



EUROPEAN COMMISSION

PRESS RELEASE

Brussels, 3 September 2014

Antitrust: Commission fines smart card chips producers € 138 million for cartel

The European Commission has found that Infineon, Philips, Samsung and Renesas (at the time a joint venture of Hitachi and Mitsubishi) coordinated their market behaviour for smart card chips in the European Economic Area (EEA), in breach of EU rules that prohibit cartels. The Commission has imposed fines totalling € 138 048 000. The companies colluded through bilateral contacts that took place in the period between September 2003 and September 2005. Renesas benefitted from full immunity under the Commission's [2006 Leniency Notice](#) for revealing the existence of the cartel to the Commission.

Commission Vice President in charge of competition policy Joaquín Almunia said: *"In this digital era smart card chips are used by almost everybody, whether in their mobile phones, bank cards or passports. It is crucial that the companies producing them focus their efforts on how to outperform their competitors by innovating and providing the best products at the most attractive prices. If instead companies choose to collude, at the expense of both customers and end consumers, they should expect sanctions"*.

Smart card chips are used in mobile telephone SIM cards, bank cards, identity cards and passports, pay TV cards, and various other applications. Those used in the SIM segment rely mainly on memory, for example to store telephone numbers, while the smart card chips used in other applications also rely on security devices like cryptography in order to ensure data confidentiality.

The companies involved in the cartel colluded through a network of bilateral contacts in order to determine their respective responses to customers' requests to lower prices. They discussed and exchanged sensitive commercial information on pricing, customers, contract negotiations, production capacity or capacity utilisation and their future market conduct. Collusion of this type breaches Article 101 of the Treaty on the Functioning of the European Union (TFEU) and Article 53 of the Agreement on the European Economic Area (EEA), which prohibit cartels and restrictive business practices.

The Commission had initially explored the possibility of settling this case with some of the companies involved under the Commission's [2008 Settlement Notice](#). However, in 2012 the Commission decided to discontinue the settlement discussions and to revert to the normal procedure because of the clear lack of progress of these discussions.

Fines

The fines were set on the basis of the Commission's [2006 Guidelines on fines](#) (see [IP/06/857](#) and [MEMO/06/256](#)) taking into account the serious nature of the infringement, its geographic scope (i.e. the entire EEA) and the duration of each company's participation in the infringement.

Under the Commission's [2006 Leniency Notice](#), Renesas (and its joint venture parent companies Hitachi and Mitsubishi) received full immunity, as it was the first to reveal the existence of the cartel to the Commission, avoiding a fine of more than € 51 million for its participation in the infringement.

Samsung received a reduction of 30% of its fine for cooperating with the investigation.

Philips has divested its smart card chips business after the infringement, but remains liable for what happened during the period of the infringement.

The fines imposed¹ are as follows:

	Reduction under the Leniency Notice	Fine (€)
Infineon (DE)	0	82 784 000
Philips (NL)	0	20 148 000
Samsung (South Korea)	30%	35 116 000
Renesas (Hitachi and Mitsubishi) (Japan)	100 %	0
TOTAL		138 048 000

¹ Legal entities within the undertaking may be held jointly and severally liable for the whole or part of the fine imposed.

Background

The Commission started this investigation in 2008 with unannounced inspections (see [MEMO/09/1](#)). After the settlement discussions were discontinued in 2012, the Commission issued a Statement of Objections in 2013 (see [IP/13/346](#)), giving the companies the opportunity to comment and to be heard before taking today's decision.

More information on this case will be available under the case number 39574 in the Commission's [public case register](#) on the [competition](#) website, once confidentiality issues have been dealt with. For more information on the Commission's action against cartels, see its [cartels](#) website.

Action for damages

Any person or firm affected by anti-competitive behaviour as described in this case may bring the matter before the courts of the Member States and seek damages. The case law of the European Court of Justice (ECJ) and the [Antitrust Regulation](#) (Council Regulation 1/2003) both confirm that in cases before national courts, a Commission decision is binding proof that the behaviour took place and was illegal. Even though the Commission has fined the companies concerned, damages may be awarded without these being reduced on account of the Commission fine.

In June 2013, the Commission adopted a proposal for a Directive that aims at making it easier for victims of anti-competitive practices to obtain such damages (see [IP/14/455](#), [IP/13/525](#) and [MEMO/13/531](#)). More information on antitrust damages actions, including a

practical guide on how to quantify the harm typically caused by antitrust infringements, the public consultation and a citizens' summary, is available at:

<http://ec.europa.eu/comm/competition/antitrust/actionsdamages/documents.html>

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