

## The History, Status Quo and Prospects for Vertical Agreements in EU Competition Law

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### Abstract

The regulations and practices regarding vertical agreements in EU competition law are explored in this article. The present block exemption regulation for vertical agreements is discussed in detail, besides its history. Due to the wide scope of the vertical agreements, resale price maintenance, exclusive distribution and franchise agreements are chosen as further illustrations. The relevant cases in the European Court are also introduced. The tendency for vertical agreements to be enforced in the EU has in general become looser. Due to the blame accorded to intra-brand restrictions on competition getting the attention of those who are pro-competition, individual exemptions are then drawn up. The block exemption regulation is the outcome of an emphasis on inter-brand restrictions on competition. In addition, the regulation is further relaxed by permitting the defense of efficiency, preventing free-riding, protecting of images or for other legitimate reasons. A more economics-based approach is adopted and liberalizes the regulations pertaining to vertical agreements. Notwithstanding, the market share still serves as a safe harbor to avoid the high costs of enforcement and legal uncertainty resulting from a comprehensive economic analysis. The rare cases of vertical agreements in the EU might be attributed to the firms' understanding of the guidelines on vertical agreements. The recent cases involving internet distributions and are introduced in this article as the future prospects.

**Keywords:** EU Competition Law, Vertical Agreements, Vertical Restraints, Restriction on Competition by Object, Restriction on Competition by Effect, Resale Price Maintenance, Exclusive Distribution, Franchise, Internet Distribution.

