Distribution Law Center
DRIVEN BY CONTRAST

HAVEL & PARTNERS
CONNECTED THROUGH SUCCESS

NEWS | 2 November 2022

Decision in Garland imposing a record fine for RPM essentially upheld by the chairman of the Czech Competition Authority

Expected development

In January, the Czech Competition Authority ('CCA') imposed a record fine of 96.75 million CZK (approx. 3.95 million EUR) on Garland – a garden equipment distributor – for retail price maintenance ('RPM'). Garland brought an appeal to the Chairman of the CCA, who issued his decision at the end of October. As we had expected after the first instance decision, no substantial changes were made by the Chairman. However, the fine was only slightly reduced to 95.46 million CZK (approx. 3.90 million EUR) because of an incorrect definition of the duration of the infringement in the original decision.

Commentary

This case marks a continuation in the CCA's practice of imposing high fines based on its relatively new Guidelines for Setting Fines to which we have referred before. The CCA argues that fines must be severe enough to deter undertakings from violating competition law. We consider these guidelines inappropriate and too strict as they may result in vertical agreements being fined more severely than cartels. In addition, it will be very interesting to see whether Garland will take advantage of a new development that might have an impact on the assessment of RPM cases.