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December 15, 1998

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FEDERAL COMMUNICATIONS COMMISSION

Ms. Magalie Salas
Secretary
Federal Communications Commission
445 12th Street S.W., Room TW-B204
Washington, D.C. 20554

Re: *Ex Parte* Presentation in CS Dockets No. 98-120 & 97-80

Dear Ms. Salas:

Pursuant to 47 CFR §1.1206(b) of the Commission's Rules, enclosed is an original and three copies of a memorandum prepared by Matsushita Electric Corporation of America ("MECA" or "Panasonic") summarizing the substance of its oral *ex parte* presentation to FCC staff members on December 11, 1998. Issues discussed in this meeting may relate to the FCC notice of proposed rulemaking concerning Carriage of the Transmissions of Digital Television Broadcast Stations (CS Docket No. 98-120) and the FCC rules regarding Implementation of Section 304 of the Telecommunications Act of 1996 (CS Docket No. 97-80).

Additional copies of this memorandum have also been provided to the FCC representatives who attended this meeting and who are listed below.

Respectfully submitted,

Paul Schomburg

Paul G. Schomburg
Manager, Government & Public Affairs

Enclosures

cc: Amy Nathan, *Office of Plans & Policy*
Bruce Franca, *Office of Engineering and Technology*
Robert Bromery, *Office of Engineering & Technology*
Alan Stillwell, *Office of Engineering & Technology*
Donnajean Ward, *Cable Services Bureau*
Mike Lance, *Cable Services Bureau*
Thomas Horan, *Cable Services Bureau*

December 15, 1998

MEMORANDUM TO THE FEDERAL COMMUNICATIONS COMMISSION

RE: CS Docket No. 98-120 & CS Docket No. 97-80

Ex Parte Presentation Disclosure Concerning Carriage of the Transmission of Digital Television Broadcast Stations and Implementation of Section 304 of the Telecommunications Act of 1996

Pursuant to 47 CFR §1.1206(b)(2), Matsushita Electric Corporation of America ("MECA" or "Panasonic") submits this memorandum summarizing the substance of its oral *ex parte* presentation to members of the FCC's Office of Plans & Policy, Office of Engineering & Technology, and Cable Services Bureau, on Friday, December 11, 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) and to the FCC rules regarding Implementation of Section 304 of the Telecommunications Act of 1996 (CS Docket No. 97-80). An original and three copies of this memorandum have been submitted to the Commission's Secretary.

The meeting occurred at the request of Mr. Jon Wilkins, Director, Strategic Analysis, Office of Plans & Policy (unable to attend). The purpose of the meeting was to discuss the current status of cable compatibility for digital television products and related issues in order to assist the Commission in putting together a series of roundtable discussions on DTV and related technical and other matters.

The meeting was attended by MECA representatives Mr. Sai Naimpally, Vice President, Operations, Panasonic AVC American Laboratories ("PAVCAL"); Mr. David Naranjo, Director of Engineering, Panasonic Video Communications Company ("PVCC");

Mr. Robert Finger, Director of Technology, Product Development Division, Matsushita Technology and Development Center ("MTDC"); Mr. Peter Fannon, Director, Government & Public Affairs; Mr. Paul Schomburg, Manager, Government & Public Affairs; Bruce Turnbull, Esquire, Weil, Gotshal and Manges, LLP, MECA's outside counsel for licensing and public policy issues; and FCC representatives Ms. Amy Nathan, Office of Plans & Policy; Mr. Bruce Franca, Office of Engineering and Technology; Mr. Robert Bromery, Office of Engineering & Technology; Mr. Alan Stillwell, Office of Engineering & Technology; Ms. Donnajean Ward, Cable Services Bureau; Mr. Michael Lance, Cable Services Bureau; Mr. Thomas Horan, Cable Services Bureau.

MECA outlined the current status of Panasonic's DTV products, noting that Panasonic was the first consumer electronics (CE) company to release HDTV compatible displays—and will soon offer more DTV compatible displays, including CRT and flat-panel plasma displays—and that other CE manufacturers are also now selling their HDTV and DTV products. Panasonic also plans to introduce (no schedule announced) a digital VHS tape recorder (VCR) for consumer recording of off-air, broadcast DTV (and NTSC) signals and for CE dealers to demonstrate HDTV and DTV content in their retail showrooms. Additionally, in November at COMDEX, Panasonic announced an all-format decoder implemented on PC/DTV cards. On the professional equipment side, Panasonic is supporting the digital television introduction by offering an array of DTV cameras (*e.g.* HDTV and SDTV studio cameras and DVC-PRO cameras for electronic news gathering) and tape decks (*e.g.* the HD-D5 all-format video tape recorder). Panasonic is working to design, manufacture, and sell digital cable set-top boxes ("STBs") to a variety of customers. And, Panasonic's work in developing home audio-visual interfaces ("HAVi") for networking home CE and computer products was noted. Thus, Panasonic's approach to DTV encompasses the

spectrum of DTV technologies for consumer televisions, cable set-top boxes, and computers, and for television studios, post-production houses, and broadcast, cable and other media. The FCC were invited to visit Panasonic's booth at the Consumer Electronics Show in January, to see most of these products.

In response to FCC inquiries regarding the progress of OpenCable in addressing cable specifications for cable digital television and other services, Panasonic reported that OpenCable is working to move the industry forward, and would like to see OpenCable specifications released on a rapid timetable. Panasonic reported that the OpenCable specification for Point of Deployment ("POD") modules is not yet complete enough to build retail products, which inevitably will delay design of cable STB products. Other OpenCable specifications are in development and have not yet been released as "build-to" specifications. Inasmuch as no overall timetable encompassing all the specifications under development has been released by CableLabs or, perhaps, the cable standards organization, Society of Cable and Telecommunications Engineers ("SCTE"), Panasonic noted that it is difficult to estimate when related consumer products designed for retail sale, such as cable STBs, could be designed and manufactured.

In response to FCC questions on set-top box designs that would allow nationwide portability, Panasonic confirmed that portability is a goal that manufacturers would like to accomplish. At this time, however, Panasonic noted that there is insufficient information to move forward on this goal. A basic set of parameters needs to be identified by the cable industry and then be made available to STB product designers. Panasonic emphasized that basic cable-ready digital TVs—like today's analog cable-ready sets—could be developed in a short time, which would permit viewers access to unscrambled cable signals. It was noted that CE manufacturers, working through the Cable Consumer

Compatibility Advisory Group ("C3AG"), had proposed to the cable industry's representatives for C3AG earlier this year, eight key elements to accomplish this. It was noted that action is needed to finalize such an agreement between the cable and CE industries before manufacturers can move ahead and include these elements in DTV sets. These items were described in the letter (attached) from the Consumer Electronics Manufacturers Association ("CEMA") to the National Cable Television Association ("NCTA"). Panasonic further emphasized that, for premium services with conditional access control, additional details must be completed, such as communications protocols, physical protocols, service protocols, and reference documents, in order to build OpenCable-compliant products, and that none of the aforementioned documents is available yet in draft form for participating vendor review.

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 observed that it may be difficult to identify any specific information required or standards that need to be finalized in the absence of clear assumptions about the directions of the various affected industries. Panasonic noted that any steps which would advance decisions about basic, cable-ready DTV sets would be welcome, given the publicly stated goals of speeding DTV implementation in all media and Panasonic's desire to provide CE equipment to support them.

In response to FCC inquiries regarding what alternatives might be pursued to address the copy concerns raised to the FCC by representatives of the Motion Picture Association of America ("MPAA"), MECA representatives reported on the progress of the Copy Protection Technical Working Group ("CPTWG") and the EIA R-4.8, Working Group 2, towards copy protection technology solutions. MECA also reported on the progress of the

Digital Transmission Copy Protection ("DTCP") technology put forward by five companies—Hitachi, Intel, Matsushita (MEI), Sony and Toshiba—to allow for protected transmission of copy-protected material between digital devices, such as PCs, DVD players, and digital TVs. MECA representatives encouraged the FCC staff to analyze the alternatives being considered and to review these approaches with all participants. Panasonic noted that the issues raised by MPAA have been under discussion in various contexts for many years; and, inasmuch as the technical issues are currently being addressed through the CPTWG process, MECA encouraged FCC staff to learn more about this process and to stay in touch with the Electronics Industries Alliance (EIA), Consumer Electronics Manufacturers Association (CEMA), and Advanced Television Systems Committee (ATSC) activities on copy protection.

In response to an FCC staff inquiry regarding the importance of electronic program guides ("EPG"), Panasonic explained its view that a well-functioning EPG will play a key role in consumer acceptance of DTV and eventually to the goal of easy or "seamless" navigation by consumers among various media. While some EPGs are downloaded (*e.g.* by some cable systems), others may be provided as data, which allows the receiving CE product to organize the information. Panasonic can support either kind of EPG as long as consistent standards are available to enable the design and manufacturing of consumer electronics products for a national market.

Attachment

June 26, 1998

Mr. Andrew Scott
National Cable Television Association

Mr. Walter Ciciora
Co-Chair of C3AG

Dear Andy and Walt:

Since the last JEC meeting, the TV/VCR Caucus of C3 has met to discuss and refine its recommendations for cable-receiver compatibility in the digital (DTV) domain. Enclosed is the brief paper describing the Caucus's conclusions , including both the basic elements—which we believe reflect the standards and requirements associated with making a DTV receiver 'cable-ready' and the additional elements or options which may need to be addressed.

Let me also advise you that Ed Milbourn has now stepped down from chairing the Caucus, and that Peter Fannon, General Manager and Director, Government and Public Affairs, Panasonic/Matsushita Electric Corporation of America, has agreed to assume the chair. He also agreed, with the Caucus's consent to be the CE Co-Chair of C3 and C4.

Given the importance of Cable-CE compatibility for the TV industry's DTV roll-out, and now with the availability of the FCC's recent rules on 'Navigation Devices", we believe it would be appropriate to meet as soon as possible to advance agreement, through the C3AG, on the technical requirements for DTV compatibility. Please let me know your availability; and, in the meantime, perhaps we can set a schedule and agenda in the near future.

Ralph Justus from my staff and Peter Fannon are planning to attend the OpenCable meeting next week in Denver and will be happy to discuss the attached paper with you.

Sincerely,

George Hanover
Vice President, Engineering
Consumer Electronics Manufacturers Association

Attachment
cc: Peter Fannon (Panasonic/Matsushita)
Ralph Justus (CEMA)

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Cable-Compatibility Issues

The role of the TV/VCR Caucus ("Caucus") Cable-Consumer Electronics Compatibility Advisory Group ("C3AG") is to provide guidance for increasing compatibility between cable television systems and television receivers.

I. Essential Elements for the Interface Between Digital Cable Systems and Digital Receivers

The Caucus has identified and agreed upon a set of essential cable delivery standards and complementary television reception standards to provide a cable-ready system for the emerging digital television environment. While there are important additional elements to be addressed-in particular the goals and requirements of the FCC's recent Rules regarding "Navigation Devices" - the following specifications represent the agreed set, which have been developed by and which represent the consensus of standards organizations closely involved in cable and broadcast television.

Therefore, the Caucus states that digital cable-ready receivers and digital cable televisions systems will:

1. Support "ATSC Digital Television Standard" A/53, which describes the overall system characteristics of the U.S. Advanced Television System;

2. Follow RF performance recommendations per draft EIA-23 "RF Interface Specification for Television Receiving Devices and Cable Television Systems", which defines tuner and corresponding cable signal characteristics;

3. Tune cable channels per EIA-542 "Cable Television Channel Identification Plan" which lists the frequencies to be used for each cable channel;

4. Use in digital cable systems 64/256 QAM modulation as specified in SCTE Standard. DVS-031 "Digital Transmission Standard for Cable Televisions", or 8/16 VSB modulation defined in ATSC Standard A/53, or both, at the election of the cable system operator and provide in digital television receivers the capability to demodulate all of them;

5. Support draft SCTE Standard DVS-093 "Digital Video Service Multiplex and Transport System Standard for Cable Television", which defines the MPEG-2 packetization of program material;

6. Use only the transmission video display formats defined in ATSC Standard A/53, Table 3, [and SCTE Standard DVS-033 (Table 2) "Submission on 'Class A' Issues - Profiles, Levels and Formats"],

Cable-Compatibility Issues (Cont'd)

7. Use the "Program and System information Protocol for Terrestrial Broadcast and Cable" ("PSIP") as provided in ATSC A/65 and in SCTE Standard DVS-097, which defines the in-band data format for tuning parameters, V-chip information, and on screen electronic Program Guides; and,

8. Support emergency messaging, the mechanism for which is currently under review by industry committees (such as ATSC and SCTE) and the FCC.

It is understood that this set defines the necessary interface between the digital cable system and the "cable-ready" digital television receiver.

II. Additional Options and Further Considerations

The Caucus also believes that there are opportunities for extending the functionality of digital television receivers for use with the plans and changes in services for digital cable systems.

For example, the recent action of the FCC on "Navigation Devices" must be addressed by industry. Indeed, there are already several completed and draft standards for many of the elements needed in this area, including the EIA -679 "National Renewable Security Systems" (NRSS), an application of IEEE 1394, a component video connection under the EIA-770 standard series, etc. Also, there is the on-going "OpenCable" initiative, which may contribute additional recommendations. All of this offers cable system operators and TV receiver manufacturers the ability to create appropriate interfaces for various purposes, including interconnection for "set-top" boxes," set-back" boxes, devices with a combination of functions, new services, etc.

In addition, the Caucus believes it is critical to address promptly other outstanding matters, such as in-band/out-of-band signalling and other interoperability issues, in order to promote a rapid transition to digital television.

There maybe other matters, which require consideration, such as appropriate copy protection measures and interconnection among other CE equipment.

III. Conclusion

Together, the above essential set of parameters and appropriate, well-defined options will provide both sufficient certainty and reasonable flexibility to consumers, cable operators and service providers, as well as, consumer equipment manufacturers, for the successful and speedy introduction of digital cable television and digital TV receivers.