



ANNOUNCEMENT

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FINAL RULE

CABLE COMPULSORY LICENSES: DEFINITION OF CABLE SYSTEMS

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LIBRARY OF CONGRESS

Copyright Office

[Docket No. RM 86-7B]

Cable Compulsory Licenses: Definition of Cable Systems

AGENCY: Copyright Office, Library of Congress.

ACTION: Final rule.

SUMMARY: The Copyright Office of the Library of Congress is adopting final regulations recognizing that satellite master antenna television (SMATV) systems are eligible as cable systems under section 111 of the Copyright Act to obtain a compulsory license to retransmit broadcast signals to their subscribers. The regulations provide guidance as to who should file and how to report distant signals.

EFFECTIVE DATE: July 1, 1997.

FOR FURTHER INFORMATION

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SUPPLEMENTARY INFORMATION:

Background

Section 111 of the Copyright Act, 17 U.S.C., establishes a mechanism by which cable systems may obtain a compulsory license to make secondary transmissions

to their subscribers of copyrighted works performed on broadcast stations. A compulsory license is attractive to users of copyrighted material because it gives them guaranteed access to and a guaranteed price for copyrighted works, and avoids the costs of negotiating with each individual copyright owner. As a result, many providers of broadcast signals have sought to qualify as cable systems under section 111, so that they may obtain a cable compulsory license.

Consequently, on October 15, 1986, the Copyright Office published a Notice of Inquiry inviting public comment on whether satellite master antenna television systems (SMATV), multichannel multipoint distribution systems (MMDS),¹ or satellite carriers¹ qualify as cable systems under section 111 of the Copyright Act. 51 FR 36705 (Oct. 15, 1986). As part of the inquiry, the Office solicited specific comments on how an individual SMATV operation qualifying as a cable system would file statements of account, and on who would be deemed the owner of a SMATV system. The inquiry concerning SMATV systems was based on the following understanding of how a SMATV operates:

SMATV systems use TVROs [television receive-only satellite dish] to receive transmissions via satellite, and a master antenna for receipt of over the air television signals. The

¹On January 29, 1992, the Office concluded its inquiry into the definition of a "cable system" in Docket No. 86-7B and issued a regulation denying both "wireless" cable operators and satellite carriers eligibility for the cable compulsory license. 57 FR 3284 (January 29, 1992). Subsequent to the issuance of this regulation, Congress passed the Satellite Home Viewer Act of 1994, Public Law 103-369, which amended the definition of a "cable system" in section 111 to include "wireless" cable systems, such as the multichannel multipoint distribution systems.

programming is then combined and distributed by cable to subscribers, primarily in apartment houses and other multi-unit residential buildings.

51 FR 36706 (1986).

After analysis of the comments to the Notice of Inquiry, the Copyright Office concluded that SMATV systems could qualify as cable systems and issued a Notice of Proposed Rulemaking proposing regulations by which SMATV systems could obtain a compulsory license to retransmit broadcast signals. 56 FR 31580 (July 11, 1991). At that time, the Office also acknowledged its practice of accepting filings from SMATV operators, without ruling on their sufficiency or adequacy, during the period that the Office considers whether such filings are appropriate. 56 FR 31596 (1991). The Office further advised those SMATV operators, who had previously filed Statements of Account during prior accounting periods without guidance or knowledge of the new rules, that they need not amend these filings. This understanding, however, does not preclude any facility from amending its prior filings under the new regulations, after they are issued in final form.

Comments

Responding to the proposed regulations on the eligibility of SMATV systems for the cable compulsory license, the Office received direct comments from:

- Liberty Cable Company, Inc. (Liberty), a SMATV system operator in the New York City area.
- MaxTel Cablevision, a SMATV system owner and operator, Western Cable Communications, Inc., a SMATV system owner and operator, and National Private Cable Association, an association

manufacturers, vendors, and program distributors, jointly (MaxTel et. al.);

- Mid-Atlantic Cable, Stellar Communications, Inc., TeleCom Satellite Systems Corp., Telesat Cablevision, Inc., 21st Century Technology Group, Inc., all SMATV system operators, and National Satellite Programming Network, Inc., a provider of programming and support services to SMATV systems operators, jointly (Mid-Atlantic et. al.);

- the Motion Picture Association of America, Inc. (MPAA), a trade association that represents copyright owner-claimants for section 111 royalties;

- the National Cable Television Association (NCTA), a cable television trade association;

- National CableSystems Associates, (NCSA) owner and operator of 25 SMATV systems in the Atlanta, Georgia area;

- Pepper & Corazzini, a law firm representing independently owned and cable-affiliated SMATV systems;

- Satellite Television of New York Associates, d/b/a Community Home Entertainment, (Community), the SMATV operator of Co-Op City, Bronx, New York;

- Spectradyne, Inc. (Spectradyne), provider of free-to-guest satellite video programming to hotels; and

- Turner Broadcasting System, Inc. (TBS), licensee of superstation WTBS, Atlanta, Georgia.

The Office also received reply comments from:

- MaxTel, et. al.;

- MPAA;

- Major League Baseball, the National Basketball Association, and the National Hockey League (the Professional Sports Leagues); and

- NCTA.

Eligibility for the Section 111 Compulsory License

The following commentators agree with the Copyright Office's conclusion that SMATV systems qualify as cable systems for section 111 purposes: Community, Liberty, Maxtel et. al., Mid-Atlantic et. al., MPAA, NCSA, Pepper & Corazzini, Spectradyne, and TBS.

NCTA takes no position on the question of SMATV eligibility.

The Professional Sports Leagues oppose the eligibility of SMATV systems as cable systems because they argue that Congress intended to draw a distinction between traditional cable and other retransmission media, such as MATV systems (the predecessor systems to SMATVs, similar in all respects to SMATVs systems except without the capacity to receive satellite transmissions) when they exempted MATV systems from copyright liability in section 111, so long as they

retransmitted only local signals to their subscribers. Professional Sports Leagues, reply comments at 7-8. Thus, having afforded MATV systems such an exemption, the Professional Sports Leagues argue that the remainder of section 111 is intended to apply to traditional cable systems. The Professional Sports Leagues also argue that the section 111 compulsory license was based on economic necessity, and that in 1976, traditional cable systems could not exist without the compulsory license, but such economic necessity was not true of MATV systems then, or SMATV systems now. Reply comments at 8.

This argument was raised in the previous round of comments and responded to by the Office in the 1991 Notice of Proposed Rulemaking where the Office said that the section 111(a)(1) exemption was intended merely to ensure that residents of multiple unit dwellings had access to local television signals. 56 FR 31595 (July 11, 1991). The section 111(a)(1) exemption does not prohibit a master antenna television system from importing distant signals nor does it address the consequences of importing distant signals. The Office considered that such a system would have copyright liability. Whether it must meet that liability through negotiation with the copyright owners or could meet it by obtaining a compulsory license is the issue, and the fact that Congress gave MATV systems an exemption for local retransmissions does not affect the analysis.

Nor does the Office agree that the analysis should depend on whether SMATV systems would still be economically viable without the compulsory license. As the Professional Sports Leagues themselves point out, many cable systems today would be economically viable without the compulsory license, but nothing in section 111 would render a cable system ineligible because it was economically sound. The viability of a provider of broadcast signals with or without the compulsory license is not the question; the question is whether Congress intended the providers to be included in section 111.

TBS agrees that SMATV systems qualify as cable systems, but disagrees with certain aspects of the Copyright Office's analysis. It argues that the Office should not look to whether a particular video provider constitutes a "local medium of limited availability," or to whether the FCC has affirmatively approved retransmissions by a particular type of facility, but should confine itself to addressing whether a SMATV system "retransmits broadcast signals to paying subscribers by wires, cables, or other communications channels." TBS,

comments at 13-14. In other words, TBS argues that the Copyright Office should only look at the section 111 definition of a cable system. However, as the Office has stated previously, section 111 must be construed in accordance with Congressional intent and as a whole, not just in reference to one particular section. 57 FR 3292 (Jan. 29, 1992). The Office notes that at the time Congress created the cable compulsory license, the FCC regulated the cable industry as a highly localized medium of limited availability, suggesting that Congress, cognizant of the FCC's regulations and the market realities, fashioned a compulsory license with a local rather than a national scope. This being so, the Office retains the position that a provider of broadcast signals be an inherently localized transmission media of limited availability to qualify as a cable system. 56 FR 31595 (July 11, 1991).

It is therefore the Office's conclusion, after considering the above comments, that SMATV systems are cable systems for purposes of section 111.

Identifying a SMATV System

While the Copyright Office has discussed the eligibility of SMATV systems for the cable compulsory license and described how a SMATV system operates in its initial Notice of Inquiry, the Office has chosen not to define a SMATV system in its regulations, although SMATV systems present unique compulsory license reporting issues which require clarification in the Copyright Office's rules. None of the commentators raised the issue, suggesting that the nature and operation of a SMATV system is generally understood within the industry. We note, too, that the Federal Communications Commission, while regulating SMATV systems in various ways, has never defined a SMATV system in its regulations. Yet, all parties must operate with a common understanding as to what is a SMATV system. To this end, the Office believes an examination of the FCC regulatory policy toward SMATV systems is useful for determining the characteristics of a SMATV system.

Since 1966, the FCC's definition of a cable system excluded those systems serving multiple unit dwellings. See, Second Report and Order on CATV Regulation, 2 FCC 2d 725 (1966). These excluded systems were apparently originally MATVs (Master Antenna Television Systems), but were later thought to include SMATVs. In the 1984 Cable Act, Congress specifically excluded from the definition of a "cable system" "a facility that serves only subscribers in 1 or more multiple unit dwellings under

common ownership, control, or management, unless such facility or facilities uses any public right-of-way..." 47 U.S.C. 522(7) (1984). The House Report to the Cable Act described the exemption as applying to "a facility or combination of facilities that serves only subscribers in one or more multiple unit dwellings (in other words, a satellite master antenna television system), unless such facility or facilities use a public right-of-way." H.R. Rep. No. 934, 98th Cong., 2d Sess. 44 (1984).

Congress modified the section 522(7) exemption in the Telecommunications Act of 1996. The section now exempts from the definition of a cable system "a facility that serves subscribers without using any public right-of-way." 47 U.S.C. 522(7) (1996). The new exemption certainly continues to include SMATV systems, but has been broadened to include other types of retransmission facilities such as wireless cable.

While the Office believes that the history of communications regulation of SMATV systems is relevant to determining what is a SMATV system, we acknowledge that it is not dispositive for the copyright inquiry. We do not believe that the FCC requirement of not crossing a public right-of-way is important for section 111 purposes because the distinction only determines whether such a facility will be regulated as a cable system for FCC purposes, as opposed to defining what a SMATV system is or does. Consequently, we are identifying as SMATV systems only those facilities which receive television signals from satellites and retransmit them to subscribers residing in multiple unit dwellings, such as apartment complexes and hotels.

Party Responsible for Filing the Statement of Account and Remitting Royalties

In the Notice of Proposed Rulemaking, the Office proposed that the party responsible for filing the statement of account and remitting royalties on behalf of a SMATV system should be the building owner where the SMATV system is operating, not the entity that provides the signals and maintains the facility.

This was proposed for two reasons. First, it was observed that satellite carriers are often the signal providers for a building, and to allow a satellite carrier to designate itself as the owner of the cable system could qualify a satellite carrier as a cable system, a result contrary to the Office's conclusion that satellite carriers are not cable systems.

Second, designating the distributors of

the broadcast signals as the filer might result in lower reported gross receipts, because the distributor would report the rate it charged the building, but not any add-ons, if there were any, that the building owner might charge the residents or guests.

1. Concerns About Requiring Building Owners To File

The Office's question about who should be the filer elicited the greatest amount of discussion from the commentators. Uniformly, the comments state that the filer should not necessarily be the building owner. The commentators' greatest concern is that if the responsibility to file is placed on the building owner, many building owners will be inclined to avoid the responsibility by either replacing the SMATV system with a traditional cable system or ceasing to provide video programming altogether. These concerns were addressed in the comments. See Spectradyne, comments at 3-4; NCSA, comments at 6-7; Mid-Atlantic et. al., comments at 4; and Community, comments at 3-4.

2. Comments Addressing Copyright Office's Concerns

Many of the commentators who believe the system operator, not the building owner, should be the filer, sought to allay the Office's concerns about satellite carrier eligibility and the potential for underreporting gross receipts.

As to whether satellite carriers that distribute signals to SMATV systems would qualify as cable systems, Pepper and Corazzini assert,

The satellite carrier would never be in a position to designate itself as the cable system. Where the owner of a hotel or multi-unit dwelling provides the service itself, it purchases the signals from the satellite carrier or the carrier's distributor. The satellite carrier does not exercise any control or management responsibility over the SMATV system, nor does the carrier have any contractual privity with the subscribers. This is true whether the SMATV service is provided by the hotel or an owner of a multi-unit dwelling or by an [sic] SMATV operator.

Pepper & Corazzini, comments at 5.

Similarly, Maxtel et. al. states,

"It is not the satellite carrier who is the signal distributor to the customers of the SMATV operator any more than that satellite carrier is the signal distributor to the customers of the traditional franchised cable television operator. The satellite carrier merely distributes signals to the headend facility of either the SMATV operator or the cable franchisee. . . . Contrary to the direct transmission between

a satellite carrier and an individual single family home TVRO [television receive-only satellite dish], there is always an intermediary retransmitter between the satellite carrier and the subscriber residing within an apartment complex, for example. Thus, the satellite carrier would never be designated as the owner of the cable system for filing purposes and the Copyright Office need not be concerned over any anomaly with its determination that "satellite carriers do not and cannot qualify for the cable compulsory license."

MaxTel et. al., comments at 5.

Spectradyne addresses the possibility, disputed by Pepper & Corazzini and MaxTel et. al., that a satellite carrier could both deliver the distant signal and be the SMATV system operator. It argues that the Copyright Office's concerns can be met in the case of a satellite carrier which happens also to be a SMATV operator, because "the [compulsory] license would apply only to the SMATV element of the satellite carrier's business. In order to be free from copyright infringement liability for the remaining portions of its operation (ground to transponder to ground) the satellite carrier would either have to qualify as a passive carrier or negotiate copyright licenses. There is no anomaly in this." Spectradyne, comments at 5.

The commentators also believe that the potential for underreporting the gross receipts can be avoided.

Spectradyne states that "any fear of revenue under-reporting can be relieved by imposing on system operators the obligation to report not only amounts received by them but the higher of the amounts they receive and any amounts collected by the hotel operator from guests for the privilege of viewing the tier of service at issue." Spectradyne, comments at 6-7.

MaxTel et. al. posits three possible situations concerning bulk rates that may or may not reflect the total gross receipts.

First, most SMATV operators contracting with private property owners do not provide such service on a bulk rate basis, but rather charge individual subscribers directly for the service. Second, most property owners desiring a bulk rate contract do so to increase occupancy, and thus do not even charge a premium for the cable service. Third, traditional franchised cable television operators also enter into bulk rate contracts with private property owners, in which the owner can charge the residents a higher fee than the property owner paid the cable franchisee for the service. Yet the Copyright Office has not found the cable system owner in that circumstance to be the property owner as opposed to the cable franchisee. . . . If the Copyright Office wishes to rectify the fact that the gross receipts figure will necessarily not include any additional

charges rendered by a property owner authorizing service under a bulk rate contract, then the Copyright Office should adopt regulations applicable to both SMATV operators and cable franchisees.

MaxTel et. al., comments at 7.

Mid-Atlantic et. al. argues that the definition of the SMATV system operator can be made flexible enough so that if there is no additional charge by the building owner, the business operating the SMATV system is the SMATV system operator, but if there is an additional charge by the building owner, as reflected in subscription agreements with the individual subscribers in the building, then the building owner would be the one designated in that instance as the SMATV system operator. Mid-Atlantic et. al., comments at 5.

3. Commentators' Recommended Definition of Filer

Community recommends that the filer be "the entity that provides the service to the actual subscriber or to the tenant or unit owner." Community, comments at 4.

Liberty recommends a definition of the filer that would allow either the building owner or the SMATV system operator to make the filings and the payments, according to whichever arrangement made sense to the SMATV system operator and building operator, provided that the building operator could designate an agent to sign the Statement of Account. Liberty, comments at 1-2. Similarly, Spectradyne recommends "permitting either the building owner or the system operator to file the statement of account." Spectradyne, comments at 4.

Mid-Atlantic et. al. recommends that the filer should be the operator of the SMATV system, whether that is the building owner or a third party who has a contract with the building owner to provide the service. Mid-Atlantic et. al., comments at 2.

MaxTel et. al. recommends that the filer should be "the owner of the headend facility and the recipient of the subscriber revenues." MaxTel et. al., comments at 9. MPAA supported this recommendation. MPAA, reply comments at 16. Similarly, NCSA recommends defining the filer as "that party who both provides the cable TV service to the ultimate subscriber or television viewer and also receives payment from said subscriber or television viewer for the service either directly or indirectly through a third party." NCSA, comments at 11. Likewise, Pepper & Corazzini recommends that the filer be "the entity that is in charge of the operation of the system and the collection

of subscriber revenues." Pepper and Corazzini, comments at 8.

4. Discussion

The Office appreciates the concern expressed by SMATV system operators that if the building owner is required to be the filer, some building owners might refuse to take on that responsibility, to the detriment of the SMATV system operator. Therefore, the Office agrees that the building owner who is uninvolved with the SMATV system operation may not, in that circumstance, be the best one to file the statement of account.

In searching for the best solution, the Office is inclined to agree with NCSA, that the filer should be the party that provides the retransmission service and receives the payment, either through a bulk rate charged to the building owner, or by individually billing the subscriber, or by any other billing arrangement.

The Office also appreciates the distinction drawn by Spectradyne between a satellite carrier acting in its capacity as a SMATV system operator and a satellite carrier acting in its capacity as the deliverer of the distant signal. The Office agrees that the satellite carrier could also be the SMATV system operator for that portion of the satellite carrier's operation for which it performs the functions of a SMATV system operator, but not for the direct delivery of the distant signals.

Similarly, a building owner could also be a SMATV system operator, if the building owner is the one that provides the retransmission service and collects the payments from the subscribers.

Furthermore, the Office acknowledges the points raised by MaxTel et. al. about bulk rates and the importance of ensuring that any rules adopted for SMATV system are consistent with the Office's policy toward traditional cable systems. Therefore, the gross receipts that shall be reported shall be those collected by the filer, either directly from the subscribers or indirectly through a third party.

In no case shall gross receipts for the SMATV facility be less than the cost of obtaining the signals of primary broadcast transmitters for subsequent retransmission by the SMATV facility. As a result, if the building owner is the SMATV system operator because he or she provides the retransmission service, but does not charge his or her residents, tenants, or guests, because it is a "free" service, the building owner, nonetheless, reports as gross receipts the amount that he or she pays the satellite carrier for the cost of bringing in the broadcast signals.

Calculation of Royalties for Form 3 SMATV Systems

In the Notice of Proposed Rulemaking, the Office stated that SMATV systems that file as Form 3 systems -- those grossing \$292,000 or more per semiannual accounting period -- would be required to comply with the signal carriage and market quota regulations applied by the FCC to cable systems when making their royalty calculations, even though SMATV systems that did not use the public right-of-ways were not, in fact, subject to such regulations.

This proposal is supported by MPAA and NCTA, who each argued that if SMATV systems are to qualify as cable systems, they should be treated the same way as traditional cable systems. MPAA, reply comments at 16-17; NCTA, comments at 2.

This proposal is opposed by Community. Community argues that the Copyright Office is bound to follow the law, and that, under FCC rules, SMATV systems not using the public right-of-ways were not subject to distant signal quotas. Therefore, the Copyright Office may not impose 3.75% rate charges for signals that SMATV systems were permitted to import before 1981. Furthermore, Community states that it received an opinion letter from the General Counsel of the Copyright Office in 1984 confirming Community's interpretation of the law. Community, comments at 2-3, Attachment C.

In reply, NCTA argues that the Copyright Office is not so restrained as Community asserts, and that the Office may make common sense responses to problems that arise during the implementation of section 111, so long as those responses are not inconsistent with congressional intent. NCTA believes it is logical for the Office to conclude that since Congress intended new technologies to be eligible for the cable license, it did not intend to treat these new technologies more favorably than traditional cable systems. Finally, NCTA notes that the Copyright Office requires newly constructed cable systems to pay 3.75% rate royalties even though they were never subject to the FCC's distant signal rules. NCTA, reply comments at 1-3.

The Office's main goal in administering section 111 is to implement Congress' intent. Congress recently addressed the issue of how to apply the definition of a cable system to new technologies when it amended section 111(f) to include multichannel multipoint distribution service systems, otherwise

distribution service systems, otherwise known as MMDS or "wireless cable," as cable systems. Satellite Home Viewer Act of 1994, Pub. L. 103-369, 108 Stat. 3477. Congressional intent is manifest in both the Senate and House reports. The Senate report stated:

The committee intends "wireless" cable and traditional wired cable systems to be placed on equal footing with respect to their royalty obligations under the cable compulsory license, so that one not have an unfair advantage over the other due to differences in their regulatory status under FCC rules. The committee expects the Copyright Office, in applying section 111 to "wireless" cable systems, should treat "wireless" cable systems as if they were subject to the same FCC rules and regulations that are applicable to wired cable systems.

Sen. Rep. 407, 103d Cong., 2nd Sess., at 14 (1994).

Similarly, the House Report stated,

Because the purpose of this legislation is to place wired and wireless cable systems on a level playing field, in calculating the fees payable by wireless systems, reference should be made to the same FCC rules that would be applicable if the system were wired, e.g., the distant signal quota rules for purposes of determining whether the 3.75% of gross receipts rate is applicable.

H. R. Rep. 703, 103d Cong., 2nd Sess., at 19 (1994).

Any reliance that Community believes should be placed on the 1984 opinion letter from the Office's General Counsel is now clearly superseded by this expression of Congress' intent. Therefore, the Office will require Form 3 SMATV systems to calculate their distant signal royalties on the same basis as traditional cable systems.

Commonly Owned or Controlled SMATV Systems in Contiguous Communities and SMATV Systems Operating from the Same Headend

Section 111(f) states that for purposes of determining the royalty fee, two or more cable systems in contiguous communities under common ownership or control, or operating from one headend, shall be considered as one system.

In the Notice of Proposed Rulemaking, the Office stated that it had received a request from NCTA to address its petition to reinterpret section 111(f) to provide that two or more cable systems would have to be in contiguous communities under common ownership and control and operating from one headend before they would be required to

file as one individual cable system. The Office responded to NCTA's petition by stating that the issue was being addressed in another rulemaking proceeding and would not be examined here. 56 FR 31596 (July 11, 1991). However, several commentators submitted comments on a related issue asking what constitutes "contiguous communities" in the context of SMATV systems.

Pepper & Corazzini argues that because most SMATV systems do not use the public right-of-ways, by their very nature, they are stand alone operations and are not contiguous with each other, even when they are in the same community. Pepper & Corazzini believe they should be considered contiguous only when they are physically on adjoining properties or are interconnected by wire or radio. Pepper & Corazzini, comments at 7. These comments are supported by MaxTel et. al. MaxTel, reply comments at 3-4.

MPAA and NCTA disagree with Pepper & Corazzini and MaxTel et. al. They both argue that SMATV systems should be treated the same way as cable systems and that the same interpretation of contiguous communities should apply. NCTA proposes that the Office should require commonly owned or controlled SMATV systems to be considered a single cable system when they are located in the same or contiguous communities, or when they operate from the same headend. NCTA, comments at 2-3. MPAA supports NCTA's proposal. MPAA, reply comments at 16.

The Copyright Office agrees with MPAA and NCTA that Congress' intent is to treat new technologies on the same basis as traditional cable systems. It would be inequitable if a SMATV system operator, serving several buildings within a community, were considered to be operating separate cable systems, while a cable operator in that same community serving several non-adjoining households is considered a single system.

Therefore, the Office concludes that a SMATV system operator is a single cable system when it serves multiple unit dwellings in the same community or in contiguous communities, using political boundaries to determine when communities are contiguous.

Accordingly, the Copyright Office and the Library of Congress adopts the following rules.

List of Subjects in 37 CFR Part 201

Cable compulsory license; Cable systems; Satellite master antenna

television systems.

Final Regulations

In consideration of the foregoing, part 201 of 37 CFR, chapter II, is amended in the manner set forth below.

PART 201-GENERAL PROVISIONS

1. The authority citation for part 201 is revised to read as follows:

Authority: 17 U.S.C. 702.

§ 201.17 [Amended]

2. Section 201.17(b)(1) is amended by adding "In no case shall gross receipts be less than the cost of obtaining the signals of primary broadcast transmitters for subsequent retransmission." after the first sentence.

3. Section 201.17(b)(2) introductory text is amended by adding "The owner of each individual cable system on the last day of the accounting period covered by a Statement of Account is responsible for depositing the Statement of Account and remitting the copyright royalty fees." after the third sentence.

4. Section 201.17(e)(2)(i) is amended by adding "The "owner" of the cable system is the individual or entity that provides the retransmission service and collects payment from the end user either directly or indirectly through a third party." after the first sentence.

DATED: April 3, 1997

Marybeth Peters,
Register of Copyrights.

APPROVED BY:

James H. Billington,
The Librarian of Congress.

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