



**Jersey Competition Regulatory Authority ('JCRA')**

**Decision M004/05**

**Aladdin's Cave Limited /**

**A Hundred and One Toys (2000) Limited**

### **The Notified Transaction**

1. On 17 February 2006, the JCRA received an application for approval under Articles 20 and 21 of the Competition (Jersey) Law 2005 (the 'Law') with respect to a proposed acquisition by Aladdin's Cave Limited ('Aladdin's Cave') of the assets and goodwill of A Hundred and One Toys (2000) Limited ('A Hundred and One Toys') (the 'Application'). Additional information required to complete this Application was received on 16 March 2006.

### **The Parties**

3. Aladdin's Cave is a Guernsey registered company that operates a retail outlet located at Les Canus Road, Capelles, St Sampsons, Guernsey. The company is involved in the retail sale of items such as toys, games, models, hobby crafts, and outdoor activities. Its principal owners are E A Mahy, Mrs I E Mahy, and Mrs A Mahy.
4. A Hundred and One Toys is a Jersey registered company that operates a retail outlet located at Broad Street, St Helier, Jersey. The company is involved in the retail sale of items such as toys, games models, hobby crafts, and outdoor activities.

### **The Requirement for JCRA Approval**

5. The JCRA understands that A Hundred and One Toys is a major independent retailer of toys and similar products in Jersey. The JCRA thus advised Aladdin's Cave and A Hundred and One Toys to file notification with respect to the acquisition under the 40% share of supply threshold set forth in Article 1(4) of the Competition (Mergers and Acquisitions) (Jersey) Order 2005. The Parties agreed

to submit an Application, although without prejudice to the view that the acquisition may not satisfy the 40% share of supply threshold.

### **Assessment**

6. Under Article 22(4) of the Law, the JCRA may refuse to approve the acquisition if it is satisfied that it would substantially lessen competition in Jersey or in any part of Jersey.
7. The determination of whether an acquisition would substantially lessen competition in Jersey or any part thereof normally requires the definition of relevant product and geographic markets. The JCRA observes that under European competition law a relevant product market has been defined as the year-round retail sale of a broad assortment of toys to final consumers.<sup>1</sup> Using this definition, A Hundred and One Toys would be just one of a number of retail outlets in Jersey offering toys and similar products throughout the year. Consumers in Jersey also may be able to purchase such products from retailers located outside of the Bailiwick, through catalogue or Internet purchases. The precise definition of the relevant market may be left open, however, since it does not affect the outcome of the assessment.
8. While Aladdin's Cave currently operates a retail outlet in Guernsey, it apparently has not conducted activities in Jersey prior to this acquisition. Specifically, we understand that it has not operated a retail outlet in Jersey, or otherwise offered to sell toys and similar products within Jersey. We also understand that the company's principal owners do not have other business interests in Jersey, whether individually, jointly, or through a corporate framework. Finally, there does not appear to be any pre-existing vertical relationships between Aladdin's Cave and A Hundred and One Toys (e.g., in the capacity of supplier or customer)

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<sup>1</sup> See *Blokker/Toys "R" Us*, Case No IV/M.890 ¶ 28 (26 June 1997). Article 60 of the Law requires that, so far as possible, matters arising under competition law in Jersey are treated in a manner that is consistent with the treatment of corresponding questions arising under competition law in the European Union.

which could possibly give rise to competition concerns as a result of the acquisition.

9. In light of Aladdin's Cave long-standing presence in Guernsey but not in Jersey, it does not appear to be a significant likely potential entrant into Jersey, absent the acquisition of A Hundred and One Toys.<sup>2</sup> Moreover, in light of the other sources of supply that appear to be available to consumers in Jersey for toys and similar products, the loss of Aladdin's Cave as a potential entrant into Jersey absent acquisition does not appear to increase the risk of a substantial lessening competition in Jersey or any part thereof.
10. The acquisition of A Hundred and One Toys by Aladdin's Cave therefore is unlikely to harm consumers in Jersey, as it does not appear to reduce the choice or quality of products available for purchase, or otherwise facilitate an increase in prices.
11. Accordingly, the JCRA has concluded that the acquisition is not likely to lessen competition substantially in Jersey or in any part thereof, and hereby approves the acquisition.

**24 April 2006**

**By Order of the JCRA Board**

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<sup>2</sup> Compare *Telia/Telenor*, Case IV/M.1439 ¶¶ 148-54 (strengthening of a dominant position through the elimination of a strong potential competitor in an adjacent jurisdiction).