

EC Fines Consumer Electronics Manufacturers for RPM

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The European Commission (EC or the Commission) announced on July 24, 2018, that it has imposed a total fine of €111 million on four consumer electronics manufacturers — Asus, Denon & Marantz, Philips and Pioneer — for imposing fixed or minimum resale prices on their online retailers in breach of European Union competition rules. The Commission found that the four manufacturers were engaged in “fixed or minimum resale price maintenance (RPM)” by restricting the ability of their online retailers to set their own retail prices for widely used consumer electronics products.

All four companies were granted a fine reduction for their cooperation with the Commission. Asus, Denon & Marantz, and Philips were granted a 40 percent reduction of their fine and Pioneer a 50 percent fine reduction.

The Commission fined the undertakings in four different decisions after it carried out dawn raids at the undertakings’ premises first in 2013 and later in 2015. After opening a formal investigation in 2017, it found that the companies restricted online retailers from setting prices of household appliances, notebooks and hi-fi products. The Commission alleged that the effect of these price restrictions may be aggravated due to the use by many online retailers of pricing software that automatically adapts retail prices to those of leading companies.

These decisions mark the first time the Commission has addressed resale price maintenance in over a decade, and the first time it has referenced the relevance of algorithms as impacting competition. It should be clear however that the use of algorithms in itself does not raise competition issues.

A non-confidential version of the decisions is not yet available.