

CableFAX Daily™

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What the Industry Reads First

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Piracy Party: 5 ISPs Ready to Implement New Copyright Alert System

Three of the country's top cable operators, **Comcast**, **Time Warner Cable** and **Cablevision**, have agreed to a new "Copyright Alert System" with the **MPAA** and **RIAA**. The system is aimed at educating and notifying Internet subscribers about accounts possibly being used for downloading online content illegally. **AT&T** and **Verizon** are also on board with the new voluntary framework, which NY Gov *Andrew Cuomo* helped broker. While 3rd-largest MSO **Cox** is not a part of the pact, it plans to monitor the success of the agreement and said it may reassess its position at a later date. "We do appreciate the importance of the issue and will continue to operate and improve our own longstanding graduated response notice program," a Cox spokesman said. Many ISPs already forward subs notification that they receive from content owners about alleged content theft. Indeed, **Bright House** said it already does all of the things in the new alert process. "We commend them for what they're doing, but also feel we're already doing the same thing," a spokesperson said, while noting that BH will continue to follow the coalition's work. **Charter** said it has been involved in discussions regarding the Copyright Alert System, but elected not to participate at this time. "This is an important issue, and Charter is diligent in complying with current copyright regulations and laws," a spokesperson said, adding that the MSO "will remain engaged in evaluating its effectiveness." Given Cuomo's involvement, it's worth noting that Cablevision, TWC, Comcast, AT&T and Verizon all have customers in the NY area. The groups involved said the new system represents the 1st common framework for alerting customers. The agreement, which had been rumored for months, is intended to be "educational in nature, not punitive," according to *James Assey*, evp, **NCTA**, which worked in an advisory capacity with the ISPs to help complete the agreement. The Copyright Alert System sends subscribers up to 6 alerts notifying them that their accounts may have been misused for the theft of film, TV shows or music. After 5-6 notifications, "mitigation measures" can be put in place, such as temporarily reducing Internet speeds, redirection to a landing page until a sub contacts the ISP to discuss the matter or other measures the ISP may deem necessary to resolve the issue. In other words, it leaves the ISP in charge. In fact, ISPs even have control of the wording of the alerts as they want to retain the right to communicate with customers as they see fit. The agreement doesn't establish new laws or require termination of a subscriber's account, nor do ISPs have to provide subscribers' names to rights' holders. Those carve-outs helped relieve some concerns of **Public Knowledge** and **The Center for**

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Democracy & Technology. They said the system has the potential to be an important educational vehicle, but warned that the devil is in the details. The groups are particularly disappointed that Internet account suspension is listed as a possible remedy, saying they believe it would be wrong for any ISP to cut off subs based on allegations that have not been tested in court. While the alert system does not require the ISP to terminate a sub's account, sec 512 of the Digital Millennium Copyright Act requires that ISPs have in place a termination policy for repeat copyright infringers as a condition of availing themselves of the Act's safe harbor provision. The pact also establishes a **Center for Copyright Information** to support the system and educate consumers about copyrights. An **FCC** spokesman called the voluntary effort a positive development. "As the Commission has recognized, copyright infringement has serious adverse consequences for the economy, and efforts to address this issue can and must co-exist with robust protections for Internet freedom and openness," he said. "We look forward to the recommendations of the organization that will be created as part of this effort."

SK!: *Suzanne Kolb* was upped to pres, **E! Ent**, a post that has been vacant since late last year when *Ted Harbert* became chmn, **NBC Broadcasting**. A direct report of **NBCU Cable Ent and Cable Studios** chmn *Bonnie Hammer*, Kolb had been pres, marketing, news and online for E! and **Style**, and is credited with helping drive E!'s record-breaking growth over the last 6 years. Kolb's "strong oversight of three areas key to E!'s success—news, online and marketing— makes her the perfect person to lead the brand," said Hammer in a release. COO *Steve Dolcemaschio*, pres, ent programming *Lisa Berger* and evp, research and program strategy *Cyndi McClellan* remain with the net.

Over-the-Airheads: The **3rd Circuit Court of Appeals** largely upheld the **FCC's** '07 media ownership order but overturned the agency's loosening of the newspaper and broadcast cross-ownership ban because it said the order failed to meet notice and comment requirements set out by law.

AllVid, AllGood: Who needs an **FCC**-mandated AllVid solution when cable is already so, so there? At least that's the image portrayed in a letter from **NCTA** pres/CEO *Michael Powell* to FCC chmn *Julius Genachowski*. Powell highlighted displays at the **Cable Show** and other recent developments as evidence that the industry is enabling competition and innovation at retail. Examples include TV Everywhere offerings expanding from the PC to smart phones, tablets, etc; cloud delivery mechanisms; and live linear and VOD offerings available as a clickable retail app on Internet-connected TVs, tablets and PCs. "Risk taking, investment, and innovation flourish most fully when freed from regulatory technology mandates and participants in the marketplace are able to craft thoughtful solutions that optimize value to consumers," Powell wrote.

iPad TV: **Time Warner Cable** unveiled a 2nd iteration of its iPad app that expands to approx 100 the number of channels that can be streamed live on the device. **Viacom** nets aren't included despite the pair's recent agreement to try and resolve the related rights issues outside of court. Additional app updates include an IPG, the ability to tune a set-top from within the guide, and a remote DVR manager.

Guide Me: **Charter** inked a deal to distribute **Rovi's** TotalGuide Solution on its existing set-tops, mobile and tablet devices and the Internet. The MSO also receives a license to Rovi's Remote Recording Scheduling App for i-Guide and Passport Guide, plus allowance to use Rovi's IPG patent portfolio across platforms. -- **Verizon** intro'd its **FiOS TV** Interactive Media Guide in Pittsburgh and FL. Also, more than 25 enhancements to the IMG were launched in Tampa on Thurs including DVR chaptering and improved search capabilities.

OTT: **Hulu** counts approx 875K Hulu Plus subs, according to a blog post by CEO *Jason Kilar*. (For more info, see pg. 4).

Technology: **LightSquared** created the **Empower Rural America Initiative**, led by an advisory board that includes former *Sen Byron Dorgan*. Empower ostensibly seeks to close the broadband gap in America by working with small cities and rural communities to ensure the deployment of LightSquared's network and resolve any GPS interference issues.

Ratings: **Discovery en Espanol** had its best 2Q ever in prime with growth across all demos, including men 18-34 (+11%) and women 18-34 (+11%), women 18-49 (+7%) and 18-49s (+4%). -- **Syfy's** annual "Twilight Zone" marathon earned the greatest viewership among P2+ (1.36mln), 18-49s (461K) and 25-54s (613K) for a July 4th programming stunt since '05.

Public Affairs: Co-chairs *Geena Davis* and former **FCC** commish *Deborah Taylor Tate* announced the commission members for the **NCTA**-endorsed **Healthy Media: Commission for Positive Images of Women and Girls**, which aims to lead a national dialogue on how each is portrayed in the media. Myriad cable-related execs are on the list including **Dis-**

BUSINESS & FINANCE

covery Comm svp *Alexa Verveer* and Style pres *Salaam Coleman Smith*.

Honors: *Larry King* will receive the National Academy of TV Arts & Sciences' Lifetime Achievement Award at the 32nd annual News and Documentary Emmy Awards, Sept 26, NYC.

Editor's Note: Get connected by signing up for our Connected TV Webinar on July 20. More info: http://www.cablefax.com/cfp/webinars/2011_july20.html

People: Time Warner Cable welcomed former Comcast Nets exec *Dan Finnerty* as svp, TWC Sports. The MSO also officially announced *Mark Shuken* as svp/gm, TWC Sports Regional Nets. -- MTVN tapped as evp, ad sales strategy *Elizabeth Herbst-Brady*, who has served as pres/CEO of MagnaGlobal for the past 3 years. -- Discovery Channel tapped *Denise Contis* as svp, prod and dev.

Business/Finance: QuickPlay Media agreed to acquire from defunct Qualcomm subsidiary FLO TV assets including a 30K-sq-foot data and network ops center in San Diego where it plans to manage the capture and distribution of both live and on demand content for IP-enabled devices. -- Paramount Pictures plans to launch an in-house animated div, with its 1st title slated for a '14 release. Per picture budgets won't exceed \$100mln. -- Rovi completed the sale of certain assets of it BD+ tech business to Irdeto USA for cash consideration of up to \$25mln.

CableFAX Daily Stockwatch

Company	07/07 Close	1-Day Ch	Company	07/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	52.80	0.88	BLNDER TONGUE:	1.73	0.08
DISH:	31.75	0.77	BROADCOM:	35.03	0.98
DISNEY:	39.74	0.17	CISCO:	15.90	0.34
GE:	19.30	0.25	CLEARWIRE:	3.87	0.04
NEWS CORP:	17.93	(0.01)	CONCURRENT:	6.08	(0.15)
MSOS					
CABLEVISION:	27.48	0.12	CONVERGYS:	13.97	0.21
CHARTER:	58.54	(0.44)	CSG SYSTEMS:	19.07	(0.17)
COMCAST:	25.58	0.09	ECHOSTAR:	38.27	0.33
COMCAST SPCL:	24.51	(0.04)	GOOGLE:	546.60	11.24
GCI:	12.38	(0.01)	HARMONIC:	7.25	0.12
KNOLGY:	15.29	0.14	INTEL:	23.23	0.48
LIBERTY CAPITAL:	87.60	2.63	JDSU:	16.70	0.37
LIBERTY GLOBAL:	45.85	(0.03)	LEVEL 3:	2.62	0.10
LIBERTY INT:	17.69	0.29	MICROSOFT:	26.77	0.44
SHAW COMM:	22.71	0.18	MOTOROLA MOBILITY:	22.64	0.24
TIME WARNER CABLE:	79.99	0.36	RENTRAK:	19.29	0.68
VIRGIN MEDIA:	30.14	0.08	SEACHANGE:	10.84	(0.02)
WASH POST:	422.70	5.36	SONY:	27.29	0.36
PROGRAMMING					
CBS:	28.98	0.46	SPRINT NEXTEL:	5.65	0.14
CROWN:	1.91	0.01	THOMAS & BETTS:	55.82	0.43
DISCOVERY:	42.50	0.89	TIVO:	10.72	(0.01)
GRUPO TELEVISA:	24.01	0.17	UNIVERSAL ELEC:	25.31	0.56
HSN:	35.00	1.27	VONAGE:	4.67	0.02
INTERACTIVE CORP:	38.58	(0.01)	YAHOO:	15.81	0.09
LIBERTY:	42.63	0.48	TELCOS		
LIBERTY STARZ:	74.60	0.37	AT&T:	31.23	UNCH
LIONSGATE:	6.79	0.08	VERIZON:	37.42	(0.12)
LODGENET:	3.19	(0.01)	MARKET INDICES		
NEW FRONTIER:	1.55	0.16	DOW:	12719.49	93.47
OUTDOOR:	7.35	0.30	NASDAQ:	2872.66	38.64
SCRIPPS INT:	49.09	(0.05)	S&P 500:	1353.22	14.00
TIME WARNER:	37.06	0.42			
VALUEVISION:	8.01	0.22			
VIACOM:	59.12	0.46			
WWE:	9.93	0.20			
TECHNOLOGY					
ADVANTAGE:	2.58	(0.01)			
ALCATEL LUCENT:	6.04	0.20			
AMDOCS:	30.97	0.04			
AMPHENOL:	55.55	1.22			
AOL:	20.49	(0.15)			
APPLE:	357.20	5.44			
ARRIS GROUP:	11.87	0.20			
AVID TECH:	19.54	0.07			
BIGBAND:	2.16	0.04			



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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Place Your Bets

A more accurate assessment of potential growth in OTT plays and models may come from the purchase price of **Hulu**—and with it indirect commentary on the threat of cord cutting. Owing to a blog post by CEO *Jason Kilar*, we know that Hulu now counts approx 875K **Hulu Plus** subs. At \$8 a pop/month, that total equates to \$7mln in monthly sub fees. Considering that Plus customers totaled 250K in Dec and just more than 500K in Mar, it's a safe bet the service will continue to expand; Kilar, in fact, expects 1mln subs by the end of the summer. If we model a 75K increase each month through Dec, Hulu will end the year with approx 1.33mln subs and, assuming a static price throughout the year, sub fees of approx \$82mln for '11. Compare that number to the \$500mln in '11 ad rev Hulu has penciled in, and also consider that the site's current content costs basically eat up all the sub fees. So, do potential buyers assume Hulu's sub growth can continue to offset increases in programming costs, or perhaps even overcome them down the road? At what point will sub growth subside or perhaps ebb? What are the expectations for Hulu's ad growth? Those are just a handful of the onerous questions that potential buyers must attempt to answer. Financial modeling is largely about estimates, but with what confidence can they be made when tech has so fragmented the media industry in just the last few months? Face it: behemoth Google has the cash to find out. For my money, I'll read much more into the possible future of digital media through Hulu's purchase price than any outlooks from research firms. But does a big bet on Hulu mean a hefty short of cable? Establish a futures market for cord cutting, and we'll get a better idea of the threat. Money talks in many tongues. *CH*

Highlights: "Curb Your Enthusiasm," season VIII premiere, Sun, 10p, **HBO**. It's taken Jeff (*Jeff Garlin*) 8 seasons, but finally he's nailed *Larry David's* M.O. "You're a social assassin!" Jeff proclaims, meaning David has the guts to say exactly what's on his mind no matter the cost. This self-awareness leads to one of the funniest eps in "Curb's" history (6/24 premiere). And don't miss ep 9 in Sept when Larry befriends Red Sox goat *Bill Buckner*. -- "Rescue Me," final season premiere, Wed, 10p, **FX**. While *Larry David's* comfortable with himself, firefighter Tommy Gavin (*Denis Leary*) is perplexed: he finds a bar that hosts AA meetings; his estranged wife and his ex-girlfriend have become extremely close; rebellious daughter Colleen has vowed to exchange vows with Tommy's colleague Shawn. Thrown in are the 10th anniversary of 9/11 and the re-appearance of Tommy's lover Kelly, played beautifully by cancer-survivor *Maura Tierney*.

Worth a Look: "Torchwood, Miracle Day," premiere, Fri, 10p, **Starz**. An uneven script mars this entertaining continuation of the **BBC** sci-fi series. *Wayne "Newman" Knight* seems miscast, *Lauren Ambrose* shines.

Notable: With the 135th and final Space Shuttle mission, set for Fri, 11:26 am ET, "Dan Rather Reports" (Tues, 8p ET, **HDNet**) has a special panel on the space race. HDNet also has the launch live. *SA*

Basic Cable Rankings (6/27/11-7/03/11) Mon-Sun Prime			
1	USA	2.3	2360
2	TNT	1.8	1786
3	DSNY	1.7	1746
4	FOXN	1.3	1292
4	HIST	1.3	1287
4	HLN	1.3	1267
7	FX	1	960
7	A&E	1	957
9	ESPN	0.9	940
9	HGTV	0.9	896
9	ADSM	0.9	889
9	AMC	0.9	840
13	TBSC	0.8	854
13	NAN	0.8	849
13	DISC	0.8	823
13	FAM	0.8	821
13	FOOD	0.8	793
13	TVLD	0.8	776
13	CMDY	0.8	764
13	SYFY	0.8	762
13	TLC	0.8	754
13	TRU	0.8	713
13	BET	0.8	706
13	NKJR	0.8	588
25	LIFE	0.7	738
25	SPK	0.7	666
27	MSNB	0.6	576
27	ID	0.6	465
27	LMN	0.6	464
30	MTV	0.5	527
30	VH1	0.5	518
30	HALL	0.5	466
30	APL	0.5	451
30	NGC	0.5	330
35	EN	0.4	433
35	BRAV	0.4	393
35	CNN	0.4	391
35	DXD	0.4	311
35	NKTN	0.4	257
40	TRAV	0.3	305
40	GSN	0.3	251
40	OXYG	0.3	231
40	SOAP	0.3	228
40	WGNA	0.3	196
40	INSP	0.3	190
40	SCI	0.3	178

*Nielsen data supplied by ABC/Disney

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