

market intelligence

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GETTING THE
DEAL THROUGH 

Telecoms & Media

Global interview panel covering key
economies led by Laurent Garzaniti

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Single Market
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GETTING THE
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market intelligence

Welcome to *GTDT: Market Intelligence*.

This issue focuses on global telecoms markets.

Getting the Deal Through invites leading practitioners to reflect on evolving legal and regulatory landscapes. Through engaging and analytical interviews, featuring a uniform set of questions to aid in jurisdictional comparison, *Market Intelligence* offers readers a highly accessible take on the crucial issues of the day and an opportunity to discover more about the people behind the most interesting cases and deals.

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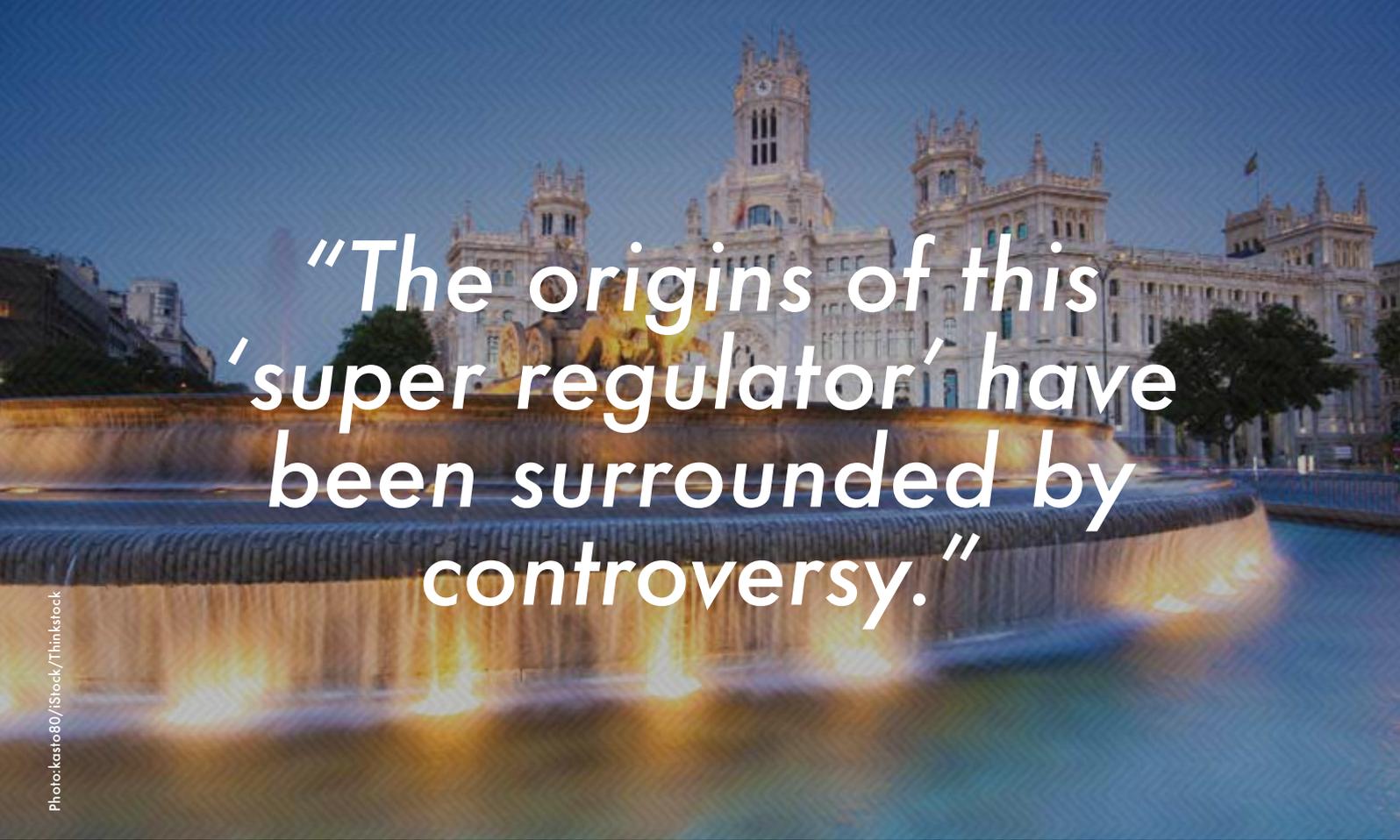
Pedro Callol

TELECOMS & MEDIA IN **SPAIN**

Prior to founding Callol Coca & Asociados SLP, Pedro Callol was an equity partner leading the competition and TMT practice of one of Spain's largest law firms; before this he had created and led the TMT and EU/competition practice of a London 'magic circle' law firm in Spain; before that, he was an associate with Arnold & Porter in Washington, DC and London. He is a law graduate of the College of Europe in Bruges and the University of Chicago Law School (Fulbright).

Other senior members at the firm include Jorge Manzarbeitia (LLM University College London); Manuel Cañadas (LLM Université Catholique Louvain); Santiago Roca (LLM King's College, London).

The firm provides specialised assistance to national and international TMT clients in need of strategic advice. Representative matters include advising various Hollywood majors, TV and media companies on the restructuring of their output deals subsequent to the various media mergers in the last two decades in Spain; acquisition by Fox Home Entertainment of the distribution rights of Sony in Spain; Telefónica and cable operator ONO in contentious matters related to financing of FTTH networks; a major Hollywood player in the appellate and Supreme Court regarding commercial conditions for exhibitors; Atresmedia on the merger review of the *Telefónica/Digital+* acquisition; Telenium, an IPTV company, on unfair trade proceedings against Alcatel; and LG in the legal design of its online distribution system.



“The origins of this ‘super regulator’ have been surrounded by controversy.”

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GTDT: *What were the key developments in communications and media regulation in your jurisdiction last year?*

Pedro Callol: A key development in the regulatory landscape in Spain is the creation of a new regulatory authority, the National Competition and Markets Commission (NMCC) by the NMCC Act, entrusted with wide powers in several network and regulated industries (including the media and electronic communications), and also entrusted with the role of Competition Authority. This 2013 reform came into force in 2014 and its effects are still being deployed.

The origins of this ‘super regulator’ have been surrounded by controversy. Lawyers and commentators (including the competition (NCA) and regulatory authorities (NRAs) themselves prior to the creation of the NMCC) have considered that such a concentration of administrative powers may cast doubts on the required independence of the new regulator, which may be too influenced by its role as trustbuster and vice versa. The Vice President of the European Commission (at the time Neelie Kroes) went as far as to write an official letter to the Spanish government expressing concerns about the creation of the NMCC. Some well-documented disputes between the telecoms NRA and the NCA in areas such as wholesale pricing of media transmission signal suggest that the creation of the NMCC had the aim of putting an end to these high-profile disputes. Reservedly, officials of the NCA and NRAs have judged this as a political move aimed at disarming the Competition Authority’s

prior active record (one of the best in Europe in recent years) in its fight against cartels and anti-competitive practices. For more information on these matters see, for instance, our short study on regulatory convergence at <http://callolcoca.com/wp-content/uploads/2013/09/Ever-doubted.pdf>.

The NMCC’s role is to guarantee and promote effective and transparent competition in all markets and sectors for the benefit of consumers and market operators. To achieve this, the NMCC is regulated as an authority structurally and operationally independent from the government, public bodies, market agents or any other business or commercial interests. Ultimately, however, the designation of the members of the NMCC Council is political and for limited terms of six years. In practice, the NMCC should act (and in our view, it does largely appear to act) quite independently of external pressures.

The NMCC has a dual structure: the governing bodies (the Council and the President) and the investigation bodies (four investigation directorates). The Council has 10 members divided into two chambers of five members each; one for competition law matters led by the President of the NMCC and another for regulatory supervision presided over by the Vice President. The plenary session acts as governing body.

At the executive or investigation level, four directorates are envisaged: competition, telecommunications, media, and transport and the Postal Sectors Directorate.

A couple of additional recent developments are also noteworthy. First, the Spanish parliament passed a new Telecommunications Act (Law



Jorge Manzarbeitia

9/2014, of 9 May, on Telecommunications or the Telecommunications Act). The Telecommunications Act is the main piece of legislation in this area in Spain, dealing with the granting of licences and authorisations, access to network, spectrum policy, special taxes or sanctions, among many others. As a general overview, an attempt has been made to cut red tape and reduce administrative procedures; not all operators are required to fund universal service obligations (only those where gross income exceeds €100 million); and the market definition and establishment of ex ante obligations to operators with significant market power has been entrusted to the NMCC.

Another recent development we would like to point out because of its economic importance in Spain is the regulation of the marketing of broadcasting rights of football events. In May 2015, the government passed Royal Decree-Law 5/2015 on urgent measures in relation to the distribution of the exploitation rights of audiovisual content of professional football competitions (RDLF). The RDLF puts an end to long and complex negotiations between all stakeholders including the Spanish Football League (comprising all professional football clubs), the Spanish Football Federation and the government. Before the entry into force of the RDLF, each football club used to negotiate and sell its broadcasting rights individually, since the owner of the broadcasting rights of each match is the home team. This led to great differences between the incomes of the most popular teams (mainly Real Madrid and Barcelona) and the rest of the teams (because most matches played by the most popular clubs were priced highly, whereas only a few games played by the least popular clubs against the most popular clubs were priced highly).

Among other things, the RDLF's goal is to redistribute income from the sale of broadcasting rights by establishing and regulating the collective sale of broadcasting rights to Spanish professional football competitions. Under the RDLF, football clubs must in the future assign their broadcasting rights to a pool managed by an organising entity (ie, the Spanish Football League regarding the first and second division competitions, or the Spanish Football Federation regarding the King's Cup). The organising entity will implement the joint sale (through licensing agreements not lasting longer than three years, following NCA practice in this area) and the distribution, pursuant to the regulated criteria contained in the RDLF, of the income generated by the joint selling of rights. According to the income distribution criteria of the RDLF, the difference between the club that receives the least and the club that receives the most income shall not be greater than 4.5 times.

GTDT: Does sector-specific regulation – as opposed to the general competition regime – play a significant role in your jurisdiction? Is this expected to change?

Jorge Manzarbeitia: Sector-specific regulation plays a significant role in Spain, although (rather in line with the EU regulatory package of directives) much of the current regime is competition law based. The Telecommunications Act, in line with the EU telecoms regulatory framework, establishes that the NMCC has powers to impose ex ante regulatory obligations to undertakings identified as having significant market power after analysing the conditions of competition in a given relevant telecommunications market.

Probably the hottest discussion at the moment is on the possible regulation of access to fibre-to-the-home (FTTH) networks. The NMCC is proposing to force Telefónica to open its fibre network to competitors throughout Spain, except in 14 cities in which other operators are active. Little wonder that Telefónica has loudly voiced its opposition to the move, even stating that it will cut planned FTTH investment if the NMCC's proposal goes forward. According to recent press releases, this possible regulation will be delayed until the last quarter of this year.

Future proposals in the context of the Digital Single Market for Europe initiative may change the role of sector-specific regulation. As has been expressed by the European Commission, the aim is to gradually make the telecoms sector 'normal'.

GTDT: What is the attitude to net neutrality in your jurisdiction?

Manuel Cañadas: Net neutrality is not literally enshrined in Spanish law. However, the Telecommunications Act enables the government

to fix minimum requirements related to the quality of the services provided by telecommunications companies to avoid deterioration of the service and the hampering and slowing down of traffic on the net. Consequently, the Spanish government approved a ministerial order on this issue based on the Charter of Rights of users of electronic communications services, establishing requirements related to information, transparency and quality levels. The debate on net neutrality has been on the table for some years, but the Spanish government has not adopted any strong measures in this regard even if it has declared itself in favour of this principle. As in other EU member states, Spain is still waiting for the implementation of clear rules resulting from the EU initiative in favour of net neutrality. Antitrust policy plays a significant role in determining the intensity of net neutrality. Net neutrality is necessary to ensure that internet access providers do not inhibit competition by blocking the use of independent services by consumers such as VoIP or other over-the-top (OTT) services. Should telecom companies seek payment by independent OTTs, barriers to entry could be unachievable for many of them. Banning this kind of practice is regarded as a priority by the EU and to an extent the principle is being accepted by national practice (see details of the *Telefónica/Digital+* transaction, where the principle is being applied to force Telefónica to treat OTTs fairly).

GTDT: What is the regulator's approach to over-the-top services?

MC: Such services are not specifically regulated in Spain. According to market statistics, 36 per cent of EU citizens used OTT VoIP services in 2014. OTT providers are turning into competitors of telecom companies. The European Commission and the NMMC seem to be accepting this kind of reasoning. On the one hand, subjecting OTTs to burdensome regulation could be detrimental to their innovation. On the other hand, maintaining the current asymmetric regulatory framework could reduce incentives for telecom companies to invest in high-capacity networks, probably reducing the end-users' benefit from competitive, affordable and high-quality connectivity.

GTDT: Has there been any recent granting of spectrum? Are any significant grants planned in the near future?

PC: In July 2014 the Spanish Ministry of Industry, Energy and Tourism granted 2.6GHz spectrum band blocks (regional scope) to five operators through a bidding process (2.6GHz band can be used for ultra-fast broadband services). Only minor regional operators took part in the aforementioned bid (for instance, Atrium or NEO-SKY). The bidding process formed part of the Digital Agenda, elaborated by the

Ministry of Industry and the Ministry of Finance. One of the main purposes of this Digital Agenda is enhancing the roll-out of next-generation networks (NGNs) and services.

Back in 2011 the Ministry had granted 800MHz, 900MHz and 2.6GHz spectrum band blocks through a major tender. Eleven operators participated in the tender: national operators Telefónica, Vodafone, Orange, Jazztel and ONO, and regional operators such as Euskaltel or R Cable, among others. Telefónica, Vodafone and France Telecom were the companies that offered higher amounts, thus obtaining more blocks. Other companies that obtained blocks were ONO, JazzTel, Euskaltel and R Cable.

In April 2015 the government launched a tender process for the award of six digital terrestrial television licences (open TV) of national scope. At the time of this interview the results of the tender are still pending.

A litigious matter in this area that has made headlines refers to the assignment of digital frequencies for television which had become available as a result of the national transition from analogue to digital terrestrial television. In summary, the Supreme Court annulled, by means of a judgment of 27 November 2012 (judgment), the administrative order of 16 July 2010, which assigned to each one of the existing licensees for the national service of terrestrial television a frequency for various terrestrial digital television channels for the entire territory of Spain, an assignment which took place without open auction. The Supreme Court left it clear in the judgment that it would not be possible to assign those channels without a public tender procedure, as this would run counter to Law 7/2010, of 31 March, on Media Communications (Media Act).

To implement the judgment, the government issued an administrative order of 22 March 2013, which included a transitional provision enabling the continuation of the broadcasting of the channels affected by the judgment. The Supreme Court, however, issued a court order of 18 December 2013 to implement the judgment, ordering the immediate cessation of broadcasts by the channels affected by the judgment.

Prior to the order of 16 July of 2010 15 open digital TV television channels were operating under the relevant licences. Nine new channels were operating until last year under the administrative order of 16 July 2010 and continued to do so even after the Supreme Court judgment, under the umbrella of the government order of 22 March 2013. Three channels had been attributed to Atresmedia, two to Mediaset, two to Veo TV and two to Neo TV. A new tendering for eight channels has taken place which has, again, been challenged before the courts. However, the latest available news on the issue is that the applicant has decided to withdraw its legal challenge. Overall the saga has made a considerable dent in legal certainty as it has effectively annulled the government award of

channels and has led to the closure of the affected digital terrestrial television channels.

GTD: How has the debate about 'big data' played out in your jurisdiction? What has the debate focused on?

Santiago Roca: The debate has focused on the fact that the regulation on data protection is not evolving at the same pace as the big data technology is. Thus, there is a call for a new regulation in order to ensure the privacy of users. In Spain, the debate does not differ substantially from the discussion at EU level. The Spanish Data Protection Act regulates certain aspects that may affect big data technology (ie, there is an explicit limitation to data sharing that enables individual user identification). However, current legislation is generally insufficient to deal with the issues posed by big data. Looking ahead, regulation of the area should take into account not only data protection issues, but also other issues such as strategic use of big data to provide a competitive advantage or leveraging the use of big data to gain a competitive advantage in neighbouring markets – all of which may in some circumstances lead to market foreclosure and be relevant under competition law. The concerns generally spelled out in the *Facebook/WhatsApp* merger review by the Commission are generically shared, although they have not yet been developed concretely in Spain.

GTD: What about media plurality? How have policymakers and regulators addressed this issue?

PC: The sector laws have traditionally contained ownership and cross-ownership restrictions in the media sector. These restrictions are currently contained in the Media Act. In summary, when it comes to ownership of television operators, no natural or legal person may acquire a significant stake in more than one national television operator whose average audience exceeds 27 per cent of national share in the 12 months prior to the acquisition. 'Significant stake' is a legally defined concept that refers to rights enabling (eg, the acquisition of 5 per cent or more of the capital of a television operator). Additional ownership restrictions are in place, for instance, for non-EU nationals and for operators accumulating substantial rights for multiplex channels.

Regarding radio ownership restrictions, among other restrictions, no individual entity or person may control more than 50 per cent of the radio licences that coincide within their geographic scope. In any event, no single person or entity may control more than five radio licences in a single geographic space of radio coverage; nor may a single person or entity control more than one-third of the radio licences with nationwide coverage.

Antitrust law's specific goals are not generally related to the achievement or maintenance of media

plurality. However, there are some old precedents of media mergers where the maintenance of media plurality was expressly mentioned by the NCA at the time. Furthermore, the current Competition Act enables the government to intervene in mergers that have either been prohibited or have been cleared subject to conditions. The intervention of the government is justified on grounds different from competition law, including the guarantee of the adequate maintenance of the sector regulation goals. Media plurality has been used as one of the goals justifying government intervention in recent media mergers such as the television merger between Antena 3 and La Sexta.

GTD: Is the global trend for consolidation in the sector also visible in your jurisdiction? If so, what were the most prominent deals in the past year or so?

PC: Yes, this consolidation trend also seems clear in Spain. The following are the most prominent deals in the past year:

- (i) On April 2015 the NCMC approved the acquisition of Distribuidora de Televisión Digital SA (DTS), Spain's largest pay-TV operator, (which was the result of a prior merger to monopoly between Sogecable and Via Digital) by Telefónica.

The NMCC has approved the transaction subject to commitments offered by Telefónica. Telefónica has proposed a five-year duration commitment package (renewable for three additional years). Representative commitments include the following:

- Pay-TV market in Spain. Telefónica commits not to hinder the mobility of its current and future pay TV customers by establishing any limitations on this regard and to honour existing DTS contracts with other electronic communication operators for the distribution of the DTS television signal.
- Wholesale marketing of individual media content and TV channels in Spain. Telefónica will guarantee other pay-TV operators the wholesale supply of a maximum of 50 per cent of premium channels comprising Telefónica's supply (those with exclusive release rights over premium contents such as major Hollywood motion pictures or football, basketball and other major live sports events) and at a price ensuring the replicability of Telefónica's retail supply, preventing potential margin squeeze situations.
- The exclusive exploitation of premium media content acquired by Telefónica (own productions are excluded from this commitment) is limited to two years and to certain types of broadcasting windows,

while other windows (such as VOD of movies and TV catalogue) are restricted from being acquired on an exclusivity basis. Moreover, the resulting entity will limit the duration of its contracts for the acquisition of content to three years and shall waive the preferential acquisition rights of contents.

- Access to Telefónica's internet network in Spain. Telefónica will enable third pay-TV operators to access Telefónica's broadband client base in competitive conditions. Telefónica commits to provide third-party access to its internet network in Spain, with capacity and sufficient guarantees of quality and in FRAND terms, which is clearly relevant/favourable to OTTs.
- (ii) On July 2014 the European Commission cleared unconditionally the acquisition of Grupo Corporativo ONO (ONO) by Vodafone Group Plc (Vodafone) under the EU Merger Regulation. The European Commission concluded that the transaction would not raise competition concerns, as the parties' activities were largely complementary: ONO's main activity was related to fixed telecoms, whereas Vodafone was mainly active in mobile telecoms. Vodafone and ONO's activities displayed some overlaps in several markets in Spanish fixed and mobile telecommunications and gave rise to a number of vertical and conglomerate relationships, in particular in relation to the provision of bundled multiple play services. However, the European Commission found that the impact of the transaction on these markets was likely to be limited because of the availability of alternative operators (such as Telefónica, Orange and Jazztel) and the regulatory obligations in relation to wholesale access of mobile and fixed services.
- (iii) In May 2015, the European Commission approved the acquisition of Jazztel (a telecommunication company mainly active in Spain) by rival Orange. The European Commission had concerns that the takeover could have led to higher prices of fixed internet access services for Spanish consumers. To address the Commission's concerns, Orange submitted commitments based on different technologies:
 - Orange has committed to divest an independent FTTH network covering 700,000 – 800,000 building units located in five of the largest Spanish cities, which is similar to the size of Orange's current FTTH network in Spain.
 - Orange has committed to grant the purchaser of the FTTH network wholesale access to Jazztel's national ADSL network for up to eight years, for an unlimited number of subscribers, allowing the purchaser to compete immediately on 78 per cent of Spanish territory as aggressively as Orange and Jazztel do today.



Manuel Cañadas

- Orange has also committed to grant to the purchaser of the FTTH network wholesale access to its mobile network including 4G services, unless the purchaser already has access to a mobile network.

According to the European Commission, these remedies ensure that a fourth nationwide operator can enter the Spanish market to compete effectively in markets involving fixed internet access services.

- (iv) There have been other mergers and acquisitions between smaller operators such as the *Ibercom/Masmovil* and *Orange Symio* mergers (some of which, incidentally, have failed to be reported and have led to prosecution for gun-jumping by the CNMC).

GTDT: *Have there been any major antitrust cases in the communications and media sectors in your jurisdiction recently?*

PC & SR: These industries are key areas of enforcement for the NMCC. The following (by no means an exhaustive list) are important cases in the area:

- On 14 April 2010, the NMCC (at that time the CNC) ruled that exclusive contracts for acquisition and resale of football broadcasting rights for Spanish League and Cup matches lasting for more than three seasons are anti-competitive. It is remarkable that the NMCC issued its decision a few days after publication of the Media Act, which limits the maximum duration of exclusive football broadcasting rights agreements to four years, and thus, the decision is inconsistent with the Media Act on this point. The court in charge of the judicial



Santiago Roca

review has confirmed the NMCC decision. This is an older case, but litigation in this particular area has lasted well beyond the initial administrative decision of 2010 and is still felt today, for instance, in the regulation of football broadcasting rights.

- On 17 March 2011 the NMCC fined Mediapro (a media operator currently holding most broadcasting rights of Spanish clubs) and Gol TV (Mediapro's TV channel) for abusing its dominant position by unjustifiably preventing the access of other operators to the distribution of broadcasting rights and creating a competitive advantage to Gol TV.
- On 6 March 2014 the NMCC decided to end proceedings against Telefónica, Vodafone and Orange for allegedly abusing a collective dominant position. Subsequent to a complaint by British Telecommunications (BT) and its Spanish subsidiary, the NMCC initiated disciplinary proceedings against Telefónica, Vodafone and Orange for an alleged, and probably first of its kind, collective margin squeeze in the market for wholesale voice call origination services.

In particular, BT claimed that Telefónica, Vodafone and Orange had consistently narrowed the operating margins for mobile virtual network operators (MVNOs) when setting the prices for wholesale voice call origination services, call termination services in their national mobile telephone networks and retail prices for mobile call services. According to the NMCC, to determine the existence of a margin squeeze, the equally efficient operator test should be applied. The application of the test resulted in negative margins; therefore, the NMCC

initially concluded that an alleged margin squeeze had taken place.

However, the NMCC considered that the equally efficient operator test is not applicable to abuse of collective dominant position cases unless it can be evidenced that, regardless of the wholesale offer adopted by the MVNO, the end result would invariably be a price squeeze. This was the conclusion based on the fact that, in its assessment, the Investigation Directorate of the NMCC omitted the fact that the MVNOs had in that case the possibility of changing their host operator to configure a viable offer (in the reasoning of the NMCC, the operator could have configured a viable offer to compete with Telefónica by switching to Orange as wholesale supplier). In other words, the individual price-squeeze test is not appropriate in collective dominance situations, where the reasonable test is one of 'collective exclusion'. Given that the MVNOs had viable offers at the upstream or wholesale level and that the reality of the market showed new entry by MVNOs at the time of the alleged abuse, no exclusionary effects produced by the margin squeeze was proved.

- On 19 December 2012 the NMCC found that Telefónica, Vodafone and Orange had infringed article 2 of the Competition Act and article 102 TFEU through abusive conduct in the wholesale telephone short messaging (SMS) markets.

According to the NMCC, each of these operators has a monopoly in the services for SMS termination in their own network, enabling the three mobile operators to fix higher prices freely in the termination of SMS. Given that the termination is a cost which is passed on to consumers; it enables operators to maintain higher retail prices in SMS.

The NMCC condemned the operators involved for an exploitative abuse of dominant position, setting record fines totaling €120 million.

- Another interesting case has been the €26 million fine on Telefónica for imposing permanence obligations (which if breached lead to an increasing scale of penalties) on small and medium-sized enterprises, acting as a sort of exclusivity banning client mobility.
- It is worth mentioning, because of its Iberian dimension, the fine imposed on Telefónica and Portugal Telecom by the European Commission totalling €79 million for agreeing not to compete with each other on the Iberian telecommunication markets. In the context of the acquisition by Telefónica of the Brazilian mobile operator Vivo, which until then was jointly owned by Telefónica and Portugal Telecom, the parties deliberately agreed to stay out of each other's home markets (ie, the parties inserted a clause in the contract indicating they would not compete with each other in Spain and Portugal as from September 2010 to the end of 2011).

THE INSIDE TRACK

What are the most important skills and qualities needed by an adviser in this area?

These are extremely fast-moving markets, so sound industry knowledge and knowledge of the market players is essential to be able to identify opportunities for clients and for our team alike. Familiarity with IT/technology (something which is not necessarily obvious for lawyers) also helps. A working knowledge of microeconomics, industrial organisation and familiarity with the tools of economic analysis of the law are also extremely helpful. The practitioner in this area requires a sound knowledge of competition law; administrative procedure (because of the importance of dealings with regulatory agencies which are governed by administrative law); and a good knowledge of the regulators' structure, uses, procedures and individuals.

What are the key things for the parties and their advisers to get right when dealing with a case in this area?

It really depends on the kind of job or assignment. Generally, though, our work in this area is very strategic, both when advising on regulatory aspects of M&A transactions as well as when advising on purely regulatory or litigation matters. Clients understand that many of these matters require in-depth understanding and careful planning in order

to guarantee the best possible outcome in this case. Therefore, adequate planning and working with the client on the technical or technological aspects of the case (which the client is often much better positioned than we are to understand) are of the essence from the very early stages of a case.

What were the most interesting or challenging cases you have dealt with in the past year?

Two cases where we advised on are the acquisition of Digital+, Spain's largest pay-TV operator, by Telefónica and the acquisition of Milanuncios by Schibsted, another Phase II review in the internet sector. Both have been dealt with by the NMCC under the merger control laws. Both involved a complex appraisal of facts and law and have required heavy involvement and care by members of our team in order to guide the client properly. In the area of mergers, we have also advised third parties in the *Orange/Jazztel* acquisition. In the area of litigation, we advised in all stages of the administrative investigation, appellate and Supreme Court litigation in the *Movie Distribution* cartel case.

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GTDT: What is your outlook for regulation in the communications and media sectors in the next two to three years? Are any major changes expected in your jurisdiction? If so, what do you predict will be the impact on business?

JM: As mentioned, the Telecommunication Act currently in force is fairly new. It is possible to anticipate, therefore, regulatory and judicial decisions using and interpreting the new Telecommunications Act. Under the new Act, we are likely to see interesting decisions including the possible regulation of NGNs as discussed above. Likewise, the upcoming EU Data Protection Regulation and its interaction with the sector regulation is a matter to watch.

On the other hand, Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks should be implemented by July 2016.

From a market standpoint, some consolidation has already taken place. Some important corporate moves are expected, however, such as an initial public offering by Euskaltel, a regional operator in northern Spain. Other acquisitions and combinations may take place. The *Telefónica/Digital+* merger by means of which Telefónica has acquired a substantial portfolio effect advantage by gaining access to the most important portfolio of media content may well spark corporate reactions from competitors. It is expected that the OTT providers will benefit from the net neutrality/FRAND obligations on Telefónica based on the *Telefónica/Digital+* merger remedies (see above). Pricing is likely to remain competitive in a still struggling consumer environment.

On the audiovisual front, it remains to be seen how the joint selling of football broadcasting rights created by the RDLF will be implemented in practice (see above).

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