

## **The Hungarian Competition Authority imposed fines amounting to a total of over EUR 1.5 M on a number of undertakings for restricting the distribution of alarm equipment**

**The Gazdasági Versenyhivatal (Hungarian Competition Authority, hereinafter: GVH) determined that the distributor of Paradox security products (alarm systems and equipment), Paradox Security Systems (Bahamas) Ltd., and its distributors in Hungary, Power Biztonságtechnikai Kereskedelmi Kft. (Power) and Trióda Biztonságtechnika Zrt. (Trióda), had restricted the competition in relation to these products for almost 10 years. The Authority imposed significant fines on the undertakings concerned.**

Based on the distribution agreements concluded between the undertakings, their market conducts, and emails and other evidence acquired during dawn raids, the GVH concluded that the three undertakings had

- prohibited the export of Paradox products (prohibition of so-called passive export),
- fixed the minimum prices of installers and thereby indirectly fixed the resale prices,
- restricted the online sale of products by prohibiting the online publication of end-user prices.

Due to the above-mentioned anti-competitive measures, the concerned distributors and installers were able to charge high prices for the sale and installation of Paradox security products, which ultimately resulted in higher prices for consumers. The high prices that could be charged for the products led the distributors and installers to also recommend Paradox security products over other brands to their customers, the latter of which usually choose the brand recommended by installers due to the complexity of such products and their lack of expertise.

The above-mentioned conducts are considered as serious infringements of EU competition rules; therefore, the GVH imposed significant fines on Paradox Bahama and Power (EUR 0,905 M and EUR 0,725 M). The third concerned undertaking, Trióda, was granted a fine reduction of 30% as it admitted its participation in the infringement and voluntarily introduced a compliance programme aimed at increasing the awareness of its employees in the field of competition law so that similar infringements could be avoided in the future.

Official registration number of the case: **VJ/97/2016.**

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Hungarian Competition Authority

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