

the unfair competitive aspects of CATV service where no charges are paid for the program product by the CATV system and where television stations themselves must compete in the market place for such programming. However, if CATV systems are required to pay copyright fees and are not permitted to import distant signals, then much of the justification for prohibiting program origination operations by such systems will have been dissipated. The Senate Judiciary Committee has recently approved a new copyright statute which, it is reported, would not prohibit original programming by CATV systems so long as copyright liability to local broadcasting stations was acknowledged for the programs of such stations carried by the CATV system.

While the economics of the matter are not clear, it certainly cannot be denied that a large scale CATV system in the major markets would have the potential to compete for program originations. Even if CATV systems were required to pay reasonable license fees to local stations, adjustment of subscribers monthly fees to reflect copyright costs of the CATV system would not necessarily result in pricing of the CATV "product" beyond the reach of a substantial segment of the public. One of the factors which the Commission must investigate is the extent to which possible copyright liability may be an insufficient deterrent to the commencement of Pay-TV operation by CATV systems.

The relevance of this discussion to the instant proposal to establish a nationwide Pay-TV service utilizing broadcast frequencies is readily apparent. Insofar as the impact upon the free television service may be concerned, pay television originating on broadcast frequencies cannot be distinguished from pay television carried by wired systems. In fact, wired systems may have the physical potential to carry more than one original program at the same time. This is exactly the type of operation which was proposed by the subscription television service offered in Los Angeles and San Francisco. It is impossible to measure the impact of a Pay-TV service originating on broadcast frequencies upon the local free