

# Vertical Agreements

*Contributing editor*  
Patrick J Harrison

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# Vertical Agreements 2018

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# Preface

## Vertical Agreements 2018

Twelfth edition

**Getting the Deal Through** is delighted to publish the twelfth edition of *Vertical Agreements*, which is available in print, as an e-book and online at [www.gettingthedealthrough.com](http://www.gettingthedealthrough.com).

**Getting the Deal Through** provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique **Getting the Deal Through** format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Canada, India, the Netherlands, the Philippines, Russia, South Africa, Spain and Thailand.

**Getting the Deal Through** titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at [www.gettingthedealthrough.com](http://www.gettingthedealthrough.com).

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

**Getting the Deal Through** gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editor, Patrick J Harrison of Sidley Austin LLP, for his continued assistance with this volume.

GETTING THE  
DEAL THROUGH 

London  
February 2018

# China

Lei Li

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## Antitrust law

### 1 What are the legal sources that set out the antitrust law applicable to vertical restraints?

China's main competition legislation is the Antimonopoly Law of the People's Republic of China (PRC) (2007), which entered into force on 1 August 2008.

Vertical restraints are classed as a type of 'monopolistic conduct' under the Antimonopoly Law. The two enforcement agencies having power in relation to monopolistic conduct, the State Administration for Industry and Commerce (SAIC) and the National Development and Reform Commission (NDRC), issued agency rules in 2009 and 2010 that are directly applicable to vertical restraints. These agency rules include:

- SAIC Rules on Procedures of Administrations for Industry and Commerce for Investigation of Monopoly Agreements and Abuse of Market Dominance Cases, promulgated on 26 May 2009 and effective on 1 July 2009;
- NDRC Rules against Pricing-related Monopolies, promulgated on 29 December 2010 and effective on 1 February 2011;
- NDRC Rules on Administrative Enforcement Procedures for Pricing-related Monopolies, promulgated on 29 December 2010 and effective on 1 February 2011; and
- SAIC Rules of Administrations for Industry and Commerce on Prohibition of Monopoly Agreement Acts, promulgated on 31 December 2010 and effective on 1 February 2011.

Also, on 7 April 2015, SAIC issued the Rules on Prohibition of Restriction or Elimination of Competition Through Abuse of Intellectual Property Rights, which became effective on 1 August 2015. These Rules apply to IPR issues in vertical restraints.

In addition to the Antimonopoly Law, certain other laws and regulations also have provisions regulating vertical restraints, including notably:

- Price Law of the PRC (1997);
- Contract Law of the PRC (1999) as amended;
- Administrative Measures for Fair Transactions between Retailers and Suppliers (2006) (Fair Transaction Administrative Measures); and
- Provisional Measures for the Prohibition against Monopolistic Pricing (2003) (Anti-Monopolistic Pricing Measures).

China's old Anti-Unfair Competition Law, which was passed and became effective in 1993, also had certain provisions relating to vertical restraints. However, on 4 November 2017, the Chinese Congress passed a new Anti-Unfair Competition Law, which became effective on 1 January 2018. The new law has revoked all provisions regarding vertical restraints in the old Anti-Unfair Competition Law, in order to eliminate overlap with the Antimonopoly Law.

There is still some overlap between the Price Law and the Antimonopoly Law. Theoretically, government agencies could still choose from the Antimonopoly Law and the Price Law as the basis for their enforcement in relation to vertical restraints, and the outcomes under these two laws might be quite different; however, recent enforcement seems to indicate that if any conflict occurs between the terms of the Antimonopoly Law and other laws, the Antimonopoly Law in

principle prevails. Therefore, in the remainder of this chapter, although we assume that the provisions in the other laws continue to apply, our analysis is based primarily on the Antimonopoly Law.

Where a party occupies a dominant market position in one of the markets to which the vertical agreement relates, articles 17 to 19 of the Antimonopoly Law may also be relevant to the antitrust assessment of a given vertical restraint. The SAIC has also promulgated an agency rule to implement these articles in the Antimonopoly Law. However, these provisions are considered in Getting the Deal Through – Dominance and are therefore not covered here.

## Types of vertical restraint

### 2 List and describe the types of vertical restraints that are subject to antitrust law. Is the concept of vertical restraint defined in the antitrust law?

The Antimonopoly Law does not use the term 'vertical restraint', so does not have a definition of it. The Antimonopoly Law instead uses the term 'agreements between a business undertaking and its trading counterpart'. Restraints in such agreements would be vertical restraints.

## Legal objective

### 3 Is the only objective pursued by the law on vertical restraints economic, or does it also seek to promote or protect other interests?

The Antimonopoly Law does not have a specific objective relating to vertical restraints. In general, the Antimonopoly Law pursues multiple objectives, which include both micro-economic efficiency and macro-economic development. These objectives would also apply to the regulation of vertical restraints. Specifically, these objectives are:

- to prevent and prohibit monopolistic conduct;
- to protect market competition;
- to promote efficiency of economic operations;
- to safeguard the interests of consumers and the general public; and
- to promote the healthy development of the socialist market economy.

In addition, article 15 of the Antimonopoly Law provides the possibility to exempt 'monopoly' agreements, including vertical ones, if certain conditions are fulfilled. Many of these conditions are not purely economic. They include, for example, social interests (such as energy saving, environmental protection and disaster relief), alleviation of serious decreases in sales volumes or overcapacities during recession and the safeguard of legitimate interests in foreign trade and foreign economic cooperation.

## Responsible authorities

### 4 Which authority is responsible for enforcing prohibitions on anticompetitive vertical restraints? Where there are multiple responsible authorities, how are cases allocated? Do governments or ministers have a role?

According to notices issued by the State Council, NDRC and SAIC are responsible for enforcing the prohibitions on anticompetitive activities, including vertical restraints. NDRC is in charge of investigating



and sanctioning anticompetitive activities related to pricing. SAIC has jurisdiction over anticompetitive activities not related to pricing. NDRC may delegate its powers to its provincial and prefectural bureaux, and SAIC may likewise delegate its powers to its provincial bureaux.

Different ministries and bodies enforce the competition provisions contained in other laws. For example, SAIC and its local bureaux are responsible for enforcing the Several Provisions for the Prohibition of Public Utilities Enterprises from Restricting Competition, while a number of bodies share competence to enforce the provisions of the Fair Transaction Administrative Measures.

## Jurisdiction

### 5 What is the test for determining whether a vertical restraint will be subject to antitrust law in your jurisdiction? Has the law in your jurisdiction regarding vertical restraints been applied extraterritorially? Has it been applied in a pure internet context and if so what factors were deemed relevant when considering jurisdiction?

The test is whether the vertical restraint has the effect of eliminating or restricting competition within the Chinese market. Where the activity takes place, within or outside China, is not a relevant factor.

In 2014 and 2015, the Antimonopoly Law was applied extraterritorially in at least three cases, but these cases were about cartels, not vertical restraints. The Antimonopoly Law has not been applied to vertical restraints in a pure internet context.

## Agreements concluded by public entities

### 6 To what extent does antitrust law apply to vertical restraints in agreements concluded by public entities?

In principle, the Antimonopoly Law and the competition provisions in other laws and regulations (including provisions relating to vertical agreements) apply irrespective of the ownership of an entity.

Most laws containing competition provisions, including the Antimonopoly Law and the Price Law, stipulate that any 'undertaking' is subject to those provisions. The Antimonopoly Law defines an undertaking as a natural person, legal person or other organisation that engages in the manufacture or sale of products or the provision of services. No reference is made to the ownership of the undertaking. Therefore, these laws apply to vertical restraints contained in agreements concluded by public entities.

The Antimonopoly Law also prohibits administrative authorities and organisations from taking certain steps that might restrict competition, including the imposition of exclusive dealing obligations. The Antimonopoly Law does not have any provision that provides exemption or special treatment to public entities.

Article 7 of the Antimonopoly Law establishes a particular system for state-owned enterprises in industries vital to the national economy and national security and industries subject at law to exclusive operations and sales. This complex provision seems to make the pricing policy of such enterprises subject to government intervention and, possibly, exempt them from the Antimonopoly Law.

## Sector-specific rules

### 7 Do particular laws or regulations apply to the assessment of vertical restraints in specific sectors of industry (motor cars, insurance, etc)? Please identify the rules and the sectors they cover.

The Antimonopoly Law does not contain any provisions on vertical restraints that apply to specific sectors. On 23 March 2016, NDRC published for public comment a draft of the Antimonopoly Guidance in the Automobile Sector by the Antimonopoly Commission of the State Council. The comment period ended on 12 April 2016. NDRC stated that it had drafted the Guidance in accordance with the work plan of the Antimonopoly Commission of the State Council, and the Guidance also stated that it would be issued in the name of the Antimonopoly Commission.

Highlights of the Guidance are as follows: (i) the Guidance describes several instances in which companies may seek exemption from the prohibition on resale price maintenance; (ii) the Guidance states that 'Recommended Prices', 'Guidance Prices' and 'Maximum Prices' might constitute resale price maintenance if they have the

effect of fixing prices or setting minimum prices; (iii) territorial restrictions imposed by companies without 'significant market power' are presumed to be exempted; and (iv) four particular types of territorial restrictions, however, cannot be presumed to be exempted and may be exempted only on a case-by-case basis, including restrictions on passive sales.

In addition, some regulations enacted before the inception of the Antimonopoly Law have addressed vertical restraint issues in specific industry sectors. These regulations have very rarely been enforced, if at all, and it appears very unlikely that they will be enforced following the implementation of the Antimonopoly Law.

## General exceptions

### 8 Are there any general exceptions from antitrust law for certain types of agreement containing vertical restraints? If so, please describe.

Article 15 of the Antimonopoly Law lists the circumstances under which an agreement containing a vertical restraint can be exempted from the prohibition of article 14. These circumstances are:

- improving technology or research and development (R&D) of new products;
- improving product quality, reducing costs, enhancing efficiency, harmonising product specifications and standards, or dividing work based on specialisation;
- improving the operational efficiency and enhancing competitiveness of small and medium-sized enterprises;
- serving social public interests such as energy saving, environmental protection and disaster relief and aid;
- alleviating serious decreases in sales volumes or significant production overcapacities during economic recession; and
- safeguarding legitimate interests in foreign trade and foreign economic cooperation.

If a company wishes to argue that the prohibition of article 14 should be disapplied, it bears the burden of proof to show that the agreement in question fulfils one of these circumstances. If it claims that one of the first five circumstances exists, the company must also prove that the agreement does not significantly restrict competition in the relevant market and allows consumers a share of the resulting benefit.

In addition, NDRC is drafting the Guidance on Procedures for Exemption of Monopoly Agreements. On 29 July 2015, NDRC held a kick-off meeting for drafting of the Guidance, but did not disclose details about its content.

## Agreements

### 9 Is there a definition of 'agreement' – or its equivalent – in the antitrust law of your jurisdiction?

The Antimonopoly Law does not contain a precise definition of an 'agreement'. Nonetheless, article 13 of the Antimonopoly Law defines a 'monopoly agreement' as an 'agreement, decision or other concerted practice which eliminates or restricts competition'. The SAIC Rules of Administrations for Industry and Commerce on Prohibition of Monopoly Agreement Acts further provide that a monopoly agreement may be entered into between business undertakings either directly or through the coordination of industry associations.

### 10 In order to engage the antitrust law in relation to vertical restraints, is it necessary for there to be a formal written agreement or can the relevant rules be engaged by an informal or unwritten understanding?

The agreement does not need to be in written form. The Antimonopoly Law defines a 'monopoly agreement' as an 'agreement, decision or other concerted practice which eliminates or restricts competition'.

Furthermore, the SAIC Rules of Administrations for Industry and Commerce on Prohibition of Monopoly Agreement Acts explicitly provide that a 'monopoly agreement' may be in written, oral or tacit forms (ie, a 'concerted practice'). The rules further provide that a 'concerted practice' means a practice where coordination and concordance exist between the relevant business undertakings although there is no explicit written or oral agreement or decision. The rules also list the

factors considered when determining whether a concerted practice exists; they include:

- whether the practices in the market taken by the business undertakings have concordance;
- whether the business undertakings conducted communications or exchanges of information; and
- whether the business undertakings have reasonable justifications for their coordinated practice.

The rules further provide that in determining what constitutes a concerted practice, other factors need to be taken into consideration, including the structure of the relevant market, the competitive situation, changes in the market and the situation of the industry.

The NDRC Rules Against Pricing-related Monopolies contain similar provisions on what constitutes a 'monopoly agreement'.

#### Parent and related-company agreements

##### 11 In what circumstances do the vertical restraints rules apply to agreements between a parent company and a related company (or between related companies of the same parent company)?

It is unclear whether the Antimonopoly Law and the competition provisions in other laws or regulations apply to agreements between a parent and a related company. However, because one aim of the competition laws and regulations is to maintain fair market competition and since such intra-company agreements would not adversely affect the wider competitive environment, it appears unlikely that Chinese competition laws and regulations would apply to such agreements.

#### Agent-principal agreements

##### 12 In what circumstances does antitrust law on vertical restraints apply to agent-principal agreements in which an undertaking agrees to perform certain services on a supplier's behalf for a sales-based commission payment?

There are no provisions in the Antimonopoly Law or the competition provisions in other laws or regulations that specifically address this question.

##### 13 Where antitrust rules do not apply (or apply differently) to agent-principal relationships, is there guidance (or are there recent authority decisions) on what constitutes an agent-principal relationship for these purposes?

The enforcement authorities have not issued guidance, or taken decisions, on this issue.

#### Intellectual property rights

##### 14 Is antitrust law applied differently when the agreement containing the vertical restraint also contains provisions granting intellectual property rights (IPRs)?

In principle, the provisions of the Antimonopoly Law do not apply differently if an agreement grants an IPR. Article 55 of the Antimonopoly Law states that application of the law is not precluded as a matter of principle on the grounds that an IPR is involved. Where a company restricts or eliminates competition by abusing an IPR, the provisions of the Antimonopoly Law apply.

In contrast, the competition provisions in the Contract Law and the Judicial Interpretation on Technology Contracts apply to technology contracts only. Similarly, the Regulation on the Administration of Import and Export of Technologies applies only to the import and export of technology as defined by that regulation. Article 10 of the Judicial Interpretation on Technology Contracts prohibits the inclusion in agreements of clauses restricting the freedom of a technology recipient to undertake R&D or clauses imposing inequitable conditions for sharing improvements of the technology.

As stated earlier, SAIC issued the Rules on Prohibition of Restriction or Elimination of Competition Through Abuse of Intellectual Property Rights in 2015. The Rules apply to the scenarios of both monopoly agreements and abuse of market dominance, including tying and bundling, exclusive grant-back of technology improvement, prohibition of challenging the validity of the IPR, etc. These issues are not unique to, but may arise in the context of, vertical agreements.

On 23 March 2017, China's Antimonopoly Commission issued a draft set of Antimonopoly Guidelines against Abuse of Intellectual Property Rights. The Guidelines had not been finalised at the time of writing. They contain provisions relating to certain restrictions that may occur in vertical agreements, such as exclusive grant-back and no-challenge clauses. More importantly, the Guidelines contain a section on 'other restrictions', and factors that should be taken into account when assessing whether such other restrictions are anticompetitive. Specifically, these 'other restrictions' are: (i) restricting the fields where the IPRs are used; (ii) restricting the distribution channels, sale territories or sale targets of the products containing the IPR at issue; (iii) restricting the quantity of products provided by undertakings based on the IPR at issue; and (iv) restricting the undertakings from using competing technology or providing competing products. When analysing whether these restrictions are anticompetitive, the following factors may be considered: (i) the contents, degree and implementation method of the restriction; (ii) the characteristics of the products provided based on the IPR at issue; (iii) the relationship between the restrictions and the licensing conditions for the IPR at issue; (iv) whether the agreement includes multiple restrictions; and (v) if other undertakings have IPRs involving alternative technology, do such other undertakings introduce the same, or similar, restrictions?

#### Analytical framework for assessment

##### 15 Explain the analytical framework that applies when assessing vertical restraints under antitrust law.

There is no uniform analytical framework that applies to the assessment of all vertical restraints under Chinese antitrust law. Rather, the various legal instruments provide limited information on the analytical approach that should be expected in relation to the specific types of conduct they cover. The instruments set out below cover the potential infringements identified. Where appropriate, explanations of likely analytical frameworks are provided.

#### Antimonopoly Law

Article 14 of the Antimonopoly Law identifies as illegal:

- resale price maintenance: the fixing of resale prices of products sold to third parties; and
- fixing of minimum resale price: the fixing of minimum resale prices of products sold to third parties.

Article 14 of the Antimonopoly Law also empowers NDRC and SAIC to prohibit other vertical restraints that they consider to be anticompetitive.

The general analytical framework underpinning the assessment of vertical restraints under the Antimonopoly Law is the following: if NDRC or SAIC finds that an agreement fixes resale prices or minimum resale prices, it is likely to conclude that article 14 of the Antimonopoly Law is breached. However, the parties can still argue that the prohibition in article 14 should be disapplied on the grounds that the agreement fulfils one of the circumstances listed in article 15 of the Antimonopoly Law, or has other beneficial effects which are not explicitly listed. In addition, the parties must prove, as a general rule, that the agreement does not significantly restrict competition in the relevant market and allows consumers a share of the resulting benefit. This same analysis would, in principle, apply for all types of vertical restraints examined under the Antimonopoly Law, whether the explicitly prohibited resale price maintenance and minimum resale price fixing, or additional yet unspecified restraints which NDRC or SAIC finds to be in breach of article 14.

#### Anti-Unfair Competition Law

The Anti-Unfair Competition Law, passed in 1993, identified as illegal:

- predatory pricing: below-cost sales with the aim to exclude competitors (except for fresh and live goods, perishable goods before expiry date and reduction of excessive stock, seasonal sales, or clearance of debts and change or suspension of business operations); and
- tie-in sales: tying the sale of certain products to the sale of other products, with the result that a purchaser is forced to purchase goods against its will, or attaching other unreasonable conditions to the sale of a product.



The new Anti-Unfair Competition Law in 2017 revoked these provisions to avoid overlap with the Antimonopoly Law.

### Contract Law and Judicial Interpretation on Technology

#### Contracts

The Contract Law and the Judicial Interpretation on Technology Contracts identify the monopolisation of technology and the restriction of technological improvements as illegal. This includes the following practices:

- restricting technological improvements made by one party to a technology contract or providing for an inequitable sharing of such technological improvements;
- restricting a technology recipient's procurement of technology from other sources;
- unfairly limiting the volume, variety, price, sales channels, or export markets of the technology recipient's products and services;
- requiring the technology recipient to purchase other unnecessary technology, raw materials, products, equipment, services, etc;
- unjustly restricting the technology recipient's options for sourcing supplies of raw materials, parts or equipment; or
- prohibiting or restricting the technology recipients' ability to challenge the IPR at issue in the technology contract.

For technology import-export contracts, the Regulation on the Administration of Import and Export of Technologies contains similar prohibitions to the Judicial Interpretation on Technology Contracts.

#### Fair Transaction Administrative Measures

The Fair Transaction Administrative Measures only apply to certain types of vertical agreements, that is, where the buyer is a retailer selling to end consumers and where its sales are above 10 million yuan. They prohibit:

- price restrictions upon suppliers: where the retailer restricts the prices at which the supplier can sell products to other companies or consumers;
- exclusive dealing imposed upon suppliers: where the retailer restricts the supplier's sales to other retailers;
- tie-in sales imposed upon retailers: where the supplier ties the sale of a product with other products that the retailer did not order; and
- exclusive dealing imposed upon retailers: where the supplier restricts the retailer's freedom to purchase from other suppliers.

In addition, if a retailer is in an 'advantageous position', it is prohibited from imposing an obligation upon its suppliers to purchase products designated by it.

However, according to article 23, the Fair Transaction Administrative Measures only apply where no law or regulation regulates the same conduct. It remains to be seen how the Fair Transaction Administrative Measures will be deemed to interact with the Antimonopoly Law and, in particular, with articles 14 and 15 thereof.

#### Provisions on the Prohibition of Regional Blockades in Market Economy Activities

The Provisions on the Prohibition of Regional Blockades in Market Economy Activities essentially aim to curb barriers to entry into regional markets that are erected by local governments and public authorities. They may also apply to the conduct of companies, in particular prohibiting: territorial restrictions on sales within China – restricting the 'import' of products and construction services originating in other regions within China. However, the exact scope of this prohibition remains unclear.

#### 16 To what extent are supplier market shares relevant when assessing the legality of individual restraints? Are the market positions and conduct of other suppliers relevant? Is it relevant whether certain types of restriction are widely used by suppliers in the market?

As a general rule, the Antimonopoly Law and the competition provisions in other laws or regulations do not require the enforcement agencies to take account of market shares in their assessment of the legality of individual restraints. For example, article 14 of the Antimonopoly Law prohibits resale price maintenance and the fixing of minimum resale prices without referring to market shares. In addition, under

article 15, the availability of exemptions for agreements containing vertical restraints refers, *inter alia*, to economic factors such as the improvement of product quality, cost reductions and efficiencies and requires that the agreements do not significantly restrict competition in the relevant market. Again, market share is not one of these factors.

Notwithstanding the foregoing, market share is an important factor when an agency or court assesses the anticompetitive effects of activities. One example is a recent case involving Johnson & Johnson (J&J). On 18 May 2012, the Shanghai No. 1 Intermediate People's Court issued a judgment dismissing petitions from a lead distributor of J&J that accused J&J of retail price maintenance. On 1 August 2013, the Shanghai Higher People's Court issued a final judgment in the *J&J* case, in which it reversed the judgment of the first-instance court, and ruled that J&J had engaged in illegal resale price maintenance. In its analysis, the appellate court viewed the market share of the supplier as an important factor when determining whether the pricing activities in question had anticompetitive effects. Specifically, the appellate court opined that resale price maintenance activities conducted by suppliers with 'strong market positions' will affect competition significantly, and therefore the supplier's 'market position' is an important factor in any analysis of competitive effects. Naturally, the most important factor when determining the strength of the supplier's 'market position' is its market share.

Also, in a number of enforcement cases in 2016, NDRC started to introduce the concept of 'market power' into its anticompetitive effect analysis. For example, the penalty decision in the *Medtronic* case stated that after being investigated by NDRC for resale price maintenance violations, Medtronic took a series of 'voluntary rectification measures', one of which was removal of exclusivity requirements for dealers with respect to products for which Medtronic had 'market power'. This seems to imply that it could be problematic if companies engaged in non-pricing vertical restraints for products for which they had market power. NDRC has not explained the criteria to which it will have regard when determining whether a company has market power, but very likely the most important factor is market share. NDRC's practices in this regard are still evolving, and should be closely watched.

#### 17 To what extent are buyer market shares relevant when assessing the legality of individual restraints? Are the market positions and conduct of other buyers relevant? Is it relevant whether certain types of restriction are widely used by buyers in the market?

The Antimonopoly Law does not address these issues.

#### Block exemption and safe harbour

#### 18 Is there a block exemption or safe harbour that provides certainty to companies as to the legality of vertical restraints under certain conditions? If so, please explain how this block exemption or safe harbour functions.

The Antimonopoly Law does not contain any safe harbours, and there are currently no block exemptions.

#### Types of restraint

#### 19 How is restricting the buyer's ability to determine its resale price assessed under antitrust law?

Article 14 of the Antimonopoly Law prohibits a supplier from fixing the buyer's resale price or setting a minimum resale price. Nonetheless, an agreement containing such a restriction can be exempted if the conditions of article 15 are met. The adoption of measures implementing articles 14 or 15 may give further guidance on the circumstances in which exemptions might be available.

In 2012, in the first-instance trial of the *J&J* case, the Shanghai No. 1 Intermediate People's Court, the distributor claimed that in its distribution agreements, J&J required it to sell products to hospitals in allocated territories only, and at prices no lower than minimum prices decided by J&J. The distribution relationship was terminated by J&J after it discovered that the distributor sold products outside its allocated territories and at prices lower than the minimum price. The presiding judge (albeit in an interview) explained the rationale of the court's judgment, stating that minimum price maintenance is not a *per se* violation of the Antimonopoly Law, and the court should consider whether such restriction has resulted in the elimination or restriction

of competition. The court dismissed the distributor's petitions because the distributor failed to prove that competition was eliminated or restricted.

In 2013, in the appellate trial of the *J&J* case, the Shanghai Higher People's Court ruled that J&J engaged in illegal resale price maintenance and ordered it to pay damages (530,000 yuan) to the distributor that filed the suit. The appellate court upheld the first-instance court's view that resale price maintenance is not a per se violation of law. It also laid out four factors that need be assessed when determining whether resale price maintenance practices have anticompetition effects:

- whether there is sufficient competition in the relevant market;
- whether the defendant has a strong market position;
- what is the motivation of the defendant for its resale price maintenance activities, and whether the motivation is pro or anticompetitive; and
- what the effects of the resale price maintenance activities on competition are, and whether the effects are pro- or anticompetitive.

In 2016, more court cases have demonstrated that the court system in China employs a rule of reason approach, not a per se illegal approach. On 30 August 2016, the Guangdong Intellectual Property Court ruled, in *Gree*, that resale price maintenance obligations do not violate antitrust law if they have no intention and effect of eliminating competition. In this case, upstream distributors of Gree air-conditioners imposed clear, undisputed resale price maintenance obligations on downstream distributors. The court decided that it should apply the Rule of Reason, instead of the per se illegal doctrine, and on this basis decided that the resale price maintenance obligations did not violate the antitrust law, because: (i) Gree air conditioners did not have market dominance, and therefore the obligations had not restricted consumers from choosing other brands; (ii) the obligations did not seem to impact intra-brand competition; and (iii) even if the resale price maintenance obligations had hurt price competition, distributors could still compete in other ways, such as advertisements, promotion and after-sales services.

However, NDRC has continued to employ a per se illegal approach to resale price maintenance issues. In 2013 and 2014, NDRC and its local authorities conducted a number of investigations regarding resale price maintenance violations. Two provincial authorities of NDRC conducted investigations in January 2013 into alleged resale price maintenance by spirits manufacturers Moutai and Wuliangye, and imposed fines of 247 million yuan and 202 million yuan respectively, representing 1 per cent of each company's 2012 revenues. In August 2013, NDRC also announced that it had decided to impose fines on six milk powder producers for illegal resale price maintenance, and the fines totalled 668.73 million yuan. In September 2014, a provincial authority of NDRC decided that FAW-Volkswagen had violated resale price maintenance prohibitions by organising its distributors to agree on minimum resale prices, and imposed a fine of 248.58 million yuan on FAW-Volkswagen and 29.96 million yuan on eight of its distributors.

In 2016, NDRC, including its local offices, issued several penalty decisions in relation to resale price maintenance, in which the agency continued with its per se illegal approach. For example, in the *Medtronic* case, NDRC found that Medtronic's resale price maintenance activities violated the Antimonopoly Law, and imposed a fine of 118.52 million yuan. In the *Smith & Nephew* case, Shanghai DRC found Smith & Nephew's resale price maintenance policies violated the Antimonopoly Law, and imposed a fine of around 742 thousand yuan.

**20 Have the authorities considered in their decisions or guidelines resale price maintenance restrictions that apply for a limited period to the launch of a new product or brand, or to a specific promotion or sales campaign; or specifically to prevent a retailer using a brand as a 'loss leader'?**

At the time of writing, there does not appear to be a decision issued by the court or published by NDRC or SAIC that specifically addresses these questions. However, the draft Antimonopoly Guidance in the Automobile Sector provided for several examples of exemptions, which may be argued on a case-by-case basis, to the per se illegal classification of resale price maintenance violations (one being promotional periods for new-energy cars). This seems to be an indirect recognition of the legitimacy of resale price maintenance policies after the launch of a new product.

**21 Have decisions or guidelines relating to resale price maintenance addressed the possible links between such conduct and other forms of restraint?**

In the *J&J* case, the appellate court used J&J's ability to implement territorial sales restrictions (in fact, the 'territories' were hospitals, not geographical areas) as evidence proving J&J's 'strong market position', but did not find such territorial sales restrictions to be a per se violation of antitrust law. Other than this, at the time of writing, there does not appear to be a decision or guideline issued by the court or published by NDRC or SAIC that specifically addresses these questions.

In several enforcement cases, NDRC and its local authorities mentioned territorial restrictions in their decisions on resale price maintenance. However, the authorities seemed to imply that these territorial restrictions were a means of implementing or strengthening resale price maintenance, and not a stand-alone violation of the law.

**22 Have decisions or guidelines relating to resale price maintenance addressed the efficiencies that can arguably arise out of such restrictions?**

In the *J&J* case, the appellate court, the plaintiff, the defendant and their respective expert witnesses discussed the potential efficiencies of the resale price maintenance agreements – or lack thereof – in great detail. The appellate court determined that the agreements 'do not have obvious effects of promoting competition', because the defendant had failed to demonstrate:

- the agreements had the result of improving product quality and safety;
- the agreements were necessary to prevent 'free-riding' of other distributors, because J&J had strong control of the distributors, and also assigned only one distributor for each hospital; or
- it needed to use the resale price maintenance agreements to promote a new brand or a new product in the relevant market, because the products at issue had been sold in China for over 15 years.

In the draft Antimonopoly Guidance in the Automobile Sector, NDRC stated that territorial restrictions and customer restrictions imposed by companies without 'significant market power' should be presumed to be exempted from the Antimonopoly Law's prohibitions, because these restrictions 'typically can improve the quality of distribution services, increase distribution efficiency, and strengthen the business efficiency and competitiveness of small-and-medium-sized dealers'. However, NDRC has not yet explained its view on efficiencies in any enforcement decision.

**23 Explain how a buyer agreeing to set its retail price for supplier A's products by reference to its retail price for supplier B's equivalent products is assessed.**

At the time of writing, there does not appear to be a decision or guideline issued by the court or published by NDRC or SAIC that addresses this issue.

**24 Explain how a supplier warranting to the buyer that it will supply the contract products on the terms applied to the supplier's most-favoured customer, or that it will not supply the contract products on more favourable terms to other buyers, is assessed.**

At the time of writing, there does not appear to be a decision or guideline issued by the court or published by NDRC or SAIC that addresses this issue.

**25 Explain how a supplier agreeing to sell a product via internet platform A at the same price as it sells the product via internet platform B is assessed.**

At the time of writing, there does not appear to be a decision or guideline issued by the court or published by NDRC or SAIC that addresses this issue.

**26 Explain how a supplier preventing a buyer from advertising its products for sale below a certain price (but allowing that buyer subsequently to offer discounts to its customers) is assessed.**

At the time of writing, there does not appear to be a decision or guideline issued by the court or published by NDRC or SAIC that addresses this issue.

**27 Explain how a buyer's warranting to the supplier that it will purchase the contract products on terms applied to the buyer's most-favoured supplier, or that it will not purchase the contract products on more favourable terms from other suppliers, is assessed.**

At the time of writing, there does not appear to be a decision or guideline issued by the court or published by NDRC or SAIC that addresses this issue.

**28 How is restricting the territory into which a buyer may resell contract products assessed? In what circumstances may a supplier require a buyer of its products not to resell the products in certain territories?**

Territorial restrictions on sales appear to have formed part of the 2012 *J&J* case (see question 19). The Antimonopoly Law prohibits a business operator with a dominant market position from 'requiring a trading party to trade exclusively with itself or trade exclusively with designated business operator(s) without any justifiable cause'. Reflecting this, the SAIC Rules of Administrations for Industry and Commerce on Prohibition of Abuse of Market Dominance prohibit a business undertaking from imposing unreasonable transaction terms on the other party to the transaction 'without justifiable cause', and one such unreasonable transaction term is the imposition of 'unreasonable restrictions on the geographic area into which the goods may be sold'.

In the *Wuliangye* case in 2013, the provincial NDRC authority in its penalty decision described the supplier's territory management as one means of implementing the resale price maintenance requirements, but did not impose a separate penalty for the territory management activities. In a few other enforcement cases, including the *Medtronic* case in 2016, central or provincial NDRC authorities appeared to espouse similar views, either expressly or implicitly.

The Provisions on the Prohibition of Regional Blockades in Market Economy Activities prohibit companies from restricting the import of products and construction services originating in other regions within China, but the exact scope of this prohibition is unclear.

The draft version of the Antimonopoly Guidance in the Automobile Sector has taken a different approach. The Guidance states that in the automobile sector, territorial restrictions for resale may have anti-competitive effects. On one hand, the Guidance states that territorial restrictions are justifiable if operators do not have 'significant market power'; on the other hand, the Guidance states that certain types of restrictions are presumably anticompetitive and only case-by-case exemptions may be granted, including: (i) restriction on passive sales and (ii) restriction of cross-supply among dealers etc. Because the Guidelines are in draft form, and also are supposed to apply to the automobile sector only, how these provisions may affect antitrust enforcement in other sectors remains unknown.

**29 Have decisions or guidance on vertical restraints dealt in any way with restrictions on the territory into which a buyer selling via the internet may resell contract products?**

At the time of writing, there does not appear to be a decision or guideline issued by the court or published by NDRC or SAIC that addresses this issue.

**30 Explain how restricting the customers to whom a buyer may resell contract products is assessed. In what circumstances may a supplier require a buyer not to resell products to certain resellers or end-consumers?**

This type of restriction might constitute abuse of market dominance. The SAIC Rules of Administrations for Industry and Commerce on Prohibition of Abuse of Market Dominance prohibit the imposition of 'unreasonable transaction terms' by a business undertaking with

dominant position 'without justifiable cause'. The rules list two factors to be assessed in determination of a 'justifiable cause', namely:

- whether the action in question is carried out on the basis of the operator's own ordinary business activities and its ordinary benefits; and
- the action's effects on the efficiency of the economy's operation, social and public interests, and economic development.

However, SAIC has not made any penalty decision on this issue.

In the *Medtronic* case, Medtronic took a series of 'voluntary rectification measures', one of which was removal of restrictions on platform dealers' sales of products to end users. However, NDRC did not state that this type of restriction was a violation of the Antimonopoly Law, and what Medtronic committed to appears to be purely voluntary rather than as a result of a specific violation.

In addition, the draft of the Antimonopoly Guidance in the Automobile Sector also addresses the restriction on end consumers together with the restriction on territory for resale as one issue. Therefore, the analysis in the last paragraph of question 28 applies equally here.

**31 How is restricting the uses to which a buyer puts the contract products assessed?**

At the time of writing, neither the Antimonopoly Law nor the competition provisions in other laws or regulations contain general rules on such use restriction clauses contained in vertical agreements.

**32 How is restricting the buyer's ability to generate or effect sales via the internet assessed?**

At the time of writing, neither the Antimonopoly Law nor the competition provisions in other laws or regulations contain rules addressing this issue.

**33 Have decisions or guidelines on vertical restraints dealt in any way with the differential treatment of different types of internet sales channel? In particular, have there been any developments in relation to 'platform bans'?**

The Antimonopoly Law, its implementation rules and enforcement decisions do not address this issue.

**34 Briefly explain how agreements establishing 'selective' distribution systems are assessed. Must the criteria for selection be published?**

There are no rules either in the Antimonopoly Law or the competition provisions in other laws or regulations that specifically address selective distribution systems.

**35 Are selective distribution systems more likely to be lawful where they relate to certain types of product? If so, which types of product and why?**

Not applicable – see question 34.

**36 In selective distribution systems, what kinds of restrictions on internet sales by approved distributors are permitted and in what circumstances? To what extent must internet sales criteria mirror offline sales criteria?**

Not applicable – see question 34.

**37 Has the authority taken any decisions in relation to actions by suppliers to enforce the terms of selective distribution agreements where such actions are aimed at preventing sales by unauthorised buyers or sales by authorised buyers in an unauthorised manner?**

Not applicable – see question 34.

**38 Does the relevant authority take into account the possible cumulative restrictive effects of multiple selective distribution systems operating in the same market?**

Not applicable – see question 34.



**39 Has the authority taken decisions (or is there guidance) concerning distribution arrangements that combine selective distribution with restrictions on the territory into which approved buyers may resell the contract products?**

The enforcement authorities have not issued guidance, or taken decisions, on this issue.

**40 How is restricting the buyer's ability to obtain the supplier's products from alternative sources assessed?**

The Antimonopoly Law does not have provisions specifically relating to this issue but article 17.4 of the Law may be considered relevant. Article 17.4 prohibits a business undertaking with market dominance from 'without justifiable cause, requiring the business counterparts to only deal with this business undertaking, or to only deal with other business undertakings that it designates'.

The SAIC Rules of Administrations for Industry and Commerce on Prohibition of Abuse of Market Dominance contain a provision that is identical to article 17.4 of the Antimonopoly Law. The Rules also state that two factors need to be considered when determining a 'justifiable cause': whether the action is conducted on the basis of the business operator's own ordinary business activities and its ordinary benefits; and the action's effects on the efficiency of the economy's operation, social and public interests, and economic development.

There has not been, however, any court case or government enforcement of these clauses in the Law and the SAIC agency rules that could provide any additional clarity on their scope or application.

**41 How is restricting the buyer's ability to sell non-competing products that the supplier deems 'inappropriate' assessed?**

The Antimonopoly Law, its implementation rules and enforcement decisions do not address this issue.

**42 Explain how restricting the buyer's ability to stock products competing with those supplied by the supplier under the agreement is assessed.**

The Antimonopoly Law does not have provisions specifically relating to this issue, but article 17.4 of the Law may be considered relevant. Article 17.4 prohibits a business undertaking with market dominance from 'without justifiable cause, requiring the business counterparts to only deal with this business undertaking, or to only deal with other business undertakings that it designates'.

The SAIC Rules of Administrations for Industry and Commerce on Prohibition of Abuse of Market Dominance also contain a clause (article 5.3) that is specifically focused on this issue, which prohibits a business undertaking with market dominance from 'without justifiable cause, requiring the business counterparts not to deal with its competitors'. That being said, there has not been any court case or government enforcement of these clauses in the Law and the SAIC agency rules that could provide any additional clarity on their scope or application.

In the *Medtronic* case, NDRC stated that one problematic practice of Medtronic was that it prohibited dealers from distributing competing products, and this practice 'further expanded the restriction on competition'. As a result, Medtronic voluntarily agreed to remove exclusivity requirements for dealers with respect to products for which Medtronic had 'market power'. However, NDRC did not state that such restriction itself was a violation of the Antimonopoly Law.

**43 How is requiring the buyer to purchase from the supplier a certain amount or minimum percentage of the contract products or a full range of the supplier's products assessed?**

The Antimonopoly Law, its implementation rules and enforcement decisions do not address this issue.

**44 Explain how restricting the supplier's ability to supply to other buyers is assessed.**

The Antimonopoly Law, its implementation rules and enforcement decisions do not address this issue.

**45 Explain how restricting the supplier's ability to sell directly to end-consumers is assessed.**

The Antimonopoly Law, its implementation rules and enforcement decisions do not address this issue.

**46 Have guidelines or agency decisions in your jurisdiction dealt with the antitrust assessment of restrictions on suppliers other than those covered above? If so, what were the restrictions in question and how were they assessed?**

The Antimonopoly Law, its implementation rules and enforcement decisions do not address this issue.

### Notifying agreements

**47 Outline any formal procedure for notifying agreements containing vertical restraints to the authority responsible for antitrust enforcement.**

Neither the Antimonopoly Law nor the competition provisions in other laws and regulations provide for a notification system for agreements. However, depending on the adoption of measures implementing the Antimonopoly Law and the enforcement practice of NDRC and SAIC, it is possible that a formal or informal consultation procedure may be adopted.

Specifically, Chongqing AIC issued a penalty decision in 2015 in an abuse of market dominance case (Allopurinol API), and in the penalty decision mentioned that the investigation started with a voluntary enquiry by the penalised company on the antitrust compliance status of its practices of refusing to sell Allopurinol API to its customers. Therefore, despite the absence of formal procedures, in practice there is a channel for notification to agencies on vertical restraints.

### Authority guidance

**48 If there is no formal procedure for notification, is it possible to obtain guidance from the authority responsible for antitrust enforcement or a declaratory judgment from a court as to the assessment of a particular agreement in certain circumstances?**

On 12 May 2016, NDRC published a draft Guideline on General Conditions and Procedures for Amnesty on Monopoly Agreements. Notably, the Guideline provides that under certain conditions NDRC may provide consultancy concerning the amnesty on monopoly agreements. However, this guideline is still a draft document and is not finalised yet. Except this draft guideline, neither the NDRC, the SAIC nor the Chinese courts have disclosed any information that indicates such a possibility.

### Complaints procedure for private parties

**49 Is there a procedure whereby private parties can complain to the authority responsible for antitrust enforcement about alleged unlawful vertical restraints?**

According to the Antimonopoly Law, any organisation or individual is entitled to report conduct that he or she suspects is an infringement of the law. This includes vertical agreements containing clauses fixing the resale price or setting a minimum resale price.

NDRC and SAIC must keep the identity of the complainant confidential. If the complaint is made in writing and is supported by sufficient evidence, NDRC and SAIC are in principle under an obligation to conduct an investigation.

There are no detailed provisions on reporting procedures under the competition provisions in other laws and regulations (although the Fair Transaction Administrative Measures mention the possibility for entities and individuals to report illegal conduct to the authorities). More generally, government authorities may accept complaints filed by private parties.

## Update and trends

### Recent developments

Although the NDRC in 2017 has been relatively active in its enforcement of vertical restraint cases (mostly RPM cases), the agency did not apply any new principles or use any new approaches in such cases.

However, a 2017 court case in Hainan Province has created a degree of uncertainty as to the theory that should be used to analyse RPM issues.

In the past few years, the NDRC has applied a *per se* theory in RPM cases, whereas the courts in different provinces have mostly applied a rule of reason approach to RPM issues. However, in 2017, the High Court of Hainan Province (in *Yutai v Pricing Bureau of Hainan Province*) reversed a first-instance court's decision and ruled that the administrative agency (ie, the Pricing Bureau of Hainan Province, which is a local office of the NDRC) could use a *de facto per se* principle when analysing the legality of RPM. The court further ruled that, although in a civil lawsuit the plaintiff must establish that the RPM has the impact of restricting or eliminating competition, in an administrative enforcement context the agency does not have to make such a finding in order to establish that the RPM is illegal.

This decision has added uncertainty as to the theory that the NDRC will use in RPM cases, and has increased the possibility of different results when a case is adjudicated in a court or by an administrative agency.

### Anticipated developments

The most anticipated rule-making initiative is the finalisation and formal issuance of the Antimonopoly Guidelines against Abuse of Intellectual Property Rights by the Antimonopoly Commission of the State Council. The Chinese government, particularly the NDRC, has announced that abuse of IPR is its antitrust enforcement priority for the coming years. Many commentators have expressed concern that the Chinese government may use its enforcement powers to counterbalance the technological advantages of multinational companies in China. Although there is little basis for such a conclusion at this time, it is widely anticipated that the Chinese government's enforcement in this area could have an impact on the business interests of multinational companies in China. Therefore, it would be a very welcome development if the Guidelines, when finalised, were to provide clarifications on key issues surrounding the criteria for 'abuse' of IPRs under antitrust law.

## Enforcement

### 50 How frequently is antitrust law applied to vertical restraints by the authority responsible for antitrust enforcement? What are the main enforcement priorities regarding vertical restraints?

NDRC and SAIC authorities at national and local levels are understood to have taken several decisions regarding vertical restraints in violation of the Antimonopoly Law. In 2014, NDRC, SAIC and their local counterparts started publishing their decisions, but it is unknown whether all such decisions have been published, and the published decisions usually do not contain enough detail to provide much guidance.

In 2011, NDRC issued one decision regarding a violation of the Antimonopoly Law that appears to relate in large part to vertical restraints. In this case, two distributors of a certain active pharmaceutical ingredient (API) entered into distribution agreements with the only two manufacturers of that API in China, pursuant to which the API manufacturers were required to obtain prior consent from the two distributors before selling the API to any other distributor. The NDRC imposed monetary fines and required a disgorgement of profits.

In 2012, the Shanghai No. 1 Intermediate People's Court issued a judgment dismissing petitions from a local distributor of Johnson & Johnson (J&J) that accused J&J of minimum resale price maintenance. The distributor claimed that in the distribution agreements, J&J required it to sell products to hospitals in allocated territories only, and at prices no lower than minimum prices decided by J&J. The distribution relationship was terminated by J&J after it discovered that the distributor sold products outside its authorised territories and at prices lower than the minimum price. The presiding judge, in an interview, explained the rationale of the court's decision, stating that minimum price maintenance is not a *per se* violation of the Antimonopoly Law,

and the court should consider whether such restriction has resulted in the elimination or restriction of competition. The court dismissed the distributor's petitions because the distributor failed to prove that competition was eliminated or restricted.

From 2013 to 2015, NDRC imposed fines on spirits manufacturers, milk powder manufacturers and car companies in relation to alleged resale price maintenance (see question 19). In 2016, NDRC and its local agencies have been very active enforcing vertical restraint cases, and have made final penalty decisions in the *allupurinol* case (by NDRC), the *estazolam API* case (by NDRC), the *Medtronic* case (by NDRC), the *Smith & Nephew* case (by Shanghai DRC), the *General Motors* case (by Shanghai DRC), the *Haier* case (by Shanghai DRC). According to NDRC, it has several other cases that are near finalisation.

### 51 What are the consequences of an infringement of antitrust law for the validity or enforceability of a contract containing prohibited vertical restraints?

The Antimonopoly Law does not itself stipulate the consequences of an infringement of article 14 for the validity and enforceability of a contract that contains a prohibited vertical restraint. Nonetheless, according to articles 52 and 56 of the Contract Law, such a contract is null and void, and has no legally binding force from the beginning.

However, article 56 of the Contract Law also stipulates that invalid portions of a contract will not affect the validity or enforceability of the rest of the contract if such portions can be severed or separated from the whole.

### 52 May the authority responsible for antitrust enforcement directly impose penalties or must it petition another entity? What sanctions and remedies can the authorities impose? What notable sanctions or remedies have been imposed? Can any trends be identified in this regard?

NDRC and SAIC can directly impose penalties without the involvement of other agencies or the courts.

If NDRC or SAIC finds that a vertical agreement violates article 14 of the Antimonopoly Law, it must order that the parties to the agreement cease giving effect to the illegal clause of the agreement, and confiscate the gains obtained through the illegal conduct.

Furthermore, NDRC and SAIC are in principle under an obligation to impose a fine of 1 per cent to 10 per cent of a company's annual turnover, unless:

- the agreement is not implemented (in which case a fine of up to 500,000 yuan will be imposed);
- the company has filed a leniency application (in which case NDRC and SAIC can grant immunity or impose a reduced penalty); or
- the company makes specific commitments that eliminate the negative effects of the agreement (in which case, in principle, no fine will be imposed).

Under the competition provisions in other laws and regulations, the enforcement authorities normally impose two types of sanctions, that is, the cessation of the illegal conduct and the imposition of penalties. If a company has obtained illegal gains, the authorities may also confiscate those gains. In addition, if the illegal conduct is serious, the authorities may suspend the company's business licence.

Courts can also hear cases alleging the illegality of clauses inserted in vertical agreements in actions for damages.

## Investigative powers of the authority

### 53 What investigative powers does the authority responsible for antitrust enforcement have when enforcing the prohibition of vertical restraints?

Under the Antimonopoly Law, NDRC and SAIC have the following powers when investigating alleged infringements, including those relating to vertical agreements:

- to conduct on-the-spot-inspections at the business premises of the companies under investigation or other relevant places;
- to interrogate the companies under investigation, interested parties and other relevant parties, and request that they explain all relevant circumstances;
- to examine and take copies of the relevant documents and information of the companies under investigation, interested parties or



other relevant entities or individuals, such as agreements, accounting books, faxes or letters, electronic data, and other documents and materials;

- to seal and retain relevant evidence; and
- to investigate the companies' bank accounts.

The investigation must be carried out by at least two of NDRC's or SAIC's enforcement officials who are to present their credentials for the investigation. The officials must keep a written record of the inspection to be signed by the companies being investigated. NDRC and SAIC must maintain the confidentiality of any business secrets collected during the investigation.

#### Private enforcement

- 54 To what extent is private enforcement possible? Can non-parties to agreements containing vertical restraints obtain declaratory judgments or injunctions and bring damages claims? Can the parties to agreements themselves bring damages claims? What remedies are available? How long should a company expect a private enforcement action to take?**

Non-parties to a monopolistic agreement can bring damages claims if they have suffered losses due to an anticompetitive clause contained in a vertical agreement. The Antimonopoly Law does not explicitly

address the issue of whether parties to an agreement can bring damages claims. However, the Supreme People's Court of China issued a judicial interpretation in 2012 that states that persons who have a dispute over whether a contract violates antitrust laws have standing to file antitrust suits. Therefore, the parties to agreements can themselves bring damages claims in the court by alleging the agreements violate antitrust laws. The appellate court in the J&J case upheld the plaintiff's standing to sue because it found that the plaintiff suffered loss due to the resale price maintenance scheme, and also it had a dispute with J&J over the distribution agreement's compliance with China's antitrust law.

Such cases are generally expected to be decided by the intermediate courts. Injunctions and damages can be granted.

Generally, the adjudication is to be made within six months from the acceptance by the court of the case, with the possibility of extension for another six months upon approval. For expedited summary procedures, adjudication is made within three months without a possibility of extension. Successful parties can also recover from losing parties the legal costs charged by the court.

#### Other issues

- 55 Is there any unique point relating to the assessment of vertical restraints in your jurisdiction that is not covered above?**

Not applicable.

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Corporate Immigration	Licensing	Shipbuilding
Cybersecurity	Life Sciences	Shipping
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Debt Capital Markets	Mediation	Structured Finance & Securitisation
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