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COMPETITION REGULATION LITIGATION

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Dahua Technology Poland: alleged illegal agreement with its distributors and a fine for violations during a dawn raid

Charges

On 28 November 2022, the Polish Office of Competition and Consumer Protection (the Polish Competition Authority, 'UOKiK') published a press release on the launch of antitrust proceedings against Dahua Technology Poland ('Dahua'), who is the exclusive Polish importer and wholesale distributor of the Dahua brand. The Authority suspects that Dahua and its distributors may have entered into vertical price fixing and territorial restrictions.

Prohibited practices: vertical price fixing and market sharing

Dahua allegedly influenced the pricing policy of its distributors by obliging them to apply certain prices. According to the information provided by UOKiK, Dahua imposed the maximum level of discounts and promotional conditions that its distributors could apply.

The second charge brought by UOKiK concerns territorial restrictions. There is a suspicion that once a distributor met certain conditions, Dahua granted him a so-called project protection. In such a case, another distributor could not offer to the same customer a competitive offer for the same transaction.

Dawn raid obstuction

The President of UOKiK issued a decision imposing a fine (amounting to 700,000 PLN, approx. 150,000 EUR) on Dahua for obstructing the dawn raid that took place at its premises when the preliminary investigation was in progress.

The fine was imposed because the company's manager, despite the lack of authorization from UOKiK's officials, informed the company's employees that the search had begun, which could have led to the obliteration of important evidence.

Possible next steps

If UOKiK's investigation confirms that Dahua did engage in an anticompetitive agreement, the company may be sanctioned with a fine of up to 10% of its total group turnover. Under Polish law, the company's executives may in parallel be held personally liable for the infringement. The maximum fine which may be imposed on an individual amounts to 2,000,000 PLN (approx. 417,000 EUR).