International Antitrust

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This article outlines the year's most important developments in key areas of antitrust enforcement in a number of selected jurisdictions. It is a joint effort by antitrust law practitioners and the International Antitrust Law Committee and provides a condensed summary of a more detailed publication to be released in Spring 2010 covering antitrust developments in more than forty jurisdictions worldwide.1

Americas

I. Brazil*

A. LEGISLATIVE DEVELOPMENTS

A bill before the Senate proposes to merge the antitrust powers of the Secretariat for Economic Law (SDE) and the Secretariat for the Economic Monitoring (SEAE) into the Administrative Council for Economic Defense (CADE), thus creating a single antitrust agency. In regards to merger control, it would abolish the market share threshold and establish mandatory \textit{ex ante} notification.
The SDE sought to introduce further transparency to antitrust proceedings and to improve the leniency program by issuing a new draft regulation for public consultation.²

B. Mergers

The CADE ordered Coca-Cola to terminate a joint venture with Nestlé and transfer all its iced tea operations to the Swiss joint venture partner, Nestea, in order to obtain clearance for the acquisition of Leao Junior, the leading iced tea producer.³

In the merger between Perdigao and Sadia, Brazil’s leading food processors, the CADE found that the transaction could lead to substantial concentration and *prima facie* anticompetitive effects. Thus, in view of the post-merger review system in force, CADE executed an agreement with the parties freezing the integration and information sharing among the companies and prohibiting them from implementing the transaction before the review was concluded.⁴

C. Anticompetitive Practices

Joining the DOJ and the European Commission (DG Comp) in the anti-cartel enforcement network established to carry out multi-jurisdictional investigations, the SDE raided refrigeration compressor producers in these authorities’ first coordinated operation.⁵

D. Abuses of Dominance

The CADE fined AmBev for adopting a non-linear pricing and discounts loyalty program that allegedly induced exclusivity and acquisition of target quantities.⁶ But the decision was immediately stayed after AmBev filed suit alleging that the CADE had failed to demonstrate harm to consumer welfare and that the SDE had violated due process during the investigation.⁷

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⁵ Press Release, Sec’y of Econ. Law of the Ministry of Justice, Int’l Joint Operation to Combat the Cartel (Feb. 18, 2009).
⁷ TRF-1, No. 2009.34.00.028766-7, Relator: 09.02.2009, R.T.R.F. (Braz.).
E. Court Decisions

In Nestlé–Garoto v. CADE, the Federal Court of Appeals remanded the CADE’s decision blocking the merger in question, ruling that the CADE should have reviewed new facts.

Associations of construction companies filed the first antitrust collective private action in Brazil’s legal history, seeking injunctive relief and damages for recidivist cartelization by steel producers. A second collective action was filed by associations of hospitals against suppliers of medical gases following an SDE investigation.

II. Canada*

The year 2009 saw the enactment of several far-reaching amendments to Canada’s Competition Act (the Act).

The Act’s merger review process has been much more closely aligned with that of the United States. Thus, a notifiable transaction may not be completed until the expiry (or early termination) of a thirty-day waiting period following notification. Before the expiry of this thirty-day period, the Competition Bureau (Bureau) may issue a supplementary request for information, in which case the proposed transaction may not be completed until thirty days after the requested information is provided.

The “transaction size threshold” for pre-merger notification has been increased. Transactions will no longer be notifiable if the book value of the target’s assets in Canada, or its annual gross revenues from sales in or from Canada, do not exceed CDNS70 million (approximately US$66.27 million). This threshold will increase in subsequent years according to a formula linked to changes in the inflation rate.

Effective March 12, 2010, the amendments will repeal the Act’s existing conspiracy offense and replace it with a per se criminal prohibition of hardcore infringements. Unlike the current conspiracy provision, the new offense will not require proof that the conspiracy, if implemented, would prevent or lessen competition unduly. Liability can be avoided, however, if the agreement is ancillary to a broader agreement that does not contravene the law and is necessary for giving effect to the objective of that broader agreement. Maximum penalties under the new offense are fourteen years imprisonment and a CDN$25 million (approximately US$23.69 million) fine per count, up from the current

* The contribution for Canada was written by Mark Katz and Elisa Kearney of Davies Ward Phillips & Vineberg.

8. TRF-1, No. 2005.34.00.015042-8, Relator: 24.05.2005, R.T.R.F. (Braz.).
maximums of five years imprisonment and CDN$10 million (approximately US$9.47 million) per count.20
Also effective March 12, 2010, all other agreements between competitors that have the
effect of lessening or substantially preventing competition will be dealt with under a new
civil provision.21 The Bureau will be able to apply to the Competition Tribunal under this
new provision for an order to remedy the effects of such agreements.

III. Chile*

A. LEGISLATIVE DEVELOPMENTS

The Chilean Antitrust Statute22 was amended in October 2009. Noteworthy changes
include greater investigative powers for the Antitrust Attorney General, with far-reaching
instruments for the detection of cartels, a leniency program affording full fine immunity
to the first cartel member that provides substantial information leading to collusion being
shown, and fine reductions of up to fifty percent for subsequent informers.23 In addition,
cartel members now face increased fines, and the limitation period for horizontal agree-
ments is raised from two to five years.24 Congress is currently discussing a new bill25 that
would establish criminal penalties for individuals involved in collusive behavior, including
up to five years imprisonment.

B. ANTICOMPETITIVE PRACTICES

In December 2008, the Antitrust Attorney General filed a claim against the three main
pharmaceutical companies, Salcobrand, Cruz Verde, and FASA, alleging a conspiracy to
increase prices.26 The suspected agreement enraged consumers and led to political action,
including several bills establishing criminal punishment for collusive behavior.27 The case
took an abrupt turn in March 2009, when FASA pleaded guilty and settled with the Anti-
trust Attorney General, while Salcobrand and Cruz Verde insisted on their innocence.28
Although at the time of the settlement the Chilean Antitrust Law did not include a leni-
ency mechanism, the Antitrust Court approved the agreement by which FASA was re-
leased from all charges and received a substantial fine reduction.29 The final decision
regarding Salcobrand and FASA is still pending.

20. Id.
21. Id.
* The contribution for Chile was written by Lorena Pavic and Juan Coeymans from Carey y Cía.
Abogados.
22. Ley No. 20.361, de 13 Julio de 2009 (Chile).
23. Id.
24. Id.
pl?6832.D.
27. Id.
28. Id.
29. Id.
C. Abuses of Dominance

In July 2009, the Antitrust Court ruled against four sanitary companies\(^{30}\) for imposing unjustified and abusive prices and conditions on consumers located outside their concession areas. The Court imposed fines of more than US$1 million and proposed a legislative amendment by which sanitary companies defined as essential facilities should be forced to supply interconnections to other companies under a fixed-rate system.

IV. Colombia*

A. Legislative Developments

Law 1340, 2009, published on July 24, 2009 (the New Act), states that the Superintendency of Industry and Commerce (SIC) is the only antitrust authority with merger control jurisdiction, with the exception of transactions between financial institutions and commercial agreements between air transport companies, which are reviewed by the Finance Superintendency and the Air Transport Authority respectively.\(^{31}\)

The New Act introduces mandatory notification for concentrations where the undertakings concerned carry on the same activity or participate in the same value chain and their turnovers or value of their assets in the fiscal year prior to the proposed transaction exceed the threshold set by the SIC.\(^{32}\) The threshold can be met by one party alone or both parties together.\(^{33}\)

But if the parties have a joint market share of less than twenty percent of the relevant market, the proposed operation is deemed to be automatically authorized by the SIC. Where this occurs, the parties must notify the SIC, and give a description of the transaction.\(^{34}\)

Where the parties' market share exceeds twenty percent, the procedure has changed substantially. There is now a thirty-day pre-evaluation period and a notice of the transaction must be published in any national newspaper, so that interested third parties may provide information within ten days after said publication.\(^{35}\) The whole procedure may be extended by up to five months at the SIC's discretion.\(^{36}\)

In addition, in certain circumstances the competition authority may unwind a merger. The New Act increases considerably the fines imposed on undertakings and individuals for breaches of the antitrust rules and establishes a leniency program which offers total or partial immunity from fines in return for cooperation with the SIC in infringement pro-

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* The contribution for Colombia was written by Mauricio Jaramillo of Gómez Pinzón Zaleta Abogados SA.


32. Id.

33. Id.

34. Id.

35. Id.

36. Id.
ceedings. The leniency program is not restricted to cartels and covers any type of anticompetitive practice.

V. Mexico*

A. Legislative Developments

In 2009, three bills37 were introduced before the Mexican Congress, aimed at amending antitrust regulation and granting the Federal Competition Commission (the FCC) new powers and tools to enable it to enforce competition law more effectively. The first bill proposes increasing fines for monopolistic practices, simplifying merger notification procedures, sanctioning per se conducts as a criminal offense, and widening the FCC's enforcement powers.38 The other two bills foresee amending the Federal Penal Code in order to sanction per se violations as a criminal offense and the Federal Law on Consumers Protection in order to empower the Procuraduría Federal del Consumidor (PROFECO) to present class actions before the FCC.39

B. Mergers

In the first semester of 2009, seventy-three mergers were reviewed. Of these: (i) thirty-six were cleared; (ii) one was closed because the parties decided not to proceed; (iii) two were prohibited; and (iv) the remaining thirty-four were corporate restructurings. Two mergers are worth highlighting; the merger in the chemical industry between Mexichem and Cydsa was prohibited40 but is now under appeal, while the merger between GM de México/Grupo Cinemex41 in the movie market was cleared without conditions.

* The contribution for Mexico was written by Lucia Ojeda of SAI Abogados.


38. Gazette No. 370, supra note 37.

39. Gazette No. 18, supra note 37; Gazette No. 347, supra note 37.

40. Decision not yet published.

C. Anticompetitive Practices

During 2009, four investigations were initiated for alleged per se conduct. The markets involved were cathode ray tubes, hermetic compressors, crystal panels and components, and optical disc readers, all initiated under the Leniency Program.

In June 2009, the FCC imposed an unprecedented maximum fine on Ferromex, Ferrosur, and their respective holding companies for price fixing. In July 2009, the FCC fined thirty-three economic agents involved in the real estate market in Chapala. This investigation is the first concluded under the Leniency Program.

D. Abuses of a Dominant Position

In July 2009, the FCC issued its first preliminary resolution considering Telmex to be the dominant operator in the market for local transit and leasing of dedicated transmission links. In October 2009, the FCC issued a second resolution finding that Telmex has substantial power in the public switched voice transit market through a public telecommunications network for fixed local services that provides long-distance services to other authorized telecommunications networks. The FCC will now be able to apply sector-specific obligations to dominant operators.

E. Court Decisions

In September 2000, the FCC ordered the divestiture of a joint venture called Prestaciones Universales, set up by various supermarket chains for the joint issuance of food coupons.

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43. Diario Oficial de Mexico (DOF) [Official Government Gazette], June 18, 2009.
VI. United States*

A. LEGISLATIVE DEVELOPMENTS

The Obama Administration has signaled a more aggressive stance to antitrust enforcement. Notably, under Christine A. Varney, the new Assistant Attorney General for Antitrust at the Department of Justice (DOJ), the DOJ’s Antitrust Division has withdrawn its September 2008 report regarding Section 2 of the Sherman Act, which regulates single firm conduct.52 According to Ms. Varney, the report “raised many hurdles to Government Antitrust Enforcement.”53 Two months later, the DOJ, reversing its prior position, joined the Federal Trade Commission (FTC) in criticizing reverse payment settlements in pharmaceutical patent disputes.54 The DOJ’s recent investigations of Google and IBM, and the FTC’s investigation of Intel, demonstrate the agencies’ increasing attention to high-tech and Internet-based markets.55

B. MERGERS

The FTC and DOJ have announced plans to revise their joint Merger Guidelines to reflect more accurately today’s business and legal environment.56 Several consummated, non-reportable deals were challenged, including Microsemi/Semicoa (semiconductors),57 and Carillon Clinics (outpatient medical clinics).58 Many other mergers required divestitures, including Merck/Schering-Plough (pharmaceuticals)59 and Pfizer/Wyeth (pharmaceuticals).60 Other notable transactions that were

* The contribution for the United States was written by Claire Webb and Ausra O. Pumputis of Weil, Gotshal & Manges.
cleared with consent orders include Hexion/Huntsman (epoxy) and BASF/Ciba Holdings (high performance pigments). Oracle/Sun Microsystems was cleared without conditions.

The FTC sought and obtained a preliminary injunction to block CCC/Mitchell. The FTC has challenged several other mergers, including Thoratec/HeartWare (left ventricular devices) and Talecris/CSL (plasma-derivative protein therapies), resulting in the merger plans being abandoned.

A district court provided guidance on the degree of permissible information exchange with a competitor during merger negotiations in *Omnicare, Inc. v. UnitedHealth Group, Inc.*

C. CRIMINAL ENFORCEMENT

Criminal antitrust penalties, both fines and prison terms, significantly increased in 2009. U.S. criminal antitrust fines exceeded one billion dollars in 2009, and the DOJ sentenced an executive to a forty-eight month prison term—the longest prison term ever imposed on an individual in the United States for a single antitrust charge.

D. COURT DECISIONS

In contrast to the agencies’ heightened enforcement efforts, the Supreme Court has continued to narrow the scope of substantive antitrust claims. Most recently, the Court ruled in favor of a private antitrust defendant (for the tenth consecutive time in the past five years) and rejected a price squeezing claim in *Pac. Bell Tel. Co. v. Linkline Commc’ns, Inc.* The Court held that in the absence of an antitrust duty to deal, AT&T, which was both a retail competitor and a wholesale supplier of DSL service, was under no duty to sell wholesale services to its competitors at any particular price.

In January 2010, the Court heard arguments in *Am. Needle v. Nat’l Football League* regarding the treatment of joint ventures under antitrust law—specifically, the scope of single entity immunity from Sherman Act Section 1 violations.


64. Id.

65. Id.

66. Id.


70. See *Am. Needle, Inc. v. Nat’l Football League*, No. 08-661 (S. Ct. argued Jan. 13, 2010). The DOJ and FTC have submitted an amicus brief urging the Court to adopt a two-step analysis evaluating the extent of
Asia/Pacific

I. Australia*

A. LEGISLATIVE DEVELOPMENTS

On July 24, 2009, two new criminal offenses\(^{71}\) and two recast civil prohibitions\(^{72}\) on "cartel provisions" were introduced into the Trade Practices Act 1974 (the TPA).

Individuals found guilty of engaging in cartel conduct now face up to ten years' imprisonment and fines of up to AUD$500,000 (approximately US$457,375). Companies face fines up to the greater of (i) AUD$10 million (approximately US$9.11 million), (ii) three times the value of the benefit attributable to the cartel as a whole, or (iii) where the value cannot be determined, ten percent of the corporation's annual turnover.\(^{73}\)

B. ANTICOMPETITIVE PRACTICES

The Australian Competition and Consumer Commission (ACCC) has brought a total of eleven proceedings against airlines for alleged price fixing in the air cargo industry and has foreshadowed more. Some airlines have settled. In February 2009, three airlines were fined AUD$16 million (approximately US$14.6 million) for breaching the price fixing provisions of the TPA.\(^{74}\) Combined with fines imposed on Qantas and British Airways, the total penalties ordered to date, in respect to the alleged cartels, totals AUD$41 million (approximately US$37.87 million).\(^{75}\) Some penalties have been contested.

Since December 2008, the ACCC has commenced five contested proceedings against airlines for alleged price fixing contraventions in relation to fuel surcharges applied to international carriage of cargo.\(^{76}\)


\(^{72}\) Id. §§ 44ZZRJ, 44ZZRK.

\(^{73}\) Trade Practices Act § 79; see also §§ 44ZZRF, 44ZZRG, 44ZZRJ, 44ZZRK. Individuals who breach the criminal provisions face fines of up to AUD$220,000 (approximately US$201,234).


\(^{75}\) Id.

II. China*

A. Legislative Developments

The first year of China's new Anti-Monopoly Law (AML)\(^7\) has seen significant progress in terms of both legislation and enforcement. Three government agencies share responsibility for AML enforcement: the Ministry of Commerce (MOFCOM), responsible for merger review; the State Administration for Industry and Commerce (SAIC), responsible for non-merger, non-price-related monopoly agreements, abuses of dominance, and administrative abuses; and the National Development and Reform Commission (NDRC), responsible for price-related conduct. An Anti-Monopoly Commission (AMC) oversees and coordinates enforcement by the three agencies.

Several implementing regulations and guidelines have been issued or have been published for public comments.

B. Mergers

MOFCOM blocked Coca-Cola's proposed acquisition of Chinese juice maker Huiyuan,\(^7\)\(^8\) and conditionally approved five others: InBev-Anheuser-Busch,\(^7\)\(^9\) Mitsubishi-Lucite,\(^8\)\(^0\) GM-Delphi,\(^8\)\(^1\) and Pfizer-Wyeth.\(^8\)\(^2\) All but Coca-Cola involved offshore transactions not focused on China.

MOFCOM's analysis has become increasingly sophisticated, but concerns unrelated to competition, such as the protection of domestic competitors, also play an important part in the review process. Structural remedies involving divestures appear to be favored.

Between August 2008 and June 2009, MOFCOM received more than 100 merger notifications and formally accepted fifty-eight, of which forty-six were decided. Approximately ten percent of these decisions were either prohibited or given conditional clearance. Other cases are understood to have been subjected to a second-phase review, but then approved without conditions being attached.

MOFCOM's review procedures remain relatively non-transparent and unpredictable. Parties must allow additional time for "acceptance" of a filing as complete before the thirty-day initial review period begins. Second-phase reviews may take up to ninety additional days (extendable by another sixty days).

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* The Contribution for China was written by Peter Wang and Yizhe Zhang of Jones Day.


SPRING 2010
C. Cartels and Anticompetitive Practices

No formal enforcement actions have yet been reported by either the SAIC or the NDRC, although the SAIC disclosed in July that it had already received over fifty complaints, and rumors exist of NDRC investigations into airfare pricing.

D. Court Decisions

The Shanda-Sursen case, the first judgment under the AML, provides an indication of how Chinese courts will weigh the evidence in deciding whether a defendant has a dominant market position, when considering allegations of abuse of dominance. The court also appeared open to hearing possible justifications for such alleged abuses of dominance.

III. India*

A. Legislative Developments

Earlier this year, the Competition Act, 2002 (the Act), which replaced the Monopolies and Restrictive Trade Practices Act, 1969, was partially brought into force. Other than the merger control provisions, which have not yet entered into force, the sections of the Act dealing with anti-competitive agreements and abuses of dominance have become law.

The new regime under the Act is administered and enforced by the Competition Commission of India (CCI). CCI orders can be appealed to the Competition Appellate Tribunal and ultimately to the Supreme Court of India, while the jurisdiction of the civil courts has been specifically excluded.

Under the Act, any agreement that causes, or is likely to cause, an appreciable adverse effect on competition (AAEC) in India is void. Horizontal agreements that, for example, determine prices or limit production are presumed to cause an AAEC. This presumption, however, is not applicable to efficiency-enhancing joint ventures between competing enterprises or other horizontal cooperation agreements, which would be assessed by applying a rule of reason analysis.

Also, vertical agreements are subject to the same rule of reason analysis under the Act and are only prohibited if they cause an AAEC in India. The Act also prohibits the abuse of a dominant position.

* The contribution for India was written by Pallavi S. Shroff and Harman Singh Sandhu of Amarchand & Mangaldas & Suresh A. Shroff & Co.
B. Anticompetitive Practices

The CCI is currently investigating several complaints, including allegations that the Multiplex Owners Association of India is a cartel,87 the interoperability of set-top boxes provided by the Direct-to-Home service providers,88 a complaint against a code-sharing agreement between Kingfisher Airlines and Jet Airways,89 and competition aspects of pre-payment charges on home loan borrowers.90

Europe

I. European Union*

A. Legislative Developments

In 2009, the European Commission adopted a new draft Insurance Block Exemption Regulation and reviewed its existing rules applicable to vertical agreements, motor vehicle distribution and after-sales services, and the exemption for liner shipping consortia.91 The Commission also published its final report following its inquiry into the pharmaceutical sector, finding, inter alia, that market entry of generic drugs is delayed due to the actions of originator companies and the regulatory framework.92 Its attempt to boost private enforcement stumbled in the home stretch, when the draft directive was taken off the schedule for a meeting of Commissioners following resistance from Commission President Barroso and some Members of the European Parliament.93

B. Mergers

The overall number of merger cases dealt with by the European Commission decreased significantly in 2009 compared to the crest of the merger wave in 2007. Of the five second-phase reviews that the Commission initiated in 2009, the Lufthansa acquisitions of

88. Case No. 2/2009 [not yet listed in reporter].
91. The contribution for the European Union was written by Gunnar Wolf and Michael Clancy of Covington & Burling.
both Brussels Airlines and Austrian Airlines and Oracle's acquisition of Sun Microsystems stand out.  

C. ANTICOMPETITIVE PRACTICES

The Commission made it repeatedly clear that the best way out of the severe economic crisis is through robust and rigorous enforcement of the competition rules. Thus, the Commission continued its trend of imposing high fines on companies found to infringe the competition laws, including a €1.06 billion fine imposed on Intel for allegedly providing anticompetitive loyalty rebates and a €1.106 billion (approximately US$1.59 billion) fine on E.ON and GDF Suez—€553 million (approximately US$831.7 million) each—for involvement in a market-sharing agreement.

D. COURT DECISIONS

The Commission's victories before the European Court of Justice further increased its power to impose fines, as the Court upheld the Commission's ability to presume that a parent company is liable for the acts of its subsidiaries, and confirmed that one meeting amongst competitors can amount to concerted action in violation of EC competition law.

II. France*

A. LEGISLATIVE DEVELOPMENTS

On March 2, 2009, the French Competition Authority (the Authority) began executing its regulatory functions, instituting a new French Competition Law regime in line with the law on the modernization of the economy of August 4, 2008 and the Order of November 13, 2008 concerning the modernization of competition regulation. The Authority now has almost exclusive jurisdiction to enforce competition law in France. The primary powers retained by the French Ministry of the Economy are: (i) the power to

* The contribution for France was written by François Brunet and Eric Paroche of Cleary, Gottlieb, Steen & Hamilton.
request the Authority to carry out a phase-two investigation with respect to a merger transaction authorized by the Authority in phase one, (ii) the power to overrule, for general interest purposes, a negative phase-two decision, and (iii) the power to enforce settlements in response to anticompetitive practices affecting "a market of a local dimension" in France.\footnote{101}

B. Mergers

Between March 2, 2009 and November 24, 2009, the Authority issued sixty clearance decisions,\footnote{102} three of which were subject to commitments. The most interesting case was a phase-one decision issued on June 22, 2009, which cleared the merger between French-based mutual banks Caisse d'Epargne and Banque Populaire, subject to commitments concerning the Reunion Island.\footnote{103} Because the parties would have struggled to find a suitable purchaser in the event of any remedy requiring divestments, the Authority accepted the parties' commitment to keep their respective Reunion Island branch networks strictly separate from a legal and operational perspective for five years.

C. Anticompetitive Practices

Having imposed total fines of €575.4 million (approximately US$863.1 million) for a cartel in the steel industry in December 2008,\footnote{104} the Authority fined Manpower, Adecco, and VediorBis a total of €94.4 million (approximately US$141.5 million) on February 2, 2009, for exchanging price information in the French temporary employment services market.\footnote{105} On September 29, 2009,\footnote{106} the Paris Court of Appeals refused to grant a reduction in fines for firms who had suffered solely from declining revenues in the context of the current economic crisis, and lowered fines for just two companies, one of which was in receivership and the other in liquidation.

D. Court Cases

On February 4, 2009, the Paris Court of Appeals confirmed the "serious blow" suffered by Orange in December 2008 when the Authority granted interim relief suspending Or-
ange's exclusivity for the distribution of the current iPhone and reduced Orange's exclusivity for the distribution of future models to three months. Apple and Orange appealed but the Paris Court of Appeals considered these measures to be justified and proportionate, particularly because the specific investments made by Orange for the launch of Apple's iPhone in France had been largely recouped.

Apple and Orange made commitments, however, to the Authority within the framework of the procedure on the merits on November 3, 2009. Apple undertook not to enter into contracts containing exclusivity clauses with French mobile phone companies or distributors of the iPhone—save for the distribution of future models—on the understanding that exclusivity would be limited strictly to three months. Orange undertook not to claim exclusivity on the distribution of the current iPhone, and to resist the introduction of exclusivity clauses exceeding three months in distribution contracts for future models. These 3-year commitments are currently being market tested.

III. Germany*

A. LEGISLATIVE DEVELOPMENTS

A new domestic turnover threshold for merger notifications to the Federal Cartel Office (FCO) was introduced. Since March 25, 2009, transactions now require prior notification to the FCO if, during the previous business year, the parties have combined global revenues of more than €500 million (approximately US$749.5 million), at least one party has revenues in Germany of more than €25 million (approximately US$37.4 million), and—the new requirement—one other party has revenues in Germany of more than €5 million (approximately US$7.4 million). As expected, the new threshold has led to a significant decrease in merger notifications.109

B. Mergers

Substantial fines for violating the standstill obligation continue to be applied. On February 13, 2009, the FCO imposed a fine of €4.1 million (approximately US$6.1 million) on the publishing house Druck-und Verlagshaus Frankfurt am Main GmbH for failure to notify of the acquisition of the publishing company Frankfurter Stadtanzeiger GmbH in 2001.110

* The contribution for Germany was written by Susanne Zuehlke and Dr. Jan Philipp Komossa of Latham & Watkins.  
109. Based on discussions with FCO officials [detailed figures not yet available].  

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The FCO published the interim results of its fuel sector inquiry,111 which started in 2008. The FCO found that high vertical and horizontal concentration prevails in the fuel sector, seriously impeding further competition. The FCO’s first post-inquiry measure was to prohibit the proposed takeover of OMV petrol stations by the German oligopolist Total Deutschland.112

Other notable transactions reviewed by the FCO in 2009 include a major airline merger (cleared), a merger between two sugar producers (cleared subject to a condition precedent) and a proposed merger between two holding companies in the hospital sector (prohibited).113

C. ANTICOMPETITIVE PRACTICES

The FCO imposed fines totaling €41.4 million (approximately US$61 million) on Westfalen AG and Propan Rheingas GmbH & Co. KG for restraining competition in the market for tank and bottled gas through customer protection agreements and accompanying price agreements, from at least 1997 until May 2005.114 Fines were also imposed on hearing aid and contact lens manufacturers for using undue pressure to ensure that retailers applied the recommended retail price.

On June 26, 2009, the Düsseldorf Higher Regional Court significantly reduced the fines imposed by the FCO on five cement manufacturers for concluding long-term quota agreements. The Court almost halved the fines, from €649 million (approximately US$973 million) to €328.5 million (approximately US$492.5 million).115

D. PRIVATE ENFORCEMENT

Private companies frequently file antitrust suits in German courts and such actions were boosted on April 7, 2009, when the German Supreme Court confirmed that "bundled" damages claims brought by a single plaintiff are permissible under German law. In March 2009, the Cartel Damage Claims (CDC) brought another action against the alleged members of the hydrogen peroxide cartel. According to press reports, Degussa, who applied for leniency, has already settled with the CDC, which would be the first settlement of its kind.

IV. ITALY*

A. LEGISLATIVE DEVELOPMENTS

In July 2009, new rules entered into force concerning collective damages actions for consumers and final users who are the victims of unfair trade practices or anti-competitive conduct.

B. MERGERS

In March 2009, the Italian Competition Authority (ICA) cleared the takeover by Istituto Centrale delle Banche Popolari Italiane (ICBPI) of SI Holding in the market for credit card marketing, after accepting ICBPI’s commitments.

C. ANTICOMPETITIVE PRACTICES

The ICA accepted the commitments proposed by the parties following investigations into possible anti-competitive conducts concerning (i) the sector for payment services, (ii) the market for liquefied petroleum gas trading and logistics, and (iii) automotive sporting events and competitions management.

116. See, e.g., Kammergericht Berlin [Appellate Judgment] Oct. 1, 2009, Case 2 U 10/03 [not yet published] (relating to a follow-on claim concerning a Berlin transport cement that was fined on October 25, 1999 by the FCO. The court awarded approximately €650,000 (approximately US$974,000) in damages.).


* The contribution for Italy was written by Alberto Pera and Valentina Caticchio of Gianni, Origoni, Grippo & Partners.


121. ICA, Apr. 9, 2009, n. 1704, Decision No. 19726, Assegni Mav-Commissioni Interbancarie.


123. ICA, June 11, 2009, n. A396, Decision No. 19946, Gargano Corse/Aci.
The ICA imposed fines in different infringement cases: (i) coordination relating to the provision of general cashier services by a group of Italian banks; (ii) price fixing for the provision of container-handling services in ports; (iii) price fixing among Italian pasta producers; and (iv) anti-competitive arrangements in the lead battery recycling industry. The ICA closed the investigation into the market for public auction sales for lack of evidence of anticompetitive practices.

D. ABUSES OF A DOMINANT POSITION

To date, there has been only one ICA decision in 2009 concerning abuse of a dominant position in the market for dry docks supply services in the port of Naples. Among the pending cases, it is worth highlighting the investigation of an alleged abuse by Google Italy regarding the provision of online search services.

E. COURT DECISIONS

The Council of State stated that the mere acquisition of a commercial license does not automatically constitute a “concentration” under the Italian Competition Act. Mere licenses would not constitute “an undertaking or a part of an undertaking” to which market turnover can be clearly attributed (March 2009).

The Lazio Regional Administrative Court quashed the decision on anti-competitive conduct by which the ICA accepted the commitments submitted by some motorway management companies, considering that the measures rendered binding by the ICA were disproportionate to the antitrust concerns raised during the investigation held in May 2009.

127. ICA, Apr. 29, 2009, n. 1697, Decision No. 19814, Riciclaggio Delle Batterie Esauste.
128. ICA, Sept. 23, 2009, n. 1705, Decision No. 20318, Case d’asta.
133. Lazio Regional Administrative Court, May 8, 2009, Judgment n. 4994.
V. Russia

A. LEGISLATIVE DEVELOPMENTS

In 2009, the Russian Competition Law (Competition Law),134 the Code of Administrative Offenses of Russia (Code of Administrative Offenses),135 and the Criminal Code of Russia (Criminal Code)136 underwent significant changes. The amendments introduced are known as "the Second Antimonopoly Package."137

 Particularly, these amendments extend the scope of the Competition Law to agreements executed or actions taken outside Russia and broaden the powers of the Federal Antimonopoly Service (the FAS) of the Russian Federation.138

In addition, an undertaking can now be declared dominant with a market share of less than thirty-five percent, provided it has a larger share than other undertakings and it can significantly influence competition in Russia.139 The Competition Law introduces new definitions of monopolistic prices, setting detailed criteria for determining when prices are monopolistic.140 The limitation period for breach of the Competition Law is also extended from one to three years.141

With regards to merger control, the thresholds for transactions subject to preliminary antimonopoly clearance or post-transaction notification have been almost doubled.142 Furthermore, the list of documents and information to be submitted to the FAS has been extended to include, inter alia, information on the ultimate (beneficial) owners of the acquirer.143

In accordance with amendments introduced to Article 14.32 of the Code of Administrative Offenses, execution of and participation in restrictive agreements, engaging in concerted practices, and coordination of economic activity are subject to fines of one to fifteen percent of the company’s turnover in the market where the violation occurred.144 Amended Article 178 of the Criminal Code imposes criminal liability, such as fines of up to RUR1 million (approximately US$34,200) and up to seven years imprisonment for

* The contribution for Russia was written by Vassily Rudomino from Alrud.

138. Id.
139. Id.
140. Id.
141. Id.
142. Id.
143. Id.
prevention, restriction, and elimination of competition if such actions have caused serious
damage to citizens, companies, and the state or involved large-scale profit-making.\textsuperscript{145}

According to new leniency provisions, only the first company notifying the FAS will
obtain immunity.\textsuperscript{146} Other cartel members will face turnover fines, and criminal liability
may be imposed on senior management of the offending companies.\textsuperscript{147}

B. ANTIMETIC COMPETITIVE PRACTICES

The FAS imposed a fine of RUR25,269,000 (approximately US$864,000) on one of the
largest operators in the oil products wholesale market in several regions for engaging in
concerted practices.\textsuperscript{148} The FAS established that Gazpromneft-Kuzbass CJSC and
Tomsknefteproduct VNK OJSC “maintained the same price level and simultaneously in-
creased retail prices for motor petrol and diesel fuel in the Tomsk oil products retail mar-
et.”\textsuperscript{149} On June 3, 2009, the Federal Arbitration Court of the Moscow District
confirmed the FAS’s decision.\textsuperscript{150}

C. ABUSE OF A DOMINANT POSITION

In November 2009, the FAS found that Lukoil OJSC and a number of companies in its
group had abused their dominant position in the wholesale markets for motor petrol,
diesel fuel, and aviation kerosene. The FAS imposed a fine of RUR6.545 million (approxi-
ately US$223,000).\textsuperscript{151}

VI. Turkey*

A. LEGISLATIVE DEVELOPMENTS

Two new Regulations, one on leniency\textsuperscript{152} and the other on fines imposed for anticom-
petitive activities,\textsuperscript{153} were published in 2009. Although not previously defined in the Pro-
tection of Competition Act No. 4054,\textsuperscript{154} leniency was applied in practice in similar terms
to those now set out in the Regulation. With regards to the Fines Regulation, it aims to
increase transparency but will change little in practice.
B. Mergers

In 2008 and until October 2009, the Competition Board issued eighty-three decisions reflecting a significant decrease in the number of transactions. Many decisions concern international transactions that have an indirect effect on Turkey through the parties' subsidiaries.

C. Anticompetitive Practices

In the telecommunications sector, Türk Telekom A.S. (the incumbent telecommunications operator) and its subsidiary TT Net A.S. (an internet service provider) were fined approximately US$8 million for abuse of a dominant position in the internet broadband market. Türk Telecom was found to have engaged in price squeezing by selling broadband internet access services, while TTNET, a subsidiary of Türk Telekom, was involved in predatory pricing in the downstream market.

The Competition Board also ruled on usufruct rights in the oil business. It decided that a usufruct agreement with a term of more than five years, which was standard practice in the industry, amounted to a de facto illegal non-compete clause. The term of the usufruct right was reduced to the legal limit for non-compete agreements, namely five years.

VII. United Kingdom*

A. Legislative Developments

The Office of Fair Trading (OFT) published the final version of its new jurisdictional and procedural guidance on mergers in June 2009, which reflects its practices since the

159. Id.
161. Id.
162. Id.
* The contribution for the United Kingdom was written by Stephen Kon, Gordon Christian, and Jai Bhakar of SJ Berwin.
Enterprise Act 2002 came into force. In addition, merger fees payable to the OFT have been doubled.\textsuperscript{164}

\textbf{B. ANTICOMPETITIVE PRACTICES}

September saw the conclusion of the OFT's long-running construction cartel inquiry. The OFT fined 103 companies a total of £129.5 million (approximately US$213 million) for bid-rigging between 2000 and 2006.\textsuperscript{165} The bid-rigging was mainly carried out through the practice of cover pricing in order to create the misleading impression of competition for contracts.\textsuperscript{166} In a separate cartel case relating to the construction recruitment sector, the OFT fined six companies £39.27 million (approximately US$64.6) for engaging in anti-competitive behavior by excluding a new market entrant.\textsuperscript{167}

Four former British Airways executives were also prosecuted for their alleged participation in a cartel with Virgin Atlantic that fixed prices for fuel surcharges on long-haul passenger flights.\textsuperscript{168} If found guilty, the four could face up to five years in prison, unlimited fines, director disqualification orders, and confiscation of any unlawfully gained assets.\textsuperscript{169}

\textbf{C. COURT DECISIONS}

The Competition Commission (CC) has lost two court cases this year regarding the proportionality of remedies following market investigations. In another market investigation case, BAA has appealed\textsuperscript{170} against the CC's remedy requiring airport divestitures after the CC decided that BAA's ownership of airports throughout the UK raised significant competition issues.\textsuperscript{171}

In competition litigation developments, Ian Norris, the former CEO of Morgan Crucible, is due to appear in the High Court to appeal against his extradition to the United States to face charges that he obstructed the U.S. Department of Justice’s investigation into a cartel in which he was allegedly involved. The extradition was ordered notwithstanding a House of Lords’ judgment that Mr. Norris could not be extradited only for price fixing charges brought in the United States, as this was not a criminal offense in the UK at the relevant time.\textsuperscript{172}


\textsuperscript{166} Id.


\textsuperscript{169} Id.


On the subject of representative actions, two flower importers have appealed to the Court of Appeal from the High Court’s decision opposing the inclusion of a representative element in their damages claim against British Airways in relation to an alleged air cargo cartel case.

Africa

I. South Africa*

A. Legislative Developments

Significant amendments to the Competition Act 1998 (the Act) were signed into law in August 2009. These amendments include a prohibition on conduct by firms in a complex monopoly and the introduction for the first time in South Africa of criminal liability for directors and managers who are personally responsible for, or even knowingly acquiesce in, hardcore antitrust infringements.

Increases in the monetary thresholds for compulsory merger filings led to a reduction in the number of transactions notified to the competition authorities as intermediate and large mergers. The CC also published new guidelines on the notification of small mergers, which request parties to small merger transactions to notify the Commission in certain cases.

B. Mergers

The vast majority of transactions were approved by the CC, mostly without conditions. A number of transactions were approved subject to conditions intended to ameliorate their effect on employment in South Africa.

The CC prohibited the proposed intermediate merger between Masscash Holdings (Pty) Ltd and Finro Enterprises (Pty) Ltd (trading as Finro Cash & Carry), however, on the basis that it would substantially prevent and/or lessen competition in the market for the wholesaling of grocery products in the Port Elizabeth region and surrounding areas.

C. Anticompetitive Practices

A significant number of cartel cases resulted from applications for leniency under the Commission’s Corporate Leniency Policy (CLP). The Commission initiated investigations into anticompetitive conduct in the South African construction sector (particularly

* The contribution for South Africa was written by Heather Irvine of Deneys Reitz.


174. Id. § 73A.


involving collusive tendering)\textsuperscript{177} and the petroleum value chain;\textsuperscript{178} price fixing by bicycle retailers;\textsuperscript{179} and practices engaged in by the major South African supermarket chains.\textsuperscript{180}

In addition, the Competition Tribunal decided cases about abuses of dominance in the grain, flat steel, and tobacco industries, among others.\textsuperscript{181}


