

Copyright Law Administration

POSTAL MAIL DISRUPTION

IN OCTOBER 2001, anthrax-contaminated envelopes arrived in some Congressional offices. These incidents caused a one-week closure of Capitol Hill buildings (October 18–24, 2001), including the James Madison Memorial Building of the Library of Congress where the Copyright Office is located. As the single largest recipient of mail in the Library of Congress, the Copyright Office felt a significant impact from the anthrax incidents. Postal mail deliveries were severely disrupted between October 18, 2001, and March 4, 2002, resulting in a serious shortfall in fee receipts during the first half of the fiscal year. Postal mail, rerouted to



A portion of the six months worth of delayed mail delivered in April 2002 to the Copyright Office.

special facilities, received irradiation to destroy any possible anthrax contamination. Delivery of delayed mail picked up significantly in late April, and was completed by the end of July. By the end of Fiscal Year 2002, the Office had processed all six months worth of the delayed mail. The processing of this mail, however, affected the Office's processing of current incoming mail.

In response to the mail delay, the Office adopted an interim regulation in December 2001 to address the effect of the general disruption of postal services on the Copyright Office's receipt of deposits, applications, fees, and other materials. The regulation pro-

vided that persons who sent materials to the Office and believed the Office's receipt of those materials had been delayed may submit evidence that the materials would have been received in the Office by a particular date but for the disruption or suspension. Based on the evidence submitted, the Office may assign a receipt date based on the date on which the materials would have been received had there been no disruption. Invoking section 709 of the copyright law (title 17 of the *United States Code*), the Register announced a determination that there had been a general disruption or suspension of postal services commencing on October 18, 2001. This determination remained in effect at the end of the fiscal year.

The Effective Date of Registration (EDR) for copyrighted works is normally determined by the date the application, deposit, and correct fee are received in the Copyright Office. As of February 2002, the Register made a procedural determination that, for delayed postal mail, the EDR would be calculated as a specific number of days after the postmark, generally when it would have been received had the mail not been delayed.

The Copyright Office's website provided notification to the public of the disruption and suggested use of private carriers. Private carrier deliveries doubled as a result, becoming the primary method of mail receipt during the period of disruption.

Irradiation of delayed mail, causing high temperatures, subjected some photographs, videotapes, audiocassette tapes, and CDs to unreconstructable damage. The Office established a "triage" area to deal with damaged claims. Damaged filings from newly received mail continued through the end of the fiscal year.



Irradiation of mail at offsite facilities damaged some materials submitted for copyright registration and deposit.

The Licensing Division prepared notices about the postal disruption and sent copies to all cable television systems with outgoing Digital Audio Recording Technology (DART) and satellite carrier forms and with all Licensing Division correspondence. Copyright owners who qualify for royalties must file claims with the Copyright Office each year in order to receive a portion of the royalties collected the preceding calendar year under sections 111 and 119, and chapter 10, of the copyright law. The regulations require that a claimant either mail the claim or hand-deliver it to the Office of the General Counsel during the appropriate filing period. Because of the anthrax incidents, the Copyright Office announced in February and April 2002 that it would waive its mailing requirement and offered several additional means for delivering a cable, satellite, or DART claim to the

Office, including an electronic submission of the claim or, in the case of the DART claims, a facsimile submission of the claim.

The Office responded to problems of deposit accounts that went into "no funds" status because of undelivered replenishment checks, checks that became uncollectible after a certain time period, and refunds resulting from double payment of fees. The Office also established a method to replenish deposit accounts by credit card.

In January 2002, the Congress responded to the terrorist and anthrax attacks by authorizing security-related supplemental funding to various agencies. The Copyright Office

requested and received \$187,386 in this special security supplemental to fund overtime expenses to process mail and to purchase protective equipment for mail handlers.

As the Copyright Office obtains some two-thirds of its budget from fees for services, the ongoing mail disruption had an impact not only on service to users, but also on the flow of receipts to the Office. On the basis of seriously reduced first quarter fee receipts, the Office estimated a potential \$7.5 million shortfall in fee receipts for the fiscal year, about one-third of the total yearly receipts. In February, the Office requested \$7.5 million in FY 2002 supplemental funding to cover a possible receipt shortfall. The request was approved as part of a government-wide supplemental appropriation that passed the Congress and was signed by the President in August 2002.

COPYRIGHT REGISTRATION

THE COPYRIGHT OFFICE REGISTERED and cataloged more than a half million claims for copyrighted works during FY 2002, despite the effects of anthrax incidents on Capitol Hill mail and the subsequent postal disruption which hampered the flow of claims into the Office. The Office received 526,138 claims to copyright covering more than 800,000 works and registered 521,041 claims.

The Office worked diligently to improve the timeliness of its registrations and to decrease the time needed to make an online record of registrations available. Major progress was made in the Cataloging Division, which reduced its level of registrations awaiting cataloging from 183,204 to 78,379, a reduction of 57 percent. This was accomplished through a combination of processing changes and work efficiencies including assigning staff to catalog in areas other than their own to address specific backlogs, establishing specific target levels, and using overtime. The Examining Division completed its major effort, begun in February 2001, to reduce the number of claims awaiting examination. The goal of this effort was to reduce the processing time for a copyright registration from receipt of the application to issuance of a certificate and to reduce the amount of unexamined claims on hand to four weeks of receipts by the end of the calendar year. The new automated statistical database system, the Examining Production System (EPS), implemented in 2001, provided daily logs of the individual claims processed, resulting in more accurate information of progress toward the goal. Although the Office held a significant mail backlog, as of September 2002 the number of unprocessed claims on hand in the Examining Division had been reduced by 75 percent.

Copyright-Related Registrations

Mask Works

Mask works are defined in the Semiconductor Chip Protection Act of 1984 as a series of related images, however fixed or encoded, (1) having or representing the predetermined three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product; and (2) in which series the relation of the images to one another is that each image has the pattern of the surface of one form of the semiconductor chip product.

Mask works registered this fiscal year totaled 508.

Design Registrations

Vessel Hulls

The Vessel Hull Design Protection Act was signed into law on October 28, 1998, as part of the Digital Millennium Copyright Act (DMCA). The vessel hull law grants an owner of an original vessel hull design certain exclusive rights, provided that application for registration of the design with the Copyright Office is made within two years of the design being made public. Vessel hull deposit material may consist either of drawings or photographs of the design.

The Office registered 34 vessel hull designs this fiscal year.

Appeals of Denial of Registration

Under title 17, the Register of Copyrights may determine that the material deposited for copyright registration does not constitute copyrightable subject matter or that the claim is invalid for other reasons. In such cases, the Register refuses registration and notifies the applicant in writing of the reason(s) for such refusal. Applicants whose claims for registration are rejected can appeal such decisions in a two-stage process. The first appeal is made to the Examining Division. If the Division upholds the refusal, a second appeal may be made to the Copyright Office Board of Appeals, consisting of the Register of Copyrights, the General Counsel, and the Chief of the Examining Division.

From October 2001 through September 2002, the Division handled 191 first appeals covering 395 claims. Of the 395 initial rejections, 14 percent were reversed upon first appeal. The Copyright Office Board of Appeals met four times during the fiscal year and heard 15 requests for reconsideration involving 44 works. The Board issued decisional letters responding to 14 second appeals involving 26 works, registering two works and upholding the refusal to register the other 24.

Cataloging

The copyright law requires that the Register of Copyrights keep records of all deposits, registrations, recordations, and other copyright-related matters, such as renewals, to make these records available to the public, and to prepare indexes of all the records. The Cataloging Division records a bibliographic description and the copyright facts of all works registered in the Copyright Office. The Division also creates a record for all documents submitted for recordation.

Use of Copyright Office Cataloging Records in the Library of Congress

Records of copyright registrations are important, not only to users and owners of copyrighted works, but also throughout the Library of Congress:

Portions of copyright cataloging data are included in bibliographic records for cartographic materials, prints, photographs, and moving images.

The Motion Picture, Broadcasting, and Recorded Sound (MBRS) Division retrieves copyright records for pop, rock, jazz, and nonmusical sound recordings for possible conversion to the Library of Congress Integrated Library System (ILS). MBRS permanently retains motion picture data sheets and descriptions created in the Copyright Office and files them by registration number. Reference staff regularly search copyright cataloging records for retrospective holdings not yet in the ILS.

The Music Division shelves published sheet music received via copyright deposit according to copyright registration number, using the copyright cataloging record as a finding aid.

The Cataloging Distribution Service distributes copyright cataloging records to subscribers, including fee-based online information services with sophisticated data searching methods.

The Cataloging Division received 520,752 registrations in FY 2002 and created cataloging records for 578,658, including 23,109 submitted electronically through the CORDS system.

The Division also processed online service providers' designations of agents. The Digital Millennium Copyright Act amended the copyright law to provide limitations for service provider liability for infringement of copyright relating to online files. New subsection 512(c) of the copyright law provides limitations on service provider liability with respect to information that a user may place on a system or network that the service provider controls or operates. The limitation on liability is applicable if the service provider has designated an agent for notification of claimed infringement by providing contact information to the Copyright Office and through the service provider's publicly accessible website. A directory of agents is maintained on the Office website. During FY 2002, 644 interim designations of agent were posted.

The Division also catalogs claims for vessel hulls. By the end of the fiscal year, 36 vessel hull design registrations and four distinctive identification submissions (logos) had been processed.

Contributions to Library of Congress Collections

Copies of works submitted for registration under section 408 of title 17, or for mandatory deposit under section 407, may be selected by the Library of Congress for its collections. Since 1870, copyright deposits have formed the core of the Library's "Americana" collections, and they continue to serve as the mint record of American creativity.

During the fiscal year, the Copyright Office transferred to the Library of Congress for its collections 896,504 copies of registered and unregistered works valued at \$31,302,048.

RECORDATION

THE COPYRIGHT OFFICE CREATES public records of documents relating to a copyright, a mask work, or a vessel hull design that are submitted for recordation. These documents frequently involve intellectual properties of high economic value. One type of document is security interests, where one or more copyrights may serve as collateral for the creation of another work, as in the case of mortgage rights in existing motion pictures used to finance a new motion picture. The majority of documents submitted for recordation involve transfers of rights from one copyright owner to another. The transfer of exclusive rights is not valid unless that transfer is in writing and signed by the owner of the rights conveyed or by such owner's duly authorized agent. Other recorded documents include contracts between authors and publishers, notices of termination, and notices of intent to enforce a restored copyright.

The Documents Recordation Section received 12,600 documents for recordation and cleared 10,506, covering nearly 218,000 titles or works.

MANDATORY DEPOSIT

THE COPYRIGHT OFFICE IS ENTITLED to receive copies of every copyrightable work published in the United States within three months of publication, as provided by the mandatory deposit provision in section 407 of the copyright law. These deposit copies are made available to the Library of Congress for its collections or for exchange or transfer to other libraries. The Copyright Acquisitions Division (CAD) uses the mandatory deposit requirement and Copyright Office regulations to acquire works needed for the collections of the Library of Congress when those works have not been obtained as registration deposits. Although the Division encourages copyright owners to deposit or register works regularly and voluntarily as soon as possible after publication, the copyright law authorizes the Register to issue demands for the required copies any time after publication.

CAD made demands for 3,967 works, based on recommendations by CAD librarians and Library of Congress recommending officers, and in response to congressional requests.

Of the 896,504 copies of works transferred by the Copyright Office to the Library of Congress for its use, 390,150, with an estimated value of \$9,239,703, were received under the mandatory deposit provisions of the copyright law.

STATUTORY LICENSES AND OBLIGATIONS, AND THE CARP SYSTEM

THE COPYRIGHT OFFICE OVERSEES the statutory licenses and obligations in the copyright law. These licenses and obligations deal with secondary transmissions of radio and television programs by cable television systems; the making of ephemeral recordings; the noninteractive digital transmission of performances of sound recordings; the making and distribution of phonorecords of nondramatic musical works; the use of published nondramatic musical, pictorial, graphic, and sculptural works and nondramatic literary works in connection with noncommercial broadcasting; secondary transmissions of superstations and network stations by satellite carriers for private home viewing; secondary transmissions by satellite carriers for local retransmissions; and the importing, manufacture, and distribution of digital audio recording devices or media. The Licensing Division collects royalty fees from cable operators, satellite carriers, and importers and manufacturers of digital audio recording products. The Division deducts its full operating costs from the royalty fees and invests the balance in interest-bearing securities with the U.S. Treasury for later distribution to copyright owners. It also records voluntary licensing agreements between copyright owners and specified users of their works. Licensing documents submitted for a statutory or compulsory license are examined to determine that they meet the requirements of the law.

Royalty Fee Distributions

The Copyright Office distributes royalties collected under sections 111 and 119 and chapter 10 of the copyright law.

In Fiscal Year 2002, the following distributions were made:

- On October 31, 2001: \$104,020,510.78 comprising 50 percent of 1999 cable royalties and 50 percent of the 1999 satellite carrier fund.
- On February 14, 2002: \$822,478.92 of the 1996 satellite carrier fund, \$822,478.92 of the 1997 satellite carrier fund, and \$500,000.00 of the 1998 satellite carrier fund.
- On June 27, 2002: a further distribution of the 1998 satellite carrier fund totaling \$1,257,310.21.
- A full distribution for the 2001 Digital Audio Recording Technology (DART) Sound Recording Fund: June 27, 2002, the Nonfeatured Musicians Subfund and Nonfeatured Vocalists Subfund, totaling \$103,042.70; and, July 25, 2002, the Copyright Owners Subfund and the Featured Artists Subfund, totaling \$2,476,334.55.

Financial statements for royalty fees available for distribution in the cable and satellite statutory licenses and in the digital audio recording technology statutory obligation are reported and audited on a calendar-year basis. The calendar year 2001 financial statements are included in the appendices. Financial statements for royalty fees available for distribution in the cable and satellite statutory licenses and in the digital audio recording technology statutory obligation are reported and audited on a calendar-year basis. The calendar year 2001 financial statements are included in the appendices.

Remittance Collection and Electronic Filing

Pay.gov

The Licensing Division implemented a new form of electronic fund transfer (EFT) through a program called *Pay.gov*, which is an Internet-based remittance collection system developed and administered by the U.S. Treasury's Financial Management Service. In an Automated Clearing House (ACH) debit, the remitter gives the Treasury permission to take funds from the remitter's bank account. The ACH debit allows remitters to pay a cable television system, satellite carrier, or DART royalty fee from their office computer without the need to contact their financial institution. Use of *Pay.gov* will further increase the percentage of remittances via EFT, which facilitates quicker deposit and investment of royalties; eliminates lost, stolen, or mail-delayed checks; allows for tracing of payments; reduces operating costs; reduces paper handling; allows licensees to keep their funds longer; and obviates the need for remitters to spend time obtaining a cashier's check, certified check, or money order. *Pay.gov* also requires the remitter to provide detailed information concerning the allocation of the remittance, which increases internal efficiencies, helps assure proper credit to accounts, and precludes return of the royalty fee to a remitter's account, which might result in an interest assessment. Although over 90 percent of royalty fees are now received in the form of EFTs, the 10 percent not received in this form accounts for an estimated \$20 million dollars annually.

E-Filing

The Licensing Division identified high-level requirements for the electronic filing of cable television system statements of account. The form SA 1-2 is the least complicated of the two cable forms and considered a good choice for electronic filing development. Electronic filings will be an important component of the reengineering process for licensing that began in late FY 2002 as part of the Office's overall reengineering effort (see the Management section of this report for further details).

Copyright Arbitration Royalty Panels (CARP)

During FY 2002, the Copyright Office administered eight CARP proceedings that included five rate adjustment proceedings and three distribution proceedings. Of the five rate adjustment proceedings, four involved setting rates and terms for the section 114 digital performance right in sound recordings, and the section 112 statutory license for the making of ephemeral recordings to facilitate these transmissions. The fifth proceeding involved setting

Copyright Arbitration Royalty Panels (CARP)

CARPs make determinations about distribution of royalties collected by the Licensing Division for the cable and satellite licenses and for the digital audio recording devices and media obligation. They also set and adjust royalty rates and set terms and conditions of payment of some of the statutory licenses. A CARP panel consists of two arbitrators selected by the Librarian of Congress upon the recommendation of the Register of Copyrights, with a third, who is chairperson, selected by the first two. The first CARP proceeding took place in 1996.

Rate adjustments and royalty distribution proceedings under CARPs are divided into two essential phases. Phase I: The first is the 45-day pre-controversy discovery period during which the parties engage in a pre-CARP motions practice and exchange their documentation and evidence in support of their cases, in preparation for the hearings before a CARP. Phase II: The second phase is the proceeding before a CARP itself, including the presentation of evidence through hearings and submission of proposed findings by all of the parties. CARPs have 180 days to conduct a proceeding, including receiving evidence and submitting the final written decision to the Register of Copyrights. Within 60 days of receipt of the report, the Librarian of Congress, on the recommendation of the Register of Copyrights, must either accept or reject the panel's determination. If the Librarian rejects the CARPs decision, he has 30 additional days in which to substitute his own determination.

rates and terms for the section 118 statutory license for the use of certain copyrighted works in connection with noncommercial broadcasting. Of the three distribution proceedings, two dealt with the distribution of royalty fees collected in accordance with the section 111 cable statutory license, and the last one concerned the distribution of royalty fees collected under the Audio Home Recording Act of 1992.

Rate Setting and Adjustments

Webcasting: Docket No. 2000-9 CARP DTRA1&2

On June 20, 2002, the Librarian of Congress issued a final order, setting rates and terms of payment for two statutory licenses that allow for the performance of a sound recording publicly by means of digital audio transmissions (“webcasting”) and the making of ephemeral recordings in furtherance of these transmissions. The rates and terms of payment cover the licensing period between October 28, 1998, the effective date of the Digital Millennium Copyright Act, and December 31, 2002, and are for those services making eligible nonsubscription transmissions. The announcement of the rates and terms concluded a particularly difficult rate adjustment proceeding that began on November 27, 1998, with the announcement of a six-month voluntary negotiation period and ended with the publication of the rates and terms on July 8, 2002, approximately three and

one-half years later. In setting the rates, the Librarian reviewed the CARP's February 20, 2002, report, and initially rejected that report on May 21, 2002. On July 8, 2002, the Librarian published his final order in which he announced his decision to accept the recommendation of the Register of Copyrights and halve the CARP-proposed rates applicable to Internet-only transmissions made by webcasters and commercial broadcasters, while accepting the CARP-proposed rates for Internet retransmissions of radio broadcasts made by these same services. Through this process, the Librarian established a rate of \$0.0007 per performance for all Internet transmissions made by webcasters and commercial broadcasters, and a base rate of \$0.0002 per performance for Internet retransmissions of over-the-air AM/FM broadcasts made by noncommercial broadcasters other than the Corporation for Public Broadcasting. The order also set the rate for making ephemeral recordings under the statutory license at 8.8 percent of the performance rate and a minimum annual fee of \$500 for all licensees other than exempt business-to-business services whose minimum annual fee is \$10,000.

These rates, as well as other parts of the Librarian's decision, are the subject of a number of appeals, which at the end of the fiscal year were pending before the United States Court of Appeals for the District of Columbia Circuit.

Public Performance of Sound Recordings:

Docket No. 2002-1 CARP DTRA3

Public performance of sound recordings is related to webcasting. When webcasters operate under the section 114 license, they are paying for the performance right in the sound recording. On January 30, 2002, the Copyright Office announced the six-month voluntary negotiation period to set rates and terms of payments for the public performance of sound recordings by means of eligible nonsubscription transmissions and the making of ephemeral recordings in furtherance of these performances during the next license period. The rates to be set in this proceeding cover those transmissions made between January 1, 2003, and December 31, 2004. Although interested parties have filed petitions to convene a CARP, no hearing schedule had been set at the close of the fiscal year.

Public Performance of Sound Recordings:

Docket Nos. 2001-2 CARP DTNSRA and 2001-1 CARP DSTRA 2

During FY 2001, the Copyright Office began two additional CARP proceedings to set rates and terms of payment for the public performance of sound recordings under section 114 for two different categories of services: preexisting services, including satellite digital audio radio services, and new types of subscription services. During the six-month negotiation

period mandated by statute, parties with an interest in setting these rates were unable to reach an industry-wide agreement for use of the sound recordings pursuant to the statutory license. The Copyright Office then initiated the hearing phase of the proceeding by requesting that all parties interested in participating in either or both proceedings file notices of intent to participate no later than December 20, 2001. After receipt of all notices of intent to participate, the Office set a hearing schedule for the proceeding to establish rates for the pre-existing services.

Non-Commercial Educational Broadcasting:

Docket No. 2002-4 CARP NCBRA

On April 1, 2002, the Copyright Office initiated a rate adjustment proceeding to establish the rates and terms for the non-commercial educational broadcasting compulsory license, section 118 of the copyright law, with its announcement of a six-week voluntary negotiation period. Broadcast Music, Inc.; National Religious Broadcasters Music License Committee; WCPE-FM; the National Federation of Community Broadcasters; the Harry Fox Agency; the Society of European Stage Authors and Composers; the American Society of Composers, Authors, and Publishers; National Public Radio; the Public Broadcasting Service; the Corporation for Public Broadcasting; and the American Council on Education took part in these discussions and succeeded in negotiating voluntary settlements. By the end of the fiscal year, all parties had submitted their proposed settlements to the Copyright Office for further consideration. The proposed rates shall go into effect on January 1, 2003, if they are adopted, following the notice and comment period that was in progress as the fiscal year ended.

Distribution Proceedings

The Office also administered three CARP distribution proceedings. Two of the proceedings pertained to the distribution of cable royalty fees. One proceeding concerned the distribution of the 1998 and 1999 cable royalty fees among Phase I claimants, and the second proceeding concerned the resolution of a Phase II controversy in the Program Suppliers category over the distribution of the 1997 cable royalty fees. The third and final distribution concerned the distribution of the 1999, 2000, and 2001 digital audio recording royalty fees allocated to the Musical Works Funds for those years.

1998 and 1999 Cable Royalty Fees:

Docket No. 2001-8 CARP CD 98-99

On November 20, 2001, the Copyright Office announced a hearing schedule for a Phase I proceeding to determine the distribution of the 1999 cable royalty fees collected under section 111 of the copyright law. At the same time, the Office requested comment on the advisability of consolidating this proceeding with the Phase I proceeding to determine the distribution of the 1998 cable royalty fees. After consideration of the comments and the efficiencies associated with consolidating like proceedings, the Office issued an order announcing a new hearing schedule for a consolidated 1998 and 1999 cable distribution proceeding. Under this new schedule, hearings will be conducted during FY 2003.

1997 Royalty Fees:

Docket No. 2000-2 CARP CD 93-97

All controversies but one surrounding the distribution of the 1993, 1994, 1995, 1996, and 1997 cable royalty fees were settled through the negotiation process. A single Phase II controversy between the Motion Picture Association of America (MPAA) and the Independent Producers Group (IPG) remained over the distribution of the 1997 royalty fees in the Programs Suppliers category. Consequently, the Copyright Office convened a CARP on October 17, 2000, to resolve the last remaining dispute between these parties. This Panel submitted its report to the Librarian on April 16, 2001.

On June 5, 2001, after review of the CARP's report and the petitions to modify the report, the Librarian accepted the Register's recommendation and issued an order rejecting the Panel's decision, stating that the Panel acted arbitrarily. He remanded the case to the Panel for reconsideration. In light of the Librarian's June 5 order, the Panel reconsidered its report and submitted a modified decision to the Librarian on June 20, 2001. After carefully reviewing the Panel's revised report and the parties' petitions to modify it, the Librarian of Congress, upon the recommendation of the Register of Copyrights, announced his rejection of both the initial and revised reports of the CARP on December 26, 2001. He also remanded the case for a new proceeding before a new CARP. Both parties to this proceeding have filed petitions to review the Librarian's order with the United States Court of Appeals for the District of Columbia Circuit. The parties have discussed settlement; but as of September 30, 2002, the parties had not reached a settlement.

1999, 2000, and 2001 Royalty Fees:

Docket No. 2002-6 CARP DD 99-01

On July 16, 2002, the Copyright Office published a notice in the *Federal Register* directing all parties with claims to shares of the royalty fees collected in 1999, 2000, and 2001 for the distribution of digital audio recording devices and media to file comments with the Office. The purpose of the comments was to notify the Office of the existence and extent of all controversies regarding the distribution of these fees. The notice also directed interested parties to file their Notices of Intent to Participate in the distribution proceeding. Based upon these submissions, the Office ascertained that there was a single controversy over the distribution of these fees between one songwriter and the remaining claimants who have reached a confidential settlement with regard to their respective distribution shares. Hearings to resolve this issue will be conducted during the next fiscal year.

Claims Filed for Royalty Fees

The Copyright Office received and processed claims from copyright owners who are entitled to receive royalty fees generated from the use of their copyrighted works during 2001 under the terms of the cable, satellite, and DART compulsory licenses. In January and February of 2002, the Office received 40 claims for DART royalty fees. In July 2002, it received 532 claims for cable royalty fees and 227 claims for satellite royalty fees. Distribution proceedings will begin for these royalty funds some time after the Office ascertains whether a controversy exists among the claimants concerning the distribution of the funds.

[Regulations related to statutory licenses are listed in the Regulatory Activities, Policy Assistance, and Litigation portion of this report.]