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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

June 1, 1998

By Hand Delivery

Magalie Roman Salas, Esq.
Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

RE: Summary of Oral Ex Parte Presentation in the Navigational Devices Proceeding (CS Docket No. 97-80)

Dear Ms. Salas:

Pursuant to 47 C.F.R. § 1.1206(b)(2), this provides notice that on May 28, 1998, Henry Yuen, President and CEO of Gemstar International Group Limited ("Gemstar"), Douglas B. Macrae, President of VideoGuide, along with Erwin G. Krasnow, Lisa M. Higginbotham, and the undersigned, met with John Logan, William H. Johnson, Meryl Icove, Deborah Klein, Dale Hatfield, and Jonathan Levy regarding the above-referenced proceeding.

Gemstar is the parent company of both StarSight Telecast, Inc. ("StarSight"), a participant in this proceeding, and of VideoGuide. The discussions in the meetings focused on the issues and analysis contained in StarSight's written ex parte submission of May 18, 1998, and its Reply Comments in this proceeding. In addition, Gemstar and StarSight provide the attached additional written materials, which summarize and expand upon aspeccts of the discussions.

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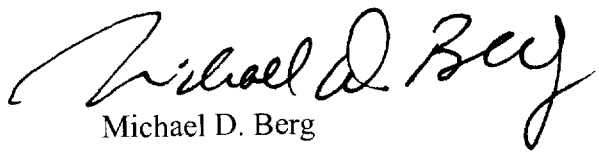
An original and one copy of this notice are being submitted. Should you have any questions regarding this matter, please contact the undersigned.

Respectfully submitted,



Michael D. Berg

cc: John Logan, Esq., William Johnson, Esq., Meryl Icove, Esq., Deborah Klein, Esq., Dale Hatfield, Jonathan Levy

Ex Parte Presentation
StarSight Telecast, Inc. ("StarSight") and Gemstar International Group, Limited ("Gemstar")
Competitive Availability of Navigation Devices (CS Docket No. 97-80)
May 29, 1998

The May 27, 1998 ex parte statement of Cablevision Systems Corporation ("Cablevision") is without merit and should be disregarded. It misstates both the StarSight/Gemstar position and Section 629 itself:

Plain Meaning of Section 629. The most basic principle of statutory construction is that language cannot be construed to render the section absurd. See American Tobacco Co. v. Patterson, 456 U.S. 63, 71 (1982) ("Statutes should be interpreted to avoid . . . unreasonable results.") Yet absurd results are precisely what Cablevision asks the Commission to reach:

1) Cablevision concedes that Section 629 applies to "equipment." As detailed in StarSight's Reply Comments, StarSight (and Gemstar) are equipment. StarSight provides its customers with StarSight converter boxes. The technology and functionalities of both Gemstar and StarSight are contained in converter boxes, television receivers, VCRs, interactive equipment and "other equipment used by consumers to access multichannel video programming services offered over multichannel video programming systems." This equipment is made available to consumers by "manufacturers, retailers, and other vendors not affiliated with any multichannel video programming distributor," as well by some multichannel video programming distributors ("MVPDs") under license to Gemstar or StarSight to use their patented technology in the equipment and guides offered by MVPDs directly to their own subscribers.

2) Nowhere in the text of Section 629 is equipment divorced from its Section 629 purpose: "use by consumers to access . . . programming and other services." A consumer who buys equipment enabling the consumer to use StarSight or Gemstar for such access is denied commercial availability if that equipment or the services they deliver are disabled by an MVPD. It defies logic to construe Section 629 as requiring only the retail availability of equipment that then becomes unusable due to affirmative interference by an unaffiliated party. Were this not the case, the statute would not explicitly name each of the potential unaffiliated sources from which consumers are to have commercial availability. Nor would the statute specify that an MVPD may "also" offer similar equipment (i.e., not to the exclusion of unaffiliated sources.). Moreover, the legislative history makes clear that:

> One purpose of [Section 629] is to help ensure that consumers are not forced to purchase or lease a specific, proprietary converter box, interactive device or other equipment from the cable system or network operation." S. Conf. Rep. No. 230, 104th Cong., 1st Sess. at 181 (1996).

Permitting an MVPD to affirmatively disable unaffiliated devices and the services they deliver, as Cablevision apparently believes to be important to its business plan, would in effect force consumers to do precisely what Congress seeks to prevent in Section 629.

The "Must Carry" "Red Herring." StarSight and Gemstar do not seek "must carry" of electronic program guide ("EPG") navigational material. They do seek prohibition of intentional interference by an MVPD (or, indeed, anyone) with unaffiliated navigational material that is already part of signals being retransmitted. Refraining from disabling an unaffiliated navigational device or data is required by Section 629, and does not require a cable operator to take any other action. To the contrary, to strip navigational data from the VBI of a retransmitted broadcast signal requires installation of equipment by the MVPD; thus, to disable the service requires deliberate action. No one is "forced to make room for a third-party program guide;" it is already there, in one VBI line of someone else's signal. Each signal includes more than 20 such lines; a 100-channel system therefore has more than 2000 lines. A signal not otherwise carried would not become "must carry" merely because its VBI contained navigational material under the StarSight proposal.

Irrelevancy of "Program-Relatedness." Contrary to Cablevision's assertion, the Commission has not determined whether StarSight (or other navigational material) is "program related" for purposes of the broadcast must carry rules. Implementation of the Cable Television Consumer Protection and Competition Act of 1992: Broadcast Signal Carriage Issues, MM Docket No. 92-259, *Memorandum Opinion and Order*, 9 FCC Rcd 6723, 6733, n. 145. In any event, that test is used by the Commission with respect to mandatory carriage of VBI material of a signal that otherwise qualifies for must carry. Section 629 has a different purpose. Prohibiting the disabling of an unaffiliated navigational device or service is essential to ensure commercial availability of navigation devices; it is not must carry. Nor does refraining from disabling an unaffiliated device or service convert a cable operator to a "common carrier."

Importance of FCC Action to Prohibit Anticompetitive Behavior. Gemstar is informed that its navigational material is currently being deliberately deleted by Time Warner in certain of its North Carolina systems. Time Warner has confirmed this, and also has indicated its plan to develop and provide a competing EPG. The undermining of Section 629 in this way is therefore not just a theoretical possibility. In its first iteration of implementing rules, the Commission must embody the principle of non-interference, or Section 629 will have been rendered useless like the consumer equipment that has been disabled in North Carolina.

Irrelevancy of Microsoft Cross-Licensing Agreement. Cablevision draws no connection between the Commission's implementation of Section 629 and Gemstar's cross-licensing agreement with Microsoft, nor is there any. The point of Section 629 is to encourage competition, which StarSight and Gemstar provide in navigational devices in multiple ways under arrangements with multiple parties. Section 629 not only allows that, but was enacted in order to facilitate it.

GEMSTAR
INTERNATIONAL
GROUP LIMITED

Gemstar develops, markets and licenses proprietary technologies and systems aimed at making technology user-friendly for consumers. Gemstar's technology and intellectual property are licensed to major companies in the consumer electronics, satellite, cable and personal computer industries, including Aiwa, Akai, Cox, Daewoo, Funai, GTE, Hitachi, Hughes Network Systems, JVC, LG Electronics (Goldstar), Matsushita (Panasonic, Quasar), MediaOne, Microsoft, Mitsubishi, Orion, Philips (Magnavox, Philips), Samsung, Sanyo, Scientific-Atlanta, Sharp, Shintom, Sony, Southern New England Telephone, Thomson (GE, Proscan, RCA), Time Warner, Toshiba, Uniden and Zenith. Gemstar has 45 issued U.S. patents in the general area of audio-visual technologies with over 1,000 claims and 19 foreign patents with over 1,000 claims. The Company continues to pursue a worldwide patent prosecution program and has over 120 pending U.S. patent applications and over 150 pending foreign patent applications.

Gemstar is a leading provider of electronic program guide services, which allow a user to view a television program guide on screen, obtain details about a show, sort shows by themes or categories, and select shows for tuning or recording, all through the remote control. In the United States, data for Gemstar's electronic program guide services are carried on the ABC, FOX, CBS, UPN and PBS networks by hundreds of over-the-air broadcast stations and on a number of cable network. Gemstar's TV GUIDE Plus+, a no-fee, on-screen, electronic program guide has been built into a number of models of new televisions, VCRs and TV/VCR combination units. Gemstar's electronic program guide is also marketed to cable, telco and MMDS service providers, and is available for integration into direct broadcast satellite receivers, digital and advanced analog cable set-top boxes, PCTV and other Internet devices.

Gemstar's VCR Plus+® instant programming system is a world standard for VCR programming. VCR Plus+ allows a user to record a television show simply by entering a number - the PlusCode® number - printed in television program guides. The PlusCode numbers are published by over 1,500 newspapers and television program guides worldwide, with a combined circulation of over 330 million. The VCR Plus+ system has been licensed to virtually every major television and VCR manufacturer and is available in 33 countries including the United

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States, Canada, United Kingdom, Continental Europe, Japan, Southeast Asia, Australia, New Zealand, South America and South Africa.

Except for historical information contained here, the matters discussed in this news release contain forward-looking statements which involve risks and uncertainties, including the timely availability and acceptance of new products, the impact of competitive products and pricing, the management of growth, and the other risks detailed from time to time in the Company's SEC reports, including the report on Form 20-F for the year ended March 31, 1997 and on Form 10-Q for the quarter ended December 31, 1997.

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EDITORS: VCR Plus+, INDEX Plus+ and PlusCode are registered trademarks of Gemstar Development Corporation. TV Guide is a registered trademark of TV Guide Financial, Inc. GUIDE Plus+ is a trademark of Gemstar Development Corporation. StarSight is a registered trademark of StarSight Telecast, Inc. Other product names used herein are for identification purposes only and may be trademarks of their respective companies.

BIOGRAPHY

HENRY C. YUEN
Chief Executive Officer

Henry C. Yuen is the co-founder of Gemstar, the technology innovator which developed the now-famous VCR Plus+® Instant Programming System. The Company was formed as a result of Yuen's passion for invention. First a scientist and then a lawyer, Yuen today is recognized as an astute businessman and strategist, given the success of Gemstar, which he founded in 1986 with fellow Caltech graduates. His entrepreneurial approach has built Gemstar into a successful and profitable public company with annual revenues exceeding $50 million. In recognition of these accomplishments, Yuen was recently honored with the 1996 Los Angeles Ernst & Young Entrepreneur of the Year Award and as the overall winner of the 1996 National Ernst & Young Entrepreneur of the Year Award. In addition, Yuen was further recognized by the organization as the award recipient in the technology, communications and entertainment category.

During the past five years, Yuen has made significant contributions to the way consumers access and enjoy entertainment and information by pioneering the development of technology enhancers -- systems incorporated into existing products that make complicated technologies easy enough for any consumer to use.

Introduced in November 1990, the company's first product -- the VCR Plus+ system, which is now the world standard in VCR programming -- was the result of Yuen's frustration in setting up his VCR to record a Boston Red Sox game. After recording "snow" instead of the

game, Yuen vowed to simplify the process and make it error proof. Yuen and partner Daniel Kwoh, both mathematicians by training, developed a code numbering system -- known now as the widely-used PlusCode® numbers -- to make VCR programming an easy, one-step process. More than 45 million VCR Plus+ systems have been sold worldwide since its introduction.

After VCR Plus+, Yuen led Gemstar into developing and introducing two new technologies in 1996: Index Plus+™ and TV Guide Plus+™. Index Plus+ is a videotape indexing system built into new VCRs that simplifies playing back recorded shows. It features an on-screen directory of videotape content that displays titles automatically captured from the broadcast. TV Guide Plus+ is a subscription-fee, on-screen interactive TV listings guide built into new televisions and VCRs.

Yuen's career includes years as a technical fellow at TRW, Inc. in Redondo Beach, Calif., where he studied the physical nature of ocean waves, prior to founding Gemstar. His interest in business began with his law practice in California where for 10 years he specialized in international transactions, corporate law, business negotiation and litigation.

Yuen has also held faculty positions at the California Institute of Technology and at New York University. His writings have been published in more than 70 scientific journals and he holds a number of issued and pending patents in various technological fields.

Born in China, Yuen moved to the United States in 1966. He has a bachelor of science degree in mathematics from the University of Wisconsin at Madison, a doctorate in applied mathematics from the California Institute of Technology and a juris doctorate from the Loyola University School of Law.

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