

CNMC approves, with commitments, Karnov's acquisition of Thomson Reuters España, Wolters Kluwer España and Wolters Kluwer France

- The operation affects several sectors: the legal databases, the publication and distribution of professional legal publications, legal management software and legal training in Spain.
- The commitments run for three years and could be extended for a further two.

Madrid, November 30, 2022.- The CNMC has authorised Karnov's acquisition of Thomson Reuters España, Wolters Kluwer España and Wolters Kluwer France, subject to the fulfilment of a number of commitments. ([C/1295/22](#)).

Following the conclusion of the investigation, the CNMC considers that the commitments presented by Karnov are sufficient to remedy the competition concerns raised by the merger in the sectors concerned.

Among other stipulations, for the next 3 years, Karnov will preserve the possibility for customers of the new entity to individually purchase the products and solutions marketed as part of a package (legal database and/or a legal publication), and will not include exclusivity clauses for collaborating authors. These commitments could be extended for an additional 2 years.

The groups and their activities

Karnov is a Swedish business group active in the provision of legal, tax, accounting, environmental, health and safety information which, prior to the approval of this operation, was not active in Spain.

Thomson Reuters España is an indirect subsidiary of the parent company of the Thomson Reuters Group. In Spain, it provides legal information and consulting solutions, software and legal training services.

Wolters Kluwer España and Wolters Kluwer France are indirect subsidiaries of the parent company of the Wolters Kluwer Group. In Spain they offer information and legal consultancy solutions, software and legal training services.

Sectors concerned and competition risks

- **Legal databases in Spain**

In this area, two of the main suppliers are merging, and these are also close competitors in terms of quality and innovation. In addition, there are horizontal overlaps with significant market share additions and there are certain barriers to entry for new competitors. As a consequence, the merged entity increases its bargaining power and strengthens both the ability and the incentive to increase prices.

However, the investigation has shown that there are important mitigating factors that would offset these incentives, namely: the existence of real alternatives, the countervailing power of demand (in some groups that demand legal databases) and the competitive pressure that free content providers may exert.

As a result, the CNMC does not consider that there is a risk of unilateral horizontal effects.

- **Publishing and distribution of professional legal publications in Spain** (including periodicals, and non-periodical, digital and paper publications).

There are horizontal overlaps with significant market share additions between Thomson Reuters España and Wolters Kluwer España, which would increase the ability and incentive of the resulting entity to incorporate express or de facto exclusivity clauses in its agreements with the main authors of legal publications, which could lead to market foreclosure.

On the other hand, while increasing Karnov's ability and incentive to increase its price, there are offsetting factors that would mitigate this risk, such as the countervailing power of demand, the absence of switching costs or the absence of significant barriers to entry.

Legal management software solutions in Spain.

The operation does not generate significant overlaps and the market share addition is not very significant, so no risks to competition have been detected.

However, strengthening the market share of the resulting entity increases its incentives and ability to bundle products and services. This could lead to the expulsion of competitors from the market or make it difficult for others to enter; and force customers to buy products or services that they would not otherwise purchase in a competitive market.

- **Software solutions *legaltech* and legal training in Spain**, (face-to-face and distance learning)

In the first case, there are no competition risks, as there are no overlaps between the acquired companies. In the second case, despite the existence of overlaps, the calculation criteria for market shares are very conservative and would overestimate Karnov's position after the operation by not taking into account important legal training providers. In addition,

there are players with significant market shares who would exert an important competitive constraint on Karnov.

Commitments proposed by Karnov

The CNMC considers that the commitments proposed by Karnov (in the latest version dated 26 October, 2022, following the initial proposals on 4, 10, 17 and 24 October) are sufficient to address the competition risks:

- **No linking** of a customer's purchase or renewal of a legal database and/or legal publication to the purchase or renewal by that customer of any other product offered by Karnov.
- **No inclusion** of exclusivity clauses or incentives in the contracts to be concluded or renewed with authors who publish with Karnov.
- **The commitments will run for three years** from the date the operation is finalised. Once this period has elapsed, the CNMC will assess whether there has been a significant change in the structure or regulation of the markets in question that justifies the continuation, adaptation or elimination of the corresponding conditions for an additional period of **two years**, which will be substantiated in a reasoned manner.

(Click here for further details on the CNMC's assessment of mergers).