



**Determination No. M/04/011 of the Competition Authority, dated 16<sup>th</sup> March 2004, under Section 21 of the Competition Act, 2002**

**Notification No. M/04/011 – Liberty Media Corporation Proposed Acquisition of Princes Holdings Limited from Independent Communications (International) Limited**

**Introduction**



1. On 18<sup>th</sup> February 2004, the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002, (“the Act”) was notified, on a mandatory basis, of a proposal whereby Liberty Media Corporation (“Liberty”) would acquire half of the issued shares of Princes Holdings Limited (“PHL”) from Independent Communications (International) Limited (“Independent”), resulting in Liberty having the sole control of PHL. The Authority, in accordance with s 23(1)(b) of the Act, notified the parties that it considers the transaction to be a media merger.

**The Parties**

2. Liberty, through three of its subsidiaries, and Independent equally hold the issued shares of PHL. Additionally, Liberty has a controlling interest in a number of companies that make sales into Ireland.
  - OpenTV Corp (“OpenTV”): this company provides interactive platform software and solutions to cable, satellite and terrestrial network operators. It also manufactures set-top boxes that enable Internet access, streaming video and customised information via a traditional television. In Ireland, OpenTV supplies middleware for use in digital set-top boxes in the operation of interactive television. Both Chorus and Sky (a provider of direct to home (“DTH”) satellite television service) use the OpenTV middleware. OpenTV does not have a branch or office in Ireland.
  - Discovery Communications Inc. (“Discovery”): Liberty holds a 50% joint controlling interest in Discovery. Discovery produces a number of television channels that are supplied to cable, DTH satellite and digital terrestrial television operators.
  - QVC, Inc. (“QVC”): QVC retails a wide range of consumer products mainly through televised-shopping programmes, but also through the Internet and directly through outlet stores. Cable, DTH satellite, and multi-point microwave distribution systems (“MMDS”) operators in Ireland carry the QVC home shopping channels. QVC has no branch or office in Ireland.
3. PHL owns 100% of Chorus Communication Limited (“Chorus”). Chorus is principally active in the provision of digital and analogue television retransmission services (via cable and MMDS), and telecommunications services including voice telephony and high speed Internet. Chorus provides TV programme distribution services to [ ] customers, telephony services to about [ ] customers, and data services to about [ ] customers.



### **The Transaction**

4. [  ]
5. [  ]

### **Analysis**

6. Based upon the information at the Authority's disposal, there is no reason to believe that this transaction will have a significant competitive effect in markets for goods and services in the State. Chorus's television business is in a vertical relationship with the upstream markets in which OpenTV, Discovery and QVC are active. First, the transaction does not raise vertical concerns in relation to OpenTV, as it will not affect the supply arrangements that OpenTV has in place in the Irish market. Second, Discovery has no exclusive supply arrangement in place and it will supply its programming to any network carrier on appropriate terms and conditions. Third, QVC seeks to carry its products on as many networks as possible in order to maximise the sale of its products. Chorus is not precluded from carrying other home shopping channels.
7. Notwithstanding the above, it is important to note that Under Clause 7 of the Purchase Agreement, the parties have agreed to a one-year non-compete arrangement. Under the given circumstances and the limited time period of the non-compete arrangement, it is unlikely that this arrangement will have a significant competitive impact on the markets in which the parties are active.

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the transaction may be put into effect.

### **For the Competition Authority**

**Edward Henneberry**  
**Member of the Competition Authority**

**16<sup>th</sup> March 2004**