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COMPETITION REGULATION LITIGATION

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Polish Competition Authority further investigates distribution agreements in the sports equipment sector

On 5 December 2023, the Polish Office of Competition and Consumer Protection ('UOKiK' or 'Authority') announced the launch of an investigation into the market practices of Scott Sportech Polska.

Investigation

Scott Sportech Polska serves as the exclusive importer of the popular Scott bicycle brand in Poland. According to UOKiK, the company prohibited distributors from selling bicycles over the Internet. Distributors were not permitted to sell bicycles via online marketplaces such as Allegro or OLX. While they were allowed to post offers on their websites, potential customers seeking online purchases were encouraged to visit a physical store. Scott Sportech Polska monitored distributors' compliance with the online sales ban and took disciplinary measures where necessary.

In the Authority's view, Scott Sportech Polska divided the market among retail stores, exempting them from nationwide competition but requiring them to compete only with distributors in close proximity. The potential inconvenience for consumers, who might have to travel long distances to purchase equipment from a physical store, could discourage sales. In areas where there was only one distributor, competition could potentially be eliminated.

Possible next steps

The investigation is currently in a preliminary stage, with the Authority assessing whether there are grounds to initiate antimonopoly proceedings against Scott Sportech Polska. Based on recent decisions by UOKiK, if the Authority issues a statement of objections, it is likely to be addressed exclusively to Scott Sportech Polska, excluding the company's distributors.

If UOKiK's investigation confirms that Scott Sportech Polska engaged in anticompetitive practices, the company may face a fine of up to 10% of its turnover. Under Polish law, the company's executives may also be held personally liable for the infringement, with the maximum fine for an individual set at 2,000,000 PLN (approx. 417,000 EUR).