

**STATEMENT OF
COMMISSIONER KEVIN J. MARTIN**

Re: Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment, Second Report and Order and Second Further Notice of Proposed Rulemaking, CS Docket No. 97-80; PP Docket No. 00-67

I support today's decision on compatibility between cable systems and consumer electronics equipment. I believe it is extremely important for the Commission to resolve outstanding DTV-related issues quickly so that affected industries and consumers know the rules of the road. As I wrote a year ago, resolving issues surrounding digital cable compatibility would benefit consumers significantly by allowing the majority of consumers – about 70 percent of consumers who access their programming via cable – to more easily view digital programming. I am glad that we are taking action on this and hope that manufacturers can now incorporate digital broadcast and cable reception capabilities for approximately the same cost as the digital broadcast tuner alone. By ensuring equipment functionality and interoperability for digital cable systems, our action allows manufacturers to build fully integrated “digital cable ready” sets that also incorporate broadcast tuners.

I am disappointed that we were not able to resolve the Broadcast Flag proceeding at the same time. Acting on the content protection rules in both the Plug & Play proceeding and the Broadcast Flag proceeding at the same time would have clarified the rules of the road for all participants in the DTV transition. Still, I am pleased that the Commission has committed in this item to resolving the Broadcast Flag proceeding in the near future, and I look forward to working with my colleagues on this difficult and important issue.

I also note some concerns that I have about the process used to reach this agreement. A number of parties complained to the Commission that they were not afforded an opportunity to express their concerns during the negotiations that culminated in the Plug & Play agreement. These parties argue that the agreement between the cable and consumer electronics industries – which is limited to one-way products – impacts them. I understand that a similar round of industry discussions focused on interactive, two-way products is about to start. I strongly encourage that *all* interested parties be allowed to participate in setting the groundwork for any necessary rules.

Finally, I note the difficulty of these issues and the importance of ensuring that our rules do not impede the legal rights of copyright holders to protect their content.

In all, I believe that today's decision is a good step forward for the transition to digital television.