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Czech Competition Authority has recently issued a decision in the personal care sector

The Czech Office for the Protection of Competition ('CCA') has issued a decision fining a Czech personal care products and domestic detergents company Eurona for engaging in vertical agreements. The company has been fined 12.8 million CZK (0.53 million EUR).

Eurona set minimum or fixed prices, monitored whether the retailers adhered to such instructions and threatened the retailers with sanctions should they fail to adjust the prices. Therefore, Eurona engaged in a classic resale price maintenance ('RPM') scheme according to the CCA.

Furthermore, the CCA has found that Eurona restricted online sales of its buyers, which makes it the first case in which the CCA fined an undertaking for restricting its buyers' use of online channels when reselling its goods. It shows that the CCA is ready to tackle not only RPM, but also other anticompetitive practices in supplier-buyer relationships.

Eurona had voluntarily stopped its anticompetitive behaviour, informed its retailers about new conditions regarding the price policy and provided the CCA with additional information (in a so-called quasi-leniency procedure), which was taken into account by the CCA when setting the fine (and lowering it with more than 50%). Eurona had also reached a settlement with the CCA, meaning the fine was cut by additional 20%. The CCA clearly wants to send a signal that working with it pays off.

Commentary

In general, it is clear that the CCA intends to continue its strict approach towards companies engaging in vertical agreements, in particular in RPM. It can therefore be expected that the CCA will now extend the scope of its investigation and will pay more attention to vertical practices other than RPM such as restrictions of resale market channels.

Also, it is apparent that the CCA continues to heavily incentivize undertakings to cooperate with the CCA rather than to fight battles over charges. Making use of the settlement and/or quasi-leniency procedures results in significant discounts. This position was explicitly confirmed by the CCA Saint Martin Conference in November 2022. We have already outlined possible downsides of such approach in our previous DLC news flash.