NEWS | 2 August 2024

French Competition Authority fines wine supplier “Distribution du Domaine d’Uby” for imposing minimum resale prices on its distributors

In its decision no. 24-D-07 of 17 July 2024, the French Competition Authority (the ‘Authority’) imposed a 500,000 EUR fine on a wine producer, Distribution du Domaine d'Uby (‘Domaine d'Uby’), and its parent company, for resale price maintenance.

Domaine d'Uby operated a cartel aimed at imposing resale prices on its distributors for some of its wines, marketed under the "Côtes de Gascogne" Protected Geographical Indication (‘PGI’).

The facts alleged by the French Competition Authority took place between March 2015 and October 2018.

Initiation of procedure

On 10 May 2019, the Authority decided to initiate an investigation on its own initiative, following the transmission of an investigation report drawn up by a local branch of the French administration.

On 8 January 2024, the Authority sent its statement of objections to Domaine d'Uby, which benefited from the French transaction procedure, as it had not contested the facts.

Anti-competitive practice: resale price maintenance

After examining the evidence in the files, the Authority found that Domaine d'Uby issued recommended prices to its distributors (wholesalers to cafés, hotels and restaurants, as well as wine merchants and online retailers), while encouraging them to maintain the resale price thus determined.

The contractual documents between Domaine d'Uby and its distributors contained a series of clauses designed to restrict their pricing freedom, by requiring them not to set their retail resale prices below the recommended prices communicated.

The distributors, for their part, complied with the price-fixing policy by signing the agreements and applying the imposed prices, which confirmed the existence of an anti-competitive behaviour for the Authority.

Price monitoring and sanctions imposed on non-compliant distributors

Domaine d'Uby also set up price monitoring mechanisms, assisted in particular by certain distributors who denounced the commercial practices of their competitors.

When Domaine d'Uby noticed that some distributors were not complying with resale prices, it penalized them by ignoring them and delaying deliveries.

The sanction

For all these reasons, the Authority considered that the practices were serious in view of their nature and their repercussions on end consumers. In line with its decision-making practice, it considered it as an anti-competitive practice by object, contrary to Article L. 420-1 of the French Commercial Code.

The Authority therefore imposed a fine of 500,000 EUR on Domaine d'Uby, within the range set out in the settlement agreement.

Source

The press release is available here.