

# The Competition Council Imposes Penalty on AKKA/LAA for Abuse of Dominant Position

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News

On 1 December 2008 the Competition Council of Latvia (CC) has adopted decision on Latvian collective copyright management association AKKA/LAA ("Copyright and Communication Consulting Agency/Latvian Authors Society") - to impose fines in amount of 11 134 LVL and the legal obligation to dismiss the detected violations for abuse of dominant position by applying unfair royalty tariffs for public performance of musical works.

The Competition Council has recognized as unfair the royalty tariffs laid down by AKKA/LAA for public performance of musical works for such shops where the main type of business is not trade of music (cassettes, CD's) as well as for hairdressing saloons, solariums, fashion saloons etc. These tariffs are considered as unfair both in Latvian scale as well as in comparison with the similar tariffs applied for public performance of musical works in Estonia and Lithuania. The annual costs for public performance of musical works in Latvia are few times higher as in the above named neighbour countries.

CC has acknowledged as unfounded, unclear and non-based on objective criteria the tariff system based on geographical grouping of music customers, applied by AKKA/LAA. In the process of this system application drastic differences of tariffs has occurred in the whole territory of Latvia – until 2,75 times. It is indicated by CC, that such a geographical criterion is not applied in other Baltic states – tariffs are calculated on the basis of size of the sales area space, in accordance with principle – the larger space – the lower price for one m<sup>2</sup>.

The case on possible violations was initiated by CC on the basis of complaint received from Latvian Merchants Association (LTA - Latvijas Tirgotāju asociācija). LTA on behalf of its members has expressed objections against such royalty tariffs which are unreasonable high, one-sided and defined without economic justification. However one of official functions of AKKA/LAA is agreements with unions of users of works about amount of remuneration, procedure of payments and other provisions, the CC has established from the case materials, that AKKA/LAA has not expressed willingness and efforts to agree with LTA about amounts of tariffs. Moreover - AKKA/LAA, against the regulations of law, does not consider, that it is obliged to agree with users of music about amount of remuneration.

The CC will inform also the Ministry of Culture, which is the supervisory authority on lawfulness of performance of AKKA/LAA, about violations in the sphere of collective management of copyrights.

The CC has detected violation in activities of AKKA/LAA since the 1 May 2004, when in accordance with amendments to the Copyright Law, performance of AKKA/LAA was restricted by competition regulatory enactments.

In accordance with its statutes AKKA/LAA is association which unites authors with the aim to realize collective management of copyright accordingly to the laws and regulatory enactments of the Republic of Latvia and international conventions and agreements where Latvia is a member state. Due to the conditions of Copyright Law only one organisation for collective management of economic rights can simultaneously perform collective management of economic rights. The AKKA/LAA has dominant position in the market of issuing of licences in the territory of Latvia.

<https://www.kp.gov.lv/en/article/competition-council-imposes-penalty-akkalaa-abuse-dominant-position-0>