

## RPM AGREEMENTS UNDER SCRUTINY BY THE CZECH COMPETITION AUTHORITY

The recently published Information Sheet No. 1/2025 from the Czech Office for the Protection of Competition (the “Office”) confirms that resale price maintenance (RPM) agreements remain a key focus for the Office. The publication underscores the Office’s strong emphasis on on-site inspections and strict enforcement of the RPM rules.

### ON-SITE INSPECTIONS AS A PRIMARY INVESTIGATIVE TOOL

In recent years, the investigative approach of the Office has undergone a significant change. The Office explicitly states that traditional requests for information (RFIs) have proven insufficiently effective. As a result, the Office has begun systematically using on-site inspections, which now represent its primary tool for detecting RPM agreements. This shift has been accompanied by a substantial increase in inspection activity.

Between 2018 and 2024, the Office conducted 31 inspections, compared to just two in the previous seven-year period. These inspections led to the initiation of 31 administrative proceedings, up from only six between 2011 and 2017.

Alongside this intensified enforcement, the total amount of fines imposed has also increased. In recent years, the Office has repeatedly imposed fines in the tens of millions of Czech crowns for unlawful conduct related to RPM.

In one of the most serious cases, involving Electrolux, a fine of CZK 125 million was imposed. The Office has confirmed that it continues to focus its resources on companies with significant market power, whose conduct may have a systemic impact on market structure. At the same time, it does not rule out sanctions against other parties to such agreements—typically buyers—if their conduct demonstrably contributes to the entry into or maintenance of RPM agreements, for example by putting pressure on suppliers to align their prices with those of other suppliers.

### LENIENCY PROGRAMME AND THE ROLE OF COMPLIANCE

The Office emphasises the possibility of applying for leniency also in RPM cases. If certain conditions are met, the Office may refrain from imposing a fine or reduce it by up to 30%. To benefit from this tool, the party must provide sufficiently specific information that aids the investigation.

Active cooperation during proceedings, conducting internal investigations, introducing or strengthening compliance programmes, and systematically training staff are also key. The Office has repeatedly stated that these factors are considered mitigating circumstances when determining the amount of a fine.

#### Key points:

- **On-site inspections as a key tool:** The Office is moving away from reliance on RFIs and focusing primarily on on-site inspections, which allow for more effective evidence gathering in RPM cases.
- **Significant increase in enforcement:** Between 2018 and 2024, the Office conducted 31 inspections and initiated the same number of administrative proceedings – compared to just two inspections and six proceedings in the previous seven-year period.
- **High fines:** Fines for RPM have repeatedly reached tens of millions of Czech crowns. The highest fine exceeded CZK 125 million.
- **Importance of compliance and leniency:** Active cooperation, internal investigations, and the implementation of compliance measures can lead to a reduction in fines of up to 30%.

## **WHAT DOES THIS MEAN IN PRACTICE?**

RPM agreements pose a significant regulatory risk, particularly due to the threat of unannounced on-site inspections. Unlike past practices, the Office is now considerably more proactive in detecting such arrangements. In this environment, it is advisable to review and, if necessary, revise internal pricing and distribution policies. At the same time, existing compliance programmes should be reinforced.

Internal training, documentation of decision-making processes, and the implementation of an effective internal reporting system are all essential. Where there is a suspicion of risky commercial practices, legal advice should be sought to help mitigate potential risks.

## **CONCLUSION**

**The activities of the Office indicate that the pressure to detect and penalise RPM agreements will continue. On-site inspections and large fines are no longer the exception but have become a standard part of enforcement. In this environment, effective prevention, timely identification of risks, and active cooperation with the Office remain the most efficient ways to minimise the consequences of potentially anticompetitive conduct.**

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