

## OJ 2006, C 298/17

# Commission Notice on Immunity from fines and reduction of fines in cartel cases (Text with EEA relevance)

(2006/C 298/11)

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The headings, centred and in italics, have been added by Val Korah. Some phrases within the paragraphs have been italicised for ease of identification.

### I. INTRODUCTION

#### *Framework for rewarding cooperation*

(1) This notice sets out the *framework for rewarding cooperation in the Commission investigation by undertakings which are or have been party to secret cartels affecting the Community. Cartels are agreements and/or concerted practices between two or more competitors aimed at coordinating their competitive behaviour on the market and/or influencing the relevant parameters of competition through practices such as the fixing of purchase or selling prices or other trading conditions, the allocation of production or sales quotas, the sharing of markets including bid-rigging, restrictions of imports or exports and/or anti-competitive actions against other competitors. Such practices are among the most serious violations of Article 81 EC<sup>1</sup>.*

#### *Cartels bad because:-*

(2) *By artificially limiting the competition that would normally prevail between them, undertakings avoid exactly those pressures that lead them to innovate, both in terms of product development and the introduction of more efficient production methods. Such practices also lead to more expensive raw materials and components for the Community companies that purchase from such producers. They ultimately result in artificial prices and reduced choice*

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<sup>1</sup> Reference in this text to Article 81 EC also covers Article 53 EEA when applied by the Commission according to the rules laid down in Article 56 of the EEA Agreement.

for the consumer. In the long term, they lead to a loss of competitiveness and reduced employment opportunities.

*Hard to detect*

(3) *By their very nature, secret cartels are often difficult to detect and investigate without the cooperation of undertakings or individuals implicated in them.* Therefore, the Commission considers that *it is in the Community interest to reward undertakings involved in this type of illegal practices which are willing to put an end to their participation and co-operate in the Commission's investigation,* independently of the rest of the undertakings involved in the cartel. *The interests of consumers and citizens in ensuring that secret cartels are detected and punished outweigh the interest in fining those undertakings that enable the Commission to detect and prohibit such practices.*

*Immunity for decisive contribution by first to apply*

(4) The Commission considers that the collaboration of an undertaking in the detection of the existence of a cartel has an intrinsic value. *A decisive contribution to the opening of an investigation or to the finding of an infringement may justify the granting of immunity from any fine to the undertaking in question, on condition that certain additional requirements are fulfilled.*

*Reduction for significant contribution*

(5) Moreover, co-operation by one or more undertakings may justify a reduction of a fine by the Commission. Any reduction of a fine must reflect an undertaking's actual contribution, in terms of quality and timing, to the Commission's establishment of the infringement. Reductions are to be limited to those undertakings that provide the Commission with evidence *that adds significant value to that already in the Commission's possession.*

*Provide documents or oral information  
to avoid discovery*

(6) *In addition to submitting pre-existing documents, undertakings may provide the Commission with voluntary presentations of their knowledge of a cartel and their role therein prepared specially to be submitted under this leniency programme.* These initiatives have proved to be useful for the effective investigation and termination of cartel infringements and they *should not be discouraged by discovery orders issued in civil litigation.* Potential leniency applicants might be dissuaded from cooperating with the Commission under this Notice if this could impair their position in civil proceedings, as compared to companies who do not cooperate. Such undesirable effect would significantly harm the public interest in ensuring effective public enforcement of Article 81 EC in cartel cases and thus its subsequent or parallel effective private enforcement.

#### *Confidentiality and SO – Reg 45/2001*

(7) *The supervisory task conferred on the Commission by the Treaty in competition matters does not only include the duty to investigate and punish individual infringements, but also encompasses the duty to pursue a general policy.* The protection of corporate statements in the public interest is not a bar to their disclosure to other addressees of the statement of objections in order to safeguard their rights of defence in the procedure before the Commission, *to the extent that it is technically possible to combine both interests by rendering corporate statements accessible only at the Commission premises and normally on a single occasion following the formal notification of the objections.* Moreover, the Commission will process personal data in the context of this notice in conformity with its obligations under Regulation (EC) No 45/2001<sup>2</sup>.

## **II. IMMUNITY FROM FINES**

### **A. Requirements to qualify for immunity from fines**

*First to provide sufficient information & evidence*

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<sup>2</sup> OJ L 8, 12.1.2001, p. 1.

(8) The Commission will grant immunity from any fine which would otherwise have been imposed to an undertaking disclosing its participation in an alleged cartel affecting the Community *if that undertaking is the first to submit information and evidence which in the Commission's view will enable it to:*

(a) *Carry out a targeted inspection in connection with the alleged cartel<sup>3</sup>; or*

(b) *Find an infringement of Article 81 EC in connection with the alleged cartel.*

*For targeted inspection*

(9) *For the Commission to be able to carry out a targeted inspection within the meaning of point (8)(a), the undertaking must provide the Commission with the information and evidence listed below, to the extent that this, in the Commission's view, would not jeopardize the inspections:*

*Corporate statement*

(a) *A corporate statement<sup>4</sup> which includes, in so far as it is known to the applicant at the time of the submission:*

*Detailed description of cartel arrangement*

— *A detailed description of the alleged cartel arrangement, including for instance its aims, activities and functioning; the product or service concerned, the geographic scope, the duration of and the estimated market volumes affected by the alleged cartel; the specific dates, locations, content of and participants in alleged cartel contacts, and all relevant explanations in connection with the pieces of evidence provided in support of the application.*

*Identity of whistle blower*

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<sup>3</sup> The assessment of the threshold will have to be carried out ex ante, i.e. without taking into account whether a given inspection has or has not been successful or whether or not an inspection has or has not been carried out. The assessment will be made exclusively on the basis of the type and the quality of the information submitted by the applicant.

<sup>4</sup> Corporate statements may take the form of written documents signed by or on behalf of the undertaking or be made orally.

The name and address of the legal entity submitting the immunity application *as well as the names and addresses of all the other undertakings that participate(d) in the alleged cartel;*

*Individuals involved*

The names, positions, office locations and, where necessary, home addresses of all individuals who, to the applicant's knowledge, are or have been involved in the alleged cartel, including those individuals which have been involved on the applicant's behalf;

*Other NCAs that have been or are intended to be approached*

Information on which *other competition authorities, inside or outside the EU*, have been approached or are intended to be approached in relation to the alleged cartel; and

*Other evidence*

(b) Other evidence relating to the alleged cartel in possession of the applicant or available to it at the time of the submission, including in particular any evidence contemporaneous to the infringement.

*Provided Commission lacked evidence re point (8)(a)*

(10) Immunity pursuant to point (8)(a) will not be granted if, at the time of the submission, the Commission had already sufficient evidence to adopt a decision to carry out an inspection in connection with the alleged cartel or had already carried out such an inspection.

*Provided Commission lacked evidence re point (8)(b)*

(11) Immunity pursuant to point (8)(b) will only be granted on the cumulative conditions that the Commission did not have, at the time of the submission, sufficient evidence to find an infringement of Article 81 EC in connection with the alleged cartel and that no undertaking had been granted conditional immunity from fines under point (8)(a) in connection with the alleged cartel. In order to qualify, *an undertaking must be the first to provide contemporaneous, incriminating evidence of the alleged cartel as well as a corporate statement containing the kind of information specified in point (9)(a), which would enable the Commission to find an infringement of Article 81 EC.*

*Conditions for immunity*

(12) In addition to the conditions set out in points (8)(a), (9) and (10) or in points (8)(b) and 11, all the following conditions must be met in any case to qualify for any immunity from a fine:

*Cooperation genuine, full, continuous and expeditious*

(a) The undertaking cooperates genuinely<sup>5</sup>, fully, on a continuous basis and expeditiously from the time it submits its application throughout the Commission's administrative procedure. This includes:

*Prompt*

- providing the Commission promptly with all relevant information and evidence relating to the alleged cartel that comes into its possession or is available to it;

*Available to help Commission*

Remaining at the Commission's disposal to answer promptly to any request that may contribute to the establishment of the facts;

*Make employees available*

- making current (and, if possible, former) employees and directors available for interviews with the Commission;

*Not destroy evidence*

- not destroying, falsifying or concealing relevant information or evidence relating to the alleged cartel; and

*Not tell cartelisers of application*

- not disclosing the fact or any of the content of its application before the Commission has issued a statement of objections in the case, unless otherwise agreed;

*End its involvement*

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<sup>5</sup> This requires in particular that the applicant provides accurate, not misleading, and complete information. Cfr judgement of the European Court of Justice of 29 June 2006 in case C-301/04 P, Commission v SGL Carbon AG a.o., at paragraphs 68-70, and judgement of the European Court of Justice of 28 June 2005 in cases C-189/02 P, C-202/02 P, C-205/02 P, C-208/02 P and C-213/02 P, Dansk Rørinterindustri A/S a.o. v. Commission, at paragraphs 395-399.

(b) The undertaking ended its involvement in the alleged cartel immediately following its application, except for what would, in the Commission's view, be reasonably necessary to preserve the integrity of the inspections;

*Not destroy, falsify or conceal evidence*

(c) When contemplating making its application to the Commission, the undertaking must not have destroyed, falsified, or concealed evidence of the alleged cartel *nor disclosed the fact or any of the content of its contemplated application*, except to other competition authorities.

*Reduction only for coercer*

(13) An undertaking which took steps to coerce other undertakings to join the cartel or to remain in it is not eligible for immunity from fines. It may still qualify for a reduction of fines if it fulfils the relevant requirements and meets all the conditions therefore.

## **B. Procedure**

*Marker – before SO*

(14) An undertaking wishing *to apply for immunity from fines should contact the Commission's Directorate General for Competition*. The undertaking *may either initially apply for a marker or immediately proceed to make a formal application to the Commission for immunity from fines in order to meet the conditions in points (8)(a) or (8)(b), as appropriate*. The Commission may disregard any application for immunity from fines on the ground that it has been submitted after the statement of objections has been issued.

*Marker*

(15) *The Commission services may grant a marker protecting an immunity applicant's place in the queue* for a period to be specified on a case-by-case basis in order to allow for the gathering of the necessary information and evidence. To be eligible to secure a marker, *the applicant must provide the Commission with information* concerning its name and address, the parties to the alleged cartel, the affected product(s) and territory(-ies), the estimated duration of the alleged cartel and the nature of the alleged cartel conduct. *The applicant should also inform the Commission on other past or*

*possible future leniency applications to other authorities in relation to the alleged cartel and justify its request for a marker.* Where a marker is granted, the Commission services determine the period within which the applicant has to perfect the marker by submitting the information and evidence required to meet the relevant threshold for immunity. Undertakings which have been granted a marker cannot perfect it by making a formal application in hypothetical terms. If the applicant perfects the marker within the period set by the Commission services, the information and evidence provided will be deemed to have been submitted on the date when the marker was granted.

#### *Formal immunity request*

(16) An undertaking making a formal immunity application to the Commission must:

#### *Provide information listed in points 8 and 9*

(a) provide the Commission with all information and evidence relating to the alleged cartel available to it, as specified in points (8) and (9), including corporate statements; or

#### *In hypothetical terms initially*

(b) Initially present this information and evidence in hypothetical terms, *in which case the undertaking must present a detailed descriptive list of the evidence it proposes to disclose at a later agreed date.* This list should accurately reflect the nature and content of the evidence, whilst safeguarding the hypothetical nature of its disclosure. *Copies of documents, from which sensitive parts have been removed, may be used to illustrate the nature and content of the evidence.* The name of the applying undertaking and of other undertakings involved in the alleged cartel need not be disclosed until the evidence described in its application is submitted. However, *the product or service concerned by the alleged cartel, the geographic scope of the alleged cartel and the estimated duration must be clearly identified.*

*Receipt from DG Comp*

(17) If requested, the Directorate General for Competition will provide an acknowledgement of receipt of the undertaking's application for immunity from fines, confirming the date and, where appropriate, time of the application.

*That application meets conditions*

(18) Once the Commission has received the information and evidence submitted by the undertaking under point (16)(a) and has verified that it meets the conditions set out in points (8)(a) or (8)(b), as appropriate, it will grant the undertaking conditional immunity from fines in writing.

*Verify evidence if application hypothetical*

(19) If the undertaking has presented information and evidence in hypothetical terms, the Commission will verify that the nature and content of the evidence described in the detailed list referred to in point (16)(b) will meet the conditions set out in points (8)(a) or (8)(b), as appropriate, and inform the undertaking accordingly. Following the disclosure of the evidence no later than on the date agreed and having verified that it corresponds to the description made in the list, the Commission will grant the undertaking conditional immunity from fines in writing.

*If application not successful, may withdraw evidence*

(20) If it becomes apparent that immunity is not available or that the undertaking failed to meet the conditions set out in points (8)(a) or (8)(b), as appropriate, the Commission will inform the undertaking in writing. In such case, the undertaking may withdraw the evidence disclosed for the purposes of its immunity application or request the Commission to consider it under section III of this notice. This does not prevent the Commission from using its normal powers of investigation in order to obtain the information. 8.12.2006 EN Official Journal of the European Union C 298/19

*Commission considers applications in turn*

(21) The Commission will not consider other applications for immunity from fines before it has taken a position on an existing application in relation

to the same alleged infringement, irrespective of whether the immunity application is presented formally or by requesting a marker.

#### *Grant of immunity*

(22) If at the end of the administrative procedure, the undertaking has met the conditions set out in point (12), *the Commission will grant it immunity from fines in the relevant decision.* If at the end of the administrative procedure, the undertaking has not met the conditions set out in point (12), the undertaking will not benefit from any favourable treatment under this Notice. If the Commission, after having granted conditional immunity ultimately finds that the immunity applicant has acted as a coercer, it will withhold immunity.

### **III. REDUCTION OF A FINE**

#### **A. Requirements to qualify for reduction of a fine**

##### *Reduction in fine*

(23) *Undertakings disclosing their participation in an alleged cartel affecting the Community that do not meet the conditions under section II above may be eligible to benefit from a reduction of any fine that would otherwise have been imposed.*

##### *Significant added value*

(24) In order to qualify, an undertaking must provide the Commission with evidence of the alleged infringement which represents *significant added value* with respect to the evidence already in the Commission's possession *and must meet the cumulative conditions set out in points (12)(a) to (12)(c) above.*

##### *Strength of different kinds of evidence*

(25) *The concept of 'added value' refers to the extent to which the evidence provided strengthens, by its very nature and/ or its level of detail, the Commission's ability to prove the alleged cartel.* In this assessment, the

Commission will generally consider written evidence originating from the period of time to which the facts pertain to have a greater value than evidence subsequently established. *Incriminating evidence directly relevant* to the facts in question will generally be considered to have a greater value than that with only indirect relevance. Similarly, *the degree of corroboration from other sources required for the evidence submitted to be relied upon against other undertakings involved in the case will have an impact on the value of that evidence*, so that compelling evidence will be attributed a greater value than evidence such as statements which require corroboration if contested.

*Level of reduction decided at end*

(26) *The Commission will determine in any final decision adopted at the end of the administrative procedure the level of reduction an undertaking will benefit from*, relative to the fine which would otherwise be imposed. For the:

*First reduced by 30-50%*

— First undertaking to provide significant added value: a reduction of 30-50 %,

*Second, by 20-30%*

— Second undertaking to provide significant added value: a reduction of 20-30 %,

*Later, up to 20%*

— Subsequent undertakings that provide significant added value: a reduction of up to 20 %.

*Relevant factors*

In order to determine the level of reduction within each of these bands, the Commission will take into account the time at which the evidence fulfilling the condition in point (24) was submitted and the extent to which it represents added value. If the applicant for a reduction of a fine is the first to submit compelling evidence in the sense of point (25) which the Commission uses to establish additional facts increasing the gravity or the duration of the infringement, the

Commission will not take such additional facts into account when setting any fine to be imposed on the undertaking which provided this evidence.

## **B. Procedure**

### ***Formal application***

(27) An undertaking wishing to benefit from a reduction of a fine must make a formal application to the Commission and it must present it with sufficient evidence of the alleged cartel to qualify for a reduction of a fine in accordance with point (24) of this Notice. Any voluntary submission of evidence to the Commission which the undertaking that submits it wishes to be considered for the beneficial treatment of section III of this Notice must be clearly identified at the time of its submission as being part of a formal application for a reduction of a fine.

### ***Receipt***

(28) If requested, the Directorate General for Competition will provide an acknowledgement of receipt of the undertaking's application for a reduction of a fine and of any subsequent submissions of evidence, confirming the date and, where appropriate, time of each submission. The Commission will not take any position on an application for a reduction of a fine before it has taken a position on any existing applications for conditional immunity from fines in relation to the same alleged cartel.

### ***By time of SO Commission to say whether successful***

(29) *If the Commission comes to the preliminary conclusion that the evidence submitted by the undertaking constitutes significant added value within the meaning of points (24) and (25), and that the undertaking has met the conditions of points (12) and (27), it will inform the undertaking in writing, no later than the date on which a statement of objections is notified, of its intention to apply a reduction of a fine within a specified band as provided in point (26). The Commission will also, within the same time frame, inform the undertaking in writing if it comes to the preliminary conclusion that the undertaking does not qualify for a reduction of a fine. The Commission may*

disregard any application for a reduction of fines on the grounds that it has been submitted after the statement of objections has been issued. C 298/20 EN Official Journal of the European Union 8.12.2006.

*Evaluate at end*

(30) *The Commission will evaluate the final position of each undertaking which filed an application for a reduction of a fine at the end of the administrative procedure in any decision adopted. The Commission will determine in any such final decision:*

*Added value*

(a) Whether the evidence provided by an undertaking represented significant added value with respect to the evidence in the Commission's possession at that same time;

*Conditions in point (12)(a) to 12(c)*

(b) Whether the conditions set out in points (12)(a) to (12)(c) above have been met;

*If conditions I point 12 not met*

(c) The exact level of reduction an undertaking will benefit from within the bands specified in point (26). If the Commission finds that the undertaking has not met the conditions set out in point (12), the undertaking will not benefit from any favourable treatment under this Notice.

#### **IV. CORPORATE STATEMENTS MADE TO QUALIFY UNDER THIS NOTICE**

*Meaning of*

(31) A corporate statement is *a voluntary presentation by or on behalf of an undertaking to the Commission of the undertaking's knowledge of a cartel and its role therein prepared specially to be submitted under this Notice. Any statement made vis-à-vis the Commission in relation to this notice, forms part of the Commission's file and can thus be used in evidence.*

*May be oral*

(32) *Upon the applicant's request, the Commission may accept that corporate statements be provided orally unless the applicant has already*

*disclosed the content of the corporate statement to third parties.* Oral corporate statements will be recorded and transcribed at the Commission's premises. In accordance with Article 19 of Council Regulation (EC) No 1/2003<sup>6</sup> and Articles 3 and 17 of Commission Regulation (EC) No 773/2004<sup>7</sup>, *undertakings making oral corporate statements will be granted the opportunity to check the technical accuracy of the recording, which will be available at the Commission's premises and to correct the substance of their oral statements within a given time limit. Undertakings may waive these rights within the said time-limit, in which case the recording will from that moment on be deemed to have been approved. Following the explicit or implicit approval of the oral statement or the submission of any corrections to it, the undertaking shall listen to the recordings at the Commission's premises and check the accuracy of the transcript within a given time limit. Non-compliance with the last requirement may lead to the loss of any beneficial treatment under this Notice.*

#### *Access to corporate statements*

*(33) Access to corporate statements is only granted to the addressees of a statement of objections, provided that they commit, — together with the legal counsels getting access on their behalf -, not to make any copy by mechanical or electronic means of any information in the corporate statement to which access is being granted and to ensure that the information to be obtained from the corporate statement will solely be used for the purposes mentioned below. Other parties such as complainants will not be granted access to corporate statements.* The Commission considers that this specific protection of a corporate statement is not justified as from the moment when the applicant discloses to third parties the content thereof.

#### *Use information only to rebut SO*

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<sup>6</sup> OJ L 1, 4.1.2003, p. 1.

<sup>7</sup> OJ L 123, 27.4.2004, p. 18.

(34) In accordance with the Commission Notice on rules for access to the Commission file<sup>8</sup>, *access to the file is only granted to the addressees of a statement of objections on the condition that the information thereby obtained may only be used for the purposes of judicial or administrative proceedings for the application of the Community competition rules at issue in the related administrative proceedings.* The use of such information for a different purpose during the proceeding may be regarded as lack of cooperation within the meaning of points (12) and (27) of this Notice. Moreover, if any such use is made after the Commission has already adopted a prohibition decision in the proceeding, *the Commission may, in any legal proceedings before the Community Courts, ask the Court to increase the fine in respect of the responsible undertaking.* Should the information be used for a different purpose, at any point in time, with the involvement of an outside counsel, the Commission may report the incident to the bar of that counsel, with a view to disciplinary action.

#### *Confidentiality - conditions re sending to NCAs*

(35) Corporate statements made under the present Notice will only be transmitted to the competition authorities of the Member States pursuant to Article 12 of Regulation No 1/2003, provided that the conditions set out in the Network Notice<sup>9</sup> are met and provided that the level of protection against disclosure awarded by the receiving competition authority is equivalent to the one conferred by the Commission.

## **V. GENERAL CONSIDERATIONS**

### ***5 year limitation period***

(36) *The Commission will not take a position on whether or not to grant conditional immunity, or otherwise on whether or not to reward any*

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<sup>8</sup> OJ C 325, 22.12.2005, p. 7.

<sup>9</sup> Commission Notice on cooperation within the Network of Competition Authorities, OJ C 101, 27.4.2004, p. 43.

*application*, if it becomes apparent that the application concerns infringements covered by the five years limitation period for the imposition of penalties stipulated in Article 25(1)(b) of Regulation 1/2003, as such applications *would be devoid of purpose*.

*This notice replaces that of 2002*

(37) From the date of its publication in the Official Journal, this notice replaces the 2002 Commission notice on immunity from fines and reduction of fines in cartel cases for all cases in which no undertaking has contacted the Commission in order to take advantage of the favourable treatment set out in that notice. However, points (31) to (35) of the current notice will be applied from the moment of its publication to all pending and new applications for immunity from fines or reduction of fines.

*Legitimate expectations*

(38) The Commission is aware that this notice will create legitimate expectations on which undertakings may rely when disclosing the existence of a cartel to the Commission.

Cooperation explained in decision

(39) In line with the Commission's practice, the fact that an undertaking cooperated with the Commission during its administrative procedure will be indicated in any decision, so as to explain the reason for the immunity or reduction of the fine. The fact that immunity or reduction in respect of fines is granted cannot protect an undertaking from the civil law consequences of its participation in an infringement of Article 81 EC.

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(40) The Commission considers that normally public disclosure of documents and written or recorded statements received in the context of this notice would undermine certain public or private interests, for example the protection of the purpose of inspections and investigations, within the

meaning of Article 4 of Regulation (EC) No 1049/2001<sup>10</sup>, even after the decision has been taken.

*Notes and questions on the Immunity and Leniency notice*

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1. (Points 1 & 2) In what ways do cartels harm consumers, competitors or the economy as a whole?
2. (Point 2). Has the Commission got power to impose criminal or civil sanctions for organising cartels on company employees under Community law? Is being named in the Commission's decision and made virtually unemployable as in the *Insulated pipe cartel* the worst fear a manager organising a cartel has?
3. (Point 3). Is the notice beneficial to competitors or consumers?
4. (Points 3 & 4). Why should the Commission reduce or absolve from the penalties imposed for the most serious infringements?
5. (Points 4 & 8). Note that only one infringer will be able to claim complete immunity. Is there a problem in deciding whether two arrangements are part of the same cartel? If so, what is it?
6. (Point 5). Subsequent whistle blowers may obtain a reduction in their fines (leniency) 3for a significant contribution.
7. (Point 6 & 31 - 35) The Commission accepts that the lack of written evidence would protect immunity and leniency applicants from discovery of documents by the plaintiff in treble damages suits. Whether it does so for the US, which is the major danger to an infringer is controversial. It permits oral corporate statements.
8. (Point 7). Is this a satisfactory resolution of the tension between the rights of the defence to know the case against them and not discouraging whistle blowers?
9. (Points 10 & 11). Is it risky to confess? What happens if the Commission alleges that it

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<sup>10</sup> OJ L 145, 31.5.2001, p. 43.

already had sufficient evidence?

10. (Point 9a). Do you think it would be easy and quick to prepare the corporate statement?  
Make sure you put bright people on to the job. Remember that immunity applies only under the laws of the agency approached. Many NCAs may have to be approached. If they act on the information given, they will probably state that the informant also infringed, but has been granted immunity.
11. (Point 11) note the conditions for obtaining immunity.
10. (Point 13) Why is coercion important?
11. (Points 14 & 20) How would you apply for a marker without letting the Commission know about the cartel. If officials have read the application, what use is it to the whistleblower that the information has been withdrawn?
12. (Point 15 - 19). The American leniency policy was more effective than the EC one of 1996. The first to confess obtains a certificate from the beginning that, subject to various conditions, the Justice Department will not prosecute it or its managers. The firm may still be subject to treble damage actions by those harmed, but one of the conditions of the American leniency system is that restitution must be made. The certainty that one is first in is a big incentive to avoid imprisonment. The EC has introduced something similar, but with no criminal offence, immunity may induce less cooperation. If the conditions for granting a marker are satisfied point 18 requires the Commission to issue it.
13. (Points 22 & 30). Consider the position of a firm granted immunity between the time of the grant and the Commission's final decision.
13. (Point 24 - 26). In what ways are these considerations less strict than for someone wanting total immunity?
14. (Points 20 - 27) Note that those not first in line, but contributing added value may obtain a reduction of the fine.
15. (General):
  - a) The notice may have helped to make cartels less stable. How?

- b). Once one firm thinks that another may want to confess, its lawyer has to rush to the authorities, sometimes in several jurisdictions, in an attempt to get in first.
- c). When advising a firm whether to claim leniency, can you tell it in advance how much money a successful application will save?
- d). The EC notice does not provide for leniency plus. In America, if one obtains leniency for cartel A one may also inform the Justice Department of another cartel, B, and obtain leniency for both cartels, even if not the first informant about B.
- e). Note that the main danger of claiming leniency is that it operates only for fines that might otherwise have been imposed by the Commission. Not all member states have such a programme. Leniency from Europe does not absolve the company or its managers from liability to triple damages in the USA. Under US law, leniency doubles the damages in private suits, but this does not apply to leniency obtained in other countries.
- e). Are damages obtainable under EC Competition law? Have many actions been brought yet? Can you think of any problems in bringing them, a) in common law countries, b) in other countries?
- f). The Commission now receives information about many cartels, but it still has to draft a decision imposing fines with sufficient reasoning to withstand an appeal. Its capacity to do so is limited, although a third cartel unit has been set up.
- g). Appeals against fines now relate almost only to procedural defects.
- h). For problems of detail see Michael Reynolds and David Anderson, 'Immunity and Leniency in EU Cartel Cases: Current issues,' (2006) 27 European Competition Law Review 82.