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FEDERAL COMMUNICATIONS COMMISSION  
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May 7, 2001

VIA HAND DELIVERY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Re: **MM Docket No. 00-39**,  
**Reply Comments of Thomson Multimedia, Inc.**

Dear Ms. Salas:

Enclosed for filing please find the original and nine (9) copies of the Reply Comments of Thomson Multimedia, Inc. in the above-referenced docket.

Please stamp and return to this office with the courier the enclosed extra copy of this filing designated for that purpose. Please direct any questions that you may have to the undersigned.

Respectfully submitted,

*Lawrence R. Sidman*

Lawrence R. Sidman

Enclosures

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**MAY - 7 2001**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of )  
 )  
Review of the Commission's ) MM Docket No. 00-39  
Rules and Policies )  
Affecting the Conversion )  
To Digital Television )  
 )

**REPLY COMMENTS OF  
THOMSON MULTIMEDIA, INC.**

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May 7, 2001

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## EXECUTIVE SUMMARY

Broadcast industry commenters in this proceeding continue to argue for forced integration of DTV reception. Their arguments as a matter of fact and law are erroneous and, if their recommended action were adopted, would needlessly harm consumers by increasing the cost of most television receivers without furthering the goal of a rapid and smooth DTV transition.

Thomson and the Consumer Electronics Association, two commenting entities with actual experience or expertise in integrating DTV reception capability into television receivers, have set forth facts and demonstrated in detail that the cost of integrating DTV reception capability would add approximately \$200 to \$300 to the cost of every television set. These estimates are based on aggregated component-specific costs and do not even include potentially tens of millions of dollars, per manufacturer, in amortized design and development expenses.

By contrast, broadcast entities present no credible data that forced integration of DTV reception would not impose significant costs on consumers. Instead, broadcasters either obfuscate the facts by improperly equating forced integration with the elimination of legacy equipment or make claims with no credible supporting evidence. In so doing, broadcasters essentially are asking the Commission to disregard critical unresolved issues, such as DTV-cable compatibility and copy protection, and ignore the important role to be played by more cost-effective set-top converter boxes. Lacking any credible evidence to support their position, MSTV and NAB offer to provide some time in the future a privately-commissioned “study” on DTV forced integration (to be conducted by an undisclosed firm-for-hire), the results of which must be discounted by the Commission because the study's conclusion is preordained.

In addition to lacking factual credibility, broadcasters’ arguments are based on an overly simplistic, if not surreal, view of DTV technology and the consumer electronics marketplace. In particular, they heavily rely upon a submission prepared by Dr. Joseph Kraemer, a paid management consultant to the NAB, who impeached his own credibility as a reliable expert on consumer electronics matters when he testified recently that the cost of DTV reception is “less than a dollar.” Dr. Kraemer embraces an “economies of scale” theory that, in our experience, has no relation to the *real world* introduction of new consumer electronics innovations. Finally, Paxson engages in what can only be charitably described as revisionist history when it argues that had a DTV reception mandate been adopted *ten years ago*, the DTV transition would be “well on its way” today.

Thomson also urges the Commission to exercise restraint with regard to the labeling of cable- or DBS-only devices. The record in this proceeding confirms there are currently no such devices commercially available today. Accordingly, neither the Commission nor any interested party possesses the information necessary to craft labels that accurately educate and inform consumers.

Finally, the Commission should heed the near-unanimous call to incorporate by reference into its rules the updated ATSC DTV Standard.

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Review of the Commission's	)	MM Docket No. 00-39
Rules and Policies	)	
Affecting the Conversion	)	
To Digital Television	)	
	)	

**REPLY COMMENTS OF  
THOMSON MULTIMEDIA, INC.**

Thomson Multimedia, Inc. ("Thomson") respectfully submits these Reply Comments in response to the Federal Communications Commission's ("FCC" or "Commission") *Further Notice of Proposed Rulemaking* in the above-captioned proceeding.<sup>1</sup>

**I. BROADCASTERS' CASE FOR FORCED INTEGRATION OF DTV RECEPTION CAPABILITY DOES NOT WITHSTAND CRITICAL SCRUTINY.**

Broadcast industry commenters in this proceeding<sup>2</sup> continue to advance a series of arguments that as a matter of fact and law are erroneous and, if their recommended action were adopted, would needlessly harm consumers by increasing the cost of most television receivers without furthering the goal of a rapid and smooth DTV transition. Their attempts at persuading the Commission to adopt a mandate forcing the integration of DTV reception capability in all or most television receivers simply do not withstand critical scrutiny. Thomson previously has

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<sup>1</sup> Report and Order and Further Notice of Proposed Rulemaking, *In the Matter of Review of the Commission's Rules and Policies Affecting the Conversion to Digital Television*, MM Docket 00-39 (rel. Jan. 19, 2001) ("FNPRM").

<sup>2</sup> Including: the Association for Maximum Service Television ("MSTV"), the National Association of Broadcasters, the Association of Local Television Stations, Inc. ("ALTV") (filing jointly and referred herein as "Joint Broadcasters") and Paxson Communications Corporation ("Paxson").

submitted comments that fully explore the Commission's lack of legal authority to adopt a mandatory tuner requirement.<sup>3</sup> Nevertheless, even if, *arguendo*, the Commission were to conclude that Congress authorized it to adopt the type of costly mandate favored by these commenters, exercising such authority would harm consumers while failing to advance the digital transition. Thomson therefore takes this opportunity to set forth the facts, and in doing so, to separate fact from fiction.

**A. Broadcasters Present No Credible Data to Rebut DTV Manufacturers' Demonstration That Forced Integration of DTV Reception Capability Would Impose Significant Costs on Consumers.**

Two entities that commented in the initial round in this proceeding – CEA and Thomson – have actual experience or expertise in integrating DTV reception capability into television receivers. In their initial comments, they set forth the underlying facts and demonstrated in detail that the cost of integrating DTV reception capability into most sets at a minimum would add \$200 to \$300 to the cost of every set.<sup>4</sup> Moreover, in other comments submitted to the Commission, Motorola, a manufacturer of DTV reception modules, also observes that there is currently at least a \$200 price premium and argues against the adoption of a blanket DTV reception mandate as “economically [in]feasible.”<sup>5</sup> Under even the best scenarios for cost

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<sup>3</sup> Thomson and the Consumer Electronics Association (“CEA”) already have urged the Commission to reconsider its legal conclusion that it possesses authority to impose a DTV reception mandate. *See* Petition for Partial Reconsideration of Thomson Consumer Electronics, Inc. in MM Docket 00-39 (filed March 15, 2001); Petition for Reconsideration of Consumer Electronics Association in MM Docket 00-39 (filed March 15, 2001); and Reply to Opposition of Thomson Multimedia, Inc. in MM Docket 00-39 (filed April 23, 2001). Notably, Chairman Powell recently has correctly cast doubt upon the Commission's existing authority in this area. *See*, Jeremy Pelofsky, *U.S. Broadcasters Get Hit on Cap, Digital Tuners*, REUTERS, April 24, 2001 (quoting FCC Chairman Michael Powell responding to a question regarding the FCC's authority to impose a DTV tuner requirement: “...On first blush, which is very superficial, I think there are challenging questions of whether the citation of the authority that we would have to base [a DTV tuner requirement] is valid...”

<sup>4</sup> CEA at 9; Thomson at 6.

<sup>5</sup> Motorola at 5-6.

reductions, such substantial additional costs for forced integration of DTV reception capability would burden consumers for a number of years.

In its comments in this *FNPRM*, Thomson took the highly unusual step of identifying with specificity the many components required for DTV reception and broke out the cost of these components.<sup>6</sup> Thomson's cost breakdown is organized according to six specific categories: mechanical parts, HD MPEG decoding, VSB IC, memory, miscellaneous and manufacturing costs/overhead. As discussed in Thomson's initial comments, these costs do not include amortization of design and development expenses.<sup>7</sup> Including these costs could have run into tens of millions for every manufacturer.

The costs for DTV tuners in integrated television sets were detailed in a public document with as much specificity as the marketplace will allow, and indeed, their being set forth at all in such fashion is unusual in such an intensely competitive marketplace as exists for television receivers. Similarly, CEA, qualified to speak authoritatively on the true costs of adding DTV reception capability, provides specific, factual cost information on behalf of an entire industry.<sup>8</sup>

By contrast, the costs suggested by the broadcast concerns in their comments appear to have been pulled out of thin air. Unlike the manufacturers' fact-based submissions, those of the broadcasters either attempt to obfuscate the facts or make claims with no credible supporting evidence.

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<sup>6</sup> Thomson at 6.

<sup>7</sup> *Id.*

<sup>8</sup> CEA at 9.

Perhaps realizing they have neither the expertise nor the facts, Joint Broadcasters present no cost data at all. Instead, essentially they ask the Commission to discount the cost impact on consumers of forced integration by eschewing its importance relative to the ethereal assurance to consumers that the “sets purchased today will not be obsolete at the close of the transition.”<sup>9</sup> They fail to note that such “obsolescence” can be avoided by the purchase of a DTV set-top converter box.<sup>10</sup>

The purported “concern” of broadcasters over legacy equipment is called into question by the fact that broadcasters themselves acknowledge that other issues – including DTV copy protection and DTV-cable compatibility – remain unresolved.<sup>11</sup> Each of these poses as much or more of a legacy problem as the lack of a DTV tuner requirement. In fact, by urging an immediate, blanket DTV tuner mandate (or even, in the Joint Broadcasters’ case, an “alternative” 4-year phase-in approach),<sup>12</sup> broadcasters effectively are asking the Commission to disregard these critical issues that remain unresolved and to force consumers to purchase DTV receivers that may not interconnect with cable systems or receive copy protected (i.e., the most desirable) programming without additional set-top boxes anyway. While this is an unfortunate state of

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<sup>9</sup> Comments of MSTV/NAB/ALTV in MM Docket 00-39 (filed Apr. 6, 2001) (“Joint Broadcasters”) at 3.

<sup>10</sup> *See also*, Comments of Paxson in MM Docket 00-39 (filed Apr. 6, 2001) (“Paxson”) at 8 (“Absent [required DTV capability], most analog receivers sold now and throughout the DTV transition will be antiquated at its close...It is a veritable fraud on consumers to be selling millions of analog sets each year that will become virtually useless in a digital world.”). Paxson feigns near-complete ignorance of analog-to-digital converter boxes, which avoid analog receiver obsolescence and which offer consumers a relatively low cost method to receive the DTV signals.

<sup>11</sup> Joint Broadcasters at Note 4; Paxson at 6 (“Questions concerning digital cable compatibility and copy protection remain unresolved.”)

<sup>12</sup> Joint Broadcasters’ so-called “alternative,” would have a 100 percent DTV reception mandate phased in within 4 years. This is not materially different from their “blanket” approach, given the 18-24 month manufacturing cycle required for the introduction of new technologies in television receivers. *See* Joint Broadcasters at 6.

affairs and one that we hope will be resolved soon, nevertheless it is the reality of the current situation.

Whereas Joint Broadcasters at least *recognize* they're at the shallow end of the fact pool, Paxson dives into the deep end in the hope that unsubstantiated "factoids" might keep it afloat. Paxson's claim, for instance, that "computers can become receivers with the addition of a \$59 card" is simply baseless (and lacking any substantiation in its Comments).<sup>13</sup> There is no such DTV card on the market today. In fact, because of the cost of components (detailed by Thomson in its Comments), even the most "affordable" DTV tuner cards today are commanding retail prices of \$400 to \$500.<sup>14</sup> Note that this cost does not include the substantial cost of the computer itself, which generally runs hundreds of dollars more than the most popular sizes of television sets.<sup>15</sup>

**B. Joint Broadcasters' Privately-Commissioned Study on DTV Forced Integration Can Be Expected to Yield Unreliable And Biased Results.**

After attempting to deflect the Commission's attention from the certain and substantial cost impact upon consumers of forced integration, Joint Broadcasters urge the Commission to

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<sup>13</sup> See, Paxson at 8.

<sup>14</sup> See, Tom Lassiter, BROADCASTING AND CABLE, April 2, 2001 at 47 (citing "an affordable solution that merges the worlds of DTV and personal computers," Lassiter reports that Raleigh-based "AccessDTV offers a plug-in board that enables a standard desktop PC to receive and display digital broadcasts...at a suggested retail price of \$479." Notably, in addition to spending \$479 for the DTV card, the consumer also must purchase at least a complete Pentium II computer – with its requisite on-board computer memory – for running Windows 98, adding even more expense). The article is attached to these Reply Comments.

<sup>15</sup> Paxson's careless approach to the facts is evidenced in other instances. It claims, for example, that "only 26,000 DTV station tuners" were sold in 2000. Paxson at 8. In fact, Year 2000 sales to dealers of digital-to-analog STBs *alone* surpassed 36,700 units, and this does not include those integrated into television sets. *Available at: <http://www.ce.org/newsroom/newsloader.asp?newsfile=7135>*. Moreover, that sales of DTV receiver products were not higher largely can be attributed to the enormous uncertainty surrounding DTV caused by the misguided efforts of Paxson and others to change the DTV transmission standard in the past two years. Paxson now attempts to turn around and cite insufficient sales of DTVs during a period of uncertainty *it helped to create*. Paxson's argument is no weight under these circumstances.

obtain a “*reliable and unbiased* projection of the short- and long-term costs of a [blanket DTV reception requirement].”<sup>16</sup> We agree that such information would assist the Commission, and for this reason we submitted the detailed cost information referenced above on the costs today and those expected in the future.

With regard to the study commissioned by MSTV and NAB, however, we are compelled to note that in their comments they demonstrate that they have no experience with these matters, and that their “study” is to be conducted by a firm they select but choose to not disclose, at least now.<sup>17</sup> Can there really be any doubt that the results from a study bought and paid for by MSTV and NAB for the express purpose of buttressing their position on the affordability of forced integration of DTV tuners will support their arguments? If there ever was a case of a pre-ordained result, this is it.<sup>18</sup> Accordingly, this MSTV/NAB study, by its very design, must be discounted.

Accurate and sufficient cost information has been submitted by multiple parties to this proceeding, and discussed above. If the Commission, nevertheless, concludes that cost information is needed additional to that which has been submitted in the record or which otherwise is readily attainable from available sources, we urge that such a study be

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<sup>16</sup> Joint Broadcasters at 3 (emphasis added).

<sup>17</sup> Id.

<sup>18</sup> This proposed study stands in marked contrast to other studies and technical analysis performed by MSTV *within their field of broadcasting expertise* and related to issues on which they have no pre-study position or view. MSTV (occasionally with NAB) has made invaluable contributions to the DTV transition in a number of technical areas. In particular, MSTV’s recent technical field tests of DTV receivers designed to the 8VSB standard, *which addressed an issue on which MSTV had taken no firm policy position*, are regarded as impartial. While Thomson disagrees with some of the policy conclusions made in those reports with regard to government-imposed performance standards for DTV receivers, the factual part of the reports addressing performance were consistent with Thomson’s own tests and analysis. MSTV (and NAB), however, are experts in broadcasting, not receiver manufacturing, the latter being the critical technical field at issue here.

commissioned and conducted by the Commission itself or by a similarly objective and expert third-party.

### **C. Broadcasters' Arguments Ignore the Realities of the Consumer Electronics Marketplace.**

Joint Broadcasters rely heavily on a submission prepared by Dr. Joseph S. Kraemer, a paid management consultant of the NAB on digital television issues.<sup>19</sup> To our knowledge Dr. Kraemer has no formal engineering training or expertise in the area of designing, manufacturing or marketing consumer electronics equipment. Nevertheless, the broadcasters rely upon Dr. Kraemer's analysis in an attempt to lend *some* substantive basis to broadcasters' otherwise fact-challenged position on forced integration of DTV reception capability.<sup>20</sup> Their efforts fail for the following reasons.

In their comments, the broadcasters, often citing Dr. Kraemer's testimony, claim that a broadly-applied DTV reception mandate would drive manufacturing costs down through the creation of vast economies of scale.<sup>21</sup> This postulate, as applied to the facts here, is both overly broad and simplistic.

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<sup>19</sup> Neither the Joint Broadcasters nor Dr. Kraemer (in his March 1, 2001 testimony before the Senate Commerce Committee, to which Joint Broadcasters cite (at 2, Note 6)) disclose the source of funding for Dr. Kraemer's work. The possibility, therefore, cannot be ruled out that the conclusions drawn by this submission are any less suspect than those expected from the MSTV/NAB study on forced integration implementation, *supra*.

<sup>20</sup> Dr. Kraemer impeached his own credentials as a reliable expert on consumer electronics matters when in recent testimony before the Senate Commerce Committee he claimed that the actual cost of DTV reception – which he grossly and inaccurately over-simplified as requiring *only* a chip set – is “less than a dollar.” *See Transcript of Hearing on the Transition to Digital Television Broadcasting Before the Senate Committee on Commerce, Science and Transportation*, 107<sup>th</sup> Cong. (Mar. 1, 2001) at 94. It is unfathomable that the Joint Broadcasters now ask the Commission to give weight to the views of someone with such a painfully obvious lack of knowledge about consumer electronics technology.

<sup>21</sup> *See* Joint Broadcasters at 5; Paxson at 7.

First, economies of scale are *reached over time*, not created instantaneously. Economies of scale do play a major role in ultimately driving down manufacturing costs, but these economies do not come overnight. Rather, they are the product of decades of cost reductions and technological advances, including “Moore’s Law”-driven chip set reductions. Similarly, when Congress mandated UHF reception in all television receivers, the added cost was minimized by the fact that UHF reception did not require the introduction of a *new* technology, but rather, simply extension of the tuning range and some basic requirements.

DTV reception is an entirely different matter. It is not merely an extension of the frequency tuning range or a *tweak*. Rather, it is an entirely *new technology*, involving many more components and chips than adding UHF reception or, for that matter, the V-chip or closed captioning. In addition, DTV has been commercially available for *less than 3 years*. The result of these combined factors is that the short- to mid-term costs of DTV reception will unavoidably remain in the range of \$200 to \$300.

Economies of scale in fact ultimately *will* drive down DTV reception costs. Over the longer term, as sales of DTV receivers grow, economies of scale will develop and prices for DTV reception will drop significantly. How fast this occurs – whether in four years or fourteen – depends upon (1) greater quantity of unique, high quality DTV programming, including over cable; (2) final agreement on DTV-cable compatibility “build-to” specifications; and (3) adoption of DTV copy protection systems.

Economies of scale depend, by their very nature, on *high volume production and sales* of product. Because of the unavoidably high short- to mid-term costs of DTV reception, forced integration of DTV reception very likely would drive consumers – and manufacturers – away from today’s most popular sized televisions and depress the overall sales of TVs. This would

skew any chance of meeting the necessary “scale” broadcasters need to reach their speculative “economies.” As CEA points out:

[T]he consumer electronics marketplace will not easily yield to ‘command economy’ dictates; consumers, retailers, and manufacturers will instead find ways for consumer choice to find full expression. Rather than embracing with enthusiasm an effort to force consumers to buy capabilities or devices they do not desire at prices higher than they wish to pay, manufacturers and retailers will devise and sell products that will fit within the confines of any such mandate... Any economies of scale that could result from a manufacturing mandate would be distorted by this reality.<sup>22</sup>

Economies of scale in DTV receiver costs *will* be achieved, but not by the flick of a switch or the stroke of a pen. Consumers and the DTV transition will be served best by the Commission applying the same market-reliant approach to DTV receiver penetration that it has to DTV receiver standards.<sup>23</sup>

**D. Broadcasters’ Claims That Earlier Adoption of a Forced Integration Mandate Would Have Accelerated Completion of the Transition is Nothing More Than Revisionist History**

Paxson engages in what only can be charitably described as revisionist history when it argues that had a forced integration mandate been adopted earlier, the DTV transition would be “well on its way” today.<sup>24</sup> Paxson states:

Nearly ten years ago, the Commission noted that the only apparent legislative history to the [All Channel Receiver Act] indicated that the act was intended to empower the Commission to ‘give the FCC the power to require *that all television receivers* shipped in interstate

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<sup>22</sup> CEA at 7.

<sup>23</sup> As CEA also correctly notes, in this regard the Commission’s reasoning for not adopting *minimum performance* standards for DTVs – to allow the marketplace to drive innovation and performance - applies equally to the inclusion of DTV receivers in broader categories of television receivers: “if the market can be trusted to determine how well a DTV tuner should perform, by rewarding innovation and new capabilities, then the consuming public – and not the government – should also be the arbiter of whether a DTV tuner is desired...” *Id.*

<sup>24</sup> Paxson at 3.

commerce or imported into the United States be equipped at the time of manufacture to *receive all channels*. Accordingly, the Commission could and should have acted at that time to require that all television receivers have digital capability. If the Commission had acted then, the nation would be well on its way in the DTV transition.<sup>25</sup>

Setting aside the legal arguments, which Thomson discussed at length earlier in this proceeding,<sup>26</sup> ten years ago there was no FCC-adopted DTV standard, no DTV programming, and no DTV broadcasting. The Commission did not even adopt the DTV standard until December 1996 and only reaffirmed it against challenge by Paxson and others earlier this year. DTV programming and broadcasting began, and even then only on a very limited scale, barely three years ago in 1998. Paxson's attempt at 20/20 hindsight in this instance exemplifies the fantasy it appears willing to concoct in the absence of supportive facts and policy rationales.

The Commission should reject these superficial and unsupported arguments and allow consumers, not broadcasters or the government, to dictate how best to make the transition to DTV. The exigencies of the competitive marketplace will force forward the full range of DTV features and variety much more efficiently and rapidly than any government mandate. A mandate enacted in 2001 simply would enshrine the lowest common denominator technology to 2001 standards and remove a good portion of the marketplace incentives to provide new and better features and functions.

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<sup>25</sup> *Id.* (emphasis added to concluding sentence).

<sup>26</sup> See Note 3 *infra*.

**II. REQUIRED LABELING OF NON-EXISTENT CABLE- OR DBS-ONLY DEVICES IS UNNECESSARY AND, IF EVER NEEDED, BEST LEFT TO VOLUNTARY EFFORTS.**

Thomson and other commenters confirmed the Commission's understanding that currently there are no commercially available products designed exclusively for use with cable and/or DBS and which are incapable of receiving over-the-air digital television signals.<sup>27</sup>

Nonetheless, in an attempt to place the proverbial cart before the horse, MSTV/NAB/ALTV propose that the Commission adapt its current DTV labels to these hypothetical products.<sup>28</sup>

As Thomson stated in its Comments, developing a new labeling category is unnecessary and premature. To this end, CEA astutely noted: "the exact phrasing of the advisory and the rule's application to various products could be a matter of labyrinthine debate."<sup>29</sup> The purpose of any labeling requirement – the education of consumers – certainly would be lost. If product(s) without over-the-air reception capability eventually are introduced, the discussion then would be properly focused on voluntary, industry-led efforts to inform consumers regarding the attributes and limitations of their product(s).<sup>30</sup> At this time, however, neither the Commission nor any interested party possesses the information necessary to craft label(s) with accuracy and confidence.

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<sup>27</sup> Thomson at 9-10; Joint Broadcasters at 11; CEA at 16.

<sup>28</sup> See, MSTV/NAB/ALTV at 11.

<sup>29</sup> CEA at 16.

<sup>30</sup> Similarly, Motorola urges that "voluntary industry labeling can adequately address concerns regarding consumer information on DTV set capabilities and that no further government regulation is necessary." Motorola at 6.

### **III. FCC ADOPTION OF INDUSTRY CHANGES TO THE ATSC DTV STANDARD IS A CONSENSUS VIEW.**

The record in this proceeding reveals near unanimous support for the Commission to revise its rules to incorporate by reference the most recent updated ATSC DTV Standard (A/53). Such updating is advisable and would help to ensure consistency between the FCC's rules and important changes to the standard that have been developed, adopted and implemented by the affected industries on a consensus basis.<sup>31</sup>

As noted by the Advanced Television Systems Committee ("ATSC") and CEA, the revised ATSC Standard (most currently dated April 6, 2001) incorporates several changes vital to the full and proper functionality in the digital environment of V-chip data, closed captioning index data, descriptive video services and language information, as well as the ability of a receiver to construct consumer-friendly on-screen navigation guides.<sup>32</sup> Accordingly, Thomson joins those who urge the Commission to revise its rules to reflect the latest version of the DTV standard – the ATSC Digital Television Standard (A/53), 6 April 01.

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<sup>31</sup> MSTV/NAB/ALTV at 12, ATSC at 4, CEA at 17.

<sup>32</sup> ATSC at 3, CEA at 17.

**IV. CONCLUSION.**

Thomson again urges the Commission to reject proposals for the forced integration of digital reception capability in TV sets and labeling requirements for products that don't even exist. It also requests the Commission to amend its rules to reference the updated ATSC DTV Standard.

Respectfully submitted,

THOMSON MULTIMEDIA, INC.



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May 7, 2001

# BROADCASTING CABLE

{www.broadcastingcable.com} • Volume 131 Number 14

Technology

## Watch DTV on a PC

AccessDTV plug-in costs less than \$500

By Tom Lassiter

Price is often cited as one reason consumers have been slow to embrace digital television. Only high-tech enthusiasts with deep pockets have been willing to pay the premium for a new over-the-air digital receiver, necessary to enjoy DTV at home. A company called AccessDTV hopes to change that with an affordable solution that merges the worlds of DTV and personal computers.

AccessDTV offers a plug-in board that enables a standard desktop PC to receive and display digital broadcasts. The product went on sale March 26 through Digital-Connection.com at a suggested retail price of \$479. "We are in the business of media integration and services," said J. Dewey Weaver, president and CEO of AccessDTV. "We are bringing the television world and the Internet world together."

The Raleigh, N.C.-based company has a cross-promotion agreement with HD pioneer WRAL-TV to pitch the product and HDTV's benefits to WRAL's core audience in the Research Triangle area. Similar agreements with other HD broadcasters are in

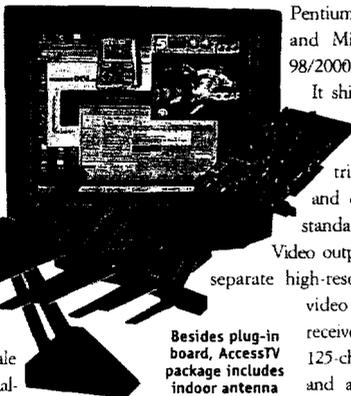
the works, Weaver said.

Introduced at this year's Consumer Electronics Show in January, where it was a Best of CES finalist in the video category, the AccessDTV board slips into a standard PCI slot and has modest CPU demands. Minimum requirements are a 266-MHz Pentium II (or equivalent) and Microsoft Windows 98/2000/ME.

It ships with an indoor HDTV antenna to receive terrestrial HDTV signals and display them on a standard PC monitor.

Video output allows use of a separate high-resolution display or video projector. The receiver, which contains a 125-channel analog tuner and a 69-channel DTV tuner, has coaxial inputs for standard digital cable or satellite set-top boxes.

Internet integration and other features are available through an optional monthly subscription service. Among the features are a customizable interactive programming guide and access to the receiver's personal video recorder (PVR) functions, including time-shifting and VCR-like fast-forward and rewind via on-screen button controls. Subscription



Besides plug-in board, AccessDTV package includes indoor antenna that receives terrestrial HDTV signals and displays them on a standard monitor.

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customers also have instant messaging and chat specific to DTV broadcasts.

The PVR functions allow digital programming to be recorded on the computer's hard drive. A half-hour of DTV requires about 4 GB of disk space.

Local DTV broadcasters are in a position to reap the benefits of DTV and datacasting, Weaver says, adding that AccessDTV provides a way for them to begin to see some return on their digital broadcasting investment. Datacasting is a major component of AccessDTV's business plan with local affiliate partners, he says.

The potential for datacasting is expected to help fuel rapid growth in the PC-TV-tuner market over the next few years, according to a March report by Cahners In-Stat Group (which is owned by the company that publishes BROADCASTING & CABLE). Annual revenues for the industry are expected to grow from \$473 million in 2000 to \$1.8 billion in 2005.

"The right business model and the right technology are necessary to make that business work. I believe that's going to happen in

2001," Weaver says, "and AccessDTV is here to be one of the players."

Capitol Broadcasting, owner of WRAL-TV, is a financial backer of AccessDTV. In addition, DTV Plus, a division of Capitol Broadcasting, ran a successful pilot test of AccessDTV and datacasting in the fall of last year. The AccessDTV field test demonstrated that PC users were quick to accept the integration of the two technologies.

"If there's anything we've learned out of our pilot project, it's that, once they've had digital television on their computer, they don't want to go back," Sam Matheny, vice president and general manager of DTV Plus, told the *News & Observer* newspaper in Raleigh.

**'We've learned that, once they've had digital television on their computer, they don't want to go back.'**

—Sam Matheny, DTV Plus

The benefits of integrating DTV and a PC were apparent during NCAA regional basketball tournaments in late March, Weaver said. AccessDTV viewers had access to four games simultaneously, thanks to the digital signal's subchannels, and could record everything to their PC's hard drive. Analog viewers were limited to watching the network's standard feed.

AccessDTV is at [www.accessdtv.com](http://www.accessdtv.com). ■

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