

GLOBAL COMPETITION REVIEW

11 novembre 2009



Paris court overturns fragrance decision

Wednesday, 11 November 2009

Thirteen luxury perfumers have been cleared of acting as a 'price police' by maintaining elevated prices on perfume and makeup at distributors through threats and retaliation.

Paris's Court of Appeals yesterday overturned a decision by France's Competition Council finding the brands guilty of vertical price fixing. The court has annulled the entire decision because it says the procedure took too long.

The investigation dates back to 1999, but the companies did not receive notification of any objections to their conduct until 2005.

In 2006, France's previous competition authority, the Competition Council, fined the perfume makers a total of €46.2 million for allegedly agreeing to sell their fragrances and cosmetics at the same price in shops run by Séphora, Marionnaud and Nocibé. The retailers were also fined.

In its ruling, the authority said the perfumers had forced up prices and stamped out discounts for their products at their stores, threatening shop owners with retaliation such as delivery delays if they tried to change the agreed prices.

The council said although it recognised that the brands needed to sustain prices at a certain level to maintain their luxurious image, they had conspired to keep prices at a surplus.

The Paris Court of Appeal initially reduced the fines to around €30 million in total in 2007 after a review of the council's decision, but the Supreme Court annulled this decision and referred the case back to the Paris Court of Appeal on procedural grounds in 2008.

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11 novembre 2009

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GLOBAL COMPETITION REVIEW

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GLOBAL COMPETITION REVIEW

11 novembre 2009

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