

APPENDIX 2.1
(referred to in paragraph 2.30)

BCA's current book clubs

Monthly general clubs

World Books
Literary Guild
Book of the Month Club

Monthly specialist clubs

Mystery & Thriller Guild
Ancient & Medieval History
Military Book Society
History Guild
Children's Book of the Month Club

Quarterly general clubs

Readers Choice

Quarterly specialist clubs

World of Nature
Arts Guild
Encounters
Cricket Book Club
Railway Book Club
Aviation Book Club
On the Road Book Club
Executive World
Cookery Book Club

Monthly continuity clubs

Kings & Queens of England
20th Century Classics
Great English Classics
Good Housekeeping Cookery

The Net Book Agreement—an explanation

1. Introduction

The Net Book Agreement, while being a very important feature of the British book trade, is also a widely misunderstood document, both inside and outside that trade. Before looking at what it is and what it is about, it should be clearly understood what it is *not*.

- 1.1 It has nothing to do with the price at which a particular book is sold: that decision is the publisher's—the NBA merely reinforces his decision.
- 1.2 It does not lay down whether particular books or classes of book should be net or non-net: that is each publisher's own decision, and the NBA again reinforces it. Just as the publisher can decide whether a book is to be net or non-net, he can also decide to change the classification and de-net a book which has been net or vice versa.
- 1.3 It does not restrict the outlets through which books are sold. It is for each publisher to decide whom he supplies in the light of his own commercial interests.

2. Net books

It is an agreement between publishers that if they publish books at net prices (ie books which may not be sold below the price fixed by the publisher), they will make every effort to ensure that the net prices are properly maintained by the retailers. This means that the retailer will not, without special licence, sell a net book to his customer at a price that has been marked down or reduced by a discount. Publishers' invoices state that net books are supplied 'subject to the standard conditions of sale of net books registered under the Restrictive Trade Practices Act 1956', and the Agreement ensures that those conditions are enforced, if necessary by recourse to law.

3. Non-net books

A non-net book is one which may be sold at any price which the retailer chooses. The main categories of non-net books are school textbooks (which are sold in large quantities to education authorities and on which a discount is given according to the size of order), the Authorised Version of the Bible and certain kinds of books for children.

4. Exceptions

Retailers (eg booksellers) may give discounts on net books prices in certain strictly controlled circumstances.

- 4.1 *Public Libraries*: a Library Licence scheme administered by the Publishers Association has been in existence for many years. It enables Public Libraries to obtain net books at a maximum discount of 10 per cent from nominated booksellers, authorised by the Publishers Association to give that discount. Libraries are not entitled to receive a discount from suppliers other than those named on their licences, and booksellers may supply at a discount only those libraries on whose licences they are named. (The decision as to which booksellers supply which libraries is made by the libraries themselves, subject to the booksellers' readiness to supply.) In addition to all 'public' libraries, many institutional libraries obtain library licences, if they are prepared to conform with the two basic conditions: (a) that they are 'open' to the public and not only to their own academic staff and students and (b) that they spend at least £100 per annum on new books.
- 4.2 *Service Unit Libraries*: the scheme for supplying libraries of units of the armed forces is similar to that for public libraries; the maximum discount in this case being 7.5 per cent of the published price.

4.3 *Book agents*: a book agent is one who sells books where there are potential buyers not readily accessible to a bookshop. The two main types of book agencies are church bookstalls and schools, where the school 'bookshop' may open in the lunch break or after school so that pupils can browse and buy books for recreational reading. Other types of agency include conference centres where it may be helpful to provide bookselling facilities for those attending residential courses.

The agents (who must be named and responsible individuals) are supplied by booksellers authorised by the Publishers Association to supply at a discount not exceeding half of the discount they received from the publishers. As with Library Licences, the customer chooses his supplier, who must confirm readiness to supply if an agency is to be granted. The Standard Conditions of Sale of Net Books then pass from the bookseller to the agent who is responsible for ensuring that the ultimate purchaser—the pupil, the church member, the conference attender—pays *not less than* the net price.

4.4 *Quantity book buying scheme*: this is a scheme designed to extend the large scale purchase of net books by industrial, commercial and philanthropic enterprises. It permits the bookseller to give a discount, under licence from the Publishers Association, according to a scale related to the size of the order. Examples are the presentation of books by a firm to its customers at Christmas, or the *presentation* of a library of books by a charitable trust to a school.

5. Book sales

There are two methods by which a bookseller may dispose of net books which he has been unable to sell at the full net price.

- (a) At the National Book Sale which is held for two weeks each year. Booksellers who apply to the Publishers Association for licences to do so may offer for sale below the net price books which they have had in stock for at least a year. At the end of the sale unsold books must revert to the original net prices.
- (b) A bookseller may, in the case of a book which he has held in stock for at least a year, offer it back to the publisher at cost price or at the reduced price at which he would propose to sell it off, whichever is the lower. If the publisher refuses to buy back the book, the bookseller is then free to sell it at the reduced price.

6. Coupons and books as gifts

From time to time offers are made (usually by non-book trade businesses) of net books for sale at less than the net price in return for coupons. In such cases the companies providing the coupons are held to be topping up the price, the market research value of the coupons to those companies being regarded as the difference between the net price and the actual amount of cash the purchaser is asked to pay.

In general, the offering of gifts by a bookseller, in conjunction with the sale of net books, is an infringement of the Standard Conditions of Sale of Net Books, being a 'consideration in kind' (Clause 5(b)). It would be in order, however, for a wine merchant to give a net book to each customer buying wine from him.

7. Defence of the NBA in the public interest

The reasons why the Net Book Agreement came into operation on 1 January 1900 are largely those which led publishers and booksellers to defend it before the Restrictive Practices Court sixty-two years later: namely the need for an orderly and healthy trade in which booksellers could afford to stock a wide range of titles, secure in the knowledge that they would not be undercut on the best-selling, quick-selling titles, thereby providing publishers and the book-buying public with a multiplicity of outlets offering good service.

The Court, in its judgment, stated that it was satisfied that abrogation of the Agreement would lead to fewer and less well equipped stockholding bookshops, more expensive books, and fewer titles. It considered that all purchasers and users of books, including public and academic libraries, would be adversely affected by a decrease in the number of books published on account of the smaller range of choice which would be available to them, and it therefore found that the Agreement was not contrary to the public interest.

May 1980

[The text of the Agreement applicable to members of The Publishers Association is annexed.]

Source: The Publishers Association.

Net Book Agreement, 1957

WE the undersigned several firms of publishers, being desirous that in so far as we publish books at net prices (as to which each publisher is free to make his own decisions), those net prices shall normally be the prices at which such books are sold to the public as hereinafter defined, and in order to avoid disorganisation in the book trade and to ensure that the public may be informed of and able uniformly to take advantage of the conditions under which net books may be sold at less than the net prices, hereby agree to adopt and each of us does hereby adopt the following standard sale conditions for the net books published by us within the United Kingdom:

STANDARD CONDITIONS OF SALE OF NET BOOKS

- (i) Except as provided in clauses (ii) to (iv) hereof and except as we may otherwise direct net books shall not be sold or offered for sale or caused or permitted to be sold or offered for sale to the public at less than the net published prices.
- (ii) A net book may be sold or offered for sale to the public at less than the net published price if
 - (a) it has been held in stock by the bookseller for a period of more than twelve months from the date of the latest purchase by him of any copy thereof and
 - (b) it has been offered to the publisher at cost price or at the proposed reduced price whichever shall be the lower and such offer has been refused by the publisher.
- (iii) A net book may be sold or offered for sale to the public at less than the net published price if it is second-hand and six months have elapsed since its date of publication.
- (iv) A net book may be sold at a discount to such libraries, book agents (including Service Unit libraries), quantity buyers and institutions as are from time to time authorised by the Council of The Publishers Association of such amount and on such conditions as are laid down in the instrument of authorisation. Such amount and conditions shall not initially be less or less favourable than those prevailing at the date of this Agreement.
- (v) For the purposes of clause (i) hereof a book shall be considered as sold at less than the net published price if the bookseller
 - (a) offers or gives any consideration in cash to any purchaser except under licence from the Council of The Publishers Association or
 - (b) offers or gives any consideration in kind (eg card indexing, stamping, reinforced bindings, etc, at less than the actual cost thereof to the bookseller).
- (vi) For the purposes of this Agreement and of these Standard Conditions:

Net book shall mean a book, pamphlet, map or other similar printed matter published at a net price. Net price and net published price shall mean the price fixed from time to time by the publisher below which the net book shall not be sold to the public.

Public shall be deemed to include schools, libraries, institutions and other non-trading bodies. Persons shall include any company, firm, corporation, club, institution, organisation, association or other body.
- (vii) The above conditions shall apply to all sales executed in the United Kingdom and the Republic of Ireland whether effected by wholesaler or retailer when the publisher's immediate trade customer, whether wholesaler or retailer, or the wholesaler's immediate trade customer, is in the United Kingdom or the Republic of Ireland.

We the undersigned several firms of publishers further agree to appoint and each of us does hereby appoint the Council of The Publishers Association to act as our agent in the collection of information concerning breaches of contract by persons selling or offering for sale net books, and in keeping each individual publisher informed of breaches in respect of such net books as are published by him and we further hereby undertake and agree that we will each enforce our contractual rights and our rights under the Restrictive Trade Practices Act 1956 if called upon to do so by the Council of The Publishers Association, and provided that we shall be indemnified by The Publishers Association if so requested by us in respect of any costs of such action incurred by us or by the Council of The Publishers Association on our behalf.

The Publishers Association
Regulations for conduct of book clubs

INTRODUCTION

Commencement and Enforcement of Regulations

1. The present Regulations shall come into force on 1 April 1985, and replace the *Simultaneous* and *Reprint* Regulations which were brought into force on 1 December 1975 and 1 December 1974 respectively. The Council of The Publishers Association recommends publishers of net books to license such books only to book clubs which are on the Association's register as having signed and agreed to the Regulations currently in force.

Object and Interpretation of the Regulations

2. Recognising at the same time:

- (a) that book clubs have a valuable function to perform in the publication and distribution of books and
- (b) that some regulation of their operations is required to promote and safeguard the interests of the public
 - (i) in the overall efficiency and good and orderly working of the book trade (including book clubs themselves), and
 - (ii) in the wide availability of a variety of books through all channels of distribution, of which stockholding booksellers are of special importance, as well as through book clubs themselves,

the object of these Regulations is to provide such regulation to the minimum degree required for the purpose. The Regulations shall at all times be interpreted in the light of the foregoing.

Definitions

3. In these Regulations, except where the context otherwise requires, the following expressions shall have the following meanings:

- (a) 'book club' shall mean an organisation that sells books to its registered members;
- (b) 'book club choice' shall mean a title offered by a book club as a main alternate choice;
- (c) 'premium' shall mean a title offered by a book club as an inducement to join.

SCOPE OF REGULATIONS

Application to all book club offers

4. These Regulations shall apply to all offers of books made by book clubs as a book club choice or a premium, or through a catalogue or otherwise.

Application to United Kingdom only

5. These Regulations shall apply to, and only to, book club operations within the United Kingdom.

Applicability to Net Books only

6. These Regulations shall apply to, and only to, titles the trade editions of which are published as net books. They shall not apply to the sale of net books at not less than the net price.

REGISTRATION OF BOOK CLUBS

- 7. (a) The Publishers Association shall maintain a register of book clubs eligible and accepted for registration by the Council of The Publishers Association. The register shall contain the name and address and the name of the proprietor of each club.

- (b) A book club shall be eligible for registration if it undertakes in writing to comply, and continue to comply, with these Regulations, and to furnish to the Association the particulars referred to above, and any changes in such particulars as may from time to time occur.
- (c) A book club shall be removed from the register if it fails to conform with these Regulations (unless it remedies the matter within 14 days of being asked to do so by The Publishers Association), or on the expiry of three months' notice to The Publishers Association of its intention to withdraw its signature to the Regulations.

AUTHORISATION OF EXCEPTIONS TO REGULATIONS

8. Exceptions may be made to these Regulations only with the written approval of the Council of The Publishers Association.

BOOK CLUB MEMBERSHIP AND RULES

9. Every book club shall maintain a register of its members for the time being and shall keep records of the names and addresses of its membership for at least the preceding twelve months.

10. The rules and conditions of membership of book clubs shall be clearly understandable by members.

Purchase Requirements

11. Book clubs shall lay down a minimum period of membership which shall be not less than six months and members shall be required to purchase not less than three book club choices (excluding premiums) within the first year of membership (or such shorter period as may be appropriate).

Supply only to Members

12. Book clubs shall supply book club choices only to registered members, and premiums only to persons applying to become members.

Disposal of surplus stock

13. Book clubs shall not dispose of surplus stock of a title as remainders except with the consent of the licensing publishers.

NOTIFICATION TO TRADE

14. At least four months before offering a title, book clubs shall send to The Publishers Association a list of all their forthcoming titles which The Publishers Association shall cause to be published forthwith in the trade press. This notification shall include the following details: (a) title; (b) author; (c) licensing publisher.

ANNOUNCEMENTS TO PUBLIC

15. Book clubs shall not make any announcement to the public or to members that a title is to be offered as a book club choice or as a premium until three months before the intended date of issue of the book club choice or of the premium as the case may be.

PREMIUMS

16. A title shall not be offered as a premium until at least six months after its first issue as a trade edition.

IDENTIFICATION OF BOOK CLUB EDITION

17. Every book offered by a book club shall always have its own imprint or a crest, or legend, indicating that the book is a book club edition, on the title page, on the jacket and on the binding; save that

- (a) in exceptional cases where there proves to be an inadequate supply of such copies bearing the book club imprint the trade edition may be used up to a maximum number of copies equivalent to 20 per cent of the order for the copies bearing the book club imprint
- (b) when a book club does not have exclusive book club rights to a title, the licensing publisher may permit the use by book clubs of not more than a total of 5,000 copies of the trade edition or 50 per cent of the licensing publisher's print order (whichever is the lower).

ADVERTISING

- 18. (a) In advertising book club choices or premiums, any comparison with the price of the trade edition issued by the licensing publisher shall be only in the following form:
 - Publisher's price £x
 - (Book Club) price £y
- (b) Advertisements and publicity material relating to the offer of a book club choice or premium shall not suggest or indicate in any way, in particular by the showing of an imprint, that the copies to be supplied by the club are physically identical with the trade edition.

COMPLIANCE WITH RULES

19. In the event of alleged non-compliance with these Regulations, the records of a book club shall be available for inspection by authorised representatives of The Publishers Association who have no direct personal interest in book clubs or in concerns supplying or licensing book clubs or, at the request of the book club and at its own expense, by The Publishers Association's Auditors.

20. If any doubt shall arise as to whether a book club has complied with these Regulations and that doubt cannot be resolved by discussion between the book club and The Publishers Association, then the parties to the dispute shall agree to refer the matter to a confidential Disputes Panel convened by The Publishers Association, or, should the parties not agree to such a procedure, to formal arbitration, with the arbitrator responsible for allocating the costs of the arbitration between the parties.

APPENDIX 3.3
(referred to in paragraph 3.16)

List of book clubs registered by The Publishers Association

Academy Book Club
The Aeronautical Book Club
The Artists' Book Club
Artists' Choice Ltd
Bibliophile Book Club
The Book Club of the British Psycho-analytical Society
Book Club Associates
Bookmarx Club
Books for Children
BSA Book Club (British Sociological Association)
Chip
Criterion
The Family Care Circle (Leisure Circle)
Fledgling
Flight
The Gay Bookclub
Leisure Circle
Letterbox Library
Lucky
Medibond Book Club
Medicine BookClub
The Network Book Club
New Left Review Edition
Poetry Book Society
Police Book Club
Post
Readers Union
The Red House
Scene
The Scottish Book Club
See Saw
Travel Book Club Ltd
The Women's Press Book Club
Writers Book Club

Source: The Publishers Association.

Effective 1 April 1985

A Concordat between book clubs in the United Kingdom to facilitate access to titles to serve the needs of club members, and to encourage competition on an equitable basis

We, the undersigned book clubs, agree to the following concordat with the objectives of facilitating reasonable access by competing book clubs to titles to serve the needs of club members, and of encouraging competition on an equitable basis, and we undertake to the Publishers Association, as the custodian of the concordat, that we will honour its terms. We understand that the Council of The Publishers Association has issued a recommendation to publishers not to license rights to book clubs which do not subscribe to and honour this concordat.

Concordat

1. *Duration of exclusive licence.* Book clubs will not obtain the grant of an exclusive licence for the book club rights to any title for a period in excess of three years from the date of first book club publication, and such exclusive licences will not be renewable.

2. *Continuing non-exclusive licence.* An exclusive licence for the book club rights may include a provision for a continuing non-exclusive licence after an initial three year exclusive licence.

3. *Minimum number of copies for exclusive licence.* Book clubs will not obtain the grant of an exclusive licence for the book club rights for any title to be supplied to or produced by the book club in less than 1,500 copies, or 50 per cent of the licensing publisher's print run (whichever is the lower).

4. *Requirement to imprint exclusive book club editions.* Every exclusive book club edition will have its own imprint, crest, or legend, indicating that the book is a book club edition, on the title page and on the jacket and (save where the book club buys bound copies from the publishers of the trade edition) on the binding, in such place and manner as to be visible in any advertising or display; save that in exceptional cases where there proves to be an inadequate supply of copies of the book club edition the hard-bound trade edition may be used in quantities that do not exceed 20 per cent of the order for the book club edition.

5. *Range of titles.* One book club will not obtain the grant of exclusive book club rights at any time over all titles in a specific category (eg atlases, dictionaries, year books) to the total exclusion of other separately controlled clubs. This will not limit the ability of the club to obtain exclusive rights (for a period of three years) to one author, one series, or to 'unique' titles (eg *Whitaker's Almanack*).

6. *Access by specialist clubs.* A 'general' book club will not enforce exclusive book club rights over titles of both 'general' and 'specialist' interest to the total exclusion of specialist book clubs with a legitimate interest in a title which is essential to the completeness of its list. In such cases, the 'general' book club will accept that the licensing publisher will be free if it wishes to grant a non-exclusive licence to a specialist club to use the title two months from the original book club publication, on condition that the specialist club does not remainder the work under conditions preferential to those controlling the general club.

Notes:

1. Such titles will be clearly of major importance in the specialist subject, and will be used by the specialist club as main selections only, with residual use as alternates. The specialist club will not use such books for premium purposes within six months of the specialist club's original use and not as a solo premium, and will agree to use it for the specialist club only, and not for a related general club.
2. This provision will apply only to smaller specialist clubs with a maximum size of 50,000 members, and the number of copies should relate to the size of the club.
3. 'Specialist clubs' are defined as those serving categories of members with a specific interest in one specialist topic (for example, railways) and not broad subject areas like history, literature, or fiction.

7. *Existing contracts.* While in general these provisions will apply to new contracts only, book clubs agree that, if it is demonstrated that a book club has obtained exclusive rights to all titles in a particular category (see 5 above), that book club will allow the exclusive right in a suitable title to revert to the licensing publisher twelve months after first book club publication, on condition that the book club retains a non-exclusive right for the balance of the contract. Similarly, a book club will permit the parallel licensing of 'general/specialist' titles (see 6 above) after twelve months.

8. *Shared exclusivity.* In cases where two or more book clubs obtain exclusive rights to a title between them, to the total exclusion of other book clubs, the provisions of this concordat will apply on the same basis as to sole exclusive licence.

9. *New editions.* New editions, being works which have been revised to the extent that new copyright is attracted, will be treated as new titles for the purposes of this concordat, but no book club which has held an exclusive licence for the book club rights to any title will obtain the automatic right to obtain an exclusive licence to subsequent editions of that title, so that all book clubs will be free to compete for exclusive or non-exclusive rights to such an edition.

10. *Titles originated by book clubs.* The 'concordat' will not apply to titles originated or commissioned by book clubs, or produced as an original joint venture in conjunction with a licensing publisher in which the book club makes a genuine creative input.

11. *Disputes.* Any disputes arising over the operation of this concordat will be referred to a disputes procedure administered by the Publishers Association.