



Antitrust: Commission opens investigation into Broadcom and sends Statement of Objections seeking to impose interim measures in TV and modem chipsets markets

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The European Commission has opened a formal antitrust investigation to assess whether Broadcom may be restricting competition through exclusivity practices, in breach of EU rules. The Commission intends to impose interim measures during the investigation with regard to TV and modem chipsets markets.

Margrethe **Vestager**, Commissioner in charge of competition policy, said: *"TV set-top boxes and modems are part of our daily lives, for both work and for leisure. We suspect that Broadcom, a major supplier of components for these devices, has put in place contractual restrictions to exclude its competitors from the market. This would prevent Broadcom's customers and, ultimately, final consumers from reaping the benefits of choice and innovation. We also intend to order Broadcom to halt its behaviour while our investigation proceeds, to avoid any risk of serious and irreparable harm to competition."*

Broadcom is the world's largest designer, developer and provider of integrated circuits for wired communication devices. It is a global leader in a number of markets, including:

- **systems-on-a-chip**, which are chipsets combining electronic circuits that constitute the "brain" of a set-top box or modem. As such, they are among the most important components within these devices and are essential to bring the television signals and connectivity to consumers' premises.
- **front-end chips**, which are hardware components that translate analogue inputs into digital outputs, and which can then be processed by a system-on-a-chip.
- **WiFi chipsets**, which are hardware components that enable set-top boxes to deploy wireless local area networks.
- Components for so-called **central office/head end equipment** to provide high speed data connections.

Opening of formal investigation

The Commission has gathered information indicating that Broadcom may be implementing a range of exclusionary practices in relation to these products.

These practices may include (i) setting exclusive purchasing obligations, (ii) granting rebates or other advantages conditioned on exclusivity or minimum purchase requirements, (iii) product bundling, (iv) abusive IP-related strategies and (v) deliberately degrading interoperability between Broadcom products and other products.

As a result of concerns relating to these alleged practices by Broadcom, the Commission has decided to open a formal investigation.

Statement of objections on interim measures

In parallel, the Commission has also issued a Statement of Objections seeking to impose interim measures. This sets out the preliminary conclusions of the Commission's investigation, which are that:

- Broadcom is **likely to hold a dominant position** in various markets for the supply of systems-on-a-chip for TV set-top boxes and modems.
- certain agreements between Broadcom and seven of its main customers manufacturing TV set-top boxes and modems contain exclusivity provisions that may result in those customers **purchasing systems-on-a-chip, front-end chips and WiFi chipsets exclusively or almost exclusively from Broadcom**.
- the provisions contained in these agreements **may affect competition and stifle innovation in**

these markets, to the detriment of consumers.

The Statement of Objections preliminarily concludes that an **interim measures decision may be indispensable** in this case, to ensure the effectiveness of any final decision taken by the Commission at a later date.

The Commission can impose interim measures on companies that are suspected of engaging in anti-competitive practices in cases where a final decision on substance has not been reached yet. In this way, the Commission can avoid that the suspected anti-competitive behaviour damages the market irreparably before it has had time to sanction such behaviour. Interim measures can only be granted if a company's behaviour constitutes at first sight an infringement of competition rules and if there is a risk of serious and irreparable harm to competition.

In this case, the Commission found that the alleged competition concerns were of a serious nature and that Broadcom's conduct may result in the elimination or marginalisation of competitors before the end of proceedings. The envisaged interim measures would therefore apply until the Commission concludes its assessment on the substance of the case.

The Commission will now carry out its investigation as a matter of priority.

The opening of a formal investigation and the issuance of a Statement of Objections on interim measures do not prejudice the outcome of the investigation.

Background

[Article 102](#) of the Treaty on the Functioning of the European Union (TFEU) prohibits the abuse of a dominant position that may affect trade within the EU and prevent or restrict competition. The implementation of this provision is defined in the Antitrust Regulation ([Council Regulation No 1/2003](#)), which can also be applied by the national competition authorities.

Article 11(6) of the Antitrust Regulation provides that the opening of proceedings by the Commission relieves EU national competition authorities of their competence to apply EU competition rules to the practices concerned. Article 16(1) further provides that national courts must avoid adopting decisions that would conflict with a decision contemplated by the Commission in proceedings it has initiated.

Pursuant to Article 8(1) of the Antitrust Regulation, interim measures may be imposed if at first sight there is an infringement of competition law rules, as well as an urgent need for protective measures due to the risk of serious and irreparable harm to competition.

The Commission has informed Broadcom and the competition authorities of the Member States that it has opened proceedings in this case and of the intention to impose interim measures.

There is no legal deadline for finishing an antitrust investigation. The duration of an antitrust investigation depends on a number of factors, including the complexity of the case, the extent to which the companies concerned cooperate with the Commission and the exercise of the rights of defence.

More information is available on the Commission's competition [website](#), in the public case [register](#) under the case number [AT.40608](#).

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