

[CZ] Arbitration Proceedings Concerning Broadcaster TV3

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The arbitration proceedings between the Czech Republic and the Luxembourg-based company European Media Ventures concerning the broadcaster TV3, conducted by the court of arbitration in London, were decided in favour of the Czech Republic. The proceedings were opened in 2005, although the case itself had begun before that.

In 1999, a sole trader was granted a licence to broadcast regional television programmes in Prague and Hradec Králové. When he started broadcasting, he was supported by the company EMV. In principle, a broadcasting licence may not be transferred to another person. However, it is possible for a natural person to transfer a broadcasting licence to a legal entity in which he owns a 100% stake. EMV asked the sole trader to transfer his licence to the Luxembourg-based company KTV; the sole trader tried to comply, but the transfer was turned down by the regulatory body. Although the sole trader formally owned 100% of the shares in KTV, he did not actually control the company. The licence was then transferred to another Czech company with the regulator's agreement. This company subsequently ceased broadcasting for financial reasons.

EMV appealed to the court of arbitration in London. On the basis of international agreements between the Czech Republic and Belgium/Luxembourg concerning mutual investment support and protection, EMV sued the Czech Republic for lost investment. The sum claimed was in the region of EUR 35 million. The decisive phase of the proceedings took place in 2008, when the written documents and witness statements were examined. The arbitral award in the Czech Republic's favour was announced in July 2009. The tribunal must now decide who should pay the costs of the proceedings.

