

Dealer - Information Letter

Dear Sir/Madame:

Industry Canada is very concerned about the continuing sale and use of illegal satellite decoding equipment. By writing you we hope to raise awareness of this issue and encourage electronic equipment retailers to refrain from participating in this unlawful type of business activity.

The Supreme Court of Canada has confirmed that decoding without authorization is illegal. Significant losses are being suffered by the Canadian broadcast industry due to illegal decoding. In addition, certain illegal decoding cards are causing radio interference to public safety services.

The Government of Canada through the efforts of the RCMP, Canada Customs and Revenue Agency, and Industry Canada is pursuing enforcement action against commercial ventures engaged in the selling of illegal decoding equipment.

The enclosed attachment provides background on these issues. Additional information on this subject is available on the Industry Canada Internet site: <http://strategis.gc.ca/spectrum> under Consumer Information, Direct-to-Home (DTH) Satellite TV.

Should you have any questions, please contact the local Industry Canada office.

Attachment

Illegal Satellite Signal Decoding / Supreme Court of Canada Decision

The Supreme Court of Canada confirmed that this type of activity is illegal, when it rendered its decision on the case of *Bell ExpressVu Limited Partnership v. Richard Rex* on April 26, 2002. In its decision, the Court confirmed that the *Radiocommunication Act* does in fact prohibit the unauthorized decoding of encrypted satellite television signals even where the signal is distributed from outside Canada.

Only lawful distributors such as Bell ExpressVu and Star Choice, have the right to distribute and authorize the decoding of encrypted satellite television broadcasting signals in Canada. Thus, any person who offers to sell equipment, devices or components intended to facilitate the decoding of subscription-based encrypted satellite television broadcasting signals without obtaining an authorization from the lawful distributor, is in contravention of the Act.

Radio Interference Generated by Illegal Decoding “Pirate” Cards

The Department of Industry has received complaints of interference to the wireless communications systems of law enforcement agencies and emergency response teams across Canada and has conducted tests of suspect equipment. These tests have demonstrated that certain devices, referred to as AVR or “pirate” cards, when used with DTH satellite receivers to receive satellite television programming without the payment of subscription fees, cause the emission of spurious radio signals that can interfere with other radiocommunication services.

Accordingly, under section 50 of the *Radiocommunication Regulations*, it is illegal to manufacture, import, distribute, lease, offer for sale, sell, install or use such AVR cards.

Illegal Decoding - Canadian Broadcasting Losses

The Canadian broadcasting industry, together with the related film and video making sector, are suffering financially because of the illegal satellite equipment market. Canadian broadcasters purchase, at significant expense, the licence copyright to distribute programming. Broadcasters incur a loss, not dissimilar to shoplifting, when consumers use illegal decoding equipment or U.S. satellite equipment/subscriptions to receive their television signal without payment being made to the rightful broadcast distributor in Canada, such as a local cable television provider, Bell ExpressVu, Star Choice or Look TV. This has a cascade effect which results in less revenue being made available to fund distinctive Canadian productions, improve facilities and create Canadian jobs within its associated sectors.

Simply put - it's theft.