JUDGMENT OF THE COURT (Third Chamber)

2 June 2005 *

In Case C-89/04,

REFERENCE for a preliminary ruling under Article 234 EC from the Raad van State (Netherlands), made by decision of 18 February 2004, received at the Court on 20 February 2004, in the proceedings

Mediakabel BV

v

Commissariaat voor de Media,

THE COURT (Third Chamber),

composed of A. Rosas, President, A. Borg Barthet, J.-P. Puissochet (Rapporteur), S. von Bahr and J. Malenovský, Judges,

* Language of the case: Dutch.

Advocate General: A. Tizzano,
Registrar: M. Ferreira, Principal Administrator,

having regard to the written procedure and further to the hearing on 20 January 2005,

after considering the observations submitted on behalf of:

— Mediakabel BV, by M. Geus and E. Steyger, advocaten,

— the Commissariaat voor de Media, by G. Weesing, advocaat,

— the Netherlands Government, by H.G. Sevenster and C. Wissels, acting as Agents,

— the Belgian Government, by A. Goldman, acting as Agent, assisted by A. Berenboom and A. Joachimowicz, avocats,

— the French Government, by G. de Bergues and S. Ramet, acting as Agents,

— the United Kingdom Government, by C. Jackson, acting as Agent,

— the Commission of the European Communities, by W. Wils, acting as Agent,

after hearing the Opinion of the Advocate General at the sitting on 10 March 2005,

gives the following

Judgment

1 The reference for a preliminary ruling concerns the interpretation of Article 1(a) of Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities (OJ 1989 L 298, p. 23), as amended by Directive 97/36/EC of the European Parliament and of the Council of 30 June 1997 (OJ 1997 L 202, p. 60) ('Directive 89/552') and Article 1(2) of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on information society services (OJ 1998 L 204, p. 37), as amended by Directive 98/48/EC of the European Parliament and of the Council of 20 July 1998 (OJ 1998 L 217, p. 18) ('Directive 98/34').

2 The reference was made in the context of proceedings brought by Mediakabel BV ('Mediakabel') against a decision by the Commissariaat voor de Media (Media Authority), which found that the 'Filmtime' service offered by Mediakabel to its customers was a television broadcasting service subject to the prior authorisation procedure applicable to those services in the Netherlands.

Legal framework

Community legislation

3 Directive 89/552 lays down inter alia in Article 4(1) an obligation for television broadcasters to reserve a majority proportion of their transmission time for European works.

4 Article 1 of that directive provides:

'For the purpose of this Directive:

(a) "television broadcasting" means the initial transmission by wire or over the air, including that by satellite, in unencoded or encoded form, of television programmes intended for reception by the public. It includes the communica-

tion of programmes between undertakings with a view to their being relayed to the public. It does not include communication services providing items of information or other messages on individual demand such as telecopying, electronic data banks and other similar services;

...'.

5 Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market ('Directive on electronic commerce') (OJ 2000 L 178, p. 1) lays down the legal framework applicable to information society services. According to Article 2(a) of that directive, 'information society services' means 'services within the meaning of Article 1(2) of Directive 98/34/EC as amended by Directive 98/48/EC'.

6 According to Article 1 of Directive 98/34:

'For the purposes of this Directive, the following meanings shall apply:

...

(2) "service": any information society service, that is to say, any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.

For the purposes of this definition:

— "at a distance" means that the service is provided without the parties being simultaneously present,

— "by electronic means" means that the service is sent initially and received at its destination by means of electronic equipment for the processing (including digital compression) and storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means,

— "at the individual request of a recipient of services" means that the service is provided through the transmission of data on individual request.

An indicative list of services not covered by this definition is set out in Annex V.

This Directive shall not apply to:

— radio broadcasting services,

— television broadcasting services covered by point (a) of Article 1 of Directive 89/552/EEC.

...'.

7 Annex V to Directive 98/34, entitled 'Indicative list of services not covered by the second subparagraph of point 2 of Article 1', includes a point 3, concerning 'Services not supplied "at the individual request of a recipient of services"', which covers 'Services provided by transmitting data without individual demand for simultaneous reception by an unlimited number of individual receivers ("point to multipoint" transmission)'. Point 3(a) refers to 'television broadcasting services (including near-video on-demand services), covered by point (a) of Article 1 of Directive 89/552/EEC'.

8 According to recital 18 to the Directive on electronic commerce:

'... television broadcasting within the meaning of Directive 89/552/EEC and radio broadcasting are not information society services because they are not provided at individual request; by contrast, services which are transmitted point to point, such as video-on-demand or the provision of commercial communications by electronic mail are information society services'.

National legislation

9 Under Article 1(f) of the Mediawet (Law on the Media), 'programme' means: 'an electronic product with visual and auditory content intended for broadcast and for reception by the general public or part of the general public, except for data services which are available only at individual request, and other interactive services'. Article 1(l) defines a 'programme for special broadcast' as 'an encoded programme broadcast and intended for reception by that part of the general public which has signed an agreement concerning the reception thereof with the broadcaster which manages the programme'.

10 Under Article 71a(1) of the Mediawet, a commercial broadcaster may only transmit or have transmitted a television programme it has developed if it has obtained authorisation to do so from the Commissariaat voor de Media, without prejudice to the provisions of the Telecommunicatiewet (Law on Telecommunications).

The main proceedings and the questions referred for a preliminary ruling

11 Since the end of 1999, Mediakabel has offered its subscribers, first, the 'Mr Zap' offer through certain broadcasting networks operated by third parties. That service, which is authorised by the Commissariaat voor de Media pursuant to the Mediawet, allows, in return for a monthly subscription, reception of a number of television

broadcasts which supplement the programmes transmitted by the network supplier, using a decoder and a smart card. Second, Mediakabel offers its Mr Zap subscribers pay-per-view service for additional programmes as part of an offer called 'Filmtime'. If a Mr Zap subscriber wishes to order a film from the Filmtime catalogue, he makes that order separately using his remote control or telephone and, after identifying himself using a personal identification code and paying by automatic debit, he receives an individual key which allows him to view one or more of the 60 films on offer each month, at the times indicated on the television screen or in the programme guide.

12 By decision of 15 March 2001, the Commissariaat voor de Media informed Mediakabel that it considered Filmtime to be a programme for special broadcast within the meaning of Article 1 of the Mediawet, for which the appropriate authorisation therefore had to be obtained in accordance with Article 71a(1) thereof. Mediakabel submitted an application for authorisation to the Commissariaat voor de Media, but stated when lodging the application that the procedure followed did not seem to be applicable to the service in question which was, in its view, an interactive service falling within the category of information society services and thus outside the scope of competence of the Commissariaat voor de Media. By decision of 19 June 2001, the Commissariaat voor de Media authorised the broadcast of the televised programme for special broadcast 'Filmtime' for a period of five years, without prejudice to the provisions of the Telecommunicatiewet.

13 Mediakabel brought an action against that decision, which was dismissed by the Commissariaat voor de Media on 20 November 2001. Mediakabel's action before the Rechtbank te Rotterdam (Rotterdam District Court) was also dismissed, by decision of 27 September 2002.

14 Mediakabel then brought an appeal before the Raad van State, where it maintained that Filmtime was not a programme within the meaning of Article 1 of the Mediawet. It argued inter alia that that service was accessible only on individual request and that it should therefore be classified not as a television broadcasting service but as an information society service supplied on individual demand within the meaning of the third sentence of Article 1(a) of Directive 89/552 and thereby falling outside the scope of application of that directive. Since it concerns films which are not always available immediately on demand, that service constitutes, in Mediakabel's view, a 'near-video on-demand' which, precisely because it is accessible at individual request by subscribers, cannot be made subject to the requirements of Directive 89/552, in particular the obligation to reserve a certain percentage of the programming time to European works.

15 The Raad van State states that the concept of 'programme' within the meaning of Article 1(f) of the Mediawet should be interpreted in keeping with that of 'television broadcasting' services referred to in Article 1(a) of Directive 89/552. It states that Directive 98/34, in particular point 3(a) of Annex V thereto, which includes near-video on-demand under television broadcasting services, seems to give a more specific definition of that concept than that given in Article 1(a) of Directive 89/552, thus making it more difficult to determine the respective scopes of application of that directive and of the Directive on electronic commerce. The national court also notes that Filmtime bears the hallmarks of both an information society service, including the fact that it is accessible on individual demand by the subscriber, and of a television broadcasting service, since Mediakabel selects the films available and determines their broadcast frequency and schedules.

16 In those circumstances, the Raad van State decided to stay the proceedings and refer the following questions to the Court for a preliminary ruling:

'(1) (a) Is the term "television broadcasting" within the meaning of Article 1(a) of Directive 89/552/EEC to be interpreted as not covering an "information society service" within the meaning of Article 1(2) of Directive 98/34/EC, as amended by Directive 98/48/EC, but as covering services such as those set out in the indicative list of services not covered by Article 1(2) of Directive 98/34/EC, including "near-video on-demand services", contained in Annex V to Directive 98/34/EC, in particular subparagraph (3), which therefore do not constitute "information society services"?

(b) If the answer to Question 1a is in the negative, how should a distinction be drawn between the term "television broadcasting" within the meaning of Article 1(a) of Directive 89/552/EEC and the term "communication services providing items of information ... on individual demand" also set out therein?

(2) (a) On the basis of which criteria must it be determined whether a service such as that at issue, which involves encoded signals, transmitted over a network, of a range of films selected by the provider, which subscribers can, in return for a separate payment per film and using a key sent by the provider on individual demand, decode and view at various times determined by the provider, and which contains elements of an (individual) information society service and also elements of a television broadcasting service, constitutes a television broadcasting service or an information society service?

(b) In this regard is priority to be given to the standpoint of the subscriber or rather to that of the service provider? Is the kind of services with which the service concerned is in competition relevant in this regard?

(3) In that connection is it relevant that,

— on the one hand, classification of a service such as that at issue as an "information society service" to which Directive 89/552/EEC does not apply might undermine the effectiveness of that directive, in particular as regards the objectives underlying the requirement thereunder to reserve a specific percentage of transmission time for European works, and

— on the other, if Directive 89/552/EEC does apply, the requirement thereunder to reserve a specific percentage of transmission time for European works is not entirely apposite because the subscribers pay per film and can only view the film which has been paid for?'

The questions referred for a preliminary ruling

Question 1(a)

17 By Question 1(a), the national court asks whether the concept of 'television broadcasting' within the meaning of Article 1(a) of Directive 89/552 covers services which do not fall within the concept of 'information society service' within the

meaning of Article 1(2) of Directive 98/34 and which are covered by point 3 of Annex V to the latter directive.

18 As rightly pointed out by the Belgian Government, the scope of the concept of 'television broadcasting service' is determined independently by Article 1(a) of Directive 89/552, which contains all the relevant elements in that regard. Thus the concept includes any service consisting of the initial transmission by wire or over the air, including that by satellite, in encoded or unencoded form, of television programmes intended for reception by the public.

19 Directive 98/34 and the Directive on electronic commerce have a purpose different from that of Directive 89/552. They lay down the Community legal framework applicable only to information society services referred to in Article 1(2) of Directive 98/34, that is, any services provided at a distance by electronic means and at the individual request of a recipient of services. Directive 98/34 provides expressly in that provision that it does 'not apply to ... television broadcasting services covered by point (a) of Article 1 of Directive 89/552'. Thus on this point Directive 98/34 merely refers to Directive 89/552 and, like the Directive on electronic commerce, does not contain any definition of the concept of television service.

20 To be sure, Annex V to Directive 98/34, relating to services not covered by the definition of information society service, appears to contain elements defining the concept of 'television broadcasting services' which are more specific than those given in Directive 89/552. First, that annex includes, in point 3, television broadcasting services among the services 'provided by transmitting data without individual demand for simultaneous reception by an unlimited number of individual receivers (point to multipoint transmission)'. Second, at (a) of the same point, it is stated that television broadcasting services include 'near-video on-demand'.

21 However, that annex, in keeping with its title and Article 1(2) of Directive 98/34, serves only as a guideline and is intended only to define by exclusion the concept of 'information society service'. It is not intended to, nor does it, specify the boundaries of the concept of 'television broadcasting service', the definition of which rests solely on the criteria laid down in Article 1(a) of Directive 89/552.

22 Moreover, the scope of the concept of 'television broadcasting' can certainly not be inferred by exclusion from that of the concept of 'information society service'. Directive 98/34, both in Article 1(2) and in Annex V, refers to services which are not covered by the concept of 'information society service' and which do not as such constitute television broadcasting services. This is the case, inter alia, of radio broadcasting services. Likewise, television broadcasting services cannot be limited to services 'provided by transmitting data without individual demand for simultaneous reception by an unlimited number of individual receivers', referred to in point 3 of Annex V to Directive 98/34. If that interpretation was followed, services such as television available by subscription, transmitted to a limited number of recipients, would be excluded from the concept of 'television broadcasting service', whereas they do come within that concept, by virtue of the criteria laid down in Article 1(a) of Directive 89/552.

23 Lastly, it was not the intention of the Community legislature, when Directives 98/34 and 98/48 were adopted, to amend Directive 89/552, which itself had been amended less than a year earlier by Directive 97/36. Thus recital 20 to Directive 98/48, which amended Directive 98/34, states that Directive 98/48 'is without prejudice to the scope of ... Directive 89/552'.

24 Accordingly, Directive 98/34 does not affect the scope of application of Directive 89/552.

25 In the light of the foregoing, the answer to Question 1(a) should be that the concept of 'television broadcasting' referred to in Article 1(a) of Directive 89/552 is defined independently by that provision. It is not defined by opposition to the concept of 'information society service' within the meaning of Article 1(2) of Directive 98/34 and therefore does not necessarily cover services which are not covered by the latter concept.

Question 1(b)

26 By Question 1(b), the national court asks essentially what are the criteria for determining whether a service constitutes 'television broadcasting' within the meaning of Article 1(a) of Directive 89/552 or 'communication services providing items of information ... on individual demand' referred to in the same article.

27 The criteria for that distinction are laid down expressly in Article 1(a) of Directive 89/552.

28 A service constitutes 'television broadcasting' if it consists of initial transmission of television programmes intended for reception by the public.

29 First, the Court notes that the manner in which images are transmitted is not a determining factor in that assessment, as evidenced by the use in Article 1(a) of Directive 89/552 of the terms 'by wire or over the air, including that by satellite, in unencoded or encoded form'. The Court has thus held that transmission by cable comes within the scope of that directive, even though cable distribution was not very widespread at the time when Directive 89/552 was adopted (see Case C-11/95 *Commission* v *Belgium* [1996] ECR I-4115, paragraphs 15 to 25).

30 Next, the service in question must consist of the transmission of television programmes intended for reception by the public, that is, an indeterminate number of potential television viewers, to whom the same images are transmitted simultaneously.

31 Lastly, the exclusion of 'communication services ... on individual demand' from the concept of 'television broadcasting' means that, conversely, the latter concept covers services which are not supplied on individual demand. The requirement that the television programmes must be 'intended for reception by the public' in order to come within that concept supports this analysis.

32 Thus, a pay-per-view television service, even one which is accessible to a limited number of subscribers, but which comprises only programmes selected by the broadcaster and is broadcast at times set by the broadcaster, cannot be regarded as being provided on individual demand. Consequently, it comes within the concept of 'television broadcasting'. The fact that the images in such a service are accessible using a personal code is not relevant in this respect, because the subscribing public all receive the broadcast at the same time.

33 Accordingly, the answer to Question 1(b) should be that a service comes within the concept of 'television broadcasting' referred to in Article 1(a) of Directive 89/552 if it consists of the initial transmission of television programmes intended for reception by the public, that is, an indeterminate number of potential television viewers, to whom the same images are transmitted simultaneously. The manner in which the images are transmitted is not a determining element in that assessment.

Questions 2(a) and (b)

34 By Questions 2(a) and (b), which it is appropriate to examine together, the national court asks essentially whether a service such as Filmtime, at issue in the main proceedings, is a television broadcasting service falling within the scope of application of Directive 89/552 or an information society service coming under the Directive on electronic commerce, and which criteria must be taken into consideration in such an analysis.

35 As rightly pointed out by the Commissariaat voor de Media, the Netherlands Government, the Belgian Government, the French Government, the United Kingdom Government and the Commission, it is clear from the information in the order for reference that a service such as Filmtime meets the criteria for constituting a 'television broadcasting service' as discussed in the answer to Question 1(b).

36 Such a service consists of the broadcast of films intended for a television viewing public, and therefore does concern television programmes broadcast for an indeterminate number of potential television viewers.

37 Mediakabel's argument that that type of service, which is accessible only on individual demand, using a specific key granted individually to each subscriber, thereby constitutes an information society service provided 'on individual demand' cannot be accepted.

38 Although such a service fulfils the first two criteria for constituting an 'information society service' within the meaning of Article 1(2) of Directive 98/34, that is, it is provided at a distance and transmitted in part by electronic equipment, it does not meet the third criterion of the concept, according to which the service in question must be provided 'at the individual request of a recipient of services'. The list of films offered as part of a service such as Filmtime is determined by the service provider. That selection of films is offered to all subscribers on the same terms, either through written media or through information transmitted on the television screen, and those films are accessible at the broadcast times determined by the provider. The individual key allowing access to the films is only a means of unencoding images the signals of which are sent simultaneously to all subscribers.

39 Such a service is thus not commanded individually by an isolated recipient who has free choice of programmes in an interactive setting. It must be considered to be a near-video on-demand service, provided on a 'point to multipoint' basis and not 'at the individual request of a recipient of services'.

40 Mediakabel stated to the Court that it did not agree before the Raad van State that Filmtime should be classified as a near-video on-demand service. That statement is of no relevance for the classification, however, which results from an examination of the objective characteristics of the type of services in question.

41 Moreover, contrary to Mediakabel's submissions, the concept of 'near-video on-demand' is one known to the Community legislature. Although it is true that it has not been specifically defined by Community law, the concept is referred to in the indicative list in Annex V to Directive 98/34, where it is included among television broadcasting services. Likewise, points 83 and 84 of the Explanatory Report accompanying the European Convention on Transfrontier Television of 5 May 1989, which was drawn up at the same time as Directive 89/552 and to which the latter refers in recital 4 thereto, indicate that near-video on-demand is not a 'communication service operating on individual demand', a concept which corresponds to that referred to in Article 1(a) of Directive 89/552 and thus comes within the scope of application of that convention (see, to that effect, concerning other points in the Explanatory Report of the European Convention on Transfrontier Television, Joined Cases C-320/94, C-328/94, C-329/94 and C-337/94 to C-339/94 *RTI and Others* [1996] ECR I-6471, paragraph 33, and Case C-245/01 *RTL Television* [2003] ECR I-12489, paragraph 63).

42 The determining criterion for the concept of 'television broadcasting service' is therefore the broadcast of television programmes 'intended for reception by the public'. Accordingly, priority should be given to the standpoint of the service provider in the assessment.

43 The manner in which the images are transmitted, by contrast, is not a determining factor in that assessment, as stated in response to Question 1(b).

44 As to the situation of services which compete with the service in question, it is not necessary to take it into consideration since each of those services is governed by a specific regulatory framework and no principle requires that the same legal regime be set for services which have different characteristics.

45 Accordingly, the answer to Questions 2(a) and (b) should be that a service such as Filmtime, which consists of broadcasting television programmes intended for reception by the public and which is not provided at the individual request of a recipient of services, is a television broadcasting service within the meaning of Article 1(a) of Directive 89/552. Priority is to be given to the standpoint of the service provider in the analysis of the concept of 'television broadcasting service'. However, the situation of services which compete with the service in question is not relevant for that assessment.

Question 3

46 By its third question, the national court asks essentially whether the difficulty for the provider of a service such as Filmtime to comply with the obligation laid down in

Article 4(1) of Directive 89/552 to reserve a certain percentage of programming time for European works may preclude its classification as a television broadcasting service.

47 This question must be answered in the negative, for two sets of reasons.

48 First, since the service in question fulfils the criteria for being classified as a television broadcasting service, it is not necessary to take into account the consequences of that classification for the service provider.

49 The scope of application of legislation cannot be made contingent on possible adverse consequences it may have for traders to whom the Community legislature intended it to apply. In addition, a narrow interpretation of the concept of 'television broadcasting service', which would have the effect of excluding a service such as that at issue in the main proceedings from the scope of application of the directive, would jeopardise the objectives pursued by it and therefore cannot be accepted.

50 Second, the provider of a service such as Filmtime is not entirely prevented from complying with Article 4(1) of Directive 89/552.

51 That provision sets a quota for European works in the 'transmission' time of the television broadcaster in question but cannot be intended to require television viewers to actually watch those works. Although it is undeniable that the provider of a service such as that at issue in the main proceedings does not determine the works which are actually chosen and watched by the subscribers, the fact remains that that provider, like any operator broadcasting television programmes intended for reception by the public, chooses the works which he broadcasts. The films which are in a list that that provider offers to the subscribers to the service all give rise to the broadcast of signals, transmitted in identical conditions to the subscribers, who have the choice to unencode or not the images thus transmitted. The provider therefore knows his overall transmission time, and can thus comply with the obligation imposed on him to 'reserve for European works ... a majority proportion of [his] transmission time'.

52 In the light of the foregoing, the answer to the third question should be that the conditions in which the provider of a service such as Filmtime complies with the obligation referred to in Article 4(1) of Directive 89/552 to reserve for European works a majority proportion of his transmission time are irrelevant for the classification of that service as a television broadcasting service.

Costs

53 Since these proceedings are, for the parties to the main proceedings, in the nature of a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Third Chamber) hereby rules:

1. **The concept of 'television broadcasting' referred to in Article 1(a) of Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, as amended by Directive 97/36/EC of the European Parliament and of the Council of 30 June 1997, is defined independently by that provision. It is not defined by opposition to the concept of 'information society service' within the meaning of Article 1(2) of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on information society services, as amended by Directive 98/48/EC of the European Parliament and of the Council of 20 July 1998, and therefore does not necessarily cover services which are not covered by the latter concept.**

2. **A service comes within the concept of 'television broadcasting' referred to in Article 1(a) of Directive 89/552, as amended by Directive 97/36, if it consists of the initial transmission of television programmes intended for reception by the public, that is, an indeterminate number of potential television viewers, to whom the same images are transmitted simultaneously. The manner in which the images are transmitted is not a determining element in that assessment.**

3. **A service such as Filmtime, which consists of broadcasting television programmes intended for reception by the public and which is not provided at the individual request of a recipient of services, is a television broadcasting service within the meaning of Article 1(a) of Directive 89/552,**

as amended by Directive 97/36. Priority is to be given to the standpoint of the service provider in the analysis of the concept of 'television broadcasting service'. However, the situation of services which compete with the service in question is not relevant for that assessment.

4. **The conditions in which the provider of a service such as Filmtime complies with the obligation referred to in Article 4(1) of Directive 89/552, as amended by Directive 97/36, to reserve for European works a majority proportion of his transmission time are irrelevant for the classification of that service as a television broadcasting service.**

[Signatures]