

CAT increases fine after musical instrument firm breaks settlement bargain

Press release

The CMA has welcomed a Competition Appeal Tribunal judgment dismissing an appeal against a fine it imposed, instead increasing the fine from £4m to £5m.



In June 2020, the Competition and Markets Authority (CMA) fined the musical instrument firm Roland just over £4 million for restricting online discounting of its electronic drum kits between 2011 and 2018. This was one of several fines imposed by the CMA on leading musical instrument suppliers for requiring retailers to sell their products online at or above a minimum price, a practice known as ‘resale price maintenance’ (RPM).

The fine imposed by the CMA had been reduced under its leniency and settlement programmes to take account of the fact that Roland had admitted acting illegally and cooperated with the CMA’s investigation. In a highly unusual move, Roland appealed to the Competition Appeal Tribunal against the level of the fine which it had itself agreed to pay as part of its settlement with the CMA.

In today’s judgment, the Tribunal unanimously upheld the CMA’s decision in its entirety, dismissing Roland’s arguments that its conduct was not sufficiently serious to justify such a high fine and that the CMA should have awarded it a higher leniency discount.

The Tribunal also agreed with the CMA that, by appealing against the CMA’s decision, Roland had breached its bargain with the CMA to accept a lower fine in return for agreeing not to appeal. It decided that Roland should therefore lose the benefit of its 20% settlement discount. As a result, Roland’s fine was increased to just over £5 million, an increase of more than £1 million.

Michael Grenfell, the CMA’s Executive Director of Enforcement, said:

“This is an important judgment from the Tribunal and sends a strong message that when a company agrees to end an investigation through a settlement, it cannot reopen the question by appealing without losing its discount. This reinforces the CMA’s view that settlements should be final.

“The judgement also shows that conspiring to keep prices high by restricting discounting of products is a serious breach of competition law and can result in significant fines.”

Further details are available on the [Electronic drum sector: anti-competitive practices 50565-5 case page](#).

1. The CMA’s decision was addressed to Roland (U.K.) Limited which was directly involved in the infringement, and to Roland Corporation as its parent company (together referred to as ‘Roland’).
2. The CMA decided that Roland (U.K.) Limited operated a policy restricting online price competition and required its electronic drum kits, related components and accessories to be sold at or above a minimum price between 7 January 2011 and 17 April 2018.
3. Under the [CMA’s leniency programme](#), companies which come forward with information about cartel activities (including RPM) may qualify for a reduction in the penalty, provided that they meet certain conditions. In this case, the CMA reduced Roland’s fine by 100% for the period from 2011 to 2012 and by 20% for the period from 2013 to 2018.
4. Under the CMA’s settlement policy, companies may also benefit from a fine reduction of up to 20% by admitting the breach of competition law and accepting a streamlined procedure. Details of the CMA’s settlement process can be found in the [CMA’s investigation guidance](#).
5. The CMA has [published advice to help businesses understand more about illegal RPM practices](#) and compliance with competition law.

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