

July 24, 2003

CORRECTED COPY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: CS Docket No. 97-80: Joint Status Report of the Consumer Electronics Association and the National Cable & Telecommunications Association

Dear Ms. Dortch:

The Consumer Electronics Association (“CEA”) and the National Cable & Telecommunications Association (“NCTA”), hereby submit the status report called for in the April 14, 2003 Order and Further Notice of Proposed Rulemaking in the above-referenced proceeding. That Order followed the December, 2002 submission to the FCC of proposals to implement the “plug and play” Agreement the cable and consumer electronics industries had reached for unidirectional digital products, and requested the two industries to provide the Commission with status reports on their negotiations on specifications for bi-directional digital cable receivers and products at 90, 180, and 270 day intervals following release of that Order. This is the first of those status reports and it is being filed jointly by the cable and CE industries.

On behalf of the industry representatives negotiating the bi-directional agreement, CEA and NCTA are pleased to report that implementation of the provisions of the unidirectional Agreement and negotiations on the bi-directional agreement are both proceeding in a timely manner. However, both are dependent on prompt Commission action on the proposals submitted to the FCC in December, 2002.

We appreciate the fact that the Commission has put the proposals we submitted on a fast-track – putting them out for required notice and comment promptly and seeking cable and CE industry input via written questions and face-to-face meetings to clarify some of the proposals submitted to the FCC. However, implementation of the unidirectional Agreement cannot be completed until the FCC acts on the proposed rules underlying that Agreement. Similarly, the unidirectional Agreement provides the foundation for the bi-directional agreement and FCC action on the former will spur completion of the latter.

As the Commission is well aware, the December 2002 Agreement reached by the cable and consumer electronics industries sought to set the stage for a national “plug-and-play” standard between digital television products and digital cable systems, to help speed the transition from analog to digital television, and to establish marketplace, technical, and regulatory certainty for both industries – all to the ultimate benefit of the American consumer. The cable industry and the consumer electronics industry have approached the solution to equipment compatibility and retail availability issues in manageable steps, starting with the unidirectional Agreement and continuing with the current negotiations over bi-directional devices.

Although the regulations proposed as part of the unidirectional agreement are not yet adopted, the parties have worked simultaneously on the implementation of its terms and the negotiation of the bi-directional agreement. Many aspects of the unidirectional agreement, such as encoding rules, serve as a foundation for the bi-directional negotiations. In short, the parties need the FCC to adopt the proposed rules promptly, in order to permit full implementation of the unidirectional agreement and further negotiation of the bi-directional agreement. We describe progress on these issues below.

Implementation of the Unidirectional Agreement

The unidirectional agreement is an interconnected set of proposed regulations and private business agreements that rely upon each other for their efficacy. Working on the assumption that the proposed regulations will be adopted, the parties have been working through practical issues to implement the unidirectional agreement.

The parties are preparing for the retail market. They have agreed upon the marketing names – “Digital Cable Ready” for the unidirectional devices, “CableCARD” for the devices formerly known as PODs, and (it is anticipated) “Interactive Digital Cable Ready” for bi-directional devices. CableLabs’ Go2Broadband service – the Internet-based electronic commerce tool that assists affiliated computer makers, retail partners, and content providers in identifying what cable services are available at an address and linking affiliates directly with the cable operator – has been upgraded to permit retailers to identify a specific system’s functionality with unidirectional devices. MSOs have been developing consumer education materials, and CE manufacturers and MSOs have been meeting jointly in “implementation” sessions designed to address practical consumer issues in advance.

Cable operators have been preparing their networks for the standards which will be required by the rules we have asked the FCC to adopt. Headends are being fine-tuned to the proposed specifications, again assuming that the FCC adopts the rules we have proposed. MSOs and individual CE manufacturers have been discussing field trials for early CableCARD/DTV deployments.

Both parties are working cooperatively to get consumer equipment ready. CableLabs’ facilities have been opened to CE signatories of the Agreement for work related to its implementation. CE manufacturers are doing development work in the labs even before the FCC rules are adopted under which they would obtain a DFAST license for manufacture of the unidirectional devices they plan to develop. The parties are finalizing the test suite (which has been much reduced from the OpenCable test suite) under which prototypes of such devices would be tested. CableLabs is working on scheduling to assist the manufacturers in performing the actual certification testing of devices, assuming that the proposed rules are adopted. CableLabs has also been making arrangements with Public Key Infrastructure management companies to issue the digital security certificates embedded in CableCARDs and unidirectional devices at fair and reasonable prices.

In related areas, cable operators have also been ordering set-top boxes with digital connectors, as previously reported by MSOs in response to the Media Bureau's recent requests for updates on progress under the Powell Plan. In response to similar Media Bureau requests regarding implementation of the Powell Plan, CE Manufacturers have committed to putting DTV tuners into unidirectional "plug and play" DTV sets.

In sum, implementation of the unidirectional Agreement is proceeding in a timely manner. Once the FCC adopts the rules we have proposed, TV manufacturers can move with confidence to produce the products called for in that Agreement.

Negotiation of Bi-directional Agreement

In parallel with the preparations described above, the parties have been working through the complex issues involved in building bi-directional devices for interactive cable systems. The parties have had face-to-face meetings at least monthly, and have at least two more meetings scheduled for August. These meetings involve multiple representatives of each major manufacturer and MSO. They usually involve at least 250 person-hours for a daily meeting, not counting any of the exhaustive preparatory work, follow-up work, and conference calls.

Initially, the parties discussed organizing much of the work into the following areas or "buckets":

- Consumer experience (for example, how a DTV with a CableCARD works when first plugged in)
- Resource sharing and implementation (for example, what processing and memory resources are available at any given time)
- Operational issues and consumer information about them (for example, diagnostics)
- Regulatory issues and agreements
- Certification and testing

We have spent a good deal of our time addressing issues from the consumer's perspective. For example, what should the customer see when a TV is turned on and a CableCARD needs to be supplied? How do we make sure that the device has the resources to render interactive cable services properly and meet the consumer's expectations in that regard? Approaching the question this way helps to shape solutions to the needs of our mutual customers.

The issues are complicated, but substantial progress has been made.

- We are nearing agreement on the specifications for resources (e.g., memory and processor requirements) in the devices for the OpenCable Application Platform ("OCAP") and OCAP applications. OCAP permits the downloading and execution of applications to any OCAP-enabled devices by any cable system supporting OCAP, thus supporting the nation-wide portability of applications like program guides or games.

- The parties have agreed on issues surrounding the need for bi-directional devices to support new digital control channels and are discussing transitional support for legacy (Scientific Atlanta and Motorola) out-of-band control channels, to assure national portability for devices and to permit migration away from proprietary elements without disrupting system controls or consumer devices.
- The OCAP test suite and environment is far along in development by CableLabs.
- The parties have cooperated with respect to finalization of the harmonization of the DASE (broadcast) and OCAP (cable) standards, in order to enable manufacture of devices that can receive interactive content from both digital cable and over-the-air digital broadcasting. (While this subject is not an issue for “negotiation” in the bi-directional process, the parties have identified considerations arising from their joint work.) The parties have discussed issues surrounding MSO migration to such an environment.
- An Advanced “Multistream POD” (CableCARD) has been discussed. Proposed interface specifications should be complete at the end of August with the expectation of SCTE standardization sometime thereafter. These specifications are designed to permit simultaneous operation of several cable services / features, thereby providing additional functionality in bi-directional devices, at the option of the manufacturer. These will be fully backward compatible with unidirectional devices.

Both the CE and cable negotiators believe the bi-directional negotiations are moving as rapidly as possible. We expect the pace to pick up considerably when the FCC acts on the proposals submitted with the unidirectional agreement because they form key elements of the framework for the bidirectional agreement.

For the reasons stated above, NCTA and CEA urge the Commission to promptly adopt the rules proposed by cable companies and consumer electronics manufacturers in their December 2002 Agreement.

Respectfully submitted,

/s/ Neal M. Goldberg

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