

FAQs for Broadcasters

1. What is Telletopia Foundation?

Telletopia Foundation is a California-based, public-benefit nonprofit corporation and IRS-approved 501(c)(4). The Foundation is organized for the sole purpose of retransmitting live, local broadcast TV online. Telletopia charges a low monthly subscription fee that covers the cost of the service, including payment to content owners.

2. What is a “public-benefit nonprofit corporation”?

A public-benefit nonprofit corporation is a type of nonprofit chartered by a state government and organized primarily or exclusively for social, educational, recreational or charitable purposes by like-minded citizens.

3. What’s the difference between an IRS tax-exempt 501(c)(3) and 501(c)(4)?

Generally speaking, a 501(c)(3) is organized for the benefit of a specific group (e.g., the abused, sick, disadvantaged, etc.) while a 501(c)(4) is organized for the benefit of the population as a whole.

4. What problem does Telletopia solve?

TV viewers are moving to the Internet. The number of broadband-only American homes has grown beyond 13 million. At the same time, national content owners are offering over-the-top (OTT) services direct to consumers, cannibalizing local viewership and reducing local advertising revenue. Given the amalgamation of contract licenses traditionally needed to retransmit 24/7 broadcasts, local TV stations are caught in the middle with no practical way to offer their live, local TV service online.

5. How can Telletopia legally retransmit broadcast content?

In order to retransmit local broadcast TV, a company must comply with both copyright law and communications law.

Copyright law

At present, traditional cable, satellite and telco TV operators are afforded a compulsory license in copyright law to retransmit local broadcast signals over “their” networks. No such compulsory license exists for retransmission over the open Internet. However, longstanding copyright law does extend a license exemption to certain types of organizations, including hotels, apartment buildings, government organizations and nonprofits. As a 501(c)(4) nonprofit, Telletopia has such an exemption, and can legally retransmit broadcast TV over the Internet.

Communications law

Cable, satellite and telco TV operators are also classified by the FCC as multichannel video programming distributors (MVPDs) within communications law. This status gives them the ability to negotiate “consent” with a local broadcaster for carriage of their signals. Consent is not a license, but it is how broadcasters are paid when their signals are distributed. In late 2015, the FCC is voting to make companies like Telletopia the first Internet-based MVPDs. As an MVPD, Telletopia will have the legal ability to negotiate with broadcasters to retransmit their live 24/7 signal within local markets.

6. Why is this important?

Broadcast TV was originally established for the “Public interest, convenience and necessity.” This very concept is being jeopardized by a pay TV distribution model that charges as much as a car payment for monthly service.

Furthermore, local broadcasting is threatened by the onslaught of programming available on the Internet where there is not a level playing field. Local broadcasters cannot retransmit local programming, including advertisements, online.

Consumers like local broadcast TV, but don’t like their choices to watch it. Telletopia is providing a simple, low-cost option for consumers without the set-top-box, credit check or long-term commitment.

Telletopia believes that access to local television programming online is vital to the American way of life. Unlike national news outlets, local programming is focused on local issues, events and politics. This is how most everyone stays connected to important information at the local level. Telletopia’s progressive solution follows existing law with a business model that is familiar to the broadcast community.

7. In which part of copyright law is this exemption located?

Title 17, Section 111(a) (5):

§ 111 Limitations on exclusive rights: Secondary transmissions of broadcast programming by cable

(a) Certain Secondary Transmissions Exempted — The secondary transmission of a performance or display of a work embodied in a primary transmission is not an infringement of copyright if —

(5) the secondary transmission is not made by a cable system but is made by a governmental body, or other nonprofit organization, without any purpose of direct or indirect commercial advantage, and without charge to the recipients of the secondary transmission other than assessments necessary to defray the actual and reasonable costs of maintaining and operating the secondary transmission service.

8. Is this a loophole?

No. Section 111 (a) (5) is a specific part of the copyright law intended to increase the reach of local broadcast TV. It is the same section of the law that lets apartments and hotels use a single antenna to retransmit over-the-air broadcast signals throughout a building. These exemptions were written into law in 1976, at the same time that compulsory licensing was defined for cable companies to retransmit local broadcasts for pay TV services.

9. Why is Telletopia willing to pay content owners?

Telletopia believes that content owners deserve to be paid when subscribers are viewing their content. This is not about disrupting an industry, but rather enabling it.

Telletopia is very supportive of the upcoming FCC ruling on online video distributors (OVDs), as it will provide a framework for OTT linear television providers, such as Telletopia, to negotiate retransmission consent with broadcasters.

10. How does Telletopia benefit broadcasters?

Telletopia intends to migrate broadcasters' two-tiered revenue model to the Internet.

- Telletopia will pay per-sub, per-month fees based on a local broadcast TV bundle to broadcasters that declare themselves as retrans-consent based.
- Local broadcasters can monetize their existing ad load on the Internet.
- Telletopia will also provide detailed viewership data directly to the broadcasters: per second viewership statistics sliced across age, sex, ethnicity and zip code. Alternatively, Telletopia will provide raw viewership data to Nielsen and Rentrak to be included in their reach and rating numbers.

11. Has Telletopia provided any broadcaster with a contract?

No. Telletopia is in discussions with broadcasters and looks forward to the FCC confirming the company's status as an MVPD.

12. Has Telletopia spoken with national networks?

Telletopia is in the process of speaking with senior executives at most of the major networks as well as many of the top 15 network affiliate groups and local broadcasters. Additional meetings are pending.

13. What's the difference between Telletopia and Aereo?

Telletopia is the "Anti-Aereo" from both a legal and business perspective:

- Telletopia follows the letter and spirit of the copyright law, which explicitly enables nonprofit entities to retransmit local broadcast TV. Conversely, Aereo attempted to exploit an unintended loophole from a court ruling that enabled network-based DVRs.

- Unlike Aereo, Telletopia believes content owners should be paid for the viewing of their content. Prior to service launch, Telletopia is approaching all the broadcasters to begin working through a framework by which this can be done. In contrast, Aereo believed that the broadcasters should not be financially remunerated.

14. Why will Telletopia succeed if Aereo failed?

Aereo developed a very complex technology with the goal of exploiting a very complex loophole in the law. In sharp contrast, Telletopia uses proven, off-the-shelf industry equipment, and is simply following the letter and spirit of existing copyright law.

15. What is the future of local television broadcasting online?

Despite the growth of retransmission dollars, local broadcasters are still heavily dependent on advertising revenue. The Internet is the logical place for expansion, but there is no practical way to retransmit live, local signals—including advertising—online.

16. What is Telletopia's business model?

Telletopia charges a low monthly fee to individual subscribers. Fees are expected to be less than \$20 per month, dependent upon negotiations with the major broadcasters. Payment is made using a credit card and no extended contract is required. At launch, service will be accessible on any internet-connected device with a web browser.

17. Does Telletopia have any kind of advertising delivery?

No. Telletopia retransmits broadcast signals without any changes to the content, including advertising, as required by law.

18. How does Telletopia keep local content in the local area?

Telletopia uses sophisticated geofencing technology to ensure that retransmitted local broadcasts are only viewable within the respective local television market area. When viewers launch Telletopia, the location of their devices is determined and only the proper local content is viewable.

19. Does Telletopia service roam between markets?

Yes. A subscriber's service will work in any launched market. The service roams, but the channels do not. For example, when in the San Francisco area, a subscriber would see San Francisco TV. When visiting Boston, only Boston stations would be visible.

20. Will Telletopia support Digital Video Recording (DVR)?

Telletopia does not currently provide recording capabilities. The addition of DVR service as well as further platform, service and application development is planned for 2016.

21. Will Telletopia offer premium channels?

No. Telletopia will offer only live, local broadcast channels, geofenced within the local market.

22. Why hasn't anyone done what Telletopia is doing before now?

Until recently, the cost of streaming video over the Internet made it prohibitive to create an affordable, live 24/7 video service online.

23. When will Telletopia launch this service?

Telletopia plans to launch the 14 California television markets in 2016. Rollout will continue across the U.S. through 2016 and into 2017.

24. Who is the Telletopia team and what is their background?

The Telletopia management team is a group of technology industry veterans who have succeeded in bringing complex technologies and new business models to market.

25. How is Telletopia funded?

Telletopia is funded by donations from private individuals. Team members are not currently being compensated with the exception of college interns.

26. Who should I contact for more information?

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