



GAZDASÁGI
VERSENYHIVATAL

PRESS RELEASE OF THE HUNGARIAN COMPETITION AUTHORITY

Judgement of the Court of Appeal of Budapest of 26 April 2006

The Court of Appeal of Budapest established in its judgement of 26 April 2006, that the undertakings Budapest Film Kft., Intercom Rt., Ster Century Magyarország Kft. and UCICE Kft., which ran multiplex cinemas in the shopping centres Mammut, Eurocenter, Lurdy Ház, Duna Plaza, Campona, Westend and MOM Park Budapest, infringed the provisions on the prohibition of agreements restricting economic competition of the Hungarian Competition Act by raising their cinema ticket prices to exactly the same extent on 25 April 2002. The judgement of the Court of Appeal of Budapest is final. By this judgement the Court of Appeal of Budapest confirmed the judgement of the Municipal Court of Budapest, which rejected the appeal of the above undertakings against the Hungarian Competition Authority's decision establishing the unlawfulness of the undertakings' behaviour. The Hungarian Competition Authority, in its decision of 17 November 2002, obliged the undertakings to pay the following fines: Budapest Film: HUF 37 million (approx. EUR 142000); Intercom: HUF 83 million (approx. EUR 320000); Ster Century Magyarország and UCICE jointly: 83 million (approx. EUR 320000). None of the four undertakings have paid the fine yet.

The basis of the case was a competition supervision proceeding of the Hungarian Competition Authority (hereinafter: GVH). The aim of the competition supervision proceedings, conducted earlier by the GVH, was to find out whether the increase to a similar increase in the cinema ticket prices made by the undertakings Budapest Film, Intercom, Ster Century Magyarország and UCICE, running cinemas in shopping centres in Budapest (Mammut, Eurocenter, Lurdy Ház, Duna Plaza, Campona, Westend and MOM Park), on 25th April 2002 had been the result of a concerted practice seriously prohibited by the Hungarian Competition Law.

The GVH had to decide whether the undertakings' behaviour in question was only due to external economic circumstances on the market only or it was the result of a concerted practice of Budapest Film, Intercom, Ster Century and UCICE.

It was among the evidences that a series of the undertakings' data was found to be identical or similar. Also, the undertakings normally performed a price-taking behaviour, meaning that they used the higher prices set by other competitors on the market after at least one week passed. Furthermore, there were competitors on the market which did not raise their prices on 25 April 2002. The fact that the representatives of Budapest Film and Intercom had

two phone talks about the possibility of raising prices was also of evidential importance. Their aim could also be established from their statements and other written proofs as.

The GVH did not accept the undertakings' evidences and arguments as to external economic impacts of the price increase of their cinema tickets, since such an uniformity in price increase could not have been caused by factors other than concertation.

Based on the above, the GVH imposed the following fines on the undertakings: Budapest Film: HUF 37 million (approx. EUR 142000); Intercom: HUF 83 million (approx. EUR 320000); Ster Century Magyarország and UCICE Kft. jointly and severally: HUF 83 million (approx. EUR 320000). When imposing the fine the GVH considered the amount of money the cinemas earned as a result of their cinema ticket price increase. Moreover, it was an aggravating circumstance that the undertakings blocked, in most of the cinemas in Budapest, price competition between them for about one month – it should be added that the four undertakings' market share was 95% in 2002.

All of the four undertakings made an appeal at the Municipal Court of Budapest against the decision of the GVH. However, the Municipal Court of Budapest, acting as a court of first instance, rejected their claims. On further appeal, the Court of Appeal of Budapest held that their action against the decision of the Municipal Court was unfounded and declared the judgement of the court of first instance to be correct. This ultimately meant that the GVH's assessment of the infringement committed by the four undertakings, Budapest Film, Intercom, Ster Century Magyarország and UCICE, was held to be correct.

Budapest, 2 May 2006

Hungarian Competition Authority
Communication Group

Further information can be obtained from:

Erika Baráth
Hungarian Competition Authority
Address: 1054 Budapest, V. ker., Alkotmány u.5.
Mailing address: 1245 Budapest 5., Pf. 1036
Tel.: (+36-1) 472-8985
Fax: (+36-1) 472-8998
Email: Barath.Erika@gvh.hu
www.gvh.hu