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**MCDERMOTT, WILL & EMERY**

December 22, 1998

**VIA MESSENGER**

Ms. Magalie R. Salas  
Federal Communications Commission  
Office of the Secretary  
1919 M Street, N.W.  
Washington, DC 20554

**RECEIVED**

DEC 22 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Re: *Ex Parte* Presentation; In the Matter of Implementation of  
Section 304 of the Telecommunications Act of 1996;  
Commercial Availability of Navigation Devices: CS Docket  
No. 97-80; Carriage of the Transmission of Digital  
Television Broadcast Stations: CS Docket 98-120**

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Dear Ms. Salas:

This is to notify the Office of the Secretary that on December 10, 1998, Arpad Toth, Chief Technical Officer of Circuit City Stores, Inc., accompanied by Robert S. Schwartz, made oral ex parte presentations to FCC Staff members. With respect to CS Docket 97-80, these staff members included William Johnson, Deborah Klein, Meryl Icove, John Wong and Mike Lance of the Cable Services Bureau. On behalf of Circuit City, the staff was advised that (1) Circuit City supports determination by the Commission of all issues raised on reconsideration in this matter on an expedited basis but would not support expedited reconsideration only of some issues, and (2) Circuit City continues to support reconsideration of the Commission's determination as to analog Navigation Devices to the extent stated in its ex parte filing of June 4, 1998 and in its Opposition and Reply filings bearing on reconsideration.

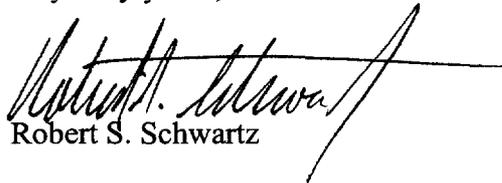
With respect to CS Docket 98-120, these staff members included John S. Wilkins and Amy L. Nathan, Office of Plans and Policy; Donnajean Ward, Cable Services Bureau; Bob Bromery, Office of Engineering and Technology; and Mr. Wong and Mr. Lance. Mr. Toth reviewed the evolving nature of DTV and home networks, as discussed in Circuit City filings in this Docket. On behalf of Circuit City, the staff was advised that (1) an essential element to the success of DTV in general and HDTV in particular is the ability of home networks to rely on analog component video interfaces such as "RGB" and "Y,Pr,Pb" between Navigation Devices and display devices, (2) for such interfaces to be adequately supported, it appears that copy protection issues need to be resolved, (3) such resolution can best be achieved through a system defining and mandating appropriate responses, in digital recorders, to video embedded data or "watermarks" employed as part of a uniform technical system for indicating copy

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status and response, and (4) implementation of such a system should occur through legislation balancing interests of content proprietors and users in light of telecommunications and intellectual property issues, rather than through any regulatory action by the Commission. Circuit City suggested that the Commission make such a recommendation to the Congress.

In accordance with Section 1.1206 of the Federal Communications Commission rules, this original and one copy are provided to your office. A copy of this notice has been hand-delivered to the parties listed above.

Very truly yours,



Robert S. Schwartz

Enclosure

cc: William Johnson  
Deborah Klein  
Meryl Iove  
John Wong  
Mike Lance  
Donnajean Ward  
John Wilkins  
Amy Nathan  
Bob Bromery