17 June 2005

1. **Price information**

1.1 Each manufacturer shall publish and maintain on its web site:

   (a) the current price list for its postal franking machines;

   (b) its current charges for maintenance and, to the extent not covered by any maintenance contract, for the supply of postal rate chips;

   (c) the current price of its ink cartridges for its postal franking machines;

   (d) the current price for its inspection and re-crediting services; and

   (e) the level of usage typically obtainable from each model of ink cartridge, according to an appropriate measure (to be developed).

   Each manufacturer shall procure that any change to the prices published in accordance with this paragraph 1.1 shall be shown on its web site as promptly as reasonably practicable.

1.2 Each manufacturer shall publish on its cartridge packaging the expiry date, if any, before which the cartridge must be used.

1.3 In relation to any postal franking machine maintenance contract having a term exceeding one year under which the manufacturer has the right to raise its prices, each manufacturer shall offer a fixed price alternative for the duration of that maintenance contract.

1.4 In relation to any postal franking machine lease contract, each manufacturer shall offer a maintenance contract covering the same duration as the lease contract, and in doing so shall offer both fixed and variable price alternatives as described in paragraph 1.3 above.

1.5 Each manufacturer shall supply new postal rate chips on fair, reasonable and non-discriminatory terms.
2. **Exclusive dealing**

2.1 No manufacturer shall make the supply of any of its postal franking machines, spare parts, services or ink cartridges to any distributor, dealer, reseller or maintainer conditional upon such person refraining from dealing with, or in relation to, any other postal franking machine, service or ink cartridge, or manufacturer or supplier thereof.

3. **Sales of postal franking machines to resellers**

3.1 Each manufacturer shall offer to supply designated models of its postal franking machines approved by Royal Mail, under a brand name of its choosing, to resellers on fair, reasonable and non-discriminatory terms; provided that nothing herein shall require a manufacturer:

(a) to offer to supply any franking machine:

   (i) to any reseller that is not authorised by Royal Mail in accordance with paragraph 6 below; or

   (ii) to any person who is itself a manufacturer of postal franking machines or is part of a corporate group one or more of whose members manufacture postal franking machines; or

(b) to adopt or operate any distributorship system in respect of any of its products or brands.

3.2 Each manufacturer shall provide to the OFT a list of the postal franking machines that it will offer to resellers pursuant to paragraph 3.1 above, and shall keep that list up to date.

4. **Availability of spare parts, training and technical know-how**

4.1 Each manufacturer shall offer to supply spare parts, training and technical know-how relating to any of its postal franking machines on fair, reasonable and non-discriminatory terms to any persons authorised by Royal Mail under the Successor Postal Services Scheme for Franking Letters and Parcels 2001 or any successor thereto (the ‘Scheme’), or those seeking to become so authorised.

4.2 No manufacturer shall make its supply of spare parts, training or technical know-how conditional upon that person’s agreement to limit the use of what it supplies under paragraph 4.1 above to the postal franking machines he or she sells to his or her customers.
5. **Availability of notification, commissioning and re-crediting services**

5.1 Each manufacturer shall offer to provide, on fair, reasonable and non-discriminatory terms:

(a) services for the re-commissioning, and/or for the notification to Royal Mail of the decommissioning or re-commissioning, of any of its postal franking machines (new or used);

(b) services for the re-crediting of its postal franking machines (new or used); and

(c) services for the updating of the town name for its postal franking machines (new or used).

5.2 Each manufacturer shall respond to requests for such services as promptly as reasonably practicable.

5.3 Each manufacturer shall include and enforce a term in its rules of workplace applicable to employees involved in carrying out any of the tasks under paragraph 5.1 above or carrying out associated contract administration, that so far as any such employee obtains any information in the course of their role within the manufacturer’s organisation relating to customers of authorised persons, he or she will not disclose it to anyone in the manufacturer’s direct sales force.

6. **Authorisation of third party maintainers and inspectors**

6.1 Royal Mail shall not require any person who seeks authorisation by Royal Mail under the Scheme to obtain from the manufacturer or manufacturers of the relevant machine or machines a letter attesting to:

(a) his ability or competence to maintain and/or inspect the relevant machine or machines; or

(b) his ability to access spare parts or technical data for the relevant machine or machines.

This shall not prevent Royal Mail from requiring a person seeking authorisation to enter into a Deed of Authorisation with Royal Mail and to produce documentary evidence to Royal Mail’s reasonable satisfaction that he or his employees have successfully completed adequate training in, or have adequate technical knowledge or experience of, the relevant machine or machines.
6.2 Royal Mail shall not limit the number of types of machine in relation to which a person may be, or may seek to become, authorised, subject to that person producing evidence to Royal Mail’s reasonable satisfaction of that person’s:

(a) financial standing and security measures and procedures; and

(b) having successfully completed adequate training in, or having adequate technical knowledge or experience of, the relevant machine or machines.

If Royal Mail refuses to grant authorisation to any person, it shall give reasons for its refusal to that person in writing.

6.3 Royal Mail shall publish on its website details of all authorised persons, including details of the models of machine in relation to which they are authorized.

7. **Protection of dies and postal security devices**

7.1 Royal Mail shall not restrict any authorised person from being responsible for the decommissioning and re-commissioning of any postal franking machine in respect of which he is authorised, provided that the authorised person has agreed:

(a) to notify Royal Mail electronically (either by updating Royal Mail’s Meter Management System directly or through the machine’s manufacturer) when he becomes responsible for the decommissioning and re-commissioning of any postal franking machine, including details of its die number, serial number, the name and postcode of its user, and ascending, descending and totaliser figures; and

(b) to accept sole liability for the fraudulent misuse of the machine, its die or postal security devices thereafter, except to the extent that such misuse is due to a fault of the manufacturer.

8. **Supply of ink cartridges**

8.1 Provided that ink cartridges for postal franking machines contain only such ink as meets Royal Mail’s technical standards, and meet Royal Mail’s other security standards, Royal Mail shall not require ink cartridges to be configured in any particular way.

8.2 No manufacturer shall include in its agreements with its ink cartridge suppliers, or enforce, restrictions on the right of the ink cartridge suppliers:

(a) to supply their own ink cartridges to third parties; or
(b) to provide any independent ink cartridge design or other manufacturing services to third parties.

No manufacturer shall be prevented from restricting its suppliers’ use of the manufacturer’s intellectual or other property rights, or from reducing its volume-related obligations to the extent that suppliers sell ink cartridges to third parties which would otherwise have been sold to the manufacturer.

8.3 In respect of each of its franking machines, each manufacturer shall:

(a) offer to supply finished cartridges for any of its postal franking machines to resellers on fair, reasonable and non-discriminatory terms; and

(b) on the request of its ink cartridge supplier, licence on fair and reasonable terms such of its intellectual property rights as that supplier may reasonably require in order to supply competing ink cartridges, provided that that supplier shall, on the request of the manufacturer, license to the manufacturer on fair and reasonable terms any of its own intellectual property rights in relation to such cartridges.

9. Implementation

9.1 Except as specified herein, these undertakings shall take effect from the date that, having been signed by Royal Mail, Pitney Bowes and Neopost, they are accepted by the OFT.

10. Compliance

10.1 Each of the signatories to these undertakings shall implement such internal systems as may be required by the OFT to monitor compliance with these undertakings.

10.2 Each of the signatories to these undertakings shall implement a procedure for dealing with complaints in relation to its exercise of these undertakings, and will if requested offer a means by which unresolved issues may be mediated or arbitrated.

10.3 On each anniversary of its signing these undertakings, each of the signatories to these undertakings will submit to the OFT a report stating the number of applications received during the preceding 12 months in respect of the matters covered by these undertakings, and the result.

10.4 Each of the signatories to these undertakings shall furnish to the OFT such information as the OFT may reasonably request in order to monitor compliance with, and to assess the effectiveness of, these undertakings.