



Broadcasting Decision CRTC 2007-202

Ottawa, 22 June 2007

iLaugh Inc.
Across Canada

Application 2006-1332-4, received 26 October 2006
Public Hearing at Membertou, Nova Scotia
16 April 2007

iLaugh TV – Category 2 specialty service

*In this decision, the Commission **approves** an application for a broadcasting licence to operate a new Category 2 specialty programming undertaking.*

Introduction

1. iLaugh Inc. filed an application for a broadcasting licence to operate iLaugh TV, a national English-language Category 2 specialty programming undertaking consisting primarily of animation and animation-related programming and some comedic and other entertainment programming, all of which will be targeted to an adult audience aged 18 years or older. The applicant proposed that no more than 15% of its programming during each broadcast week would be comprised of non-animation related programs drawn from categories 2(b), 5(b), 7(a), 7(b), 7(c), 7(d), 7(f), 7(g), 8(c) and 11, as set out in item 6 of Schedule I to the *Specialty Services Regulations, 1990*.
2. The Commission has implemented a competitive, open-entry approach to licensing Category 2 services. While the Commission does not consider the impact that a Category 2 service might have on an existing Category 2 service, it does seek to ensure that Category 2 services do not compete directly with any existing Category 1 or analog pay or specialty television service. The Commission examines each application in detail, taking into consideration the proposed nature of service and the unique circumstances of the genre in question. Where appropriate, in setting conditions of licence, the Commission prevents or limits the broadcast of specific types of programming to ensure that the service is not nor will become directly competitive with any existing Category 1 or analog pay or specialty television service.
3. In the present case, the Commission received interventions in opposition to the application from TELETOON Canada Inc. (TELETOON) and from CTV Television Inc. (CTV). TELETOON is the licensee of Teletoon/Télétoon, a national English- and French-language analog specialty television service devoted entirely to animation and animation-related programs targeted at a core audience of family viewers. CTV is the licensee of The Comedy Network, an analog specialty service targeted exclusively at adults.

4. The Commission also received a reply to the interventions from March Entertainment Incorporated (March), on behalf of iLaugh Inc.
5. After considering the positions of the applicant and the interveners, the Commission considers that the issue to be determined in its evaluation of this application is whether the proposed service would be directly competitive with the above-noted services from TELETOON and CTV or with other existing Category 1 or analog pay or specialty services.

Would iLaugh TV be directly competitive with existing Category 1 or analog pay or specialty services?

6. With respect to CTV's concerns that the service proposed by iLaugh Inc. would be directly competitive with that provided by The Comedy Network, the Commission notes that the applicant has proposed measures designed to ensure that iLaugh TV will focus primarily on animation-related programming. Specifically, no more than 15% of the proposed service's broadcast week would be comprised of non-animation related programming.
7. The applicant proposed the following definition of animation-related programming:
 - a) programming inspired by animated or illustrated characters or concepts;
 - b) programming that contains animation and non-animation formats within a single program; or
 - c) programming that is about animation or animators/illustrators.
8. March noted that for its part The Comedy Network is required, by condition of licence, to devote no more than 10% of its programming schedule to animated television programs and films.
9. Further, with respect to TELETOON's concerns that the proposed service could be directly competitive with Teletoon/Télétoon, the Commission notes that while the applicant indicated that some of its programming could appeal to a slightly younger demographic, the primary target audience for the proposed service will be individuals over the age of 18, whereas TELETOON stated in its intervention that two-thirds of the 24-hour schedule of its service consists of animation programming aimed at children and families.

Conclusion

10. The Commission considers that the above-noted limitation on non-animation related programming and the adult-oriented nature of the proposed service are sufficient to ensure that it will not be directly competitive with The Comedy Network, Teletoon/Télétoon, or any other existing category 1 or analog pay or specialty service.
11. The Commission is further satisfied that the application is in conformity with the regulatory framework for the licensing of Category 2 services set out in Public Notice 2000-6 and with all applicable terms and conditions announced in Public Notice 2000-171-1. Accordingly, the Commission **approves** the application by iLaugh Inc. for a broadcasting licence to operate the national English-language Category 2 specialty programming undertaking iLaugh TV. The terms and **conditions of licence** of the new undertaking are set out in the appendix to this decision.
12. The Commission notes that although the applicant will offer programming that is targeted primarily to an older audience (over 18), it will not offer “adult” programming within the meaning of the term used by the Commission. Consequently, the Commission will not impose a condition of licence requiring the licensee to adhere to section D.3 of the *Industry code of programming standards and practices governing pay, pay-per-view and video-on-demand services*, Broadcasting Public Notice CRTC 2003-10, 6 March 2003.

Secretary General

Related documents

- *Introductory statement – Licensing of new digital pay and specialty services – Corrected Appendix 2*, Public Notice CRTC 2000-171-1, 6 March 2001
- *Introductory statement - Licensing of new digital pay and specialty services*, Public Notice CRTC 2000-171, 14 December 2000
- *Licensing framework policy for new digital pay and specialty services*, Public Notice CRTC 2000-6, 13 January 2000

This decision is to be appended to the licence. It is available in alternative format upon request and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>

Appendix to Broadcasting Decision CRTC 2007-202

Terms

A licence will be issued once the applicant has satisfied the Commission, with supporting documentation, that the following requirements have been met:

- the applicant has entered into a distribution agreement with at least one licensed distributor; and
- the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and in any event no later than 36 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 22 June 2010. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before that date.

The licence will expire 31 August 2013.

Conditions of licence

1. The licence will be subject to the conditions set out in *Introductory statement – Licensing of new digital pay and specialty services – Corrected Appendix 2*, Public Notice CRTC 2000-171-1, 6 March 2001.
2. The licensee shall provide a national English-language Category 2 specialty programming service consisting primarily of animation and animation-related programming and some comedic and other entertainment programming, all of which will be targeted to an adult audience aged 18 years or older.
3. The programming shall be drawn exclusively from the following categories set out in item 6 of Schedule I to the *Specialty Services Regulations, 1990*, as amended from time to time:
 - 2 (b) Long-form documentary
 - 5 (b) Informal education/Recreation and leisure
 - 7 Drama and comedy
 - (a) Ongoing drama series
 - (b) Ongoing comedy series (sitcoms)
 - (c) Specials, mini-series or made-for-TV feature films
 - (d) Theatrical feature films aired on TV
 - (e) Animated television programs and films
 - (f) Programs of comedy sketches, improvisations, unscripted works, stand-up comedy
 - (g) Other drama

- 8 (c) Music video programs
- 11 General entertainment and human interest
- 12 Interstitials
- 13 Public service announcements
- 14 Infomercials, promotional and corporate videos

4. No more than 15% of all programming broadcast during the broadcast week shall be comprised of non-animation related programming drawn from categories 2(b), 5(b), 7(a), 7(b), 7(c), 7(d), 7(f), 7(g), 8(c) and 11.

For the purposes of this condition, animation-related programming is defined as:

- a) programming inspired by animated or illustrated characters or concepts;
 - b) programming that contains animation and non-animation formats within a single program; or
 - c) programming that is about animation or animators/illustrators.
5. In order to ensure that the licensee complies at all times with the *Direction to the CRTC (Ineligibility of non-Canadians)*, P.C. 1997-486, 8 April 1997, as amended by P.C. 1998-1268, 15 July 1998, the licensee shall file, for the Commission's prior review, a copy of any programming supply agreement and/or licence trademark agreement it intends to enter into with a non-Canadian party.

For the purposes of the conditions of this licence, including condition of licence no. 1, *broadcast day* refers to the 24-hour period beginning each day at 6 a.m. or any other period approved by the Commission.