

**Before the
COPYRIGHT OFFICE
LIBRARY OF CONGRESS
Washington, D.C.**

In the Matter of
Section 109 Report to Congress

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Docket No. 2007-1

WRITTEN STATEMENT OF VERIZON

Verizon¹ welcomes the opportunity to participate in this hearing and help the Copyright Office report to Congress on issues related to the cable and satellite statutory licenses. As a new entrant to the market for video services, Verizon depends on the statutory license to enable it to provide the broadcast programming that is essential to its ability to compete with more established cable operators. Even if it were logistically possible, Verizon does not believe that it would be commercially viable to negotiate individual licenses for each copyrighted work contained within the scores of broadcast channels that it retransmits. Because the statutory license works in achieving important policy goals and a post-statutory system could severely cripple Verizon's fledgling video service, Verizon strongly supports maintaining the cable statutory license regime.

Verizon is the only major U.S. telecommunications provider building an advanced, all-digital fiber-optic network all the way to customers' homes. Because

¹ The Verizon companies ("Verizon") participating in this filing are the regulated, wholly-owned affiliates of Verizon Communications Inc.

Verizon's fiber to the premises ("FTTP") system is designed to overlay broadcast capacity on top of IP bandwidth, Verizon is able to provide consumers with video programming services along with high speed data and voice offerings. Verizon's FiOS TV service delivers hundreds of digital video and music channels, high-definition programming, video-on-demand content, a robust interactive programming guide, and other customer-friendly features. The ability to offer FiOS TV service is a major component justifying the staggering investment Verizon is making in deploying its new, all-fiber network. Verizon has obtained more than 800 franchises from local authorities, has more than 500,000 FiOS TV customers and expects to serve 3 to 4 million FiOS TV customers by 2010.

Verizon's ability to provide much needed competition in the video distribution marketplace depends on its ability to retransmit the broadcast signals that consumers have come to expect and demand from their providers. This depends, in turn, on the statutory copyright license. Verizon's FiOS TV systems carry nearly 200 broadcast channels, each of which contains the works of numerous copyright owners. Verizon does not control the selection of the programming and has no relationship with the copyright owners. Absent the statutory license, Verizon would incur significant costs in identifying each copyright owner and negotiating for the right to retransmit the programming over its FiOS TV systems. Even then, it would have difficulty ensuring that it had obtained the rights to all programming that might be retransmitted, since broadcasters may change their line-up within a few weeks—or even on the day—of broadcast.

Congress recognized that this process was not viable and concluded that the only workable solution that compensated copyright owners and enabled the continued

retransmission of broadcast programming to consumers was the statutory license. The salutary effects of the license are evident in Verizon's operations today: it has enabled Verizon to provide competitive programming over its FiOS TV service.

In sum, Verizon urges the Copyright Office to recommend to Congress that the statutory copyright licensing scheme applicable to the retransmission of broadcast programming be maintained.