



COMPETITION LAW & DISTRIBUTION

Competition Law in Practice / UCD Sutherland School of Law

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Agenda

- **How are products and services distributed?**
- Basics about vertical agreements
- Specific issues of certain forms of distribution
- Examples

Distribution agreements

- **Main features**

- *Supplier sells products to distributor*
- *Distributor resells products to retailer (if wholesale distribution) or consumer in its own name and on its own behalf*
- *In most countries not specifically governed by statutory law*

- **Pros/Cons?**

- **Subtypes:**

- *Exclusive distribution*
- *Selective distribution*

Selective distribution

- «**Closed system**» of authorized distributors that fulfill certain selection criteria
- Supplier distribute products through authorized distributors only
- Authorized distributors are prohibited from reselling products to non-authorized distributors

See Verticals Guidelines, para. 174

Agency agreements

■ Main features

- “An agent is a legal or physical person vested with the power to negotiate and/or conclude contracts on behalf of another person (the principal), either in the agent's own name or in the name of the principal, for the:
 - purchase of goods or services by the principal, or
 - sale of goods or services supplied by the principal”
(see Verticals Guidelines, para. 12)
- In most countries specifically governed by statutory law
(see Directive 86/653/EEC relating to self-employed commercial agents)

■ Pros/Cons?

Franchising agreements

- Main features

- “Franchise agreements contain licences of intellectual property rights relating in particular to trade marks or signs and know-how for the use and distribution of goods or services. In addition to the licence of IPRs, the franchisor usually provides the franchisee during the life of the agreement with commercial or technical assistance. [...] Franchising may enable the franchisor to establish, with limited investments, a uniform network for the distribution of its products.”
(see Verticals Guidelines, para. 189)

- Pros/Cons?

Agenda

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Article 101 TFEU

“The following shall be prohibited as incompatible with the internal market: all agreements [...] which have as their object or effect the prevention, restriction or distortion of competition within the internal market, and in particular those which:

*(a) **directly or indirectly fix purchase or selling prices** or any other trading conditions;*

*(b) **limit** or control production, **markets**, technical development, or investment;*

*(c) **share markets** or sources of supply;*

(d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;

(e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.”

Verticals BER and Verticals Guidelines

- **Regulation (EU) No 330/2010** of 20 April 2010 on the application of Article 101(3) TFEU to categories of vertical agreements and concerted practices
- **Guidelines on Vertical Restraints** of 19 May 2010 (2010/C 130/01)
- **Note:** Verticals BER does not apply to vertical agreements the subject matter of which falls within scope of any other block exemption regulation (Article 2 para. 5 Verticals BER)
- Further important regulations:
 - *Regulation (EU) No 316/2014 of 21 March 2014 on the application of Article 101(3) TFEU to categories of **technology transfer agreements***
 - *Regulation (EU) No 461/2010 of 27 May 2010 on the application of Article 101(3) TFEU to categories of vertical agreements and concerted practices in the **motor vehicle sector***
 - ...

What is a «vertical agreement»?

“[A]n agreement [...] entered into between **two or more undertakings**

each of which operates, for the purposes of the agreement [...], at a **different level of the production or distribution chain,**

and **relating to the conditions under which the parties may purchase, sell or resell certain goods or services”**

(Article 1 para. 1 lit. a Verticals BER)

What if the supplier distributes its own products too («dual distribution»)?

“The exemption [...] shall **not apply** to vertical agreements entered into **between competing undertakings**.

However, it **shall apply** where competing undertakings enter into a **non-reciprocal vertical agreement** and: (a) the **supplier is a manufacturer and a distributor of goods**, while the **buyer is a distributor and not a competing undertaking at the manufacturing level**; [...].”

(Article 2 para. 4 Verticals BER)

Hardcore restrictions (Article 4 Verticals BER)

- Restriction of distributor's ability to determine **sale prices** ("RPM" / resale price maintenance)
 - Exception: Maximum prices
 - Exception: Recommended sale prices without pressure and/or incentive
- Restriction of **territory** into which, or of **customers** to whom, distributor may sell
 - Exception: Restriction of active sales into exclusive territory or to exclusive customer group reserved to supplier or allocated by supplier to another distributor
 - Counter-exception: Restriction of active or passive sales to end users by members of a selective distribution system
 - Exception: Restriction of sales to end users by wholesale distributor
 - Exception: Restriction of sales to unauthorised distributors by the members of a selective distribution system
- Restriction of **cross-supplies** between distributors within a selective distribution system

Active vs passive sales

“Active” sales mean actively approaching individual customers by for instance direct mail, including the sending of unsolicited e-mails, or visits; or actively approaching a specific customer group or customers in a specific territory through advertisement in media, on the internet or other promotions specifically targeted at that customer group or targeted at customers in that territory.

“Passive” sales mean responding to unsolicited requests from individual customers including delivery of goods or services to such customers.

(Verticals Guidelines, para. 51)

Restriction of internet sales as hardcore restrictions

“The internet is a powerful tool to reach a greater number and variety of customers than by more traditional sales methods [...]. In principle, **every distributor must be allowed to use the internet to sell products**. In general, where a distributor uses a website to sell products that is considered a **form of passive selling**, since it is a reasonable way to allow customers to reach the distributor. [...] The Commission thus regards the following as examples of hardcore restrictions of passive selling [...]:

- (a) an agreement that the (exclusive) distributor shall **prevent customers located in another (exclusive) territory from viewing its website** or shall automatically re-route its customers to the manufacturer's or other (exclusive) distributors' websites [...];
- (b) an agreement that the (exclusive) distributor shall **terminate consumers' transactions** over the internet once their credit card data reveal an address that is not within the distributor's (exclusive) territory;
- (c) an agreement that the distributor shall **limit its proportion of overall sales made over the internet**. This does not exclude the supplier requiring [...] that the buyer sells at least a certain absolute amount [...] of the products offline to ensure an efficient operation of its brick and mortar shop (physical point of sales), [...];
- (d) an agreement that the distributor shall pay a **higher price for products intended to be resold online** than for products intended to be resold offline. [...]”.

(Verticals Guidelines, para. 52; see also CJEU, C-439/09 (Pierre Fabre) regarding a *de facto* prohibition of internet sales in selective distribution system; C-230/16 (Coty) regarding a prohibition to sell products through marketplaces/platforms in a selective distribution system)



European Commission - Press release

Antitrust: Commission fines four consumer electronics manufacturers for fixing online resale prices

Brussels, 24 July 2018

The European Commission today fined, in four separate decisions, consumer electronics manufacturers **Asus, Denon & Marantz, Philips and Pioneer for imposing fixed or minimum resale prices on their online retailers in breach of EU competition rules.**

The fines totalling over €111 million were in all four cases reduced due to the companies' cooperation with the Commission.

Commissioner Margrethe Vestager, in charge of competition policy, said: *"The online commerce market is growing rapidly and is now worth over 500 billion euros in Europe every year. More than half of Europeans now shop online. As a result of the actions taken by these four companies, millions of European consumers faced higher prices for kitchen appliances, hair dryers, notebook computers, headphones and many other products. This is illegal under EU antitrust rules. Our decisions today show that EU competition rules serve to protect consumers where companies stand in the way of more price competition and better choice."*

Asus, Denon & Marantz, Philips and Pioneer engaged in so called "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 such as kitchen appliances, notebooks and hi-fi products.

The four manufacturers intervened particularly with online retailers, who offered their products at low prices. If those retailers did not follow the prices requested by manufacturers, they faced threats or sanctions such as blocking of supplies. Many, including the biggest online retailers, use pricing algorithms which automatically adapt retail prices to those of competitors. In this way, the pricing restrictions imposed on low pricing online retailers typically had a broader impact on overall online prices for the respective consumer electronics products.

Moreover, the use of sophisticated monitoring tools allowed the manufacturers to effectively track resale price setting in the distribution network and to intervene swiftly in case of price decreases.

The price interventions limited effective price competition between retailers and led to higher prices with an immediate effect on consumers.



European Commission - Press release

Antitrust: Commission fines Guess €40 million for anticompetitive agreements to block cross-border sales

Brussels, 17 December 2018

The European Commission today fined the clothing company Guess €39 821 000 for restricting retailers from online advertising and selling cross-border to consumers in other Member States ("geo-blocking"), in breach of EU competition rules.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Guess' distribution agreements tried to prevent EU consumers from shopping in other Member States by blocking retailers from advertising and selling cross-border. This allowed the company to maintain artificially high retail prices, in particular in Central and Eastern European countries. As a result, we have today sanctioned Guess for this behaviour. Our case complements the geoblocking rules that entered into force on 3 December – both address the issue of sales restrictions that are at odds with the Single Market."*

Guess designs, distributes and licenses clothing and accessories under numerous trademarks, including "GUESS?" and "MARCIANO". Guess operates a selective distribution system in the European Economic Area (EEA), where authorised retailers are chosen on the basis of quality criteria.

Companies in the EEA are generally free to set up the distribution system that best serves them, including selective distribution systems, where the products can only be sold by pre-selected authorised sellers. However, these systems must comply with EU competition rules. In particular, consumers must be free to purchase from any retailer authorised by a manufacturer, including across national borders. At the same time, authorised retailers must be free to offer the products covered by the distribution contract online, to advertise and sell them across borders, and to set their resale prices.

The Commission investigation has found that Guess' distribution agreements **restricted authorised retailers** from:

1. **using the Guess brand names and trademarks for the purposes of online search advertising;**
2. **selling online without a prior specific authorisation** by Guess. The company had full discretion for this authorisation, **which was not based on any specified quality criteria;**
3. **selling to consumers located outside the authorised retailers' allocated territories;**
4. **cross-selling** among authorised wholesalers and retailers; and
5. **independently deciding on the retail price** at which they sell Guess products.

The agreements allowed Guess to partition European markets. The Commission has observed that in Central and Eastern European countries (Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) the retail prices of Guess products are, on average, 5-10% higher than in Western Europe.

BMW loses appeal against \$158 million fine for blocking shipments to Switzerland

John Revill

3 MIN READ



ZURICH (Reuters) - BMW has lost an appeal in Switzerland against a 157 million franc (\$158 million) fine imposed after it banned Swiss customers from buying its cars elsewhere in Europe and bringing them home.



BMW's \$158 million clause...

«The **dealer shall not**, whether directly or through third parties, **supply new BMW cars and original BMW parts to customers in countries outside the EEA** [...]»

(translated from German)

Excluded restrictions (Article 5 Verticals BER)

- Direct or indirect **non-compete obligations**, the duration of which is indefinite or exceeds **five years**
 - *Exception: if goods or services are sold by distributor from premises and land owned by supplier or leased by supplier*
- Direct or indirect obligation causing the distributor, **after termination of agreement**, not to manufacture, purchase, sell or resell goods or services
 - *Exception: obligation relates to competing goods or services, is limited to premises and land from which the distributor has operated, is indispensable to protect know-how transferred by the supplier and is limited to a period of one year after termination of the agreement*
- Direct or indirect **obligation** causing the members of a selective distribution system **not to sell the brands of particular competing suppliers**

What is a «non-compete obligation»?

“[A]ny **direct or indirect obligation** causing the buyer **not to manufacture, purchase, sell or resell goods or services** which **compete** with the contract goods or services,

or any **direct or indirect obligation** on the buyer to **purchase from the supplier** [...] **more than 80 % of the buyer's total purchases of the contract goods or services and their substitutes on the relevant market, [...]**”

(Article 1 para. 1 lit. d Verticals BER)

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 - *Selective distribution*
 - *Agency agreements*
 - *Franchising*
- Examples

Selective distribution

What's the matter with selective distribution?

“The possible competition risks are a **reduction in intra-brand competition** and, especially in case of cumulative effect, foreclosure of certain type(s) of distributors and softening of competition and facilitation of collusion between suppliers or buyers.”

(Verticals Guidelines, para. 175)

Selective distribution

CJEU, C-26/76 (Metro)

“In the sector covering the production of **high quality and technically advanced consumer durables**, where a relatively small number of large- and medium-scale producers offer a varied range of items which, or so consumers may consider, are readily interchangeable, **the structure of the market does not preclude the existence of a variety of channels of distribution adapted to the peculiar characteristics of the various producers** and to the requirements of the various categories of consumers.

On this view the Commission was justified in recognizing that **selective distribution systems** constituted, together with others, an aspect of competition which **accords with Article 85 (1)**, provided that **resellers are chosen on the basis of objective criteria of a qualitative nature relating to the technical qualifications of the reseller and his staff and the suitability of his trading premises** and that such conditions are laid down uniformly for all potential resellers and are not applied in a discriminatory fashion.”

(C-26/76, para. 20)

Selective distribution

CJEU, C-26/76 (Metro)

“It is true that **in such systems of distribution price competition is not generally emphasized** either as an exclusive or indeed as a principal factor. This is particularly so when, as in the present case, access to the distribution network is subject to conditions exceeding the requirements of an appropriate distribution of the products. However, **although price competition is so important that it can never be eliminated it does not constitute the only effective form of competition or that to which absolute priority must in all circumstances be accorded.**»

(C-26/76, para. 21)

Selective distribution

CJEU, C-439/09 (Pierre Fabre)

“[T]he Court has already pointed out that the **organisation of [a selective distribution network]** is not prohibited by Article 101(1) TFEU, to the extent that

[1.] resellers are chosen on the basis of **objective criteria of a qualitative nature**, laid down uniformly for all potential resellers and not applied in a discriminatory fashion,

[2.] that the **characteristics of the product in question necessitate such a network** in order to preserve its quality and ensure its proper use and,

[3.] finally, that the **criteria** laid down **do not go beyond what is necessary.**»

(C-439/09, para. 41)

Selective distribution

CJEU, C-439/09 (Pierre Fabre)

“The aim of **maintaining a prestigious image is not a legitimate aim** for restricting competition and cannot therefore justify a finding that a contractual clause pursuing such an aim does not fall within Article 101(1) TFEU.»

(C-439/09, para. 46)

Selective distribution

CJEU, C-230/16 (Coty)

“[H]aving regard to their characteristics and their nature, **luxury goods may require the implementation of a selective distribution system** in order to preserve the quality of those goods and to ensure that they are used properly. A selective distribution system designed, primarily, to preserve the luxury image of those goods is therefore compatible with Article 101(1) TFEU on condition that the [Metro criteria] are met. [...] [T]hat conclusion is not invalidated by the assertion contained in paragraph 46 of the [Pierre Fabre judgment].”

(C-230/16, paras. 28-30)

Agency agreements

Does Article 101 TFEU apply to agents?

“In the case of agency agreements [..], the **selling [...] function of the agent forms part of the principal's activities**. Since the principal bears the commercial and financial risks related to the selling and purchasing of the contract goods and services **all obligations imposed on the agent in relation to the contracts concluded and/or negotiated on behalf of the principal fall outside Article 101(1)**. The following obligations on the agent's part will be considered to form an inherent part of an agency agreement, as each of them relates to the ability of the principal to fix the scope of activity of the agent in relation to the contract goods or services, which is essential if the principal is to take the risks and therefore to be in a position to determine the commercial strategy:

- (a) **limitations on the territory** in which the agent may sell these goods or services;
- (b) **limitations on the customers** to whom the agent may sell these goods or services;
- (c) **the prices and conditions** at which the agent must sell or purchase these goods or services.”

(Verticals Guidelines, para. 18)

Agency agreements

“**Where the agent bears** one or more [...] relevant **risks** [...], the agreement between agent and principal does not constitute an agency agreement for the purpose of applying Article 101(1). In that situation, the **agent will be treated as an independent undertaking** and the agreement between agent and principal will be **subject to Article 101(1) as any other vertical agreement.**”

(Verticals Guidelines, para. 21)

Agency agreements

What qualifies as an agency agreement?

- “The determining factor in defining an agency agreement for the application of Article 101(1) is the **financial or commercial risk borne by the agent** in relation to the activities for which it has been appointed as an agent by the principal. In this respect it is **not material for the assessment whether the agent acts for one or several principals**. Neither is material for this assessment the qualification given to their agreement by the parties or national legislation.”
- “For the purposes of applying Article 101(1), the **agreement will be qualified as an agency agreement if the agent does not bear any, or bears only insignificant, risks** in relation to the contracts concluded and/or negotiated on behalf of the principal, in relation to market-specific investments for that field of activity, and in relation to other activities required by the principal to be undertaken on the same product market. However, risks that are related to the activity of providing agency services in general, such as the **risk of the agent's income being dependent upon its success as an agent or general investments in for instance premises or personnel, are not material** to this assessment.”

(Verticals Guidelines, para. 13 and 15)

Agency agreements

- Risks and costs which usually lead to **exclusion of qualification as agent**:
 - *Property in the goods sold vests in agent*
 - *Agent contributes to costs relating to supply of goods, including transportation costs*
 - *Agent maintains stock at its own cost or risk*
 - *Agent undertakes responsibility towards third parties for damage caused by product*
 - *Agent undertakes responsibility for customers' non-performance (with exception of loss of commission)*
 - *Agent obliged to invest in sales promotion*
 - *Agent forced to make market-specific investments in equipment, premises or training of personnel*

(Verticals Guidelines, para. 16)

Franchising Agreements

CJEU, C-161/84 (Pronuptia)

”In order for [a franchise] system to work two conditions must be met.

First, the **franchisor must be able to communicate his know-how** to the franchisees and provide them with the necessary assistance in order to enable them to apply his methods, **without running the risk that that know-how** and assistance **might benefit competitors**, even indirectly. It follows that **provisions which are essential in order to avoid that risk do not constitute restrictions on competition** for the purposes of Article 85 (1). That is also true of a clause prohibiting the franchisee, during the period of validity of the contract and for a reasonable period after its expiry, from opening a shop of the same or a similar nature in an area where he may compete with a member of the network. [...]

Secondly, the **franchisor must be able to take the measures necessary for maintaining the identity and reputation of the network** bearing his business name or symbol. It follows that **provisions which establish the means of control necessary for that purpose do not constitute restrictions on competition** for the purposes of Article 85 (1).”

(C-161/84, para. 15-17)

Franchising Agreements

CJEU, C-161/84 (Pronuptia)

”By means of the control exerted by the franchisor on the selection of goods offered by the franchisee, the public is able to obtain goods of the same quality from each franchisee. It may in certain cases [...] be impractical to lay down objective quality specifications. Because of the large number of franchisees it may also be too expensive to ensure that such specifications are observed. In such circumstances a **provision requiring the franchisee to sell only products supplied by the franchisor or by suppliers selected by him may be considered necessary** for the protection of the network's reputation.”

(C-161/84, para. 21)

Franchising Agreements

CJEU, C-161/84 (Pronuptia)

”It must be emphasized on the other hand that, far from being necessary for the protection of the know-how provided or the maintenance of the network's identity and reputation, **certain provisions restrict competition** between the members of the network. That is true of **provisions which share markets** between the franchisor and franchisees or between franchisees **or prevent** franchisees from engaging in **price competition** with each other.”

(C-161/84, para. 23)

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Allowed or not?

“The Supplier shall sell and the Distributor shall purchase the contract products (**Products**) at the prices set forth in Exhibit A (**Prices**). The Supplier reserves the right to unilaterally adapt the Prices.

The determination of the resale prices charged from the retailers shall be in the discretion of the Distributor, provided that the Distributor’s gross margin to be achieved with the resale of a specific Product shall amount to at least 10%, but not exceed 20% of the Price payable by the Distributor to the Supplier.”

Allowed or not?

“The Supplier shall sell and the Distributor shall purchase the contract products (**Products**) at the prices set forth in Exhibit A (**Prices**). The Supplier reserves the right to unilaterally adapt the Prices.

The Supplier shall provide the Distributor with a list of recommended resale prices (**Recommended Price List**). The resale prices charged from the retailers shall not exceed the prices contained in the Recommended Price List.”

Allowed or not?

“The Supplier shall sell and the Distributor shall purchase the contract products (**Products**) at the prices set forth in Exhibit A (**Prices**). The Supplier reserves the right to unilaterally adapt the Prices.

The Supplier shall provide the Distributor with a list of recommended resale prices (**Recommended Price List**). The resale prices charged from the retailers shall not exceed and/or be lower than 80% of the prices contained in the Recommended Price List.”

Allowed or not?

“The Supplier shall sell and the Distributor shall purchase the contract products (**Products**) at the prices set forth in Exhibit A (**Prices**). The Supplier reserves the right to unilaterally adapt the Prices.

The Supplier shall provide the Distributor with a list of recommended resale prices (**Price List**). The final determination of the resale prices shall be in the discretion of the Distributor.

The Price List constitutes confidential know-how of the Supplier and must not be published and/or otherwise disclosed to third parties by the Distributor.”

Allowed or not?

“The Supplier shall sell and the Distributor shall purchase the contract products (**Products**) at the prices set forth in Exhibit A (**Prices**). The Supplier reserves the right to unilaterally adapt the Prices.

The Supplier shall provide the Distributor with a list of recommended resale prices (**Recommended Price List**). The Distributor shall take the Recommended Price List in due consideration when determining its own resale prices.

The Distributor shall submit its resale price list (including any revisions thereof) to the Supplier for review by the Supplier at the latest four weeks prior to the entry into force of the (revised) resale price list.”

Allowed or not?

“The determination of the resale prices to be paid by consumers shall be in the sole discretion of the Distributor.

The Supplier shall sell and the Distributor shall purchase the contract products (**Products**) at the prices set forth in Exhibit A (**Price List**). If the price charged by the Distributor from consumers for a specific product is lower than the price set forth in the list of recommended resale prices (**Recommended Price List**) published on the website of the Supplier for such product, the Distributor shall pay a surcharge in the amount of 50% of the difference between the actual resale price of the product and the price of the product according to the Recommended Price List.”

Allowed or not?

“The determination of the resale prices to be paid by consumers shall be in the sole discretion of the Distributor.

The Supplier shall sell and the Distributor shall purchase the contract products (**Products**) intended to be resold in its stores at the prices set forth in Exhibit A (**Price List Offline Sales**) and the Products intended to be resold online at the prices set forth in Exhibit B (**Price List Online Sales**).”

Allowed or not?

“The determination of the resale prices to be paid by consumers shall be in the sole discretion of the Distributor.

The Supplier shall sell and the Distributor shall purchase the contract products (**Products**) at the prices set forth in Exhibit A (**Price List**).

At the end of a fiscal years, the Distributor shall be entitled to a refund in the amount of 10% of the total net amount (excluding freight costs and VAT) paid by the Distributor to the Supplier for the Products, provided that

- a.) the Distributor achieved or exceeded its annual sales targets;
- b.) the Distributor resold the Products to consumers at prices no lower than 90% and/or higher than 110% of the recommended resale prices of the Supplier as published on the website of the Supplier; and
- c.) the Distributor fully complied at any time with any of its obligations under this Agreement.”

Allowed or not?

“The Supplier hereby appoints, and the Distributor hereby undertakes to act, as the exclusive distributor of the contract products (**Products**) in the Benelux countries (**Territory**).

The Supplier shall

- a. not appoint any other distributor in the Territory;
- b. not actively approach any customers located in the Territory;
- c. not fulfill any unsolicited orders for Products from any customers located in the Territory;
- d. immediately forward any orders for Products from customers located in the Territory to the Distributor.”

Allowed or not?

“The Supplier hereby appoints, and the Distributor hereby undertakes to act, as the exclusive distributor of the contract products (**Products**) in the Benelux countries (**Territory**).

The Supplier shall

- a. not appoint any other distributor in the Territory;
- b. not actively approach any customers located in the Territory;
- c. not fulfill any unsolicited orders for Products from any customers located in the Territory;
- d. immediately forward any orders for Products from customers located in the Territory to the Distributor.

The Distributor shall

- a. not actively approach any customers located outside the Territory;
- b. not fulfill any unsolicited orders for Products from any customers located outside the Territory;
- c. immediately forward any orders for Products from customers located outside the Territory to the distributor in charge of the respective country.”

Allowed or not

«During the term of this Agreement, the Distributor shall not promote, market and/or sell any competing products without the prior written approval of the Supplier.»

...

«This Agreement enters into force on 1 January 2020 and is concluded for a fixed term of five years, i.e., until 31 December 2024 (**End Date**). It shall be extended for a period of one year in the event that none of the Parties informs the other Party at the latest six months prior to the End Date that the Agreement shall not be extended.»

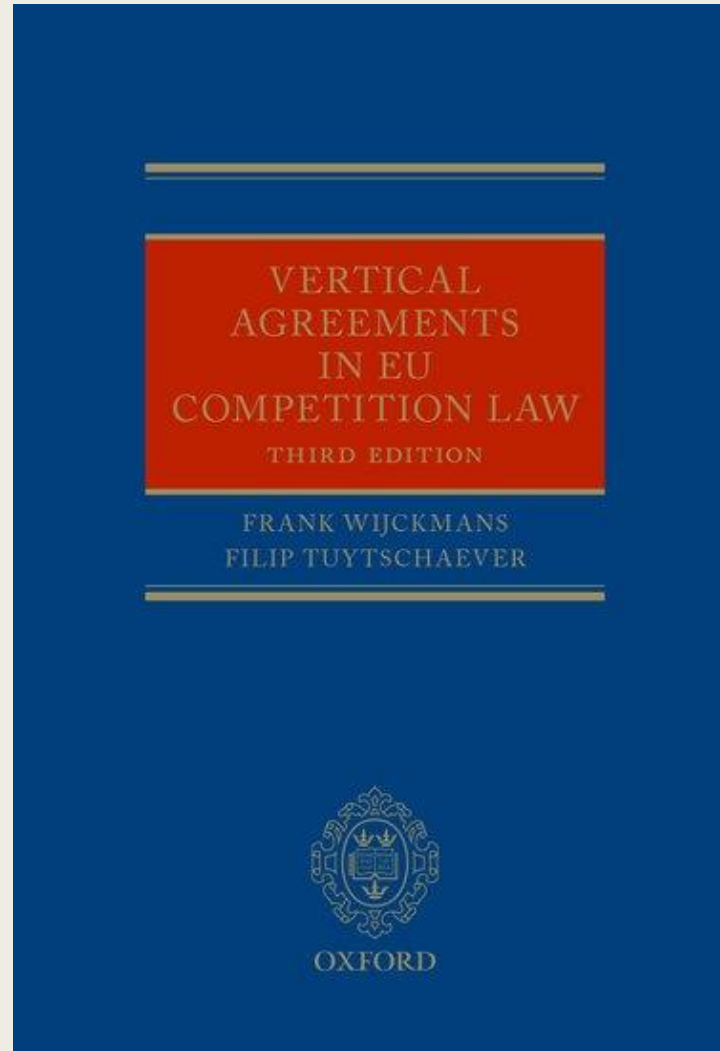
Allowed or not

«During the term of this Agreement, the Distributor shall cover at least 80% of its overall need for the supply of the products from the Supplier and/or a third party designated by the Supplier.»

...

«This Agreement enters into force on 1 January 2020 and is concluded for a fixed term of five years, i.e., until 31 December 2024 (**End Date**). It shall be extended for a period of one year in the event that none of the Parties informs the other Party at the latest six months prior to the End Date that the Agreement shall not be extended.»

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