



Case M1327J

Proposed Acquisition by Leonard Green & Partners of  
CPA Global

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Decision

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## Summary

1. Capri Acquisitions Bidco Limited (**Bidco**), an entity controlled by Leonard Green & Partners, L.P (**LGP**), proposes to acquire the shares in the CPA Global Group (**CPA**) which consists of a group of companies incorporated in various jurisdictions and held by Redtop Holdings Limited (the **Target**), a company incorporated in Jersey.
2. The transaction has been notified to the Jersey Competition Regulatory Authority (**JCRA**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **2005 Law**).
3. The JCRA has determined that the proposed acquisition will not lead to a substantial lessening of competition in any relevant market and hereby approves the notified transaction.

## The Notified Transaction

4. On 15 September 2017, the JCRA received an application from LGP (the **Purchaser**) for the proposed acquisition of the shares of the different entities that comprise CPA's group, ultimately held by the Target.
5. The current shares in the Target are held by a number of entities and individuals (the **Sellers**). Pursuant to the Purchase Deed, upon closing, the Sellers will transfer the shares in Target to Bidco. After completion, CPA will be controlled by a number of entities managed by LGP. [X]
6. The merger has been notified to the European Commission. A Hart-Scott-Rodino filing has been made in the United States.
7. CICRA registered the application on its website with a deadline for comments of 29 September 2017. No submissions were received.

## The Parties

8. LGP is a US private equity investment firm headquartered in Los Angeles, California, USA. No undertaking solely or jointly controls LGP, and there will be no change to the structure of ownership and control of LGP following closing. LGP's investments are predominantly US based, and its primary focus is companies that provide services, including consumer, business, and healthcare services, as well as retail.
9. CPA is active in the legal support service sector, more specifically in patent renewal and related services. CPA manages and undertakes on behalf of its clients the regular renewal of patents in relevant jurisdictions. Clients transfer details regarding their patent portfolios to CPA and CPA undertakes the relevant renewal formalities. CPA offers similar renewal services for trademarks, internet domain names and registered designs. In addition, CPA is active in a number of related ancillary business areas (data management, intellectual property outsourcing and software licensing).

## Requirement for JCRA approval

10. Under Article 2(1)(b) of the 2005 Law, a merger<sup>1</sup> occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking. On completion of the notified transaction, LGP will acquire control of CPA. The notified transaction therefore constitutes a merger as defined by the 2005 Law.
11. According to Article 20(1) of the 2005 Law, a person must not execute certain mergers or acquisitions except with and in accordance with the approval of the JCRA. Article 4 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the **Order**) provides that where one or more of the parties to the proposed merger has an existing share of 40% or more of the supply or purchase of goods or services of any description supplied to or purchased from persons in Jersey, if neither of the two exceptions apply, then the merger must be notified to the JCRA for approval under Article 20(1) of the 2005 Law.
12. According to information submitted by the parties to the transaction, the Target has a greater than 40% share of international patent renewals in Jersey (i.e. international patent renewals provided to Jersey based companies). The notified transaction therefore requires the approval of the JCRA prior to its execution.

### **Market Definition**

13. Under Article 22(4) of the 2005 Law, the JCRA must determine if the merger would substantially lessen competition in Jersey or in any part of Jersey. To this end, the JCRA will identify the markets which are likely to be affected by the merger and then assess whether competition in these markets will be substantially lessened<sup>2</sup>.
14. The following have been proposed as relevant markets in which the Target is active:
  - i) Renewal services for intellectual property rights (**IPRs**), which could be further sub-segmented based on the type of IPR into patents, trademarks, internet domain names, and registered designs
  - ii) Ancillary services, which could be further segmented into data management services, intellectual property outsourcing, and software licencing
15. Two possible segmentations of the patent renewals market have been considered. :
  - a) Domestic (sometimes known as residential) patent renewals: patent filings or renewals involving patents registered in Jersey itself. For some corporations it can be relatively easy to interact directly with their own patent office.
  - b) International (sometimes known as non-residential) patent renewals: patent filings or renewals involving patents registered in jurisdictions outside Jersey. International patent renewals often necessitate making use of agents, foreign languages and currencies, as well

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<sup>1</sup> For brevity, mergers and acquisitions are referred to as 'mergers' in this document.

<sup>2</sup> In many cases, a market may have already been investigated and defined by the CICRA or another competition authority. The JCRA may take note of market definitions adopted in European competition law cases, although departure from that decision may be justified by circumstances specific to the Channel Islands. Sometimes earlier definitions can provide useful shortcuts, but competition conditions may change over time, changing the market definition. Market definition will always depend on the prevailing facts.

as having different rules as to when renewal applications should be made. This market is considered to be global.

16. For the purpose of this decision, the precise market definitions can be left open since, for the reasons outlined below, the proposed merger would not result in a substantial lessening of competition on any market considered.

#### **Effect on Competition**

17. Pursuant to Article 22(2) of the 2005 Law, the JCRA must determine if the proposed acquisition would substantially lessen competition in Jersey or any part of it.
18. CPA estimates that it has a market share of less than 30% of domestic patent renewals, and approximately 55-60% of international patent renewals in Jersey. LGP is not active in Jersey.
19. There is no horizontal overlap between the activities of the parties. The services provided by CPA in Jersey are renewal services for IPRs and related ancillary services, which LGP does not provide in Jersey or elsewhere. Since the parties do not currently compete in Jersey, the acquisition will not substantially lessen competition in this regard.
20. The acquisition will not give rise to anti-competitive foreclosure in Jersey since neither party is active in a market upstream or downstream of a market in which the other is active.
21. The notified transaction will therefore not give rise to a substantial lessening of competition on any reasonable basis.

#### **Decision**

22. Based on the preceding analysis, the JCRA concludes that the acquisition will not substantially lessen competition in Jersey or any part of Jersey. The merger is therefore approved under Article 22(1) of the 2005 Law.

**16 October 2017**

**By Order of the Board of the JCRA**