NOTICE OF GROUNDS FOR OBJECTION

Filed by Apple Inc. and Apple Canada Inc. ("Apple")

In relation to proposed tariff SOCAN Tariff 22.D.1 – Online Audiovisual Services (2027-2029)

Filed with the Copyright Board on December 17, 2025, pursuant to Rule 18 of Copyright Board Rules of Practice and Procedure.

Apple objects to the above tariff (the "**Tariff**") on the following grounds:

1. The exclusion, pursuant to Subsection 1(3) of the Tariff, of the authorization of use of any works in SOCAN's repertoire in connection with the training of, or the generation of any output by, any artificial intelligence system is premature as there is an open government consultation with respect to copyright law and AI training and this is a matter still being assessed by the Government of Canada; accordingly, the Board should not consider SOCAN's proposal.

2. The royalty rates and minimum fees set out in Section 3 of the Tariff are excessive and are not fair and equitable pursuant to Section 66.501 of the Copyright Act (the "Act").

3. Without limiting the generality of paragraph 2 above, the purported application of royalties to "Internet-related revenues" in Subsection 3(1)(c) of the Tariff is inappropriate for services to which Subsections 3(1)(a) or (b) apply; in addition, the definition of "Internet-related revenues" is overbroad as it includes revenues from activities not subject to the Tariff.

4. In addition to the specific ground for objection set out in paragraph 2 above, the inclusion of services that also offer end users the ability to cache files for offline listening or viewing in the definition of "online audiovisual service", fails to take into account the fact that such services do not invoke the communication right in respect of offline listening or viewing. Accordingly, the Board does not have jurisdiction to approve a tariff for the communication right in respect of such uses, or in the alternative, the royalty rates and minimum fees set out in Section 3 of the Tariff are excessive and not fair and equitable due to their purported application to such offline uses.

5. By failing to include appropriate discounts relating to trial offers and other pricing, packaging and promotions, the royalty rates and minimum fees set out in Section

3 of the Tariff do not adequately take into account the business models of different users, including Apple.

6. The Board should consider alterations or additions to the royalty rates and structure that take into account the relevant business models of different users during the Tariff period, including customer trials, services bundles and carrier offerings aimed at incentivizing new customer subscriptions or retention of existing customers. All of these features serve to enhance and maintain royalties for rights holders. The royalty structure should also take into account applicable levies or contributions.

7. The terms and conditions of the Tariff, including the reporting requirements set out in Section 4, are not practical or feasible, and the cost of complying with these terms and conditions are excessive, in particular the Making Available Requirement. Furthermore, the confidentiality provisions in Section 10, including the broad sharing of information contemplated for collection of royalties and with any person who is "presumed to know" and to allow sharing of reporting information with SOCAN's agents and service provider, are inappropriate and overbroad.

8. The Board should consider alterations or additions to the terms and conditions to make them more practical and accord with existing practices of users and SOCAN. Apple's administration practices align with industry standard practices. The terms and conditions proposed by SOCAN – including the proposed reporting data at the musical work level rather than the sound recording level – go beyond industry standard practices. For example, the royalty reporting and payment time frames proposed are shorter than industry standard practice. The reporting metrics proposed in the usage reports go beyond metrics that are necessary to administer royalties. The proposed reporting of publishing metadata associated with each musical work does not align with existing standard practices. Publishing metadata is not information that is provided by content providers therefore users cannot typically provide such information. In addition, with respect to cue sheet reporting, the industry standard practice is that the producer or the original content producer is responsible for providing cue sheets to the collecting societies.

9. The new reporting requirement in Section 5 of the Tariff, allowing SOCAN to require the service provide a list of files made available by the service for on-demand streaming (the "Making Available Requirement"), is unjustified and beyond the Board's jurisdiction, given that the Court found that Section 3(1)(f) of the Copyright Act (the "Act") is only engaged once in the case of a stream.

1381-3354-3450