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August 7, 1998

Magalie R. Salas
Secretary, Federal Communications Commission
1919 M Street, N.W., Room 852
Washington, D.C. 20554

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AUG - 7 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

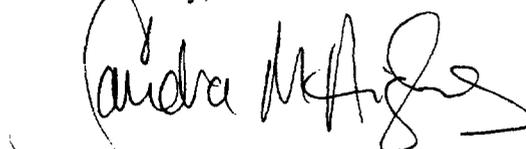
Re: Ex Parte Submission Concerning Carriage
of the Transmission of Digital Television
Broadcast Stations
(CS Docket No. 98-120)

Dear Ms. Salas:

ORIGINAL

Pursuant to 47 CFR § 1.1206(b)(2), enclosed is an original and one copy of a memorandum prepared by Matsushita Electric Corporation of America ("MECA") summarizing the substance of its oral ex parte presentation to FCC staff members on Friday, July 24, 1998. This submission is being filed with some delay because MECA and FCC staff initially were not sure whether the filing came within the exception noted in 47 C.F.R. § 1.1204(a)(10). After further consulting with FCC staff, we have concluded that filing is required. Issues discussed during this meeting may relate to the FCC's Notice of Proposed Rulemaking concerning Carriage of the Transmissions of Digital Television Broadcast Stations (CS Docket No. 98-120). Copies of the memorandum are being provided to Commission employees who participated in this meeting.

Sincerely,



Sandra M. Aistars

SMA:sjw
Enclosures

OH

WEIL, GOTSHAL & MANGES LLP

Magalie R. Salas

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**cc: Dale Hatfield, Chief, Office of Engineering and Technology
William H. Johnson, Deputy Chief, Cable Services Bureau
Karen Kornbluh, Deputy Chief, Technology Policy Dept., Mass Media Bureau
John Wong, Chief, Engineering & Technical Services Division
R. Alan Stillwell, Economic Advisor, Office of Engineering and Technology
Stan Trost, Office of Plans and Policy
Michael Lance, Cable Services Bureau**

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RE: CS Docket No. 98-120
Ex Parte Presentation Disclosure Concerning Carriage of
the Transmission of Digital Television Broadcast Stations

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

ORIGINAL

Pursuant to 47 CFR § 1.1206(b)(2), Matsushita Electric Corporation of America ("MECA") submits this memorandum summarizing the substance of its oral ex parte presentation to FCC staff members on Friday, July 24, 1998. Issues discussed during this meeting may relate to the FCC's Notice of Proposed Rulemaking concerning Carriage of the Transmissions of Digital Television Broadcast Stations (CS Docket No. 98-120). An original and one copy of this memorandum have been submitted to the Commission's Secretary.

The meeting occurred at the request of Karen Kornbluh, Deputy Chief, Mass Media Bureau, who noted that the Bureau was inviting other companies and organizations to similar meetings. It was attended by MECA representatives Paul Liao, Chief Technology Officer; Robert Finger, Director, Technology, Product Development Group; Peter Fannon, Director, Government and Public Affairs; Paul Schomburg, Manager, Government and Public Affairs; MECA's outside counsel for licensing and related public policy issues Bruce Turnbull, Weil, Gotshal and Manges, LLP; and Sandra Aistars, Weil, Gotshal and Manges, LLP; FCC representatives Dale Hatfield, Chief, Office of Engineering and Technology; William H. Johnson, Deputy Chief, Cable Services Bureau; Karen Kornbluh, Deputy Chief, Technology Policy Department, Mass Media Bureau; John Wong, Chief, Engineering and Technical Services Division, Cable Services Bureau; R. Alan Stillwell, Economic Advisor, Office of Engineering and Technology; Stan Trost, Office of Plans and Policy; and Michael

Lance, Cable Services Bureau. The purpose of the meeting was to discuss the current status of the development of copy control specifications for the 1394 interface, MECA's plans for introducing digital TV products, and to explore any outstanding issues which, if left unresolved, could hinder the ability of consumers to receive the full benefits of DTV and HDTV.

MECA outlined its plans for DTV products, explaining that it has elected to use a DTV all-format decoder set top box ("STB") to introduce DTV because it believes that, at the outset of DTV, a system designed around a STB is more consumer-friendly. MECA anticipates that the decoder used to demodulate and process digital signals (including any decryption) received by the STB and/or DTV display will continue to be refined and developed. As a result, much like with computers, consumers are likely to want to upgrade their DTV systems as more powerful and multi-featured products become available. Systems which combine the demodulating and display functions in one unit ("built-ins") will be substantially more expensive to upgrade. This is because the display of a DTV set is quite expensive, and would have to be replaced along with the components specifically targeted for the upgrading if the electronics components are integrated with the display (despite the fact that the display is not likely to become obsolete as quickly as the electronic components). MECA further explained that its system architecture will also benefit consumers who chose not to purchase a DTV display immediately, because the STB will provide NTSC output which can be viewed on NTSC sets with some of the benefits of digital TV (*i.e.*, a cleaner

signal and no ghosting). A lengthy discussion occurred regarding the types of connections that are now anticipated and that can be made between various devices.

In response to FCC inquiries regarding the progress of the Five Company ("5C") copy control specifications for the 1394 interface, MECA explained that the 5C group expects to complete the 0.9 version of the technical specifications within a matter of days (target August 1), and that the development of the corporate documents and licensing agreements for the licensing entity will be finished shortly thereafter. MECA likewise explained that much progress had been made in obtaining the required export approvals from the Japanese and United States governments, especially given the unique nature of the request. MECA reported that it is expected that all required approvals would be obtained in the next few weeks.

FCC officials inquired which issues remain to be resolved by the various industries involved and whether the FCC could assist in moving the process to a more rapid conclusion. MECA explained that it is difficult to identify any specific information required or standards that need to be finalized in the absence of clear assumptions about the directions in which each of the various affected industries will develop. MECA noted that TV and VCR manufacturers have recommended to the cable industry, through the consumer electronics-cable compatibility advisory group ("C3AG"), of the CE and cable industries (created by the FCC for this purpose), proposals for completing specifications for cable-ready DTV receivers, just as it had recommended last summer an agreement on analog/NTSC cable-ready. MECA suggested the FCC Staff review the OpenCable

documentation for an update on cable industry planning. MECA advised that it is actively participating in the OpenCable process. MECA also noted, that a concern has been voiced that some content providers may seek to amend their contracts with program distributors, such as cable and satellite services, so that analog HD connections cannot be used with premium services, such as subscription channels and pay-per-view type programming.

In response to FCC inquiries regarding what alternatives might be pursued to address the copy concerns raised to the FCC by MPAA members concerning HD analog connections, MECA representatives indicated that there seem to be a number of possible paths to address this issue, but none is particularly attractive. MECA representatives encouraged the FCC staff to think carefully through the alternatives and discuss these approaches with all participants, since the issues raised have been under discussion in various contexts for several years. Technical issues are currently being addressed through the Copy Protection Technical Working Group ("CPTWG") process, and MECA encouraged the FCC to learn more about this process.