

Copyright law administration

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*The dome of the United States
Capitol rises behind the Library's
Madison Building kiosk dome.*

TIMELINESS OF SERVICES

Service is central to an effective national copyright system. Effective delivery of copyright services requires that they be timely. Through focused effort and the energy created by the Office's Reengineering Program, the Office has achieved significantly better delivery times for its services and products.

The Office on the whole met its improved timeliness targets despite some delayed mail shipments to the Office and an increased number of pieces of mail damaged during security irradiation and screening processes.

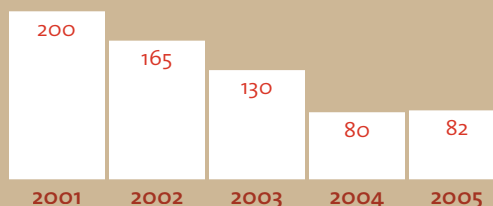
This achievement took place during a period marked by a significant investment of staff resources to reengineer Copyright Office processes and move online copyright records from legacy systems to a database in Endeavor Information Systems' Voyager integrated library management system. These are described more fully in the Management section of this report.

REGISTRATION

Copyrighted Works

During Fiscal Year 2005, the Copyright Office received 600,535 claims to copyright covering more than a million works and registered 531,720 claims. The Office examines the materials received to determine whether the deposited work contains copyrightable content, whether the claimant is entitled to claim copyright, and whether there has been compliance with U.S. copyright law and Office regulations. The Office continued to complete registrations in half the time that it took in 2001. At the end of Fiscal Year

*Year-End Average Registration Processing Time
(in days; 2001–2003 estimated)*



2005, the average time to issue a certificate was just over 80 days, and the average time to complete registration records was 55 days after issuance of the registration certificate.

Preregistration

The President signed the Family Entertainment and Copyright Act (FECA), Pub. L. No. 109-9, on April 27, 2005. This legislation amended the U.S. copyright law by the addition of a new §408(f) establishing preregistration; it is discussed more fully in the Reports and Legislation section. Preregistration, as distinct from registration, is available only for unpublished copyrighted works in categories that the Register of Copyrights finds to have a history of infringement prior to commercial distribution. Unlike registration, preregistration requires only an application with a description of the work and fee.

The Office determined that preregistration would be offered as an online service only, as part of its new information technology system called eCO (Electronic Copyright Office), with no paper application forms. From April 2005 through the end of the fiscal year, the Office completed intensive work to prepare the electronic preregistration application form and help text, and to do the related IT development, process analysis, and training preparation required to implement preregistration on November 15, 2005. Much of the technical work done on preregistration will be applied directly to the upcoming electronic registration pilot.

Creation of the Registration Record

The copyright law requires the Register of Copyrights to create, maintain, and index records of all deposits, registrations, recordings, and other copyright-related matters and to make these records available to the public. The Cataloging Division records essential information about the deposited copies for all works registered in the Copyright Office. The Division also creates a record for recorded documents.

Records of copyright registrations provide important information about ownership of copyrighted works, helping users to make lawful use of such works and providing information for researchers about the history of American creativity. The Cataloging Division created records for 643,735 registrations in Fiscal Year 2005, including 19,245 registrations submitted electronically.

Reconsiderations of Denial of Registration

During Fiscal Year 2005, the Examining Division handled 241 first requests for reconsideration (formerly called “appeals”) covering 589 claims. Of the initial refusals to register, 193 claims (33 percent) were reversed upon first request.

During Fiscal Year 2005, the Copyright Office Review Board continued to review and make final administrative determinations on the Examining Division’s refusals to register works. The Board met ten times and considered 28 requests for second reconsideration involving 63 works. By increasing the frequency with which the Board met, it was able to review most of the older requests. The Board issued 22 decisional letters involving 63 works. Some of these letters related to requests which the Board had considered in Fiscal Year 2004 but responded to in Fiscal Year 2005. The Board agreed to register two of the contested works, and upheld the Examining Division’s refusal to register the other 61 works. The Office also began a practice, with respect to works of the visual arts, of including images of the works whenever possible in the decisional letters in order to assist the claimant’s understanding of the Board’s rulings.

Copies of Deposits and Certifications

Upon request, the Copyright Office makes certified copies of its records, including registration certificates and deposited works, usually when the owner is engaged in infringement-related litigation.

The requesting party must meet one of three conditions to obtain a certified copy:

- (1) the Office receives a written authorization from the copyright claimant of record or his or her designated agent, or from the owner of any of the exclusive rights in the copyright, as long as this ownership can be demonstrated by written documentation of the transfer of ownership;
- (2) an attorney or authorized representative completes and

Reconsideration Process

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 seek reconsideration of such decisions in a two-stage process. The claimant first requests reconsideration by the Examining Division. If the Division upholds the refusal, the claimant may make a second request to the Copyright Office Review Board (formerly known as the Appeals Board). The Register of Copyrights, the General Counsel, and the Chief of the Examining Division, or their designees, constitute the Review Board.

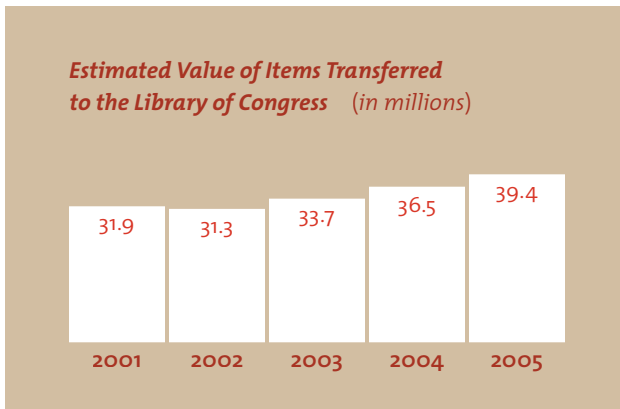
submits the Copyright Office Litigation Statement Form in connection with litigation involving the copyrighted work; or (3) the Office receives a court-issued order for a reproduction of a deposited article, facsimile, or identifying portion of a work that is the subject of litigation in its jurisdiction.

The Information and Reference Division's Certifications and Documents Section produced 5,054 copies of certificates of registration, a 10 percent increase over the previous year. During the fiscal year, the section made 2,453 copies of copyright deposits and 1,199 certifications of deposits or records.

Contributions to Library of Congress Collections

The Library of Congress may select for its collections copies of works submitted for registration or to fulfill the mandatory deposit provision of the law. Copyright deposits form the core of the Library's "Americana" collections and serve as the primary record of American creativity.

During the fiscal year, the Office transferred 1,098,420 copies of registered and nonregistered works valued at \$39,649,813 to the Library of Congress for its collections.



Mask Works

The Semiconductor Chip Protection Act of 1984 created protection for mask works. Mask works are a series of related images having or representing the predetermined three-dimensional pattern on the layers of a semiconductor chip product. In Fiscal Year 2005, the Office received 548 mask works and registered 506.

Vessel Hull Designs

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.

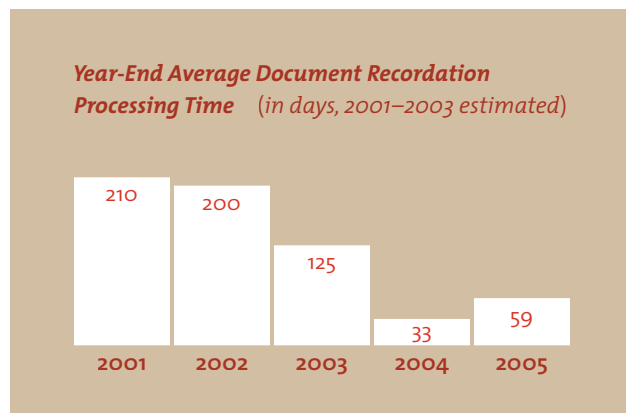
The Office received 74 applications for registration of vessel hull designs this fiscal year. The Office registered 52 and either rejected or corresponded on the others.

RECORDATION

The Copyright Office creates records of documents relating to a copyrighted work, a mask work, or a vessel hull design that have been recorded in the Office. These documents frequently reflect popular and economically significant works.

Documents may involve transfers of rights from one copyright owner to another, security interests, contracts between authors and publishers, and notices of termination of grants of rights.

During Fiscal Year 2005, the Documents Recordation Section recorded 11,874 documents covering more than 350,000 titles of works. During Fiscal Year 2005, the average year-end processing time rose from 33 days to 59 days, primarily due to major staffing and hiring considerations. Nevertheless, the processing time is almost four times faster than the average of 200 days three years earlier.



Policy Decisions Regarding Recordation

In a notice of policy decision (70 FR 44049, August 1, 2005), the Copyright Office announced a policy clarifying practices regarding recordation of documents pertaining to copyrights. First, the notice clarified that a document will be indexed

only under the titles appearing in the executed document and that the informal practice that allowed a party to attach a list of titles to documents lacking titles for the purpose of indexing has been discontinued. Second, the notice established an interim practice governing the redaction of documents. The interim practice continues to permit some redaction of documents, but the notice cautioned against use of excessive redaction since constructive notice is limited to that which appears in the document as recorded. Moreover, the Copyright Office indicated its intent to seek public comment on its current regulations and practices regarding redactions and the possibility that, after a formal notice of inquiry, it may decide to eliminate entirely the possibility of redaction, or limit its application. Third, the notice announced the issuance of a revised Document Cover Sheet which, by design, eliminated requests for certain information that proved unreliable for indexing purposes.

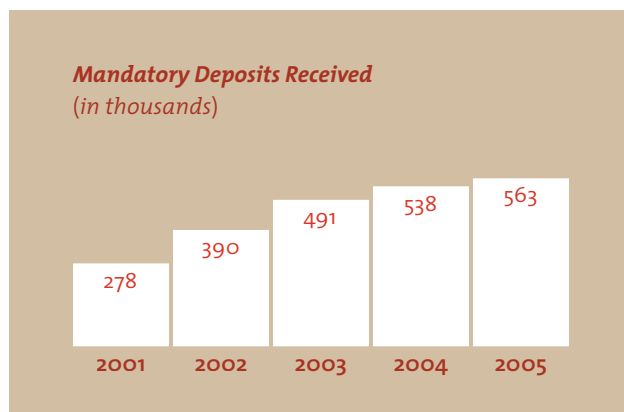
ONLINE SERVICE PROVIDER DESIGNATIONS OF AGENT

The Office also processed online service providers' designations of agent. The Digital Millennium Copyright Act amended the law in 1998 to limit potential liability for monetary and injunctive relief for infringing uses of online service provider services. To take advantage of this limitation on liability, the service provider must designate an agent for notification of claims of infringement and provide contact information to the Copyright Office. These designations of agent are then made available to the public. The Office maintains a directory of agents on its website, one of the website's most-visited areas with more than 3.5 million hits in Fiscal Year 2005. During the year, the Office posted an additional 655 designations of agent to the website, for a total of 5,945.

MANDATORY DEPOSIT

The mandatory deposit provision in §407 of the copyright law requires, with certain exceptions, that publishers deposit two copies of every copyrightable work published in the United States within three months of publication.

These copies are deposited with the Copyright Office for the use of the Library of Congress in its collections or for exchange or transfer to other libraries. The Copyright Acquisitions Division (CAD) acquires from publishers works needed for Library of Congress collections when those works have not been obtained as registration deposits or voluntary deposits sent in compliance with the mandatory deposit requirement. The Copyright Acquisitions Division encourages copyright owners to deposit or register works regularly and voluntarily immediately after publication; however, the copyright law authorizes the Register to issue demands for the required copies any time after publication.



CAD completed twenty-one publisher reviews and fifteen followup reviews, and made demands for 6,470 titles based on recommendations by CAD librarians and Library of Congress recommending officers and in response to Congressional requests. The Office referred two noncompliant publishers to the Department of Justice for legal action.

More than half of the copies of works the Office transferred to the Library of Congress for its use arrived under the mandatory deposit provisions of the copyright law. The value of these mandatory deposits was \$13,585,101 or 34 percent of the estimated value of all materials transferred to the Library.

STATUTORY LICENSES AND OBLIGATIONS AND THE CARP SYSTEM

The Copyright Office oversees the statutory licenses and obligations in the copyright law. Congress created statutory copyright licenses to remove the burden of negotiating individual licenses from certain users and owners of copyrighted works.

Some of these statutory licenses require the users of the works to deposit royalty funds with the Copyright Office. Statutory licenses were included in the Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (title 17 USC) and later laws amending it. The Licensing Division dates from 1978 when the Copyright Act of 1976 was implemented.

Licensing Division Responsibilities

To collect royalty fees from cable operators, satellite carriers, and importers and manufacturers of digital audio recording devices and media (DART);

To invest the royalty fees, minus operating costs, in interest-bearing securities with the U.S. Treasury for later distribution to copyright owners;

To record voluntary licensing agreements between copyright owners and specified users of their works; and

To examine licensing documents submitted for these statutory licenses to determine whether they meet the requirements of the law.

Royalty rates and distribution determinations have been made by three different bodies that Congress created at different times: first, by the Copyright Royalty Tribunal, 1978–1993, an independent agency outside the Library of Congress; second, by Copyright Arbitration Royalty Panels (CARPs), 1993–2005, under the aegis of the Librarian of Congress; and third, by Copyright Royalty Judges, beginning in 2005, also under the aegis of the Librarian of Congress. A description of the Copyright Royalty Distribution and Reform Act of 2004 appears in the Reports and Legislation section of this report.

These licenses 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 distributing 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 importation, manufacture, and distribution of digital audio recording devices and media.

The Licensing Division collected more than \$214 million in royalty payments during the fiscal year, almost entirely via electronic funds transfer (EFT). The division worked on developing options for electronic filing for cable Statements of Account (SA) to be tested in a pilot e-filing program, scheduled for Fiscal Year 2007. The

division also pursued several internal measures to create processing efficiencies in workflow and quicker public availability of completed SA documents.

Royalty Fee Distributions

The Copyright Office distributes royalties collected under §111, §119, and chapter 10 of the copyright law. These distributions are made as determined by agreements among claimants or by proceedings of the Copyright Arbitration Royalty Panels or the Copyright Royalty Judges.

In Fiscal Year 2005, the Office distributed royalties totaling \$39,843,260.50 in the following distributions:

- On June 23, 2005: a distribution totaling \$38,842,452.98 comprising distribution of the 2000 satellite royalties and the 2003 DART Copyright Owners Subfund.
- On August 4, 2005: a distribution totaling \$64,821.29 from the 2004 DART Nonfeatured Musicians and Nonfeatured Vocalists Subfunds.
- On September 1, 2005: a distribution of \$935,986.23 from the 2004 DART Copyright Owners Subfund.

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 compiled and audited on a calendar year basis as required by law. The total royalty receipts and disbursements shown in calendar year statements are therefore not the same as the fiscal year total. Calendar year 2004 financial statements are included in the appendices.



Compulsory License Administration

Up to 2005, when the Copyright Royalty Distribution and Reform Act took effect, CARPs determined distribution of royalties collected by the Licensing Division for the cable and satellite licenses and for DART when copyright owners could not resolve controversies among themselves. CARPs also set and adjust royalty rates and set terms and conditions of payment. A CARP panel consists of three arbitrators.

During fiscal year 2005, the Copyright Office administered five CARP proceedings: three rate adjustment proceedings and two distribution proceedings. Of the three rate adjustment proceedings, two involved adjusting the rates paid by satellite carriers for the retransmission of over-the-air television broadcast stations under the §119 license, and the other involved the adjustment of rates paid by cable television systems for the retransmission of over-the-air broadcast stations under the §111 license. The two distribution proceedings dealt with the distribution of royalty fees paid by importers and manufacturers of digital audio recording devices and media who distributed those products in the United States during the period beginning January 1, 2002, and ending on December 31, 2003, in accordance with chapter 10 of the Copyright Act.

A summary of the proceedings conducted this fiscal year and updates on prior year distribution proceedings not yet concluded appears below.

Rate Adjustments

Adjustment of Cable Statutory License Royalty Rates: Docket No. 2005-2 CARP

The 2005 fiscal year was a window year for adjustment of the rates cable systems pay for the retransmission to their subscribers of over-the-air broadcast signals under §111. These rates are calculated as percentages of a cable system's individual gross receipts received from subscribers for receipt of broadcast signals. A cable system's individual gross receipts determine the applicable percentages.

The proceeding was initiated by the Copyright Office's receipt of two petitions from parties with a significant interest in the royalty rates. The copyright owners of sports programming (the Joint Sports Claimants) and the copyright owners of motion pictures and syndicated television series (the Program Suppliers) filed one petition, and the National Cable & Telecommunications Association (NCTA) filed the second. In response to the Joint Sports Claimants/Program Suppliers' petition and before receipt of the NCTA petition, the Library of Congress published a *Federal Register*

notice seeking comment on the former petition and directing interested parties to file a Notice of Intent to Participate in a Copyright Arbitration Royalty Panel (CARP) rate adjustment proceeding. The notice also designated a thirty-day period to enable the parties to negotiate a new rate schedule. At the end of the negotiation period, the Office received one agreement submitted jointly by representatives of all of the parties who filed notices of intent to participate in this proceeding. The agreement proposed amending the basic royalty rates and the gross receipt limitations, reflecting these changes in the regulations governing the filing of the statements of account, and making the changes effective beginning with the second semiannual accounting period of 2005. The agreement also noted that the syndex rates were not being adjusted for the new license period. In addition, the parties stated that they were unable to agree on whether or how to adjust the 3.75 percent rate but would continue their discussions and notify the Office at a later date as to whether they would seek such an adjustment.

Pursuant to the CARP rules, the Library published in the *Federal Register* the proposed adjustments to the percentages of gross receipts paid by the cable systems and the gross receipts limitations on July 20, 2005. The Copyright Office received no comments objecting to the proposed adjustments or Notices of Intent to Participate in a CARP proceeding. The parties to this proceeding also notified the Office that they would not seek an adjustment of the 3.75 percent rate. The Library was thus in a position to adopt the proposed agreement as final. The final regulations became effective as of July 1, 2005, which means that the new cable rates and the gross receipts limitations apply to the second accounting period of 2005 and thereafter. The notice adopting the final regulations will be published in the *Federal Register* in early Fiscal Year 2006.

Rate Adjustment for the Satellite Carrier Compulsory License:

Docket Nos. 2004-9 CARP SRA (Analog) and 2005-4 CARP SRA (Digital)

On December 8, 2004, the President signed into law the Satellite Home Viewer Extension and Reauthorization Act of 2004 (SHVERA) (as part of the Consolidated Appropriations Act, 2005), Pub. L. No. 108-447, 118 Stat. 3394. SHVERA extends for an additional five years the statutory license for satellite carriers retransmitting over-the-air television broadcast stations to their subscribers, 17 *USC* §119, and makes a number of amendments to the license. One of the amendments to §119 sets forth a process for adjusting the royalty fees paid by satellite carriers for retransmitting analog

transmissions of television network stations and superstations, as well as a similar but separate process for setting royalty fee rates for retransmitting digital transmissions of television network stations and superstations. 17 USC §119(c)(1) and (2).

With regard to the rates for analog signals, the law directed the Librarian of Congress to publish a notice in the *Federal Register* requesting satellite carriers, distributors, and copyright owners to submit to the Copyright Office any voluntary agreements they had negotiated as to the adjustment of the rates for analog stations. The Library published this notice on December 30, 2004, and, pursuant to the statute, requested that any agreements be submitted no later than January 10, 2005. In response to that notice, the Office received one agreement, submitted jointly by the satellite carriers DirecTV, Inc. and EchoStar Satellite L.L.C., the copyright owners of motion pictures and syndicated television series represented by the Motion Picture Association of America, and the copyright owners of sports programming represented by the Office of the Commissioner of Baseball. SHVERA required the Library to publish the rates set forth in the voluntary agreement in order to afford parties an opportunity to object to the proposed rates. The Library published a notice of proposed rulemaking on January 26, 2005, to fulfill this requirement. No objections were received; consequently, the rates were adopted as final on April 6, 2005. These rates are for the license period January 1, 2005, through December 31, 2009.

With regard to the rates for digital signals, SHVERA adopted as the initial rates the rates set by the Librarian of Congress in 1997 for the retransmission of analog broadcast signals, reduced by 22.5 percent. The statute called for these rates to be adjusted in accordance with the procedure used to adjust the rates for analog signals outlined above. On March 8, 2005, the Copyright Office received a letter from EchoStar Satellite, L.L.C., DirecTV, Inc., Program Suppliers, and the Joint Sports Claimants requesting that the Office begin the process of setting the rates for the retransmission of digital broadcast stations signals so that rates for both digital and analog signals would be in place before the July 30, 2005, deadline for satellite carriers to pay royalties for the first accounting period of 2005. The Office granted the request, and, pursuant to the statute, published a notice in the *Federal Register* initiating a voluntary negotiation period and requesting the submission of any agreements reached during that period to be submitted no later than April 25, 2005.

As with the rates for analog signals, the Office received a single agreement, submitted jointly by the same satellite carriers and copyright owners who submitted

the agreement adjusting the rates for analog signals. The agreement proposed rates for the private home viewing of distant superstations and distant network stations for the 2005–2009 period, as well as the viewing of those signals for commercial establishments. The agreement specifies that distant superstations and network stations that are significantly viewed do not require a royalty payment, which is consistent with 17 USC §119(a)(3), as amended. In addition, the agreement proposed that, in the case of multicasting of digital superstations and network stations, each digital stream that is retransmitted by a satellite carrier must be paid for at the prescribed rate but no royalty payment is due for any program-related material contained on the stream within the meaning of *WGN v. United Video, Inc.*, 693 F.2d 622, 626 (7th Cir. 1982) and *Second Report and Order and First Order on Reconsideration in CS Doc. No. 98-120*, FCC 05-27 at ¶ 44 & n.158 (February 23, 2005).

In accordance with the statute, the Library published a notice of proposed rulemaking implementing the agreement on May 17, 2005. No objections were received; consequently, the rates were adopted as final on July 7, 2005. These rates are for the license period January 1, 2005, through December 31, 2009.

Distribution Proceedings

Distribution of 2002 and 2003 Digital Audio Recording Royalty Funds:

Docket Nos. 2003-3 CARP DD 2002 and 2004-4 CARP DD 2003

On November 30, 2004, the President signed into law the Copyright Royalty and Distribution Reform Act of 2004 (CRDRA) (Public Law 108-419, 118 Stat. 2341), which became effective on May 31, 2005. CRDRA phases out the Copyright Arbitration Royalty Panel (CARP) system and replaces it with three permanent Copyright Royalty Judges. Section 6(b)(1) of CRDRA allows the Library to terminate any CARP proceeding commenced before the date of its enactment. Any such proceeding may then be initiated with the Copyright Royalty Judges.

Before enactment of the CRDRA, the Copyright Office made a number of distributions of the 2002 and 2003 digital audio recording technology (DART) royalties under the CARP system. With regard to the 2002 DART distribution proceeding, the Office made a distribution of the 2002 royalties in the Sound Recordings Fund based on settlement agreements among the claimants to the Copyright Owners and Featured Recording Artists subfunds. The Office also

distributed to an Independent Administrator four percent of the 2002 Sound Recordings Fund, the amount allocated by law to the Nonfeatured Musicians and Nonfeatured Vocalists subfunds.

Similar distributions were made in the 2003 DART proceeding. The Office made two distributions of royalties of the 2003 Sound Recordings funds based on settlement agreements among the interested copyright parties, one for the royalties allocated to the Featured Recording Artists subfund and the other for fees allocated to the Copyright Owners subfund. As it did in the 2002 DART distribution proceeding, the Office made an administrative distribution of the funds in the Nonfeatured Musicians and Nonfeatured Vocalists subfunds.

However, the Office took no action to distribute the 2002 and 2003 Musical Works Funds and decided not to initiate any further proceedings to consider the distribution of these funds. Consequently, the Office elected to terminate these proceedings pursuant to §6(b)(1) of the CRDRA. On August 11, 2005, the Office published a notice in the *Federal Register* announcing the termination of these proceedings. The notice also announced that since the Office did not commence a proceeding to distribute the 2004 DART royalty funds, the Copyright Royalty Judges would assume jurisdiction of all proceedings regarding distribution of these funds on May 31, 2005.

Termination of proceeding, Docket No. 2004-1 CARP DTRA, and current rates under the Digital Performance Right in Sound Recordings and Ephemeral Recordings Compulsory Licenses

The Copyright Act requires that rates and payment terms for the statutory licenses governing the reproduction and public performance of sound recordings by means of digital audio transmissions be reconsidered every two years. As reported in FY 2004, on January 6, 2004, the Copyright Office announced the voluntary negotiation period to set rates and terms for the license period beginning January 1, 2005, and ending December 31, 2006. Interested parties proposed to the Office settlements concerning rates and terms applicable to eligible nonsubscription services, small commercial webcasters, and noncommercial webcasters for the new license period. However, before the Office could publish the proposed settlements for notice and comments, on November 30, 2004, the CRDRA was enacted.

In accordance with the Act, the Office published a notice in the *Federal Register* on February 8, 2005, terminating the proceeding initiated in January 2004 to set rates

and terms under §114(f)(2) and §112(e) for the 2005–2006 license period (70 FR 6736). The notice also announced that pursuant to the Act the rates and terms in effect on December 31, 2004, under §114(f)(2) and §112(e) for new subscription services, eligible nonsubscription services, and services exempt under §114(d)(1)(C)(iv) of the Copyright Act, and the rates and terms published in the *Federal Register* under the authority of the Small Webcaster Settlement Act of 2002, would remain in effect at least for 2005, or until they have been set under new procedures.

Notices of Intent to Audit

DMX Music, Inc., Muzak LLC, and Music Choice are known as “preexisting subscription services,” meaning that they were in existence and were performing sound recordings by means of noninteractive audio-only subscription digital audio transmissions to the public for a fee on or before July 31, 1998. Pursuant to §260.5 of title 37 of the *Code of Federal Regulations*, any interested party may initiate an audit of any one of the three preexisting services by filing a notice of intent to audit a preexisting service with the Copyright Office and serving the notice of intent on the service to be audited. The Copyright Office is then required to publish in the *Federal Register* a notice announcing the interested party’s intent to conduct an audit within thirty days of receipt of the notice of intent to audit.

On December 21, 2004, SoundExchange, a collecting rights entity that the Librarian designated to collect and distribute royalty fee payments made under §114(d)(2) by the three preexisting services and, thus, an interested party, filed with the Copyright Office three notices of intent to audit the three preexisting subscription services for the purposes of verifying their statements of account for the years 2001–2002. SoundExchange later filed with the Office on February 16, 2005, a notice of intent to audit DMX Music, Inc., for the purpose of verifying its royalty payments for the years 2002–2004. The Office published these announcements in the *Federal Register* on January 19, 2005 (70 FR 3069) and March 11, 2005 (70 FR 12242).

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 calendar year 2004 under the terms of the DART compulsory license. In January and February of 2005, the Office received 129 claims for DART royalty fees. With the passage of the Copyright Royalty and Distribution Reform Act of 2004, the Copyright Royalty Judges assumed jurisdiction over cable, satellite and DART claims on May 31, 2005. As a result, cable and satellite claims for calendar year 2004 were filed with the Copyright Royalty Judges and not the Copyright Office.

[Regulations related to statutory licenses are listed in the Regulatory Activities portion of this report.]