

## Competition - Switzerland

### Competition Commission Fines Felco and Landi for Retail Price Fixing

July 23 2009

On May 25 2009 the Competition Commission fined Felco SA and Landi Schweiz AG – two companies active in the industrial cutting tools sector – for retail price fixing. This is the first case in which penalties have been imposed due to the finding of a vertical agreement setting prices for resale, considered by Article 5 of the Competition Act to be particularly harmful to competition.

Felco, a family-owned business from Neuchâtel Canton, is the leader in the market for shears and clippers for industrial use. Landi is a retailer active in the agricultural and non-food sectors. In September 2006 Felco and Landi entered into an agreement setting a price for the resale of certain tools manufactured by Felco. After realizing that the agreement could violate the act, on August 15 2007 Felco decided to disclose details of the agreement to the commission under the leniency programme provided for in the act. The two companies subsequently reached an amicable settlement with the secretariat of the commission, which the commission approved on May 25 2009. The commission nevertheless imposed a penalty on both undertakings for the illegal agreement.

Under Article 5(4) of the act, vertical agreements are deemed to eliminate competition if they involve retail price fixing or minimum retail price imposition. An undertaking that participates in such a vertical agreement may be fined up to 10% of its turnover in Switzerland for the previous three business years. However, the fine may be fully or partially exempted as per the leniency programme if the undertaking cooperates with the commission.

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