

Microsoft revamps deal for video game maker Activision Blizzard. The UK will investigate again

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A sign outside the Activision building in Santa Monica, Calif., June 21, 2023. Microsoft revamped its bid to buy video game maker Activision Blizzard on Tuesday Aug. 22, 2023, to appease British competition regulators, who are the last major hurdle to closing one of the biggest deals in tech history. Credit: AP Photo/Richard Vogel, File

British competition regulators opened a new investigation Tuesday into Microsoft's revamped bid to buy video game maker Activision Blizzard, representing the last major hurdle to closing one of the biggest deals in tech history.

The Competition and Markets Authority said it has until Oct. 18 to decide whether to approve the deal or escalate its preliminary investigation into an in-depth review. The companies agreed earlier to [extend the transaction's deadline](#) to that same date.

Xbox maker Microsoft has been on a quest to acquire Activision, maker of the popular Call of Duty game franchise since announcing the \$69 billion deal in January 2022.

The companies have secured approvals from antitrust authorities covering 40 countries, [including the European Union](#).

The blockbuster deal faced pushback in the United States, but the Federal Trade Commission lost a court fight to stop it, effectively clearing the way for it to proceed.

The purchase is now only held up in Britain, where authorities [moved to block it](#) earlier this year over worries about competition being stifled in the emerging cloud gaming market, where players can avoid buying pricey consoles and stream games to their tablets or phones.

Under the restructured deal, Microsoft will sell cloud streaming rights outside of the European Economic Area for all current and new Activision games released over the next 15 years to French [game](#) studio Ubisoft Entertainment, Microsoft President Brad Smith said in a [blog post](#). The European Economic Area includes the EU's 27 nations, Norway, Iceland and Liechtenstein.

In an unprecedented move, the U.K. watchdog had [delayed its final order](#) to block the deal. That allowed it to consider an EU decision to accept Microsoft's pledge to automatically license Activision games to cloud gaming platforms and a [licensing deal](#) between Microsoft and rival Sony, maker of the PlayStation console.

The CMA said Tuesday that it found those developments wouldn't have changed its original decision and imposed an order to block the deal. At the same time, it's considering the new Microsoft proposal, which "is substantially different from what was put on the table previously," said Sarah Cardell, CEO of the U.K. watchdog.

"This is not a [green light](#)," Cardell said. "We will carefully and objectively assess the details of the restructured deal and its impact on competition, including in light of third-party comments."

The regulator's decision to launch a new investigation instead of approving the deal was an unexpected move and raises the prospect of another lengthy review, said Alex Haffner, competition partner at U.K. law firm Fladgate.

"In reality, however, it is hard to believe Microsoft would have taken this new course without a high degree of confidence it will now in due course (finally) get a regulatory green light from the CMA," he said by email.

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