

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

In the Matter of)	
)	
Implementation of Section 304 of the Telecommunications Act of 1996)	CS Docket no. 97-80
)	
Commercial Availability of Navigation Devices)	
)	
Compatibility Between Cable Systems and Consumer Electronics Equipment)	PP Docket No. 00-67
)	

To: The Commission

COMMENTS OF NAGRAVISION

Nagravision, a Kudelski Group company, is the leading supplier of open conditional access systems (“CAS”), digital rights management (“DRM”) and integrated on-demand solutions for content providers and digital TV operators over broadcast, broadband and mobile platforms.¹

We are pleased to be able to provide the Commission with commentary on the CableCARD-related matters described in the Fourth Further Notice.²

I. CABLECARD PRICING TRANSPARENCY

The Commission seeks comment on a proposal to require pricing transparency for CableCARD devices and set-top boxes.³ We support this proposal and note that it is in the public interest for consumers to be able to discern the real cost of the equipment in their home that they buy and lease.

¹ Nagravision is a division of the Kudelski Group, a publicly traded company based in Switzerland. Its technologies are currently being used by more than 120 leading Pay-TV operators worldwide securing content delivered to over 124 million active smart cards and devices.

² *Implementation of Section 304 of the Telecommunications Act of 1996: Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment*, Fourth Further Notice of Proposed Rulemaking, CS Docket No. 97-80, PP Docket No. 00-67 (“Fourth Further Notice”).

³ *Id.* at ¶ 15.

A viable retail market depends on such pricing transparency. Currently, the actual costs of the various components are often hidden. The cost of a set-top box (“STB”) with integrated security is the sum of the non-security related hardware, non-security-related licenses, security hardware and security licenses. Similarly, the cost of a set-top box with separable security is the sum of the non-security related hardware and licenses (the STB itself) and the security-related hardware and licenses (the CableCARD device). Historically, the security license costs have been hidden from the consumer in the overall system cost and distributed among other system components.

The Commission should adopt pricing transparency regulations, and should specifically require that all per-device or per-subscriber security costs be included in the CableCARD line item.

II. STREAMLINING THE CABLECARD DEVICE CERTIFICATION PROCESS.

The Commission seeks comment on a proposed rule which would limit CableCARD device certification testing to those adopted for unidirectional digital cable products.⁴ The Commission believes that adopting this rule will streamline the device certification process.⁵

We support the proposed rule. However, the Commission should also consider a similar requirement on the other side of the CableCARD interface. There are currently no regulations limiting the amount and scope of testing of CableCARD devices themselves. The Commission should also adopt rules which limit testing of CableCARD devices to the relevant aspects of the requirements adopted for UDCPs.

III. PROMOTING THE DIGITAL TRANSITION

The “integration ban” prohibits cable operators from deploying navigation devices with integrated security.⁶ The Media Bureau has granted waivers to this rule to provide cable operators an incentive to transition from hybrid analog/digital to all-digital systems.⁷ The Commission proposes to broaden this incentive by allowing deployment of new, one-way

⁴ Fourth Further Notice at ¶ 18.

⁵*Id.*

⁶ 47 C.F.R. § 1204(a)(1).

⁷ Fourth Further Notice at ¶ 22.

navigation devices that do not have recording functions, and seeks comment on the effect this change would have on the retail market for CableCARD devices.⁸

Nagravision believes that CableCARD relief will accelerate the transition to all-digital cable systems, and supports this change.

The only retail CableCARD products still available for sale that we are aware of are recording devices. Since the proposed rule change does not eliminate the separable security requirement for recording devices, we do not believe that this rule will have any effect on the retail market for CableCARD devices.

IV. CONCLUSION

For the reasons stated above, Nagravision supports pricing transparency regulation, modification of the certification authority (including CableCARD certification), and integration ban relief for one-way devices without recording capability.

Respectfully submitted,

/s/

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⁸*Id.*