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PRESS RELEASE

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FOR IMMEDIATE RELEASE

**EUROPEAN COMMON MARKET TAKES ANTI-TRUST ACTION AGAINST GERMAN
MUSIC COPYRIGHT ASSOCIATION**

WASHINGTON, D.C., June 16 -- The Commission of the European Common Market has ordered the association controlling all musical copyrights in Germany to cease discriminatory trade practices.

This is the first decision by the Commission against an "abuse of a dominant position" in the Common Market and will be published within the next week in the Official Journal of the European Communities. The firm accused of restraining trade, both within and outside of Germany, was "Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte" (GEMA) of Berlin.

The Commission charged that GEMA, contrary to Article 86 of the European Economic Community Treaty, was discriminating against non-nationals -- only Germans can become full voting members while non-nationals are limited to being affiliated members with no pensions or voting rights. It also charged GEMA statutes with effectively tying members to the organization for life, since it would involve large financial losses to leave.

Case Similar to U.S. Anti-trust Action Against ASCAP in 1950

GEMA, which handles nearly \$43 million in business annually, bears a marked resemblance to the American Society of Composers, Authors, and Publishers (ASCAP), except that the Berlin-based association is a quasi-public body which has been given jurisdiction by the state over all copyrights of musical productions and compositions in Germany. A musical artist signs up with GEMA and receives a royalty everytime any of his work is played in public. In fact, the case against GEMA is similar to an anti-trust case against the ASCAP in 1950.

(more)

In addition to discrimination against non-nationals and tying its members to the organization, the Commission charged that:

0 the GEMA statutes make it more difficult for German music publishers, in particular, to operate in the rest of the Six, and vice versa for publishers of the other member states to practice in Germany.

0 bonuses for being a good customer discriminated against other members

0 GEMA sometimes levies fees for music which is already in the public domain or does not belong to GEMA's repertoire

0 GEMA charges copyright fees twice on phonograph records imported into Germany by independent dealers

0 GEMA demands royalties on sales of tape recorders imported into Germany higher than those on national production.

Doctrine Similar to Charges Against Europ-Emballage (Continental Can)

Although this was the first "decision" by the Commission on abuse of dominant position, it had made prior accusations concerning Europ-Emballage, the Dutch metal packaging firm taken over by Continental Can. The Commission included in its decision a restatement of its doctrine that take-overs by a dominant firm of a competing firm can in itself constitute an abuse.

The Commission had looked into all five of the national copyright societies in the member states (Luxembourg is covered by the French society) but GEMA was the only one to have refused to change its rules to conform with the EEC Treaty. GEMA has said it would take the case to the European Court, in Luxembourg.

The Commission noted that the decision in no way affects the cultural or social functions of the GEMA, the copyrights themselves, nor the financial incomes of the authors except in trying to reestablish the rights of the affiliates vis-à-vis GEMA.