[CZ] Monopolies Commission Rules on Cable Operator's Abuse of Dominant Position

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The Úrad na ochranu hospodárské souteze (Czech Monopolies Commission) has ruled on the alleged abuse of a dominant market position by a cable network operator.

In order to dominate the market, the company concerned sold its services at a loss between 1998 and 2000. It concentrated on attracting as many customers as possible, taking no account of the relationship between the price it charged and its own operating costs.

This anti-competitive practice was an example of so-called "predatory pricing" and excluded other competitors from the market. It was a form of suppressive competition which prevented other companies from entering the market. The company succeeded in eliminating effective competition. Once it had achieved a dominant market position, the company increased its prices by up to 289% on 1 January 2001 in order to recover its losses.

This constituted a breach of Section 9.3 of Czech Act no.63/1991 on the protection of economic competition, which prohibits the abuse of dominant market positions.

The Monopolies Commission was inundated with complaints from viewers and decided to take action itself.

In its decision, the Monopolies Commission cited a number of rulings by the European Court of Justice concerning economic competition, which were binding on the Czech Republic because it was a candidate for EU membership. Accordingly, the Commission banned the company from abusing its dominant position and ordered it to pay a hefty fine.

Decision of the Monopolies Commission no. S85/2000-1789/00-2320, 22 December 2000

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