



Copyright Board  
Canada

Commission du  
droit d'auteur Canada

## NEWS RELEASE

October 2, 1990

RELEASE AT 4:30 PM (EDT)

### Copyright Board sets cable royalties

OTTAWA -- The Copyright Board today released its decision setting copyright royalties to be paid by cable companies and other retransmitters for carrying "distant" Canadian and American television and radio signals in 1990 and 1991. The royalties will be paid to "collecting bodies" representing various groups of film and television producers, creators, sports leagues and other copyright owners. The decision follows extensive public hearings held from November 1989 to September 1990. It establishes the level of the royalties and how they are to be divided among the collecting bodies.

The television royalties have been set at levels ranging from \$100 per year, for cable systems serving no more than 1,000 subscribers, up to a maximum of 70¢ per subscriber, per month, for cable systems serving more than 6,000 subscribers. It is estimated that these royalties will generate total payments of just over \$50 million per year.

The largest share, 57 per cent, will go to the *Copyright Collective of Canada (CCC)*, which represents mainly producers of American motion pictures and syndicated programming. The *Canadian Retransmission Collective (CRC)*, representing independent producers of Canadian and other non-American motion pictures, and syndicated programming, TV Ontario and the U.S. Public Broadcasting System (PBS), and the *Canadian Retransmission Right Association (CRRA)*, representing the CBC, Radio-Canada, Radio-Québec as well as ABC, CBS and NBC, receive 13 per cent and 12 per cent respectively. Collecting bodies representing private Canadian networks and independent stations, professional sports leagues, copyright owners for music and U.S. border stations share the remainder.

Cable subscription rates will not immediately be affected by this decision. The Canadian Radio-television and Telecommunications Commission (CRTC) ruled last May 15 that copyright royalties would not be added to the list of eligible pass-through charges for cable systems with 2,000 subscribers or more (Public Notice CRTC 1990-53). Cable operators may, however, apply for a rate increase.

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With regard to radio, the Board endorsed an agreement reached between the collecting bodies and the cable companies. Royalties will be \$10 per year for systems with no more than 1,000 subscribers and 4¢ per subscriber annually for other systems. The music industry and Canadian radio stations are each to receive half of the royalties. Total yearly payments are estimated at approximately \$300,000.

This is the first time that cable operators will have to pay copyright royalties for the programs carried on distant signals they retransmit. In the Canada-U.S. Free Trade Agreement, Canada agreed to amend its *Copyright Act* so that Canadian cable systems would have to provide "fair and equitable" compensation to copyright owners when their programming is offered on distant signals to subscribers. American cable systems have been paying such copyright royalties since 1978.

The Board rejected proposals that cable companies pay according to the number of distant signals carried. Because of their proximity to major American centres, cable systems in Southern Ontario, for instance, carry fewer distant signals than elsewhere in the country, such as in Vancouver, Edmonton, Ottawa, Quebec City and Halifax. The Board stated that it was concerned "with equalizing the liability of retransmitters in different parts of the country". The option chosen is the one that, in the Board's view, results in "the least possible disruption to the cable services available to subscribers". This decision means that cable systems pay according to their size, not according to their location.

The Board concluded that the "[cable] industry is able to absorb the liability, and that after a period of adjustment, the retransmitters will continue to earn 'fair' (though possibly diminished) returns".

Board member Michel Latraverse dissented from the Board's decision on the rate for systems with more than 1,000 subscribers, stating that the royalties should have been substantially higher. He also considered that broadcasters should have received copyright royalties for the compilation of program schedules.

The royalties apply retroactively to January 1 of this year and will remain in effect until the end of 1991. Any new copyright royalties for 1992 and beyond will be set by the Board, following a process similar to the one just completed.

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