

PUBLIC VERSION

Before the  
COPYRIGHT ROYALTY JUDGES  
Washington, DC

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In the Matter of )  
Distribution of the )  
2014-17 Satellite Funds )      Docket No. 16-CRB-0010-SD (2014-17)  
\_\_\_\_\_ )

**ALLOCATION PHASE PARTIES’ REPLY IN SUPPORT OF JOINT MOTION  
FOR FURTHER DISTRIBUTION OF 2015-17 SATELLITE ROYALTIES**

The Judges should grant the Allocation Phase Parties’ Joint Motion for Further Distribution of 2015-17 Satellite Royalties (“Motion”). In response to the Judges’ May 4 Order, the Allocation Phase Parties disclosed each party’s confidential settlement share of the 2015-17 Satellite Royalties, as well as their respective shares of prior partial distributions. In addition, out of an abundance of caution, the Allocation Phase Parties doubled the proposed holdback to 10%, a level that is far greater than Multigroup Claimants’ (“MGC”) 2010-13 share and more than sufficient to address any Distribution Phase award to MGC. MGC neither identifies any realistic scenario in which it would be entitled to anywhere close to the Allocation Parties’ proposed holdback nor proffers a proposed alternative. In short, MGC fails to raise a *reasonable* objection—the statutory standard—to the requested partial distribution. Accordingly, the Allocation Phase Parties respectfully request that the Judges grant their Motion and promptly publish the proposed distribution in the Federal Register.<sup>1</sup>

I. The Proposed Holdback Is Conservative and Protective

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<sup>1</sup> The Allocation Phase Parties filed their Motion pursuant to 17 U.S.C. § 801(b)(3)(C). Notwithstanding MGC’s purported confusion on the issue, that section of the Copyright Act permits distributions of royalties only “after publication in the Federal Register of a request for responses to the motion from interested claimants.” *Id.*; see MGC Opposition at 10-12.

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The Motion requests distribution of 90% of the remaining 2015-17 Satellite royalties, leaving a 10% holdback to address MGC's Distribution Phase claims. The proposed holdback is far greater than MGC's 2010-13 allocation, which ranged between 0.15% and 1.37%.<sup>2</sup>

Revealing the unsoundness of its position, MGC does not proffer an alternative holdback share or explain to the Judges how it could plausibly be entitled to an allocation of anywhere close to 10% of the remaining 2015-17 Satellite Royalties. MGC points to its pending motions to disallow all of Program Suppliers' and Settling Devotional Claimants ("SDC") claims as a purported basis for an increased MGC share. MGC Opposition at 4-5. However, those motions were opposed and lack all merit. In the case of Program Suppliers, MGC seeks a complete disallowance of claims simply because Program Suppliers appropriately referred MGC to their (Program Suppliers') publicly available claims filing rather than produce copies of those same claims during discovery. *See* MPA Response In Opposition To Multigroup Claimants' Motion For Disallowance Of Claims Made By MPA-Represented Program Suppliers, 16-CRB-0009-CD (2014-17) & 16-CRB-0010 (2014-17) (June 3, 2022). And in the case of the SDC, MGC alleges without basis that the failure of the law firms representing SDC to document their engagement "*as agents* to make claim for satellite royalties," when the SDC ministries filed their own claims directly. Further, the SDC produced documentation establishing the law firms' authority to represent the devotional claimants in these proceedings as counsel. *See* Settling Devotional Claimants' Opposition To Multigroup Claimants' Motion For Disallowance Of Claims By Settling Devotional Claimants, 16-CRB-0009-CD (2014-17) & 16-CRB-0010 (2014-17) (June 3, 2022).

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<sup>2</sup> MGC's argument that its 2010-13 shares varied widely from year to year is misplaced, for the share was small and never exceeded 1.37% in any year. *See* MGC Opposition at 4.

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Nor does MGC's claim in the Joint Sports category for certain Mexican soccer telecasts support a holdback of more than 10%. In the entire history of the Section 119 and 111 proceedings, neither MGC nor its predecessors in interest have ever established a right to *any* share of the Joint Sports category. The same is true in this proceeding. As set forth in Joint Sports Claimants' pending motion to disallow, the rights to the telecasts claimed by MGC in the Joint Sports category on behalf of Azteca International Corporation ("AIC") are owned by third parties. Moreover, MGC has not even established that it is authorized to claim on behalf of AIC. *See* Joint Sports Claimants' Motion to Disallow Multigroup Claimants' Claim to Sports Royalties, 16-CRB-0009-CD (2014-17) & 16-CRB-0010 (2014-17) (May 4, 2022). But even if MGC is found to have valid, authorized claims in the Joint Sports category, there is no conceivable scenario in which its claims for certain Mexican soccer games would entitle it to a share that approaches anywhere close to 10% of the remaining royalties.

Likewise, the fact that Global Music Rights LLC ("GMR") has an outstanding claim in the Music category does not call the proposed 10% holdback into question. As an initial matter, GMR did not object to the distribution sought in this Motion; it also did not object to the Allocation Phase Parties' previous motion seeking the distribution of a greater share of the remaining 2015-17 royalties. Furthermore, GMR is only claiming a portion of the [REDACTED] allocated to the Music category. The proposed 10% holdback is more than sufficient to accommodate both GMR's and MGC's claims.

### II. MGC's Other Arguments Lack Merit

MGC complains that the Judges should not rule on the instant Motion until its own motion for partial distribution is resolved. MGC Opposition at 6-8. This argument is meritless as the two motions are unrelated. MGC's motion raises a host of issues not present in the instant Motion,

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including whether MGC is an “established claimant” entitled to receive a partial distribution, notwithstanding its history of filing invalid claims and its failure to file any claims to 2014 cable or satellite royalties. *See* SDC Opposition to MGC Motions for Partial Distributions of 2015-17 Cable and Satellite Royalty Funds, 16-CRB-0009-CD (2014-17) & 16-CRB-0010 (2014-17) (Aug. 6, 2022). In addition, there is no rule requiring that the Judges resolve Motions in the order they are filed.

MGC’s arguments regarding the risk of overpayment are likewise misplaced. The instant Motion protects against overpayment in three important ways. *First*, the proposed 10% holdback is robust and is more than enough to cover any Distribution Phase award to MGC (and GMR). *Second*, at the request of the Judges, the Allocation Phase parties have shared with the Judges their respective settlement shares, together with each of their shares of prior partial distributions of the 2015-17 Satellite Royalties. Thus, the Licensing Section has all of the information it needs to avoid overpayments. *Third*, each Allocation Phase Party has stated that it will sign a repayment agreement to provide additional assurances in the unlikely event that an overpayment occurs.

While it is certainly preferable to avoid overpayment, shutting down the Congressionally authorized partial distribution process and preventing the effectuation of a settlement is not the answer. Indeed, the partial distribution process has been highly successful and effective, and the alleged overpayments have been extremely small relative to the royalties at issue. The three proceedings cited by MGC involved a total of more than 3.6 billion dollars of royalties.

\* \* \*

For the foregoing reasons, the Allocation Phase Parties respectfully request that the Judges grant the Motion and publish for comment in the Federal Register the proposed further distribution of 90% of the 2015-17 Satellite Royalties remaining on deposit as soon as possible.

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September 7, 2022

Respectfully Submitted,

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**ALLOCATION PHASE PARTIES' REDACTION LOG  
FOR REPLY IN SUPPORT OF MOTION FOR FURTHER DISTRIBUTION OF 2015-17 SATELLITE ROYALTIES**

*In re* Distribution of Satellite Royalty Funds, DOCKET NO. 16-CRB-0010 SD (2014-17)

<b>Document(s)</b>	<b>Page Numbers</b>	<b>Basis for Redaction</b>	<b>Description of Redacted Information</b>
Confidential agreements among the Allocation Phase Parties.	Reply at 3	Contains confidential share information.	Music Claimants' confidential share of 2015-17 Satellite Royalties.

# Proof of Delivery

I hereby certify that on Wednesday, September 07, 2022, I provided a true and correct copy of the Allocation Phase Parties' Reply in Support of Joint Motion for Further Distribution of 2015-17 Satellite Royalties - Public Version to the following:

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