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Before the
FEDERAL COMMUNICATIONS COMMISSION
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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
Implementation of Section 17 of the)
Cable Television Consumer Protection and)
Competition Act of 1992)
)
Compatibility Between Cable Systems)
and Consumer Electronic Equipment)

ET Docket No. 93-7

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**STATEMENT OF THE CONSUMER ELECTRONICS
GROUP OF THE ELECTRONIC INDUSTRIES ASSOCIATION
REGARDING THE DECODER INTERFACE**

The television and VCR manufacturers of the Consumer Electronics Group of the Electronic Industries Association ("EIA/CEG") have been diligently working with representatives of the cable industry for the past eight months to develop a Decoder Interface that comports with the Commission's mandate in the First Report and Order in this proceeding.¹ Unfortunately, EIA/CEG's discussions with the cable industry regarding the Decoder Interface have reached an impasse. As a result of this impasse, one deadline has already been missed for the development of a Decoder Interface standard, and the consumer electronics and cable industries will soon be pressed to meet other deadlines established by the Commission's cable compatibility rules.

EIA/CEG has concluded that a new approach is needed to restart the stalled Decoder Interface discussions. In lieu of the current IS-105, EIA/CEG proposes that the

¹ 9 FCC Rcd 1981 (1994).

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Commission adopt a Decoder Interface for "cable-ready" consumer electronics equipment -- including all set-top boxes -- that is designed to do no more than accommodate the descrambling of cable signals. Accordingly, EIA/CEG is hereby withdrawing: (i) the proposal for a Decoder Interface which EIA/CEG filed with the Commission on August 15, 1994;² as well as (ii) its support for the current draft Decoder Interface Standard (IS-105) developed by the Cable-Consumer Electronics Compatibility Advisory Group.³ EIA/CEG is now in the process of finalizing a draft descrambling-only Decoder Interface standard and will file it with the Commission as soon as it is completed.

I. IF ADOPTED, EIA'S INITIAL DECODER INTERFACE PROPOSAL WOULD HAVE SATISFIED THE CURRENT AND FUTURE NEEDS OF CABLE AND OTHER VIDEO SERVICE PROVIDERS.

As the Commission is all too aware, the cable and consumer electronics industries are at loggerheads over the Decoder Interface for "cable-ready" consumer electronics equipment. More specifically, the two industries are unable to agree on the Decoder Interface's so-called command set, that is, the set of commands that consumers will use to control the features

² See Proposal of the Consumer Electronics Group of the Electronic Industries Association for a Decoder Interface Standard, ET Docket No. 93-7 (filed Aug. 15, 1994). EIA/CEG's television and VCR manufacturers agree that infrared ("IR") bypass is technically infeasible for the reasons stated below, and does not implement the Congressional intent that consumers should benefit from the new innovative features and functions of consumer electronic products. See 47 U.S.C. § 544a(a) & (b). We further believe that it is in the interest of American consumers that work continue toward implementing IS-105 provisions. The Commission, however, should consider and explore other non-IR bypass alternatives.

³ Revision 4.5 of IS-105 was filed with the Commission on August 15, 1994. See Letter from Jeffrey A. Campbell to William F. Caton (Aug. 15, 1994) (transmitting statement of Walt Ciciora and Jim Bonan and Decoder Interface Standard Draft IS-105).

contained in competitively supplied set-back modules. These user-generated commands will be transmitted by the receiver, through the Decoder Interface, to set-back modules.

EIA/CEG has proposed a command set that is rich in functions, flexible in application, and adaptable for future uses. In addition to including a series of defined commands that have been developed in cooperation with the National Cable Television Association ("NCTA"), EIA/CEG's proposed Decoder Interface offers cable operators and other service providers unlimited flexibility to expand the command set through service provider-defined commands, menuing, and the use of additional set-back boxes. The service provider-defined commands contemplated by the Decoder Interface can be repeatedly redefined by each set-back module and, as a consequence, they can be reused without limit. The Decoder Interface's menu system can similarly be expanded and layered to provide an unlimited array of functions for future services and features. Further, because the command set operates using a bus architecture, additional set-back modules can be supported, thereby making possible a multitude of future features.

In addition to the flexible command set proposed by EIA/CEG, NCTA wants television receivers and the Decoder Interface to "pass through" to set-back modules all infrared ("IR") codes, without regard to whether the IR signals are recognized by the receiver or interface. In other words, NCTA wants the Decoder Interface to incorporate some means of bypassing the Decoder Interface. The stated rationale for this bypass requirement is the cable operators' fear that EIA/CEG's proposed command set might not support some future function provided by their set-back modules. Despite repeated requests, however, NCTA has been

unable to identify any functions or features that cannot be supported by the current Decoder Interface. The requested bypass feature is therefore totally unnecessary.

More important, NCTA's proposed IR bypass requirement would defeat the purposes of the Cable Act by allowing -- indeed, encouraging -- cable operators to develop services that require the use of cable-provided remote controls. It is highly unlikely that these remotes, which are designed to control the cable operators' services, would allow consumers to use the features and functions of their "cable-ready" consumer electronics equipment. These cable-provided remotes are also highly unlikely to be compatible with the set-back modules used by satellite ("DBS") and video dialtone ("VDT") services, thereby disadvantaging these services. IR bypass would therefore frustrate and confuse consumers who have invested in sophisticated and expensive "cable-ready" equipment. Equally important, it would dampen the demand for "cable-ready" consumer electronics equipment, thereby perpetuating the use of cable-provided set-top boxes and depriving consumers of the benefits of competition envisioned by the Cable Act.

Most important, IR bypass would frustrate the intent of the Cable Act. Consumers would pay more for a cable-ready television or VCR with additional features. With IR bypass, the cable industry would be able to render the additional features of the television or VCR useless. This is exactly the same problem that Congress intended to fix by enacting the Cable Act. Inclusion of IR bypass in the Decoder Interface would effectively circumvent the mandates of the Cable Act.

IR bypass is also technically infeasible. At best, it can be considered bad engineering. IR bypass would require televisions to transmit, and the Decoder Interface to pass

through, IR signals that may not be recognized by either and, if recognized, that may not be correctly understood, thereby causing unpredictable results (e.g., changing channels, turning power off) in consumer electronics equipment or in the set-back boxes provided by different service providers.

IR bypass would also have the unwelcome effect of artificially perpetuating the use of IR technology. Most industry observers predict, and recent market developments confirm, that consumer electronics equipment will soon migrate to more advanced RF and voice recognition technologies. An IR bypass requirement would make that migration more difficult and would needlessly add to the cost of "cable-ready" consumer electronics equipment.

EIA/CEG remains firmly convinced that the Decoder Interface and command set that it has proposed are a technologically sophisticated response to the needs of consumers and the cable industry. The Decoder Interface's technological sophistication, however, has become the source of -- rather than the solution to -- the differences that now separate EIA/CEG and NCTA and the industries they represent. Given this reality, EIA/CEG has concluded that no purpose would be served by continuing to debate whether EIA/CEG's command set or NCTA's IR bypass proposal is superior and should be adopted by the Commission. A better solution would be to return to first principles and adopt a Decoder Interface standard that is simpler, yet responsive to the will of Congress, as articulated by Section 17 of the Cable Act.

II. A DESCRAMBLING-ONLY DECODER INTERFACE WILL SATISFY THE REQUIREMENTS OF SECTION 17 OF THE CABLE ACT, ACHIEVE THE COMMISSION'S GOALS IN THIS PROCEEDING, AND BENEFIT CONSUMERS.

Section 17 of the Cable Act directs the Commission to adopt regulations that: allow consumers to take full advantage of the features and functions of their televisions and VCRs when using cable service;⁴ allow consumers to enjoy all of the programming available to them on their cable systems;⁵ promote the commercial availability of set-top boxes and remote controls;⁶ and prevent cable signal theft.⁷ A Decoder Interface that is designed to do no more than accommodate the descrambling of cable signals will accomplish each of these goals. It will also render moot cable's concern that the Decoder Interface standard not constrain its ability to provide subscribers with new and innovative services.

From an engineering and cost point of view, a descrambling-only Decoder Interface will be simpler and less expensive than the proposal presented to the Commission on August 15, 1994. Moreover, incorporating as it does many of the features of draft IS-105, such a descrambling-only Decoder Interface has, for all practical purposes, already been designed. A descrambling-only Decoder Interface will also place no constraints on the use of future technologies or the introduction of new services, thereby answering cable's sole objection to EIA/CEG's proposed command set.

⁴ See 47 U.S.C. § 544a(b)(1) (1994); see also id. § 544a(a)(1)-(3).

⁵ See id.

⁶ See id. § 544a(c)(2)(c).

⁷ See id. § 544a(b)(1).

A descrambling-only Decoder Interface will also serve another important purpose. It will help achieve the Commission's goal of separating security and non-security features, promoting the competitive supply of non-security features and functions. In this regard, such a descrambling-only Decoder Interface can and should be prescribed for all set-top boxes.⁸ Such a requirement will ensure that all non-security features are provided through competitively supplied equipment, giving consumers the benefits of competition whether a feature is contained in a television, VCR, or set-top box. It will also allow the marketplace to decide where and how such non-security features are provided. EIA/CEG is not unaware that set-top boxes are today franchise-specific. Opening the provision of these devices to competition will create healthy marketplace pressure to standardize this equipment, to the benefit of consumers. It will also create an opportunity for the Commission to encourage such standardization.

A descrambling-only Decoder Interface for "cable-ready" televisions, VCRs and set-top boxes will create one of those rare "win-win" situations for all concerned. It will produce tangible benefits for consumers, cable operators, other service providers, consumer electronics manufacturers, and consumer electronics retailers. Consumers will, for the first time, be able to choose between integrated equipment (such as "cable-ready" televisions) or components (such as "cable-ready" set-top boxes) to achieve cable compatibility. They will also be able to choose -- again for the first time -- between renting or buying set-top boxes. Consumers will also, for the first time, be able to choose among the suppliers of such

⁸ The Commission already appears to be entertaining such a proposal for set-top boxes, as it suggested in the First Report and Order. See "FCC Digital Standards Warning Shocks Ops," Multichannel News, Jan. 16, 1995, at 56; 9 FCC Rcd at 1986.

equipment, whether they be cable companies, retail sales outlets, or some other vendor. In short, consumers will begin to enjoy the benefits of a competitive marketplace for video services equipment, i.e., the availability of new and innovative equipment of higher quality at lower prices.

Cable operators will also benefit. They will be able to prevent the theft of their programming, and will have the opportunity to compete in the lease or sale of "national" and "franchise-specific" set-top boxes. In this regard, cable companies are likely to benefit from a decline in their maintenance and capital costs, as consumers buy or obtain set-top equipment from other sources. Cable operators will also benefit from fewer complaints from their subscribers about compatibility problems.

Competing video service providers will also benefit from a descrambling-only Decoder Interface. By separating the provision of set-top boxes from cable service, and promoting the competitive supply of such devices, a descrambling-only Decoder Interface will create a level playing field on which cable operators will more closely resemble DBS and VDT service providers. Moreover, the unbundling of cable service and equipment will disclose -- for both consumers and competitors -- the actual rates of cable service, further contributing to competition among cable, DBS and VDT.

Consumer electronic manufacturers will benefit from the ability to supply non-security features in a competitive market, either as individual components or as part of an integrated product. Further, because consumers who subscribe to cable will not be prevented from using the advanced features of their televisions, manufacturers will benefit from enhanced

demand for their products. Manufacturers will also benefit from fewer complaints about the cable compatibility of their products.

Finally, retailers of consumer electronics will benefit from the creation of a new competitive market for the retail sale and lease of non-security set-top boxes. Like manufacturers, they will benefit from fewer consumer complaints about the cable-compatibility of the consumer electronics equipment which they sell.

In short, a descrambling-only Decoder Interface will respond to Section 17 of the Cable Act, achieve the Commission's goals in this proceeding, benefit consumers, promote competition, and bring a prompt end to the current debate over the Decoder Interface.

III. CONCLUSION

For all of the reasons set forth above, EIA/CEG is withdrawing the proposal for a Decoder Interface for "cable-ready" consumer electronics equipment which it filed with the Commission on August 15, 1994. In its stead, EIA/CEG proposes the adoption of a

descrambling-only Decoder Interface, a draft standard for which EIA/CEG will soon be filing with the Commission.

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CERTIFICATE OF SERVICE

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