



ANNOUNCEMENT

from the Copyright Office, Library of Congress,
101 Independence Avenue, S.E., Washington, D.C. 20559-6000

NOTICE OF PROPOSED RULEMAKING

CABLE AND SATELLITE STATUTORY LICENSES

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LIBRARY OF CONGRESS

Copyright Office
37 CFR Parts 252 and 257
[Docket No. RM 2001–3 CARP]

Cable and Satellite Statutory Licenses

AGENCY: Copyright Office, Library of Congress.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Copyright Office of the Library of Congress is clarifying the requirements for the submission of claims for royalties under the cable statutory license, 17 U.S.C. 111, and the satellite statutory license, 17 U.S.C. 119.

DATES: Comments are due no later than May 21, 2001.

ADDRESSES: If sent by mail, an original and ten copies of comments should be addressed to: Office of the Copyright General Counsel, P.O. Box 70977, Southwest Station, Washington, DC 20024. If hand delivered, an original and ten copies should be brought to: Office of the Copyright General Counsel, James Madison Memorial Building, Room LM-403, First and Independence Avenues, SE., Washington, DC 20559–6000.

FOR FURTHER INFORMATION CONTACT
David O. Carson, General Counsel or [[Page 20959]] William J. Roberts, Jr., Senior Attorney for Compulsory Licenses, Copyright Arbitration Royalty Panel, P.O. Box 70977, Southwest Station, Washington, DC 20024. Telephone: (202) 707–8380. Telefax: (202) 252–3423.

SUPPLEMENTARY INFORMATION

Background

At issue in this rulemaking proceeding are the filing requirements for claiming royalty fees under the cable statutory license, 17

U.S.C. 111, and the satellite statutory license, 17 U.S.C. 119. The cable statutory license permits cable systems to retransmit to their subscribers the signals of television and radio broadcast stations upon semi-annual submission of royalty payments to the Copyright Office. Similarly, the satellite statutory license permits satellite carriers to retransmit to their subscribers the signals of distant television stations upon semi-annual submission of royalty payments to the Copyright Office. The Copyright Office deposits the received cable and satellite royalty fees in interest-bearing accounts with the U.S. Treasury for later distribution to owners of the copyrighted broadcast programming retransmitted by both cable and satellite. It is the process for filing claims to these royalty fees that the Copyright Office is reexamining in this Notice of Proposed Rulemaking (“NPRM”).

Both section 111 and section 119 describe in general terms the process for filing claims to royalty fees. Section 111(d)(3) provides that cable royalty fees shall “be distributed to those among the following copyright owners who claim that their works were the subject of secondary transmissions by cable systems during the relevant semiannual accounting period:

(A) any such owner whose work was included in a secondary transmission made by a cable system of a nonnetwork television program in whole or in part beyond the local service area of the primary transmitter; and

(B) any such owner whose work was included in a secondary transmission identified in a special statement of account deposited under clause (1)(A); and

(C) any such owner whose work was included in nonnetwork programming consisting exclusively of aural signals carried by a cable system in whole or in part beyond the local service area of the primary transmitter of such programs.

17 U.S.C. 111(d)(3). Section 111(d)(4)(A) prescribes the annual process for filing claims to cable royalties:

During the month of July in each year, every person claiming to be entitled to statutory license

fees for secondary transmissions shall file a claim with the Librarian of Congress, in accordance with requirements that the Librarian of Congress shall prescribe by regulation. Notwithstanding any provisions of the antitrust laws, for purposes of this clause any claimants may agree among themselves as to the proportionate division of statutory licensing fees among them, may lump their claims together and file them jointly or as a single claim, or may designate a common agent to receive payment on their behalf.

17 U.S.C. 111(d)(4)(A).

Though different in certain limited respects, the language regarding royalty claims appearing in the section 119 license is modeled after the section 111 language. Section 119(b)(3) prescribes that satellite license royalty fees shall “be distributed to those copyright owners whose works were included in a secondary transmission for private home viewing made by a satellite carrier during the applicable 6-month accounting period and who file a claim with the Librarian of Congress under paragraph (4).” Paragraph (4)(A) provides that:

During the month of July in each year, each person claiming to be entitled to statutory license fees for secondary transmissions for private home viewing shall file a claim with the Librarian of Congress, in accordance with requirements that the Librarian of Congress shall prescribe by regulation. For purposes of this paragraph, any claimants may agree among themselves as to the proportionate division of statutory license fees among them, may lump their claims together and file them jointly or as a single claim, or may designate a common agent to receive payment on their behalf.

17 U.S.C. 119(b)(4)(A).

These are the statutory provisions governing cable and satellite royalty claims. The Librarian of Congress has prescribed the filing requirements for the submission of cable and satellite royalty claims. Part 252 of 37 CFR establishes the filing requirements for cable claims, while part 257 establishes the filing requirements for satellite claims. Of relevance to this NPRM are the sections of those parts that deal with the content of the

claims filed.

There are no forms for filing a cable or satellite royalty claim.¹ There are, however, formats for submitting cable and satellite claims. Section 252.3, 37 CFR, puts forward the required content of a cable claim:

(a) Claims filed by parties claiming to be entitled to cable compulsory license royalty fees shall include the following information:

(1) The full legal name of the person or entity claiming royalty fees.

(2) The telephone number, facsimile number, if any, and full address, including a specific number and street name or rural route, of the place of business of the person or entity.

(3) If the claim is a joint claim, a concise statement of the authorization for the filing of the joint claim, and the name of each claimant to the joint claim. For this purpose, a performing rights society shall not be required to obtain from its members or affiliates separate authorizations, apart from their standard membership affiliate agreements, or to list the name of each of its members or affiliates in the joint claim.

(4) For individual claims, a general statement of the nature of the claimant's copyrighted works and identification of at least one secondary transmission by a cable system of such works establishing a basis for the claim. For joint claims, a general statement of the nature of the joint claimants' copyrighted works and identification of at least one secondary transmission of one of the joint claimants' copyrighted works by a cable system establishing a basis for the joint claim.

(b) Claims shall bear the original signature of the claimant or of a duly authorized representative of the claimant.

37 CFR 252.3.

The language of § 257.3, governing the content of satellite claims, is the same as § 252.3.

History of Claim Requirements

Submission and resolution of cable, and later satellite, claims originally vested solely in the Copyright Royalty Tribunal. It was the Tribunal that first imposed the filing requirements for both licenses and decided against issuing standardized forms. The Library of Congress inherited the Tribunal's regulation upon its dissolution in 1993. See 58 FR 67690 (December 22, 1993). As discussed below, the Librarian has made some changes to the content requirements for both cable and satellite claims.

From 1978 to the end of 1993, the Copyright Royalty Tribunal received and processed cable claims. Section 302.7(a) of the Tribunal's regulation prescribed the content requirements for those claims:

During the month of July of each year, every

¹The Copyright Royalty Tribunal eschewed issuing forms to complete a cable or satellite royalty claim. When the Tribunal was abolished in 1993, the Library of Congress subsumed the Tribunal's rules, and continued the practice of not printing or issuing forms.

person claiming to be entitled to compulsory license fees for secondary transmissions during the preceding calendar year shall file a claim to such fees in the office of the Copyright Royalty Tribunal. No royalty fees shall be distributed to copyright owners for secondary transmissions during the specified period unless such owner has filed a claim to such fees during the following calendar month of July. For purposes of this clause claimants may file claims jointly or as a single claim. Such filing shall include such information as the Copyright Royalty Tribunal may require. A joint claim shall include a concise statement of the authorization for the filing of the joint claim. A performing rights society shall not [[Page 20960]] be required to obtain from its members or affiliates separate authorizations, apart from their standard agreements, for purposes of this filing and fee distribution.

37 CFR 302.7(a) (1993).

Subsection (b) of that regulation required the full name and address of the "person or entity claiming compulsory license fees," along with identification of at least one secondary transmission of that person's or entity's program by a cable system.

The purpose of the Tribunal's regulations governing the filing of cable claims is evident: identify who the claimants are to the royalty pool and assure that they have asserted a prima facie claim for section 111 royalties. While the regulation states that "every person claiming to be entitled to compulsory license fees" may file a claim, the regulation further states that "[n]o royalty fees shall be distributed to copyright owners for secondary transmissions during the specified period unless such owner has filed a claim to such fees during the following calendar month of July." 37 CFR 302.7(a) (1993).

The Tribunal's regulations for the filing of satellite claims were adopted soon after the passage of the Satellite Home Viewer Act of 1988, which enacted the section 119 license. Not surprisingly, the Tribunal copied the same language it used for the required content of cable claims. However, with respect to the submission of a joint claim, the Tribunal's regulation permitted the filing of a joint claim but did not require a concise statement of the authorization for the filing of the joint claim. 37 CFR 309.2 (1993).

When the Tribunal's responsibilities were assumed by the Library, the Library proposed changes to the regulations for filing cable and satellite claims.² Proposed new Sec. 252.2 read:

During the month of July each year, any party claiming to be entitled to cable compulsory license royalty fees for secondary transmissions of one or more of its works during the preceding calendar year shall file a claim to such fees with the Copyright Office. No royalty fees shall be distributed to a party for secondary transmissions during the specified period unless such party has timely filed a claim to such fees. Claimants may file claims jointly or as a single claim.

²The Library used the same language for the satellite royalty claim regulations, 37 CFR 257.

59 FR 2550, 2564 (January 18, 1994).

The Library did not state why it changed slightly the wording of the former Tribunal's regulation but did propose a new Sec. 252.3 which incorporated some of the same principles. Section 252.3(a)(3) stated that "[i]f the claim is a joint claim, a concise statement of the authorization for the filing of the joint claim [is required]. For this purpose a performing rights society shall not be required to obtain from its members or affiliates separate authorizations, apart from their standard agreements." 59 FR at 2565. The Library also proposed Sec. 252.3(e) which stated that "[a]ll claimants filing a joint claim shall make available to the Copyright Office, other claimants, and, where applicable, a Copyright Arbitration Royalty Panel, a list of all individual claimants covered by the joint claim." 59 FR at 2565.

One commentator to the NPRM, the Public Broadcasting Service ("PBS"), raised concerns about Sec. 252.3(e), wondering whether, in the case of a joint claim, each claimant was required to identify at least one secondary transmission. The Library responded:

We acknowledge that Sec. 252.3 as proposed in the NPRM muddies the waters for the filing of cable royalty claims, and of satellite royalty claims as well. We are troubled, however, by changing what had been a longstanding requirement at the Tribunal for obliging all claimants to identify at least one secondary transmission of their copyrighted works. While such requirement does undoubtedly add to the time and expense burdens of joint claimants such as PBS, it is not without purpose. The law states plainly that cable compulsory license royalties are only to be distributed to "copyright owners who claim that their works were the subject of secondary transmissions by cable systems during the relevant semiannual period." 17 U.S.C. 111(d)(3). To support such a claim, each claimant may reasonably be asked to identify at least one secondary transmission of his or her work, thus permitting the Copyright Office to screen the claims and dismiss any claimants who are clearly not eligible for royalty fees. The requirement will also help to reduce time spent by a CARP determining which claimants have a valid claim: if only one secondary transmission is identified for one of the joint claimants, then it could not readily be determined if the other claimants were even eligible for cable royalties.

In an effort to end this confusion we are deleting subsection (e) with its requirement that joint claimants submit a list identifying all the claimants. Instead, we are amending subsection (a)(4) to require that each claimant to a joint claim, other than a joint claim filed by a performing rights society on behalf of its members or affiliates, must identify at least one secondary transmission of his or her works.

59 FR 23964, 23979 (May 9, 1994).

A hail of protest followed the Library's change of the joint claim rule. Several copyright owner groups, including Program Suppliers, argued that a requirement that each joint claimant submit evidence of a secondary transmission was unnecessary and expen-

sive and was not a practice observed by the CRT. Program Suppliers went further and argued that the Copyright Office should refrain from any examination or screening of claims as a regular practice, and leave such activities and eligibility issues to the claimants to raise through motions either to the Librarian or the CARPs. 59 FR 63025, 63027 (December 7, 1994).

On reconsideration, the Library dropped the requirement that each joint claimant identify a secondary transmission. The Library noted that “[t]he amended rule, however, does require each joint claim to identify all claimants participating in the joint claim. Those who are not identified in the joint claim may not be added to it after the filing period.” *Id.* at 63028.³ The amended Sec. 252.3(a)(3) of the rules, which is the current rule, reads in pertinent part: “If the claim is a joint claim, a concise statement of the authorization for the filing of the joint claim, and the name of each claimant to the joint claim [is required].” *Id.* at 63042. Once again, the same language was used for satellite claims. See 37 CFR 257.3.

The Need for Change

All in all, the process for filing cable and satellite claims has worked well through the years. However, a recent cable distribution proceeding has revealed certain infirmities that require attention. Specifically, we are reconsidering who may file a cable or satellite claim, and under what circumstances a joint claim may be filed.

Who may file a cable or satellite royalty claim? In most instances, the claims received by the Copyright Office for cable and satellite fees are single claims filed by a copyright owner who owns one or more of the exclusive rights to a program (or more than one program) that has been retransmitted by a cable system or satellite carrier and who is claiming statutory royalties for the retransmission of that program. Both the cable and the satellite licenses plainly state that it is the copyright owner, and only the copyright owner, whose work has been retransmitted by a cable system or satellite carrier who is eligible to receive a distribution of royalty fees. 17 U.S.C. 111(d)(3) & 119(b)(3). Consequently, there seems to be no question that it is acceptable for a copyright owner of a retransmitted work to submit the claim for cable or satellite fees. [[Page 20961]]

Is it permissible for someone other than the copyright owner of the work identified in the claim to submit the claim? The Copyright Royalty Tribunal's old rules could be read as permitting only copyright owners and performing rights societies to file royalty claims. See 37 CFR 302.7(a) (1993) (“No royalties

shall be distributed to copyright owners * * * unless such owner has filed a claim to such fees during the following calendar month of July,” but performing rights societies are not required to obtain separate authorizations from members or affiliates). The Library's rules, however, state that “any party” claiming to be entitled to cable or satellite royalty fees may file a claim. 37 CFR 252.2 & 257.2. “Any party” is quite broad and can include holders of one or more exclusive rights granted by copyright, as well as agents and representatives of copyright owners.

It has come to the attention of the Library, as part of a recent cable royalty distribution proceeding, that the current standard for allowing any party claiming the cable or satellite fees to file a claim can produce unintended and undesirable results. *See* Order in Docket No. 2000–2 CARP CD 93–97 (June 22, 2000). Specifically, this language could be interpreted by the public as allowing the filing of “placeholder” claims. A “placeholder” claim is a claim filed by a person who is not a copyright owner, but who files a cable or satellite claim in his or her own name, and then later asserts claims to royalties on behalf of copyright owners whose works were retransmitted by a cable system or satellite carrier. Placeholder claims are typically filed with the Copyright Office in the form of single claims, but in substance they are joint claims. Because the Copyright Office does not inquire as to the identity of the person or entity filing a cable or satellite claim (i.e. whether that person or entity is a copyright owner or another party), we cannot determine whether the claim is a properly filed single claim, or should be a joint claim identifying the appropriate represented copyright owners.

Placeholder claims run afoul of the distribution process for cable and satellite royalties. The law states that cable and satellite royalties may only be distributed to copyright owners whose works were retransmitted by either cable systems or satellite carriers.⁴ Indeed, the purpose of filing claims is to permit identification of all copyright owners who are entitled to a distribution.⁵ Placeholder claims make it impossible to identify the copyright owners entitled to distribution. Further, both section 111 and section 119 plainly state that claims for royalty fees must be filed in the month of July to be eligible for distribution. Placeholder claims can circumvent this requirement by allowing the filer to enter into representation agreements with copyright owners after the July deadline, and

⁴Both section 111 and section 119 permit copyright owners to designate a common agent for payment of royalty fees. 17 U.S.C. 111(d)(4)(A) & 119(b)(4)(A). We do not interpret this language as authorizing the filing of placeholder claims. Rather, this language, “[claimants] may designate a common agent to receive payment on their behalf,” allows the Library to distribute royalties to someone other than the copyright owner, provided that the owner has previously informed the Copyright Office of the identity of the common agent.

effectively secure a distribution for those owners who had not filed timely claims. The Office has stated previously that it will not allow joint claims to be amended to add new parties after the July deadline, because this would thwart the purpose of the July filing requirement. 59 FR 63025, 63028 (December 7, 1994). Placeholder claims produce this result, because the identity of the copyright owners represented by the party filing the placeholder claim will not be known until Notices of Intent to Participate in a CARP proceeding are filed. Presumably, the party filing the placeholder claim could then sign representation agreements with copyright owners who had not filed their own claims up until that date.

Proposed Rule and Comments

We wish to put an end to placeholder claims. To this end, we are proposing to amend parts 252 and 257 of the rules to clarify that any single claim filed with the Copyright Office (meaning a claim containing only one person's or entity's name and address) must be filed in the name of the copyright owner whose work was retransmitted by a cable system or a satellite carrier. The copyright owner submitting the single claim must provide the name, address and signature of the contact person for the claim, who can be the copyright owner, an employee of the copyright owner, an agent, or a duly authorized representative.

Any claim which is filed for cable or satellite royalties that purports to cover more than one copyright owner must be filed as a joint claim. The joint claim must identify all copyright owners who are participating in the joint claim. If a joint claim omits the name of a copyright owner, and the joint claim is not amended to include the name of the copyright owner prior to the expiration of the July filing deadline, that copyright owner will not be considered to have filed a timely claim.

We note that the practice of filing placeholder claims, in the context of joint claims, can also occur. The Copyright Office may receive, for example, a joint claim identifying three entities, only two of which are actually copyright owners of works retransmitted by cable or satellite. The third party is not a copyright holder, but instead represents current, and possibly future, copyright owners. The third party has filed a placeholder claim, which is inappropriate for the reasons described above. Consequently, the Library is proposing to amend its rules to prohibit the submission of placeholder claims for both single and joint claims.

All interested parties are requested to file comments with the Copyright Office in ac-

⁵The one exception to this is allowing performing rights societies, who literally represent thousands of copyright owners, to file one claim on behalf of all their members and affiliates. As discussed above, the Copyright Royalty Tribunal created this exception, and the Copyright Office has adopted this practice.

³An exception to this requirement was made for performing rights societies, such as ASCAP and BMI. That exception, however, has no application in this rulemaking proceeding.

cordance with the information set forth in this document. Unless persuaded otherwise by the commenters, the Office intends to issue final rules in time for the submission of cable and satellite royalty claims in July of this year.

Statutory Authority

The Library of Congress initiates this rulemaking proceeding under its authority to establish regulations for the submission of cable statutory license claims and satellite statutory license claims. 17 U.S.C. 111(d)(4)(A) & 119(b)(4)(A).

List of Subjects

37 CFR Part 252

Copyright, Cable television, Claims.

37 CFR Part 257

Copyright, Satellite television, Claims.

In consideration of the foregoing, it is proposed that parts 252 and 257 of 37 CFR Chapter II be amended as follows:

PART 252—FILING OF CLAIMS TO CABLE ROYALTY FEES

1. The authority citation for part 252 continues to read as follows:

Authority: 17 U.S.C. 111(d)(4), 801, 803.

2. Section 252.3 is revised to read as follows:

Sec. 252.3 Content of claims.

(a) *Single claim.* A claim filed on behalf of a single copyright owner of a work or works secondarily transmitted by a cable system shall include the following information: [[Page 20962]]

(1) The full legal name and address of the copyright owner entitled to claim the royalty fees.

(2) A general statement of the nature of the copyright owner's work or works, and identification of at least one secondary transmission by a cable system of such work or works establishing a basis for the claim.

(3) The name, telephone number, facsimile number, if any, and full address, including a specific number and street name or rural route, of the person or entity filing the single claim.

(4) An original signature of the copyright owner or of a duly authorized representative of the copyright owner.

(b) *Joint claim.* A claim filed on behalf of more than one copyright owner whose works have been secondarily transmitted by a cable system shall include the following information:

(1) A list including the full legal name and

address of each copyright owner to the joint claim entitled to claim royalty fees.

(2) A concise statement of the authorization for the person or entity filing the joint claim. For this purpose, a performing rights society shall not be required to obtain from its members or affiliates separate authorizations, apart from their standard membership affiliate agreements, or to list the name of each of its members or affiliates in the joint claim as required by paragraph (b)(1) of this section.

(3) A general statement of the nature of the copyright owners' works and identification of at least one secondary transmission of one of the copyright owners' work or works by a cable system establishing a basis for the joint claim and the identification of the copyright owner of each work so identified.

(4) The name, telephone number, facsimile number, if any, and full address, including a specific number and street name or rural route, of the person filing the joint claim.

(5) Original signatures of the copyright owners to the joint claim or of a duly authorized representative or representatives of the copyright owners.

(c) In the event that the legal name and/or address of the copyright owner entitled to royalties or the person or entity filing the claim changes after the filing of the claim, the Copyright Office shall be notified of the change. If the good faith efforts of the Copyright Office to contact the copyright owner or person or entity filing the claim are frustrated because of failure to notify the Office of a name and/or address change, the claim may be subject to dismissal.

PART 257—FILING OF CLAIMS TO SATELLITE CARRIER ROYALTY FEES

3. The authority citation for part 257 continues to read as follows:

Authority: 17 U.S.C. 119(b)(4).

2. Section 257.3 is revised to read as follows:

Sec. 257.3 Content of claims.

(a) *Single claim.* A claim filed on behalf of a single copyright owner of a work or works secondarily transmitted by a satellite carrier shall include the following information:

(1) The full legal name and address of the copyright owner entitled to claim the royalty fees.

(2) A general statement of the nature of the copyright owner's work or works, and identification of at least one secondary transmission by a satellite carrier of such work or works establishing a basis for the claim.

(3) The name, telephone number, facsimile number, if any, and full address, including a specific number and street name or rural route, of the person or entity filing the single claim.

(4) An original signature of the copyright owner or of a duly authorized representative

of the copyright owner.

(b) *Joint claim.* A claim filed on behalf of more than one copyright owner whose works have been secondarily transmitted by a satellite carrier shall include the following information:

(1) A list including the full legal name and address of each copyright owner to the joint claim entitled to claim royalty fees.

(2) A concise statement of the authorization for the person or entity filing the joint claim. For this purpose, a performing rights society shall not be required to obtain from its members or affiliates separate authorizations, apart from their standard membership affiliate agreements, or to list the name of each of its members or affiliates in the joint claim as required by paragraph (b)(1) of this section.

(3) A general statement of the nature of the copyright owners' works, identification of at least one secondary transmission of one of the copyright owners' work or works by a satellite carrier establishing a basis for the joint claim, and the identification of the copyright owner of each work so identified.

(4) The name, telephone number, facsimile number, if any, and full address, including a specific number and street name or rural route, of the person filing the joint claim.

(5) Original signatures of the copyright owners to the joint claim or of a duly authorized representative or representatives of the copyright owners.

(c) In the event that the legal name and/or address of the copyright owner entitled to royalties or the person or entity filing the claim changes after the filing of the claim, the Copyright Office shall be notified of the change. If the good faith efforts of the Copyright Office to contact the copyright owner or person or entity filing the claim are frustrated because of failure to notify the Office of a name and/or address change, the claim may be subject to dismissal.

Dated: April 23, 2001.

David O. Carson
General Counsel

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