



# DIRECT-TO-HOME SATELLITE TV

## Facts You Should Know



### **CONSUMERS**

Protect your investment:  
Make sure your reception equipment and  
programming services are legal.

### **DEALERS**

Protect yourselves:  
Don't break the law!

- Digital direct-to-home (DTH) satellite broadcasting signals are scrambled, and viewers need a decoder to watch them.
- Signals are encoded because distributors rely on subscription revenues to operate their businesses.
- A “grey market” has sprung up to provide Canadian viewers with unauthorized satellite access to programming originating in the United States, often via U.S. addresses or accounts.
- To decode scrambled signals and programming without payment is an offence. Some viewers obtain illegal access cards and decoders on the black market.

## Protecting Canadian Rights

Distribution rights are sold by territory. A Canadian distributor who has purchased those rights suffers financial loss if a U.S. signal is illegally decoded in Canada.

Likewise, the subscriber base for Canadian DTH distribution undertakings is significantly diminished if Canadians subscribe to unauthorized American DTH services.

Canada's *Radiocommunication Act* contains provisions to protect the rights of these Canadian broadcasting service providers. There are penalties for breaking the law which include fines and, in some cases, jail terms.



This folder is intended to provide a quick reference to the applications of the *Radiocommunication Act* to direct-to-home satellite broadcasting. Those seeking further assistance should refer to the full text of the Act, contact Industry Canada (see back panel), or seek legal advice.

## The “Grey Market”

Under Canadian law, viewers may not use decoding equipment to watch programming purchased from anyone but the lawful distributor — a person who has the lawful right in Canada to transmit an encoded signal and to authorize its decoding.

**“Grey market” reception occurs when a decoder that is authorized to decode a signal in a programming service’s legitimate market territory (the United States) is used to decode the signals in another territory (Canada).**

Sometimes, Canadian dealers might offer to set up subscriptions with U.S. satellite service providers. Viewers—who might believe, or be told, that such subscriptions are legitimate—may be asked to provide a U.S. address, or have one provided for them. This is a sure tip-off that the service is not legal.

American DTH service providers do not have the lawful right in Canada to authorize the decoding of their programming.

Retailers who distribute “grey market” programming are aiding and abetting consumers to decode DTH signals that are not authorized for distribution in Canada and thereby putting themselves at legal risk.

Dealers should know that it is illegal to import, manufacture or sell equipment used to decode signals provided by someone other than the lawful distributor.

## The Black Market

Computer pirates create illegal decoding equipment for sale to consumers. Illegally modified decoders, and pirate access cards, enable viewers to watch programming without paying lawful distributors. Retailers cannot legally sell such equipment, and everyone involved — pirate, retailer and purchaser — could be charged with a criminal offence.

# Don't Get Stuck With an Expensive Bird Bath

Consumers who use questionable methods to obtain signals to which they are not entitled are on shaky ground: financially, technically and legally. The equipment used to illegally decode U.S. signals is expensive—yet it comes with no guarantee that it can do the job, or can continue to do the job, for which it was purchased.

Broadcasters are continually upgrading their scrambling technologies, so illegal and expensive decoders can become obsolete in an instant. At any moment, American service providers could cut off their signals to viewers in territories where they do not hold programming distribution rights. And fly-by-night Canadian operators could quickly fold their businesses and disappear—again, leaving consumers holding the bag.

Needless to say, those operating in the black or grey markets do not offer guarantees with their merchandise or services. Consumers who think they are getting a deal by using such equipment or services have no protection at all.

## Protect Yourself

**Consumers should ask retailers if their equipment and services are legal, and make sure that their service providers are lawful distributors of programming.**

- The types of programming offered by a service could provide a clue to its legitimacy. If there are very few or no Canadian services, or if American services such as HBO, Disney or ESPN are included, the grey market might be involved.
- If you are asked to provide a U.S. address, or if your retailer offers to provide you with one, chances are the retailer is operating in the grey market.
- If you're offered equipment or access cards that let you decode programming without paying any subscription fees, watch out — it's probably from the black market.

## Dealers and distributors should be aware of the law.

- It is an offence to import, manufacture, modify or sell equipment intended to be used for illegal decoding.
- With respect to the distribution of "grey market" programming, persons who help consumers to decode DTH signals that are not authorized for distribution in Canada are putting themselves at legal risk.

The law provides for both criminal prosecution and civil action by private parties whose financial interests are affected by illegal decoding.

## If In Doubt, Find Out

Industry Canada has responsibility for the *Radiocommunication Act*. For more information, please contact your Industry Canada District Office. You will find the number in the Government of Canada pages of the telephone directory.



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