

The International Comparative Legal Guide to:

# Vertical Agreements and Dominant Firms 2017

1st Edition

A practical cross-border insight into vertical agreements and dominant firms

Published by Global Legal Group, in association with CDR, with contributions from:

ALRUD Law Firm

Blake, Cassels & Graydon LLP

Cliffe Dekker Hofmeyr Inc

Darrois Villey Maillot Brochier A.A.R.P.I.

DDPV Studio Legale

Debarliev, Dameski & Kelesoska,

Attorneys at Law

Dickson Minto

ELIG, Attorneys-At-Law

Fourgoux-Djavadi&Associés

Johnson Winter & Slattery

KK Sharma Law Offices

Lee & Lee

Marval, O'Farrell & Mairal

Nagashima Ohno & Tsunematsu

Noerr LLP

Paul, Weiss, Rifkind, Wharton &

Garrison LLP

Pinheiro Neto Advogados

SRS Advogados

Tian Yuan Law Firm







global legal group

**Contributing Editor** 

Charles F. (Rick) Rule, Paul, Weiss, Rifkind, Wharton & Garrison LLP

Sales Director Florjan Osmani

Account Director Oliver Smith

Sales Support Manager Paul Mochalski

Senior Editors

Suzie Levy, Rachel Williams

Chief Operating Officer Dror Levy

**Group Consulting Editor** Alan Falach

**Publisher** Rory Smith

Published by Global Legal Group Ltd. 59 Tanner Street London SE1 3PL, UK Tel: +44 20 7367 0720

Fax: +44 20 7367 0720 Fax: +44 20 7407 5255 Email: info@glgroup.co.uk URL: www.glgroup.co.uk

**GLG Cover Design** F&F Studio Design

GLG Cover Image Source iStockphoto

Printed by Stephens & George Print Group

June 2017
Copyright © 2017
Global Legal Group

Global Legal Group Ltd. All rights reserved No photocopying

ISBN 978-1-911367-57-4 ISSN 2399-9586

**Strategic Partners** 





#### Country Question and Answer Chapters:

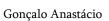
1	Argentina	Marval, O'Farrell & Mairal: Miguel del Pino & Santiago del Rio	1
2	Australia	Johnson Winter & Slattery: Sar Katdare & Maggie Hung	7
3	Brazil	Pinheiro Neto Advogados: Leonardo Rocha e Silva & Daniel Costa Rebello	14
4	Canada	Blake, Cassels & Graydon LLP: Randall Hofley & Evangelia Litsa Kriaris	21
5	China	Tian Yuan Law Firm: Wei Huang & Fan Zhu	28
6	European Union	Fourgoux-Djavadi&Associés: Jean-Louis Fourgoux & Leyla Djavadi	35
7	France	Darrois Villey Maillot Brochier A.A.R.P.I.: Didier Théophile & Guillaume Aubron	41
8	Germany	Noerr LLP: Peter Stauber & Robert Pahlen	49
9	India	KK Sharma Law Offices: K K Sharma	60
10	Italy	DDPV Studio Legale: Luciano Vasques	68
11	Japan	Nagashima Ohno & Tsunematsu: Kaoru Hattori & Yusuke Kaeriyama	76
12	Macedonia	Debarliev, Dameski & Kelesoska, Attorneys at Law: Jasmina Ilieva Jovanovik & Dragan Dameski	84
13	Portugal	SRS Advogados: Gonçalo Anastácio & Luís Seifert Guincho	92
14	Russia	ALRUD Law Firm: German Zakharov & Alla Azmukhanova	99
15	Singapore	Lee & Lee: Tan Tee Jim, S.C.	106
16	South Africa	Cliffe Dekker Hofmeyr Inc: Andries le Grange & Albert Aukema	111
17	Turkey	ELIG, Attorneys-At-Law: Gönenç Gürkaynak & M. Hakan Özgökçen	118
18	United Kingdom	Dickson Minto: Ajal Notowicz & Maria Ziprani	125
19	USA	Paul, Weiss, Rifkind, Wharton & Garrison LLP: Charles F. (Rick) Rule & Andrew J. Forman	137

Further copies of this book and others in the series can be ordered from the publisher. Please call +44 20 7367 0720

#### Disclaimer

This publication is for general information purposes only. It does not purport to provide comprehensive full legal or other advice. Global Legal Group Ltd. and the contributors accept no responsibility for losses that may arise from reliance upon information contained in this publication. This publication is intended to give an indication of legal issues upon which you may need advice. Full legal advice should be taken from a qualified professional when dealing with specific situations.

## Portugal







SRS Advogados

Luís Seifert Guincho

#### 1 General

### 1.1 What authorities or agencies investigate and enforce the laws governing vertical agreements and dominant firm conduct?

The authority responsible for investigating and enforcing the laws governing vertical agreements and dominant firm conduct in Portugal is the Portuguese Competition Authority ("PCA").

### 1.2 What investigative powers do the responsible competition authorities have?

According to Law No. 19/2012, of 8 May 2012, which approves the Competition Act (hereinafter "Competition Regime"), the PCA has powers to: request documents and other information from undertakings or other natural or legal persons (Article 15); question persons at undertakings and other persons involved; interview any other persons; carry out searches and examinations, and the collection and the seizure of accounting data or other documents on the premises, property and means of transport of the undertakings concerned (Article 18/1 (a)(b)(c)) or at the private premises of members or partners, members of the board of directors, employees or anyone who works with the undertaking concerned (Article 19/1); seal off the premises of undertakings where there is, or may be, accounting data or other documentation (Article 18/1(c)(d)); and seize documents during searches or whenever there is urgency or danger in delaying (Article 20(2)).

#### 1.3 Describe the steps in the process from the opening of an investigation to its resolution.

An investigation may be initiated *ex officio* or following a complaint (Article 17(1)). Within the scope of the investigation, the PCA may use its investigative powers of inquiry, search and seizure described above (Articles 17(2), 18, 19 and 20) in order to determine the existence of a prohibited practice and to identify those involved, and to collect the necessary evidence (Article 17(2)). The investigative phase ("*inquérito*") ends after an indicative period of 18 months from the opening of the case (Article 24(1)). The first phase ends with a decision of the PCA. In that decision, the PCA may: i) initiate a second phase of the investigation ("*instrução*") by sending a statement of objections to the party concerned; ii) close the case, if there is insufficient evidence to support an infringement decision; iii) settle the case by the issue of a decision imposing sanctions within the scope of a settlement procedure; and iv) close the investigation

following a decision imposing conditions to eliminate the effects on freedom of competition arising from the prohibited practice (Article 24/3). If a second phase of the investigation is initiated, the defendant is given a reasonable period of not less than 20 working days to reply to the statement of objections (Article 25/1/2). Additional action to gather evidence may be taken by the PCA. Any additional evidence collected shall be notified to the concerned party in order to give him an opportunity to state his views, during a period of not less than 10 working days (Article 25/4/5). Whenever the evidence collected materially changes the facts initially imputed to the party, a new statement of objections must be issued by the PCA (Article 25/6). This second phase of the investigation closes with a decision of the PCA that either: i) declares that a prohibited practice has occurred, in which case (if that practice is not considered to be justified) the decision is accompanied by an admonition or the imposition of a fine and, if applicable, of behavioural or structural measures deemed necessary for halting the prohibited practice or its effects; ii) imposes a sanction in the context of a settlement decision; iii) closes the case with the imposition of conditions; or iv) orders the case to be closed without the imposition of any conditions (Article 29/3).

### 1.4 What remedies (e.g., fines, damages, injunctions, etc.) are available to enforcers?

Fines for engaging in prohibited practices may be imposed on undertakings, associations of undertakings and various kinds of natural persons (Article 68). In addition to fines, the PCA may, if the seriousness of the infringement so justifies, impose the following ancillary sanctions: i) publication in the official gazette and in a national newspaper, at the infringer's expenses, of an extract of the decision imposing a fine; and ii) a ban on the right to participate in procurement proceedings if the infringement has taken place during or because of such proceedings, for a maximum of two years (Article 71). The PCA may also, whenever deemed justifiable, impose a periodic penalty payment, in the case of non-compliance with the PCA decision imposing a sanction or the adoption of specific measures (Article 72).

#### 1.5 How are those remedies determined and/or calculated?

As regards undertakings, the maximum fine is up to 10% of their turnover on the year immediately preceding the final decision issued by the PCA. Nevertheless, there are two additional rules that should be considered: (i) according to Article 18(2) General Legal Framework for Administrative Offences (Decree-Law 433/82, 27 October 1982), if it is possible to calculate the economic benefit earned with the infringement and if such economic benefit surpasses the maximum fine that shall be imposed, the PCA may set the fine up to the amount

of the benefit, as long as such amount does not exceed one third of the maximum limit applicable; and (ii) pursuant to Article 19(2) of the same Decree-Law, in case of concurrent offences, the maximum fine cannot exceed twice the highest maximum limit applicable of the concurrent offences

As regards associations of undertakings, the maximum fine is up to 10% of the aggregate turnover of the associated undertakings. If the fine is imposed on natural persons, it cannot exceed 10% of their annual income derived from the exercise of their functions in the undertaking concerned in the year immediately preceding the final decision (Article 69). Fines are determined when consideration has been given to a number of circumstances, such as: i) the seriousness of the infringement; ii) the nature and size of the market affected; iii) the duration of the infringement; iv) the degree of involvement in the infringement by the party concerned; v) the advantages gained by the party concerned which have stemmed from the infringement; vi) the behaviour of the concerned party in eliminating the prohibited practices and repairing the damage caused to competition; vii) the economic situation of the concerned party; viii) previous administrative offences by the concerned party involving an infringement of competition rules; and ix) the assistance given to the PCA throughout the investigation procedures. As regards periodic penalty payments, these may amount to a maximum of 5% of the average daily turnover in the year immediately before the decision, per day of late payment (Article 72).

### 1.6 Describe the process of negotiating commitments or other forms of voluntary resolution.

According to Article 23, the PCA can accept commitments submitted by the party concerned if they are considered likely to eliminate the effects on competition stemming from the practice under investigation. In that situation, the PCA may close the case following the imposition of conditions guaranteeing that the proposed commitments shall be kept. Commitments may be accepted by the PCA both in the investigative phase ("inquérito") and in the prosecution ("instrução") phase. Whenever the PCA considers such action appropriate, the PCA provides the party concerned with an initial statement of the facts under investigation, allowing the party to submit commitments. Before adopting a decision to close the case subject to conditions, the PCA must publish a summary of the case on its website and in two newspapers, including the identification of the party concerned and the essential elements of the commitments proposal. A time period of not less than 20 days shall be determined for any interested third party to make its observations. Either the PCA or the party concerned can at any moment discontinue the discussion, in which case the administrative offence proceedings shall continue. The decision in which commitments are accepted shall identify the party concerned in the case, the facts imputed to it, the object of the investigation, the objections expressed, the conditions set out by the PCA, the obligations of the party concerned and the means by which the commitments shall be monitored. If there is a decision to close the case subject to conditions, it is mandatory for the party concerned to comply with the commitments. The PCA can, within two years from the date of the decision, reopen the case, if: i) there has been a substantial change in the facts on which the decision was grounded; ii) the conditions are not being complied with; iii) the decision is deemed to have been based on false, inaccurate or incomplete information.

#### 1.7 Does the enforcer have to defend its claims in front of a legal tribunal or in other judicial proceedings? If so, what is the legal standard that applies to justify an enforcement action?

No, the PCA has its own powers to investigate and sanction prohibited practices.

#### 1.8 What is the appeals process?

Decisions issued by the PCA are subject to appeal to the Competition, Regulation and Supervision Court, which is a specialised court that has the competence to hear appeals, as a court of first instance, against decisions imposed by supervisory and regulatory bodies (Article 84/3). Appeals against final decisions are lodged within 30 working days after the decision has been notified to the party concerned (Article 87/1). The PCA has an additional period of 30 working days to submit all necessary documents to the public prossecutor's office and can submit its observations and other information deemed to be relevant for the case in hand (Article 87/2). The court shall notify the PCA of the ruling, along with all of its orders, except those which are merely bureaucratic (Article 87/7). The court has full jurisdiction in cases of appeals lodged against decisions by the PCA imposing a fine or a periodic penalty payment, being able to reduce or increase the amount of such sanctions (Article 88/1). The Competition, Regulation and Supervision Court's decisions are subject to appeal to the Appellate Court, which is the court of final appeal (Article 89/1). The public prosecutor's office, the PCA, in its own right, and the party concerned are entitled to appeal (Article 89/2).

#### 1.9 Are private rights of action available and, if so, how do they differ from government enforcement actions?

Currently, there is no specific legislation in Portugal on the private enforcement of competition law, as Directive 2014/104/EU on actions for damages under national law for infringements of competition law provisions has not yet been implemented. Therefore, private enforcement action must be based on the rules set out in the Portuguese Civil Code and Civil Procedure Code. In particular, actions for damages may be brought under the general rules relating to civil liability as provided for in the Civil Code. Damages to be awarded are merely compensatory, punitive damages not being available. The competence to decide on such actions rests with civil courts.

#### 1.10 Describe any immunities, exemptions, or safe harbors that apply.

The PCA can grant immunity from fines or reduce fines under its leniency programme in relation to cartel-type behaviour (Articles 70 and 75). Furthermore, the PCA is empowered to enter into a settlement procedure that will allow a swift decision and a reduced fine (Articles 22 and 27).

#### 1.11 Does enforcement vary between industries or businesses?

In formal and general terms, enforcement does not vary between industries or businesses, but some cooperation mechanisms apply if the infringement under investigation occurs within the scope of sectoral regulation (Article 35).

### 1.12 How do enforcers and courts take into consideration an industry's regulatory context when assessing competition concerns?

Whenever the PCA becomes aware of facts occurring within the scope of sectoral regulation, such as those that are likely to be classified as prohibited practices, it must inform the sectoral regulatory authority of the matter, so as to allow it to issue an opinion (Article 35/1). Whenever the matter concerns prohibited practices having an effect on a market subject to sectoral regulation, a decision by the PCA shall be preceded by an opinion from the sectoral regulatory authority concerned, except in situations where the case has been closed without conditions (Article 35/2). After considering the content of the sectoral regulatory authority's opinion, the PCA may suspend the decision to initiate prosecution proceedings or pursue the matter (Article 35/5).

### 1.13 Describe how your jurisdiction's political environment may or may not affect antitrust enforcement.

The PCA is an independent administrative entity which is endowed with administrative, financial and management autonomy, as well as with organic, functional and technical independence. Since the entry into force of its new by-laws, the PCA has the power to determine its own enforcement priorities and to choose the cases it investigates and prosecutes.

Furthermore, the PCA's by-laws state that the PCA is not subject to governmental supervision and that the Government cannot make recommendations or issue directives to the Board on the priorities to be adopted. Thus, the law explicitly excludes the possibility of external interference with the PCA's activities.

Therefore, theoretically, the political environment should not have any impact on the PCA's antitrust enforcement activity. There are, however, some financial and management constraints such as deriving from the application of some of the State Budget's rules to the PCA's activities, in particular when they relate to recruitment and management of staff.

### 1.14 What are the current enforcement trends and priorities in your jurisdiction?

The PCA has established the following priorities for 2017: i) proactively seeking out the detection of anti-competitive practices; ii) investigating quickly and effectively; iii) fighting cartels in the Portuguese economy; iv) investigating and sanctioning vertical restraints on competition, such as resale price maintenance or absolute territorial protection, as well as abuse of dominant position; v) making "transparent" decisions; vi) increasing efficiency in merger control; vii) increasing the soundness of decisions from a legal and economic perspective; viii) enhancing transparency and accountability with stakeholders; ix) analysing markets and making recommendations to stimulate competition; and x) promoting dialogue and debate on competition policy. A particular focus has been given to the fight against bid-rigging in public procurement and to the competition assessment of public policies.

### 1.15 Describe any notable case law developments in the past year.

In the course of 2016, the PCA accepted commitments from a number of car manufacturers to address competition concerns relating to motor vehicle warranty restrictions. The commitments

consisted of making amendments to the warranty contracts sufficient to eliminate the potentially prejudicial effects of such warranty restrictions on competition and consumer rights.

In parallel to this investigation, the PCA fined Peugeot and Ford the sum of  $\[mathebox{e}\]$ 150,000 – both decisions upheld by the Court for Competition, Regulation and Supervision (TCRS) – for providing false, inaccurate or incomplete information.

One of the most important judicial decisions in 2016 was issued by the TCRS when it upheld the PCA's decision against the National Association of Pharmacies (ANF) and three other companies in the same corporate group, that were fined the total amount of  $\epsilon$ 10.34 million for abusing their dominant position in the markets in relation to commercial data from pharmacies and market studies based on such a data. The TCRS set the value of the fine at a total of  $\epsilon$ 6.89 million and considered it proven that the practice of "margin squeeze" identified by the PCA as proven to have affected all companies which found themselves unable to enter or compete in the market, as well as clients purchasing market studies.

As part of an ongoing campaign against cartels (other companies are still being investigated), the PCA imposed a fine of €440,000 on Antalis Portugal, S.A. for participating in a horizontal concerted practice in the form of price fixing and market sharing, in the office consumables sector. The early conclusion of the proceedings was possible due to the cooperation provided by Antalis throughout the course of the investigation, under the leniency programme and associated settlement procedure. In December 2016, the PCA concluded its investigation into remaining members of the paper envelope producers and distributors cartel and imposed on two of these firms a total fine of €600,000. The PCA found that, between 2007 and 2010, the companies engaged in concerted actions in the Portuguese paper envelope market, allocating clients among them and fixing prices, thereby restricting and distorting competition. Two members of the cartel were given full immunity under the PCA's leniency programme.

Moreover, in June 2016, the PCA issued a decision the effect of which was to render legally binding the commitments offered by Dia Portugal to address the PCA's competition concerns related to the Minipreço's network of franchise supermarkets. The commitments included sending a letter to the Franchise Network, making it clear that Franchisees are free to adopt prices lower than the maximum and recommended resale prices indicated by Dia Portugal, and including in all future franchise contracts, even with existing Franchisees, a clause or reference expressly excluding any interpretation contrary to that freedom.

By May 2017, the PCA had already imposed fines in the total amount of €38.3 million on subsidiaries of EDP and SONAE for entering into an agreement by means of which the parties agreed not to compete in the electricity distribution sector in mainland Portugal for a period of two years.

#### 2 Vertical Agreements

### 2.1 At a high level, what is the level of concern over, and scrutiny given to, vertical agreements?

There is a clear trend towards focus of the PCA on vertical issues.

### 2.2 What is the analysis to determine (a) whether there is an agreement, and (b) whether that agreement is vertical?

Even if there is no legal definition of "agreement" in the Competition Regime, the general understanding on agreements

under Competition Law applies. Thus, an agreement is deemed to be any form of cooperation, either formal or informal, oral or written, express or implied, binding or voluntary. An agreement is prohibited under the Competition Regime if it has as its object or effect the prevention, distortion or restriction of competition in the whole or in part of the domestic market.

#### 2.3 What are the laws governing vertical agreements?

In Portugal, vertical agreements are governed by *inter alia* the Competition Regime. In particular, rules on agreements and concerted practices apply.

### 2.4 Are there any type of vertical agreements or restraints that are absolutely ("per se") protected?

EU exemption regulations apply.

#### 2.5 What is the analytical framework for assessing vertical agreements?

As in relation to other types of agreement that potentially restrict competition, the first step usually taken is to determine the product and geographic market where the undertakings under investigation act (relevant market) and their respective market shares. Then, an assessment must be made to determine whether the agreement has as its object or effect the prevention, distortion or restriction of competition in the domestic market. If the agreement is deemed to have such an object or effect, an assessment must be made as to whether it can be considered justified. In particular, this may be the case if the agreement contributes to improving production or distribution of goods and services or to promoting technical or economic progress and, cumulatively, it: i) allows the users of these goods or services an equitable part of the resulting benefit; ii) does not impose on the undertaking concerned any restrictions which are not indispensable to the attainment of these objectives; and iii) does not afford such undertakings the possibility of eliminating competition from a substantial part of the market for the goods or services at issue (Article 10).

### 2.6 What is the analytical framework for defining a market in vertical agreement cases?

EU law and practice tends to be followed.

2.7 How are vertical agreements analysed when one of the parties is vertically integrated into the same level as the other party (so called "dual distribution")? Are these treated as vertical or horizontal agreements?

EU law and practice tends to be followed.

### 2.8 What is the role of market share in reviewing a vertical agreement?

EU law and practice tends to be followed.

### 2.9 What is the role of economic analysis in assessing vertical agreements?

In practice, the level of economic analysis in assessing vertical agreements by the PCA tends to be quite limited.

#### 2.10 What is the role of efficiencies in analysing vertical agreements?

EU law and practice tends to be followed.

#### 2.11 Are there any special rules for vertical agreements relating to intellectual property and, if so, how does the analysis of such rules differ?

Under the Portuguese Competition Regime, there are no special rules for vertical agreements relating to intellectual property.

#### 2.12 Does the enforcer have to demonstrate anticompetitive effects?

An agreement may be deemed anti-competitive if it has as its effect or its object the prevention, distortion or restriction of competition. Therefore, the enforcer does not have to demonstrate anti-competitive effects of an agreement that is considered to have an anti-competitive object. Notwithstanding, the PCA tends to consider, in its assessment of a vertical agreement, the analytical framework provided by paragraph 96 of the Guidelines on Vertical Restraints.

### 2.13 Will enforcers or legal tribunals weigh the harm against potential benefits or efficiencies?

Yes. As mentioned in question 2.5, an anti-competitive agreement can be considered justified if it contributes to improving production or distribution of goods and services or to promoting technical or economic progress and, cumulatively, it: i) allows users of these goods or services an equitable part of the resulting benefit; ii) does not impose on the undertaking concerned any restrictions which are not indispensable to the attainment of these objectives; and iii) does not afford such undertakings the possibility of eliminating competition from a substantial part of the market for the goods or services at issue.

#### 2.14 What other defences are available to allegations that a vertical agreement is anticompetitive?

EU law and practice tends to be followed.

### 2.15 Have the enforcement authorities issued any formal guidelines regarding vertical agreements?

No, they have not.

#### 2.16 How is resale price maintenance treated under the law?

Resale price maintenance is not specifically regulated by the Portuguese Competition Regime. However, direct or indirect fixing of prices is prohibited under Article 9 of the Portuguese Competition Regime. In that sense, determination of the resale price or the minimum resale price of certain products or services is considered unlawful, just as it is an interference in the buyer's freedom to fix its selling conditions.

### 2.17 How do enforcers and courts examine exclusive dealing claims?

EU law and practice tends to be followed. Exclusive distribution

agreements are possible within certain assumptions notably of market share, and as long as the exclusive period is less than five years.

### 2.18 How do enforcers and courts examine tying/ supplementary obligation claims?

According to Article 9/1 (e) of the Portuguese Competition Regime, making the conclusion of a contract subject to the acceptance of supplementary obligations that, by their nature, or according to commercial usage, have no connection with the subject matter of the contract, may be considered as unlawful conduct.

#### 2.19 How do enforcers and courts examine price discrimination claims?

According to Article 9/1 (d) of the Portuguese Competition Regime, applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage, may be considered unlawful conduct.

#### 2.20 How do enforcers and courts examine loyalty discount claims?

EU law and practice tends to be followed.

### 2.21 How do enforcers and courts examine multi-product or "bundled" discount claims?

EU law and practice tends to be followed.

### 2.22 What other types of vertical restraints are prohibited by the applicable laws?

The same as in EU law and practice.

#### 2.23 How are MFNs treated under the law?

EU law and practice tends to be followed.

#### 3 Dominant Firms

#### 3.1 At a high level, what is the level of concern over, and scrutiny given to, unilateral conduct (e.g., abuse of dominance)?

The level of concern is medium to high.

#### 3.2 What are the laws governing dominant firms?

From a Competition Law point of view, dominant firm behaviour is regulated in Portugal by the Competition Regime, under the rules on abuse of dominant position (Article 11).

#### 3.3 What is the analytical framework for defining a market in dominant firm cases?

The PCA and the Portuguese courts use the same criteria as the European Commission and the European courts to define and

analyse the concept of relevant market. Thus, the relevant market is determined both in terms of product market and geographic market.

#### 3.4 What is the market share threshold for enforcers or a court to consider a firm as dominant or a monopolist?

The Portuguese Competition Regime does not provide for a market share threshold for a firm to be considered dominant.

3.5 In general, what are the consequences of being adjudged "dominant" or a "monopolist"? Is dominance or monopoly illegal per se (or subject to regulation), or are there specific types of conduct that are prohibited?

Dominance or even monopoly are not illegal *per se*. Only the abuse of dominance is a prohibited practice and as such illegal.

For the PCA, as for the European Commission, holding a dominant position confers on an undertaking a particular responsibility, to be assessed on a case-by-case basis. In this way, some kinds of behaviour may be deemed anticompetitive if engaged in by a dominant firm, even if they are considered lawful if adopted by non-dominant undertakings.

#### 3.6 What is the role of economic analysis in assessing market dominance?

The Portuguese Competition Act does not refer to criteria other than the effect on competition in the market to assess a situation of abuse of dominant position, and all the examples of abuse of dominant position stated in the law are of an economic nature. Therefore, economic analysis is the main basis on which a declaration of abuse of dominant position is grounded.

#### 3.7 What is the role of market share in assessing market dominance?

As mentioned in question 3.4, the Portuguese Competition Regime does not provide any criteria or market share threshold for the purposes of determining whether a situation of "abuse of dominant position" exists. The PCA and the courts tend to closely follow EU Case Law and the European Commission practice; therefore, a very high market share of a certain firm might be considered to be a strong indicator that it holds a dominant position, in particular if all of its competitors hold much smaller market shares. There are, however, other factors (such as concentration levels, entry and expansion barriers, level of maturity of the market countervailing buying power) to be considered for the purposes of establishing whether or not a case of market dominance exists, and the PCA surely takes these into account.

### 3.8 What defences are available to allegations that a firm is abusing its dominance or market power?

EU law and practice tends to be followed.

#### 3.9 What is the role of efficiencies in analysing dominant firm behaviour?

EU law and practice tends to be followed.

#### 3.10 Do the governing laws apply to "collective" dominance?

The Portuguese Competition Regime does not include a definition of dominance and it tends to follow EU Case Law and European Commission practice, including for the purposes of determining what constitutes collective dominance. Article 11 of the Competition Regime prohibits abuse committed by one or more companies.

#### 3.11 How do the laws in your jurisdiction apply to dominant purchasers?

The Portuguese Competition Regime applies to both dominant suppliers and purchasers.

### 3.12 What counts as abuse of dominance or exclusionary or anticompetitive conduct?

According to Article 11 of the Portuguese Competition Regime, an abuse of dominant position may consist, in particular, of: i) imposing unfair purchase or selling prices or other unfair trading conditions; ii) limiting production, markets or technical development to the detriment of consumers; iii) applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; iv) making the conclusion of contacts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts; and v) refusing another undertaking access to a network or other essential facilities that it controls, when appropriate payment for such is available, in a situation where the other undertaking cannot therefore act as a competitor of the undertaking in a dominant position in the market, unless the dominant undertaking can demonstrate that, for operational or other reasons, such access cannot reasonably be provided. This is not a closed list, so other types of conduct may be considered abusive.

#### 3.13 What is the role of intellectual property in analysing dominant firm behaviour?

Intellectual property rights are not given special consideration by the PCA when assessing dominant firm behaviour.

### 3.14 Do enforcers and/or legal tribunals consider "direct effects" evidence of market power?

Tribunals tend not to consider it as much as the enforcer.

#### 3.15 How is "platform dominance" assessed in your jurisdiction?

An EU law approach tends to be followed.

### 3.16 Under what circumstances are refusals to deal considered anticompetitive?

Article 11/1(e) provides that if a firm holding a dominant position refuses another undertaking access to a network or other essential facilities that it controls, when appropriate payment for such facilities is available, in a situation where the other undertaking cannot therefore, in fact or in law, act as a competitor of the former, this can be considered abusive conduct. Such refusal is not, however, considered abusive if the dominant undertaking can demonstrate that, for operational or other reasons, access to the relevant facilities cannot reasonably be provided.

#### 4 Miscellaneous

4.1 Please describe and comment on anything unique to your jurisdiction (or not covered above) with regards to vertical agreements and dominant firms.

This is not applicable.



#### Gonçalo Anastácio

SRS Advogados Rua D. Francisco Manuel de Melo, 21 1070-085 Lisbon Portugal

Tel: +351 21 313 20 00

Email: goncalo.anastacio@srslegal.pt

URL: www.srslegal.pt

Gonçalo Anastácio is an equity partner, board member and head of the Competition Law Department at SRS Advogados. Until 2009, he was a partner of international law firm Simmons & Simmons (having worked in the London headquarters). Gonçalo is one of the leading names in the Competition Law field in Portugal. He is highly referenced by major international lawyer's directories (e.g. top band in both Chambers and The Legal 500) and consistently involved in high profile cases both before the Portuguese Competition Authority and the European Commission. Gonçalo studied at the University of Coimbra, holds a post-graduation in European Studies by the Sorbonne (Paris I), and a master's degree in EC/Competition law by the University of Lisbon, where he has lectured for many years on the EU and Competition. He is a regular speaker at top competition law conferences and author of many works on anti-trust, including co-editor of two major market references: the "Lisbon Treaty" and a commentary on the Portuguese Competition Law (where he is the author on the topic of Abuse of Dominance).



#### Luís Seifert Guincho

SRS Advogados Rua D. Francisco Manuel de Melo, 21 1070-085 Lisbon Portugal

Tel: +351 21 313 20 00 Email: luis.guincho@srslegal.pt URL: www.srslegal.pt

Luís Seifert Guincho graduated in Law from the Faculty of Law of the University of Coimbra (2014), where he also concluded a post-graduate course in European Studies (2014). He holds an LL.M. in Competition Law and Regulation from the Amsterdam Law School (2015) and participated in an intensive summer course in European Law at the European University Institute in Florence (2016). Luís joined the Competition & EU law department at SRS Advogados in 2015 and is currently enrolled in a Post-graduate Diploma in Economics for Competition Law at King's College London.



SRS Advogados is a full-service, multi-practice law firm advising clients on all aspects of domestic as well as international law, with extensive experience in arbitration & mediation, competition & the European Union, corporate & commercial, dispute resolution, employment & social security, energy, environmental, finance, immigration & Golden Visa, insurance & pensions, intellectual property, life sciences & healthcare, M&A, private equity & venture capital, projects, real estate, tax, transport & shipping and white collar crime.

Our lawyers are focused on their clients' business and have gained knowledge and experience advising large national and international corporate groups and financial institutions. We are organised by specialist practice areas and sector groups. This dynamic structure allows the firm to combine a diverse range of legal experts within a group, all of whom have relevant sector knowledge and experience. Sector groups have an extensive understanding of areas in which our clients operate and assist clients in fulfilling their objectives. We know our clients' business and regard ourselves as an active and dynamic part of it. Through the creation of a strong network of cross-border relationships, our international presence aims to extend our values and services geographically. Our international relationships allow us to operate in different markets, focusing specifically on the world's main financial markets and Portuguese-speaking countries, in particular Angola, Brazil, Macau, Malta, Mozambique and Singapore.

SRS Advogados has notable experience in providing legal assistance in all areas of national and EU Competition Law. The inherent technical complexities are always communicated in business-centered language.

With one of the largest Teams in the country, the Department is able to assist in matters of varying dimensions, all the way up to the most complex and demanding cases. All our Lawyers are specialised and have had experience in International Competition Law Centers.

The leading directories, The Legal 500 and Chambers & Partners, rate the SRS EU & Competition Team in Portugal's top tier.

#### Current titles in the ICLG series include:

- Alternative Investment Funds
- Aviation Law
- Business Crime
- Cartels & Leniency
- Class & Group Actions
- Competition Litigation
- Construction & Engineering Law
- Copyright
- Corporate Governance
- Corporate Immigration
- Corporate Investigations
- Corporate Recovery & Insolvency
- Corporate Tax
- Cybersecurity
- Data Protection
- Employment & Labour Law
- Enforcement of Foreign Judgments
- Environment & Climate Change Law
- Family Law
- Fintech
- Franchise
- Gambling

- Insurance & Reinsurance
- International Arbitration
- Lending & Secured Finance
- Litigation & Dispute Resolution
- Merger Control
- Mergers & Acquisitions
- Mining Law
- Oil & Gas Regulation
- Outsourcing
- Patents
- Pharmaceutical Advertising
- Private Client
- Private Equity
- Product Liability
- Project Finance
- Public Procurement
- Real Estate
- Securitisation
- Shipping Law
- Telecoms, Media & Internet
- Trade Marks
- Vertical Agreements and Dominant Firms



59 Tanner Street, London SE1 3PL, United Kingdom Tel: +44 20 7367 0720 / Fax: +44 20 7407 5255 Email: info@glgroup.co.uk