

NOTICE OF GROUNDS FOR OBJECTION

Filed by **Hotel Association of Canada and Restaurants Canada**

In relation to proposed tariff *SOCAN Tariff 20 – Karaoke Bars and Similar Establishments (2026-2028)*

Filed with the Copyright Board on 2024-12-16 pursuant to Rule 15 of *Copyright Board Rules of Practice and Procedure*

General Statement of Objection

The following Notice of Grounds for Objection (the “Notice”) is filed on behalf of the Hotel Association of Canada (HAC) and Restaurants Canada (RC), (together “the Associations”) in respect of Proposed Tariff *SOCAN Tariff 20 – Karaoke Bars and Similar Establishments (2026-2028)* filed by SOCAN on 2024-10-15. This Notice is filed in accordance with PN 2022-006 rev.2.

Grounds for Objecting to Royalty Rates in the Proposed Tariff

SOCAN is seeking to increase the fees in this tariff on the basis of generalized inflation. While this is a popular justification for widescale price increases in the current economic climate, SOCAN offers no explanation as to why the factors driving inflationary increases across other sectors of the economy are specifically applicable to works in SOCAN’s repertoire such that SOCAN should be entitled to its proposed rate increases. The Associations acknowledge that the Copyright Board has accepted inflation as a justification for price increases in other tariffs but note that the increase proposed by SOCAN should not be accepted without substantial economic evidence to support it.

In the context of a weakening economy and reduced discretionary consumer spending, there is no evidence that the value of music has increased on par with inflationary calculations that are based on a measure of a basket of goods that have no correlation with music valuation. In Canada, the “basket” of goods and services used to calculate CPI includes a wide range of items. “Other cultural and recreational services” comprises less than 2% of the value of the basket.¹ “Purchase of digital media” comprises less than 0.2% of the value of the basket. In any event, the overall index, which is overwhelmingly impacted by food, shelter, household operations, furnishings and equipment as well as transportation, is a poor proxy from which to calculate the change in the value of music over time. Absent valid justification, the rate increases should be rejected entirely.

Finally, the Associations note that this proposal must be considered in the context of Re:Sound’s proposal for the same use. Taken together, these proposals present an unreasonable and disproportionate burden on the Associations’ members. For a Karaoke operator to pay over \$1000 annually in fees (\$608.10 for Re:Sound vs \$428.27 for SOCAN) when the previously certified combined rate was \$419.68 (i.e. \$295.68 for SOCAN and \$124 for Re:Sound) would be unfair and prejudicial to these small venues.

Grounds for Objecting to Terms and Conditions in the Proposed Tariff

¹ <https://www150.statcan.gc.ca/n1/pub/62f0014m/62f0014m2023003-eng.htm>

The Associations have no objection to the changes proposed by SOCAN relating to the General Provisions section and the references to other tariffs, which were made in accordance with Practice Notices issued by the Copyright Board. To the extent that the remaining terms and conditions remain the same as the currently certified Tariff 18, the Associations have no objection.

Submitted on behalf of the Associations by

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