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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Notice of *Ex Parte* Presentation in MB Docket No. 16-42 and CS Docket No. 97-80

Dear Ms. Dortch:

On June 15, 2016, Matthew Clark, Principal, Business Development Digital Products, Amazon.com; Matthew Chaboud, Software Development, Amazon.com; Vann Bentley, Policy Counsel, Amazon.com and the undersigned met with the Commission staff identified below.

During the meeting, the parties discussed various issues related to the Commission's competitive navigation device proposal. At the outset, the Amazon representatives explained that Amazon approaches the questions set forth in the NPRM from the consumer perspective and seeks answers that will optimize the user experience. They also explained that in any healthy ecosystem, opportunities arise to innovate and advance consumer offerings. When those innovations are clearly in the interest of consumers, ecosystems evolve and adapt to accommodate the related changes, often in an organic and efficient way. Much of the technology necessary to introduce competitive navigation devices into the market is already in place, and the video programming industry is well poised to support a far more fast-moving ecosystem.

The Amazon representatives clarified the company's position regarding advertising on third-party devices. They noted that there are two relevant types of advertising at issue: the first is the advertising that is embedded into video programming, and the second is advertising that might be displayed in response to customer activity. The Amazon representatives reiterated that Amazon has *no intention to interfere with advertising embedded in video programming.* Video programming is the customer's content, and the embedded advertising is a critical piece of that content. Accordingly, Amazon would not interfere with that advertising.

Advertising presented in response to customer actions presents a different set of issues. Today, it is already common for content recommendations, promotions, and advertisements to be displayed to customers on set-top-boxes, streaming media players, and game consoles. In this context, third-party device manufactures should be able to display advertising in the user interface—again, as long as it does not interfere with the video programming.

The parties also discussed whether there were any actions that MVPDs should be required to take or should be prohibited from taking in connection with the operation of third-party navigation devices. The Amazon representatives explained that a rigid entitlement specification should exist, and that the entitlement restriction mechanisms that MVPDs can apply should be limited, because boundaries must be defined for an approach to be implementable.

The Amazon representatives also explained that in general, a formal, industry-wide device testing protocol should not be strictly necessary. There can of course be a risk of harm to the customer if devices are freely allowed to claim compliance, but a two-pronged approach may be more effective than a strict testing requirement. A useful example of such a two-pronged approach is HDMI. Anyone can use HDMI connectors and chips, but if an entity wants to use the logo, it must go through a third-party testing lab. The optional testing provides a stronger assurance and guarantee for those who seek it, but does not create the sort of highly-politicized bottleneck that can result from required testing.

The Amazon parties further explained that extremely strong mechanisms already exist to keep manufacturers in compliance with content protection and digital rights management (DRM), and these mechanisms are far more scalable than testing. In particular, revocable licenses provide effective incentives for devices manufacturers to remain compliant. Because keys can be revoked, thus eliminating a device's ability to play protected media, device manufacturers will have highly strong incentives to cooperate with a video partner. Any established player or any emerging player with a desire to become established will distinguish itself by delivering a better customer experience, which necessarily entails working with content providers and having close relationships. Over time, players in this space build trust-based relationships that lead to frictionless interactions between device makers and content providers, which in turn, lead to ever-improving consumer experiences.

The parties discussed the various DRM tools on the market, and the Amazon representatives noted that a difference exists between the authority that determines whether a device should be trusted on the one hand, and the mechanism that enforces entitlements from a provider on the other. Trust is dictated by keys on the device, which are signed by a trust authority. Entitlement enforcement is then administered with a license keying server, which is not itself a trust authority.

The parties also discussed the issue of "fallback" technology, and the Amazon representatives explained that their primary concern is another fragmented ecosystem. The

Amazon representatives explained that all the component parts necessary for a single mechanism currently exist. They are not yet comprehensively integrated into a single mechanism, but the necessary constituent pieces are in place. Developing a sufficient system in two years is therefore possible. Furthermore, as soon as there is a successful platform-level service or user interface that is able to offer innovative approaches toward customer acquisition, retention, and modification under the new system, content providers and other players will have natural incentives to adopt it.

Please direct any questions to the undersigned.

Sincerely,

/s/ Gerard J. Waldron
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Ani Gevorkian
Counsel to Amazon.com Inc.

cc: Bill Lake
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