

Sacrifice or Casualty? Antitrust Enforcement of the Amazon-iRobot Deal

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Introduction

On August 4, 2022, Amazon and iRobot announced an acquisition agreement under which Amazon would acquire iRobot in an all-cash transaction valued at approximately \$1.7 billion. The deal was later amended to a reduced valuation of roughly \$1.4 billion.¹ iRobot is a global consumer robotics company best known for its Roomba robotic vacuum, while Amazon operates a dominant e-commerce platform and markets a wide range of consumer products and smart-home technologies, including robotic vacuums.²

Following the announcement, the proposed acquisition was subjected to parallel antitrust investigations by the U.S. Federal Trade Commission (FTC) and the European Commission.³⁴ Those investigations ultimately culminated in antitrust challenges, prompting Amazon and iRobot to mutually terminate the transaction on January 29, 2024.⁵ Both agencies issued public statements supporting the abandonment of the deal. The termination sparked significant debate within the legal and policy communities over what the outcome signals for the future of merger enforcement—particularly with respect to vertical transactions, predictive theories of harm, and unanticipated casualties of enforcement.

This article examines the Amazon–iRobot transaction as a case study in modern merger enforcement in digital markets. First, I explore the FTC’s and European Commission’s investigations, focusing on the foreclosure theories and ecosystem concerns that ultimately led to

¹ *Amazon, iRobot Abandon Merger to Face EU Opposition*, Reuters (Jan. 29, 2024), <https://www.reuters.com/markets/deals/amazon-irobot-abandon-merger-face-eu-opposition-2024-01-29/>

² *Amazon & iRobot Sign an Agreement*, PR Newswire, supra (Aug. 5, 2022).

³ *Amazon’s Roomba Deal Faces FTC Investigation*, CNN (Sept. 20, 2022), <https://www.cnn.com/2022/09/20/tech/roomba-amazon-ftc-investigation>.

⁴ *Mergers: Commission Opens In-Depth Investigation into the Proposed Acquisition of iRobot by Amazon*, European Commission (July 5, 2023), https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3702

⁵ *Amazon and iRobot Agree to Terminate Pending Acquisition*, iRobot Corp. Press Release (Jan. 29, 2024), <https://investor.irobot.com/news-releases/news-release-details/amazon-and-irobot-agree-terminate-pending-acquisition>.

the deal’s abandonment. Second, I look at the aftermath, iRobot’s financial decline, and the political and economic debate that followed. Finally, I situate these competing narratives within contemporary antitrust doctrine and the evolving understanding of platform power, arguing that the agencies’ approach reflects a deliberate structural shift in enforcement rather than an isolated regulatory intervention.

U.S. Merger Enforcement

In the United States, most mergers are reviewed under Section 7 of the Clayton Act, which prohibits acquisitions where the effect of such merger may “substantially lessen competition, or tend to create a monopoly”.⁶ That language is future-oriented for a reason. Agencies protect competition by challenging acquisitions that may violate the Clayton Act *before* it has the opportunity to affect the market or distort competition to be unfair over time. The FTC and United States Department of Justice Antitrust Division consider a wide range of potential anticompetitive effects including, but not limited to foreclosure risks, barriers to entry, reduced innovation, diminished consumer choice, price, market share, and potentiality of price-fixing power.⁷ If they find an anticompetitive risk exists, agencies may move to block the deal as a whole or negotiate remedies that could level the competitive playing field. Antitrust enforcement is not merely a philosophical probe into the potential future of market, but a tool to protect consumers from the harm of decreased competition. Enforcement helps shape who controls markets, digital infrastructure, and the ability for smaller firms to have an actual opportunity to compete.

The FTC’s Investigation of the Proposed Acquisition

The FTC opened an investigation shortly after Amazon announced its intent to acquire iRobot. Public opposition to the deal emerged early.⁸ On September 9, 2022, a coalition of more than twenty privacy, labor, and civil rights organizations submitted a letter urging the FTC to

⁶ 15 U.S.C. §18 (2022).

⁷ U.S. Dept. of Justice & Fed. Trade Comm’n, *Merger Guidelines* (2023).

⁸ *U.S. Begins Antitrust Review of Amazon’s Takeover of Vacuum Maker iRobot*, Reuters (Sept. 3, 2022), <https://www.reuters.com/markets/deals/us-begins-antitrust-review-amazons-takeover-vacuum-maker-irobot-politico-2022-09-03/>.

challenge the transaction. The coalition raised concerns that the acquisition would allow Amazon to access highly sensitive consumer data, including detailed information about users' homes and living patterns. The letter further argued that the deal threatened competition in the smart-home device market and the broader digital economy, citing Amazon's prior acquisition of Ring as illustrative of the company's expansion into in-home surveillance technologies.⁹

On September 19, 2022, the FTC issued a Second Request to both Amazon and iRobot pursuant to the Hart-Scott-Rodino Act, signaling the transaction warranted more scrutiny for its potential anticompetitive effects.¹⁰ Although the contents of Second Requests are confidential by nature, the FTC later clarified its concerns following the deal's termination. The FTC explained that its investigation focused on whether Amazon would have both the ability and incentive to favor its own products on its dominant digital marketplace and smart home ecosystem while disadvantaging rivals. The agency emphasized that its review raised serious concerns regarding the transaction's *potential* competitive effects.¹¹

Under Section 7 of the Clayton Act, the agency may consider not only the potential effects on product prices, but also the potential of diminished innovation, barriers to entry for smaller firms, and foreclosure concerns that could further strengthen Amazon's position in the market. The FTC also raised concern over Amazon's potential control over a significant amount of sensitive user data derived from its smart home ecosystems. Not only could this data be used to give a competitive advantage for Amazon's own targeted advertising, but it could also result in serious privacy concerns for everyday consumers.

These considerations illustrate how Section 7 enforcement is adapting to the realities of platform-driven markets. In sectors defined by data aggregation, ecosystem integration, and technological interoperability, competitive harm may manifest through structural entrenchment

⁹ *Coalition Letter Urging FTC to Challenge Amazon–iRobot Deal*, Fight for the Future (Sept. 9, 2022), <https://www.fightforthefuture.org/news/2022-09-09-letter-to-the-ftc-challenge-amazon-irobot-deal>

¹⁰ *iRobot Corp., Current Report (Form 8-K)* (Oct. 1, 2022), <https://www.sec.gov/Archives/edgar/data/1159167/000115916722000067/irbt-20221001.htm>.

¹¹ *Statement Regarding Termination of Amazon's Proposed Acquisition of iRobot*, Fed. Trade Comm'n (Jan. 29, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/01/statement-regarding-termination-amazons-proposed-acquisition-irobot>.

and gatekeeping power rather than short-term pricing changes. Agencies' scrutiny reflects a recognition that technological advances can reshape the mechanisms through which competition is weakened.

The European Commission's Objections

In July 2023, the European Commission opened an in-depth investigation into the Amazon–iRobot transaction to evaluate the transactions potential anticompetitive effects. Many of the Commission's initial concerns mirrored those raised by the FTC. The Commission expressed apprehension that the acquisition could restrict competition in the market for robot vacuum cleaners (RVCs), exacerbate privacy risks associated with consumer data, and further entrench Amazon's already significant position as an online marketplace.¹²

The European Commission went a step further by emphasizing foreclosure risks inherent in the transaction. The Commission identified concerns that Amazon would be incentivized to leverage its control over its ecosystem inputs such as its existing Alexa devices and program interface compatibility with smart home devices to disadvantage rival robot vacuum manufacturers. The Commission highlighted the risk that Amazon could restrict competitors' access to application programming interfaces or selectively certify products under its "Works with Alexa" interoperability program.¹³ Because Alexa functions as a central hub for smart-home connectivity, exclusion from this ecosystem could significantly impair rivals' ability to compete.¹⁴

On November 26, 2023, the Commission issued a Statement of Objections to the parties. In its investigation, the Commission likely reviewed several business documents such as financial records, internal emails, strategy presentations or meeting minutes and other relevant business records that could glean information into the nature, intent, or internal perception of the transaction. The Commission also stated that it spoke with competing manufacturers and suppliers to help the Commission evaluate consumer data and anticompetitive risks such as other

¹² *Commission Sends Statement of Objections to Amazon over Its Proposed Acquisition of iRobot*, Eur. Comm'n Press Release IP/23/5990 (Nov. 27, 2023), https://ec.europa.eu/commission/presscorner/detail/en/ip_23_5990.

¹³ *Commission Sends Statement of Objections to Amazon*, Eur. Comm'n Press Release IP/23/5990, *supra*.

¹⁴ *Id.*

firm's dependence on Amazon's products or marketplace, its visibility on the platform, smart home ecosystem compatibility, and consumer data.

The Commission's objections were grounded in theories of vertical and anticompetitive foreclosure. It identified several harmful strategies Amazon could plausibly deploy post-merger, including delisting rival products, reducing their visibility in search results and advertising placements, limiting access to valuable marketplace labels and widgets, and raising rivals' costs of advertising and distribution. The Commission concluded that Amazon would likely have both the ability and incentive to engage in such conduct for economic gain.¹⁵

A Dead Deal—Killer or Savior?

Facing sustained regulatory resistance—particularly reports that the European Commission intended to block the transaction¹⁶—Amazon and iRobot formally abandoned the deal on January 29, 2024.¹⁷ Both the FTC and the European Commission released statements expressing satisfaction with the decision and reaffirming their respective commitments to protecting competition.^{18,19}

Amazon publicly expressed disappointment with the outcome. David Zapolsky, Amazon's Senior Vice President and General Counsel, stated that the termination would deny consumers faster innovation and more competitive pricing, arguing that acquisitions like the iRobot deal help firms remain competitive in fast-moving global technology markets. iRobot's founder, Colin Angle, echoed this disappointment while emphasizing the company's intention to continue developing products independently.²⁰

¹⁵ *Id.*

¹⁶ *EU Commission Intends to Block Amazon's iRobot Acquisition*, Wall St. J. (Nov. 27, 2023), <https://www.wsj.com/tech/eu-commission-intends-to-block-amazons-irobot-acquisition-268a8a1b>

¹⁷ *Amazon & iRobot Agree to Terminate Pending Acquisition*, iRobot Corp. Press Release, *supra* note 5.

¹⁸ *Statement Regarding Termination of Amazon's Proposed Acquisition*, Fed. Trade Comm'n, *supra* note 11.

¹⁹ *Statement on the Termination of Amazon's Proposed Acquisition of iRobot*, Eur. Comm'n Statement 24/521 (Jan. 29, 2024), https://ec.europa.eu/commission/presscorner/detail/en/statement_24_521.

²⁰ *Amazon and iRobot Agree to Terminate Pending Acquisition*, Bus. Wire (Jan. 28, 2024), <https://www.businesswire.com/news/home/20240128042393/en/Amazon-and-iRobot-Agree-to-Terminate-Pending-Acquisition>.

The consequences for iRobot were palpable. In December 2025, the company filed for Chapter 11 bankruptcy protection.²¹ iRobot faced mounting pressure from competitors' price reductions and rising production costs driven by U.S. tariffs. In an effort to remain competitive, the company lowered prices and invested heavily in new technology, accumulating significant debt in the process. iRobot incurred approximately \$190 million in debt during 2023 to refinance while the Amazon transaction remained suspended due to the ongoing investigation by the European Commission.

The company was unable to sustain itself financially and as a result, has been acquired by its China-based manufacturer with an agreement that will address its debts.²² While iRobot did foreclose after the failed transaction, it made several decisions throughout the review that ultimately bankrupted the company. At any point, iRobot could have abandoned the deal, and refused to incur even more debt, potentially saving itself from foreclosure and allowing it to continue to compete in a less concentrated market as a result of the enforcement. Did the enforcement action kill iRobot or did it was the company's goal to be acquired by a dominant market participant outweigh its desire for fair competition for itself and similarly situated rivals?

The “Blame Game” of a Failed Transaction

In the wake of the deal's collapse and iRobot's subsequent bankruptcy, political and economic commentary intensified. In May 2024, the House of Representatives Oversight and Accountability Committee launched an investigation into the FTC's role in the failed acquisition.²³ In a letter to FTC Chair Lina Khan, the Committee accused the agency of regulatory overreach, improper coordination with the European Union, and weakening U.S. competitiveness by allowing Chinese firms to gain greater market influence. The Committee also

²¹ *Amazon Abandons iRobot Deal After Regulatory Scrutiny*, BBC News (Jan. 29, 2024), <https://www.bbc.com/news/articles/c11r75lp239o>.

²² *iRobot Enters Chapter 11 as Lender to Acquire Roomba Maker*, Reuters (Dec. 15, 2025), <https://www.reuters.com/technology/irobot-enters-chapter-11-lender-acquire-roomba-maker-2025-12-15/>

²³ Letter from James Comer, Chairman, H. Comm. on Oversight & Accountability, to Lina M. Khan, Chair, Fed. Trade Comm'n (May 1, 2024), <https://oversight.house.gov/wp-content/uploads/2024/04/050124-FTC-Amazon-iRobot.pdf>.

criticized the FTC for allegedly failing to address the surveillance risks posed by foreign competitors' access to American homes.²⁴

This conservative stance placed the blame of both the failed transaction, and the foreclosure of iRobot, squarely on the shoulders of the enforcement agencies. The letter did not address the potential anticompetitive effects of the transaction so much as its perceived anti-American effect on data control and national security by foreign rival firms.²⁵ While this concern may sound noble, it is not relevant to the goal of enforcers to maintain a fair market for consumers. Rather, it misplaces the work of organizations like the Committee on Foreign Investment in the United States (CFIUS) which is tasked with reviewing foreign acquisitions of U.S. businesses into the duties of antitrust enforcers.²⁶

Outside of Congress, policy organizations and commentators sharply diverged in their assessments. Critics maintained that the European Commission's foreclosure theory was unwarranted and unsupported by evidence or economic data, emphasizing that Amazon's primary interest lies in maintaining consumer trust in its greatest asset—its marketplace which would lose credence if it were to exclude rival products.²⁷

Amazon has likewise pointed to its participation in the “Matter” interoperability standard which is backed by Amazon, Google, and Apple as evidence of its commitment to cross-platform compatibility rather than exclusionary conduct.²⁸ Startup advocates have warned that heightened skepticism toward vertical integration may chill growth opportunities and innovation for emerging firms that rely on acquisition as a pathway to scale.²⁹ The fear of foreclosure due to antitrust enforcement is antithetical to the mission of enforcers. iRobot faced significant financial deficits prior to the transaction and made a significant financial decision as a result of the

²⁴ *Id.*

²⁵ *Id.*

²⁶ Comm. On Foreign Inv. In the U.S. (CFIUS), *CFIUS Laws and Guidance*, U.S. Dep't of the Treasury, <https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius/cfius-laws-and-guidance>.

²⁷ *Whose Failure Is the Failed Amazon–iRobot Merger?*, Truth on the Market (Feb. 15, 2024), <https://truthonthemarket.com/2024/02/15/whose-failure-is-the-failed-amazon-irobot-merger/>.

²⁸ *Google, Amazon, and Apple Back Matter Standard So Smart Home Devices Can Cooperate*, CNET (Oct. 4, 2022), <https://www.cnet.com/home/smart-home/google-amazon-apple-back-matter-standard-so-smart-home-devices-cooperate/>.

²⁹ *Id.*

transactions review. It would be inaccurate to assert that iRobot's foreclosure was the direct result of the transaction's failure. It is easy to see the immediate effects of foreclosure, but harder for people to conceptualize the invisible future harms that reduced competition could have directly had on consumers and the market as a whole. The "blame game" seems to have centered on short term effects rather than long term goals of market stability.

Conclusion

The collapse of Amazon's proposed acquisition illustrates how modern merger enforcement in digital markets had led agencies to increase scrutiny of acquisitions involving dominant platforms. These market players may no longer be considered presumptively benign. This shift is not unwarranted. Section 7 of the Clayton Act was meant to be forward-facing, and enforcement will have to adapt to the rapid growth of digital platforms, their proposed vertical mergers, and dominance over new technologies that have the capacity to collect a significant amount of user data. It is no secret that companies utilize user data to target consumers, and it is within the agencies' prerogative to consider the ability for a dominant firm—especially a digital market—to self-preference. It is within a companies' nature to expand and increase revenue, therefore the suggestion that a firm that gains advantage will do just that is not the work of fiction or speculation so much as the purpose of the corporation.

The aftermath of this deal raises the concern that smaller firms may be negatively affected by this regulatory uncertainty. The agencies were not required to accept a failing firm defense, but they could have engaged in a more collaborative process of determining whether there existed any remedies that could have mitigated the potential harm to competition. If the agencies did engage in those discussions, perhaps a more public or transparent evaluation of why those remedies would not be acceptable could strengthen public confidence in enforcement action. Whether the agencies should have done more depends on the central conflict of contemporary antitrust law: considering whether caution towards concentrating platform power and dominant firms pursuing vertical mergers to stabilize competition in the long-term is outweighed by the concept that acquisition is the primary route to innovation and worthy of attempting to grapple with remedies or accept mergers that pose a greater risk to competition.

As digital markets, and technology continue to evolve, so must the agencies' approach to enforcement.