

## Connected TVs Working Group Summary

### *Connected TV: what Impact on Broadcasting Regulation?*

**WG chair:**

Jean-François Furnémont, EPRA Vice-Chair

**Speakers:**

Emmanuel Gabla, Commissioner, CSA (FR)

Peter McAvock, EBU Technical

Michael A. Wagner, Deputy Director, Legal Department, EBU

**Content producer:**

Bernard Celli, Deputy head of research CSA (FR)

**Jean-François Furnémont**

Jean-François Furnémont introduced the working group by giving a definition of connected TVs and showing 2 videos explaining how a connected TV works and what are Yahoo Connected TV and Google TV, which has recently been launched in the US.

These 2 videos can be seen on the following links:

<http://www.youtube.com/watch?v=diTpeYogAhc>

[http://www.youtube.com/watch?v=szE3lB3Ok3Y&playnext=1&videos=VzjIDM5EBhI&feature=mfu\\_in\\_order](http://www.youtube.com/watch?v=szE3lB3Ok3Y&playnext=1&videos=VzjIDM5EBhI&feature=mfu_in_order)

Connected TVs allow end-users to access Internet content easily on their TV set.

A Connected TVs can be described as a TV set equipped with an Ethernet port (and actually connected to the Internet) or a TV set connected to a box, which is itself connected to the Internet (Wii, Playstation 3, Apple TV, Roku, Fetch TV...).

**Emmanuel Gabla**

Emmanuel Gabla presented the main consequences on the value chain raised by the development of connected TVs.

He first explained that there are 2 main kinds of Connected TVs:

- 'Closed environments', which allow users to install just a few applications;
- 'Open environments', which allow users to access the whole Internet.

Most of Connected TVs allow users to install widgets, which adapt websites for large screen usage, a little bit like I-Phone applications adapt websites for phone screens usages.

For TVs manufacturers, Connected TVs bring a new functionality, which allows them to boost the sales and climb up the value chain by entering into agreements with content editors.

TV distributors might see their function by-passed if Connected TVs become widespread: end-users will not need a satellite or a cable TV distributor any longer if television is provided directly over the Internet. This may raise quality of content issues.

Free-to-air TV editors may face a fragmentation of their audience and a decrease in their advertising revenues. Pay-TV editors may face an increased competition from non-linear services providers. Yet, both may be able to develop new interactive services, making a bridge between linear and non-linear services.

Internet content providers, such as You Tube or Daily Motion, would definitely benefit from the development of Connected TVs since they would be directly available on TV sets. They would then compete against incumbent on-demand-audiovisual-media-services providers. Yet, they might be asked, by telecom operators, to participate in the development of new generation optic fibre networks.

Finally, content rights owners may be able to access end-users directly. This would raise issues as far as the financing of national and European content is concerned.

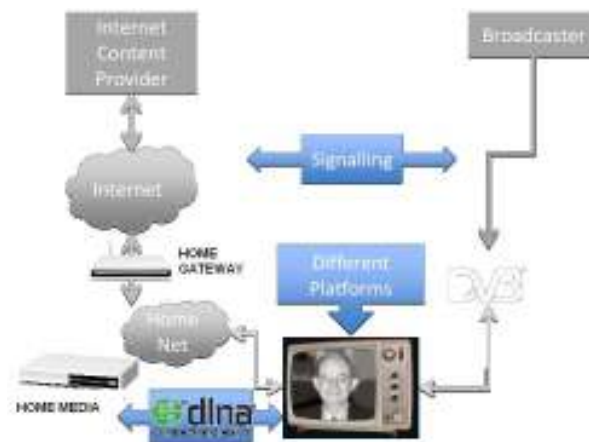
## Peter McAvoek

Peter McAvoek gave a presentation on Hybrid Broadcast Broadband (HBB) TV.

This new technology brings together the mass appeal of broadcast TV with the convenience of the Internet on a domestic TV. HBB is device with two tuners (a broadband and a broadcast tuner), and a means of interpreting signalling which would allow services to exploit the two (many devices have broadband and broadcast functionality without the linkage).

In HBB green field sites like France, Germany and Spain, the preferred system is HbbTV. In HBB brown field sites like Italy and the UK, other systems are preferred (MHP in Italy, Canvas for BBC in the UK).

The following drawing explains how HbbTV work:



## Michael A. Wagner

Michael Wagner gave a presentation on legal and regulatory aspects of Connected TVs.

Connected TVs raise three main types of legal and regulatory issues:

- access to infrastructure, services and content issues ;
- content integrity and viewing experience issues ;
- content quality and media responsibilities issues.

As far as access to infrastructure, service and content issues are concerned, limited safeguard is provided through telecom law, media law and Competition law. Telecom law guarantees access to networks and certain facilities (APIs) but not to content platforms and provides basic net neutrality principles. Media law provides some obligation for network operators to transmit services, including application signalling (“must carry”), for content aggregators to include (linear or non-linear) content in their offers. Yet these obligations are not implemented in all European countries. Competition law can provide solutions in cases of anti-competitive foreclosure but there must be market power.

Regarding content integrity, overlaying unwanted multimedia (“pop ups”) on a TV picture could be a disaster for viewers and broadcasters. It must be the viewer’s individual and informed decision whether, when and how to access third-party material. Broadcasters need protection against unauthorized exploitation of their services, including against any alteration of their display and any insertion of additional advertising. A solution could come from copyright law, trademark law or competition law but not yet from media law.

Regarding content standards and media responsibilities, many issues are raised.

Linear (broadcasting) and non-linear audiovisual media services and Internet content can be made available over the same platform and device. Internet content is usually less subject to regulations and often comes from outside Europe. **How can viewers distinguish between the different regulatory environments and levels of protection? How can we avoid an uneven playing field among operators? How can we protect the quality and safety of the broadcasting environment, and make sure that stricter rules are not circumvented?**

**The main areas of concern are:**

- **protection of minors**
- **minimum content standards**
- **restrictions on advertising**
- **accessibility services to help those with disabilities.**

Other questions concern the identification of content. How can we ensure that the source is clearly indicated (e.g. through “title bar”/labelling on windows)? There might be increased responsibility for portal providers and other aggregators and intermediaries?

## Discussion

Most of the current regulatory obligations, which apply to linear TV editors, do not apply to Internet content providers (You Tube, I-Tunes...). The differences in regulatory treatment clearly appear on Connected TVs since they show, on the same screen, regulated audiovisual media content and non regulated internet content.

### What are the main risks of this situation?

First of all, there is a risk of distortion of competition: incumbent editors are challenged by new entrants, which are sometimes powerful (I-tunes, You Tube) and established abroad. This would lead to a transfer of value from regulated players to non-regulated players.

Secondly, there is a risk of bypassing current rules, which would make them inefficient.

Last, there might be a threat to the financing of national and European media creation: the regulation guarantees investments in national and Europeans works.

As far as media regulation is concerned, several questions must be analyzed:

- do we need the same regulatory treatment for audiovisual media contents and for internet content?
- if a regulatory balance should be looked for, what would be the rationales for harmonized rules?
- what are the rules which should be maintained in an Internet universe characterized by diversity and low entry barriers?

**If the number of Connected TVs increases significantly in the near future and if more and more audiovisual contents are accessed through the internet, major media regulation issues will be raised, including the proper regulatory treatment for internet content (provided by players like You Tube or Daily Motion).**

**Currently the number of Connected TVs available in European households is still limited but it could increase rapidly. Connected TVs market and deployment should probably be kept under scrutiny by media regulators.**