

**THE PROTECTION OF COMPETITION LAW 2008  
(Law no. 13(I)/2008)**

**Complaint by Virginia Letkaouskaite Koutroupi against PREMAMAN S.A.  
BELGIUM**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Leontios Vryonides,	Member
Mrs. Eleni Karaoli,	Member
Mr. Demetris Pitsillides,	Member
Mr. Costas Melanides	Member

Date of decision: 22 January 2013

**SUMMARY DECISION**

The case concerned a complaint filed by Virginia Letkaouskaite Koutroupi and George Koutroupi, against PREMAMAN S.A. BELGIUM ("PREMAMAN"), for an alleged infringement of Section 6 (2) of the Protection of Competition Law 13(I)/2008 ("Law"). In particular, the complaint referred to the non-execution of orders and delivery of goods from PREMAMAN to complainants without having any formal termination of the franchise agreement between them. **Additionally, the complainant alleged that PREMAMAN infringed Section 3 (1) (b) and 3 (1) (d) of the Law.**

Mrs. Virginia Letkaouskaite Koutroupi is a physical person and has signed a Master Franchise Agreement with PREMAMAN. Under the franchise agreement, Ms. Koutroupi is the agent and principal beneficiary of PREMAMAN in Cyprus. On the basis of the franchise agreement, Ms. Koutroupi imports and distributes products under the name of PREMAMAN, entering into agreements with sub – franchisees who sell these products at their stores in various areas of Cyprus.

PREMAMAN is a Belgian company that specializes in baby and children's clothing, maternity and accessories for children and expectant moms, like toys, nursing bottles, items for the bathroom and bedroom, etc. PREMAMAN has franchise agreements for the sale of its products worldwide.

The Commission for the Protection of Competition ("Commission") with its decision after taking into account all the information in the administrative file and the relevant case law, defined as the relevant product market in this case, the branded baby and children's clothing, maternity and accessories for the child and the expectant mom.

Regarding the relevant geographic market, the Commission decided that this extends throughout the territory of the Republic of Cyprus, since the conditions of competition are homogeneous throughout the country.

After thorough examination, the Commission also concluded that there are no grounds for the allegations of infringement of Section 3 of the Law since the Franchise agreement did not have as an object or effect the distortion of competition and thus proceeded to examine the allegation of infringement of Section 6 (2) of the Law.

Specifically, the Commission determined that for the provision of Section 6 (2) of the Law the following three parameters must exist, cumulatively:

- (a) the existence of a relation of economic dependence of a company by another company from which it obtains a certain type of product or service,
- (b) the absence of equivalent alternative, and
- (c) the existence of abuse of this dependence.

The Commission in its decision concluded that Mrs. Virginia Letkaouskaite Koutroupi was economically depended on the franchising agreement it had with PREMAMAN, and that it did not have an equivalent alternative business to turn to, in case of termination of the Franchise agreement it had with PREMAMAN.

The Commission further examine whether there was an abuse of the economic dependence between PREMAMAN and Virginia Letkaouskaite Koutroupi, mainly investigated whether any of the following occurred: (a) arbitrary trading conditions on behalf of PREMAMAN, (b) any type of discrimination by PREMAMAN against the

complainant, or (c) sudden or unreasonable interruption of the long-term trade relations that had developed between the parties.

The Commission after examining all the facts and evidence in hand concluded that the termination of the Master Franchise Agreement was reasonable. The Commission concluded that termination of the Franchise agreement was due to the fact that the complainant had continuously breached the terms of the Master Franchise Agreement, i.e. had unpaid balances, acted in a way that affected the good fame of PREMAMAN.

The Commission, at its meeting convened on 22 January 2013, after having assessed all the evidence of the administrative file, including written positions of the parties, unanimously concluded that the acts and / or omissions of PREMAMAN in cooperation with Virginia Letkaouskaite Koutroupi did not constitute an abuse of economic dependence, in violation of Section 6 (2) of the Law. Thus, the Commission rejected Mrs. Virginia Letkaouskaite Koutroupi complaint.