

Microsoft appeals against UK watchdog's veto of Activision Blizzard takeover

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Microsoft has filed an appeal against the UK competition watchdog's decision to block its \$69bn (£56bn) acquisition of the Call of Duty creator Activision Blizzard. The US tech company confirmed that it had formally lodged an appeal against the Competition and Markets Authority (CMA) verdict against the deal last month. Its case will be argued before the Competition Appeal Tribunal (CAT). Activision argued last month that the CMA's decision was a sign that the UK was "clearly closed for business". Microsoft, which makes the Xbox gaming console, said the CMA's move "discourages technology innovation and investment" in the UK. Legal experts have said the CMA decision has dealt a potentially fatal blow to the takeover, which was approved by the EU this month. The CMA and the EU's executive arm, the European Commission, both focused on cloud gaming, which allows users to stream video games stored on remote servers to their devices. The CMA said the deal would hurt competition in that area and the commission agreed, but accepted Microsoft's concessions. The compromise involves Microsoft offering free licences over a 10-year period allowing European consumers who purchase Activision PC and console games to stream them on other cloud gaming services. Activision's hit titles also include World of Warcraft, Hearthstone, Candy Crush. Activision CEO Bobby Kotick said the EU had "conducted an extremely thorough, deliberate process to gain a comprehensive understanding of gaming". The deal also faces obstacles in the US, where the Federal Trade Commission is suing to block it. The formal filing of the appeal to the CAT was first reported by Bloomberg and Sky News. Announcing the CMA's decision in April, Martin Coleman, the chair of the independent panel of experts conducting the investigation, said: "Microsoft already enjoys a powerful position and head start over other competitors in cloud gaming and this deal would strengthen that advantage, giving it the ability to undermine new and innovative competitors." Gareth Mills, partner at UK law firm Charles Russell Speechlys, said the appeal showed that Microsoft are "willing to use their considerable resources to test the CMA's resolve to stand behind their previous decision." He added: "The EU's approval of the Activision acquisition (albeit with conditions attached) may give both parties an opportunity to find a third way, although such would represent a considerable change in tone and attitude from those currently being expressed."