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Brazil's antitrust agency fines final LCD cartel members

Matt Richards

Brazil's competition authority has fined Innolux and Hannstar Display close to US\$7 million for their role in the international liquid crystal display cartel, after the other five conspirators settled with the enforcer.

The country's Administrative Council for Economic Defence, known as CADE, said last week that both companies colluded between 2001 and 2006 to fix the price of thin film transistor liquid crystal display, which is used in LCD monitors and televisions.

The cartelists also agreed to split the market, share commercially sensitive information and control and restrain production and supply via email and monthly meetings, the authority said.

This caused Brazilian consumers to pay more for imported products that used the technology, the agency added.

CADE fined Innolux US\$3.4 million and Hannstar Display US\$3.5 million for their involvement in the cartel. The authority reduced Innolux's fine by two-thirds after the company signed a partial leniency agreement after the investigation had begun.

In addition to the latest fines, the competition watchdog has already collected almost US\$20 million in settlement contributions from LG, Samsung Electronics, Au Optronics, Chunghwa Picture Tubes and Hitachi Displays' successor Japan Display.

CADE found there was insufficient evidence to prove that two other companies, Sharp and Epson Imaging Devices, had also participated in the cartel.

CADE began a preliminary investigation in 2008, before launching a formal probe a year later. The agency said it initiated the investigation after seeing LCD manufacturers being probed by enforcers elsewhere, including reports that some had signed settlements related to their conduct between 2001 and 2006.

Daniel Oliveira Andreoli at Demarest Advogados in São Paulo said that settlement agreements have been used in the majority of the authority's cartel cases. "The existence of five settlement agreements in this case

further evidences the tendency of defendants preferring to settle their proceedings rather than wait for a final decision,” he said.

Employees linked to the companies that participated in the LCD cartel will also have to collectively pay over US\$165,000 in fines.

Andreoli said it is common for the authority to target individuals – which can be subjected to fines between 1% and 20% of the fines applied to their companies. While the focus of the enforcer’s investigation is always on the companies, targeting individuals is considered to be an important deterrent, he said.

Trench Rossi Watanabe partner Francisco Ribeiro Todorov in São Paulo said there is an ongoing discussion in Brazil about whether it is wise to focus resources on attempting to prosecute foreign individuals, given the difficulties involved.

Counsel to Innolux

TozziniFreire Advogados

Counsel to Hannstar Display

Broglio Gonçalves

Counsel to Chunghwa Picture Tubes

Grinberg Cordovil

Counsel to AU Optronics

Derraik e Menezes

Counsel to Hitachi Displays

Motta Fernandes Rocha

Counsel to LG Electronics

Levy & Salomão Advogados

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