

CASE CARD | 14 July 2026

HENKEL AG & CO KGaA and GPM HENKEL Ltd v Commission for the Protection of Competition (259/2020)

Parallel trade

1. CASE SUMMARY

A. Summary of facts

GPM-Henkel Ltd ('GPM Henkel') is the importer and supplier of Henkel products in Cyprus, while Henkel AG & Co. KGaA ('Henkel AG') is the owner of GPM Henkel and the global parent company of the Henkel group.

The case concerns an appeal brought before the Administrative Court of Cyprus against a decision of the Commission for the Protection of Competition ('CPC'). In that decision, the CPC found that GPM Henkel and Henkel AG had infringed Section 6(1)(b) of the Protection of Competition Laws of 2008 and 2014 and the corresponding Article 102(b) TFEU by restricting the wholesale supply of heavy-duty detergents in Cyprus to the detriment of consumers.

The CPC concluded that GPM Henkel had engaged in exclusionary practices aimed at restricting parallel imports of heavy duty detergents into Cyprus. In particular, the CPC found that GPM Henkel had taken steps to discourage wholesalers and retailers from importing, purchasing and selling parallel imported Henkel products.

The CPC further found that Henkel AG exercised decisive influence over GPM Henkel, that both entities formed a single economic unit, and that they were therefore jointly and severally liable for the infringement. The CPC imposed an administrative fine of 3,302,000 EUR.

Henkel AG and GPM Henkel challenged the CPC's findings before the Administrative Court of Cyprus. In its judgment of 21 January 2025, the Administrative Court dismissed the appeal in its entirety and upheld the CPC's decision.

B. Legal analysis

Market definition, abuse of dominance and restrictions on parallel imports

Before the Administrative Court, Henkel argued, inter alia, that the CPC had erred in defining the relevant product market, in finding that GPM Henkel held a dominant position, and in concluding that an abuse of dominance had

occurred.

The CPC had found that GPM Henkel sent warning letters to importers, wholesalers and retailers seeking to prevent the importation and sale of parallel imported Henkel products. The CPC also found that GPM Henkel used its commercial relationship with retailers to discourage them from selling such products, including by threatening to alter commercial terms, withdraw discounts and, in certain cases, terminate commercial cooperation.

The CPC considered that this conduct restricted retailers' freedom to determine their sources of supply and hindered parallel imports, thereby limiting competition and harming consumers. Referring to the judgment of the Court of Justice of the European Union ('CJEU') in Hoffmann-La Roche, the CPC rejected the argument that the effects on the market were merely de minimis, noting that Article 102 TFEU contains no such threshold.

The Administrative Court upheld the CPC's findings in full. In particular, it confirmed the CPC's market definition and its conclusion that GPM Henkel held a dominant position in the relevant market for the wholesale supply of heavy duty detergents in Cyprus.

The court found that the CPC had adequately substantiated its conclusions through extensive documentary and testimonial evidence. By contrast, it considered that Henkel had failed to provide sufficient evidence capable of undermining either the market definition adopted by the CPC or its finding of dominance.

The Administrative Court therefore accepted the CPC's conclusion that the conduct at issue constituted an abuse of dominance contrary to Section 6(1)(b) of the Protection of Competition Laws of 2008 and 2014 and Article 102 TFEU.

Continuation of the proceedings following the withdrawal of the complaint

Henkel further argued that the CPC should not have continued the proceedings after the withdrawal of the original complaint.

The Administrative Court rejected this argument. It held that, at the time of the withdrawal, the CPC had already established the existence of a prima facie infringement and was therefore entitled, under its statutory powers, to continue the investigation and adopt a final decision notwithstanding the complainant's withdrawal.

The judgment confirms the CPC's ability to pursue competition law infringements in the public interest once sufficient indications of an infringement have been identified.

Attribution of liability to the parent company

Henkel also challenged the attribution of liability to Henkel AG, arguing that the CPC had failed to respect the principle of separate legal personality.

The CPC had concluded that Henkel AG and GPM Henkel formed part of the same economic unit. It relied on

evidence indicating that Henkel AG was aware of the conduct of its Cypriot subsidiary and exercised decisive influence over it. On that basis, the CPC held both entities jointly and severally liable for the infringement.

The Administrative Court upheld that assessment. Referring to established EU competition law principles, it confirmed that ownership of all or substantially all of a subsidiary's capital gives rise to a presumption that the parent company exercises decisive influence over the subsidiary's commercial conduct.

The court further held that the CPC had lawfully relied on that presumption and had provided sufficient evidence to support the conclusion that Henkel AG and GPM Henkel formed a single economic unit for the purposes of competition law.

2. QUOTES

"Contrary to what the Commission states as regards the relevant market definition in relation to Dixan products for which the administrative fine was finally imposed, no arguments are put forward by the applicants to substantiate the incorrect definition of the relevant market, but only general allegations of error." (Administrative Court; free translation)

"...the Commission correctly and thoroughly concluded, on the basis of the settled principles of the case-law of the CJEU, that the parent company implicitly approved the unlawful conduct of its subsidiary."

That, in view of what has been stated above, that it is sufficient for the Commission to show that the parent company holds all or almost all of the capital of the subsidiary in order for the parent company to be presumed to exercise decisive influence over the commercial policy of its subsidiary, without having to adduce any further evidence." (Administrative Court; free translation)

"The Commission considers that the foreclosure / exclusion of importers of parallel products from the market has had the effect of depriving consumers of the possibility of choosing between products with a lower price and of benefiting from the price reductions between products resulting from competition between different importers." (CPC; free translation)

"If Henkel were to remain exclusively alone in the market in which the product Dixan is sold, knowing that it faced no competition, it would probably not have proceeded to price reductions, discount offers and convenience offerings to its customers." (CPC; free translation)

"[T]he Commission, having unanimously found that the conduct of the subsidiary company can also be attributed to the parent company, if due to the shareholding and the way in which the members of the Board of Directors are appointed, the parent company can exercise decisive influence over the conduct of the subsidiary and where, on the basis of the facts before the Commission, it appears that the parent company was aware of and did not

prevent the subsidiary's actions, it has unanimously decided that for the purposes of the application of competition law in the present case, the joint and several liability of the two companies is justified." (CPC; free translation)

3. RELEVANT LEGISLATION

- Section 6(1)(b) of the Protection of Competition Laws of 2008 & 2014
- Article 102(b) TFEU

4. PRACTICAL SIGNIFICANCE

The judgment provides a significant endorsement of the CPC's approach to restrictions on parallel imports under both national competition law and Article 102 TFEU. It confirms that practices aimed at discouraging or preventing parallel imports may constitute serious exclusionary abuses where they restrict customers' freedom to choose their sources of supply and reduce competitive pressure to the detriment of consumers.

The judgment is also noteworthy for its confirmation of the principles governing parental liability in competition law and the CPC's ability to continue enforcement proceedings notwithstanding the withdrawal of the original complaint.