

GLOBAL COMPETITION REVIEW

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French court cuts perfume fines

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The Paris Court of Appeal has reduced the fines for 16 perfume-makers and suppliers found guilty of price-fixing.

The companies - including Dior, Yves Saint-Laurent, L'Oréal and Chanel - were fined over €45 million by the French Competition Council last year for agreeing prices on fragrances and cosmetics sold by Sephora, Marionnaud and Nocibé stores. The retailers were also fined. But the court has now reduced the fines to around €30 million, following a review of the council's decision.

Nathalie Jalabert-Doury, competition partner at Sokolow, Carreras & Associés in Paris, who advised Nocibé, says the original decision was heavily criticised.

"It applied price maintenance resale prohibition to an industry in which the price of the product reflects its luxury nature," she says. "And all the companies were awarded a high fine, irrespective of their role in the alleged infringement, market power, or whether they were producers or distributors."

Jalabert-Doury adds that the case was based on evidence collected between 1995 and 1999, which included "poor price surveys" compared to more recent cases.

The council launched the investigation after it was contacted by an informant in 1997. Following dawn raids, investigators discovered an internal memo at Chanel noting that the company was angry at sale prices at one retailer, and proposed "frightening" shop-owners.

Another internal note at Thierry Mugler confirmed that prices had been fixed: "This price, being unofficial, must never be stated on any document or letter from our company. It must only be communicated orally," it said.

A number of companies, including Calvin Klein and Clarins, were cleared of any wrongdoing.

Marionnaud, which was fined almost €13 million, has had its penalty reduced to €9.5 million, while Nocibé's fine has been cut from €5.5 million to €405,000.

DWS

Counsel to Beaute Prestige International

- Gide Loyrette Nouel

Partner **Joëlle Salzmänn** in Paris

Counsel to Chanel

- Salans

Partner **Mélanie Thill-Tayara** in Paris was assisted by **Sophie Ayrault**

Counsel to Christian Dior, Guerlain, Kenzo and Givenchy

- JeantetAssociés

Partner **Lorraine Donnedieu de Vabres Tranié** in Paris

Counsel to Hermès

- In-house: **Annick de Chaumac**
- Bredin Prat

Partner **Robert Saint-Esteben** and **Olivier Billard** in Paris, assisted by and **Mathilde Damon**

Counsel to Elco

- In-house: **Lou Schapiro**, **Seth Herbert** and **Michel Houot**
- Cleary Gottlieb Steen & Hamilton

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Partners **François Brunet** and **Romano Subiotto** in Paris, assisted by **Simon Genevaz**

Counsel to L'Oreal

- In-house: **Marc Monteil**
- White & Case

Partner **Jean-Patrice de la Laurencie** in Paris, assisted by **Juliette Goyer** and **Lauriane Lépine**

Counsel to Pacific Creation Parfums

- MG Avocats

Partners **Jean-Christophe Grall** and **Nathalia Kouchnir-Cargill** in Paris were assisted by **Claudie Guet** and **Charlotte Grass**

Economics:

- Professor **Christian Montet** at the University of Montpellier

Counsel to Shiseido

- Vogel & Vogel

Partner **Joseph Vogel** led the team in Paris

Counsel to Thierry Mugler-Parfums

- Le Pen Stebel & Associates

Avocat **Jean-Jacques Le Pen** led the work in Paris

Counsel to Yves Saint Laurent Parfums

- In-house: **Isabelle Madec**
- Gide Loyrette Nouel

Partner **Antoine Choffel** in Paris, assisted by **Alexandre Glatz**

Counsel to Marionnaud Parumeries

- Bredin Prat

Partner **Hugues Caivert** in Paris

Counsel to Nocibe SAS

- In-house: **Maud Bruneau** and **Pierre-Antoine Riquart**
- Sokolow, Carreras & Associés

Nathalie Julabert-Doury in Paris, assisted by **Laurent Nouvel**

Economics:

- LECG

Pierre-André Buigues and **Antoine Chapsal**

Counsel to Sephora

- Nomos

Partner **Christophe Pecnard** in Paris