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COMPETITION

- **Acquisition of Télé 2 France by SFR approved**

On July 18th, the EC authorised the acquisition of the fixed telephony and Internet access businesses of Télé 2 France by the French mobile telephony operator and member of the Vivendi group SFR. Télé 2 France, a subsidiary of Télé 2 Europe, is active in France in the areas of fixed telephony, mobile telephony, Internet access provision and pay-TV distribution by DSL. Its mobile telephony business is not affected by this operation. SFR is jointly controlled by Vivendi, a French conglomerate in the media and telecommunications sectors, and Vodafone, a British telecommunications company.

Initially, the Commission identified serious competition concerns in the relevant markets of pay-TV markets in France. According to the market survey carried out by the Commission, the competitive pressure which can be brought upon the Vivendi group by DSL operators, despite their increasing number, is still fairly limited. The reason is that those operators have only limited access to attractive television content (TV programmes and channels), which is controlled by Vivendi to a large extent. Thus, the proposed operation could result in granting SFR/Télé 2 a preferential access to Vivendi's content. This would result in an unfair advantage of this operator towards other DSL operators.



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Yet, SFR committed to guaranteeing DSL operators equal treatment with the new entity in their bid to access television content owned by the Vivendi group. Therefore, the Commission concluded that, thanks to these remedies, the effective competition in the Community will not be hampered. Competition Commissioner Neelie Kroes reaffirmed the Commission's role to safeguard the interests of pay-TV viewers, who should "enjoy a wide choice and the most competitive rates possible".

- **Workshop on Film and Audiovisual Support Schemes**

On July 6th, the European Commission's Directorate-General for Information Society and Media hosted a Workshop to discuss the preliminary findings of the study on the economic and cultural impact of state aid for films and audiovisual productions. The objective was to come up with reliable data on the effects of territoriality imposed by state aid schemes in these sectors. The findings should then be considered by the Commission when the latter reconsiders its future state aid policy.

For practical reasons, the survey had focused on some member states, dividing them in three groups of low, medium and high territoriality policies. The rough results indicated that the costs were relatively higher for the countries with more territorially constrained aid. However, this correlation was not affirmed on several occasions.



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Still, the audience was not very supportive. Many participants from the film industry identified mistakes due to inaccurate data or falsely applied economic variables. They also argued that territoriality also generated some efficiencies, notably in the context of co-productions. The authors of the report, which has not yet been endorsed by the Commission, committed to take aboard all comments before issuing the final report.

INFORMATION & COMMUNICATION TECHNOLOGIES

- **Data Protection body to scrutinise DoubleClick acquisition by Google**

Consumer organizations were alerted when Google, the world leading market player for text-based internet advertising, announced the \$3.1 billion acquisition of the world's market leader in graphic online ads, DoubleClick. The European Consumers' Organisation BEUC expressed concerns that if the acquisition is authorised, Google will, in effect, monopolise the online advertising business. This would not only restrict competition, but also give the company control of consumers' private data: "The combination of Google and DoubleClick entails that, in an unprecedented fashion, a single company will obtain and exploit enormous amounts of personal information about users, by building profiles of users as they engage in searches, mining data from them as they use web services and applications, and observing and tracking them as they visit sites across the web".



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Serious competition and privacy concerns stem from the fact that the new entity will, in principle, control the market of delivery of online advertising, and have access to a huge amount of consumer information by tracking what customers do online. The case is now in the hands of the article 29 Working Party on the Protection of Individuals with regard to the Processing of Personal Data. Set up under Article 29 of the Data Protection Directive 95/46/EC, this independent advisory body on data protection and privacy will scrutinise the data-storage practices employed by Google and other search engines.

- **'Eurotariffs' for cheaper and more transparent roaming calls**

As of August 1st, the eurotariffs for roaming calls are being introduced throughout the EU. Under the new Regulation (EC/717/2007) on Roaming on Public mobile Telephone Networks, which entered at force on June 30th, the price (excluding VAT) of calls made on mobile phones from abroad is capped at €0.49 per minute and at €0.24 per minute for calls received. The operators are legally obliged to offer eurotariff their both pre- and post-paid customers by the end of July. If the consumer opts for this tariff, the operator has to activate the Eurotariff within one month. If the consumer doesn't react by the end of September 2007, the operator will automatically place him on a Eurotariff, unless he has a special roaming package.



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Mobile travelers will receive a free text message (sms) every time they visit a new Member State informing them of the price that they will pay for making and receiving calls. It is also possible to text or call the operator asking for more details on the prices. It is worth mentioning that the SMS, MMS or data transfer prices do not fall under the new law. However, the Commission will monitor the roaming prices of these as well and come back to this matter if the prices remain 'unreasonably high'. It is furthermore foreseen that the level of the introduced price caps will be gradually further reduced over a two year period.

- **New Commission approach towards radio spectrum for wireless services**

On July 25th, the Commission proposed to open radio spectrum for advanced mobile data and multimedia services in a bid to boost the number and variety of advanced wireless services. Such services would include 3G video streaming and fast downloads on mobile phones. These measures also seek to reduce costs of deploying networks for wireless communications, in a way that would help expand geographic coverage and enable more European citizens to benefit from these technologies. This is part of the Commission's Proposal for a Directive repealing the former Council Directive on the frequency bands to be reserved for the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community.



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Commissioner for Information Society, Viviane Reding, highlighted the importance of radio spectrum as a crucial economic resource. She went on to add that the challenge facing Europe is to remove regulatory barriers and further promote mobile communications by allowing spectrum sharing between old and new technologies. The idea behind this model is a more flexible spectrum management in Europe, which will enable better use of the spectrum and enhance accessibility of citizens to multimedia services.

INTELLECTUAL PROPERTY

- Online music royalties' debate among collecting societies

CISAC, the International Confederation of Societies of Authors and Composers, is the biggest federation of copyright collecting societies for music royalties at global level. Last month, CISAC has signed some commitments that have spurred a big debate between large and small authors' societies in Europe. So called “collecting societies” act as trustees of copyright holders and collect royalty payments from individuals and groups who perform the music in public (most notably also in the net). On May 18th 2005, the Commission published a recommendation on collective cross-border management of copyright and related rights for legitimate online music services. Six months ago and following a complaint issued by the digital music distribution platform Music Choice Europe, the Commission sent a statement of objections to CISAC as well as its European members questioning their business practices.



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CISAC responded by proposing commitments that were in line with the above mentioned Commission recommendation. Those would include the right of copyright holders to move freely between different collecting societies and the abolition of the exclusivity requirement from the respective contracts. Also, a system to grant cross-border licenses for music on the internet, over satellite and cable was thought of.

On June 14th 2007, the Commission announced its intention to market test the commitments in order to verify if they were adequate to address competition concerns. Yet, not all broadcasting corporations and news providers agree with the proposed commitments. Indeed, two groups, the one of bigger and the one of smaller broadcasters have different views on the subject.

The smaller collecting societies reckon that the Commission should not abandon its stance to prohibit exclusive mandates between major rights' holders and a limited number of collecting societies for the direct collection of royalties in all member states. They are worried that, in that case, "in the logic of business the process of selecting the societies will not be based on the relative efficiency of individual collective rights managers but on their size".



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INTERNAL MARKET

- Malta and Cyprus to join the eurozone next year

Malta and Cyprus are set to adopt the European currency as of 1 January 2008. At the Brussels Summit on June 21st 2007, the EU leaders backed Commission recommendations on the basis of the European Central Bank's (ECB) and the European Commission's convergence reports. These two countries fulfill the necessary requirements concerning budget deficit, currency stability and interest-rate convergence for entry into the eurozone. Monetary Affairs Commissioner Joaquín Almunia said that “[i]t is important that they make careful use of the next six months to ensure a smooth transition”. The finance ministers of Union fixed the exchange rates for the pound and the lira. The two countries will be the second and third of the new Member States to adopt the euro. They follow Slovenia which joined the eurozone at the beginning of 2007.

SPORTS

- White Paper on Sport

On July 11th, the Commission published the White Paper on Sport, which is pinpointed as a “growing social and economic phenomenon which makes an important contribution to the European Union's strategic objectives of solidarity and prosperity”.



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The main issues it deals with are the collective selling of media rights by sports associations, which should be acceptable under certain conditions, the quotas for home-grown players and their compatibility with EU rules, as well as how to improve international co-operation in the fight against doping.

It signals that EU-wider regulation of agents as well as stricter legislation on betting will be considered. Moreover, it puts forward the idea of banning people guilty of match violence from stadiums across the EU. Last but not least, it recommends tougher procedures to deal with racist abuse.

The European Council of June 2007 has given a mandate for the Intergovernmental Conference, which foresees a Treaty provision on sport. The Commission also has the right of initiative, e.g. it may indicate further steps to be taken in the context of a new Treaty provision. In autumn of 2007, the Commission will present the White Paper to stakeholders at a conference. By the end of the year, EU Sports Ministers will be informed respectively.