



Industrie Canada Industry Canada

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Commissaire
de la concurrence

Commissioner
of Competition

Télocopieur-Facsimile
(819) 953-8546
Téléphone-Telephone
(819) 997-1209

Bureau de la
concurrence

Competition Bureau

Place du Portage I
50, rue Victoria
Hull (Québec)
K1A 0C9

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50 Victoria Street
Hull, Québec
K1A 0C9

JUN 13 2001

Mr. Terry McTavish
Pendragon Prints
4412 Albert Street
Burnaby, British Columbia
V5C 2O2

Re: Sale of Greeting Cards

Dear Mr. McTavish:

I am writing to advise you of the discontinuance of the inquiry into the sale of greeting cards under section 77 and section 79 of the *Competition Act* (the "Act").

The Competition Bureau commenced the inquiry on September 29, 1999, following receipt of your six Canadian residents complaint. The matter was reviewed under section 77, the exclusive dealing provisions and section 79, the abuse of dominant position provisions of the Act. A number of industry participants and major retailers were interviewed with respect to the exclusive contracts used by Carlton Cards and Hallmark Cards. The information they provided was carefully considered.

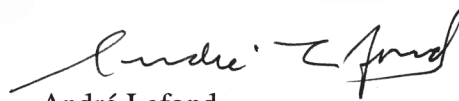
Under section 77, it is necessary to show that the exclusive dealing is carried out by a major supplier or is widespread in the market, that it has an exclusionary effect in the market and that competition has been lessened substantially in the market. The information we gathered indicated that both Carlton and Hallmark could be considered major suppliers of greeting cards and that the exclusive contracts could have an exclusionary effect in the market. However, the evidence shows that the market for greeting cards is competitive and that Carlton and Hallmark are vigorous in their pursuit of market share. Moreover, the major retailers indicated that, in the absence of the exclusive provisions, they would only maintain one supplier for the product. Therefore, it was concluded that the practices do not result in a substantial lessening of competition. Likewise, with respect to section 79, it would not be possible to show that the practices result in a substantial lessening of competition which is the legal requirement that must be met before the Competition Tribunal may issue an order. The inquiry has therefore been discontinued pursuant to section 22(1) of the Act.

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As required under subsection 22(2), the Minister of Industry Canada has been informed in writing of the discontinuance. I wish to bring to your attention that pursuant to subsection 22(4), you may present a written request to the Minister to review the decision to discontinue the inquiry. If in the Minister's opinion the circumstances warrant, he may instruct the Commissioner to make further inquiry.

If you should have any further questions in regard to the foregoing, please do not hesitate to contact my office or Mr. Brian Linseman, Senior Competition Law Officer, at (819) 953-7742.

Yours sincerely,

A handwritten signature in black ink, appearing to read "André Lafond". The signature is fluid and cursive, with a prominent flourish at the end.

André Lafond
Deputy Commissioner of Competition
(Civil Matters)