

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)
Implementation of Section 304 of)
the Telecommunications Act of 1996)
Commercial Availability of)
Navigation Devices)

CS Docket No. 97-80

COMMENTS OF WORLDGATE COMMUNICATIONS, INC.

WorldGate Communications, Inc. (AWorldGate@), hereby files its comments on the Notice of Proposed Rulemaking ("Notice") in the above-captioned proceeding.¹

I. INTRODUCTION AND SUMMARY.

WorldGate is an interactive TV solutions provider for the cable television industry. We offer Internet-based, high speed interactive and enhanced television services over existing cable set top converters without the need for consumers to use a home computer, modem or telephone line. In order to deploy our service, the technology on which it is based must be compatible with the cable infrastructure. WorldGate is continually creating new, innovative products for our cable operator customers and their subscribers consistent with the current cable infrastructure and the planned technological developments associated therewith. The Commission's scheduled review of the implementation of the commercial availability requirement of Section 629 must continue to ensure that this technical innovation is not impeded. In fact, this was a stated objective of the Commission in Paragraph I.A.4. of the Notice:

AWe also recognize that in exercising the existing authority we possess to adopt rules, the 1996 Act and its legislative history indicate a preference that standards be market driven and that technical innovation not be impeded.A

¹ In the Matter of Implementation of Section 304 of the Telecommunications Act of 1996, Commercial Availability of Navigation Devices, Notice of Proposed Rulemaking, CS Docket No. 97-80, FCC 97-53 (released February 20, 1997).

If the Commission accelerates the ban on integrated devices, this decision will impede technical innovation and slow the growth of the interactive and enhanced TV market. Companies such as WorldGate that have devoted substantial time and resources to research and development projects consistent with the Commission's current time frame for phasing out integrated boxes would be seriously impacted by the ban. Our research and development programs have been formulated and are being implemented with the current technological developments and schedules in mind. Adjusting such schedules to comply with an FCC decision to accelerate the current time frame for phasing out integrated boxes would require WorldGate and similar technology providers to abandon their current priorities and initiate new priorities mid-stream.

WorldGate has made critical development and investment decisions based on the Commission's decision to set the integrated set top ban in 2005. If the Commission moves the ban to an earlier date, it will materially disrupt those plans and investment expectations, while at the same time, it will do nothing to ensure that products that can make use of WorldGate's services are made available at retail.

II. ACCELERATION OF THE BAN OF INTEGRATED DEVICES WILL IMPEDE TECHNICAL INNOVATION AND LIMIT CONSUMER ACCESS TO TECHNOLOGY ADVANCES.

The cable industry has invested considerable resources toward the goal of achieving commercial availability within the time frames set forth by the Commission. In this regard, the cable industry is well along in defining and implementing the specifications and standards for such commercial devices. In reliance, however, upon the existing schedules promulgated by the Commission, WorldGate and other such technology providers have developed and continue to improve products and technology compatible with the current cable infrastructure. In particular, WorldGate's Internet access and Channel HyperLinking technologies, which are now being deployed using the current cable infrastructure, have been recognized as significant advances in providing interactive services to cable customers. In addition, WorldGate's Internet service has become an affordable and realizable way for the Internet to cross the "digital divide"

between those individuals who can afford Internet access through a personal computer and those that cannot.

Accelerating the ban on integrated navigation devices will severely restrict the opportunity for current technology providers to continue to provide products that benefit set top box consumers. The ban would require such providers to immediately shift development focus and resources to new projects in an effort to comply with the new schedule. The rapid development of the technology in this industry would slow considerably as companies revamped their development, investment and other strategic business plans to meet the Commission's new requirements. Companies like WorldGate that have made substantial commitments to be at the forefront of technological developments in this industry would be unfairly impacted, as the new schedule would force all companies to revise their development plans, in effect allowing competitors that have not devoted the energy and resources that WorldGate's employees and shareholders have devoted to this technology to "catch up" to our competitive advantage in this area.

The interactive television industry is in an early and critical stage of development. Actions which impact the ability of the participants in this industry to develop products and services may result in irreversible setbacks to the industry. WorldGate and other providers in the industry have planned for a 2005 ban, and moving the ban forward will dramatically impact their business plans and product development programs. For the above reasons, WorldGate believes that the Commission should not accelerate the ban on integrated devices.

Respectfully Submitted
WorldGate Communications, Inc.

/s/Randall J. Gort

Randall J. Gort
V.P. and General Counsel

November 15, 2000