

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Deborah Platt Majoras, Chairman**
 Orson Swindle
 Thomas B. Leary
 Pamela Jones Harbour
 Jon Leibowitz

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In the Matter of)		
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GENERAL ELECTRIC COMPANY,)	Docket No. C-4119	
a corporation.)		
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COMPLAINT

Pursuant to the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (“Commission”), having reason to believe that Respondent General Electric Company (“GE”), a corporation subject to the jurisdiction of the Commission, has agreed to acquire InVision Technologies (“InVision”), a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act (“FTC Act”), as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENT

1. Respondent GE is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its offices and principal place of business located at 3135 Easton Turnpike, Fairfield, Connecticut 06431.

2. Respondent GE is engaged in, among other things, the research, development, manufacture and sale of x-ray non-destructive testing (“NDT”) and inspection equipment, including standard x-ray cabinets, automated defect recognition-capable NDT and inspection systems (“ADR-capable x-ray systems”), and high-energy x-ray generators. NDT and inspection equipment is used in a wide range of industries to inspect the structure and tolerance of materials or identify objects inside materials without damaging the materials or impairing their future usefulness.

3. Respondent GE is, and at all times herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

II. THE ACQUIRED COMPANY

4. InVision is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its offices and principal place of business located at 7151 Gateway Boulevard, Newark, CA 94560. InVision’s x-ray NDT and inspection equipment subsidiary, YXLON International X-ray GmbH, is headquartered at Essener Str. 99, Gebäude 227, D-22419, Hamburg, Germany, with its offices and principal place of business in the United States located at 3400 Gilchrist Road, Akron, Ohio 44260-1221.

5. InVision is engaged in, among other things, the research, development, manufacture, and sale of x-ray NDT and inspection equipment, including standard x-ray cabinets, ADR-capable x-ray systems, and high-energy x-ray generators.

6. InVision is, and at all times herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. THE ACQUISITION

7. GE and InVision entered into a stock Purchase Agreement dated as of March 15, 2004 (the “Purchase Agreement”) whereby GE agreed to acquire InVision for approximately \$900 million (the “Acquisition”).

IV. THE RELEVANT MARKETS

8. For the purposes of this Complaint, the relevant lines of commerce in which to analyze the effects of the Acquisition are:

- a. the research, development, manufacture, and sale of standard x-ray cabinets, which are multi-purpose, standardized x-ray NDT and inspection systems offered in generic configurations and consisting of an x-ray generator, an x-ray tube, a lead cabinet in which to place the object to be x-rayed, a manipulation device to maneuver the object, and a detection device;
- b. the research, development, manufacture, and sale of ADR-capable x-ray systems,

which are x-ray NDT and inspection systems integrated with specialized imaging software that eliminates the need for manual inspection of objects in favor of an automated process that improves inspection quality, increases throughput and decreases labor costs; and

c. the research, development, manufacture, and sale of high-energy x-ray generators, which are the power supplying components of x-ray NDT and inspection systems that can generate between 350 and 450 kilovolts of power.

9. For the purposes of this Complaint, the United States is the relevant geographic area in which to analyze the effects of the Acquisition in the relevant lines of commerce. Foreign suppliers of these products that have not established the necessary service and support network, brand reputation, and customer acceptance in the United States, are not effective competitors for U.S. customers.

V. THE STRUCTURE OF THE MARKETS

10. The U.S. market for the research, development, manufacture, and sale of standard x-ray cabinets is highly concentrated. GE and InVision are the two leading suppliers of standard x-ray cabinets in the United States. The Acquisition would significantly increase concentration in the U.S. market for the research, development, manufacture, and sale of standard x-ray cabinets. After the Acquisition, GE would become the dominant supplier of standard x-ray cabinets in the United States.

11. The U.S. market for the research, development, manufacture, and sale of ADR-capable x-ray systems is highly concentrated. GE and InVision are the two leading suppliers of ADR-capable x-ray systems in the United States. The Acquisition would significantly increase concentration in the U.S. market for the research, development, manufacture, and sale of ADR-capable x-ray systems. After the Acquisition, GE would eliminate the only other viable supplier of ADR-capable x-ray systems to U.S. customers, leading to a virtual merger to monopoly.

12. The U.S. market for the research, development, manufacture, and sale of high-energy x-ray generators is highly concentrated. GE and InVision are the two leading suppliers of high-energy x-ray generators in the United States. The Acquisition would significantly increase concentration in the U.S. market for the research, development, manufacture, and sale of high-energy x-ray generators. With the Acquisition, GE would be the dominant supplier of high-energy x-ray generators in the United States.

VI. ENTRY CONDITIONS

13. Entry into each of the relevant markets is a difficult and time-consuming process because of, among other things, the time and cost associated with (a) researching and developing standard x-ray cabinets, ADR-capable x-ray systems, and high-energy x-ray generators; (b) establishing a service and support network; and (c) developing the necessary brand reputation and customer acceptance in each of these markets.

14. New entry into any of the relevant markets sufficient to deter or counteract the anticompetitive effects described in Paragraph 17 is unlikely to occur because the costs of entry into any of the relevant markets are high relative to the potential sales opportunities available to an entrant.

15. New entry into any of the relevant markets sufficient to deter or counteract the anticompetitive effects described in Paragraph 17 would not occur in a timely manner because it would take over two years for an entrant to accomplish the steps required for entry and to achieve a significant market impact.

16. Expansion by smaller competitors in any of the relevant markets sufficient to deter or counteract the anticompetitive effects described in Paragraph 17 is unlikely to occur in a timely manner because of, among other things, the time and cost associated with (a) establishing an effective service and support network; and (b) developing the necessary brand reputation and customer acceptance in each of these markets.

VII. EFFECTS OF THE ACQUISITION

17. The effects of the Acquisition, if consummated, may be substantially to lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

a. by eliminating actual, direct, and substantial competition between GE and InVision in the U.S. market for the research, development, manufacture, and sale of standard x-ray cabinets, thereby: (i) increasing the likelihood that GE would unilaterally exercise market power in this market; (ii) reducing existing incentives to improve product quality or to pursue further innovation in this market; and (iii) increasing the likelihood that standard x-ray cabinet customers would be forced to pay higher prices;

b. by eliminating actual, direct, and substantial competition between GE and InVision in the U.S. market for the research, development, manufacture, and sale of ADR-capable x-ray systems, thereby: (i) increasing the likelihood that GE would unilaterally exercise market power in this market; (ii) reducing existing incentives to improve product quality or to pursue further innovation in this market; and (iii) increasing the likelihood that ADR-capable x-ray system customers would be forced to pay higher prices; and

c. by eliminating actual, direct, and substantial competition between GE and InVision in the U.S. market for the research, development, manufacture, and sale of high-energy x-ray generators, thereby: (i) increasing the likelihood that GE would unilaterally exercise market power in this market; (ii) reducing existing incentives to improve product quality or to pursue further innovation in this market; and (iii) increasing the likelihood that high-energy x-ray generator customers would be forced to pay higher prices.

VIII. VIOLATIONS CHARGED

18. The Purchase Agreement described in Paragraph 7 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

19. The Acquisition described in Paragraph 7, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this ninth day of September, 2004, issues its Complaint against said Respondent.

By the Commission, Commissioner Harbour recused and Commissioner Leibowitz not participating.

Donald S. Clark
Secretary

SEAL: