

Adobe's \$20 billion bid for Figma in peril after EU warning

Adobe has been issued with a formal antitrust complaint by EU regulators regarding its \$20 billion bid for cloud-based product design platform Figma. Following an in-depth investigation that was launched on August 7th, the European Commission reached the preliminary conclusion on Friday that if the deal goes ahead, it may “significantly reduce competition in the global markets” for the supply of interactive product design tools, vector editing tools, and raster editing tools.

The Commission has issued a statement of objections outlining its competition concerns. This highlights that EU officials believe Figma already exerts a “significant constraining influence” over Adobe's Illustrator and Photoshop editing tools, and is “significantly likely” to grow into a competitive force within the market for vector and raster editing tools without the merger.

The European Commission still has a deadline of February 5th to issue a final decision regarding the proposed Adobe / Figma merger

The statement of objections doesn't prejudge the outcome of the EU's investigation, which still has a deadline of February 5th. Adobe and Figma can now respond to the objections in writing to offer concessions that address the Commission's precise regulatory concerns, and request a hearing, after which the Commission will decide whether the acquisition infringes on antitrust law.

“We remain confident in the merits of our case, as Figma’s product design is an adjacency to Adobe’s core creative products and Adobe has no meaningful plans to compete in the product design space,” said an Adobe spokesperson in a statement to *Bloomberg*. A Figma spokesperson also told *Bloomberg* “We feel confident in our ability to resolve regulators’ concerns and will continue to engage in constructive conversations focused on the benefits this deal will create for consumers and Europe’s innovation economy.”

To date, both Adobe and Figma have reportedly not provided any remedies to address antitrust concerns raised by the investigation. Adobe already started to phase out the availability of Adobe XD – a UX/ UI product design app that bears similarities with Figma – earlier this year, after announcing the deal. The Commission now claims that the discontinuation of Adobe XD, alongside any potential successor product, would constitute a “reverse killer acquisition” – a situation in which companies axe in-house products to remove potential competitive risks to newly acquired products or services.

<https://www.theverge.com/2023/11/20/23961096/adobe-figma-acquisition-antitrust-eu-statement-of-objections>