
STATUTORY INSTRUMENTS

2022 No. 516

**The Competition Act 1998 (Vertical
Agreements Block Exemption) Order 2022**

Block Exemption

3.—(1) The category of agreements identified in paragraph (2) as vertical agreements is specified for the purposes of section 6 of the Competition Act 1998⁽¹⁾.

(2) Subject to paragraphs (3), (4), (5) and (6), for the purposes of this Order vertical agreements are agreements or concerted practices entered into between two or more undertakings each of which operates, for the purposes of the agreement or the concerted practice concerned, at a different level of the production or distribution chain, and relating to the conditions under which the parties may purchase, sell, or resell certain goods or services (“the contract goods or services”).

(3) Vertical agreements entered into between an association of undertakings and its members, or between such an association and its suppliers, are specified provided—

- (a) all members of the association are retailers of goods, and
- (b) subject to article 4(2), the annual turnover of each individual member of the association, when combined with the annual turnover of its respective connected undertakings, does not exceed £44 million.

(4) Vertical agreements containing provisions which relate to the assignment to the buyer or use by the buyer of intellectual property rights are specified provided that—

- (a) those provisions do not constitute the primary object of such agreements and are directly related to the use, sale or resale of goods or services by the buyer or its customers, and
- (b) in relation to the contract goods or services, those provisions do not contain restrictions of competition having the same object as vertical restraints which are not exempted by virtue of this Order.

(5) Vertical agreements entered into between competing undertakings are specified only to the extent that they are non-reciprocal, and the supplier—

- (a) is a manufacturer and a distributor of goods, while the buyer is a distributor and not a competing undertaking at the manufacturing level,
- (b) is a provider of services at several levels of trade, while the buyer provides its goods or services at the retail level and is not a competing undertaking at the level of trade where it purchases the contract services,
- (c) is a wholesaler and a distributor of goods, while the buyer is a distributor and not a competing undertaking at the wholesale level, or
- (d) is an importer and a distributor of goods, while the buyer is a distributor and not a competing undertaking at the level of trade where it purchases the goods or at the importation level.

(6) This Order does not apply to—

(1) An agreement specified for the purposes of section 6 of the Act is exempt from the prohibition in Chapter 1 of the Act. See section 6(3) of the Act.

- (a) vertical agreements the subject matter of which falls within the scope of any retained block exemption regulation⁽²⁾ or of any block exemption order⁽³⁾, unless otherwise provided for in such a regulation or order;
 - (b) rent and lease agreements where no goods or services are being sold by the supplier to the buyer.
- (7) In this article—
- “actual competitor” means an undertaking active on the same relevant market;
 - “competing undertaking” means an actual competitor or a potential competitor;
 - “intellectual property rights” includes industrial property rights, know-how, copyright and neighbouring rights;
 - “potential competitor” means an undertaking that, in the absence of the agreement, would, on realistic grounds and not just as a mere theoretical possibility, be likely to undertake, within a short period of time, the necessary additional investments or other necessary switching costs to enter the relevant market.

⁽²⁾ “Retained block exemption regulation” is defined in section 10(12) of the Act.

⁽³⁾ “Block exemption order” is defined in section 6(2) of the Act.