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Dahua Technology Poland decision: fines for vertical restraints on undertakings and managers

Introduction

On 20 December 2023, the Polish Competition Authority adopted a decision confirming an infringement of Article 6 of the Polish Competition Act and Article 101 TFEU by the vertical agreement concluded between Dahua Technology Poland and its six distributors.

Fines

A total fine imposed on all companies amounted for 37,000,000 PLN (approx. 8,200,000 EUR), with the largest fine addressed to Dahua, exceeding 22,000,000 PLN (approx. 4,800,000 EUR). Notably, fines were not only imposed not only on undertakings participating in the agreement, but also on seven managers. The highest fine imposed on an individual was 245,000 PLN (approx. 54,400 EUR). The Polish Competition Act allows for imposing fines on managers who intentionally contribute to the conclusion and operation of an anticompetitive agreement, with penalties reaching up to 2,000, 000 PLN (approx. 444,400 EUR).

Prohibited practices

The relevant market in the case was identified as the national market for the distribution of electronic products constituting elements of the monitoring system, access devices and accessories related to security systems.

Dahua Technology Poland, as an exclusive importer and wholesale distributor of products under the Dahua trademark (eg, IP and HDCVI cameras, video intercoms, etc.), held significant influence over pricing policies within its distribution network. The Polish Competition Authority's investigation revealed that since the beginning of 2016, Dahua had exerted control over pricing policies by sending pricing lists with minimum prices and maximum discounts to its distributors. Additionally, Dahua imposed rigid prices in promotional campaigns and insisted on maintaining fixed resale prices, even at lower levels of distribution. Distributors were closely monitored for compliance, fostering a culture of self-discipline in respecting prices imposed by Dahua.

Furthermore, the Polish Competition Authority identified a second anticompetitive practice: the division of the market. Dahua allocated high-value transactions to distributors who presented offers to clients first, effectively

preventing other distributors from offering competitive prices to the same clients.

Next steps

Dahua Technology Poland has challenged the decision of the Polish Competition Authority before the Court of Competition and Consumer Protection, indicating that the legal proceedings are ongoing. This suggests that there may be further developments in the case.