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TEGOS LAW FIRM

CASE CARD | 1 October 2026

G4S (A-3075-822/2017)

Exclusive purchasing

1. CASE SUMMARY

A. Summary of facts

G4S is a security services company active in cash handling and cash collection services.

In 2007 and 2008, G4S concluded agreements with AB SEB bankas ('SEB'), Swedbank AB ('Swedbank') and AB DNB bankas ('DNB'). Under these agreements, the banks undertook to purchase all cash handling services exclusively from G4S.

The Lithuanian Competition Council ('LCC') found that the agreements restricted the ability of G4S's competitors to operate in the markets for cash handling and cash collection services. It concluded that G4S had infringed Article 5(1) of the Lithuanian Law on Competition and Article 101(1) TFEU.

In its Decision of 30 September 2014, the LCC imposed a fine of 2,733,375 EUR on G4S. On 4 September 2017, the Supreme Administrative Court of Lithuania upheld the LCC's decision. G4S was also required to pay almost 440,000 EUR in interest.

B. Notes on case history

In its Decision of 20 December 2012, the LCC found that G4S, SEB, Swedbank and DNB had infringed Article 5(1) of the Lithuanian Law on Competition and Article 101(1) TFEU by entering into agreements that restricted competition in the purchase of cash handling services.

On 18 June 2013, the Vilnius Regional Administrative Court upheld the finding of an infringement but reduced the fines imposed on G4S and the banks.

In its Judgment of 8 April 2014, the Lithuanian Supreme Administrative Court annulled the operative part of the LCC's decision finding an infringement and imposing fines. It held that the LCC had not established that the banks understood, or could have understood and controlled, the agreements' impact on competition. It also found that the LCC had not properly assessed the commitments offered by G4S. The case was therefore referred back to the LCC for further investigation.

Following that investigation, the LCC adopted its Decision of 30 September 2014. It again found that the agreements between G4S and the three banks infringed Lithuanian and EU competition law, but imposed a fine

only on G4S.

On 14 October 2015, the Vilnius Regional Administrative Court annulled the LCC's decision because the authority had not adequately examined the economic aspects of the alleged substantial harm. On 11 February 2016, the Lithuanian Supreme Administrative Court annulled that judgment and referred the case back to the first instance court.

In its Judgment of 19 September 2016, the Vilnius Regional Administrative Court confirmed that an agreement infringing competition law had been established. However, it annulled parts of the Decision of 30 September 2014 and referred the case back to the LCC for further investigation. Both G4S and the LCC appealed.

C. Legal analysis

C.1. - Exclusive purchasing obligations

The Lithuanian Supreme Administrative Court examined the contractual provisions requiring the banks to purchase cash handling services exclusively from G4S.

Under the 2007 agreement between G4S and SEB, G4S was entitled to change its service rates or terminate the agreement if SEB began purchasing services from another provider. Under the 2008 agreement, SEB undertook to purchase the relevant services exclusively from G4S and risked a contractual penalty for non compliance. The 2008 agreement between G4S and DNB contained a similar restriction.

The Court considered that these provisions limited the banks' ability to purchase services from competing providers. The contractual penalties and G4S's right to terminate the agreements reinforced the exclusive nature of the purchasing obligations.

C.2. - Cumulative foreclosure effects

The LCC assessed the nature of the agreements, the structure of the relevant markets, G4S's market position, barriers to entry and the contractual provisions capable of restricting market access.

According to the LCC, the purchasing obligations left G4S's competitors able to compete for no more than approximately 15% of the relevant market. The Court considered the LCC's data and analysis sufficiently substantiated to establish that the agreements were at least capable of restricting competition.

The assessment also took account of the specific market conditions. Only two service providers were active on the market at the relevant time. G4S held a particularly strong market position, while the banks had limited opportunities to choose an alternative provider. Their countervailing buyer power was therefore limited.

The Court emphasised that the effects on competition did not arise from each agreement in isolation. They resulted from the cumulative effect of the agreements concluded by G4S with the three largest purchasers of cash

handling services. Differences in the agreements' form and content did not prevent them from producing cumulative foreclosure effects.

C.3. - Duration of the infringement

The parties disagreed on the period to be taken into account when assessing the duration of the infringement.

The first instance court had considered that only the period during which all three agreements were simultaneously in force could be taken into account. On that basis, it calculated the duration as two years and eleven months.

The Lithuanian Supreme Administrative Court disagreed. Referring to the framework for assessing cumulative foreclosure effects, it held that the duration could not be determined solely by reference to the period during which all three agreements were simultaneously in force. The assessment also had to consider the legal and economic context and the parties' positions on the relevant markets. The Court therefore accepted the LCC's assessment that the infringement had lasted approximately five and a half years.

C.4. - Block and individual exemption

The agreements did not benefit from the applicable block exemption because G4S's market share exceeded the 30% threshold.

The Court also rejected the application of an individual exemption. It found no sufficient basis for concluding that the agreements enabled G4S to invest in infrastructure or improve service quality in a manner that benefited the banks. Although G4S had made investments relating to cash security, the LCC found that those investments were not specifically connected to benefits arising from the agreements with the banks. The agreements were therefore not shown to promote technical or economic progress.

C.5. - Liability of G4S and the banks

The Court upheld the finding of an infringement and the fine imposed on G4S, while no liability was imposed on the banks.

The Court considered that the LCC had not demonstrated that the banks understood, or could have understood and controlled, the agreements' cumulative impact on competition. G4S was in a different position. As the supplier that had concluded an agreement with each bank, it was capable of understanding and controlling their combined effect on the relevant markets.

The Court rejected G4S's argument that Article 101(1) TFEU could not apply where only one party to the agreements was held liable. It referred to EU case law on vertical agreements concluded by a supplier with a strong market position, in which cumulative effects on competition were established but liability was imposed only

on the supplier.

C.6. - Commitments and fine

The Court held that the LCC had legitimately refused to accept the commitments offered by G4S as a basis for terminating the investigation. In particular, the substantial proportion of the market covered by the agreements, the duration of the conduct and the other relevant market circumstances supported the LCC's conclusion that the conduct had caused substantial harm to competition.

The Court therefore upheld the Decision of 30 September 2014 and the fine of 2,733,375 EUR imposed on G4S.

2. QUOTES

"*According to the conditions established for assessing cumulative effects, the duration of the infringement cannot be linked solely to the period during which G4S's agreements with the banks were simultaneously in force. The assessment must also take into account the relevant market situation, including the legal and economic context and the parties' positions on the market.*" (free translation)

3. RELEVANT LEGISLATION

- Article 5 of the Lithuanian Law on Competition
- Article 101 TFEU
- Guidelines on Vertical Restraints

4. PRACTICAL SIGNIFICANCE

This judgment shows that the competitive effects of exclusive purchasing agreements must be assessed in their legal and economic context. Where a supplier with a particularly large market share concludes such agreements with major purchasers, the agreements may significantly restrict competitors' opportunities to enter or expand on the relevant market.

The judgment also illustrates that the duration of cumulative foreclosure cannot be assessed solely by reference to the period during which all relevant agreements were simultaneously in force. The contribution of each agreement to market foreclosure must be assessed in light of the parties' market positions, the market structure and barriers to entry.

Finally, the judgment confirms that a competition authority may refuse to terminate an investigation on the basis of

commitments where the conduct has caused substantial harm to the interests protected by competition law. In this case, the extent of market foreclosure, the duration of the infringement and the limited competitive alternatives available on the market were relevant to that assessment.