



DANISH DESIGN COMPANY RECEIVES LARGE FINE FOR FIXING BINDING RESALE PRICES

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Introduction

8 September 2020, a Danish design company (“the Design Company”) was imposed a significant fine by the Danish Competition and Consumer Authority (“the Authority”) for infringing the Danish Competition Act by fixing binding resale prices on its resellers.

This constitutes a breach of The Danish Competition Act, Section 6, from which it follows that companies are not allowed to enter into agreements which, directly or indirectly, aim to limit competition. Examples of such agreements include price maintenance and price fixing.

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This Case

For a period of at least two and a half years, until February 2020, the Design Company had infringed the above-mentioned Section 6 of the Danish Competition Act. In the agreements with its resellers, the Design Company had provided that the indicative resale prices were to be considered minimum prices in connection with reselling to consumers. As this constitutes a binding resale price, the Design Company was imposed a fine of DKK 6.000.000.

When deciding the amount of the fine, the Authority took into consideration the severity of the infringement, including the fact that the agreements contained horizontal and vertical elements. Further, the duration of the infringement was taken into consideration as well as the total turnover of the Design Company.

The fact that the Design Company had presented and documented a new compliance program in order to avoid any similar situation going forward was taken into account as mitigating circumstances, as was the fact that the Design Company had themselves contacted the Authority in order to draw attention to the infringement. Further, the Design Company collaborated with the Authority, providing information which the Authority could not have obtained themselves.

Our Comments

The case confirms that the size of fines for infringing the Competition Act are set at a high level, and such infringements may have severe financial consequences for a company.

Fixed prices are considered as a severe violation of the Competition Act and in such cases, no requirement for the Authority to prove the effect on the competition exists. Fixed prices are always sanctioned by high fines.

We recommend that management continuously works to ensure that sufficient policies and procedures are in place and that relevant personal are continuously educated within such policies and procedures, to avoid that employees working with sales violate competition regulation.

Additionally, this case illustrates the value of approaching and collaborating with the Authority.

**If you have any questions or require further information regarding any of the above,
please do not hesitate to contact us:**



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