommunications assets that were regarded as critical infrastructure. There has also been a 'proximity' case in which the establishment of a new Canadian business was required to find a new location that was not nearby a facility of the Canadian Space Agency. One transaction has been blocked on the apparent basis that the

The MEGs elaborate on the Bureau's views of each of the evaluative factors set out in the Act. They also establish 'safe harbours' within which the Commissioner generally will not challenge a merger with respect to 'unilateral effects' and 'coordinated effects' theories of competitive harm (see further discussion in the response to question 21). In respect of unilateral effects, the Commissioner generally will not challenge a merger if the combined post-merger market share of the merged entity is less than 35 per cent. For coordinated effects theories of harm, the Commissioner generally will not challenge a merger where the post-merger four-firm concentration ratio (combined market shares of the largest four firms) is below 65 per cent or the merged entity's market share would be less than 10 per cent. Transactions which involve higher market shares or industry concentration are not automatically challenged, but will generally receive careful scrutiny.

20 Is there a special substantive test for joint ventures?

Joint ventures often fall within the definition of mergers (see question 3) and are thus subject to the same substantive test (see question 19). However, the Act specifically exempts from merger review certain unincorporated 'combinations' in connection with one-off projects or programmes, provided a number of specified criteria are met. These relate to control of the joint venture parties, the business rationale for the formation of the joint venture, the scope and duration of the joint venture's activities, and the extent of the adverse effect of the joint venture on competition. Part IX of the Act contains an imperfectly analogous notification exemption for 'combinations' that meet specified criteria.

In March 2010, two new provisions came into force dealing with agreements between competitors. Such agreements may be subject either to criminal prosecution under the conspiracy offence or to challenge as a reviewable practice by way of an application to the Tribunal for a prohibition order. The framework for the reviewable practice is very similar to the merger provisions. Once the Bureau has decided which track to pursue (merger, civil agreement among competitors or criminal conspiracy), there are double jeopardy protections that preclude it from using the other tracks.

The Bureau has indicated in its Competitor Collaboration Guidelines that the conspiracy offence will be used for 'naked restraints' (cartel-like conduct) and that those bona fide joint ventures that do not constitute mergers will normally be reviewed under the competitor agreements' reviewable practice provision.

21 What are the 'theories of harm' that the authorities will investigate?

In general, the Bureau will consider whether a proposed horizontal transaction (ie, a merger involving current competitors) is likely to lead to a substantial prevention or lessening of competition on either a unilateral effects basis or a coordinated effects basis. Under the first theory of harm, the Bureau will consider whether the merged entity will likely be able to raise prices profitably (or lessen competition in other, non-price dimensions) as a result of the merger without relying on an accommodating response from its competitors (see question 19). Under the second theory of harm, the Bureau considers whether the proposed merger is likely to reduce the level of competition in a market by, for example, removing a particularly aggressive competitor, or enabling the merged entity to coordinate its behaviour with that of its competitors, so that higher post-merger prices are profitable and sustainable because other competitors in the market have accommodating responses. Vertical mergers may raise concerns when they increase barriers to entry, raise rivals costs or facilitate coordinated behaviour. Mergers may also give rise to concerns about the prevention (as opposed to lessening) of competition in a market when, in the absence of the proposed merger, one of the merging parties is likely to have entered the market *de novo* and eroded the existing market power of the other party.

In addition to price, the Bureau may also assess the effects of a merger on other dimensions of competition, including quality, product choice, service, innovation and advertising.

22 To what extent are non-competition issues relevant in the review process?

The MEGs, Tribunal jurisprudence and media statements by senior Bureau staff indicate that merger review is informed by the Act's purpose clause, including its concern with ensuring that 'small and medium-sized enterprises have an equitable opportunity to participate in the Canadian economy'. However, as a practical matter, non-competition issues such as industrial policy considerations are generally not relevant to the Commissioner's review.

Bureau reviews of proposed mergers in the federal financial services and transportation sectors on competition grounds operate in parallel with ministerial approval processes that are based on broader public interest considerations. In both systems, the Commissioner's views on the competitive ramifications of proposed mergers inform but do not bind the relevant minister in making a decision on public interest grounds. Thus, the Act specifically provides that the Tribunal shall not make an order in respect of a merger involving financial institutions or transportation undertakings in respect of which the Federal Minister of Finance or Minister of Transport, as the case may be, has certified to the Commissioner that the merger would be in the public interest.

Acquisitions of Canadian companies by foreign acquirors may also be subject to broader review under Canada's foreign investment review legislation - see question 8.

23 To what extent does the authority take into account economic efficiencies in the review process?

As noted in the response to question 19, the Act provides an efficiency defence that allows an otherwise anticompetitive merger to be 'saved' by efficiencies that will be greater than and offset any prevention or lessening of competition. The scope of the efficiencies defence was examined in the *Superior Propane* case, and more recently in the *CCS/Tervita* case. *Superior Propane* was the first decision in which a party succeeded in having an otherwise anticompetitive merger saved by efficiencies. The main issue in that case was whether a 'total surplus' or a 'consumer welfare' standard should be used to evaluate the trade off between efficiencies and anticompetitive effects. The Tribunal adopted the 'total surplus' standard, but the Federal Court of Appeal rejected this approach and remanded the case back to the Tribunal for reconsideration of the proper standard to apply. At the rehearing, the Tribunal again rejected the consumer welfare standard but adopted a 'balancing weights' approach, which gives some consideration to the redistributive effects of a merger (eg, negative impacts on low-income consumers) in addition to the overall magnitude of efficiency gains. This decision was upheld by the Federal Court of Appeal.

In the more recent *CCS/Tervita* case, the Supreme Court of Canada overturned decisions of the Tribunal and Federal Court of Appeal and accepted the parties' efficiency defence. While the majority decision of the Supreme Court recognised that the transaction's cognisable efficiencies were minimal, the Commissioner had not met the required burden to quantify the quantifiable anticompetitive effects of the merger. As a result, the transaction's minimal efficiencies were sufficient to outweigh the improperly calculated anticompetitive effects, which were given a weight of zero. As a result, the Bureau will want to know whether the parties plan to raise an efficiencies defence early in the process. If there is the potential for an efficiencies claim, the Bureau will likely require production of considerable data through the SIR process so that it can properly quantify the transaction's anticompetitive effects and efficiencies.

Remedies and ancillary restraints

24 What powers do the authorities have to prohibit or otherwise interfere with a transaction?

The Tribunal, on application by the Commissioner, may order the parties to a proposed merger to refrain from implementing their merger or doing anything the prohibition of which the Tribunal determines is necessary to ensure the merger (or a part of it) does not prevent or lessen competition substantially. If a merger has already been completed, the Tribunal may order the dissolution of the merger or the divestiture of assets or shares. In addition, with the consent of the Commissioner and the merging parties, the Tribunal may order any other action to be taken to remedy the anticompetitive effects of a proposed or completed merger.

25 Is it possible to remedy competition issues, for example by giving divestment undertakings or behavioural remedies?

Divestitures are the primary remedy used in merger cases. In the *CCS/Tervita* case, the Bureau sought dissolution as the preferred remedy but the Tribunal concluded that a divestiture order would be appropriate. While it is possible (and frequently of interest to merging parties) to resolve issues through the use of behavioural remedies such as firewalls or agreements to supply, these tend to be viewed by the Bureau as less desirable than structural remedies such as divestiture. Parties should expect that, in most cases, the Commissioner will seek to have any negotiated remedies

recorded in a consent agreement that is filed with the Tribunal, whereupon it has the force of a Tribunal order.

26 What are the basic conditions and timing issues applicable to a divestment or other remedy?

Any divestiture or other remedy ordered by the Tribunal must restore competition to the point at which it can no longer be said to be substantially less than it was before the merger. The Tribunal has broad jurisdiction to attach detailed terms and conditions to divestiture orders, including deadlines for completion and provisions appointing and empowering trustees to effect such divestitures if the merging parties fail to do so in a timely manner. The Bureau also has broad discretion to negotiate the terms of divestiture or dissolution orders or behavioural remedies to be embodied in a consent agreement.

The Bureau's 2006 Remedies Bulletin indicates that it prefers 'fix-it-first' remedies whereby an approved up-front buyer is identified and, ideally, consummates its acquisition of the stand-alone business to be divested at the same time as the merger parties consummate their own transaction. When it is not possible to fix it first - which, in practice, is frequently - the Bureau will expect that divestitures be effected by the merging parties within three to six months. If they fail to do so, a trustee will be appointed to complete the sale in a similar time frame without any guaranteed minimum price to the seller.

27 What is the track record of the authority in requiring remedies in foreign-to-foreign mergers?

As noted in question 7, foreign-to-foreign mergers with competitive effects within Canada are subject to the Act, including its remedial provisions. Consequently, remedies up to and including divestitures of Canadian assets have been required in foreign-to-foreign mergers. However, in some cases, the Bureau may rely on remedies required by foreign competition authorities and not take separate remedial steps in Canada if the foreign remedies are sufficient to address anticompetitive concerns in Canada. Examples include *BASF/Ciba, Dow/Rohm & Haas, GE/Instrumentarium, Procter & Gamble/Gillette, UTC/Goodrich, Thomson/Reuters and Novartis/GSK* where the remedies required by the US or European authorities were seen as sufficient to address Canadian concerns. See question 34 for additional discussion of cases in which remedies have been required for foreign-to-foreign mergers in Canada.

28 In what circumstances will the clearance decision cover related arrangements?

The Bureau will consider ancillary restrictions as part of its consideration of the transaction as a whole. Thus, the Bureau's clearance of a transaction will normally also cover any ancillary restrictions that are known at the time of the review.

Involvement of other parties or authorities

29 Are customers and competitors involved in the review process and what rights do complainants have?

The Bureau routinely contacts customers, and often also suppliers and competitors, for factual information and their views about a merger. However, the Act authorises the Commissioner alone to bring an application to the Tribunal. Consequently, a complainant has no direct ability to challenge a merger.

The Bureau is attentive to complaints from all types of private parties. The Act also provides that any six residents of Canada can compel the Commissioner to conduct an inquiry into a merger, but the Commissioner remains the sole 'gatekeeper' who can commence a challenge before the Tribunal.

The Competition Tribunal Rules provide that, if the Commissioner brings an application to the Tribunal, any party affected by the merger may seek leave to intervene. Thus complainants may obtain a formal voice in the proceedings at this stage.

30 What publicity is given to the process and how do you protect commercial information, including business secrets, from disclosure?

All documents (including pre-merger notifications) and information provided to the Bureau are treated confidentially. However, the Act does permit the Commissioner to share information and documents received with

Update and trends

There have not been legislative developments regarding mergers in the past few years. However, the decision of the Supreme Court of Canada in the *CCS/Tervita* case, noted above, has confirmed that the standard analysis set out in the Merger Enforcement Guidelines applies to cases that are alleged to 'prevent' competition, as well as to those that are alleged to 'lessen' competition. *CCS/Tervita* has also confirmed the importance of the efficiencies defence in section 96(1) of the Act. Even minimal efficiencies will be sufficient to save an anticompetitive merger if the Commissioner fails to properly demonstrate the quantifiable anticompetitive effects of a merger.

This case has prompted some calls for an amendment to the efficiencies provision of the Act. It has also led to suggestions that there may be a need for amendments to the notification process under the Act to allow the Bureau to obtain the information it needs in relevant cases, while avoiding an unnecessary information burden in other cases. The other notable recent development involved the *Parkland* case, which resulted in the first successful use by the Commissioner of a preliminary injunction to block closing of aspects of a transaction. The concern giving rise to the injunction was not that the assets would be too difficult to unscramble, but rather that there would be injury to competition during the interim period before they could be unscrambled.

a Canadian law enforcement agency (which would be rare in merger cases). In addition, the Commissioner may disclose information for the purposes of the administration or enforcement of the Act. This includes the Bureau's 'field contacts' with customers, suppliers and competitors, although such interviews are conducted in a manner that attempts to minimise disclosure of any confidential information.

The Commissioner's interpretation of the confidentiality safeguards in the Act is articulated in the Bureau's 2013 information bulletin on the Communication of Confidential Information Under the Competition Act. The Bureau asserts that it has the power to share confidential information with foreign antitrust agencies without receiving a waiver from the parties providing the information, pursuant to the 'administration and enforcement' exemption. This interpretation is perceived by some as controversial and has not been tested before the courts.

The Bureau does not announce the receipt of filings or commencement of investigations in the merger context. It has, with increasing frequency, published press releases or 'position statements' regarding decisions in high-profile cases. Once a merger review has been completed, the Bureau publishes the names of merger parties, the industry in which they operate and the outcome of the Bureau's review in a monthly online registry.

Where a challenge occurs or a remedy is embodied in a consent agreement, most of the relevant materials will be filed on the public record at the Tribunal. However, commercial or competitively sensitive material may be filed on a confidential basis if a protective order is obtained.

31 Do the authorities cooperate with antitrust authorities in other jurisdictions?

The Bureau routinely cooperates with other antitrust authorities on mergers that have multi-jurisdictional aspects. Specific antitrust cooperation agreements exist between Canada and three jurisdictions that give rise to a significant number of cross-border reviews: the United States, the European Union and the United Kingdom, as well as between Canada and each of Australia, Brazil, Chile, India, Japan, South Korea, Mexico, Taiwan and New Zealand. In addition, the Bureau recently signed memoranda of understanding with China's State Administration for Industry and Commerce and the Ministry of Commerce of the People's Republic of China. Unlike many of its sister agencies, the Bureau asserts that it does not require a waiver to share confidential information with foreign agencies, as long as such sharing of information is likely to result in assistance to the Bureau in its review of a transaction (see the response to question 30).

Judicial review

32 What are the opportunities for appeal or judicial review?

The Tribunal Act provides for an appeal from the Tribunal on questions of law and of mixed fact and law to the Federal Court of Appeal as of right, and on questions of fact alone by leave of the court. An appeal from a decision of the Federal Court of Appeal lies, with leave, to the Supreme Court of Canada. In its recent decision in *CCS/Tervita*, the Supreme Court of

Canada found that Tribunal decisions are to be reviewed on a less than deferential standard, with questions of law to be reviewed for correctness and questions of fact and mixed law and fact to be reviewed for reasonableness.

Although it is theoretically possible to obtain judicial review of the Commissioner's decisions or actions as well, in practice he is accorded a very high amount of deference because he is responsible for investigative rather than adjudicative functions.

33 What is the usual time frame for appeal or judicial review?

An appeal from a decision of the Tribunal can be a relatively long process. For example, in the *Superior Propane* case, the Federal Court of Appeal took eight months to render its decision on the Commissioner's initial appeal of the Tribunal's decision from the date of the Tribunal's judgment. Similarly, in the more recent appeal of the Tribunal's order in the *CCS/Tervita* case, the Federal Court of Appeal released its decision nine months from the date of the Tribunal order.

An appeal from the Federal Court of Appeal to the Supreme Court of Canada would be expected to take a few months before leave is granted, and, if granted, many more months before a hearing is held and the court renders its decision. In the *CCS/Tervita* case, almost two years elapsed from the date of the Federal Court of Appeal decision until the Supreme Court of Canada released its decision (five months for leave to be granted, eight months for the case to be heard, and 10 months under reserve).

Enforcement practice and future developments

34 What is the recent enforcement record and what are the current enforcement concerns of the authorities?

Because the Commissioner effectively acts as the Tribunal's gatekeeper in the merger context, merging parties (both domestic and foreign) will typically work with the Commissioner to address any concerns he might have with their transaction, rather than face a lengthy and uncertain process of defending their merger through litigation before the Tribunal. The Commissioner has litigated very few contested proceedings to a conclusion

before the Tribunal. The Commissioner obtained mixed results in the Southam newspaper case. However, the Commissioner failed to obtain a remedy in the *CCS/Tervita*, *Hillsdown* and *Superior Propane* cases and the Commissioner was also unsuccessful in attempting to obtain a temporary injunction against the *Labatt/Lakeport* merger. More recently, the Commissioner did obtain a partial injunction, and ultimately a consent resolution, in the *Parkland* case. In the majority of cases in which the Commissioner has had concerns, however, the Bureau has been successful in negotiating consent divestitures or behavioural remedies. This has occurred in numerous foreign-to-foreign mergers including, most recently, *Teva/Allergan*, *Iron Mountain/Recall*, *Medtronic/Covidien*, *Novartis/Alcon*, *The Coca-Cola Company/Coca-Cola Enterprises*, *Teva/Ratiopharm* and *Live Nation/Ticketmaster*. Transactions also occasionally have been abandoned in the face of opposition by the Commissioner (eg, the *Bragg/Kincardine* merger in 2014).

The current merger review process was adopted in March 2009. From March 2009 to March 2016, SIRs were issued in connection with 68 transactions. In the Bureau's most recent fiscal year, SIRs were issued in approximately 8 per cent of all transactions, which is a considerable increase from prior years. Responding to these requests has required a significantly greater investment of time and resources than preparing the former 'long-form' notification or responding to a voluntary information request under the prior regime. The Bureau has not received additional resources to support the enforcement of the new regime. The time frame for the completion of the Bureau's review of a transaction subject to a SIR has ranged from three months to seven-and-a-half months.

The substantive merger enforcement framework is set out in the 2011 Merger Enforcement Guidelines discussed above. The Bureau remains focused primarily on horizontal cases that could substantially lessen or prevent competition through unilateral or coordinated effects.

35 Are there current proposals to change the legislation?

No.

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