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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Via Electronic Filing

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

Re: *Ex Parte* Presentation In the Matter of Review of the Commission's Rules and Policies Affecting the Conversion to Digital Television (MM Docket 00-39); Digital Broadcast Copy Protection (MB Docket No. 02-230) and Implementation of Section 304 of the Telecommunications Act of 1996 (CS Docket No. 97-80)

Dear Ms. Dortch:

Pursuant to 47 CFR §1.1206 of the Commission's Rules, enclosed is an original and one copy of a memorandum prepared by Matsushita Electric Corporation of America ("MECA") summarizing the substance of its oral *ex parte* presentations to Commissioner Michael J. Copps on August 21, and to other Commissioners' staff members on August 20, 2002. Issues discussed in these meetings may relate to the above dockets.

Additional copies of this memorandum have also been provided to the FCC representatives who attended these meetings and who are listed below. Please direct any questions concerning this matter to the undersigned.

Respectfully submitted,



Peter M. Fannon
Vice President
Technology Policy & Regulatory Affairs

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Enclosure

- cc: Honorable Michael J. Copps, Commissioner
- Ms. Alexis Johns, Office of Commissioner Copps
- Ms. Stacy Robinson, Office of Commissioner Abernathy
- Ms. Catherine Crutcher Bohigian, Office of Commissioner Martin

MEMORANDUM TO THE FEDERAL COMMUNICATIONS COMMISSION

RE: MM Docket 00-39 / MB Docket No. 02-230 / CS Docket 97-80

Pursuant to 47 CFR §1.1206, Matsushita Electric Corporation of America ("MECA") respectfully submits this memorandum summarizing the substance of its three oral *ex parte* presentations: to Commissioner Michael J. Copps and Ms. Alexis Johns on August 21; and to Ms. Stacy Robinson, and to Ms. Catherine Crutcher Bohigian, each on August 20, 2002. Issues discussed in these meetings may relate to Review of the Commission's Rules and Policies Affecting the Conversion to Digital Television (MM Docket 00-39), Digital Broadcast Copy Protection (MB Docket No. 02-230), and Implementation of Section 304 of the Telecommunications Act of 1996 (CS Docket No. 97-80). A copy of this memorandum has been submitted via ECFS to the Commissions Secretary.

MECA and its subsidiaries and affiliates (hereinafter "Panasonic") manufacture and distribute a wide range of consumer electronics, information technology, and other electronic and electrical devices. Participating on behalf of Panasonic were Dr. Paul Liao (Chief Technology Officer, and President, Panasonic Technologies Company), Mr. Peter Fannon (Vice President, Technology Policy & Regulatory Affairs), Mr. Paul Schomburg (Senior Manager, Government & Public Affairs), and Ms. Sandra Aistars (Weil Gotshal & Manges, counsel to Panasonic on copyright and copy protection).

Panasonic made the visits in order to introduce its representatives, describe its interests in various digital television ("DTV") matters, and extend invitations to visit Panasonic's DTV and product development laboratory in New Jersey (Panasonic AVC American Laboratories). Panasonic provided an overview of its DTV and high definition television ("HDTV") development status, and its plans and considerations for integrating digital television broadcast tuners/decoders in television receiver models. It also indicated its desire to provide a variety of 'digital cable-compatible' products for direct connection to cable systems. Panasonic emphasized its long-standing and on-going work with CableLabs, cable operators, and other industry participants to resolve outstanding technical and business issues associated with such products, including Panasonic's regular participation in interoperability testing provided by CableLabs, its frequent demonstrations of cable-compatible prototypes at cable industry and other

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trade shows, and its joint testing with individual point of deployment ("POD") and cable head-end equipment manufacturers.

Panasonic thanked Commissioner Copps and Commissioner Martin for emphasizing, in its actions on DTV tuner/decoders, the importance of cable compatibility to the DTV transition and expressed the hope that a resolution of outstanding issues--such as the CableLabs POD-Host Interface License Agreement ("PHILA")--could be reached rapidly so as to allow the manufacture of cable-compatible DTV products. Inasmuch as much of the electronics required for a terrestrial broadcast DTV tuner/decoder is basically similar to that necessary for a cable-compatible tuner, Panasonic noted that it is important to be able to incorporate both cable and terrestrial DTV tuners/decoders to meet both the FCC's broadcast tuner/decoder mandate and consumers' demand for 'cable-ready' DTV products. Panasonic stressed that providing dual terrestrial and cable DTV tuner/decoders would provide much greater value to the more than 70% of American television households who chose to rely on cable for their television signals. Additionally, it was indicated that one-half (50%) of cable customers do not utilize a cable set-top box and chose to rely on analog 'cable-ready' products (TVs, VCRs, etc.) for connecting directly to their cable systems. Panasonic noted that providing 'digital cable-ready' televisions would benefit cable systems by delivering additional customers who would have access to many of a system's digital services without requiring a cable digital set-top box, accelerating the transition of cable consumers from analog to digital services, and helping free up additional bandwidth on cable systems when analog service is phased out. Panasonic expressed confidence that combining terrestrial digital broadcast and digital cable compatible tuner/decoders inside, that is integrated into, digital televisions would greatly accelerate the DTV transition by providing products of high value and great utility as 'dual receivers' for consumers.

Panasonic noted its enthusiastic support for and participation in the OpenCable Application Platform ("OCAP") specification development process for future digital cable products, although noting it has concerns regarding particular OCAP provisions.

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Panasonic nevertheless expressed its view that 'digital cable-ready' products could be produced today without waiting for OCAP specifications to be finalized or for outstanding business and policy issues surrounding OCAP to be resolved.

In response to questions on what issues remain outstanding to enable digital cable compatible televisions, Panasonic noted that the technical standards necessary to manufacture such DTVs are substantially complete, but that several issues remain where it is difficult to find a compromise between consumer electronics and cable interests. Such issues include policy and business issues surrounding the appropriate means by which to enable copy protection while ensuring fair use by consumers, and a variety of legal and policy issues related to PHILA. Panasonic therefore encouraged the Commission to continue its efforts to bring parties together to work on the resolution of difficult issues requiring inter-industry agreements.

Panasonic also noted the importance of incorporating into DTV products features which provide accessibility for persons with disabilities. Panasonic reported on its efforts to provide accessibility features in a wide variety of products. For example, Panasonic noted that it had incorporated a "Single Button SAP Access" feature to help people who are blind or visually impaired enjoy television programs via the remote controls on many Panasonic products, including televisions, VCRs, and 'combo' products (i.e. TVs with built-in VCRs, DVDs, etc.). Panasonic also noted that, in general, standards which permit open access to program and system information are preferable for developing application programming interfaces that facilitate and support accessibility features.

In response to questions on issues pertaining to the 'broadcast flag', Panasonic indicated its support for the broadcast flag concept and noted its participation and leadership in the "5C" group, which had been instrumental in launching and facilitating inter-industry discussion of the broadcast flag in the Broadcast Protection Discussion Group ("BPDG"). Panasonic indicated its appreciation for the Commission's Notice of Proposed Rule Making on this and related copy protection matters, and expressed its belief that some limited regulatory or legislative action is necessary to protect broadcast

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content from being redistributed outside of the home environment without authorization, in a manner that does not impinge on consumers' fair use and customary home recording expectations. For this reason, Panasonic encouraged the Commission to ensure that any regulatory action is limited to preventing unauthorized redistribution of broadcast content (without imposing any restrictions on consumers' ability to copy free, over the air broadcast content for fair use purposes) in accordance with industry and consumer organization discussions in the BPDG context.