



Department of Justice

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AT
(202) 616-2771
TDD (202) 514-1888

JUSTICE DEPARTMENT ALLOWS CREATION AND OPERATION OF A TRADE ASSOCIATION TO PROMOTE THE USAGE OF ON-LINE TRAVEL SERVICES

WASHINGTON, D.C. -- The Department of Justice today approved a proposal by 10 on-line travel service providers to create the Interactive Travel Services Association, a trade association that would promote the usage of on-line travel services.

In recent years, a number of firms have begun offering travel services to consumers who have the ability and interest to obtain such services on an on-line basis. The need to promote greater consumer awareness of the availability of these services as an alternative to the more traditional types of travel services, illustrates the principal reason for the proposed creation of the Interactive Travel Services Association.

The firms that seek to create an on-line travel services trade association are: American Express, Biztravel.com Inc., Internet Travel Network, Microsoft Inc., Preview Travel Inc., America Online Inc., Excite Inc., Pegasus Systems Inc., Sun Microsystems, and The Trip.com Inc.

In a business review letter issued by the Department, Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division, stated that "to the extent that the Association confines its activities as proposed, and does not allow itself or its members to exchange price, customer or other

competitively sensitive information, neither its establishment nor its activities would raise risks to competition."

As proposed, the Association would identify and discuss common industry problems, promote consumer protection, educate consumers and travel suppliers on the features and benefits of on-line travel services, present industry views to governmental bodies, serve as an information clearinghouse, and conduct market research.

Membership Companies actively involved in the selling of on-line travel services will be eligible for full membership, other interested parties, not affiliated with the Association, will be eligible for associate membership. An independent Executive Director will be hired to manage the Association's activities. Experienced antitrust counsel will be retained to review the Association's agendas, meetings and activities to avoid antitrust risks. The Association will also develop written antitrust guidelines as part of an antitrust compliance program.

The Association will not attempt to influence pricing or other competitive activities by its members, nor will it attempt to force members to adhere to positions or standards adopted by the Association. The information gathering and research activities of the Association will be limited so as not to include any company-specific competitively sensitive information. Such information exchanges and market research will be reviewed by antitrust counsel. The Association currently plans to make its information and research available to all persons free of charge through its website.

Klein also observed that "if the Association is successful in increasing consumer knowledge of the relative benefits of on-line travel services, its actions could increase output and competition to the benefit of consumers."

Under the Department's business review procedure, a person or organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the activity as a violation of federal antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group, Suite 215, Liberty Place, 325 7th Street, N.W., Washington, D.C. 20530. After a 30-day waiting period, the document supporting the business review will be added to the file.

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