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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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August 21, 2000

Ms. Magalie Roman Salas
Federal Communications Commission
Office of the Secretary
445 12th Street SW
Washington, D.C. 20554

EX PARTE OR LATE FILED

Re: Ex Parte Presentation; In the Matter of Compatibility Between Cable Systems and Consumer Electronics Equipment: PP Docket No. 00-67

Dear Ms. Salas:

This is to notify the Office of the Secretary that on July 26, 2000, Jared Jussim, Executive Vice President – Intellectual Property Department and Mitchell Singer, Senior Vice President Intellectual Property Department, both of Sony Pictures Entertainment (“SPE”), made an *ex parte* presentation to Jonathan Levy and Amy Nathan of the FCC. The substance of their presentation follows:

- 1) For at least the past two years, in accordance with a policy adopted at SPE’s highest levels, all Pay-Per-View (“PPV”) licenses issued by SPE, or its subsidiaries, whether to cable or satellite system operators, regardless of the platform employed, have required the licensee to use an up to date copy protection system that:
 - a) Requires analog 525i NTSC transmissions or outputs be protected with a copy protection system. Macrovision (AGC and two line colorstripe) is preapproved.
 - b) Prohibits high definition analog transmissions in excess of 525 line NTSC unless copy protected by a SPE approved system.
 - c) Prohibits any digital output (including transmissions or communications within an integrated device to a recording device) except one approved by SPE. If requested by the licensee, DTCP (5C) is preapproved.

- 2) In connection with domestic Pay Television, in 1995, at a time when the company did not realize the effect of the digital revolution and the risks of high definition transmissions, a long term Pay Television license was entered into which did not require copy protection such as those outlined in ¶1. This license will expire in 2005. The new Pay Television distribution agreement includes copy protection provisions for digital outputs and restricts delivery of high definition elements until such time that an industry standard for high definition copy protection exists and is adopted by licensee.

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- 3) Copy protection provisions such as those described above can be required in a Cable System license (or in the case of Pay Television, in a Pay Television license agreement) because a contractual relationship (“privity”) exists between SPE (and/or its subsidiaries) and the cable operator or Pay Television program provider. A similar relationship does not exist between the retailer and the content provider and thus a contractual copy protection mandate cannot be imposed on non-proprietary (Open Cable) set top boxes sold at retail.

- 4) The competitive disadvantage cited by Circuit City will not occur by reason of non-proprietary (Open Cable) boxes providing copy protection but rather will, in fact, occur if Circuit City’s position is adopted and the DFAST license is limited to “system [and not signal] security and conditional access.” Namely, proprietary (system) boxes with copy protection will be capable of receiving high value content, but non-proprietary (Open Cable) boxes without copy protection would be barred from receiving such high value content. This discrepancy between proprietary and non-proprietary boxes will only result in consumer confusion, anger and disappointment.

Very truly yours



Jared Jussim

cc: Jonathan Levy
Amy Nathan