

STATEMENT OF COMMISSIONER JONATHAN S. ADELSTEIN

Re: Second Report and Order and Second Further Notice of Proposed Rulemaking (CS Docket No. 97-80; PP Docket No. 00-67)

Today, the Commission responds to the public readiness for “Digital Cable Ready” devices. The agreement between the cable television and consumer electronics industries giving consumers the ability to get beyond the set-top box and plug their televisions and other devices directly into the digital cable system was a positive step in the resolution of long-pending and complex issues. Today we take the first step toward this reality. Although not perfect, today’s action gives us reason for optimism that we can embark on a world of innovation and growth in one-way digital devices and digital content delivery systems. This decision, along with anticipated resolution of these issues and more for two-way interactive devices, should result in more choice of new products and services using the cable infrastructure which will entice consumers to embrace the digital transition.

Our goals are simple – to promote innovation, interoperability, and the inevitable transition to high-definition digital television. It is the methods that have proven complicated over the past several years. I believe we have struck the right balance today between the delicate and competing interests at stake. We adopt rules that will enable new business models to launch. We adopt processes that will allow the Commission to serve as arbiter of disputes. And we seek further comment on those aspects surrounding the agreement where we are least able to predict the results for consumers, cable operators, consumer electronics companies, content providers, and other interested parties.

Today’s decision is fundamentally about innovation in the delivery of high value content into people’s homes, and in the products that will receive such content. We are taking steps to ensure that all technologies will be evaluated objectively and that testing and certification of devices can be administered by neutral parties. These new devices and technologies will be central to the consumer’s experience with digital content as it is integrated into the home network.

We are mindful today of the needs of copyright owners to protect high value content. Our action does not affect any rights or limitations of copyright holders under the copyright law. We preserve flexibility for the later use of certain methods of protecting premium content if it is shown that such uses are necessary and consumer-friendly.

I look forward to the outcome of the ongoing discussions to devise standards and rules for interactive, two-way devices, and encourage the industries to consult with other interested parties as those discussions progress. I also encourage manufacturers and cable operators to work with retailers in a broad outreach campaign to the public. As the public begins to enjoy the new choices available to them, I suspect they will quickly become “Interactive Digital Cable Ready” and demand even more innovative interactive devices which can be brought to market right away.