[BG] Disagreement between Broadcasters and Collecting Society Brought to the Attention of an Independent Arbitrator

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As of 1 August 2003 the members of the Bulgarian society for collective management of the copyrights of recordings' producers (PROPHON) decided to cancel all agreements with electronic media and to introduce a ban for broadcasting of music if a contract for compensating neighbouring rights is not closed by this date. Until last year producers allowed electronic media to pay for the broadcast music by advertising time in which PROFON's members promoted their catalogues.

Under the Act on Copyrights and Neighbouring Rights, the organisation of producers and performers can collectively represent and defend the interests of its members. Anyone that broadcasts music with commercial purposes is obliged to sign a contract with PROPHON. Its members include BMG through its licensee Avenue Productions, Universal Music through Virginia Records, Warner Music through Orpheus, Sony Music through Vitosha Entertainment, and EMI through Animato. The total number of recordings produced by PROPHON's so-called major members, is about 90% of the music performed by the electronic media in Bulgaria.

PROPHON demanded that all private radio stations and musical TV channels that broadcast a percentage of music of more than 60% should pay 4% of their gross annual revenue and set a fixed minimum threshold. For a local Sofia-based radio station, for example, the minimum threshold would be BGN 18,000 a year (Note: BGN 1 equals EUR 1.95583). The prices of PROPHON are 4 times higher than the prices of Musicautor - the Bulgarian authors collecting society with which Bulgarian broadcasters have had contractual relations for more than 5 years.

In December 2002 the Bulgarian National Radio managed to close a deal with PROPHON at a relatively reasonable price BGN 80,000 for the year 2003. The amount seems reasonable and affordable against the background of the BGN 34 million state subsidy, allocated to the BNR for 2003, and the circumstance that in return for this money the public national radio gets the catalogues of all musical companies not only for its two 24 hours national prgrammes "Horizont" and "Hristo Botev", but also for its satellite programme "Bulgaria" and for its five regional centres.

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The principal financial conditions of PROPHON led to a protest by private broadcasters against the PROPHON tariff at the Commission for the Protection of Competition. A conclusion from the commission is expected to be published by the end of November 2003.

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Letter of the Association of Bulgarian Broadcasters (ABBRO) to the Commission for Protection of Competition, 11 August 2003

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