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Czech Competition Authority imposes 2.66 million EUR fine on major kitchenware manufacturer and wholesaler for resale price maintenance

Case summary

The Czech Office for the Protection of Competition (the Czech Competition Authority or 'CCA') has imposed a fine of 63.9 million CZK (approx. 2.66 million EUR) on TESCOMA, a prominent Czech manufacturer and wholesaler specializing in kitchen appliances, utensils, and related equipment for both residential and professional use.

Between February 2015 and June 2021, the CCA found that TESCOMA engaged in resale price maintenance ('RPM'), aiming to distort competition in the market for kitchenware, tableware, glassware and ceramic ware. TESCOMA's agreements with retailers required adherence to a predetermined minimum resale price, and the company actively monitored and encouraged retailers to align their prices accordingly.

In response to these anticompetitive actions, TESCOMA took decisive steps to rectify its behaviour. The company voluntarily ceased enforcing minimum resale prices, clarifying to retailers that these prices were merely recommendations. Additionally, the company cooperated with the CCA and implemented an effective compliance program, leading to a substantial 60% reduction in the initially proposed fine. Furthermore, TESCOMA reached a settlement with the CCA, resulting in an additional 20% reduction of the fine.

Commentary

This case underscores the CCA's ever-increasing focus on RPM, as reflected by the substantial fine imposed on TESCOMA. The fine ranks among the highest ever issued in the Czech Republic (the highest fine was imposed in the *Garland* case).

Notably, while the principle of "further cooperation pays off", which the CCA seeks to promote, may seem advantageous, it introduces a potential risk. The case demonstrates that yet another undertaking chose a settlement procedure, bypassing judicial review entirely. This could hinder the development of judicial case law, potentially undermining not only the level of protection for those involved but also the broader state of law.