



Government
of Canada

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**SETTING
YOUR
Own
Price**

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Canada



COMPETITION
BUREAU

What Is the Competition Act?

The *Competition Act* (the Act) is a federal law governing business conduct in Canada and is enforced by the Competition Bureau (the Bureau). It aims to promote competition in the marketplace by stopping anti-competitive practices. Most businesses in Canada, both small and large, are governed by this Act.

The Commissioner of Competition (the Commissioner) is head of the Bureau, which is part of Industry Canada. The Commissioner is responsible for the administration and enforcement of the *Competition Act*, as well as three statutes concerning the accuracy and adequacy of information provided to consumers:

- the *Consumer Packaging and Labelling Act*
- the *Textile Labelling Act*
- the *Precious Metals Marking Act*.

Did You Know That, As a Businessperson:

- your suppliers can suggest resale prices, but cannot prevent you from charging less?
- your suppliers are not allowed to refuse to deal with you, or to discriminate against you, because of your low prices?
- your suppliers or competitors are not allowed to try to get you to raise your prices, or to try to discourage you from lowering your prices?

These practices are called **price maintenance** and are illegal under the *Competition Act*.

What Is Price Maintenance?

Price maintenance occurs when a businessperson:

- by making a threat, a promise or an agreement, attempts to influence upward, or to discourage the reduction of, the prices charged by another businessperson, such as a customer or competitor;
- refuses to supply a product to, or discriminates against, another businessperson because of that other person's low pricing policy;
- attempts to induce a supplier to engage in price maintenance.

Manufacturers or distributors who make suggestions regarding resale prices should state clearly that their business customers are under no obligation to accept the suggested prices. This can be done simply by including the statement "Dealers may sell for less" in price lists or advertisements.

Any company or individual that produces, sells, rents or provides a product is subject to the price maintenance provisions of the Act. A "product" can be an article or a service.

The following are examples of possible violations of the price maintenance provisions:

- a retailer threatens to stop doing business with a supplier unless that supplier agrees to stop providing products to discounters;
- a credit card company attempts to stop businesses from offering lower prices to customers who purchase with cash rather than on credit;

- a supplier cuts off a retailer for selling below “suggested” resale prices;
- a construction firm offers a competitor money to induce that competitor to submit a high price quote to a government purchasing agency.

What Are the Penalties Imposed for Price Maintenance?

There is no dollar limit to the fines that a court may impose on a company or individual convicted of a price maintenance offence. In some cases, courts have imposed fines as high as \$200 000 against companies and \$25 000 against individuals. In addition, the Act provides that convicted individuals may be imprisoned for up to five years.

What Can I Do If I Am the Victim of Price Maintenance Activity?

Often, businesspeople will correct their conduct when they realize that they have been acting illegally. You might be able to resolve a price maintenance problem without Bureau assistance simply by bringing the law to the attention of the other party.

Where price maintenance is engaged in by a large company or involves a large amount of commerce, or where it is continuous or repetitive, the Bureau might recommend to the Attorney General of Canada that the alleged offender be prosecuted.

Retailers, consumers or other persons who have suffered losses as a result of price maintenance activity can sue an alleged offender for damages in a civil court, whether or not there has been a prosecution or conviction in a criminal court.



How Do I File a Complaint With the Bureau?

If you have information that a company or individual has engaged in price maintenance, contact the Competition Bureau.

The Bureau conducts its investigations in private and keeps confidential the identity of the source and the information provided. However, if someone has important evidence about an offence under the Act, that person may be asked to testify in court.

The Bureau produces videos and publications on various aspects of the Competition Act, the Consumer Packaging and Labelling Act, the Textile Labelling Act and the Precious Metals Marking Act. To find out more about our videos and publications, contact the Information Centre at:

Information Centre
Competition Bureau
Industry Canada
50 Victoria Street
Hull QC K1A 0C9

Toll free: 1-800-348-5358

National Capital Region: (819) 997-4282

TDD (for hearing impaired): 1-800-642-3844

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E-mail: compbureau@ic.gc.ca

Web site: <http://competition.ic.gc.ca>

This publication is only a guide. It provides basic information about the Competition Bureau and the Competition Act. For further information, you should refer to the full text of the Competition Act or contact the Competition Bureau at one of the numbers listed above.