Squire, Sanders & Dempsey

U.S. Offices:
Cleveland, Ohio
Columbus, Ohio
Jacksonville, Florida
Miami, Florida
New York, New York
Phoenix, Arizona

International Offices:
Brussels, Belgium
Budapest, Hungary
London, England
Prague, Czech Republic

Counsellors at Law
1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20044-0407

Telephone: (202) 626-6600
Cable Squire DC
Telecopier: (202) 626-6780

Direct Dial Number
(202) 626-6634

January 20, 1995

EX PARTE OR LATE FILED

RECEIVED
JAN 20 1995
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: ET Docket No. 93-7 -- Ex Parte Presentation

Dear Mr. Caton:

On Thursday, January 19, 1995, representatives of the Consumer Electronics Group of the Electronic Industries Association ("EIA/CEG") and the Consumer Electronics Retailers Coalition ("CERC") made an ex parte presentation to Lisa B. Smith of Commissioner Andrew C. Barrett's office regarding the Decoder Interface for cable-ready televisions and other consumer electronics equipment. Representing EIA/CEG were James E. Bonan, Edward M. Milbourn, Matthew J. McCoy, and the undersigned of this Firm. Representing CERC was Robert S. Schwartz, counsel for Circuit City Stores. The views expressed on behalf of EIA/CEG and CERC are reflected in the groups' prior filings with the Commission, as well as in the attached outline.

Please let us know if you have any questions.

Sincerely,

Joseph P. Markoski

/jef
Enclosure

cc: Lisa B. Smith

No. of Copies rec'd 0+1
List A B C D E

Electronic Industries Association
Consumer Electronics Group

Presentation on the Decoder Interface
Competition and Consumer Protection

ET DOCKET NO. 93-7
JANUARY 19, 1995

The Issue

- ***Congress has directed the FCC to adopt regulations:***
  - That allow consumers to take full advantage of the features and functions of their TVs and VCRs.
  - That allow consumers to enjoy all of the programming available on cable.
  - That promote the commercial availability of set-top boxes and remote controls.
  - That prevent cable signal theft.

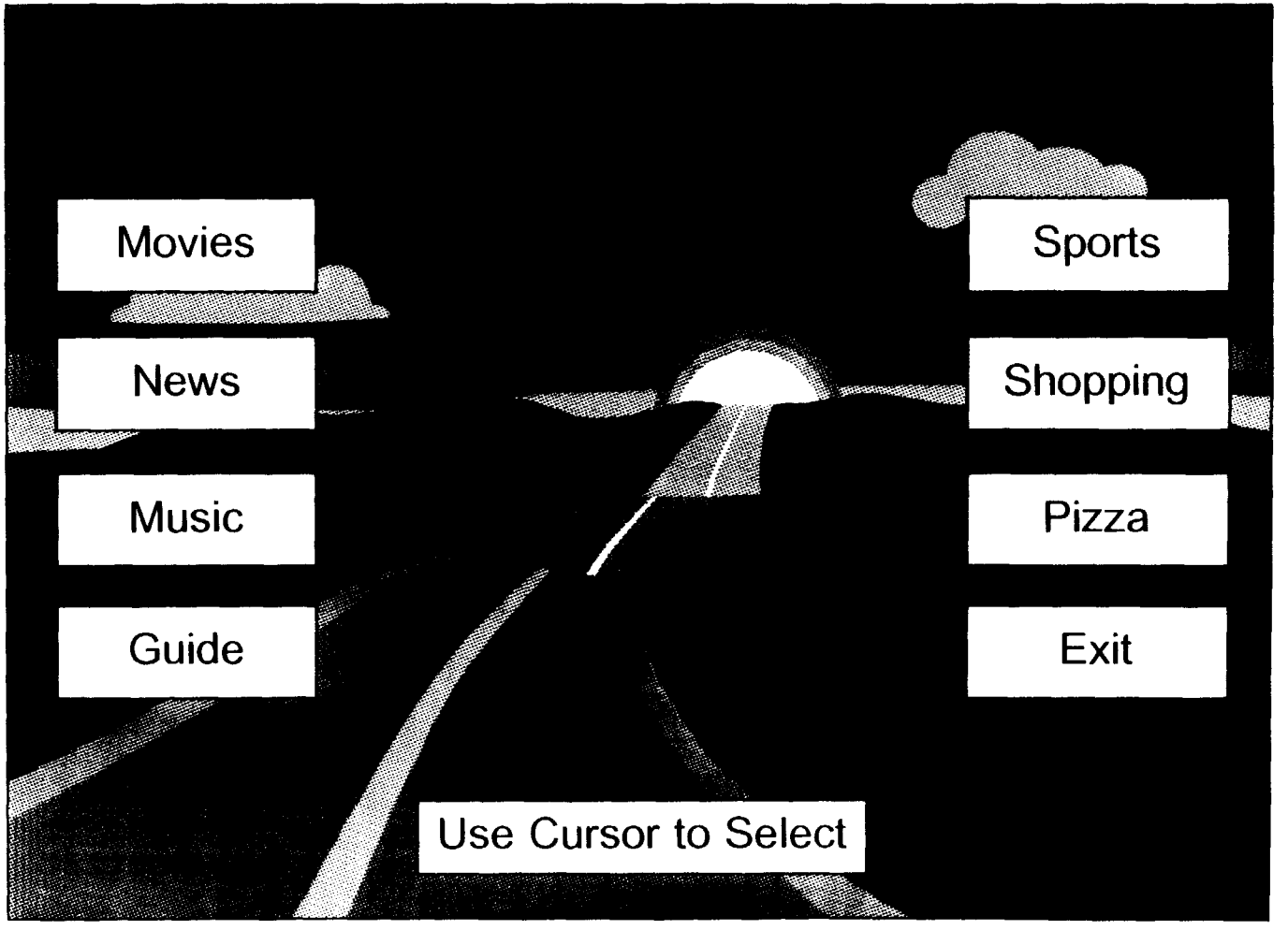
The Problem

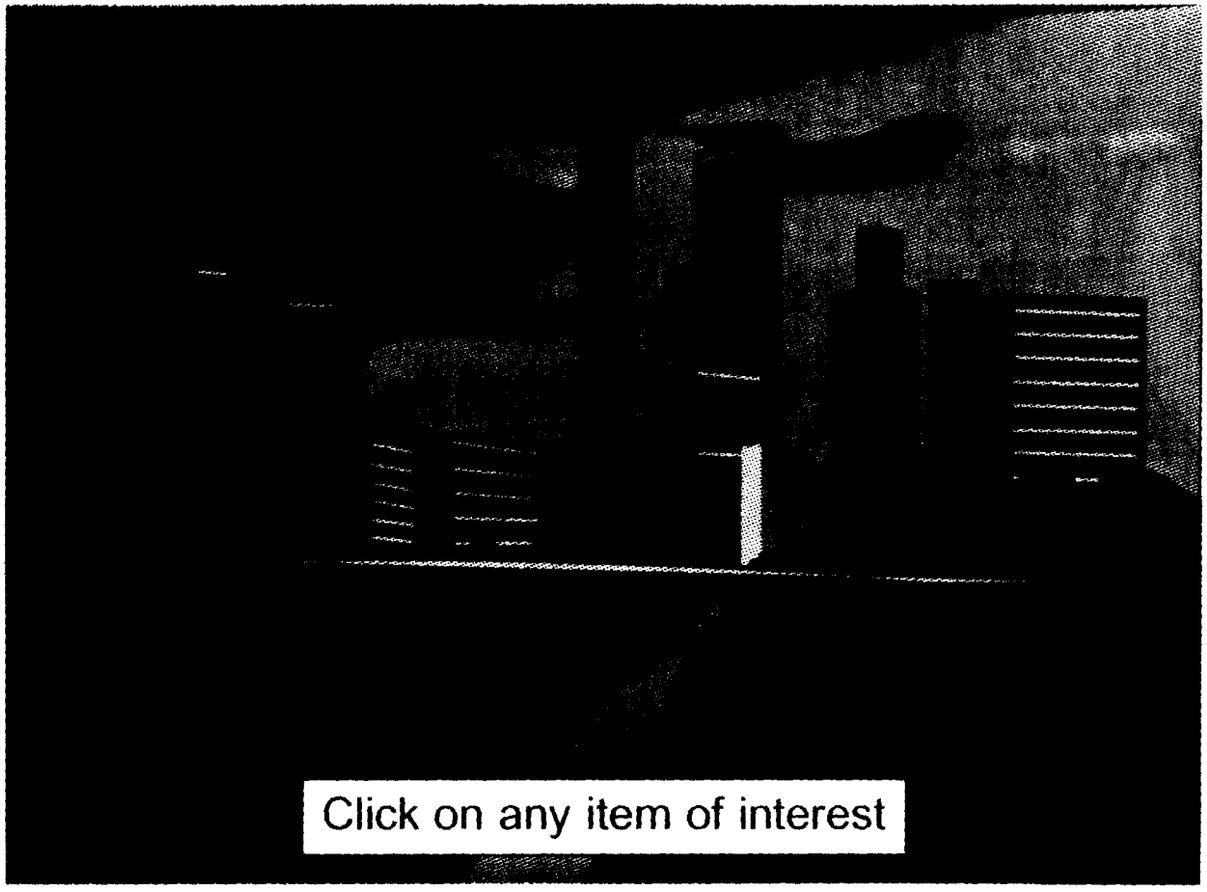
- ***The FCC wants to:***
  - Separate security and non-security features and promote competition in the latter.
  - Ensure that consumers can use the features and functions of their TVs and VCRs
  - Prevent signal theft.
  - Not limit future technology.
- ***The consumer electronics industry wants to:***
  - Ensure that consumers can use the features and functions of their TVs and VCRs.
  - Open non-security set-top boxes and features to competition.
  - Not limit future technology.
- ***The cable industry wants to:***
  - Prevent signal theft.
  - Control the gateway to its services.
  - Not limit future technology.

The Proposed Decoder Interface

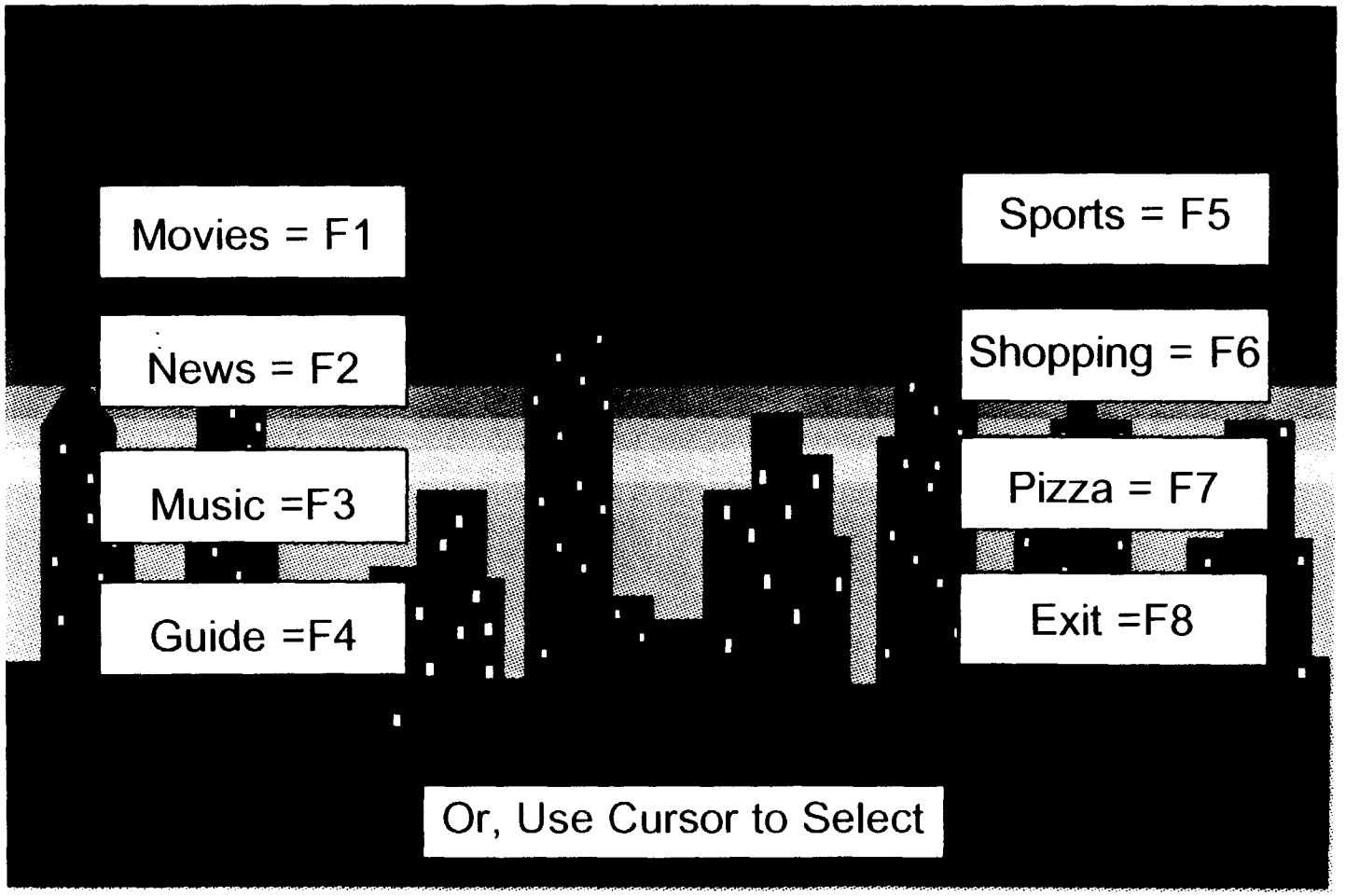
- Separates the provision of security and non-security features.
- Through bus architecture, gives consumers equal access to cable, satellite, and video dialtone services.
- Offers each service provider the means to create its own unique user interface using the consumer's "cable-ready" TV remote.
- Offers unlimited flexibility through service provider-defined commands, menuing, and use of multiple set-back boxes.
  - Supports any conceivable function.
  - Works with mouse-like controls.
  - Is technologically benign.
  - Will replicate benefits of competitive CPE marketplace in video services market.

Menu Flexibility

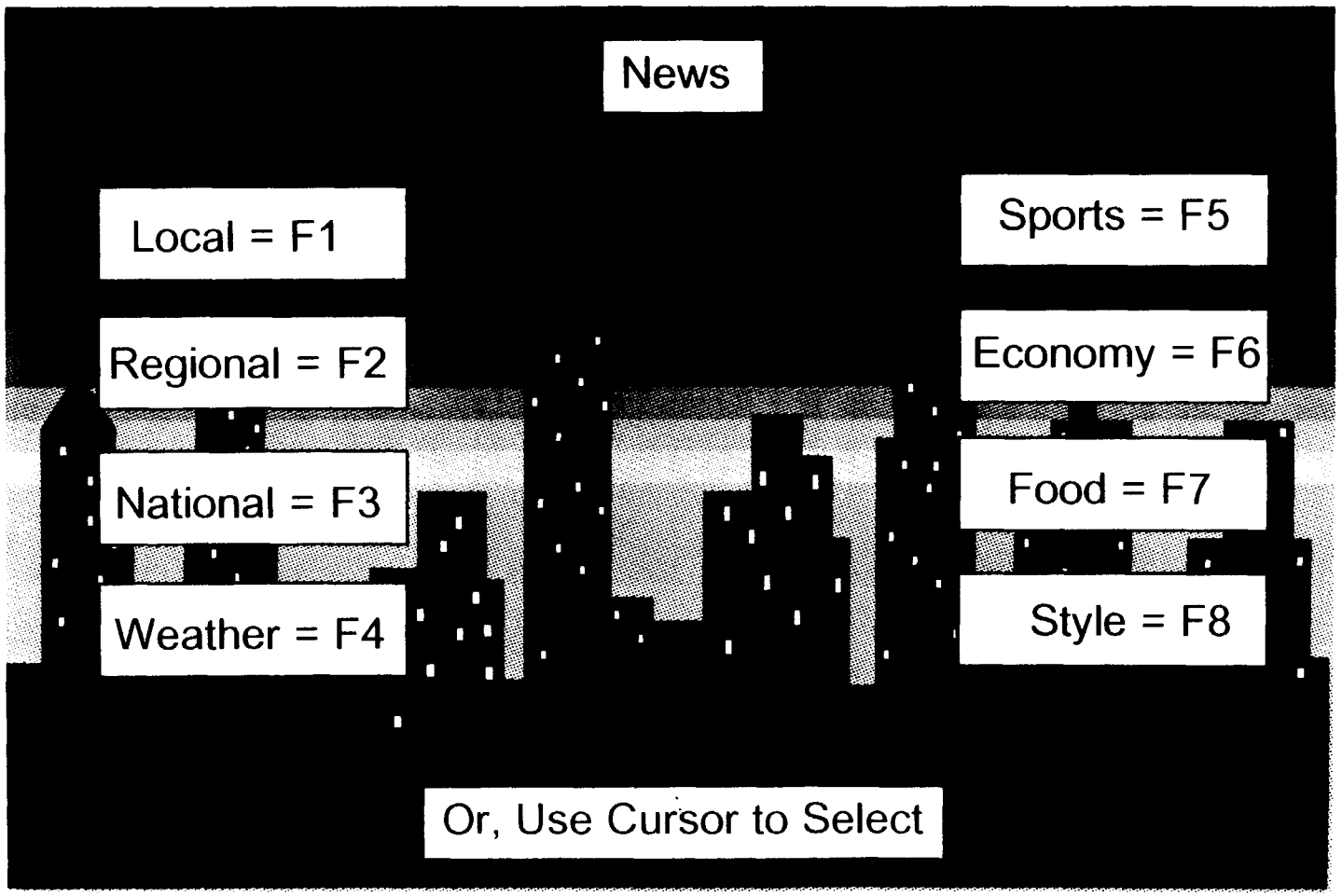



Click on any item of interest

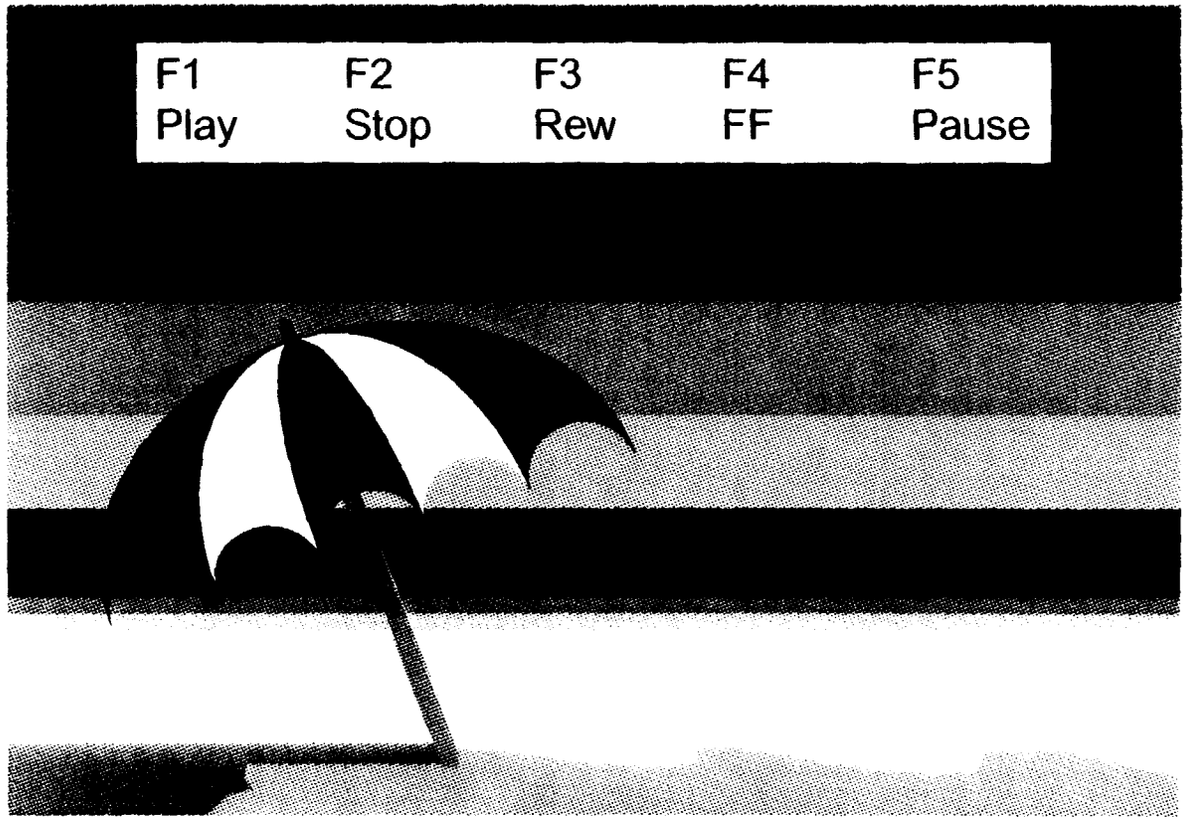
‘F’ Command Direct Access



‘F’ Command Direct Access



Decoder Interface Flexibility

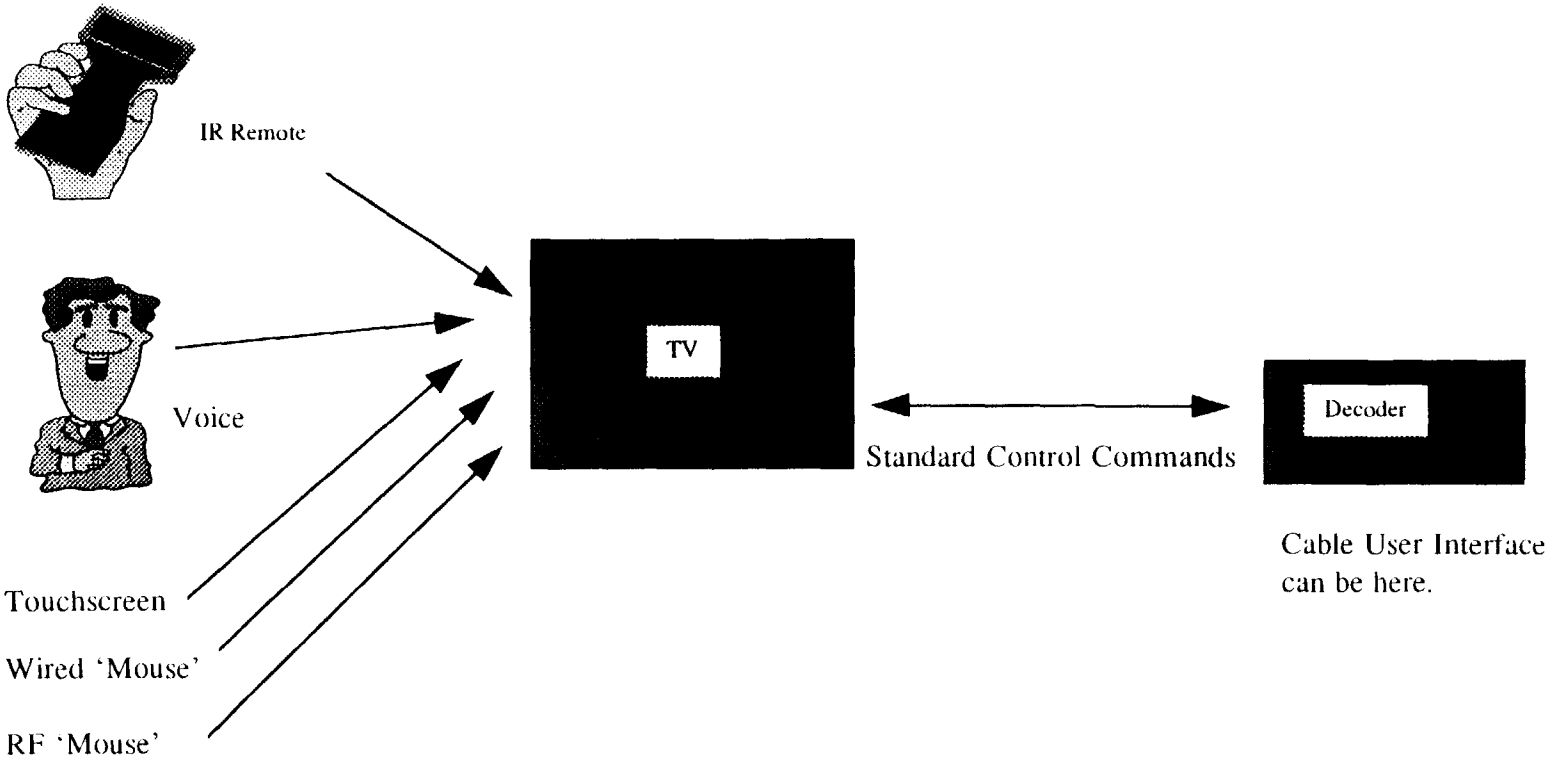


‘F’ Command Flexibility

- Or, ‘F’ commands do not have to be context-sensitive.
- They can be ‘fixed’ to always represent one function.
- For example
  - F1 = PPV Movie Guide
  - F2 = Buy
  - F3 = Pizza
  - F4 = Weather
  - etc.
- *It’s up to the service provider...*

Decoder Interface Guarantees Consumer Choice

Decoder Interface guarantees that consumer can use TV remote to access cable services.



Cable proposes adding IR Bypass

But

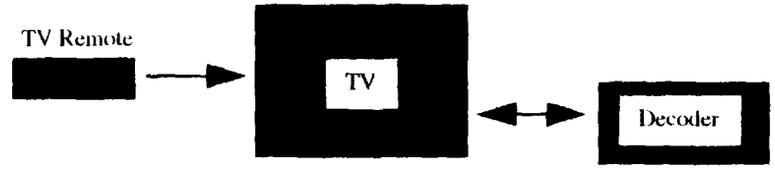
- IR Bypass = Cable Act Bypass
- IR Bypass = Bad Engineering

IR Bypass = Cable Act Bypass

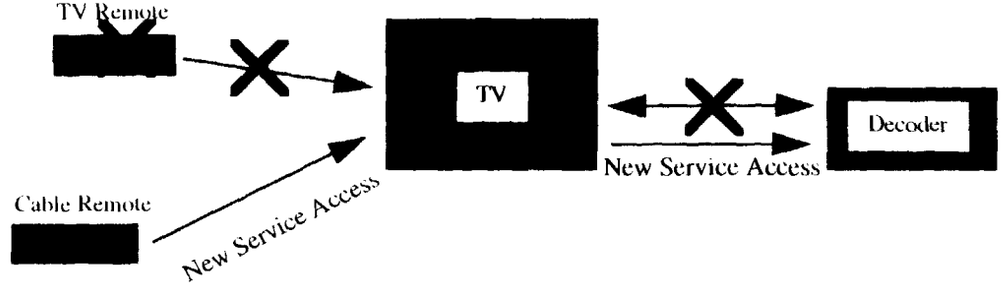
- IR Bypass will defeat the purposes of "cable-ready" consumer electronics equipment.
- Will allow cable to require the use of remotes that --
  - Prevent consumers from using the features and functions of "cable-ready" TVs and VCRs to access cable services.
  - Are incompatible with satellite or video dialtone services.
- Will frustrate and confuse consumers who have invested in sophisticated and expensive "cable-ready" equipment.
- Will dampen demand for "cable-ready" equipment, thereby perpetuating the use of cable-provided set-top boxes.

IR Bypass = Cable Act Bypass

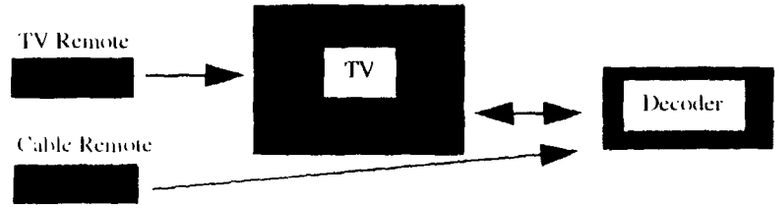
Decoder Interface guarantees that consumer can use TV remote to access cable services.



IR Bypass will give cable an incentive to require consumer to rent a cable remote to access cable services, and defeats purpose of Decoder Interface..



Cable has the flexibility to offer a cable-specific remote by using IR receiver in decoder, if desired.



IR Bypass = Bad Engineering

- IR Bypass will send commands that may not be recognized and, if recognized, that may not be correctly understood, causing unpredictable results (e.g., changing channels or turning power off)
  - In consumer electronics equipment.
  - In set-back boxes supplied by different service providers.
- IR Bypass will freeze the use of IR technology, preventing migration to more advanced RF and voice recognition technologies.

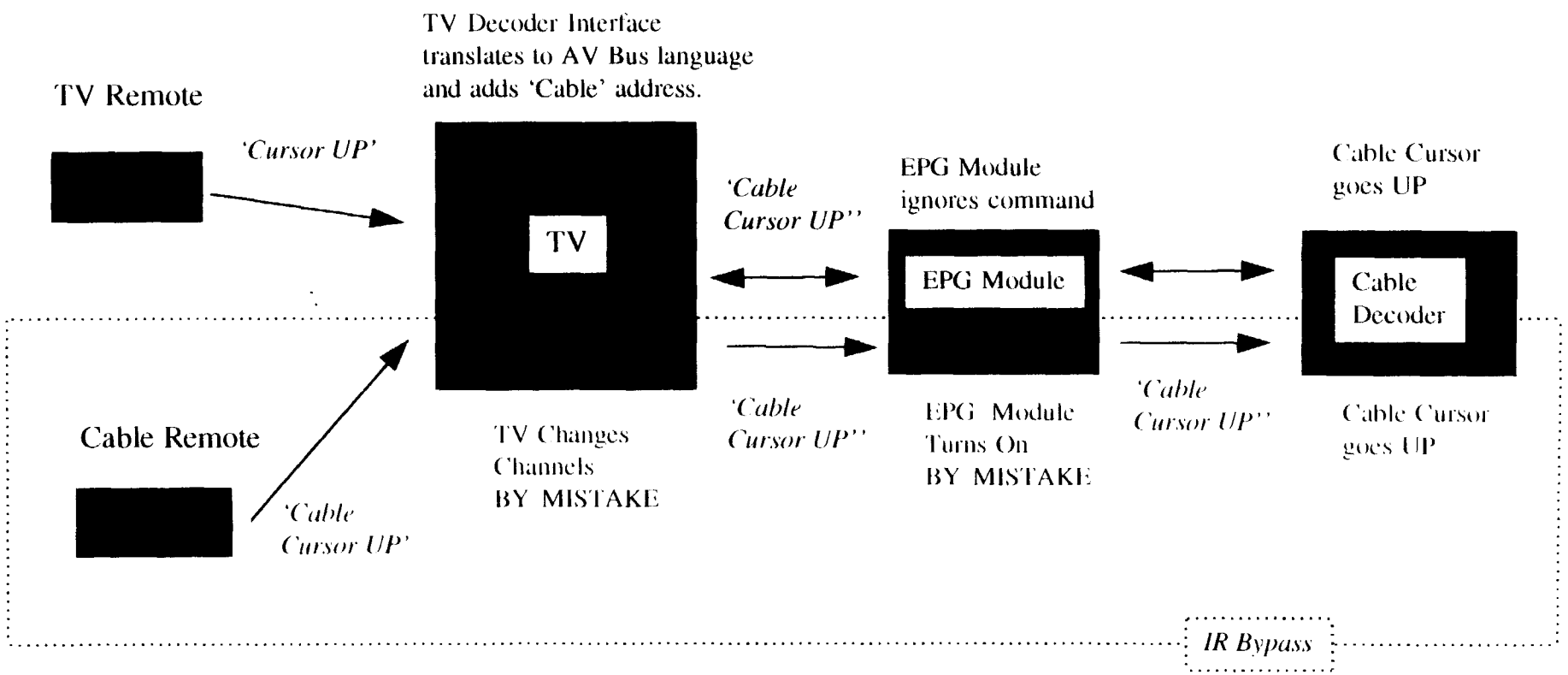
IR Bypass = Bad Engineering

- The FCC should not adopt rules that immortalize bad engineering.
- If EIA thought IR Bypass would work, we would endorse it -- either standing alone or as part of the Decoder Interface.

But --

- Standing alone, IR Bypass accomplishes nothing.
- As part of the Decoder Interface, it defeats the compatibility made possible by the interface and does so at added cost and complexity.

IR Bypass is Unreliable



IR Bypass = Additional Cost

- Current IR receivers are customized for a specific manufacturer's IR transmission scheme and codes.
- As a result, current IR receivers will not pass all IR transmissions.
- Adding IR Bypass will require adding a second IR receiver to 'cable-ready' models.

There is a Solution!

- That requires minimal regulation.
- That produces maximum competition.
- That separates security from other features.
- That ensures the competitive supply of non-security features.
- That places no constraints on future technologies or services.

A *Descrambling-Only* Interface will satisfy Congress, the FCC, and Industry

- The FCC should adopt a Decoder Interface for "cable-ready" equipment that does nothing more than allow for the descrambling of cable signals.

- Such an Interface --
  - Is simple.
  - Has for all practical purposes been designed.
  - Allows all non-security features to be provided competitively.
  - Ends the debate over the Decoder Interface and cable's proposed IR Bypass.

- The FCC should prescribe the same descrambling-only interface for set-top boxes to promote the competitive supply of these devices.

The Benefits

To Consumers

- Ability to choose between integrated equipment or components.
- Ability to buy TVs and VCRs with built-in features that operate with cable service.
- Ability to rent <u>or buy</u> set-top boxes from cable or other sources.
- Elimination of any "bottleneck" at the interface between services and equipment.
- Availability of new and innovative equipment of higher quality at lower prices in a competitive market.

The Benefits

To Cable

- Ability to prevent signal theft
- Ability to supply non-security boxes to subscribers in a competitive market.
- Decline in maintenance and capital costs, as consumers obtain equipment from competitive sources.

To Other Video Service Providers

- Creation of level playing field with cable service.
- The true cost of cable service will be disclosed when equipment rental costs are revealed.

The Benefits

To Consumer Electronics Manufacturers

- Ability to supply non-security features in competitive market, either as components or as part of an integrated product.
- Enhanced features of consumer electronics equipment will not be disabled by cable boxes.
- Fewer complaints about cable compatibility.

To Retailers

- Creation of new market for retail sale of non-security set-top boxes.
- Fewer complaints about cable compatibility.