

CableFAX Daily™

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What the Industry Reads First

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Patent Talks Pending: Firm Wants Big Fees for Interactive Tech Use

Attention set top manufacturers and MSOs: if you're not yet in discussions with **MONKEYmedia**, you soon will be, insists pres/CEO *Eric Gould Bear*—and be prepared to open up your checkbook. That's because Monkey, a user interface design studio, lays claim to several patents covering various standards including **tru2way** and interactive apps such as telescopic advertising, and in Aug launched a partnership program whereby any entity using related tech can pay for that right. Entry fees range to \$1.5mln. "We did our due diligence way back before" anyone thought such tech was possible, said Bear, and now "we're monetizing that investment and following through on our passion." He said certain companies have already joined the program and that talks are ongoing with others, but refused to give names. So far, the cable industry seems to be shrugging its collective shoulders. **CableLabs** had "no comment," a **Comcast** spokesperson said no one queried internally about Monkey had heard of the company or its patents, and several other MSOs didn't respond to inquiries. A self-described tech enthusiast and designer, Bear said Monkey "lucked out" with the direction interactive tech has gone, but called its germane patents, good for 10 more years, "sufficiently foundational." Meanwhile, he said Monkey's not afraid to forcefully play its hand. The program fees are "the cost of doing business, that to be honest, [the industry] could've known about and should've known about," said Bear, adding that any company pondering litigation in the matter "would have to be a fool to go [that route] without a shotgun in their back pocket." In early '06, **Microsoft** inked with Monkey a licensing agreement for patents related to interactive video tech, though it should be noted that Bear is a former Microsoft employee and that Monkey performed some work in the past for an erstwhile *Paul Allen* shop, **Interval Media**. As a major sponsor of next week's **Digital Hollywood** conference, Monkey will be on hand to explain its position and further initiate talks with the cable industry. Also, Bear will participate on panels with reps from Comcast, **Fox**, **MGM** and **Rovi**. Digital Media pres *Victor Harwood* said he wasn't knowledgeable about Monkey's patents, but said its case "on the surface sounds very interesting." It may be interesting, but is it valid and tenable? That remains to be seen. Check Seamless.TV for more information about Monkey's patents.

In the States: **Insight** announced the launch of its new Digital 5.0 video service Mon, which includes 100% digital and new DVR features, such as overlap protection and live recording extension. The new "Total Home On Demand Feature" allows subs to watch an On Demand program in 1 room and finish it in another. The feature works with all Insight digital receivers. The upgrade also includes a few more HD channels (including **Cartoon**, **Lifetime** and **Bravo**), but CEO *Michael Willner* noted on his blog that the 5.0 release is not primarily about HD. "I want you to know that we are totally committed to more HD—much more," Willner wrote, telling subs to stay tuned for further announcements. Insight subs seem pretty eager, with his blog entry generating several comments requesting various HD channel launches. -- **Sprint** intro'd a **Partner Interexchange Network** to provide B2B wholesale exchange of voice traffic. Partners may directly exchange VoIP service between themselves while operating on Sprint's network, while lowering or eliminating access termination

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and LEC tandem fees. -- **Concurrent** opened an office in San Jose to spearhead its West Coast business development.

Carriage: Comcast put **Outdoor Channel** on its Digital Preferred tier in Seattle, a placement that's in addition to the net's existing position on the MSO's Sports and Entertainment tier. Also, Comcast launched **Outdoor Channel HD** in Seattle and Tacoma, WA.

Competition: AT&T bowed **U-verse** services in Jackson, MS, and U-verse Voice in Birmingham.

Neutrality Talk: Small broadband providers would suffer the most from network neutrality rules limiting network management, concludes a study released from the **Phoenix Center** Mon. The study notes that such regulation could also diminish the effectiveness of stimulus grants under the American Recovery and Reinvestment Act. "Prescriptive regulation of network management may disproportionately affect networks located in rural areas or smaller networks in urban areas, and wireless networks that face relatively high capacity costs," the study concludes. The FCC is expected to vote on a notice of proposed rulemaking on net neutrality Oct 22. **NCTA's Kyle McSillarow** has expressed concern that the proceeding could cover providers' managed services off the public Internet (**Cfax**, 10/12).

VOD: Univision picked the **Comcast Media Center** to manage distribution of its Univision On Demand service, featuring content from Univision, **TeleFutura** and **Galavisión**. It's now available in markets served by **Comcast**, **Time Warner Cable** and **Verizon FiOS TV**. CMC will assist Univision in rolling out Univision On Demand industry-wide in the coming months.

Programming: **Ovation TV** bows original series "Anatomy of a Closet," Nov 8, 8pm ET. -- **BET** announced a docu-series centered on **Michael Vick** ('10). It will look at Vick's controversial return to football after serving prison time for federal dog-fighting charges, plus his troubled childhood. -- **Alec Baldwin** agreed to again co-host **TCM's** "The Essentials," the 10th season of which returns in Mar with movies including "A Streetcar Named Desire" and "The Sting." -- **Syfy's** 4-hr "Alice," a re-imagined version of the Wonderland classic, premieres Dec 6-7. -- On Oct 25, **Showtime's** Website will premier "Dexter: Early Cuts," a 12-part animated series offering insights into how the popular show's main character evolved into a serial killer. -- Encore airings of the new season of **ABC's** "Ugly Betty" begin Oct 22 on **TV Guide Net**. Leading up to the telecast, the net will feature related programming such as a behind-the-scenes look at the show's set and information on the new season. -- **Epix** will air during its launch weekend (Oct 30-Nov 1) a 2-hr **Madonna** concert special "Sticky & Sweet: Live from Buenos Aires" and films including "Iron Man" and "The Curious Case of Benjamin Button."

Online: **Lifetime** is launching 3 new Web series this week on myLifetime.com: "Sherri," 8 webisodes following **Sherri** to comedy club where she'll perform stand-up related to the theme of that week's TV ep; "Rita Rocks," 15 webisodes serving as a digital diary for character **Rita Clemmens**; "Celebrity Buzz with Tanya," comedian **Tanya Scheer's** take on



Riding high in its second season.
#1 series this year among persons and men 18-49.

FX

BUSINESS & FINANCE

celeb news. Streaming has been a huge growth area for Lifetime, up nearly 300% YOY, the net said. Each week, Lifetime streams the linear eps of "Sherrri" and "Rita Rocks" following their 1st runs. -- **CartoonNetwork.com** launched a site redesign to better promote net shows and optimize ads, and also Star Wars: The Clone Wars Game Creator, which allows fans of the series to build their own game version and share it globally.

People: OWN: The Oprah Winfrey Network picked up *Kathleen Kayse* as evp, ad sales. Kayse most recently served as **Discovery Comm's** evp, digital sales. -- *Ralph Galione*, formerly of **Cisco**, is joining **Arris** as vp, sales for **Comcast**. -- Two additions to **Comcast's** MI leadership team: *Alan Clairmont* as vp, sales & marketing and *Dale Kirk* as vp, engineering. -- **Zenith Media's Eric Cavanaugh** joined **Bravo** as vp, program research. -- **RCN** named *Mary Horne* vp/gm, Business Services. -- **Fox Cable Nets** upped *Sherry Brennan* to svp, sales strategy and dev. -- **Starz Media Networks** named **AT&T** and **DirectTV** veteran *Guy Beverlin* evp, operations.

Business/Finance: The **Chicago Cubs** filed for Chapter 11 bankruptcy protection Mon, an expected move that will help facilitate parent **Tribune Co's** \$845mln sale of the club plus Wrigley Field and a 25% stake in **Comcast SportsNet Chicago**.

CableFAX Daily Stockwatch

Company	10/12 Close	1-Day Ch	Company	10/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	36.78	(0.21)	AMPHENOL:	38.86	0.75
DIRECTV:	26.92	(0.52)	APPLE:	190.81	0.34
DISH:	19.58	(0.45)	ARRIS GROUP:	11.61	(0.15)
DISNEY:	28.64	0.00	AVID TECH:	14.73	(0.11)
GE:	16.33	0.15	BIGBAND:	4.30	0.07
NEWS CORP:	14.04	(0.13)	BLNDER TONGUE:	1.21	0.02
MSOS					
CABLEVISION:	23.75	(0.18)	BROADCOM:	30.14	0.60
COMCAST:	15.28	(0.27)	CISCO:	23.78	(0.25)
COMCAST SPCL:	14.47	(0.28)	CLEARWIRE:	7.88	0.03
GCI:	6.55	(0.09)	COMMSCOPE:	28.19	0.02
KNOLGY:	11.00	(0.1)	CONCURRENT:	4.40	(0.09)
LIBERTY CAPITAL:	21.11	(0.42)	CONVERGYS:	10.93	0.27
LIBERTY ENT:	30.55	(0.53)	CSG SYSTEMS:	16.09	(0.04)
LIBERTY GLOBAL:	22.21	(0.43)	ECHOSTAR:	19.31	(0.06)
LIBERTY INT:	12.13	0.24	GOOGLE:	524.04	7.79
MEDIACOM:	5.47	(0.13)	HARMONIC:	6.46	0.05
RCN:	9.28	(0.11)	INTEL:	20.40	0.23
SHAW COMM:	19.20	0.03	JDSU:	6.86	(0.1)
TIME WARNER CABLE:	41.30	(0.34)	LEVEL 3:	1.36	(0.01)
VIRGIN MEDIA:	13.81	(0.17)	MICROSOFT:	25.72	0.17
WASH POST:	474.85	(5.1)	MOTOROLA:	8.32	(0.16)
PROGRAMMING					
CBS:	12.13	(0.23)	OPENTV:	1.57	(0.01)
CROWN:	1.74	0.04	PHILIPS:	27.01	1.90
DISCOVERY:	30.25	(0.3)	RENTRAK:	17.75	0.12
EW SCRIPPS:	7.80	0.15	SEACHANGE:	7.75	(0.22)
GRUPO TELEVISIA:	18.98	0.37	SONY:	28.62	0.18
HSN:	16.77	(0.13)	SPRINT NEXTEL:	3.58	0.00
INTERACTIVE CORP:	19.03	(0.04)	THOMAS & BETTS:	31.61	(0.36)
LIBERTY:	35.09	0.28	TIVO:	10.62	0.02
LODGENET:	7.38	(0.12)	TOLLGRADE:	5.57	0.05
NEW FRONTIER:	2.00	(0.04)	UNIVERSAL ELEC:	20.70	0.21
OUTDOOR:	6.65	0.05	VONAGE:	1.73	0.08
PLAYBOY:	3.35	0.18	YAHOO:	16.75	(0.12)
RHI:	2.87	(0.06)	TELCOS		
SCRIPPS INT:	37.53	0.18	AT&T:	25.60	(0.06)
TIME WARNER:	30.28	0.03	QWEST:	3.79	0.03
VALUEVISION:	3.38	0.30	VERIZON:	29.00	(0.16)
VIACOM:	30.17	(0.23)	MARKET INDICES		
WWE:	13.71	0.06	DOW:	9885.80	20.86
TECHNOLOGY					
3COM:	5.70	0.05	NASDAQ:	2139.14	(0.14)
ADC:	7.24	(0.33)			
ADVANTAGE:	2.26	0.04			
ALCATEL LUCENT:	4.76	0.06			
AMDOCS:	26.60	(0.34)			

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EYE ON DIGITAL

Comcast NBCU

As **Comcast** eyes **NBCU** and its stake in high-growth **Hulu**, it's perhaps interesting to ponder how different the world would look had Comcast succeeded in nabbing **Disney** back in early 2004. Perhaps not much. With control of **ABC**, and the **ESPN** and **Disney** brands, Comcast could have just left everything in place and feasted at the trough of Disney's almost otherworldly knack for printing synergistic money piles. Of course, the MSO could have also meddled with what was working and ended up with an **AOL-Time Warner**-esque disaster. We'll never know which one would have played out in an alternative universe. It's probably for the best.

Fast forward to the present: Now that Comcast is making another play for another content giant, it's interesting to note how different the media world is today compared to 2004. For one thing, high-quality, streaming Internet video was really just a glimmer in Silicon Valley's champagne glass back then—with most broadband speeds still too slow to support a high-quality online video experience. **YouTube** didn't even launch until a year later in Feb 2005. With few people watching online video, few produced it. Chicken and egg. These days, broadband speeds are blazing and available everywhere except for some rural enclaves—and everyone from pre-schoolers to grannies are able to upload, watch and share video fare—even in HD quality. And unlike in 2004, media companies have found enough religion (and advertisers) to make a majority of their episodic content available online and increasingly in mobile environments. We have **Fancast**. We have **Hulu**. We have **YouTube**. We have **Joost**.

Of course, online video contributes little to NBCU's bottom line at the moment. The company is a huge powerhouse of cable brands like top-rated **USA** and **Bravo**, the very respected **SyFy** and a raft of other important properties like **Telemundo**, not to mention flagship broadcaster **NBC**. But the future is digital—at least when it comes to growth. And all the shows on these linear nets are already online



where advertisers increasingly salivate over all those hyper-measurable (and still somewhat young) eyeballs. Owning that content would help Comcast hedge its bets by adding crowned content jewels to its portfolio while flexing its current distribution muscle. It's obvious that Comcast's control over NBCU would give it enormous negotiating leverage across the board (As *WSJ* pointed out, watch out ESPN).

And let's keep something else in mind: Control of NBCU could solidify Comcast's position as it rolls out in 2010 authentication schemes aimed at giving paying subs access to cable fare online. In fact, with Comcast calling the shots at NBCU, it would seem almost inevitable that Hulu would eventually shut off the free-content-to-the-world spigot in favor of authenticating its users to weed out non-cable and/or satellite subs (Of course, some recent reports suggest that's the plan anyway). Not a bad way to improve pay TV's value proposition, although some consumer camps would likely raise a stink that could find sympathetic ears in Washington (**FCC** chmn *Julius Genachowski* is already cooking up net neutrality rules that has cable spooked... A Comcast-NBCU deal could strengthen his hand if it seems to push currently free Hulu content behind a firewall).

Comcast's content slate needs a boost, and NBCU's properties would let the MSO truly capitalize on digital growth while bathing in healthy linear cashflow (it's nice when license fees end up in-house rather than walking out the door). **Disney** didn't work out. But it's perhaps telling that Comcast took more than 5 years to make a comparably big content move. Was it patiently waiting for the right moment? Was it waiting to see how the digital universe would organize before taking the leap? Was it waiting for a horrible recession to depress asset prices? We'll never know. *Brian Roberts* and *Steve Burke* are smart guys. But if you could name one tipping point that really changed the game for premium online video, it's the rise of **Hulu**. And that's one piece of what makes an NBCU play so tasty in 2009.

-*Michael Grebb*

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- Games

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- Original Content
- Podcast or Videocast
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