



# ANNOUNCEMENT

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

## FINAL RULE

### CABLE AND SATELLITE STATUTORY LICENSES

The following excerpt is taken from Volume 66, Number 106 of the *Federal Register* of Friday, June 1, 2001 (pp. 29700–29704)

#### LIBRARY OF CONGRESS

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

#### Cable and Satellite Statutory Licenses

**AGENCY:** Copyright Office, Library of Congress.

**ACTION:** Final rule.

**SUMMARY:** The Copyright Office of the Library of Congress is adopting final regulations for filing a claim to royalties collected under the cable statutory license, 17 U.S.C. 111, and the satellite statutory license, 17 U.S.C. 119. Under the new rules, a party who files a joint claim on behalf of multiple copyright owners must list the name and address of each copyright owner to the joint claim.

**EFFECTIVE DATE:** July 1, 2001.

#### FOR FURTHER INFORMATION CONTACT

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#### SUPPLEMENTARY INFORMATION

##### Background

Each July, persons who are entitled to statutory license fees collected under the provisions of the cable statutory license, 17 U.S.C. 111, and the satellite statutory license, 17 U.S.C. 119, must file a claim with the Copyright Office in accordance with its regulations in order to establish their claim to a share of the royalty fees. See 37 CFR 252.3 and 257.3. Historically, the filing requirements have been minimal, requiring only the identification of the claimant, contact information, a statement of the nature of the

claimant's copyrighted work, at least one example of a secondary retransmission of the claimant's work during the previous calendar year, an original signature of the claimant or a duly authorized representative of the claimant, and, in the case of a joint claim, a statement on the part of the entity filing the claim that authorization for filing the claim exists.

On April 26, 2001, the Copyright Office published a Notice of Proposed Rulemaking, seeking comment on proposed amendments which were offered to clarify that the identity of each copyright owner must be listed on each claim. 66 FR 20958 (April 26, 2001). The need for this clarification [[Page 29701]] became apparent during a recent cable royalty distribution proceeding, when a party filed a claim for cable royalties in the name of a corporate entity that held no copyrights to programming which had been secondarily transmitted by a cable system during the relevant calendar year. See Docket No. 2000–2 CARP CD 93–97. The disputed claim was filed under the current regulations which allow “any party” claiming to be entitled to cable fees to make the claim. During the course of that proceeding, the Office observed that the language “any party” was quite broad and could include holders of one or more exclusive rights granted by copyright, as well as agents and representatives of copyright owners. See Order in Docket No. 2000–2 CARP CD 93–97 (June 22, 2000).

Specifically, the Office found that this language might plausibly be interpreted by the public as allowing the filing of a “placeholder” claim. A “placeholder” claim is a claim filed by a person who is not a copyright owner, but who files a cable or satellite claim in his or her own name, and then later asserts claims to royalties on behalf of copyright owners whose works were retransmitted by a cable system or satellite carrier. Placeholder claims may be filed with the Copyright Office in the form of single claims, but in substance they are joint claims. Because the Copyright Office does not inquire as to the identity of the person or entity filing a cable or satellite claim (i.e. whether that person or

entity is a copyright owner or another party), we cannot determine whether the claim is a properly filed single claim, or should be a joint claim identifying the appropriate represented copyright owners.

Placeholder claims run afoul of the distribution process for cable and satellite royalties. The law states that cable and satellite royalties may only be distributed to copyright owners whose works were retransmitted by either cable systems or satellite carriers.<sup>1</sup> Indeed, the purpose of filing claims is to permit identification of all copyright owners who are entitled to a distribution.<sup>2</sup> Placeholder claims make it impossible to identify the copyright owners entitled to distribution. Further, both section 111 and section 119 plainly state that claims for royalty fees must be filed in the month of July to be eligible for distribution. Placeholder claims can circumvent this requirement by allowing the filer to enter into representation agreements with copyright owners after the July deadline, and effectively secure a distribution for those owners who had not filed timely claims. The Office has stated previously that it will not allow joint claims to be amended to add new parties after the July deadline, because this would thwart the purpose of the July filing requirement. 59 FR 63025, 63028 (December 7, 1994). Placeholder claims can produce this result, because the identity of the copyright owners represented by the party filing the placeholder claim will not be known until

<sup>1</sup>Both section 111 and section 119 permit copyright owners to designate a common agent for payment of royalty fees. 17 U.S.C. 111(d)(4)(A) & 119(b)(4)(A). We do not interpret this language as authorizing the filing of placeholder claims. Rather, this language, “[claimants] may designate a common agent to receive payment on their behalf,” allows the Library to distribute royalties to someone other than the copyright owner, provided that the owner has previously informed the Copyright Office of the identity of the common agent.

<sup>2</sup>The one exception to this is allowing performing rights societies, who literally represent thousands of copyright owners, to file one claim on behalf of all their members and affiliates. As discussed above, the Copyright Royalty Tribunal created this exception, and the Copyright Office has adopted this practice.

Notices of Intent to Participate in a CARP proceeding are filed. Presumably, the party filing the placeholder claim could then sign representation agreements with copyright owners who had not filed their own claims up until that date.

We wish to put an end to placeholder claims. To this end, we proposed amendments to parts 252 and 257 of the rules to clarify that a claim filed with the Copyright Office must list the name of each copyright owner covered by the claim; and today, we are adopting the proposed amendments as final regulations. In addition, the amended rules will also require that a joint claim specify the name of the copyright owner for each listed copyrighted work. These rules shall govern the filing of cable and satellite claims beginning July 1, 2001.

### Comments

The Copyright Office received comments to its proposed rules from seven parties: the American Society of Composers, Authors and Publishers, Broadcast Music, Inc., and SESAC, Inc. (collectively, the "Performing Rights Organizations"); the Office of the Commissioner of Baseball, the National Basketball Association, the National Football League, and the National Hockey League (collectively, the "Professional Sports Leagues"); the Canadian Claimants Group; the National Association of Broadcasters ("NAB"); the Motion Picture Association of America ("MPAA"); Worldwide Subsidy Group ("WSG"); and Mark J. Davis ("Davis").

The commenters, in general, support the Office's endeavor to clarify its rules to eliminate any opportunity for a claimant to expand its claim after the July 31 filing deadline. The Performing Rights Organizations and the Professional Sports Leagues support the proposed modifications to Secs. 252.3 and 257.3 of title 37 of the Code of Federal Regulations without change. The remaining five commenters agreed with the proposed amendments but each sought additional modifications to the rules and/or clarification of the nature of the problem that prompted the Office to amend its rule.

### Identification of Copyright Owners

First, the purpose of the filing requirements is to establish each copyright owner's entitlement to the cable and satellite royalties in accordance with the provisions set forth in the law. A fundamental requirement is to file a claim with the Copyright Office during the month of July for royalties collected the prior calendar year. No claim can be filed without identifying the copyright owner.

Prior to the recent cable distribution proceeding, Docket No. 2000-2 CARP CD 93-97, we had thought the rules had made it clear that the identity of each copyright owner must be disclosed. Consequently, a

joint claim had to include the name of each copyright owner on whose behalf the claim was made. Certain parties, *e.g.* the Professional Sports Leagues and the MPAA, who have historically participated in these proceedings, also understood this to be the law and saw no ambiguity in the wording of the rules.

But what was clear and unambiguous to these parties and the Office was not so obvious to new participants. In July of 1998, the Office received a claim from a single entity which turned out to be an agent filing on behalf of a number of copyright owners. Because the Office recognized that there were arguably ambiguities in the regulation at that time, the Office allowed the claim and further fact-finding was conducted by a Copyright Arbitration Royalty Panel ("CARP") for the purpose of establishing which copyright owners and which programs were covered by the initial filing.

To avoid such problems in the future, the Office issued proposed rules for the purpose of clarifying that each claim must list the name of each copyright owner on whose behalf the claim is filed and it must do so during the time period established by Congress.

Only WSG makes any objection to the new rules. WSG argues that the [[Page 29702]] proposed rules "are little more than another obstacle that could result in the denial of valid claims." WSG comment at 4. WSG reaches this conclusion based upon its analysis of the United States statutory mechanism for filing claims for retransmission royalties with procedures used in Europe, Australia and Asia. It concludes that the United States system is more complex, restrictive, time consuming and expensive. To make its case, WSG highlights the statutory requirement that claims to cable and satellite royalties must be filed with the Copyright Office during the month of July each year. It cites this requirement as an example of the formalistic restrictions placed on the copyright owners and seems to urge the Office to impose fewer restrictions on the claimants, such as not requiring the identification of the copyright owner at the time the claim is filed. Moreover, WSG argues that the imposition of the requirement could result in the denial of a valid claim, especially where the agent has secured timely and proper authority to make the filing.

However, we fail to see how an agent or a copyright owner is disadvantaged because the agent is required to list the name of each copyright owner to a joint claim. First, the agent must know who his clients are when he files the claim. Second, an initial claim may be further amended to add new copyright owners at any time during the month of July. Alternatively, the agent can file the claim on the last day of the filing period provided that the claim is either hand delivered to the Copyright Office or it is sent via first class mail and bears a July date stamp from the United States Postal Service. The only requirement is that the claim be timely filed

with the Copyright Office and that it meet the minimal filing requirements, including a complete list of the copyright owners who are covered by the claim, their respective addresses and an example of a secondary transmission of a work owned by one of the listed copyright owners. The copyright owner of this work must be identified.

Adherence to this fundamental filing requirement will, as MPAA points out, simplify litigation and reduce the associated costs. MPAA also contends that the simple rule change will facilitate settlement negotiations at an earlier phase in the distribution process. Even WSG agrees that the requirement to list each copyright owner to a joint claim will allow other parties a mechanism by which they can ascertain the extent of the claim and verify that the party making the claim has the necessary authority to make the filing.

The name of each copyright owner is among the most fundamental elements required to establish a claim to copyright royalties and there can be no serious challenge to a rule requiring the identification of the party who is the beneficiary of the claim. Thus, we are adopting the amended rules.<sup>3</sup>

### Address and Contact Information

The proposed rules also require that a joint claim include the address for each listed copyright owner. WSG does not object to the additional requirement, but it does not agree that the requested contact information need be filed at the same time as the initial claim. It argues that the information may not be readily available to the party filing the claim, especially when a first time claimant decides at the last minute to pursue its entitlement. For this reason, WSG proposes that the Office require a subsequent filing with the address and contact information for each claimant. In addition, WSG suggests that this information be submitted to the Copyright Office under seal of a protective order to avoid misuse of the information.

WSG's arguments are unavailing on this point. Undoubtedly, most people could benefit from more time to meet a deadline, but the time for completing the process is limited. Thus, it is incumbent upon the claimant to begin the process early enough to gather the necessary information and submit it to the Office in a timely manner, either in his or her own claim or in a joint claim filed by the copyright owner's agent. Moreover,

<sup>3</sup>Although this rule change will resolve the identity of the claimants eligible to seek royalties, it does not identify which entity will ultimately represent the interests of the claimant in a proceeding before the Copyright Office or a CARP. This is the case because many copyright owners decide to engage independent counsel or an agent to negotiate on their behalf only after they file the initial claim. In these instances, it may not be clear who represents whom in a distribution proceeding until notices of intent to participate are filed with the Office. For example, in the 1997 cable distribution proceeding, MPAA represented the interests of over 100 copyright owners but did not identify itself as the agent of these claimants until it filed its direct case on their behalf.

there is no justification for granting a copyright owner who chooses to file through an agent more time to submit the required information than that allotted to a copyright owner who submits a single claim in his or her own name. Identifying the address of a claimant is a simple matter involving information that should be readily available to the person filing the claim.

For this reason, the Copyright Office rejects WSG's suggestion that copyright owners to a joint claim receive additional time to meet the Office's filing requirements. The Office also rejects the suggestion that the addresses and contact information for each joint claimant be submitted under a protective order. The requested information is by no means confidential. Quite the contrary, it is the most mundane, ordinary variety of information that is routinely disclosed in the ordinary course of business. There is no justification for redacting such information from a public record.

### Program Listings

Two commenters, WSG and Davis, seek modifications to the rules to require claimants to identify in their initial filing all programs for which they are making a claim. Davis maintains that the purpose of the claim in July is to clearly identify the claimants who are entitled to receive the royalty fees and the works upon which they base their claim. Davis argues that the identification of all programs at the initial stage of the distribution process will foster an early resolution of any outstanding controversies. He believes that an additional requirement to list all programs in the initial claim will not overburden the filer because the information is readily available from Cable Data Corporation or readily accessible from the claimant's business records.

WSG supports similar modifications of the rules because it had difficulty ascertaining the validity of a claimant's entitlement to particular programs in a recent cable distribution proceeding. It too believes that a rule requiring disclosure of the programs owned or claimed by each claimant would aid in the just resolution of outstanding controversies.

Davis and WSG, however, have formed their opinions based on a single experience in a Phase II distribution proceeding which, by its very nature, required the fact finders to sort out individual claims and determine the value of each claimant's programming. Lists of programs associated with particular claimants, however, are not needed in the early stages of the distribution process. Historically, parties have been able to negotiate settlement agreements between program categories without the aid of specific program information. Furthermore, parties have indicated that, in the case of a joint claim, it is both unnecessary and expensive to require the listing of a single specific program for each copyright owner listed in the claim. 59

FR 23964 (May 9, 1994).

The Office concludes that before making a determination on these proposals, it would be necessary to [[Page 29703]] explore this issue in a separate proceeding and provide an opportunity for comment from other parties.

### Parent/Subsidiary Claims

NAB supports the proposed rule changes, but it seeks clarification of the rule for filing a joint claim when the claim is filed in the name of a parent company on behalf of all its subsidiaries. It notes that "group broadcast station owners sometimes follow the practice of filing a single claim on behalf of their entire group of owned stations," even though the parent company may only be the beneficial owner and not the legal owner of the retransmitted works. NAB comment at 2.

However, it is clear that a claim which asserts rights to royalties on behalf of more than a single entity is a joint claim. Thus, the preceding example cited by NAB must be considered a joint claim and as such, it must list each claimant and include a concise statement of authorization. On this point, NAB asserts that the practice of reciting the relationship between the parent and the subsidiary should be sufficient to establish the parent entity's authority for filing the claim on behalf of itself and its subsidiaries and seeks to codify this understanding by including additional regulatory language. Specifically, NAB requests that the proposed regulation be amended to state that:

A parent corporation of a copyright owner, or an entity controlling a copyright owner, may establish its authorization to file jointly on behalf of its subsidiary copyright owners by identifying the nature of the ownership or control relationship.

NAB comment at 3. The Office, however, declines to codify this practice without giving the public an opportunity to comment on the proposed changes.

Moreover, what is required under the final rule is that the person or entity filing the claim, e.g., the parent corporation, ascertain whether it has the authority to file the claim on behalf of the listed joint claimants and include a concise statement of the authorization it has for making such claim. Of course, this statement is merely a representation to the Office that the authority for filing the claim exists and its validity may be tested at a later point in the distribution process.

In the event the Office determines that a parent/subsidiary claim is a joint claim, NAB makes a second request. It asks for a liberal amendment policy under which the parent corporation can amend its claim to add additional subsidiaries not listed on the original claim. It argues that such amendments do not prejudice other parties because the original claim would provide notice to all parties of the scope and nature of the claim. While NAB suggests that the Office can offer such

relief informally without a change to its rules, the Office disagrees.

The final rule requires that, with one exception, a joint claim list each copyright owner. The one express exception—a longstanding one—applies to performing rights organizations. This exception to the requirement to list all copyright owners exists because the Office has recognized that the organizations' standard membership or affiliate agreements are a proper indication of authorization. Because the proposed rule states the circumstances under which a party need not adhere to specific filing requirements, the Office concludes that NAB's proposal would require promulgation of a similar regulation specifically granting liberal amendment procedures for parent corporations. Moreover, such change is beyond the scope of the proposal made in the current rulemaking proceeding, and other parties have not had the opportunity to comment on it. Thus, at this time the Office cannot entertain the NAB proposal.

### Authorization

The Canadian Claimant Group files a joint claim annually and "supports [the Office's] efforts to insure the integrity and transparency of the claims process." Canadian Claimant Group comment at 2. However, it has asked the Office to amend its rules further and make written authorizations available for inspection by other copyright owners upon request. This suggestion goes beyond the scope of the Office's proposal made in the current rulemaking proceeding, and the Office is not prepared to make such a change without giving other interested parties an opportunity to comment on the efficiencies and burdens associated with the additional requirement.

### Statutory Authority

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

### List of Subjects

#### 37 CFR Part 252

Copyright, cable television, claims.

#### 37 CFR Part 257

Copyright, satellite television, claims.

For the reasons set forth in the preamble, the Library is amending parts 252 and 257 of 37 CFR Chapter II as follows:

## **PART 252—FILING OF CLAIMS TO CABLE ROYALTY FEES**

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

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

2. Section 252.3 is revised to read as follows:

### **Sec. 252.3 Content of Claims.**

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

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

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

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

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

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

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

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

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

(4) The name, telephone number, facsimile number, if any, and full address, including a specific number [[Page 29704]] and street name or rural route, of the person filing the joint claim.

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

(c) In the event that the legal name and/or address of the copyright owner entitled to royalties or the person or entity filing the claim changes after the filing of the claim,

the Copyright Office shall be notified of the change. If the good faith efforts of the Copyright Office to contact the copyright owner or person or entity filing the claim are frustrated because of failure to notify the Office of a name and/or address change, the claim may be subject to dismissal.

## **PART 257—FILING OF CLAIMS TO SATELLITE CARRIER ROYALTY FEES**

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

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

4. Section 257.3 is revised to read as follows:

### **Sec. 257.3 Content of Claims.**

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

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

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

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

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

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

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

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

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

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

(5) Original signatures of the copyright

owners to the joint claim or of a duly authorized representative or representatives of the copyright owners.

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

Dated: May 25, 2001

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