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March 8, 1985

Honorable Marianne M. Hall  
Chairman  
Copyright Royalty Tribunal  
1111 20th Street, N.W.  
Fourth Floor  
Washington, D.C. 20579

Re: 1985 Cable Royalty Inflation  
Adjustment

Dear Chairman Hall:

This letter is written on behalf of the National Cable Television Association and Community Antenna Television Association (collectively "Cable Representatives") and the Motion Picture Association of America, Major League Baseball, National Basketball Association, North American Soccer League, National Hockey League, National Collegiate Athletic Association, National Association of Broadcasters, American Society of Composers, Authors and Publishers, Broadcast Music, Inc., and SESAC, Inc. (collectively the "Copyright Owners").

The Cable Representatives and Copyright Owners are delighted to inform the Tribunal that they have been able to negotiate an agreement respecting the 1985 inflation adjustments authorized under Sections 801(b)(2)(A) & (D) and Section 804(a)(2)(A) of the Copyright Act of 1976. All of the terms of this agreement are set forth in the attached "Agreement of Settlement Concerning 1985 Cable Royalty Inflation Adjustment" ("Settlement Agreement"). In accordance with the Settlement Agreement the Cable Representatives and Copyright Owners urge the Tribunal to commence the 1985 inflation adjustment proceeding and --

-- To adjust the Section 111(d)(2)(B) royalty rates to .893 (instead of the current .799) of 1 per centum for the first DSE; .563 (instead of the current

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.503) of 1 per centum for the second, third and fourth DSE's; and .265 (instead of the current .237) for the fifth DSE and each additional DSE thereafter. No change is sought, in this proceeding, in the 3.75 rate or the syndicated exclusivity surcharge.

- To adjust the gross receipts limitations so that Form 1 systems would become those systems with \$76,000 (instead of \$55,500) or less in semiannual gross receipts; Form 2 would be \$76,000 to \$292,000 (instead of \$55,500 - \$214,000); and Form 3 would be \$292,000 (instead of \$214,000) or more.
- To order the above adjustments effective with the first accounting period of 1985.

The Cable Representatives and Copyright Owners were guided in their settlement discussions by the approach which the Tribunal and Court of Appeals adopted in the 1980 inflation adjustment proceeding. To the extent that issues had to be resolved the parties sought to do so in good faith and in the spirit of conciliation. The end result has been a fair settlement which is intended to avoid the costs, uncertainties and delays inherent in litigation.

The Cable Representatives and Copyright Owners are the only parties who participated in the 1980 inflation adjustment proceeding; they have a "significant interest" in the cable royalty rates to be adjusted within the meaning of Section 804(a)(2)(A) of the Act. The Cable Representatives and Copyright Owners are presently unaware of any person or entity which would oppose the Settlement Agreement. Nevertheless, they recommend that the Tribunal make the Settlement Agreement available for public comment before determining whether to adopt the terms of that Agreement in a final decision.


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Enclosed, for the Tribunal's consideration, is a draft notice for publication in the Federal Register. This notice (1) commences the 1985 inflation adjustment proceeding (in accordance with Section 804 of the Act); (2) directs all interested parties to notify the Tribunal no later than March 25, 1985 of their intent to participate in this proceeding; (3) solicits comments on the Settlement Agreement by April 4, 1985 and reply comments by April 11, 1985; and (4) prescribes the issues to be addressed.

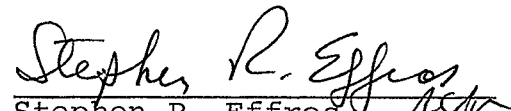
The Cable Representatives and Copyright Owners look forward to working with the Tribunal in the expeditious resolution of the 1985 cable inflation adjustments.

Respectfully submitted,

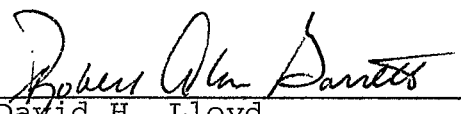
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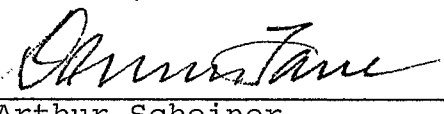
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Enclosures

cc (w/encls.): Mr. Edward W. Ray  
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