

## AS A RESULT OF COVID-19 PANDEMIC, LITHUANIAN COMPETITION COUNCIL REDUCES FINES IMPOSED ON CINEMA COMPANIES THAT FORMED CARTEL

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cartel, fines



The Lithuanian competition authority Konkurencijos taryba has found that the film distributor *Theatrical Film Distribution* and the firms *NCG Distribution* and *Forum Cinemas*, which belong to the same group of companies, agreed on the prices of the distributed films. Although the fines calculated for the cartel constituted more than EUR 3.8 million, Konkurencijos taryba took into account that during the COVID-19 pandemic the sector faced unprecedented activity restrictions and thus reduced the fines by 80 per cent.

The authority initiated the investigation after receiving information from the cinema company *Multikino Lietuva*, which informed to have received an offer from the distributor *Theatrical Film Distribution* to sign a distribution agreement identical to the one which *Multikino Lietuva* had already concluded with *NCG Distribution*, another film distributor. Both contracts contained identical prices and rules on the calculations of film distribution price (so called rental).

During the investigation Konkurencijos taryba found that *Theatrical Film Distribution* had received the contract from the employees of *Forum Cinemas* and *NCG Distribution* belonging to the same group of companies. This way the rental price calculation procedure and rental price applied by *NCG Distribution* were disclosed to its competitor *Theatrical Film Distribution*. The exchange of e-mails confirmed that the companies agreed to apply the same pricing when distributing films in order to limit the application of lower prices (special offers, discounts) in cinemas.

Having assessed the gravity, duration and other circumstances relating to the infringement, Konkurencijos taryba calculated the following fines: EUR 167,690 for *Theatrical Film Distribution*, EUR 132,810 for *NCG Distribution*, EUR 3,537,590 for *Forum Cinemas*. However, in light of the exceptional circumstances caused by the COVID-19 pandemic for the film industry, the sanctions were reduced by 80% and the following fines were imposed: *Theatrical Film Distribution* – EUR 33,500; *NCG Distribution* – EUR 26,600; *Forum Cinemas* – EUR 707,500.

The decision of Konkurencijos taryba can be appealed to Vilnius Regional Administrative Court.

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