

**RUSSIAN COMPETITION WEEK 2017**  
**(Veliky Novgorod, September 18-22)**

Round Table "Cartels and Algorithms"  
Mock trial: Case description

**1 Background**

Companies №1 and №2 are selling electronic versions of books (as a digital product and intellectual property, but not as a device) to end users through online stores within the territory of State "K".

Company "S", incorporated in State "Q", develops software programs for price sensing and optimization of pricing and provides economic entities (irrespective to their location) with an access to such software programs under service contracts.

Companies №1 and №2 use services rendered by Company "S" in order to optimize the pricing for electronic versions of books within the territory of State "K", which allows them to synchronize the pricing in their stores.

The representatives of Companies №1 and №2 do not communicate with each other on the pricing issues. These Companies have market shares of 18% and 13% accordingly in the product market of sales of electronic versions of books to end users.

Herewith, Company №2 is primarily selling customized books: abridged (adaptive) versions of original e-books.

**Grounds for initiation of the case and findings of the Antitrust authority**

The Antitrust authority studied the respective market for 1 year preceding the case initiation. The Antitrust authority found that the prices for electronic versions of new books in online stores, promoted by Companies №1 and №2, differed no more than 0,05% within 3-5 months as of start of sales. The Antitrust authority detected no less than three such facts.

The Antitrust authority also discovered that technical equipment and staff of specialists supporting the software programs for monitoring prices and optimization of pricing belong to Company "S" (the equipment is owned by Company "S", and the specialists are employed by Company "S"). Whereas, Company "S" has intellectual property rights over the applied software program for price sensing and optimization of pricing.

Employees of Companies №1 and № 2 merely arrange technical tasks to solve problems in respect of price monitoring and optimization of pricing and then are

testing the performed work. The Antitrust authority revealed that the software programs of Company "S" are based on mathematical algorithms that, by analyzing the results of price sensing, enable companies to coordinate their pricing policies with competitors.

## **2 Approximate list of documents that Antitrust authority has acquired within investigation**

- Email correspondence between each of employees working in sales departments of Companies №1, №2 and employees of Company "S" (but there is no correspondence among Companies №1 and №2)
- Service agreements concluded between each of Companies №1, 2 and Company "S" on provision of the access to software programs that monitor prices and optimize pricing, provision of technical support and maintenance of such programs on a daily basis.