

NOTICE OF GROUNDS FOR OBJECTION

Filed by Pandora Media, LLC.

In relation to proposed tariff *ARTISTI Online Music Services Tariff (2026-2028)*.

Filed with the Copyright Board on December 16, 2024 pursuant to Rule 18 of *Copyright Board Rules of Practice and Procedure*.

1. Grounds for why the Board should not approve the proposed tariff despite any alteration of royalties or levies or fixation of terms of conditions.

N/A.

2. Grounds for objecting to any royalties or levy rates in the proposed tariff.

Pandora objects to the royalty structure of the Proposed Tariff, which is a combination of a percentage of revenue, fee per file or fee per subscriber per month.

The proposed royalty amounts that would be payable under the Proposed Tariff are excessive relative to the value of the music used, whether considered at the level of percent of revenue, fee per subscriber, fee per play, or as proposed, a combination of these factors.

The Proposed Tariff's structure and the proposed royalty rates are not sensitive to the reality that ARTISTI's repertoire is small, and its repertoire represents only a fraction of the musical works that Pandora may perform in Canada. Since the vast majority of music played by Pandora would not be in ARTISTI's repertoire, the proposed royalty rate and the minimum per subscriber fees are vastly disproportionate to any potential reliance on music in ARTISTI's repertoire by Pandora.

The Proposed Tariff is also not sensitive to an online music service, including:

1. The Proposed Tariff does not take account for any free trial periods that may be offered;
2. The Proposed Tariff does not account for how partial plays should be valued;
3. The Proposed Tariff does not account for how skipped plays should be valued.

Pandora also objects to the Proposed Tariff's definition of "gross revenue" which includes revenues which may not be attributable to the music services offered, including "all revenues received by a licensee whether in cash, in kind, in barter or contra."

3. Grounds for objecting to any terms or conditions in the proposed tariff.

Pandora objects that the Proposed Tariff contains overly onerous reporting terms to the prejudice of Pandora. For example, the Proposed Tariff could require Pandora to provide monthly "Music Use Reports" which would require exhaustive and overly detailed reporting for each file played, in addition to other reporting information regarding plays and revenue. The extent of reporting, the reporting timelines, and the frequency of these reports are disproportionate to ARTISTI's repertoire, and the potential reliance of Pandora on music in ARTISTI's repertoire. Moreover,

any reporting is subject to ARTISTI's audit rights, and services are required to preserve all records for a certain duration of time, despite the potential for limited reliance on rights under the Proposed Tariff as described above.

Pandora also objects to the conditions and terms regarding repertoire disputes, breach and termination in the Proposed Tariff. The time afforded to users in those terms of the Proposed Tariff are unrealistic and impractical, and would be prejudicial to users such as Pandora.