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## INTERNATIONAL

### EFTA

#### Surveillance Authority: New Media (3G) Sector Inquiry

In March 2004, the EFTA Surveillance Authority ("the Authority") launched a broad investigation ("sector inquiry") in the territory of the EFTA States regarding the sale of sports rights to new media. The inquiry was conducted in parallel with a similar investigation by the European Commission's Directorate General for Competition. The two parallel sector inquiries were carried out simultaneously to cover the entire European Economic Area (EEA).

The Authority's decision to carry out such an investigation was prompted by concerns about the market conditions relating to provision of audiovisual sports content for distribution via new media platforms and, in particular, third generation (3G) mobile phones. The Authority wanted to ensure that access to key sports content via 3G mobile phones was not unduly restricted to the detriment of con-

sumers in Iceland, Liechtenstein and Norway.

To this end, the Authority gathered sector-wide information on the commercial practices relating to sports content rights for new media distribution in the EFTA States. On the basis of this information, the Authority aimed to establish whether current commercial practices infringed the competition rules of the Agreement on the European Economic Area ("the EEA Agreement"), in particular the rules which prohibit restrictive practices and abuses of a dominant position (Articles 53 and 54 of the EEA Agreement).

The fact-finding exercise was split into two phases. The first phase was carried out between June and August 2004. Questionnaires were sent out to 15 companies in Iceland, Liechtenstein and Norway. Three different types of questionnaires were addressed to three groups of respondents: (1) broadcasters/TV operators, (2) content owners/rights-holders, and (3) mobile operators (existing 2G mobile operators and those who hold 3G licenses in Nor-

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way). Altogether, questionnaires were sent to 4 TV operators/broadcasters, 4 content rights holders and 7 mobile operators in the three EFTA States.

In the second phase, two further sets of questionnaires were dispatched in October 2004. The first set was sent to most of the organisations that had responded to the first phase of the inquiry; it was designed to explore in greater detail the economic motivations underlying the behaviour and the commercial practices observed in responses received during the first phase. The second set of questionnaires targeted a different and wider audience of organisations, including content aggregators.

In May 2005, the Authority, jointly with the European Commission, published an Issues Paper on the preliminary findings of the sector inquiry for the 28 EEA countries. Based on the replies to the questionnaires, the Issues Paper put forward arguments on possible market definitions relating to the services at hand. Two major questions were examined: (1) whether sports content services provided via 3G mobile phones are in the same relevant market as

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● **Concluding Report on the Sector Inquiry into the provision of sports content over third generation mobile networks, of 14 September 2005, available at:**  
<http://merlin.obs.coe.int/redirect.php?id=9953>

EN

sports content services provided over other media platforms and/or alternative technologies; (2) whether non-sports content services and sports content services provided over mobile networks are regarded as substitutes at retail level. Further, some areas of potential competition concerns were identified and put forward for discussion in the Issues Paper. These related to: (1) lack of access to sports content for mobile operators; (2) exclusivity; (3) cross-platform bundling of rights; (4) competition effects of collective selling; (5) pricing concerns, and (6) coverage restrictions.

The Issues Paper served as a basis for a public presentation of the preliminary results in the sector inquiries which took place in Brussels on 27 May 2005. The public presentation was attended by market players involved in 3G sports content markets and respondents to the questionnaires in the inquiry – companies such as content owners/providers, mobile network operators and service providers, as well as broadcasters and TV operators competing in closely related markets.

In September 2005, the Authority and the European Commission jointly published a Concluding Report in their parallel sector inquiries. ■

## COUNCIL OF EUROPE

### European Court of Human Rights: Case of Tourancheau and July v. France (affaire *Libération*)

In 1996, the French newspaper *Libération* published an article focusing on a murder case in which adolescents were involved. The criminal investigation was still pending when the article was published and two suspects, a young man, B. and his girlfriend, A., had been under investigation. The article in *Libération*, written by Patricia Tourancheau, reproduced extracts from statements made by A. to the police and the investigating judge, and comments from B. contained in the case file. On the basis of section 38 of the Freedom of Press Act of 29 July 1881, criminal proceedings were brought against Tourancheau and against the editor of *Libération*, Serge July. Section 38 of the 1881 Press Act prohibits the publication of any document of the criminal proceedings until the day of the court hearing. Both the journalist and the editor were found guilty and were each ordered to pay a fine of FRF 10,000 (approximately EUR 1,525). Their conviction was upheld on appeal and by the French Supreme Court, although payment of the fine was suspended. In the meantime, A. had been sentenced to eight years' imprisonment for murder and B. had received a five-year prison sentence for failure to assist a person in danger.

In its judgment of 24 November 2005, the Stras-

bourg Court has come to the conclusion that the conviction of Tourancheau and July was not to be considered as a violation of Art. 10 of the Convention. The Court noted that section 38 of the 1881 Press Act defined the scope of the legal prohibition clearly and precisely, in terms of both content and duration, as it was designed to prohibit publication of any document relating to proceedings concerning serious crimes or other major offences until the day of the hearing. The fact that proceedings were not brought systematically on the basis of section 38 of the 1881 Act, the matter being left to the discretion of the public prosecutor's office, did not entitle the applicants to assume that they were in no danger of being prosecuted, since being professional journalists they were familiar with the law. They had therefore been in a reasonable position to foresee that the publication of extracts from the case file in the article might subject them to prosecution. In the Court's view, the reasons given by the French courts to justify the interference with the applicants' right to freedom of expression had been "relevant and sufficient" for the purposes of Article 10 para. 2 of the Convention. The courts had stressed the damaging consequences of publication of the article for the protection of the reputation and rights of A. and B., for their right to be presumed innocent and for the authority and impartiality of the judiciary, referring to the possible impact of the article on the members of the jury. The

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Court took the view that the applicants' interest in imparting information concerning the progress of criminal proceedings and the interest of the public in receiving such information, were not sufficient to prevail over the considerations referred to by the French courts. The European Court further considered that the penalties imposed on the applicants were not disproportionate to the legitimate aims pursued by the authorities. In those circumstances, the Court held that the applicants' conviction had amounted to an interference with their right to freedom of expression which had been "necessary in a democratic society" in order to protect the reputation and rights of others and to maintain the authority and impartiality of the judiciary. It therefore held that there had been no violation of Article 10. The Cypriot, Bulgarian, Croatian and Greek judge formed the smallest possible majority (4/3 decision).

● Judgment by the European Court of Human Rights (First Section), case of *Tourancheau and July v. France*, Application no. 53886/00 of 24 November 2005, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9237>

FR

## Committee of Ministers: Media-specific Provisions in New Resolutions on Minorities

A number of provisions concerning the (audiovisual) media can be found in the five country-specific Resolutions adopted to date by the Council of Europe's Committee of Ministers (CM) in the context of the Second Monitoring Cycle of the Framework Convention for the Protection of National Minorities (FCNM).

In respect of Croatia, the CM recommends that the State authorities *inter alia* "encourage media engagement in the promotion of inter-cultural dialogue".

In respect of Denmark, the CM identifies as an issue of concern a "seam of intolerance within Danish society [...] *inter alia*, in the political arena as well as in certain media". It also notes that there are "few possibilities for the use of German in Danish television or radio broadcasting, [...]". In order to redress this situation, it recommends that the Danish authorities "[E]xamine how further support can be provided to local radio and television broadcasting for the German minority". It also recommends that "manifestations of intolerance and xenophobia" be acted upon and countered "with the tools available".

Among the positive developments in Hungary since the first cycle of monitoring of the FCNM, the CM cites endeavours by the Hungarian authorities "to facilitate the extension of radio and television programmes intended for minorities". Nevertheless, the CM continues to regard the issue as one of concern, observing that the "programme slots for televi-

The judges Costa, Tulkens and Lorenzen (France, Belgium and Denmark) expressed a joint dissenting opinion, in which they argued why the conviction of the applicants is to be considered a clear violation of the freedom of expression. Neither the breach of the presumption of innocence, nor the possible impact on the members of the jury are considered pertinent arguments in this case in order to legitimise the interference in the applicants' freedom of expression. According to the joint dissenting opinion, journalists must be able to freely report and comment on the functioning of the criminal justice system, as a basic principle enshrined in the Recommendation of the Committee of Ministers 2003 (13) on the provision of information through the media in relation to criminal proceedings. Referring to the concrete elements reported in the newspaper's article and its context, the dissenting judges conclude that there is no reasonable and proportional relation between the imposed restrictions and the legitimate aim pursued. According to the dissenting judges Article 10 of the Convention has been violated. ■

sion broadcasts intended for minorities have raised objections for several years from those concerned and a recent change in programming could render them even less favourable". It stops short of making a specific recommendation on this point, however.

In respect of Liechtenstein, the CM does not make any comments or recommendations relating specifically to the (audiovisual) media.

As regards issues of concern implicating the media in Moldova, the CM notes the following:

"National minority cultures and traditions are still insufficiently reflected in schools and media coverage of diversity and ethnic relations remains generally unsatisfactory. Moreover, the measures taken to ensure a more balanced use of the various minority languages in schools, in the media and in relations with administrative authorities have not produced the intended results, although there have been some positive developments. Certain minority languages are not sufficiently used in these areas.

Concerning tolerance and intercultural dialogue, shortcomings remain, in particular as regards attitudes reported within Moldovan society, including the police and the media, to the Roma and non-traditional religious communities."

Its recommendations to the Moldovan authorities for dealing with these issues of concern include:

- Respond more adequately to the cultural needs of persons belonging to national minorities;
- Continue efforts to combat discrimination and promote tolerance and intercultural dialogue, through more effective monitoring and law enforcement in these areas and take further

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awareness-raising measures, addressed inter alia to the police and the media;

● Resolution ResCMN(2005)5 on the implementation of the Framework Convention for the Protection of National Minorities by Croatia, 28 September 2005;

● Resolution ResCMN(2005)9 on the implementation of the Framework Convention for the Protection of National Minorities by Denmark, 14 December 2005;

● Resolution ResCMN(2005)10 on the implementation of the Framework Convention for the Protection of National Minorities by Hungary, 14 December 2005;

● Resolution ResCMN(2005)7 on the implementation of the Framework Convention for the Protection of National Minorities by Liechtenstein, 7 December 2005;

● Resolution ResCMN(2005)8 on the implementation of the Framework Convention for the Protection of National Minorities by Moldova, 7 December 2005; all available at:

<http://merlin.obs.coe.int/redirect.php?id=8778>

EN-FR

## EUROPEAN UNION

### Court of First Instance: Judgment on the UK List of Events of Major Importance

On 15 December 2005, the Court of First Instance delivered its judgment in the case *Infront WM AG v. Commission of the European Communities*. The dispute concerned the legality of the Commission's letter holding the measures adopted by the UK Government in accordance with Art. 3a of the Television without Frontiers Directive to be compatible with Community law.

Art. 3a of the Directive provides that each Member State may take measures to ensure that television broadcasters in its territory do not broadcast exclusively events of major importance for society in such a manner as to deprive a substantial proportion of its public of the possibility of following them on free-to-air television. Member States are required to notify any such measures to the Commission, which publishes them in the Official Journal of the European Union if it considers them compatible with Community law.

On 5 May 2000, in compliance with these rules, the United Kingdom notified a set of measures to the Commission relating to television coverage of events of major importance in that country, including the football World Cup finals. With a letter signed by one of its Director-Generals, the Commission declared that it had no objections to the measures notified and therefore proceeded to publish them.

The Commission's decision was challenged by Kirch Media AG (now Infront AG). Kirch Media had concluded a contract with the International Federation of Football Association (FIFA), according to which it had acquired exclusive broadcasting rights for the 2002 and 2006 football World Cup finals for a

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● Decision of 15 December 2005, case T-33/01, *Infront WM AG v. Commission of the European Communities*, available at:

<http://merlin.obs.coe.int/redirect.php?id=9965>

CS-DA-DE-EL-EN-ES-ET-FI-FR-HU-IT-LT-LV-MT-NL-PL-PT-SL-SK-SV

- Continue efforts to secure a more balanced use of minority languages in fields such as education, media and relations with the administrative authorities;"

The implementation of the FCNM by States Parties is monitored by the CM and the Advisory Committee on the FCNM. A system of periodic State reporting forms the basis of the monitoring process. The Opinions adopted by the Advisory Committee are, by their nature, much more detailed than the subsequent Resolutions adopted by the CM. ■

large number of European countries. Kirch Media brought an action before the Court of First Instance challenging the legality of the Commission's letter finding that the measures notified were compatible with Community law.

In its judgment of 15 December 2005, the Court first dismissed the objections of inadmissibility of the action for annulment raised by the Commission, according to which the letter was not a decision open to such an action and that Infront cannot seek its annulment. The Court, however, found that the letter has binding legal effects and is therefore a decision which is open to challenge. As for the requirements imposed by Article 230, para. 4, of the EC Treaty regarding the actions for annulment of Community acts brought by private parties, the Court found that Infront is directly concerned by the contested decision inasmuch as it enables the mechanism of mutual recognition to be implemented. Secondly, it ruled that Infront, as holder of exclusive television broadcasting rights for an event included in the list of measures notified by the United Kingdom and having acquired those rights prior to the adoption of the measures applicable in the United Kingdom and, *a fortiori*, prior to their approval by the Commission, must be considered to be individually concerned by the contested decision.

On the substance of the action for annulment, the Court ruled in favour of the plaintiff and therefore annuls the Commission's decision. The Court accepted one of the four pleas in support of the action, according to which the contested letter was not adopted in conformity with the Commission's rules on collegiate procedure, delegation and enforcement of decisions, thereby violating an essential procedural requirement. In short, the Court noted that, as the Commission itself had admitted, the College of Commissioners had not been consulted and that the Director-General who signed that decision had received no specific power from the College. Therefore, the author of the contested act lacked the necessary competence. ■

## European Commission: One-Year Intervention in Cable TV and Radio Broadcasting by Dutch Regulator Approved

In October 2005, the *Onafhankelijke Post en Telecommunicatie Autoriteit* (Dutch telecommunications regulatory authority - OPTA) notified the European Commission of its intention to intervene in the Dutch retail broadcasting market. It did so in accordance with Art. 7 of the EU Framework Directive.

The OPTA believed that the retail markets for the supply of free-to-air radio and television services via cable networks were not competitive. According to the regulatory authority, the three major Dutch cable operators UPC, Essent and Casema have Significant Market Power on their respective networks, together they account for 85 % of the overall cable subscriptions, and the authority therefore concluded these markets should be subject to ex ante regulation.

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● "Commission allows light touch intervention by Dutch regulator in cable TV and radio broadcasting for one year", press release of 21 December 2005, IP/05/1662, available at:

<http://merlin.obs.coe.int/redirect.php?id=9982>

EN-DE-FR-IT

## European Commission: Inquiry into Subsidy for Digital Decoders for Terrestrial TV in Italy

The European Commission is set to investigate Italian measures, which in 2004 and 2005, provided grants, worth EUR 200 million, enabling consumers to buy or rent digital decoders which receive programmes in digital terrestrial technology. The subsidy is not technology-neutral because although it is also available for decoders using cable technology, it excludes decoders using satellite technology.

Spurred on by two complaints emanating from terrestrial and satellite television operators, the Commission will look into the effects these incentives have on competition. In accordance with EC Treaty state aid rules, Member States must not grant aids or subsidies which distort or threaten to distort competition within the EU's Single Market. The measures may result in an indirect advantage to the current terrestrial television broadcasters and to the terrestrial network operators.

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● "State aid: Commission opens inquiry into subsidy for digital decoders for terrestrial TV in Italy", press release of 21 December 2005, IP/05/1657, available at:

<http://merlin.obs.coe.int/redirect.php?id=9985>

EN-DE-FR-IT

In its original notification to the Commission, the OPTA considered a three-year plan to regulate the retail broadcasting market. The plan consisted in imposing a price-cap for the tariffs charged by cable operators to end-users. The Commission, however, found that the market dynamics in the Dutch retail broadcasting transmission area did not justify such a plan. The Commission reasoned that Dutch cable operators will face growing pressure from new commercial offers by suppliers of competing services such as satellite, digital terrestrial TV and radio, and TV over broadband telephone lines. It also argued that the EU regulatory framework for electronic communications requires regulators to turn to competition law to tackle persistent market failures and to regulate only where competition law is insufficient to address the problem. Furthermore, it pointed out regulation should be imposed in the first place on the wholesale level and only as a last resort on the retail level.

The Dutch regulator amended the plan so as to reduce the term of the initial proposal. It will therefore prevent price increases by the three major cable operators transmitting free-to-air radio and TV to end users in the Netherlands for a period of one year. This revised plan has quite recently been approved by the Commission. ■

In line with the analysis of subsidy for digital terrestrial TV in Berlin-Brandenburg, the Commission recognises that state intervention can be beneficial to achieving the transition to digital technology. However, it must be demonstrated that aid is the most appropriate instrument, the aid must be limited to the minimum necessary and it must not unduly distort competition.

In March 2005, the Commission approved various forms of public intervention by the Austrian authorities with a view to encouraging digital terrestrial TV. These measures ranged from aid to pilot projects to grants for companies to develop innovative digital services. The measures were approved because they respected the principles of transparency, necessity, proportionality, and technological neutrality. Whether the Italian measures taken in 2004 and 2005 conform to these principles will now be investigated.

Plans for similar subsidies covering 2006 would need to be duly notified, this is something the Italian authorities failed to do in 2004 and 2005, and will be assessed separately by the Commission. ■

## NATIONAL

### AL – No VAT for Albanian Media

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On 21 December 2005, the Albanian Parliament decided to reduce taxes for the media. All electronic and print media are relieved from the duty to pay VAT (value-added tax) for the year 2006. The decision

● Decision of the Albanian Parliament on the new set of finance laws for the year 2006, dated 21 December 2005

SQ

of the Parliament was made in the framework of the new financial laws for the year 2006. This decision may help the fragile financial situation of the Albanian media. There are actually 110 private radio and television broadcasters and 28 daily newspaper publishers operating in the country. Many of them are declaring year after year negative financial balances to the authorities. ■

### AM – Constitution Amended

On 27 November 2005, a constitutional referendum was held in Armenia. According to official information the Constitution of the Republic of Armenia was amended by the majority of votes.

The changes that were thus introduced aim mainly at the reallocation of powers between legislative and executive authorities. At the same time the Act includes a number of provisions regulating the activities of the mass media. Some of them are to be found in chapter 1 (Fundamentals of the Constitutional System), some are in chapter 2 dealing with rights and freedoms of Armenian citizens, and some more in the articles regulating the competence of state authorities – the President and the National Assembly (parliament).

The fundamentals of the constitutional system shall include the principle of ideological and political pluralism (Article 7).

Regulation of the citizen's rights became more detailed. Article 14.1 prohibits any discrimination, including discrimination based on the criteria of language, ideology or political views. Article 19 guarantees the right to a fair trial and establishes the limited list of grounds for a prohibition on the mass media to access to court procedures. Article 23 provides the right of access to one's own personal data. According to Article 27, the State shall guarantee the freedom of the mass media and information sources, as well as the existence and functioning of the public television and radio to provide informational, cultural, educational, and entertaining diversity. Another innovation introduces liability of the state

officials for the concealment of environmental information (Article 33.2).

The redrafted Constitution includes the developed and hierarchic system of proportionate limitations of freedoms and rights. According to Article 43 the rights and freedoms declared *inter alia* in Articles 23 and 27 of the Constitution shall be subject to such restrictions as are prescribed by law and are necessary in a democratic society, in the interests of national security, public safety, for the prevention of crime, for the protection of public health or morals, for the protection of constitutional rights, the reputation and good name of others. Finally, a ban on the use of hate speech is provided for in Article 47 of the Act.

The amended Constitution expands the legislator's powers in the mass media policy-making sphere. Article 83.2 of the Constitution provides for the establishment and functioning of an independent regulatory authority in the broadcasting sector. This body, the National Commission on Television and Radio, has already been established according to the Statute "On Television and Radio" (see IRIS 2001-2: 4), and has now obtained constitutional status and new formation rules. While previously the members of the National Commission were appointed by the President of Armenia, the Constitution now provides for the parity appointment of the Commission members by the President and by the parliament. Article 117 of the Constitution (transitional provisions) stipulates that standing members of the Commission shall carry on their duties until the expiry of their terms of powers.

Article 83.4 of the Constitution includes a list of matters that shall be subject only to legislative regulation. *Inter alia* the legal status of the mass media as well as personal and commercial information that may not have confidential status shall be regulated by acts of parliament only. ■

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● Constitution of the Republic of Armenia, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9989>

HY-EN

### AT – Cartel Law Amendments

On 1 January 2006, a new *Kartellgesetz* (Cartel Act - *KartG*) and an amendment to the *Wettbewerbsgesetz* (Competition Act) entered into force in Austria. The new rules were introduced in response to European Council Regulation (EC) No. 1/2003 (OJ

2003 L 1/1), which came into force on 1 May 2004. In line with the EC Regulation, Austria has adopted the principle of a ban on cartels, together with a legal exception system. Special provisions for vertical competition restrictions have been abolished. In order to facilitate the exposure of cartels, a leniency

programme has been introduced. Responsibility for applying Community law has also been defined.

The main amendments concern cartel law itself, particularly the provisions on cartels. The starting point here is the general ban on cartels enshrined in Art. 1 *KartG*. The rule forbids agreements between undertakings, decisions by associations of undertakings and concerted practices that are aimed at creating or actually cause an obstruction, restriction or distortion of competition. Such agreements and decisions are to be declared void. The new ban on cartels that restrict competition unilaterally goes beyond the provisions of the EC Regulation. The exceptions to the ban on cartels correspond with those set out in Art. 81.3 of the EC Treaty. So-called *Bagatellkartelle* (agreements of minor importance) are also excluded (Art. 2 *KartG*).

The rules on dominant market positions and concentration controls remain largely unchanged. The new examination criteria laid down in the EC Merger Control Regulation (VO (EG) Nr. 139/2004, ABl. 2004 L 24/1) have not been adopted. Mergers requiring notification must now be notified to the *Bundeszweitswettbewerbsbehörde* (Federal Competition Agency) rather than the *Kartellgericht* (Cartel Court). They must be notified if the undertakings involved have an aggregate turnover of more than EUR 300 million worldwide and more than EUR 30 million domestically, and if at least two of them each achieve a worldwide turnover

of more than EUR 5 million (Art. 9 *KartG*). The two lower thresholds have been raised slightly. A separate rule exists for so-called media concentrations.

In accordance with the EC rules, the Cartel Court must deal with violations of the Cartel Act and issue the necessary instructions to the undertakings and associations of undertakings concerned. It is now possible to declare commitments binding. The provisions on fines were largely adopted without amendment and the size of fines has been brought into line with the European rules. The possibility of imposing periodic penalty payments has also been introduced. A leniency programme has been created, based on the model used by the European Commission and other European Union member states. This enables the Federal Competition Agency to refuse a request to impose a fine if undertakings or associations of undertakings cease their involvement in a violation of the ban on cartels, inform the Federal Competition Agency about the violation and co-operate with it in order to clear up the matter in full.

The structure of the relevant institutions remains largely unchanged. With regard to the application of EC law, the Cartel Court is the competition authority responsible for issuing decisions in individual cases, within the meaning of EC Regulation No. 1/2003. The *Bundeskartellanwalt* (Federal Cartel Prosecutor) and the Federal Competition Agency are responsible for submitting claims. The Federal Cartel Prosecutor and the Federal Competition Agency are authorised to submit to the Commission and to the competition authorities of other member states binding declarations designed to assist the enforcement of European provisions on co-operation between the Commission and the competition authorities of the Member States. ■

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Rechtsanwälte,  
München

● *Kartellgesetz 2005 - KartG 2005 - Bundesgesetz gegen Kartelle und andere Wettbewerbsbeschränkungen (BGBl I Nr 61/2005)* (Cartel Act), available at: <http://merlin.obs.coe.int/redirect.php?id=9974>

● *Wettbewerbsgesetz - WettBG - Bundesgesetz über die Einrichtung einer Bundeswettbewerbsbehörde (BGBl. I Nr. 62/2002 idF BGBl I Nr 62/2005)* (Competition Act), available at: <http://merlin.obs.coe.int/redirect.php?id=9975>

DE

## AT - Political Agreement Replaces Lower Austrian Transmitter Tax Law

As previously reported, during summer 2005 the *Land* of Lower Austria enacted a law under which transmitters for mobile phone networks on private property were to be taxed (see IRIS 2005-10:7). The law was meant to enter into force on 1 January 2006. Mobile phone operators filed a petition with the Constitutional Court concerning the tax, which was also controversial in political terms.

In October 2005, before the Constitutional Court had ruled on their complaints, the mobile phone operators reached an agreement with the *Land* of

Robert Rittler  
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Deringer, Vienna

● *Mobilfunkpakt Niederösterreich (Lower Austria Mobile Phone Agreement)*, available at: <http://merlin.obs.coe.int/redirect.php?id=9978>

DE

## CY - Supreme Court Ruling on the Competence of the Media Regulator to Examine Ethical Issues

The Supreme Court (Revisional Jurisdiction) decided in December 2005 that the Cyprus Radio

Lower Austria on a reduction of the number of masts in the region concerned. The mobile phone operators also granted local authorities the possibility of participating in the erection of new transmitters and deciding where they should be located. They promised to pass on to customers the savings they would make by sharing the masts. The *Burgenland* (an Austrian *Bundesland*) is currently preparing an agreement with mobile phone operators, known as the "*Mobilfunkpakt Burgenland*" (*Burgenland* mobile phone agreement), which will contain similar provisions.

In December 2005, the *Landtag* (state parliament) of Lower Austria decided to rescind the transmitter tax law. As a result, the mobile phone operators then withdrew their petition to the Constitutional Court. ■

Television Authority (the independent regulator established by law 7(I)/1998) has no power to examine cases of potential breaches of the Journalists Code of Conduct unless the Media Complaints Commission (a self regulatory body established at



the initiative of media professionals) requests it.

By its verdict, the Supreme Court upheld the decision of a first instance Court on the issue, rejecting the appeal lodged by the Radio Television Authority.

The case first came up in 2001, when the Authority sanctioned Antenna TV for not ensuring respect of the dignity and personality of three persons facing charges of drug use, and for lack of sensitivity in the presentation of the relevant news item. The Authority found that Antenna TV committed a breach of regulation 21(3) of the regulations on Radio and Television Broadcasting and of paragraph 8(3) of the Journalists Code of Conduct.

The broadcaster challenged the Authority's decision on the ground that it examined the case following a request by the public and not by the Media Complaints Commission, as provided by article 3(2)(z) of the Law on Radio and Television Stations of 1998. It also argued that a provision in the regulations on Radio and Television Broadcasting 10/2000 giving that power to the Authority went beyond the scope (*ultra vires*) of the aforementioned

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● Case 3520, *Cyprus Radio Television Authority v. Antenna Ltd*, 16 December 2005

EL

## DE – Plans for Countrywide Development of DVB-H and DMB

The countrywide development of handheld television is to be launched with pilot projects in Hamburg and Berlin using the DVB-H and DMB standards.

With this in mind, the respective *Land* media authorities, the *Medienanstalt Berlin-Brandenburg* (Berlin-Brandenburg media authority - mabb) and the *Hamburgische Anstalt für neue Medien* (Hamburg new media authority - HAM) have invited companies to bid for DVB-H and (in Hamburg) DMB transmission capacities.

DVB-H (Digital Video Broadcasting-Handheld) is a standard created by the Digital Video Broadcasting Group for the transmission of TV signals to handheld receivers.

DMB, on the other hand, is based on the DAB (Digital Audio Broadcasting) standard, which is used for digital radio broadcasting. DMB takes this standard a stage further by including video data transmission. From a technical point of view, this is achieved by converting data into MPEG-4 signals and

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## DE – Media Law Reservations about Springer/ProSiebenSat.1 Merger

On 10 January 2006, the *Kommission zur Ermittlung der Konzentration im Medienbereich* (Commission on Concentration in the Media - KEK) decided that it could not approve the proposed merger between Axel Springer AG and ProSiebenSat.1 Media AG.

The procedures (nos. KEK 293-1 to 293-5), which

article 3(2)(z) of the Law.

Both the first instance and the revisional Court adopted the broadcaster's positions and repealed the Authority's decision.

By the above decision of the Supreme Court, the powers of the Radio Television Authority are constrained by the discretionary power of the Media Complaints Commission. The setback is linked to the Journalists Code of Conduct, which was initially drafted and signed by the Union of Journalists, the Union of (Newspaper) Publishers and the Broadcasters. The latter succeeded in including in the Law a provision saying that matters relating to breaches of the Journalists Code of Conduct must be examined only after the self-regulatory body requests it.

The Parliament - with the (implicit) acquiescence of the media professionals - incorporated the Code into the legislation, as Appendix VIII of the regulations on Radio and Television Broadcasting, giving the Radio Television Authority the power to initiate a case on its own or following a request from the public.

The Supreme Court decided that the regulation went beyond the scope of the Law, recalling the principle that no power could be given to abrogate or amend explicit provisions of the Law through regulations. ■

using faster data transmission rates. DMB, like DVB, has been recognised as a European standard by the European Telecommunications Standards Institute (ETSI).

In agreement with other *Land* media authorities, efforts are to be made to create the conditions necessary for the gradual introduction of these transmission technologies in Germany. The aim is to begin promoting awareness and acceptance of handheld television by launching attractive offers, including as part of additional projects, if possible during the 2006 Football World Cup.

It is particularly hoped that this process will provide insights into technical questions and possible innovations, the economic feasibility and acceptability to users of service content, reception devices and price structures, the practicability of national programme structures and issues linked to communication studies and media law.

Tendering for handheld television is also currently under way in Bavaria and Saarland. However, at present this only concerns the DMB standard. ■

were submitted to the KEK on 8 and 17 August 2005, concern Springer's buy-out of ProSiebenSat.1 (see IRIS 2005-9: 8). The takeover is also being investigated by the *Bundeskartellamt* (Federal Cartel Authority), which has already stated that the merger is likely to be prohibited.

The KEK acts on behalf of the responsible *Landesmedienanstalten* (*Land* media authorities). In this particular case, these are the supervisory bodies in

Bavaria (BLM), Berlin-Brandenburg (mabb) and Rhineland-Palatinate (LMK). According to Art. 36.1.2 of the *Rundfunkstaatsvertrag* (Inter-State Broadcasting Agreement - RStV), the KEK is particularly responsible for investigating whether changes in ownership relations (Art. 29 RStV) are likely to threaten plurality of opinion. Such changes should only be deemed acceptable if a licence could still be issued in the changed circumstances, (see Art. 29.3 RStV). According to Art. 26.1 RStV, a licence may not be granted if the new undertaking acquires a controlling influence. KEK decisions, according to Art. 37.1 (in connection with 37.3) RStV, are binding on the other organs of the responsible *Land* media authorities. This does not affect the right of the body of the *Land* media authority concerned that is responsible for licensing decisions (and the approval of changes in ownership relations) to refer the matter to the *Konferenz der Direktoren der Landesmedienanstalten* (Conference of Directors of the Land Media Authorities – KDLM) within one month of the KEK's decision.

In the present case, the KEK decided that the merger would give the undertaking a controlling influence. It based its decision on the "material fact" referred to in Art. 26.1 RStV, after noting that, on account of the 22.06% viewer rating of the programmes attributable to ProSiebenSat.1 Media AG (in the reference period August 2004-July 2005), the assumption described in Art. 26.2 RStV did not apply. However, it states that Art. 26.2 acts as a model and shows "that the national television viewer rating is a central criterion for deciding whether a controlling influence is produced". The KEK then examined whether the combination of the undertaking's television and other media activities would give it a controlling influence.

The KEK mentions the other media markets that should be taken into account. These other markets are relevant firstly if they are either significant to the formation of public opinion ("public markets") or likely to strengthen the influence acquired through television. Secondly, it also depends on the extent to which the market is comparable with national television ("relationship"). The degree of relationship depends on "the comparable features of the service that have the potential to influence public opinion". According to the case-law of the *Bundesverfassungsgericht*

(Federal Constitutional Court), these are "primarily" suggestive power, breadth of impact and topicality.

Daily newspapers, in the KEK's view, form a particularly closely related market. Here, the KEK expressly deviates from the cartel law point of view the grounds that it is following the provisions of the *Rundfunkstaatsvertrag*, which takes viewer ratings into account for national television without distinguishing between different genres or distribution methods. In order to calculate viewer ratings, the KEK applies a "conversion factor" of two-thirds of television viewer ratings. The "Bild" newspaper's 26% share in the overall daily press market is therefore converted into a viewer rating of 17%.

Other shareholdings of Axel Springer AG which are particularly relevant to the investigation are in the markets for programme guides, public interest magazines, radio and online content.

In total, the company's cumulative viewer rating is calculated at 42%.

The undertaking's projected influence over public opinion is not sufficiently reduced by "circumstances designed to increase plurality". The KEK points out first of all that the regional window programmes currently broadcast by Sat.1 do not fulfil the conditions laid down in Art. 25.4 RStV (version in force following the 8th amendment). However, even if these conditions were considered met, and taking into account the provision of transmission time for third parties, the resulting 5% bonus would not be sufficient to prevent a controlling influence.

Secondly, the KEK states that Springer was not prepared to give up its plan to acquire ProSieben or Sat.1, the channels with the widest audience amongst those of the group being taken over.

Thirdly, even if other measures were taken to increase plurality, the merger would still be questionable from a media law perspective. Various models for creating an advisory council have been discussed. Springer rejected a proposal outlined by the KEK for such a body with extensive powers, including in economic matters, in relation to Sat.1, for example. In addition, neither the advisory council model proposed in Art. 32 RStV nor the advisory council suggested by Springer, covering all broadcasters, could be considered acceptable.

As mentioned above, any of the *Land* media authorities concerned could refer the matter to the KDLM before the deadline. The KDLM would have to give its decision within three months. Otherwise, the KEK's decision will remain binding. ■

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● KEK press release concerning the decision of 10 January 2006, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9979>

DE

## ES – New Act on Audiovisual Communication in Catalonia

On 29 December 2005, the Catalan Parliament approved the Act on Audiovisual Communication in Catalonia (Act 22/2005). This legal text establishes Catalonia's own audiovisual system, organized at two levels: a regional level (including public sector and

commercial broadcasters), and a local level, organized in counties. The Act aims to reach a politically independent and financially sound public sector ensuring public service, and a competitive, diverse and plural private sector.

The Act, which unifies and harmonizes the existing legal provisions relating to audio-visual law in Catalonia, has 140 articles, divided into nine titles

and four additional provisions, six transitional provisions, one provision repealing any former measures contradicting the new Act and a final provision.

The two main characteristics of the Act are: a) the liberalization of broadcasting, which until now had been considered as a public service, regardless of whether the providers were public or private (the Act now establishes specific obligations for public or private broadcasters) and b) the granting of all regulatory powers to the independent regulator, the *Consell Audiovisual de Catalunya* (Catalonia Broadcasting Council – CAC). The structure and the procedure for the appointment of the members of the Council have not been changed.

The more relevant features of the new Act are the following:

- Chapter 1 establishes which are the principles and essential values of broadcasting in Catalonia (e. g.: the protection of fundamental rights and of the rights of the audience; the provision of the public service; the safeguarding of pluralism; the principle of technology neutrality, etc...). It also includes the definitions of the main concepts that appear throughout the text.
- Chapter 2 regulates the radio spectrum. Although the general powers concerning the regulation of the radio spectrum are in the hands of the State authorities, the Act considers that since the spectrum is needed in order to broadcast, and considering the regional Government has powers concerning broadcasting, the regional Government shall be able, to some extent, to participate in the management of the radio spectrum.
- Chapter 3 regulates public service broadcasting, defining its mission and funding scheme. The main goals of the Act regarding this matter are to ensure independence from political authorities and financial sufficiency. The same basic rules will apply to local public broadcasters, but their specific remit will be defined by the local authorities, following

the principles established by the Act.

- Chapter 4 regulates commercial broadcasting. The broadcasters which intend to use radio spectrum shall have been previously granted a license, while broadcasters using other means of transmission only need to issue a communication to the regulator before starting to provide their services. The Act establishes that the regulator has the duty of safeguarding external pluralism in broadcasting (i.e., it will control media concentrations).
- Chapter 5 deals with audiovisual regulation. It establishes four regulation levels: first, the provisions established by the Act; second, the implementation rules approved by the Catalonia Broadcasting Council; third, the so-called co-regulation agreements, by virtue of which the Catalonia Broadcasting Council may endorse specific obligations relating to audiovisual content assumed by broadcasters; and, finally, self-regulation codes.
- Chapter 6 regulates advertising, teleshopping and sponsorship. The basic principles of the future version of the Directive "Television without Frontiers" have been taken into account insofar as possible. The regulator shall implement these basic principles. Some of them will be applied to the radio sector (e.g., the principle of separation between advertising and programmes, and the respect for the integrity of programmes and audiovisual works).
- Chapter 7 regulates the relations between the Regional Parliament, the Regional Government and the Regulatory Authority. The key issue is that the CAC becomes the sole regulatory authority at regional level regarding the monitoring of content, the granting of licenses or the management of the Catalan Broadcasters Registry.
- Chapter 8 establishes some principles concerning development and promotion of content production industries, as well as quotas of European works and programmes in Catalan.
- Finally, Chapter 9 establishes the procedures that shall be followed to impose sanctions, as well as a list of infringements and their corresponding penalties. Penalties include the temporary suspension of broadcasting activities, but not the withdrawal of the license (which can only be imposed by the courts). ■

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● *Ley de Cataluña 22/2005, de 29 de diciembre, de la comunicación audiovisual de Cataluña, Diario Oficial de la Generalitat de Catalunya, n° 4535, 03.01.2006, pp. 84 y ss.* (Catalan Act 22/2005, of 29 December 2005, on Audio-visual Communication in Catalonia, Catalan Official Journal n° 4535, 3 January 2006, pp. 84 and ff.), available at:  
<http://merlin.obs.coe.int/redirect.php?id=9957>

ES

## FR – Draft legislation on Copyright and Neighbouring Rights in the Information Society still under Discussion

After three days of stormy debate in the National Assembly, the parliamentary debate on the bill transposing the Directive on Copyright and Neighbouring Rights in the Information Society into national legislation was suspended because of the parliamentary recess. In a surprise vote (by 30 votes to 28), the MPs adopted two identical amendments tabled by the UMP and PS political parties that would assimilate to

private copying the downloading, for non-commercial purposes, of works from the Internet, in return for a lump-sum payment in remuneration, opening the way for the creation of a legal licence. The Ministry of Culture, determined to go back over these amendments, made his text more specific before having it put back on the Assembly's agenda for February. On the basis of decisions made by the Prime Minister and with the prospect of resuming discussion of the text, the Minister for Culture and Communication, Renaud Donnedieu de Vabres, has expanded and clarified the draft legislation "to pro-

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pose the expected balance between freedom and regulation". The amendments under scrutiny "will strengthen and sanction the private copy exception by allowing, according to the type of medium, a sufficient number of copies in this respect", and "will set precise limits to the notion of bypassing technical protective measures, in order to permit the inter-

● **Communiqué from the Ministry for Culture and Communication, Renaud Donnedieu de Vabres, on 14 January 2006 on the draft legislation on copyright and neighbouring rights in the information society, available at:**  
<http://merlin.obs.coe.int/redirect.php?id=9973>

FR

## FR – CSA Recommendation on Broadcasting certain Types of Fighting Contest

Under the terms of Article 15 of the Act of 30 September 1986 (amended), the *Conseil Supérieur de l'Audiovisuel* (audiovisual regulatory authority in France – CSA) is responsible for ensuring that children and young people are not shown television programmes that could be damaging for their development. At its plenary assembly on 20 December 2005, the CSA adopted a recommendation on television broadcasting of certain types of extremely violent fighting contests. In addition to the principles of dignity of the human person and maintenance of public order mentioned in the 1986 Act, the CSA text also refers to a Council of Europe Recommendation of 22 April 1999 that recommends that Member States undertake all necessary measures to prohibit and prevent free fighting contests as they constitute a danger to spectators, jeopardise the health of the contestants and have connections with unlawful activities. Contests classified by their organisers as

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● **Recommendation No. 2005-8 of 20 December 2005, addressed to editors of television services concerning the broadcasting of certain types of fighting contest, gazetted in issue no. 7 of the JORF (8 January 2006; text no. 26), available at:**  
<http://merlin.obs.coe.int/redirect.php?id=9971>

FR

## FR – Submission of the Lancelot Report on Media Concentration

On 13 January Professor Alain Lancelot submitted to the Prime Minister a report on the problems of concentration in the media drawn up by the committee that had been set up a few months earlier for that purpose. The report notes that the media scene has not reached an alarming degree of concentration, but it does propose a certain number of changes. Horizontal concentration does not appear to be any more intense than may be observed in the main European States. Nevertheless, although pluralism does not seem overall to be in a worse position than it was ten years ago, the committee draws attention to the local level, where the demands of pluralism raise specific problems as decentralisation spreads. The possi-

operability necessary for reading works on any type of equipment". Shelving any prospect of introducing a legal licence scheme, the Minister is maintaining the setting up of a repressive arsenal around the graduated response scheme, although a few changes have been made. This mechanism provides for the automatic despatch of preventive messages to Internet users before legal proceedings are instigated. The new version of this "proportionate" scheme of sanctions should make it possible to differentiate between straightforward unlawful downloading and making protected works available on a massive scale. ■

"Free Fight", "MMA" or "Combat libre" are not recognised by the French national federations and have been banned in France by the adoption of bylaws. They do not meet the requirements listed by the CSA concerning respect for the physical and moral integrity of the participants, the transmission of educational values, the existence of appropriate medical support, checks to prevent doping, and trained support teams, and contestants being of equal technical status and comparable weight. As a result, the CSA considers that broadcasting contests of this kind on television infringes the dignity of those taking part, is likely to seriously damage the physical, mental or moral development of minors, and is contrary to the maintenance of public order. The CSA recommends that editors of television services should refrain from broadcasting contests that are not governed by a national federation approved by the ministry with responsibility for sport or, in the case of contests taking place in other countries, that do not meet the criteria mentioned. In April the CSA refused to sign an agreement with "Fight TV", a channel devoted to combat sports, on the grounds that the programmes it intended to broadcast were contrary to the principle of the dignity of the human person. ■

bilities for development and concentration in the audiovisual sector, and more particularly the activities of distribution of radio and television services, are still uncertain. In this context, the committee considers that the ad-hoc arrangement should be maintained and the arrangements that apply specifically to the media should be revised. One of the characteristic features of this sectoral arrangement is its complexity, and its heterogeneity needs to evolve with a view to improving its effectiveness as regards both vertical and horizontal concentration. It suffers from a lack of coherence as a result of the many amendments that have been made to it in the light of technological developments, and it now needs substantial reform. The criterion of actual audience share, all broadcasting or distribution methods taken together, could be used, for television, instead of

limiting the number of authorisations and the thresholds for holding capital (the proposed ceiling is 37.5% of the real total audience for all the national services of private and public television, all methods of distribution taken together). Regarding pluri-media concentration, the committee suggests replacing the "2 out of 3" rule by a "three thirds/two thirds/one third" rule that seems to be just as complicated in its operation. These changes should also lead to a reorganisation of the areas of competence

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● Report by the committee instituted under Decree No. 217-2005 of 8 March 2005, on the problems concerning concentration in the media field, submitted to the Prime Minister in December 2005, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9972>

FR

## GB – Further Details of New Tax Incentives Available for Culturally British Films Announced

As highlighted by the UK Film Council, the Chancellor of the Exchequer's December announcement relating to new tax incentives available for culturally British films entails the following:

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● 2005 Pre-Budget Report, p112, Sections 5.95 - 5.96 Film Tax Reform, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9963>

● UK Film Council Welcomes New Tax Relief, press release of 5 December 2005, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9964>

EN

## GB – Regulator Clarifies Broadcasters' Liability for Interactive Content

Ofcom, the UK communications regulator, has issued a brief note to clarify the responsibility of broadcasters in relation to interactive content and the application of Ofcom's Broadcasting Code (relating to programme standards) and the Advertising Standards Code. Section 362(2) of the Communications Act 2003 provides that responsibility is placed on "the person with general control over which programmes and other services and facilities are comprised in the service (whether or not he has control

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● Ofcom 'Interactive Television Content: Legal Clarification of the Extent of a Broadcaster's Liability', available at:  
<http://merlin.obs.coe.int/redirect.php?id=9962>

EN

## GB – Competition Authorities Clear Multi-Media Mergers

Two multi-media mergers in the UK have been cleared by the Office of Fair Trading, at the first stage of the assessment under the Enterprise Act 2002, of whether the merger may be expected to result in a substantial lessening of competition. This means that the mergers can go ahead without a full investigation by the Competition Commission. Both merg-

ers relate to the emergence of Digital Subscriber Line (DSL) as an alternative means to provide 'triple play', i.e. pay-TV, internet and telecommunications services.

of the various authorities involved in these matters (competition authority, audiovisual regulatory authority, regulatory authority for electronic communications and the postal system, etc). On completion of a wide-ranging consultation procedure being carried out by the Ministry of Culture and directed at reconciling the defence of pluralism and the need to constitute powerful pluri-media undertakings, that will not be completed until the end of April, the Government will give its opinion on the proposals contained in the report, most likely with a view to introducing new measures as part of the reform of the Act of 30 September 1986 that the Head of State has announced for September. ■

- on low budget films (with production budgets up to GBP 20 million), the tax credit level will be 20%;
- on higher budget films (with production budgets of GBP 20 million and above), the tax credit level will be 16%;
- this level of tax credit applies to the total amount of UK spend – up to 80%; and
- a more flexible system allowing producers to phase tax credits taking them either at the start of production, or later when they are receiving profits from the film. ■

of the content of individual programmes or of the broadcasting or distribution of the service)".

The note states that television programmes (including advertisements) to which access is made available to viewers from within a licensed service are within the general control of the broadcaster providing the services. They therefore form part of the licensed service, provided that they are available by means of that service for reception by members of the public (as defined in detail in s. 361 of the Act, which includes subscription services but excludes those, such as the Internet, where the service comprises only individual selections of material).

However, where the access that is provided is access to another licensed service, the broadcaster providing access to that other service has general control only over the link to it. ■

ers relate to the emergence of Digital Subscriber Line (DSL) as an alternative means to provide 'triple play', i.e. pay-TV, internet and telecommunications services.

The first merger is the acquisition by BSkyB Broadband Services Limited of Easynet Group Plc. This will enable Sky to offer triple play for the first time. Although competition between the companies was insignificant at the time of the merger, third parties had raised concerns that Sky might be able to

block the supply of pay-TV content to its emerging DSL rivals given its market power in premium content provision and its significant buyer power in non-premium content. However, the Office decided that Sky already has the power to do this and that the merger does not materially alter its incentives in this area.

The second merger is that between ntl and Telewest, now the only two remaining UK cable operators. However, their local networks do not overlap geographically and where there is overlap in other markets (wholesale telecommunications services and narrowband internet) they will still face significant competitors. However, they are both buyers of pay-TV content and Telewest owns a supplier of such content, Flextech. Concerns had been

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● **Office of Fair Trading, 'OFT Clears Multi-Media Mergers - BSkyB/Easynet and NTL/Telewest, Press Release 235/05 of 30 December 2005, available at:**  
<http://merlin.obs.coe.int/redirect.php?id=9968>

EN

## GB - Toothpaste Advertisements Are not Whiter-than-White

The Advertising Standards Authority (ASA) has recently upheld complaints concerning advertisements repeating dentists' endorsements of two toothpaste products. Complaints about broadcast advertising require the ASA to apply the broadcast advertising Code to the commercials in question.

The relevant part of the Code is Section 8,

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● **Broadcast Advertising Adjudications, 4 January 2006, available at:**  
<http://merlin.obs.coe.int/redirect.php?id=9969>

● **BCAP TV Advertising Code SECTION 8: Medicines, Treatments, Health Claims and Nutrition, available at:**  
<http://merlin.obs.coe.int/redirect.php?id=9970>

EN

## HR - Report on the Activities of the Board of Directors and the Programming Council of the Croatian Radio Television

Pursuant to Section 19 para. 3 of the Croatian Radio-Television Act, the Council of the Croatian Radio-Television (HRT) shall submit to the Croatian Parliament, at least once a year, a report on its activities and on the implementation of the legally stipulated programming principles and obligations with respect to programmes of Croatian Radio (HR) and Croatian Television (HTV). Further, it shall also submit the Board of Directors' report on the business operations of HTV.

One of the items on the agenda of the 17th session of the Parliament of the Republic of Croatia on 13 December 2005 was the Report on the Activities of the Board of Directors and the Programming Council of the Croatian Radio-Television. The conclusions which were reached on 14 December 2005 resulted in

expressed to the Office that the merged company could cease to provide Flextech content to DSL rivals, or use its buyer power to block the supply of third-party pay-TV content to its rivals by obtaining exclusivity over such content.

According to the Office, the first concern was undermined by Flextech's relatively low share of viewers (10-15% of viewing on non-premium pay-TV channels) and the availability of alternative content, so that failure to offer Flextech content would not impede growth. The second concern was not shared by most potential competitors, and the Competition Commission had in 2000 accepted a similar level of buyer power when considering an earlier merger of cable companies. Further concerns that the merged ntl/Telewest could refuse to buy content which competed with Flextech was also not supported by other content providers, and contradicted the concern that they would seek to gain exclusivity over the supply of pay-TV content. ■

"Medicines, Treatments, Health Claims and Nutrition." It states that:

"The following are not acceptable in advertisements for products or treatments within the remit of Section 8:...Impressions of professional advice and support". Such impressions can include "...references to approval of, or preference for, any relevant product or its ingredients or their use by the professions referred to in (a) above"; (a) includes "doctors, dentists, veterinary surgeons, pharmaceutical chemists, nurses, midwives, etc..."

Interestingly, the ASA accepted that no research evidence existed, but said it had a duty to consider the likely impact of the advertisements on viewers. ■

the rejection of the Reports. It was pointed out that:

- the Report of the HRT Board of Directors revealed the illegality of the activities of HRT, a disturbingly significant drop in the income from HRT's own activities, and expenditures greater than expected. The Ministry of Finance was requested to examine the total amount of uncollected taxes and contributions to HRT, as well as the extent of any illegally acquired benefits as a result of broadcasting greater quantities of advertising than legally stipulated. Furthermore, the amount of salaries at HRT and the use of HRT's own means and staff for the purpose of realisation of external productions should be examined.
- the Programming Council did not work in compliance with the Croatian Radio-Television Act; in other words it failed to point to non-compliance with the requirement of providing true, complete and objective information of the general public and it failed to discuss the false, partial and unobjective use of information in the HRT news programmes.

The opposition voted against the above conclusions and took the view that they were a pressure on the freedom of public expression and on the freedom and independence of HRT.

On 6 December 2005 HRT announced that it had received a second instance decision of the Ministry of Finance regarding the collection of value added tax (VAT) for the period of six months of the year 2002 amounting to some HRK 70 million (EUR 1 Euro = HRK 7,3908). The Minister of Finance pointed out that the decision did not refer just to the amount of

HRK 65 million of the unpaid VAT, but it also referred to HRK 14 million for debts of contributions, taxes, additional taxes and other duties, and to another HRK 9 million by way of interest. The decision was based on the inspection supervision of the business operations of HRT during the year 2002.

On 16 December 2005 the Ministry of Finance in pursuance of its duties cancelled the decision by which the tax liabilities of HRT were determined, due to facts which had not been considered in the procedure prior to the adoption of the decision at second instance. This resulted in the cancellation of all and any legal effects produced by the said decision. ■

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● Croatian Radio-Television Act, Official Gazette No. 25/03, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9153>

HR

## HU – Radio and Television Commission’s Draft Media Act Intended for Public Debate

The Hungarian National Radio and Television Commission (NRTC) issued on 6 December 2005 a draft for a media act, developed by 6 media experts. This draft is intended to be discussed in public debate and could lead to a negotiable draft act for the Hungarian Parliament.

The purpose of the draft act is to achieve compliance with the latest technical developments in the audiovisual sector, and to fulfill the relevant European legislative requirements.

The draft, which consists of 14 chapters, introduces new decision-making bodies in the area of media content regulation. These are the National Radio and Television Inspectorate and the Monitoring

Council of Impartiality and Balance. Unlike the Act I of 1996 on Radio and Television in force, the draft introduces separate chapters governing the operation of commercial and not for profit broadcasters.

The authors of the draft emphasize that with the proposed provisions, the predictable and unpredictable changes of the media market could be approached in an open way and that they would only determine the major trends. Therefore, the definitions of the draft are more abstract: it relates to programme dissemination in a technologically neutral way, and it reorganizes the tasks and the capacities of media regulation and the media authorities in Hungary.

Most parts of the draft reflect the consensus of all authors. However, the authors added dissenting opinions to some parts of the draft. ■

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## IE – New Codes on Alcohol Advertising

In December 2005, new codes were launched on alcohol advertising on radio and television, in the cinema and in outdoor media. The codes, which are voluntary, were agreed between the Department of Health and Children, the drinks industry, the association of advertisers and representatives of the media. The purpose of the codes is to address Department of Health concerns in relation to alcohol advertising and young people.

A monitoring body to oversee the implementation of the codes was also established. It will report annually to the Minister for Health and, if it becomes apparent that the system is not working effectively, the Government has said it will bring in legislation. The monitoring body will include representatives of the Broadcasting Commission of Ireland, which

already has statutory duties in relation to advertising codes (see IRIS 2001-4: 9) and will have access to a wide range of relevant research, including the reports of the Irish Film Censor. It can also commission its own independent research, which will be funded by the Department of Health.

The codes do not extend to sponsorship by drinks companies. All advertisements for alcohol on television, in the cinema and in outdoor media must carry a stamp of approval. Television advertisements may not be aired at a time when more than one third of the audience is under 18 or when a programme is specifically aimed at young people. Cinema ads may not feature strong alcohol. Advertisements for non-strength alcohol brands may not account for more than 40% of total advertising minutage and may only be shown with films which have audiences at least 75% of whom are over 18. Outdoor advertising may not be placed within 100 meters of schools, on bus shelters, individual buses, trains, light rail or taxis. There are also provisions in relation to radio and radio presenters may not glamorize the consumption of alcohol. The Advertising Standards Authority of Ireland (ASAI) also operates industry codes relating *inter alia* to alcohol and applicable to all media. ■

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● Text of codes, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9990>

● Broadcasting codes, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9991>

● ASAI codes available at:  
<http://merlin.obs.coe.int/redirect.php?id=712>

EN

## IT – New Provisions on Entertainment Matters Introduced

Further to the adoption of a Legislative Decree (D. Lgs n. 28, 22 January 2004) establishing new provisions in the field of cinematographic works, ten Ministerial Decrees were adopted in order to implement these provisions.

These Ministerial Decrees were aimed among others at establishing: 1) the rules for the institution of information lists on which Italian film companies (or companies from other EU Member States having a branch or an agency in Italy) must be registered as a condition for obtaining financial benefits; 2) the indicators and value system for the classification of the film companies as belonging to the first or second category defined in these lists; 3) the very first information list of film companies, of first and second category, that might apply for financial benefits; 4) the technical modalities for the management and monitoring of the employment of the resources allocated to the promotion of cinematographic activities; 5) the technical modalities for supporting film productions and theatrical distribution; 6) the terms within which the applications for obtaining the financial benefits shall be made; 7) the indicators for the acknowledgment of a cinematographic work as having cultural interest; 8) the composition, the organizational structure and the operating of the Cinematographic Commission for the acknowledgment of a cinematographic work as having cultural interest. The requests for this acknowledgement shall be made by 30 November, 28 Febru-

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● **D. M. 28 ottobre 2004** “Decreto del Ministro per i beni e le attività culturali recante modalità tecniche di gestione e monitoraggio dell’impiego delle risorse destinate alla promozione delle attività cinematografiche”;

● **D. M. 27 settembre 2004** “Modalità tecniche per il sostegno alla produzione ed alla distribuzione cinematografica”;

● **D. M. 27 settembre 2004** “Definizione degli indicatori, e dei rispettivi valori, per l’iscrizione delle imprese di produzione cinematografica nell’elenco di cui all’art. 3, comma 1, del D. Lgs. 22 gennaio 2004, n. 28, e successive modificazioni”;

● **D.M. 27 settembre 2004** “Definizione degli indicatori del criterio per il riconoscimento dell’interesse culturale dell’opera filmica di cui all’art. 8, comma 2, lettera d), del D. Lgs. 22 gennaio 2004, n. 28, e successive modificazioni, nonché la composizione e le modalità di organizzazione e di funzionamento della Commissione per la cinematografia”;

● **D.M. 27 agosto 2004** “Determinazione dell’ammontare dei premi di qualità ai lungometraggi riconosciuti di nazionalità italiana e delle relative quote percentuali di ripartizione”;

● **D.M. 30 luglio 2004** “Modalità tecniche di attuazione del collocamento pianificato di marchi e prodotti nelle scene di un’opera cinematografica ‘product placement’”;

● **D.M. 16 luglio 2004** “Modalità tecniche di erogazione e monitoraggio dei contributi percentuali sugli incassi realizzati in sala dalle opere cinematografiche”;

● **D.M. 10 giugno 2004** “Organizzazione della Consulta territoriale per le attività cinematografiche”;

● **D.M. 10 giugno 2004** “Modalità tecniche per il sostegno all’esercizio ed alle industrie tecniche cinematografiche”;

● **D.M. 10 giugno 2004** “Criteri per la concessione di premi alle sale d’essai ed alle sale delle comunità ecclesiali e religiose”; (Ministerial and Legislative decrees detailing and providing for support to cinematographic activities), available at: <http://merlin.obs.coe.int/redirect.php?id=9961>

IT

ary, 31 May and 31 August of each year and the Commission will issue its decision by 1 March, 31 May, 30 September and 30 November respectively.

The regional authorities of Emilia Romagna and Tuscany, in separate claims filed before the Constitutional Court on 5 April 2005, contested various provisions of the Legislative Decree 2004, no. 28, raising substantially similar constitutional questions mainly based on the assumption that matters concerning cinematographic activities and the entertainment industry fall within the regional authorities’ competence.

On 19 July 2005, the Constitutional Court (Ruling n. 285) stated that certain provisions of the Legislative Decree 22 January 2004, no. 28, and in particular those concerning the support and financing system of the cinematographic activities, belong to the promotion and organization of cultural activities and as such they fall within the concurrent legislation of the State and the Regions. Therefore, all those provisions have been declared unconstitutional insofar as they do not provide for a concerted procedure between the State and the Regions. As a consequence, the majority of Ministerial Decrees mentioned above were declared inapplicable as they were adopted either without the agreement or without the mandatory advice (whichever was called for) of the State-Regions Conference.

By a Governmental Decree of 17 August 2005 (n. 164, entitled “Urgent provisions in favour of cinematographic activities”) some urgent provisions were adopted in order to make the Legislative Decree 2004, n. 28 conform with the constitutional decision. Unfortunately this decree was not passed into law and therefore the movies of acknowledged cultural interest risked being denied the financial benefits allocated for the year 2005.

It is for this reason that a law proposal was quickly drafted and on 15 November 2005 the “Provisions on entertainment matters” Act was adopted.

Art.1 of this Act provides that all the acts, the effects deriving from, the rights accrued and legal relationships based on the 164/2005 Decree are valid. Furthermore it provides that all the pending proceedings concerning financial benefits shall be considered as valid and with effect. Furthermore, this Act ensures that the different Ministerial Decrees provided for by the 28/2004 Act shall be adopted on a case by case basis with the agreement or with the advice of the State-Regions Conference.

As a consequence of the Act adopted on 15 November 2005, the decisions taken by the Commission for cinematography of 14 and 26 September 2005 – concerning the acknowledgment of cultural interest of a work and related funds – and the proceedings still pending further to applications presented by 31 July and 31 August 2005 have all been upheld. ■



## LT – Amended Act for Public Service Broadcaster Adopted

On 22 December 2005, the Lithuanian Parliament adopted a new edition of the Act on the Lithuanian National Radio and Television (LRT). It contains a few essential amendments regarding the activity of the public service broadcaster.

The main change is the modification of the public service broadcaster's financing model. According to Article 15 of the Act, the Lithuanian public service broadcaster is funded from the allocation of the State budget, advertising, publishing activity as well as from sponsorship and revenues obtained from commercial and economic activities.

Thus, the Lithuanian Parliament finally rejected the idea of introducing a licence fee for the public service broadcaster, which was envisaged earlier.

The idea of the licence fee emerged in 1996, with the adoption of the Act on the Provision of Information to the Public. That regulation could have enabled the Lithuanian public service broadcaster to gradually become independent of the influence of the Government and to remove advertisements from its programming. This model of financing of the LRT was to come into force in 1997, but it never did.

The Act on the National Radio and Television was amended several times and the date of coming into force of the initial funding model had been rescheduled yearly.

There are several more new provisions in the amended Act on the public service broadcaster: The previous edition of the Act read that radio and television broadcasts transmitted in another language had to be translated into Lithuanian. According to Paragraph 4 of Article 4, now the broadcaster is obliged to translate audio and video works into Lithuanian using dubbing, or presenting them with Lithuanian subtitles. From now on, it is in the competence of the Council of the public service broadcaster to determine which part of audio and video works have to be subtitled. In practice most of the Lithuanian radio and television broadcasts are being translated into Lithuanian using dubbing. The aim of the new amendment is to preserve the originality of

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● Act on Lithuanian National Radio and Television

LT

## NL – Tax Advantages to Stimulate the Movie Industry

At the end of 2004, the Dutch authorities decided to continue their policy to stimulate the movie industry by offering tax advantages. This policy was endowed with a total of EUR 20 million per year. The measures were then successfully submitted for approval to the European Commission. The purpose of this policy is to stimulate the private sector to invest more money in movies for a wider audience. So far, the measures have proved efficient in reaching

works, to permit viewers to hear authentic sound of audiovisual works and to motivate the viewers to learn foreign languages.

In accordance with Article 5 of the amended Act the public service broadcaster has to prepare programmes for national minorities as well as programmes for disabled persons. In the former law LRT had the right to do so, but not an obligation.

According to Paragraph 5 of Article 6 of the law, advertising time shall, with the increase of the LRT allocation from the State Budget, be progressively reduced to 10 per cent of the daily transmission time in accordance with the decision of the LRT Council. The requirement laid down in Paragraph 4 of this Article determines that the duration of advertising both in the National Television and in the National Radio programmes must not exceed 15 percent of the daily broadcasting time. The amended Act bans advertising on the second television channel of the public service broadcaster completely. Currently the Lithuanian public service broadcaster broadcasts two television programmes and two radio programmes. According to the law it is allowed to broadcast two television and four radio programmes.

The Act introduces some changes in the administrative structures of the public service broadcaster. Apart from the LRT Council and the Director General, an Administrative Commission is being introduced. It has to be constituted by 1 April 2006. The former law also contained a provision about the Administrative Commission. However, its function was to administer the licence fee revenues. As the revised law rejected the system of the licence fee, the Administrative Commission will control the overall financial activities of the broadcaster.

In view of the fact that the transparency of the public service broadcaster's financial activities is becoming a subject of public debate, more detailed requirements about the content and the presentation of the annual reports have been introduced. Thus, the LRT Council shall present its report annually by 1 July. It should contain detailed information about the revenues collected from the State budget, advertising and commercial activity and information about the utilisation of financial resources from each of these sources. The former law did not contain such strict requirements.

that goal. More of these movies were made and the market share of Dutch movies increased. The public at large showed more interest in Dutch movies and a new generation of filmmakers arose.

As of 1 January 2006, the fiscal possibilities have been further extended. Investing in a Dutch movie was still quite risky because of the limited size of the national market and the linguistic area. Even if a movie becomes a great success, the economic profit is relatively small. A part of this risk is being covered by tax advantages such as, for example, a partial exemption from the obligation to pay tax on the

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● **Verbetering Fiscale Regeling Filmsector, (Improved Tax Arrangement for Film Sector)**, press release of 12 July 2005, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9956>

NL

profits. These and other fiscal measures alone are not enough to make investing in a Dutch movie fully profitable. That is why it is being studied how the policy can be improved by combining these measures with the granting of subsidies. This would make it more appealing for the private sector to invest in

Dutch movies. By continuing and improving the policy to stimulate the film industry more Dutch movies can be expected in future. The Secretary of State for Culture and Media has also paid particular attention to other aspects of this policy, focusing on certain film categories (such as films attracting wide audiences and the so-called telefilm project) but also on the cultural aspects of the movie industry. The latter entails a "quality test" which is to guide the Dutch Film Fund in determining which films should be granted a subsidy. ■

## PL – Changes concerning Regulatory Authorities

The audio-visual sector in Poland is governed mainly by the Broadcasting Act of 29 December 1992 (Journal of Laws of 2001 No. 101, Item 1114 as amended) and, in the field of new technologies, by the Telecommunications Law of 16 July 2004, replacing the Law of 21 July 2000 (Journal of Laws 2004 No. 171 Item 1800 as amended).

Therefore, until the latest revision of the Broadcasting Act and other Laws of 29 December 2005, the National Broadcasting Council (NBC), together with the President of the Office of Telecommunications and Post Regulation (OTPR) have both acted as regulatory bodies in the audio-visual media sector.

In the gradually-built digital environment they have cooperated particularly closely. The activities of the NBC included wide-ranging tasks and competencies of cooperation with the parliament, government and some other authorities (e.g. with the President of OTPR and the President of the Office for Competition and Consumer Protection) in creating and supervising media policy in Poland. In particular, it has acted in the area of preparing opinions, documents, participation in appropriate consultations, granting licences, registering the retransmission of a program service, monitoring and supervising both private and public broadcasters, etc. The President of the OTPR, jointly with the Minister competent for communications were the national regulatory bodies in the field of postal and telecommunication services, as well as of frequency management.

The latest revision of the Broadcasting Act aims at: 1) changes to the composition of the NBC, 2) liquidation of OTPR, and 3) appointment of an Electronic Communication Office (ECO). The Act determines the principles and scope of the transformation of the above mentioned organs, their tasks and competencies.

According to the new provisions, the NBC shall consist of 5 members (previously: 9 members) of which 2 shall be appointed by the *Sejm* (lower chamber of the parliament), 1 by the Senate and 2 by the

President, from amongst persons with a distinguished record of knowledge and experience in mass media matters. The Chairman of the NBC shall be appointed by the President from the members of the Council (until 2006 he was elected "by members of the Council"). The NBC shall adopt resolutions by a 2/3 majority of the votes of the total number of its members (until 2006 "by an absolute majority"). The term of all the former members of NBC has expired. Now both the chambers of parliament and the President are expected to appoint new members immediately.

According to the amendments, the specialised central body of government administration in the field of telecommunications - President of OTPR - has been disestablished. Its competencies were entrusted to a newly established authority, the President of the Electronic Communication Office. The President is appointed and dismissed by the Prime Minister from 3 candidates proposed by the NBC, (previously: "on the motion of the Minister competent for communications"). This new organ will be established immediately after the NBC has been newly constituted.

It should be pointed out that some important competencies of the NBC, in particular concerning the digital environment, have been handed over to the President of the ECO (however with the obligation to act on media issues in agreement with the President of the NBC). Concerning granting, changing and revoking the reservation of radio and television frequencies, the President of the ECO is authorised to change the conditions of using or revoking audio-visual media reservations of frequencies. In the case of an insufficient number of frequency resources the President of the ECO is also authorised to determine the conditions for a competition and leads the consultation procedure (which precedes the competition).

The above-mentioned new legal regulations seem to be part of a wider process of changing the present audio-visual system in Poland. Therefore, they have caused a lot of discussions, doubts and controversies. For instance, the former NBC issued an official declaration enumerating a lot of formal reservations, concerning legal and procedural matters. On the other hand, the parliamentary project of amendments was accepted by the government of Poland. Then, the President of Poland approved the changes and countersigned them. ■

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● **Amendments to the Broadcasting Act and other Laws of 29 December 2005:**  
Journal of Laws of 2005 No. 267, Item 2258, available at:  
<http://merlin.obs.coe.int/redirect.php?id=9992>

PL

## PT – Act on Public Radio and Television Ombudsman Approved by Parliament

On 15 December 2005, the Portuguese Parliament approved Law proposal n° 12/X creating both a listeners' ombudsman and a viewers' ombudsman for the radio and television public services (see IRIS 2005-7: 17).

The Law proposal's main purpose in establishing these two new bodies is to promote independence from the State as well as public scrutiny in programming matters.

According to article n° 6 (1) of Law proposal n° 12/X, both the radio ombudsman and the television ombudsman shall have the following competences:

a) to receive and evaluate complaints and suggestions from listeners and spectators;

b) to produce statements about complains and suggestions;

c) to examine and to reach conclusions on the criteria and methods used in information and fictional programming broadcast by public radio and television;

d) to provide information to listeners regarding their concerns;

e) to guarantee a weekly TV or radio programme to inform the public of their views and

f) to produce an annual report.

According to the Minister responsible for the Media (*Ministro dos Assuntos Parlamentares*), Augusto Santos Silva, this governmental initiative stems from the belief that further incentive should be given to self-regulation, considering that such regulation and regulation exercised by external bodies are complementary: both contribute to improved supervision, deeper reflection and expanded public scrutiny.

These two ombudsmen will have annual mandates which may be renewed for a maximum term of three years. The Law approved by Parliament has not yet been promulgated by the President of the Republic. Considering a wide consensus was reached, it is not to be expected that the President of the Republic should send it back to Parliament for further analysis. ■

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● Law proposal approved by the Council of Ministers on 12 December 2005, available at:

<http://merlin.obs.coe.int/redirect.php?id=9958>

● Speech by the Media Minister *Ministro dos Assuntos Parlamentares*, Augusto Santos Silva, during parliamentary debates of 14 December 2005, available at:

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● *Diário da Assembleia da República, X Legislatura, Reunião Plenária de 15 de Dezembro de 2005* (agenda of the National Assembly, 10th Legislature, Plenary Assembly of 15 December 2005, available at:

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● *Diário da Assembleia da República (DAR) Electrónico, 1ª Série, DAR I Série, n° 068, 2005-12-16.*

PT

## RO – Local Programmes and Rebroadcasting

Decision No. 654 of 22 November 2005 of the Romanian National Supervisory Authority for Electronic Media (*Decizia CNA nr. 654 privind difuzarea programelor locale și a programelor retransmise*) is designed to create a balance between the programmes offered by national, local and regional broadcasters, as well as better regard for the right of local communities to relevant information about current socio-economic, cultural and political affairs. Art. 1 a of the decision defines "local programmes" as news programmes, reports, interviews and debates concerning current events in the life of the community covered by the broadcasting service. Art. 1 b defines "rebroadcasting" as "the recording and simultaneous transmission to the public of whole broadcasting programmes or a significant proportion thereof, without alteration".

Art. 2 (1) provides that broadcasters which transmit TV channels in cities with more than 250,000 inhabitants may apply for an exemption from the duty to produce and broadcast a local programme. They may do so on condition that they rebroadcast within their own programme a local programme that is produced and broadcast by the same licence holders.

In municipalities that are district capitals with a population of less than 250,000, broadcasters can, according to Art. 2 (2), apply for an exemption from the duty to produce and broadcast a local programme if, on the basis of an existing agreement, at least one other broadcaster produces and broadcasts a local programme as part of its radioelectric, terrestrial or cable broadcasting service. The wording of the relevant agreement must be communicated to the CNA.

Programmes provided by a broadcaster which is subject to the laws of another country must comply with the percentages set out in the CNA-approved programme plan in relation to programme production, broadcasting and rebroadcasting.

According to Art. 7, the exemption from producing and broadcasting local programmes, granted under the conditions set out in this decision, may not be granted until the CNA has been informed of the broadcaster's intention to seek an exemption. Breaches of the provisions of this decision will, according to Art. 91 of Audiovisual Act No. 504/2002 and subsequent amendments and additions, be punished firstly with official warnings and, if they are not heeded, with fines of between RON 2,500 and RON 25,000 (EUR 1 = RON 3.66).

The provisions of CNA Decision No. 654 of 22 November 2005 will enter into force on 1 April 2006 and replace the provisions of Decision No. 312 of 30 September 2004, published in the Romanian Official Gazette, Part 1, No. 911 of 6 October 2004. ■

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● *Decizia CNA nr. 654 privind difuzarea programelor locale și a programelor retransmise* (Decision No. 654 of 22 November 2005 of the Romanian National Supervisory Authority for Electronic Media), available at:

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RO

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