Competition Law in the Czech Republic

Josef Bejček Robert Neruda Michal Petr David Raus

This book was originally published as a monograph in the International Encyclopaedia of Laws/Competition Law.

General Editors: Roger Blanpain, Frank Hendrickx Volume Editors: Francesco Denozza, Alberto Toffoletto

Table of Contents

The Authors	=
List of Abbreviations	11
General Introduction	13
§1. GENERAL BACKGROUND OF THE COUNTRY	13
§2. THE ECONOMIC SYSTEM I. Property System II. Re-codification in the Early Nineties and Privatization III. Privatization and Competition §3. THE LEGAL SYSTEM	14 14 15 16
§4. HISTORICAL BACKGROUND OF ANTITRUST LAW I. Pre-war Period and the Era of a 'Real Socialism' II. Co-creating Foundations of Market Economics III. Further Developments IV. Most Recent Phase	20 20 21 24 27
Part I. The Structure of Antitrust Law and Its Enforcement	29
Chapter 1. Sources of Antitrust Law	29
§1. NATIONAL SOURCES I. Competition Act II. Other Sources	29 29 34
§2. International Sources	35
§3. SECONDARY SOURCES I. Regulations II. Guidelines	36 36 37

Table of Contents		Table o	of Contents
§4. Sources' Relation and Hierarchy	42	II. Negative Definition	76
§5. ROLE AND AUTHORITY OF PRECEDENTS	44	III. Turnover Thresholds	77
Chapter 2. Scope of Application	47	§8. JOINT VENTURES	77
§1. TERRITORIAL REACH	47	Chapter 5. Consequences of Violations and Enforcement Institutions	79
§2. SPECIAL SECTORS	47	§1. ADMINISTRATIVE ENFORCEMENT	79
§3. STATE-OWNED ENTERPRISES AND PUBLIC UTILITIES	48	I. The Antitrust Authorities A. Formation, Composition	79 81
§4. SENSIBLE EFFECT AND <i>DE MINIMIS</i>	. 51	B. Investigating Powers C. Adjudicating Powers (Ascertaining and Sanctioning)	82 84
Chapter 3. Overview of Substantive Provisions	55	II. Government Direct Enforcement Activities III. Other Administrative Agencies Applying Antitrust Rules	87 87
§1. RESTRICTIVE AGREEMENTS	55	IV. Administrative Fines V. Administrative Injunctions and other Restrictive Orders	88 94 95
§2. Dominant Undertakings	56 .	VI. Interim Measures	
§3. CONCENTRATIONS	60	§2. CIVIL ENFORCEMENT I. Competent Civil Courts	95 99 101
§4. Other Prohibitions	63	II. Sanctions A. Nullity	101 102 103
§5. TESTS OF ILLEGALITY I. Per se Prohibitions and Naked Restraints	63	B. Damages C. Interim Measures	103
II. Balancing Tests	63 64	§3. Criminal Enforcement	105
III. Merger Tests	66 .	I. Criminal Sanctions for Antitrust Violations II. Other Application of Criminal Law to Relevant Conduct	106 108
Chapter 4. Overview of Main Notions	67	III. Role of Prosecutors A. Competent Criminal Courts	109 110
1. Undertaking	67		113
2. Relevant Market	67	Part II. The Application of the Prohibitions	
3. Market Power/Dominant Position	70	Chapter 1. Restrictive Agreements	113
4. AGREEMENTS AND CONCERTED PRACTICES	71	§1. HORIZONTAL AGREEMENTS I. Cartels	116 117
5. RESTRICTION OF COMPETITION	73	A. Price Fixing B. Market/Client Allocation	117 119
6. MONOPOLIZATION	74	C. Production/Innovation Limitation D. Group Boycott	120 120
7. CONCENTED ATTIONS	:	E. Collusion on Other Objects	121
7. CONCENTRATIONS I. Positive Definition	75	II. Information Exchange Practices	123
1. TOSILIVE DEHIHLION	75	III. Cooperation Agreements A. Research and Development	123 124

T	able	of Co	ontent
		В.	Spec
		C.	Stand
		D.	Joint

	B. SpecializationC. Standardization	125 125
	D. Joint Production	120
	E. Joint Purchasing	126
	F. Joint Selling	126
	ERTICAL AGREEMENTS	127
	I. Distribution	128
	A. Exclusive Distributorship	129
	B. Exclusive Dealing	129
	C. Selective Distribution	129
	D. Franchising	130
Ι	II. Technology Licencing	131
	A. Patent Licencing	131
	B. Trademark Licencing	131
	C. Know-How and Trade Secret Licencing	ng 131
Chap	ter 2. Dominant Undertakings' Prohib	pited Practices 132
§1. Ex	XPLOITATIVE PRACTICES	132
]	I. Excessive/Unfair Pricing	132
Π	I. Discrimination	136
	XCLUSIONARY PRACTICES	139
	I. Predation	139
	I. Tying	141
	I. Rebates	143
	V. Refusal to Deal	146
V	V. Price Squeeze	149
Chapt	ter 3. Concentrations	152
Ī	I. Merger	156
П	I. Acquisition of an Enterprise	157
Ш	I. Acquisition of an Undertaking	158
IV	7. Joint Ventures	162
	DRIZONTAL MERGERS	164
	Non-coordinated Effects	165
II	. Coordinated Effects	167
	ERTICAL MERGERS	168
	. Non-coordinated Effects	169
II.	. Coordinated Effects	170

171

Table of	Contents
Table of	Contents

§4. PURE CONGLÒMERATE MERGERS	172
§5. JOINT VENTURES	173
85. JOHAI ATTACAGE	
Part III. Administrative Procedure	175
Administrative Investigation before the	
Chapter 1. Administrative Investigation before the	175
Antitrust Authority	113
§1. INITIATIVE	175
I. General Sector Inquiries	175
II. Ex officio Investigations	179
III. Complaints	183
경기 경기 :	184
§2. POWERS	185
I. Requests for Information	186
II. Investigation and Search Powers III. Cooperation with Other State Institutions	189
III. Cooperation with Other State institutions	
§3. RIGHT OF DEFENCE	189
I. Content and Notification of Opening Decisions	189
II. The Proceedings: Hearings, Access to File, Briefs	190
III. Statement of Objections	193
IV. Final Hearing and Decision	193
The state of Clarence Decisions	195
Chapter 2. Voluntary Notifications and Clearance Decisions	195
Chapter 3. Merger Control	196
§1. Preliminary Filing Obligations	197
I. Criteria and Thresholds	197
II. Turnover Calculations	198
III. Market Share Calculations	201
IV. Other Relevant Notions	201
A. Pre-notification Negotiations	201
B. Notification	203
C. Simplified Procedure	205
§2. Structure of Proceedings	206
I. Preliminary Assessment and Full Investigation	200
A. The First Phase	206
B. The Second Phase	209
II. Time Framework	209
III. Right of Defence	21

§3. Market/Product Extension Mergers

Table of Contents

§3.	CLEARANCE AND CONDITIONAL CLEARANCE I. Conditions and Undertakings A. Content	212 213 214
	B. Timing	217
§4.	RELATIONS WITH OTHER MERGER CONTROL AUTHORITIES I. Other Authorities within the Local Jurisdiction	217 217
	II. International Coordination	217
Ch	apter 4. Challenging of the Administrative Decision	219
§1.	COMPETENT COURTS	219
	I. The Regional Court in Brno	219
	II. The Supreme Administrative Court	219
§2.	TIME LIMITS AND PROCEEDINGS	220
	I. Proceedings Concerning an Action against a Decision of the Office	220
	II. Protection against Inactivity of the Office III. Special Proceedings Concerning Protection against Unlawful	221
	Interference, Instruction or Enforcement from the Office	221
	IV. Proceeding before the Supreme Administrative Court	222
§3.	SCOPE OF JUDICIAL REVIEW	223
Sel	ected Bibliography	225
Ind	ex	227

List of Abbreviations

Coll.	Collection of Laws of the Czech Republic
CTO	Czech Telecommunications Office
CZK	Czech Crown
EC Treaty	Treaty Establishing the European Community
ECJ	Court of Justice of the European Union
ECMR	Council Regulation No. 139/2004, on the control of
MACA Maria Maria	concentrations of undertakings
EEA	European Economic Area
ERO	Energy Regulatory Office
EU	European Union
GDP	Gross Domestic Product
HHI	Herfindahl-Hirschman Index
JV	Joint Venture
NCA	National Competition Authority
Office	Czech Office for Protection of Competition
Ol	Official Journal
R&D	Research and Development
RPM	Resale Price Maintenance
SIEC	Significant Impediment to Effective Competition
SME	Small and Medium Enterprises
TFEU	Treaty on the Functioning of the European Union

Competition Law in the Czech Republic

JOSEF BEJČEK, ROBERT NERUDA, MICHAL PETR & DAVID RAUS

Derived from the renowned multi-volume *International Encyclopaedia of Laws*, this practical analysis of competition law and its interpretation in the Czech Republic covers every aspect of the subject – the various forms of restrictive agreements and abuse of dominance prohibited by law and the rules on merger control; tests of illegality, filing obligations; administrative investigation and enforcement procedures; civil remedies and criminal penalties; and raising challenges to administrative decisions. Lawyers who handle transnational commercial transactions will appreciate the explanation of fundamental differences in procedure from one legal system to another, as well as the international aspects of competition law. Throughout the book, the treatment emphasizes enforcement, with relevant cases analysed where appropriate.

An informative introductory chapter provides detailed information on the economic, legal, and historical background, including national and international sources, scope of application, an overview of substantive provisions and main notions, and a comprehensive description of the enforcement system including private enforcement. The book proceeds to a detailed analysis of substantive prohibitions, including cartels and other horizontal agreements, vertical restraints, the various types of abusive conduct by the dominant firms and the appraisal of concentrations, and then goes on to the administrative enforcement of competition law, with a focus on the antitrust authorities' powers of investigation and the right of defence of suspected companies. This part also covers voluntary merger notifications and clearance decisions, as well as a description of the judicial review of administrative decisions.

Its succinct yet scholarly nature, as well as the practical quality of the information it provides, make this book a valuable time-saving tool for business and legal professionals alike. Lawyers representing parties with interests in the Czech Republic will welcome this very useful guide, and academics and researchers will appreciate its value in the study of international and comparative competition law.



COMPETITION LAWINTIE CZECH REPUBLIC

JOSEF BEJČEK ROBERT NERUDA MICHAL PETR DAVID RAUS

