

## Intellectual Property Concerns for Television Syndication Over the Internet

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The Internet is generating a fundamental shift in how video content will be delivered and consumed. Previously, certain intellectual property rights were secured by means of a contract before a program was televised over any network (whether broadcast, cable, direct broadcast satellite, or the Internet). A key interest sought in these agreements was usually the exclusive right to televise a program to an audience in a specific geographic area. This system, based on granting exclusive intellectual property rights to a geographic region by means of a contract, will become obsolete as the new system evolves.

The structure of television distribution in the United States is based largely on the fact that electromagnetic waves that carry television signals only propagate through the ether for a limited distance before fading out so much that they cannot be received. The range of these radio waves is determined by a number of factors, including the curvature of the earth, atmospheric conditions, the height of the transmission tower, and the signal strength of the broadcaster. These physical limitations have shaped the development of the U.S. television industry. The ability to buy and sell exclusive program rights are an important feature of the system. However, the transition to Internet-delivered television will restructure this system by ignoring the segmentation of television program markets into geo-

graphic regions. Even if programs sold are cleared in blocks, such as station groups and owned and operated stations (O&Os), making that same program available for streaming or downloading over the Internet will fetter those rights tied to a particular geographic region.

Fortunately for the emerging system, the Internet is not hindered by the constraints of the old system. The Internet is not limited by geographic boundaries or by the imaginary lines used to establish and enforce markets. Because of its architecture, it is less distance sensitive to traffic than existing means of television delivery, such as broadcast or cable. For most Internet users, there is little difference between content from across the street and content from across the country. Moreover, the local networks that provide access to the Internet have less control over the access to content than do broadcast and cable TV networks. This chapter addresses the problems of adapting the existing system of video delivery, and the implications of this transition on related intellectual property rights. It will also examine how television distributors, by unwisely restricting content, have failed to take full advantage of the opportunities offered by the Internet.

"Reruns" of existing television programs will likely be a major component of the video content delivered over the Internet. This is largely due to the fact that the cost of airing a previously produced program is relatively small compared to the cost of producing new content for each airing. This provides a cheap source of content for an emerging medium that may lack the viewership to support new first-run content forms. Moreover, future syndication is an important anticipated revenue stream for currently produced programming because many shows are unprofitable until they achieve syndication.

Most rerun programs are distributed through television syndicators, so the rights to air these programs are currently tied up in numerous contracts that grant territorial exclusivity. A potential problem arises when new means of delivering content enables parallel distribution channels. These parallel channels disrupt existing intellectual property rights that grant exclusivity and whose underlying purpose is price discrimination. For instance, the syndicators of classic TV shows such as *M\*A\*S\*H\**, *Gilligan's Island*, or *The Jeffersons* may have restricted themselves from engaging in Internet distribution. They may have already promised a local station an exclusive program right and is therefore now unable to offer that program in the same region, albeit though a competing new technology. These intellectual property rights limit the availability of content to Internet TV.

## THE HISTORY OF TELEVISION

Two trends have characterized the development of the U.S. television industry. The first is an ever-increasing channel capacity at decreasing

per-channel cost. This first trend enabled the second trend, which is the growth of the footprint of local networks that deliver an increasing quantity of content to a national audience. Initially, the footprint of local distribution was based on the distance limitation of signals (initially broadcast through the ether, then eventually over cables). Even today, 210 identifiable local U.S. television markets remain. This geographic segmentation will begin to dissolve as the local networks, which provide access to the Internet, loose their control over access to content.

### Early History of the Broadcast Networks

Television networks in the United States evolved from the radio networks established in the 1920s. The major attraction that drew local stations, in both radio and television, to affiliate with a network was the flow of network programming. Network programming drew in viewers to the station and consequently allowed the affiliate to gain from advertising sales revenues. Starting in the 1950s, these local stations began to align themselves with one of the three national networks: ABC, CBS, and NBC. The affiliates and the networks split the commercial airtime sold to commercial advertiser order to pay for the programming.<sup>1</sup> Local stations received broadcasts from other parts of the country, taking advantage of the scale of the combined content resources of the network.

Networks then took the step of applying the affiliation formula (once geared exclusively to radio broadcasts) directly to the television industry. Affiliates found the system even more beneficial with the television industry than they had with radio, primarily because the costs involved in the production of television programming were much higher.

The system has changed somewhat in that the networks often buy programming from outside suppliers instead of developing all their own programming or using entirely network programming. In the 1970s, the FCC's FinSyn rule prohibited the major broadcast networks from taking a direct financial interest in the syndication of its programs. This rule was repealed in 1991. Despite these changes in structure, the underlying principle remains the same: networks provide national television broadcasts to local stations in exchange for the use of airtime. This locked up the distribution of content in a limited number of powerful firms.

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<sup>1</sup>CBS worked to entice affiliates to join its network with incentives regarding network compensation—the hourly fee paid by networks to the affiliates for airtime. Eastman, Susan Tyler. *Broadcast/Cable Programming*. Belmont: Wadsworth Publishing Company, 1993, p. 191. One enticement was to provide some network programming, for which the affiliates did not have to pay, in exchange for use of the station's airtime for sponsored programming. This system of cash and barter still prevails today.

### Cable Television

Cable television provided a step in and opened this local bottleneck. The inception of cable television began rather unceremoniously in the 1940s as community antennae (CATV)<sup>2</sup> systems. For many years, cable served exclusively as a means to improve reception between a city and its outlying rural areas. The need for reception enhancement was pronounced in various rural and mountainous areas, or where FM signals were blocked by natural obstructions such as hills and the curvature of the Earth. The use of cabling to carry signals diminished the effect of obstructions on the connection between a broadcast signal's origin and the intended recipient. Initially, with one antenna, a cable system could serve a building, or even a small neighborhood. Eventually this system expanded to provide commercial service over a larger area.

The foundation of today's cable system emerged out of this framework. In the 1950s, the system took another step forward. Eventually, cable systems began to use microwaves as a means of transmitting broadcasts from cities to rural areas. The goal of this effort was to increase the distances that the signals could travel. Soon cities in rural areas could import broadcast transmissions from distant urban centers. This had the effect of greatly increasing the number of programming choices for the rural inhabitants. The ability to receive broadcasts from these distant stations meant that viewers could choose from a larger variety of programming, one that was less dependent on geographic location.

Pay TV added a whole new dimension to the cable television industry. Home Box Office (HBO) emerged in 1972 and was the first successful pay TV service. In order to broadcast both locally and nationally, HBO first employed broadcast over microwaves and then began to use geosynchronous earth-orbiting satellites. Over the following decades, a slew of new channels designated for specific topics, such as sports and movies, were created. This allowed multiple system operators (MSOs) to offer tiered packages of programming from which the viewer could pick (Vogel, 2001). This marked the first time that programming was not at all linked to local affiliates' broadcasts. However, the distribution of content remained tied to local MSO conduits.

### Satellite Television

The use of satellites to deliver television signals directly to viewers made it possible to expand beyond the limited distances covered by broadcasting

<sup>2</sup>Today, it is a misnomer that CATV stands for the CA in cable television. The CA is more appropriate for community antennae.

and cable. During the 1980s, individual viewers could, for the first time, cheaply obtain satellite dishes to receive television. This technology provides two different services: broadcast and interactive. Broadcast services include digital video broadcasting (DVB), normal television choices, near video-on-demand, pay-per-view, and data broadcasting. Interactive services such as televoting, online shopping, gaming, and so on<sup>3</sup> use a two-way connection between the user and the service provider. DBS from DirecPC, for instance, can also offer Internet services allowing connection speeds around 400 Kbps, provided that the receiving dish is in view of the southern horizon. This direct connection between the end user and the service provider, without the need for a cable system or any other geographically based medium, is part of the trend to overcome geography as an obstacle to the reception of broadcast signals.

### Television Distribution Today

As a result of digital cable and satellite television, both programming and delivery are no longer tied to geography. Despite this technological shift, however, the regional nature of television remains alive and well. According to the Federal Communications Commission, there were 1,288 VHF and UHF television stations in the United States in September 2001. The signals from each of these stations can only be received within an area of 60 miles from the transmitter, and maintaining local television markets. According to Nielson, there are presently 210 television markets in the United States in which local television stations, local cable systems, advertisers, and syndicators buy and sell commercial programming.

The Mass Media Bureau of the FCC is charged with the regulation of over-the-air broadcast television stations. The FCC performs this task by assigning frequencies, operating power, and granting exclusive territory licenses to stations. Assignments are determined by a number of factors, including the curvature of the earth, atmospheric conditions, and the signal strength of the broadcaster. The FCC enforces these rules by issuing broadcast licenses to stations for a period of only 8 years. Therefore, if a licensee fails to comply with statutes or FCC rules and policies, then the FCC may refuse to renew its license. However, because this would constitute a death sentence for the station, these punitive measures are rarely imposed. Accordingly, the issuing of new licenses is extremely rare. At the time of writing, the Mass Media Bureau was not accepting applications for

<sup>3</sup>SMATV Systems Enhanced with Satellite Based Interaction Channel.

new broadcast licenses. This limits the amount of available over the air channel capacity.

### Television Distribution

Copyright law provides the basic framework for how television content is distributed. The copyright is a bundle of distinct rights that is the primary legal construct for protecting creative expression. A copyright gives the owner certain exclusive rights in an artistic audio or visual work, and is designed to stimulate the production of such works by enabling creators to receive compensation and credit for the use of their work. Once the copyright expires, these rights fall into the public domain, and are available for general consumption free of legal restraints on duplication and distribution. In order to obtain copyright protection, one must create an original work of authorship that is fixed in a tangible medium of expression.<sup>4</sup> Section 106 of the Copyright Act of 1976<sup>5</sup> established five exclusive rights that are related to video program distribution. Most notable of these for IPTV are the rights of reproduction, distribution, and performance.

Distributors do not sell an actual program to local stations in the existing 210 markets; rather, these stations are sold their broadcast rights to the program. A station usually purchases exclusive rights to broadcast the program in its market area so that it can maximize viewership and the station's earnings. In cases where the network buying the programs has national coverage, direct sales to these markets are usually preempted.

Syndication is a crucial factor in shaping the production process, even at its earliest stages. Because networks are much more willing to produce shows that have good syndication and rerun possibilities, shows that demonstrate this potential are more likely to be approved. As television shows almost inevitably go into debt upon the start of their production, the terms reached through contract negotiations between the network and the producers of a show are crucial to determining how a show will be produced. Many times, in exchange for funding the initial costs of production, networks will seek to obtain from producers a network options clause. These clauses give the networks the right to order shows for a given amount of time, thereby fixing a minimum number of shows and securing a minimum commitment from the production staff. Another such network option that may be used reserves the right of the network to reject any episodes produced after this minimum number of shows has been reached. Additionally, these two types of clauses are often used together. As a result, if another network were to give the producers a better offer, such an offer would violate these contract terms and could not be ac-

<sup>4</sup>17 U.S.C. § 206.

<sup>5</sup>17 U.S.C. §§ 100 *et. seq.*

cepted. These conditions also benefit the original network by allowing it to keep the show on its lineup for a price that is below the fair market value of the show. The network justifies retaining this right by asserting that it took the initial risk in funding the original production of the show (Vogel, 2001). Therefore, the network is rewarded for taking this high, early risk by being in a position to keep a successful show on its airwaves, and away from its competitors, at a relatively low price.

A contract with one of the networks can increase a producer's chance for securing funding from banks or other institutions. When a contract with the network expires, after the initial run or after reruns, pursuant to the contract, the show's ownership vests in the producers, and they are free to market the program as they like. Shows that last three full seasons with good ratings have the most potential for syndication. Once producers own the rights to the show, they can sell numbers of episodes to local television and cable stations for resyndication broadcast. These shows will often run daily over an extended period, although this depends on the number of episodes for which the station paid. Syndication market licenses are generally sold to the highest bidder and tend to range between 3 and 6 years, but recent trends have leaned toward the shorter time frame.

First-run syndication is another option for producers. Rather than setting up a normal network contract that has long-term ramifications, the producers design a show to be sold to nonnetwork affiliates for their first appearances. This short-term arrangement is an opportunity for local stations and other affiliates to fill the airtime that precedes the network evening programming. These shows are low cost, and include game shows, talk shows, and tabloid news shows. First-run syndicated shows are nonnetwork options that are relatively inexpensive and suit the needs of local stations to fill the nonnetwork airtimes. These shows do not depend on popularity or a long running life; rather they are inexpensive short-term shows that entirely skip the networks themselves (Vogel, 2001).

### Piracy and Syndication

One primary concern of television distributed over the Internet is that of illicit copying. Digital media affords the opportunities to make and distribute perfect copies of video programs. To misquote Shakespeare, these new technologies evoke the desire, but inhibit the performance.<sup>6</sup> It is unlikely that video pirates will run rampant on the Internet. This is true for a variety of reasons, beginning with increased legal protection. Duplication costs are not only inexpensive for pirates, they are also inexpensive for distributors who can lower their prices or offer more value added services. In addition, the technology available to protect against unauthorized duplica-

<sup>6</sup>Shakespeare, William, *MacBeth*, Act II, Scene III, "... it provokes the desire, but it takes away the performance ..."

tion is growing more pervasive. As Einhorn (chap. 10) suggests, it is unlikely that there will be room for compulsory licensing. Moreover, the previously widespread defense of fair use is likely to be curtailed. In fact, a shift in the current laws regarding encryption has acknowledged the lack of fair use defense, and has even gone so far as to preempt it.

One scenario for the rampant copying of television content over the Internet may be a type of video Napster. Currently, this infamous site has been almost entirely shut down;<sup>7</sup> however, the concept remains as new sites parallel in concept are cropping up on the web,<sup>8</sup> where software enables peer-to-peer sharing by users of MP3 music libraries. Successful technologies for recording and reproducing music are often leading indicators for those technologies that might be adopted for the more memory intensive video content. The not too distant future of television distribution may be witnessed by sites such as MorphiUS, a peer-to-peer community of users trading video files, TV programs, and movies over the Internet using a Napster-esque arrangement.<sup>9</sup>

A new feature of TiVo allows subscribed users to "e-mail" TV shows to other subscribed users. This may provide the content distributor with an increased audience, an important measure for advertising supported programming. The TiVo is not an open system like a personal computer (PC), so it will be easier for networks to keep track of its audience and even to charge the user directly for content. Who will extract the most benefit from this is simply a question of bargaining power. It is likely to go to the major syndicators.

Distributors' success depends on their ability to control postsale copying; they may construct a number of technological and legal obstacles to counter would-be infringers. A key strategy for distributors of video content over the Internet is to use a diverse mix of technical, business, and legal measures that change from product to product and from release to release. This series of safeguards is an effective deterrent by forcing would-be infringers to run a gauntlet of obstacles to pirate the work. The varying of protective measures has another advantage. The knowledge acquired by a pirate in a previous successful defeat of a specific safeguard

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<sup>7</sup>The RIAA sued Napster and obtained an injunction effectively shutting down Napster for promoting music piracy through the encouraging illegal copying of copyrighted music. In 2000, the German media giant Bertelsmann concluded it was unwise to fight the underlying file sharing technology of Napster and the clear demand it has created on the Internet. It received an option to buy a stake in the company in exchange for a loan to help Napster change its service from a free file sharing software into a subscriber-based business and it will begin paying record companies.

<sup>8</sup>For a means people are using to circumvent the district court's order, see <http://www.napcameback.com>. The site uses encryption to allow Napster users to circumvent copyright filters on Napster.com

<sup>9</sup><http://www.morphius.com>

will not automatically pay dividends in bypassing a different safeguard. Some of the technology responses to piracy are security and integration of operating systems, file access, rights management language, encryption, watermarking, access control, marking and monitoring, sniffer technologies, copying function alerts, noncopying embedded passwords, source identification (SID) codes, bar codes, and virus seeding.

Another strategy to combat infringement employed by distributors of video content over the Internet is to change their business strategy in response to piracy. A seemingly obvious response is to lower prices (National Research Council Computer Science and Telecommunications Board, 2000). Additionally, distributors could modify their products to make copying by pirates more costly (Shapiro & Varian, 1999). If the cost of reproduction or piracy is high relative to the cost of acquiring work legitimately, then pirates are likely to be deterred from infringing. This is the case with media like newspapers, magazines, and paperbacks. Alternatively, the product distribution strategy may also be modified to safeguard against infringement. For example, a distributor might elect to switch from downloading to streaming technologies in order to frustrate pirates.

A strategy more attuned to computer hardware and software than to entertainment content is to speed up new versions when a "clone" enters the market. An online firm can link with a physical product by offering online content, thereby increasing the sales of physical versions (Fisher, 2000). By adding value to online information, these online versions are more desirable than hard copies. That is to say, video distributed over the Internet should not be just video online. Distributors should seek to add elements that surpass VHS or DVD versions.

The defining characteristic of an information good is that it qualifies as an "experience good"—that is, consumers do not know what it is worth until they experience it (Shapiro & Varian, 1999). Reduced distribution costs enable increased advertising through the distribution of free samples, because it is easy to give away something that has zero marginal cost of distribution. The strategy behind this advertising scheme is to divide a product into components that are given away and that are sold. Give away only part of a product as a free sample to sell similar, but not identical, products. The theory is that by providing free samples of a product to the marketplace, demand for that product will be stimulated. For example, the full text of books and reports available online often increase sales of hard copy versions of those works. The Internet also provides free access to small pieces of large products like encyclopedias and databases but that are too difficult to reassemble into their comprehensive form. However, this access entices consumers and in many cases leads them to purchase the hard copy versions they have used online.

Over the past several years, federal protection of intellectual property rights has grown, and criminal sanction for infringement has been rein-

forced with new criminal provisions. New legislation has included the following: Copyright Infringement Act, the Computer Fraud and Abuse Act, and the Economic Espionage Act (1996).<sup>10</sup>

In addition, nearly every U.S. state has enacted some form of computer-specific legislation. Most notable is the No Electronic Theft Act of 1997<sup>11</sup> ("NET Act"). The NET Act has fine-tuned some common law definitions concerning infringement. Traditionally, it was difficult to prosecute small, personal use infringers. The NET Act, however, provides effective recourse against small-scale, willful, copyright violators who are not motivated by "commercial interests." The act authorized criminal prosecution for making merely 10 illicit copies of a protected work, worth just \$2,500. These protections have sought to limit postsale illegal copying, but also carry with them the unintended consequence of severely limiting fair use of copyrighted materials. Some have also argued for a mandatory licensing scheme for distribution by means of a Napster framework, but this is unlikely (see Einhorn, chap. 10 in this vol.).

It is impossible to sue every infringer, and even if it were plausible, it is not a smart business move for a company to make a habit of suing its own customers. Technical solutions are not likely to exhaustively counter infringers, because they are not likely to be cost effective on a large scale.<sup>12</sup> The best solution to piracy protection is a diversity of protection measures and distribution channels. This, of course, should be tempered by the fact that features should only interfere minimally with user's enjoyment of the product.

## INTERNET AND BROADCAST TV

### Drivers of New TV Technologies

Internet television is not an invention that is likely to catch on immediately. Rather, it will likely grow in popularity as new technologies, content formants, and business models are gradually adopted. As the other contributors to this volume suggest, there already exist several new formats that run a continuum for enhancement, such as interactive program guides to downloadable or streaming video. The adoption of new television technologies such as cable, the VCR, and satellite distribution have been driven by two key factors: reruns and pornography. (The latter is not discussed here.) Reruns of previously aired programs serve the needs of both

<sup>10</sup>See 18 USC 90.

<sup>11</sup>See HR. 2265, P.L. 105-147, 111 Stat. 2678—codified in Title 17 and Title 18 of USC.

<sup>12</sup>Were cost not a factor, encryption technology might be a viable solution. For one thing, encryption scrambles content so that it cannot be unscrambled or transferred to another device without the correct software key. Also, CD burners add a digital serial number to every CD they copy, which enables each copy to be traced back to the individual machine.

supply and demand, and content is needed to fill the ever-increasing channel capacity of video delivery systems.

In 1992, Bruce Springsteen sang, "Fifty seven channels and nothing on." A decade later he would only be a quarter right. Today, there are over 200 channels offered by broadcast, cable, and satellite (Noam, 2001). This falls far short of the much-promised 500-channel universe. In New York City, not known as a leading market in cable channel capacity, total program capacity is over half a million program hours per year, having grown at a compound annual rate of over 10% for the last 30 years (Noam, 1998). However, this decreasing cost of capacity has created an incredible demand to fill the shelf space of television distribution networks.

The new shelf space has provided the opportunity for more programming content. Over the last decade, new channels have sprung up on a seemingly weekly basis. The channels are increasingly more specialized and offer a broader array of topics. This has given rise to the concept of *narrowcasting*, a term that describes the idea of broadcasting to a narrow audience. Narrowcasting generally targets audience shares of less than 1%. Through the loss of scale economies, narrowcasters must make up margins by offering their audiences specialized and therefore more valuable programming content. Taking this just one step further, many authors have envisioned customized and individualized programming over the Internet to still narrower groups of viewers (or to one viewer) in the near future (Noam, 1994). Consequently, Internet Delivered Television, or Internet TV, has evolved.

Hart (chap. 14, in this vol.) identifies six categories of content models for Internet TV. He suggests that the distinction between what is considered new or old content is hard to determine. This chapter primarily concerns itself with only three aspects of distribution that have been made possible by Internet delivery options: the programming of local TV stations, syndicators, and licensors of web video.

Local television stations are already employing streaming video on the Internet to extend their reach to audiences, primarily for local news programming of local network television affiliates. In the future, however, local stations may also decide to make other forms of content available. Further upstream, syndicators are now able to offer programming directly to consumers. A syndicator can now move beyond brokering deals at the National Association of Television Production Executives (NATPE) to offering streaming or downloadable content directly to end-users. So, instead of having to wait for a rerun of an episode of *Gilligan's Island*, the episode could be available immediately, at the consumer's request.

### Inhibitors of New TV Technologies

This fundamental change in the way that video content will be delivered and consumed will redefine the current notions of intellectual property

rights and territorialism. The old system based on exclusive intellectual property rights granted by contract will be overtaken by the new system. This will largely result from the fact that the Internet does not follow the same rules as broadcast or cable, because Internet transmission is not sensitive to distance.

However, this transition cannot occur overnight. The immediate problem is that much of the existing content is tied up in distribution contracts. These contracts grant the exclusive rights to the property for specified periods of time and to limited geographic areas. This prevents syndicators from distributing their product over a different and competing media such as over the Internet. Such centralization denies the existing right of different broadcasters to provide available content across geographic boundaries. So how is a syndicator to take advantage of the cutting edge means of video delivery? It is unlikely that the participants will abandon the current system in a wholesale fashion, so a single strategy will not be viable.

### Lucas in Love

The unavailability of traditional content for delivery over the Internet may ironically drive new formats. Without reruns to fill the channel space, web-based distributors will have to finance new programs. In light of the recent wave of dot-com failures and the tightening of capital budgets, this may be difficult in the near future. Addressing the crucial issues of distribution and fair use, a particularly interesting intellectual property case is the 1999 short film *George Lucas in Love*.

*George Lucas in Love* is a short film intended as a calling card, or résumé, by USC Film School graduate student Joe Nussbaum. This "web-short" is a parody of both the 1977 George Lucas classic *Star Wars* and the 1998 *Shakespeare in Love*, starring Gwyneth Paltrow. The film commences as George Lucas, a young USC Film School student, is unable to complete his thesis due to writer's block. Lucas desperately needs to finish his screenplay in three days in order to graduate from school. And, à la the protagonist in *Shakespeare in Love*, Lucas does not notice the potential material in his surroundings that could act as a basis for his film. His film school world is filled with inspiration for what will one day be the eminently recognizable characters from the *Star Wars* trilogy. Yet he fails to view his experiences as material for his film. In despair, and at the brink of destruction, Lucas happens to meet a lovely young co-ed, a doppelganger for Princess Lea, who helps to inspire him to see the potential around him and to complete his film. Whereas *George Lucas in Love* was masterful, unfortunately for writers Joe Nussbaum and Daniel Shere and for producer Joseph Levy, the National Academy of Motion Picture Arts and Sciences ruled that web-shorts are ineligible to be nominated for Oscar awards.

Despite being Oscarless, *George Lucas in Love* has become one of the most downloaded short films on the Internet. Interestingly enough, it is available through two seemingly competing Internet distribution channels. It is available for download via streaming media from mediatrip.com for free. Alternatively, it is available on DVD and VHS at Amazon.com for \$12.99 and \$7.99, respectively. Trying to sell something that is also being given away for free does not seem like a viable business model. However, it appears that anything is possible on the Internet. In fact, *George Lucas in Love* has been one of Amazon.com's top sellers; it even outsold the *Phantom Menace* in its first month.

This case study demonstrates how the physical and ephemeral can coexist. Just as the radio broadcast of a song is an ad for itself, as well as a substitute, this means of video distribution turns out to be a free sample (Shapiro & Varian, 1999). Because the presentation over the web does not come in an easily accessed, consumer-friendly format, the two distribution channels can coexist, thereby increasing and not cannibalizing demand.

## CONCLUSIONS

The central problem is one of mind set. The syndicator has to see the new opportunities that Internet TV affords. However, what is the syndicator to do about preexisting content contracts and relationships? Nothing? What can be done is to take advantage of the new technologies. One such opportunity is to limit remote access to content. This can be done by technologies blocking delivery to server IP addresses for specific geographic locations, whenever possible. Another approach is to use server caching technologies such as Akamai. This limits content availability only in geographic regions already tied up with syndication contracts. That might solve the problem going back. Going forward, the syndicator may want to consider not tying up content with geographic exclusivity contracts. Nonexclusivity may, in fact, generate more revenue for all distribution channels. Through a diversity of protection measures and parallel, non-competing distribution channels, program distributors can continue to price discriminate among the end-users of its products. This will ensure maximum revenue for program sources amid changing distribution and business models.

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