To the members of the prostep ivip Association

Declaration that the projects carried out in the prostep ivip Association do not violate antitrust law.

Ladies and Gentlemen,

In view of the voluntary disclosure made by car manufacturers to the antitrust authorities in the summer of 2017 regarding their cooperation within the framework of research and development, the question arose as to whether the prostep ivip Association's activities could give rise to any concerns under antitrust law. The prostep ivip Association would like to comment briefly on this issue after taking legal advice from an attorney specializing in antitrust issues.

1. All companies are aware that the participation in projects organized by the prostep ivip Association must not be misused to exchange information with competitors in a manner contrary to antitrust law, for example regarding prices or marketing strategies. This prohibition is also detailed in section 2 of the prostep ivip Association's guidelines, and we have no evidence that the members have not complied with this.

2. The voluntary disclosure made by car manufacturers to the antitrust authorities apparently relates to the fact that even cooperation within the framework of research and development can violate antitrust law. This point is in principle undisputed since this type of cooperation can have an impact on the quality of the products and thus on competition between the different products developed and their vendors.

3. However, cooperation within the framework of the prostep ivip Association does not involve cooperation in terms of research and development but rather the standardization of communication tools in order to facilitate communication between different companies within the framework of research and development, as well as later on in the context of production, sales, service and disposal. In other words, what is being created is a kind of common language while the actual material activity, such as R&D, remains entirely in the hands of the individual companies and is not coordinated in any way. This means that there is no impact on the configuration of the
products themselves and therefore no impact on competition between the respective products on the market.

In a project dealing with vehicle electrical systems, for example, the individual components of a vehicle electrical system are described and uniformly named. What the structure of a vehicle electrical system should to look like is not indicated in any way.

4. The prostep ivip Association’s activities therefore involve the development of unofficial or official standards. For the purposes of assessing this activity under antitrust law, the rules set out in section 7 of the “Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal cooperation agreements” (2011/C 11/01) are relevant. We would therefore like to explain briefly how the activities carried out by the prostep ivip Association should be assessed on the basis of these guidelines:

In paragraph 263 of the guidelines, the EU Commission recognizes that agreements relating to standards should in principle be seen as being very positive as they can help promote economic penetration within the EU and encourage the development of new and improved products. They can therefore strengthen competition accordingly.

5. In the comments that follow, the Commission indicates that agreements regarding standards could have a negative impact on competition. It is pointed out in paragraph 266 that the definition of a specific technical standard could lead to alternative technologies being excluded from the market. As mentioned above, this risk does not however exist because within the framework of the prostep ivip Association, it is not technologies that are being standardized but rather only communication tools that can then be used to develop a wide variety of technologies. Therefore the inevitable fact that standardizing these communication tools as a kind of common language means that alternatives are not used to any greater or lesser extent is not detrimental as this is the very purpose of standardization. But even this is not necessarily the case. The STEP standard, for example, is available as an ISO standard for 3D images and the JT standard is available as an alternative format.

6. According to paragraph 268 of the guidelines, joint standardization could also have a restrictive effect if certain companies are prevented from obtaining effective access to the results of the standardization process. This does not however apply to the work performed by the prostep ivip Association as the aim is to create a uniform standard for all interested parties. Therefore no prohibitive prices for using the standards are demanded of interested parties. Insofar as standards are to be implemented by means of software development, all interested software providers can also participate. The prostep ivip Association does not select software vendors itself but later checks, on a neutral basis, whether the software developed by the various vendors complies with the standard.
7. As a result, the activities carried out by the prostep ivip Association improve the ability to communication and increase transparency. This in turn makes it easier for the individual companies to involve different market players, thus promoting competition, for example in the context of R&D. On the other hand, no influence is exerted on which products are developed and launched onto the market and which are not, or on how the products and services are designed.

8. Therefore, if all the companies involved take these principles to heart, we do not see any problems with regard to antitrust law, but rather the promotion of competition in the context of paragraph 263 of the EU Commission's guidelines.

Best regards,

prostep ivip Association

Dr. Alain Pfouga
General Manager