

REPLY TO NOTICES OF GROUNDS FOR OBJECTION

Filed with the Copyright Board by SOCAN on 2025-01-24 pursuant to Rule 21 of the *Copyright Board Rules of Practice and Procedure*

SOCAN Tariff 20 – Karaoke Bars and Similar Establishments (2026-2028)

1. This Reply is in response to the Notice of Grounds for Objection filed by the Hotel Association of Canada and Restaurants Canada (collectively, the “Objectors”).
2. The Objectors have filed numerous grounds for objection. SOCAN denies these grounds and any factual or evidentiary assertions made in the Notices of Grounds for Objection and puts the Objectors to the strict proof thereof.
3. The Objectors have challenged SOCAN’s proposed inflationary adjustment to the royalty rates in this tariff. The Board has repeatedly held that adjustments to royalty rates to account for inflation are appropriate to preserve the purchasing power of copyright owners. Failing to make such adjustments could, over time, erode the value of the royalties collected through tariffs. To this end, the Board has established a default methodology for inflationary adjustments. SOCAN submits that CPI all-items is the most appropriate measure for inflationary adjustments to nominal values in the proposed tariff. Accordingly, SOCAN’s proposed adjustment in accordance with the Board’s default methodology does not require “substantial economic evidence to support it”, contrary to the assertion of the Objectors. To the contrary, any departure from the default methodology, such as that suggested by the Objectors, requires an explanation and supporting evidence.
4. The Objectors argue that the combined SOCAN/Re:Sound rate is too high. The Board has previously approved a tariff for uses of works in both SOCAN’s and Re:Sound’s repertoire. These approved rates are – by statutory definition – fair and equitable. SOCAN has simply proposed an inflationary adjustment, which the Board has determined is necessary to preserve rights holders’ purchasing power. If the Objectors are claiming that the approved royalty rates are no longer appropriate, they must adduce evidence to establish that the industry has changed.
5. Although Rule 22 of the *Copyright Board Rules of Practice and Procedure* provides that the Board may decide the matter of a proposed tariff only on the information provided under Part 3 of the Rules, SOCAN submits that if the Board intends to depart from its default inflation methodology, it would not be appropriate in this case for the Board to decide the matter without hearing additional evidence and submissions from both SOCAN and the Objectors absent a settlement or further developments between SOCAN and the Objectors. For greater certainty, in the event of a settlement between SOCAN and the Objectors, the Board should not rely on any of the information provided under Part 3 of the Rules.