

# CAT endorses CMA assessment that Meta's purchase of Giphy harms competition

Press release

The CMA welcomes the CAT's resounding endorsement of the CMA's assessment of how the merger would harm competition.



The Competition Appeal Tribunal (CAT) has upheld the Competition and Markets Authority's (CMA) decision on 5 of the 6 challenged grounds.

CMA Chief Executive Andrea Coscelli said:

We welcome this resounding endorsement by the Competition Appeal Tribunal of the CMA's approach to reviewing mergers that may harm innovation. Innovation is a vital part of the competitive process, particularly in digital markets. We also welcome the Tribunal's endorsement of the 'care and careful consideration' given to this issue by the independent Inquiry Group in this case.

This judgment helps reinforce our ability to protect competition and innovation in digital markets.

Last December, Meta launched an appeal against the [CMA's decision that Meta's acquisition of Giphy would lead to a substantial lessening of competition](#). Following an in-depth investigation, the CMA had found that Meta's purchase of Giphy would reduce competition between social media platforms and had already removed Giphy as a potential challenger in the display advertising market in the UK. The CMA's decision required Meta to sell Giphy to a purchaser approved by the CMA.

The Tribunal handed down its judgment on Meta's appeal today. The Tribunal upheld the CMA's decision on 5 of the 6 challenged grounds. In particular, the CAT had "no hesitation" in concluding that the CMA's finding that the

merger between Meta and Giphy substantially reduced dynamic competition was lawful. Dynamic competition is what leads firms to innovate, through a process of creating new, better products for consumers over time. Giphy had created a new form of advertising using gifs in messaging, called paid alignment, which the Court agreed was driving dynamic competition that was lost when Meta bought Giphy.

The Tribunal only found in Meta's favour in relation to the treatment of certain third-party confidential information. The Tribunal considered that the CMA's approach to disclosure in this case overly favoured confidentiality concerns of third parties. The impact of this on the CMA's decision will be determined in due course.

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