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

June 13, 1997

Regarding: Docket CS - 97-55

Dear Mr. Caton:

As owners of certain patent rights to V-chip technology, we urgently request your personal attention to the attached proposal.

We submit this proposal with the specific intention of being invited to the en banc hearings recently rescheduled for June 20 as well as being included in the national dialogue regarding the critical V-chip issue.

The proposal is of the utmost importance to America's parents as well as the broadcast industry. Please do not file under "constituent mail" or "petitions from advocates." It is much more unique, broad-based and practical than correspondence of that type.

Please have your staffers contact us immediately to acknowledge receipt of this proposal.

We look forward to visiting with you and the FCC commissioners in the very near future.

Respectfully,

L. Lynn Hinderaker, President
Omegapoint Communications (402-556-7978, omegapt@radiks.net)
Consultants to Parental Guide Co.

P.S. Attached are nine copies of the proposal and a PC disc that is "saved" in Word for Internet applications.

No. of Copies rec'd 1

Parental Guide, 5723 F St. Omaha, Nebraska,68117; 402-734-9999

Draft of testimony to be presented at en banc hearings regarding: Docket CS- # 97-55

I. Introduction:

This is a proposal that can help broadcasters and legislators break through the complex stalemate that has polarized America regarding TV ratings and V-chip implementation. It approaches the entire debate systemically, holistically ... most of all, pragmatically. Refreshingly, it avoids siding with either the child advocates or the anticensorship advocates. Neither does this proposal endorse age-based ratings over content-based ratings or vice versa.

This proposal enables the broadcasting industry to leverage V-chip technology to a degree that is not being discussed.

Further, this proposal solves a problem - the loss of millions of viewers and the subsequent loss of advertiser revenues and production funding - that is imminent and will rock the infrastructure of TV programming if the current system is actually implemented as envisioned.

Finally, this proposal is consistent with the spirit of the Telecom legislation and the Administration's bipartisan, centrist orientation regarding family values. No proposal on the table gives as much autonomy, choice and flexibility to young parents, producers, advertisers, etc., as the proposal you are about to review. It is truly "win-win."

Indeed, there is no proposal currently being discussed that satisfies such a broad range of interests. Ironically, this proposal represents a compromise as well. It eschews the "all or nothing" mentality that has bogged down the V-chip implementation process so far. Parents will not see it as the perfect solution, but clearly the "next best thing." Producers may not see it as ideal, but far better than whatever their opponents are advocating. Advertisers will breathe a sigh of relief because their interests are finally being discussed out in the open.

This proposal is not a passionate, moralistic plea, as so many of the comments you have received so far have been. In contrast, this proposal is the middle path. It gives everyone "a way out" ... and a way to go forward without anyone "losing face."

We look forward to reviewing this proposal at your "en banc" hearings being held this month.

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II. Executive Summary

A. The current problem: blocking entire shows throws the baby out with the bath water ... in two respects.

1. **Advertiser-related issues**

- The more specific (and helpful) ratings information becomes, the more educated and selective viewers will become; as ratings become more content-driven, (complete) blocking of TV programs - especially among young families - will naturally increase.
- As more TV programs are blocked, audiences will evaporate and migrate dramatically ... and needlessly.
- As programmers and advertisers lose audience numbers, production funding will be significantly hampered.
- As ad-based production budgets deteriorate, TV production values may deteriorate.

2. **Parent-related issues**

- The intent of parents is eliminating objectionable content, not blocking out TV programs.
- One "objectionable" scene can cause blocking of an entire show.
- In-show editing lets parents watch TV with their children without unpleasant surprises.

B. The solution:

1. In-show editing - rather than complete blocking of TV programs - is the only way to satisfy and empower a diverse America.

2. In-show editing requires a chip that can decode multiple levels of encoding on both audio and video signals.
3. The PG Chip - a first generation variation on the core V-chip design - is most capable of the complex decoding in-show editing requires.

Summary: A higher-quality V-chip (the "PG Chip) enables more specific program ratings - thus empowering parents - without compromising the practical interests of both producers and advertisers.

C. Parental Guide's mission: provide America the most flexible, precise, easy-to-use program filtering or editing tool

- Parental Guide holds the core patent rights to the V-chip.
- - inventor Jack Olivo is an equity partner in Parental Guide
- Parental Guide's PG Chip is most capable of in-program, selective editing which requires multiple filtering because it is based on the original V-chip configuration developed by Olivo and Chard.
- Parental Guide intends to be the "service bureau" to the programming and TV manufacturing industries based on its core capability in signal encoding and decoding.

D. Implementing in-show editing:

Truism: Regardless of which rating system or filtering system is used, someone must watch every minute of every show, then make a subjective judgment about how the show will be rated or filtered (a process which evolves and refines itself over time).

1. In-show editing would be similar: an individual or group reviews a time-coded version of a TV program, noting where (degrees of) violence, sexual content and rough language begin and end on both the audio and video tracks.

2. The time required to appraise a typical half hour show wouldn't typically exceed 45 minutes to 50 minutes, depending on how many reviewers (2? 4?) review a show and how much discussion is required to agree on encoding instructions.

3. Program is encoded to reflect these judgments, which become standardized over time.

4. When the TV program is distributed to stations, it carries computerized instructions for in-show editing on line 21 of the vertical blanking interval that the PG Chip can best decipher.

5. When the program comes up on the screen, the viewer sees a succinct age-based or content-based program description (or both) and - if desired - designates how much filtering he wants to exercise: **maximum** filtering, **moderate** filtering or **no** filtering in each of the following areas: **violence, sexuality** or **language**.

6. A simple graphical matrix - **3 blocks by 3 blocks** - will enable the viewer to quickly identify the degree of filtering he desires. Remote control requires three point-and-click decisions, maximum. (Four, if the viewer has not already turned on the chip editing device.)

7. When an audio or video segment is encountered that is appropriate for filtering (as decided by the reviewer), the audio track momentarily goes silent or the video track goes black during the interval - which may last seconds.

8. During that interval, text could be programmed to appear on-screen that says "filtered audio/video."

9. If viewers wished to lower or raise the amount of filtering while watching the show, **one click** could bring up the 3 x 3 matrix again in the lower left hand corner of the screen. Check marks in the boxes would remind viewers of their current filtering level. Viewers could simply point their remote control devices at the 3 x 3 matrix and raise or lower their desired filtering level. After doing so, a final click on "enter" would make the matrix disappear and execute the filtering change - all the while, not interrupting the show.

10. The degree of filtering in-program - as reflected in the 3 x 3 matrix - could be "permanently" adjusted by parents so that latchkey children would not be able to see programming that parents deem objectionable. A simple code would enable parents to unlock or adjust the filtering level - similar to the blocking procedure currently used in most cable systems to prevent access to entire channels.

11. Viewers gain complete control of the program with a simple point-and-click mechanism, thus remain with their children to watch TV - including commercials - together.

(Note: this strategy does not require that optional scenes be produced or substituted, as some have suggested.)

E. Benefits of in-show editing:

1. Empowers parents with a flexible, simple tool and superior choice-making system.

2. Is a familiar interruption - not dissimilar from the "bleeping" that most stations already implement when community standards deem "appropriate."

3. Allows young families to watch TV together (not send the kids upstairs to watch the TV with blocked-out programming while parents stay downstairs to watch the TV that isn't using the blocking technology).

4. Maintains stable viewership - critical for advertisers and TV production funding.

5. Enables programs to be watched that ordinarily would be blocked out - critical for producers/programmers.

6. Empowers viewers to change their minds mid-program to reflect the maturity of the viewer(s) in the room at the time.

7. Makes use of existing technology to provide more actionable options.

8. Politically pragmatic: Is a "centrist" solution that defuses charged national rhetoric, consistent with our Administration's centrist, bipartisan agenda.

F. Benefits of PG Chip

1. .In-show editing requires a more complex set of chip instructions (a la PG Chip) than simple blocking technology.
2. First generation adaptation of original V-chip configuration (PG Chip) can decode complex editing instructions reliably.
3. "PG" moniker is a public relations plus: America's parents are comfortable with "PG" (not "G," not "R," etc.) programming, values, etc.

G. Other highlights of this proposal:

1. The original V-chip patent numbers owned by Parental Guide are: 4,888,796 and 5,172,111 (Olivo) and 4,605, 964 (Chard).

2. Parental Guide is in negotiations with TV set manufacturers regarding licensing of its V-chip patents through Ken Clark, Esq., at the legal firm Wilson Sonsini Goodrich & Rosati (415-493-9300).

3. Regardless of whether in-show editing is enacted or the "PG Chip" is used, Parental Guide will play a significant role in this country's implementation of the V-chip because it owns the core V-chip patent rights and is uniquely qualified to both encode and decode the signals carrying programming for the networks and set manufacturers.

It will be our honor to elaborate on this proposal outline at your earliest convenience. Please call our representative - L. Lynn Hinderaker, Omegapoint, Omaha, Nebraska, 402-556-7978 or fax him at 402-556-1123 - to schedule a visit and provide your comments.

Respectfully yours,

Joe Abboud, President

P.S. Please see the attached addendum for answers to typical questions.

Addendum: Q & A on Parental Guide and the PG Chip solution

Q: I didn't know there was a specific inventor of the V-chip. Why?
A.: The Electronic Industries Association and CEMA hope to "genericize" or standardize the V-chip configuration so that they don't have to deal with patent holders. This is understandable since over 20 different parties have modified Jack Olivo's original V-chip configuration and re-patented it. However, Olivo's patent is very broad and very defensible, so licensing rights will almost certainly flow to Parental Guide after the FCC has finished its implementation hearings.

Q: Why is a "hardware" provider like Parental Guide interested in TV ratings - the "software" part of V-chip implementation?
A: The more the chip is capable of doing, the more choice or flexibility those who create the TV ratings system have. For instance, the ability to selectively edit within a program makes it possible to have specific, content-based ratings without turning off viewers and advertisers.

Q: Why, exactly?
A: Why would anyone not watch a show when only a fraction of it seems objectionable to him and that segment could be filtered out? Especially when only the audio or video - seldom both - is momentarily filtered? In-show editing will encourage the viewer to remain watching a show that would have otherwise been completely blocked out. The selective filtering "protects" the viewer, so the advertiser can sell without consumer backlash even though the program may have explicit language, violence or sex.

Q: But don't TV producers dislike the idea of in-program snipping?
A: Producers don't understand the value of in-show editing until they realize that it will enable them to communicate with millions of viewers that would otherwise block out their program completely. This idea of complete blocking of shows hasn't hit them, yet. They still think they're fighting the principle of censorship. It's beyond that. The V-chip is happening. Programmers and advertisers alike need to think about how to succeed within this new paradigm. In fact, in-show editing may give them even more room for freedom of expression. The alternative - complete blocking - is very sobering ... and very real.
Besides, we all watch in-program editing at work right now, anyway. Last night, I watched a character on Turner's network say, "Shucks" instead of a four letter word. That's selective editing, of sorts. No big deal.

Q: But how would thousands of hours of programming be rated minute-to-minute? Isn't that impractical?
A: When you implement a ratings system of any sort, someone is going to have to make that judgment. You can't rate a show meaningfully without watching every minute. A show could deserve a TV-G rating until a final gruesome scene the last 15 seconds makes the show TV-M. Somebody's got to make these "subjective" moment-by-moment decisions, anyway.

Q: But how would it work, exactly?
A: First of all, the networks should subcontract this process out to a service bureau, which is a role Parental Guide would like to play. But, regardless who supervises and coordinates the process, someone will have to pull together small groups of people - which should include parents - to watch time-coded versions of each show before it's aired.

One or two people would focus on audio, one or two on video. One or two would be watching for content that would be filtered out if the viewer designated "maximum" filtering, while others would focus on the content that would be impacted if the viewer designated "moderate" filtering.

After the show is over, the group convenes to iron out their specific differences and pulls in the technician responsible for encoding their decision. Within a day or less, the encoded show is back to the network ready for distribution.

Q: How long would all of this take?
A: Not that long; maybe an hour per show, at first. Within a month or so, these groups will be making their decisions within minutes after the show is previewed. It's like anything else. You get used to it and hurry along.

Q: So dozens of rooms will be filled with dozens of little groups previewing time-coded shows?
A: Rating TV programs will be an honorable profession because these people are charged with reflecting America's evolving taste and morality. When the networks or service bureau receive complaints that a scene should have been rated differently, they will have the difficult job of translating that feedback into even more relevant ratings the next day. They'll likely want to delegate this specialty form of customer service.
The sooner we accept this and move forward to execute efficiently, the better.

Q: What's Parental Guide's role in all this?
A: We're the catalyst, knowledgeable at both ends of the signal, with a solution that is foresighted and "right down the middle" for all parties concerned.

MARKETING & MEDIA

Plan to Revise TV-Rating System Stalls As Parental Groups Seek Tough Criteria

By KYLE POPE
Staff Reporter of THE WALL STREET JOURNAL

NEW YORK – A plan to revamp the current television-ratings system is deadlocked over rules that would define hugging as sexual content and terms like "getting lucky" and its colloquial equivalent, "making love," as bad language.

The standoff, which surfaced earlier this week in a meeting between TV executives and parents' action groups, threatens to derail talks to strengthen the current movie-style ratings system for television. That system, introduced in January, has been sharply criticized by parents groups and their supporters in Congress, who view the current ratings as too vague to help parents choose which shows their children should watch.

Yet progress toward a compromise plan to beef up the ratings has stalled over tough new criteria that would change the current ratings of many shows. According to a draft of the new guidelines drawn up by parental groups fighting the system, shows like "Touched by an Angel" and "Cosby," now rated for general audiences, would fall under the more restrictive TV-PG rating calling for parental guidance.

The draft – the latest of several to be circulated in recent weeks – categorizes punching and shoving as "mild violence," and would characterize hugging and kissing as "mild sexual interactions." Terms like "making love" and "getting lucky" would constitute bad enough language to earn a show a TV-PG rating.

"These interest groups have gone way over the edge," says a network executive who met with the action groups earlier this week. "We're moving away from a deal, rather than towards it."

Jeff Chester, president of the Center for Media Education, a Washington public-interest group involved in the talks, declined to discuss the proposed new ratings criteria, saying only that they are early drafts. He added that negotiations with the networks are still ongoing. "A lot of things are still being discussed," he said.

Negotiators on both sides cautioned yesterday that the proposed guidelines represent only the latest draft and are unlikely to be adopted. One official close to the talks characterized them as extreme examples aimed at moving the negotiations toward the center.

Before the new guidelines were revealed Wednesday, nearly every major cable and broadcast network had agreed to add violence, language and sexual-content labels to the current movie-style ratings now carried on TV programs. Only General Electric Co.'s NBC had publicly resisted the new labels, saying they went beyond what was needed by parents to judge TV programs.

The willingness of the networks to add the labels was seen as a major capitulation and a sign of a broader public skepticism about the quality of the programming being churned out of Hollywood.

Now, though, even network executives who had been leaning toward supporting the new labels say they may balk. Negotiations between the television industry and parental groups like the Children's Defense Fund and the National Parent-Teachers Association resume today in Washington.

Rating the Tube

Draft of proposed new TV program ratings

TV-G

General Audience
Contains little or no violence, no strong language, and little or no sexual dialogue or situations.

TV-PG

Parental Guidance Suggested
May include mild violence, as in punching or shoving, mild sexual interactions including hugging and kissing, or suggestive sexual innuendo or dialogue, including terms like "making love" or "getting lucky."

TV-14

Parents Strongly Cautioned
Contains sophisticated themes, more intimate or prolonged sexual content like partial nudity, strong language, or moderate violence like physical combat, serious injury.

TV-M

Mature Audiences Only
Contains mature themes, crude or explicit language, graphic violence, or explicit sexual activity.