

[DE] ProSiebenSat.1 and RTL Accept Heavy Fines from the Federal Cartel Office

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*Paul Göttlich
Institute of European Media Law (EMR), Saarbrücken/Brussels*

The Federal Cartel Office (BKartA) has imposed fines on ProSiebenSat.1 Media AG and the RTL Group in the amount of EUR 120 million and EUR 96 million respectively. The German guardian of competition accused the broadcasting groups of vertically sealing-off the advertising market. The two media concerns have accepted severe penalties, whereupon the BkartA subsequently, on 5 October 2007, discontinued the current procedure.

Vertical restriction of advertising was apparent in the “share-deals” offered over many years by the marketing firms of the broadcasters: SevenOne Media and IP Deutschland. Such agreements imply that media agencies or advertisers commit a given percentage of their advertising budget to the broadcasters; in return the agencies or major customers get discounts in the shape of free advertising slots. Large parts of advertising budgets were placed with these broadcasting groups. The BKartA saw smaller advertising competitors, such as branch broadcasters, as being placed at a direct disadvantage in the competition for advertising accounts. With the two broadcasting groups taking a market share of 80%, these concerns jointly held a dominant position on the market.

The imposition of the fine stems in the first place from the newly established § 81 para. 4 S.2 of the law on restriction of competition (GWB) that came in with the 7th amendment to cartel law in July 2005, in conjunction with BKartA guidelines on fining. The upper limit of the fine, § 81 para. 4 S.2 GWB provides for 10% of the previous year’s turnover for each company for this violation of competition. According to the turnover figures for 2006, these upper limits for ProSiebenSat.1 Media AG would have stood at EUR 210 million and for the RTL Group at EUR 564 million.

The two broadcasting groups intend, in future, to bring into effect a new tariff model to be agreed with the media agencies and the advertising industry in line with cartel law and to give up their “share deals”.

Pressemitteilung der RTL Gruppe

http://www.rtlgroup.com/files/20071005_RTLGroup_PR_IP_Deutschland.pdf

Pressemitteilung der ProSiebenSat.1 Media AG

<http://www.prosiebensat1.de/pressezentrum/prosiebensat1mediaag/2007/10/x03088/>

Bußgeldleitlinien des BKartA

<http://www.bundeskartellamt.de/wDeutsch/download/pdf/Bussgeldleitlinien.pdf>

