

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

In the Matter of	)	
	)	
Second Periodic Review of the	)	MB Docket No. 03-15
Commission's Rules and Policies	)	
Affecting the Conversion	)	
To Digital Television	)	
	)	

**COMMENTS OF THOMSON INC.**

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Thomson Inc. (“Thomson”) respectfully submits comments in the above-captioned proceeding concerning the Commission’s rules and policies affecting the transition to digital television (“DTV”).<sup>1</sup> Thomson commends the Commission for its steadfastness in seeking to resolve the outstanding uncertainties and obstacles that continue to delay and protract the transition, as well as its growing record of success in driving the affected industries to reach agreement wherever possible.

**I. INTRODUCTION AND SUMMARY**

While much progress has been made since the Commission’s initiation of its first DTV biennial review – particularly in the areas of making the DTV transition more affordable, increasing HDTV content, increasing consumer electronics/cable system interoperability and providing HDTV content protection – serious obstacles remain that must be addressed in the

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<sup>1</sup> *In the Matter of Second Periodic Review of the Commission’s Rules and Policies Affecting the Conversion to Digital Television*, MB Docket No. 03-15, *Notice of Proposed Rulemaking*, 18 FCC Rcd 1279 (2003) (“NPRM”).

very near term in order to complete the conversion to DTV on or anywhere near the statutory target of December 31, 2006. A number of these obstacles – notably: (1) significant gaps in local broadcaster pass-through of network-originated HDTV programming; (2) failure of local broadcasters to transmit a DTV signal at sufficient power to reach large numbers of the viewers they serve; and (3) final adoption of a national “plug and play” cable compatibility standard – are well within the Commission’s ability to overcome. Thomson urges the Commission to act quickly and decisively in each area so that the final phase of the conversion to DTV is one that not only is swift, but, even more importantly, meets or exceeds consumers’ expectations of a dramatically improved television experience. It is critical that we not fall short of that essential goal.

## **II. STATEMENT OF INTEREST**

Thomson provides a wide range of video technologies, systems, finished products and services to consumers and professionals in the entertainment and media industries. To advance and enable the digital media transition, Thomson has five principal divisions: Content and Networks, Consumer Products, Components, and Licensing. The company distributes its products under the Technicolor, Grass Valley, THOMSON and RCA brand names.

With its leadership position in RCA television products, its extensive professional broadcast and network products division, and as the world's largest replicator of movies on DVD and VHS tape, Thomson serves a diverse array of customers, including content owners (such as Disney, Warner Bros., Fox and Universal), leading retail distributors such as RadioShack, Circuit City, Best Buy and Wal-Mart, and, of course, millions of American consumers.

### **III. IMPORTANT PROGRESS HAS BEEN MADE IN THE DTV TRANSITION**

Since the Commission commenced its first DTV biennial review, much has been achieved. The number of products that enable consumers to access and enjoy broadcast DTV services – particularly the spectacular experience of HDTV – has soared, while consumer prices have dropped dramatically to reflect the growing selection of a wide variety of digital television products. Making DTV affordable to as many consumers as possible is a top priority for Thomson, as evidenced in the sharp decline in its DTV product prices for integrated HDTV receivers and HDTV monitors. For example, four years ago, Thomson’s lowest-priced, fully-integrated HDTV Set carried a suggested retail price of \$8,000. Today, Thomson’s lowest-priced HDTV Set (which now includes secure digital interfaces) has a suggested retail price of \$2,999 – more than a 60 percent drop. Similarly, Thomson offers a line of wide-screen HDTV Monitors that offer consumers the ability to experience HDTV (with the use of a separate set-top receiver) for consumer suggested retail prices that begin at \$1,499. Thomson’s HDTV products continue to offer consumers a variety of ways to make the transition to DTV in a manner that is both affordable and that brings them the richest and most functional HDTV experience possible.

In addition, important progress has been made in an area of crucial importance to the transition: industry agreement on a national “plug and play” DTV-cable compatibility standard that will enable consumers to purchase cable-ready DTV receivers that do not require a separate set-top box. The agreement reached by the consumer electronics and cable television industries in December 2002 was a major step toward the establishment of such a standard, and Thomson commends the Commission for commencing its rulemaking on this agreement with expedition.<sup>2</sup>

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<sup>2</sup> See, In the Matter of Compatibility Between Cable Television Systems and Digital Television, PP Docket 00-67, *Further Notice of Proposed Rulemaking*, 18 FCC Rcd 518 (2003).

The importance of high-quality content, particularly HDTV programming, has rightfully become a mantra of the DTV transition. Again, in this area, much progress has been made, and Thomson commends those broadcast networks that have accepted Chairman Powell's challenge to provide at least 50 percent of their prime-time programming in HDTV.<sup>3</sup> In addition, Thomson recognizes Fox's efforts to entice consumers to DTV by highlighting its panoramic viewing capabilities through "FOX WIDESCREEN" (standard-definition digital) programming, including the 2002 Super Bowl.<sup>4</sup> As Thomson has stated repeatedly, high quality content is the driver for the DTV transition. To the extent concerns about digital content protection may be causing broadcast networks and content owners to reevaluate their HDTV program offerings, Thomson is doing its part by offering secure digital interfaces on its entire line of RCA and RCA Scenium HDTV Monitors and HDTV Sets<sup>5</sup> and has endorsed the Commission's efforts to focus on the importance of protecting over-the-air DTV content from unauthorized redistribution over the Internet.<sup>6</sup>

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<sup>3</sup> Thomson has been proud to sponsor high-definition coverage of several major sporting events recently, including CBS's coverage of the AFC Divisional Playoff games and ABC's coverage of the Super Bowl. *See*: <http://www.rca.com/content/viewdetail/1,2811,EI700431-CI258,00.html?> and <http://www.rca.com/content/viewdetail/1,2811,EI700419-CI258,00.html?>

<sup>4</sup> Thomson sponsored "FOX WIDESCREEN" coverage of the 2002 Super Bowl, and further promoted consumer awareness of HDTV by conducting the "RCA On-line of Scrimmage Sweepstakes," in which 20 RCA HDTVs were among the prizes. *See*, <http://www.rca.com/content/viewdetail/1,2811,EI700278-CI258,00.html?>

<sup>5</sup> All of Thomson's RCA Scenium integrated HDTV products include secure DVI-HDTV (protected with HDCP) and dual DTVLink (1394, protected by DTCP) connections, ensuring both content protection and future interoperability.

<sup>6</sup> *See* Comments and Reply Comments of Thomson Inc. in MB Docket 02-230 (*In the Matter of Digital Broadcast Copy Protection*) (filed December 6, 2002, and February 27, 2003, respectively).

#### IV. CRITICAL IMPEDIMENTS THREATEN THE TRANSITION

While important progress has been made, especially within the past 12 months, serious obstacles still exist which must be addressed satisfactorily and expeditiously if the transition is to proceed in a timely and pro-consumer fashion.

##### A. Local Broadcasters Must Ensure, As Quickly As Possible, That Their Viewers Can Be Reached With A DTV Signal, Including Network-Originated HDTV Programming

As discussed above, the efforts being made by broadcast networks to meet Chairman Powell's challenge to increase their prime time HDTV offerings are indeed commendable. Meeting consumer expectations that they will have access to these network-originated HDTV offerings is essential to driving consumer acceptance of – and investment in – DTV, and, thereby, to accelerating the pace of the DTV transition overall. For this reason, Thomson is very concerned by reports that a significant number of local affiliates are not actually passing through network-originated HDTV programming in its full resolution. Indeed, Chairman Powell recognized the importance of ensuring that consumers actually have the opportunity to view HDTV programming offered by the broadcast networks when he called upon “DTV affiliates of the top four networks 1-100 [to] obtain and install, [by January 1, 2003], the equipment necessary to pass through network DTV programming without degradation of its signal quality.”<sup>7</sup> Reports already have surfaced of angry consumers who have stepped up to the HDTV plate only to find the HDTV programming they've been told is out there is not being made

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<sup>7</sup> Letter of Michael K. Powell to W. J. “Billy” Tauzin, April 4, 2002 (“Powell voluntary plan”).

available to them in HDTV by their local broadcaster. For example:

[One Kansas City area consumer last fall]...joined the relatively small band of HDTV owners, plunking down \$3,100 for his Mitsubishi just before basketball season...[and] discovered how little HDTV was actually airing in Kansas City. He reached the breaking point last month, when he realized that CBS was going to air the NCAA Final Four in hi-def, but local affiliate KCTV wasn't. In fact, CBS sends out more than 20 hours of HDTV programming every week to affiliates, but KCTV hasn't bought the equipment needed to carry it locally. "That was frustrating," Barrett said. "I'd been on pins and needles to see high definition in my home when it became affordable. I heard all of these TV stations were converting to digital. Well, some did and some didn't."<sup>8</sup>

Broadcast networks are finally producing HDTV programming. Consumers are increasingly making investments in DTV with the expectation they will be able to receive and enjoy HDTV programming. If these expectations are to be met, local broadcasters must not be permitted to impede viewers' access to HDTV programming.

Perhaps even more troubling, however, is the fact that more than half of all local broadcasters with a digital signal on the air today may be operating their DTV facilities at such low power that they are denying any digital signal whatsoever to a substantial portion of their viewers, including, most notably, suburban viewers who reside outside the broadcaster's community of license.<sup>9</sup> In fact, suburban viewers, most of whom reside within the Grade A contour of local broadcasters' service areas, constitute a core constituency for purchases of HDTV products. If consumers cannot receive those signals off-air due to low-power

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<sup>8</sup> Aaron Barnhart, *Live from Topeka, It's HDTV; KU Fan Gets Antenna To See Game in High-Def*, THE KANSAS CITY STAR, April 5, 2003, at F1 (emphasis added).

<sup>9</sup> According to the Commission's data, more than half (55%) of all broadcasters on the air with a digital signal are operating with only Special Temporary Authority, *i.e.*, at lower power than a fully licensed station. (see, DTV Stations Authorized to Be On The Air, March 12, 2003, available at: <http://www.fcc.gov/mb/video/files/dtvonairsum.html>)

transmission (particularly if they still cannot do so by July 1, 2004 – the first benchmark for mandatory integration of ATSC reception capability),<sup>10</sup> and if they cannot otherwise receive those signals over cable (as is predominantly the case today), the risk of consumer revolt, or consumer apathy toward the digital TV transition, will increase substantially. Indeed, the dilatory effects on the transition and the negative consequences for consumers of low-power operation of DTV have been cited by broadcasters themselves:

Initial operation at uselessly low power is to condemn over-the-air DTV to a long and painful period from which it may never recover.... On the air, yes, but not in America's living rooms.<sup>11</sup>

The broadcast industry repeatedly touts the high percentage of U.S. households that fall within markets served by digital broadcasts, most recently proclaiming that “over-the-air DTV signals [are] in markets that include more than 97 percent of all U.S. households.”<sup>12</sup> As discussed above, anecdotal evidence suggests that a disturbingly large portion of those households, in fact, are being denied access by local broadcasters to high definition television, the compelling programming that is driving the digital broadcast transition.

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<sup>10</sup> As expressed to the Commission in August 2002, Thomson believes the Commission took the correct approach in adopting a phased-in approach to mandated ATSC reception capability (*See*, Letter of David Arland to Chairman Michael Powell, August 1, 2002).

<sup>11</sup> Nat Ostroff, Sinclair Broadcast Group, *Another DTV Threat: Cutting Power Could Kill The Service Before It Gets Started*, BROADCASTING AND CABLE ONLINE (May 6, 2002) at [http://www.broadcastingcable.com/index.asp?layout=print\\_page&articleID=CA215831](http://www.broadcastingcable.com/index.asp?layout=print_page&articleID=CA215831).

<sup>12</sup> *See*, National Association of Broadcasters Press Release (April 21, 2003), available at <http://www.nab.org/newsroom/issues/digitaltv/>. (The NAB's wording of this statement is worth noting, as it appears carefully crafted so as to make no claim that the digital signals “in” these markets actually “reach” all or even most of the households therein.)

Thomson is cognizant of the substantial costs associated with broadcasters' conversion to DTV, including the costs to operate both analog and digital facilities during the transition. Eliminating unnecessary redundant operational costs is in broadcasters' economic interests. However, the groundswell of consumer interest in DTV necessary to complete the conversion to DTV will not occur when the signals "in" a market are only actually reaching a fraction of the homes in that market. Given the potential for consumer *disaffection* posed by these conditions, Thomson urges the Commission to develop reliable data in this proceeding regarding actual consumer access to over-the-air DTV and HDTV signals. If that data confirms that many consumers within markets served by a DTV signal cannot, in reality, receive that signal because the transmissions are low power, Thomson further urges the Commission take immediate action to require that the maximum practicable number of consumers will be able to receive DTV and HDTV services as early in the transition as possible. Ideally, this means setting expeditious dates for replication and maximization, but, at a minimum, ensuring, as an interim measure, that each broadcaster's DTV signal covers at least the entirety of its Grade A contour in the very near-term. Thomson urges the Commission to take every effort necessary to ensure that local broadcasters build out their DTV facilities in a manner that maximizes, not impedes, consumers' access to DTV and to the full-blown HDTV experience.<sup>13</sup>

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<sup>13</sup> Additionally, to the extent some broadcasters have not yet begun to offer any DTV service at all (*see, e.g., "Nearly 60 Stations Fall Far Behind on DTV Conversion," TELEVISION A.M. (Warren Communications News, Inc.), Apr. 18, 2003*), Thomson supports the approach taken by the Commission in its recently adopted rules establishing remedial measures to be followed when requests to extend DTV construction deadlines are denied. *See, In the Matter of Remedial Steps for Failure to Comply With Digital Television Construction Schedule*, MM Docket 02-113, *Report and Order and Memorandum Opinion and Order on Reconsideration* (FCC 03-77) (rel. Apr. 16, 2003).

**B. Long-Sought “Plug and Play” Cable Compatibility With DTV Is Within Reach**

Another obstacle, yet one readily surmountable, is the lack of a nationwide “plug and play” cable compatibility standard, a critical first step for consumer electronics manufacturers to offer consumers “cable-ready” DTVs that, like their analog counterpart, do not require the use of a separate set-top box. “Plug and play” cable compatibility – the ability of the consumer to purchase their TV, plug it in, and receive cable-delivered services without the need for a separate set-top box – is a feature upon which millions of consumers rely today, and one they will expect, if not demand, be available with DTV. Moreover, nationwide interoperability of DTV with cable is a key element to attaining the statutory 85 percent penetration threshold, given that more than two-thirds of all U.S. households receive their in-home video programming via cable.

Thomson is hopeful, however, that this obstacle soon will fall by the wayside, given the recent agreement reached by the cable and CE communities on national “plug and play” cable standards for DTV products.<sup>14</sup> Thomson commends the Commission for swiftly seeking public comment on this ground-breaking industry agreement, and urges the Commission to act just as expeditiously to adopt rules necessary for the agreement’s implementation. Swift action on this agreement will enable consumer electronics manufacturers to bring to market the cable-ready DTV products that are necessary to drive consumers to embrace the DTV transition.

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<sup>14</sup> See Letter from Carl E. Vogel, President and CEO, Charter Communications, *et al.*, to Michael K. Powell, Chairman, FCC (Dec. 19, 2002) (“NCTA/CEA Letter”); *Memorandum of Understanding Among Cable MSOs and Consumer Electronics Manufacturers* (“Cable Compatibility MOU”) (signed by Charter Communications, Inc., Comcast Cable Communications, Inc., Cox Communications, Inc., Time Warner Cable, CSC Holdings, Inc., Insight Communications Company, L.P., Cable One, Inc., Advance/Newhouse Communications, Hitachi America, Ltd., JVC Americas Corp., Mitsubishi Digital Electronics America, Inc., Matsushita Electric Corp. of America (Panasonic), Philips Consumer Electronics North America, Pioneer North America, Inc., Runco International, Inc., Samsung Electronics Corporation, Sharp Electronics Corporation, Sony Electronics, Inc., Thomson, Toshiba America Consumer Electronics, Inc., Yamaha Electronics Corporation, USA, and Zenith Electronics Corporation).

V. **DTV MANUFACTURERS WILL PROVIDE CONSUMERS WITH ABUNDANT AND ACCURATE INFORMATION CONCERNING THE FUNCTIONALITY AND LIMITATIONS OF THE EQUIPMENT THEY PURCHASE**

The Commission seeks comment on a number of matters relating to the potential commercial availability of equipment designed to receive programming delivered only either by satellite or cable (but not over-the-air) or that include no tuning capability at all (referred to in the *NPRM* as “pure monitors”).<sup>15</sup> The Commission also asks, if such devices are being planned, whether a Commission-adopted labeling regime is required to inform consumers of the reception capabilities, or the need for additional receiving equipment, or whether labels are needed for analog-only receivers.<sup>16</sup>

Thomson reported two years ago that it was unaware of any commercially available devices designed exclusively for reception of cable (*i.e.*, that do not include over-the-air broadcast capability).<sup>17</sup> The marketplace conditions that militated against such digital products remain much the same today. In the intensely competitive consumer electronics market, customers are generally won by offering more, not less, functionality and flexibility. Moreover, assuming the Commission promulgates expeditiously the regulations sought to implement the CE/cable DTV compatibility agreement, the economies of combining the requisite electronics to implement the Commission’s DTV tuner mandate and the manufacture of cable-ready DTV sets also operate to discourage such “cable-only” DTV products.<sup>18</sup>

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<sup>15</sup> See *NPRM* at ¶¶ 97-98.

<sup>16</sup> *Id.*

<sup>17</sup> See Comments of Thomson (formerly Thomson Consumer Electronics, Inc) in *First DTV Periodic Review*, MM Docket 00-39, at 9.

<sup>18</sup> Due to system redundancies in the manufacture of cable-ready and ATSC-ready DTVs, the incremental costs of including ATSC reception in an already cable-ready receiving device are modest.

Even assuming *arguendo* such devices were to come to market, consumer electronics manufacturers have every incentive to ensure that their customers are more than adequately informed about the capabilities – or lack thereof – of the equipment they purchase. As the Commission found in its First Periodic Review of DTV,<sup>19</sup> industry-led consumer education efforts – such as that which today informs consumers about the subtle differences between integrated HDTV Sets and HDTV Monitors (which require a separate receiver) – continue to be the best way to ensure that consumers are adequately and accurately informed regarding the attributes and limitations of the consumer electronics devices they purchase. In short, the threat of new categories of cable or satellite-only products achieving significant market penetration in the near term is remote, and there is no evidence that manufacturers would not inform consumers appropriately of product limitations. Certainly, there has been no showing of marketplace failure (indeed, there is not even a market today) to justify regulatory intervention through labeling requirements.

**VI. THE COMMISSION SHOULD ADOPT THE A/65B PSIP STANDARD AND MANDATE ITS USE BY BROADCASTERS**

The Commission seeks comment on whether it should require the use of any or all of the ATSC A/65A Program and System Information Protocol (“PSIP”) standard.<sup>20</sup> Thomson strongly supports the Commission’s adoption of the full A/65B PSIP standard and requiring broadcast stations to transmit PSIP information in its entirety in a manner similar to adoption of the ATSC standard.

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<sup>19</sup> See, *First DTV Periodic Review Second Report and Order*, 17 FCC Rcd 15978 at ¶ 40.

<sup>20</sup> See *NPRM* at ¶ 114. Thomson notes that ATSC A/65B (March 18, 2003) is the successor to A/65A.

PSIP provides for the basic “data exchange” between the broadcast signal and the television receiver that is necessary to enable the correct operation of multiple functionalities in consumer DTV equipment, including closed captioning, v-chip program blocking, channel navigation and program guides. Adoption of the complete A/65B PSIP standard and requiring its use by all broadcasters will serve to standardize communications between DTV broadcasters and DTV reception equipment, which is essential to ensuring that consumers’ DTV equipment operates in a consistent and correct manner when utilizing these important functionalities.<sup>21</sup>

## **VII. CONCLUSION**

While a great deal has been achieved toward the ultimate goal of converting our nation’s analog television service to a digital medium, serious obstacles remain which, unless remedied well before the fast-approaching December 31, 2006, target established by Congress, could greatly undermine consumers’ confidence, interest and investment in DTV. Thomson urges the Commission to: (1) ensure that local broadcasters are reaching the maximum number of viewers as soon as reasonably feasible, both with a DTV signal and network-originated HDTV programming; (2) adopt and implement the December 2002 agreement to ensure nationwide “plug and play” DTV-cable compatibility; (3) ensure uniform use of the A/65B PSIP standard by all broadcasters; and (4) reaffirm its decision that labeling of DTV consumer electronics equipment is a practice best left to the marketplace. Thomson again commends the Commission for its undaunted efforts to ensure that

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<sup>21</sup> In this regard, Thomson associates itself with comments filed in this proceeding by the Consumer Electronics Association.

the transition to DTV proceeds in a fashion that is not only swift and smooth, but that ensures consumers are able to receive and enjoy HDTV and its associated benefits to their fullest.

Respectfully submitted,

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