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Senate Cybersecurity Debate to Begin Before August Recess, Lawmakers Say

Majority Leader Harry Reid, D-Nev., told members he hopes to bring cybersecurity legislation to the Senate floor sometime "between now and the time we adjourn in August," said Senate Energy and Natural Resources Committee Chairman Jeff Bingaman, D-N.M. His comments came Tuesday during a cybersecurity hearing held by his committee. We were unable to confirm the time line with staff from Reid's office, but Senate lawmakers said they're working to wrap up the bill before the month-long recess.

Bingaman said he remains concerned that the cybersecurity reliability system for utilities is too "cumbersome," "overly complicated" and inadequate to prevent cyberattacks. "We still do not have an effective system in place to require action in the face of an imminent cyberattack," he told witnesses. Officials from the GAO and energy regulatory agencies reaffirmed that cybersecurity legislation should encourage cyberthreat information sharing between the public and private sector that's timely, actionable and anonymized.

Ranking Member Lisa Murkowski, R-Alaska, emphasized her desire to avoid a cybersecurity approach that forces the private sector to comply with prescriptive, "check the box" compliance mandates. "I think there's near agreement that we need a comprehensive approach to the cybersecurity problem," she said. "Some would have us believe that only the Department of Homeland Security (DHS) and a host of new federal regulations will protect us, but I don't think granting federal regulators broad new powers is the right approach." Murkowski is a sponsor of a cybersecurity bill, the SECURE IT Act (S-2151), which intentionally omits any federal requirements for owners and operators of critical infrastructure to increase their cybersecurity protections (WID March 2 p1).

Sen. Al Franken, D-Minn., is concerned about the security of the U.S. IT supply chain, he said, and asked witnesses if utilities are testing imported devices for malicious code. Federal agencies "really haven't established effective mechanisms to adequately address that vulnerability," replied Gregory Wilshusen, GAO's director of information and technology. He said GAO is analyzing the Obama administration's national strategy for global supply chain security.

Senate Homeland Security and Governmental Affairs Committee Ranking Member Susan Collins, R-Maine, said in an interview at the Capitol that she's "hopeful" there will be enough support to pass a bill. She was particularly encouraged by the "very constructive proposals" offered by Sen. Sheldon Whitehouse, D-R.I., and Minority Whip Jon Kyl, R-Ariz., she said. Collins is one of the authors of the Cybersecurity Act (S-2105), which gives DHS the authority to identify where private sector performance requirements are inadequate and develop new performance requirements for owners and operators of covered critical infrastructure (WID Feb 15 p1).

Whitehouse and Kyl have been working for months to develop language that would garner support from opponents of industry cybersecurity performance requirements but so far an accord has proved elusive. Whitehouse is optimistic a compromise can be found, he told us. "So far, so good — we just hope we can wrap it up in time." — *Bryce Baschuk*

IoT on IPv6?

Industry Urges EC Not to Set New Rules for Internet of Things

A European Commission focus on potential risks of the Internet of Things (IoT) could lead to policies that stifle innovation, the European-American Business Council said in a Thursday response to an EC consultation. The EABC and other industry groups agreed that design and rollout of the IoT must take account of privacy, security, standards, governance and interoperability issues, but not through more regulation. Instead, they pressed for industry-led standards and application of existing measures, such as EU data protection rules. Separately, IPv6 Forum President Latif Ladid said the IoT should run on the newest Internet Protocol (IP) version.

The EC questionnaire on how to unleash the benefits of the IoT (WID April 13 p1) asks about real and potential concerns, but seeks simple answers that don't elicit input about the technology's societal advantages, the EABC said. It's concerned that the EC desire to make easily processed forms could lead to skewed findings and policy guidance, it said.

The suggestion that the IoT needs unique rules to safeguard privacy and security is "counterproductive" not only to promoting growth and innovation, but also to possible mutual recognition of basic principles among EU and U.S. privacy frameworks, the EABC said. Privacy and security should and will be considered at the beginning of the design phase when IoT systems are being built, it said. Industry-led controls can cut the risk of unauthorized modifications to data in transit, and the idea of "privacy by design" should be explored to encourage industry to find appropriate security requirements for specific applications, it said. To address IoT privacy concerns, existing EU principles of "proportionality" and "transparency" should be applied, it said. People should be given reasonable and appropriate notice of the type of data being collected and how it will be used and shared, it said.

The EU draft data protection regulation, which will replace the existing directive, sufficiently addresses IoT privacy concerns, DigitalEurope and TechAmerica Europe said in a joint response. Imposing IoT-specific rules will not only be overburdensome and confusing, but will run the risk of not keeping pace and becoming quickly outdated, they said. Privacy by design should be mandated, and data privacy impact assessments could also play a role if they're not too prescriptive, they said. But a detailed, one-size-fits-all approach to administrative requirements won't work, they said. Security should be considered upfront when IoT architectures are designed, they said. Strong network controls within hardware, coupled with source authentication, can lower the risk of unauthorized changes to data in transit, they said.

IoT applications can't operate under an explicit consent privacy regime, the European Telecommunications Network Operators' Association (ETNO) said. It urged the EC to find another way to handle privacy concerns, such as contextual consent based on the nature of an application, or informed consent with an opt-out system. User empowerment should be the overall objective, it said.

Policymakers and industry should promote interoperability based on open, industry-scrutinized standards among IoT devices and technology, while also balancing security worries, DigitalEurope and TechAmerica Europe said. But "we do not advocate new regulation in the realm of critical infrastructure protection," although there should be compliance incentives, they said. Interoperability must be a dedicated policy goal, with global, voluntary, industry-driven standards, they said.

IoT governance should be as generic as possible, while ensuring that it can respond effectively to regional or local needs, ETNO said. But it's more important at this early stage to have global coordination and an exchange of ideas that leads to adoption of best practices to spur innovation and rapid progress, it said. Governments and industry should define the guidelines and expectations for IoT operators, said the EABC. The ITU is not the place for IoT governance, it said. That should be handled via the multistakeholder process taking place in the Internet Governance Forum, it said.

On the issue of net neutrality, ETNO said, future services associated with IoT applications will be based on traffic prioritization techniques and will probably need different quality-of-service levels adapted to customer demands. Any regulation that hampers the implementation of those techniques will hurt IoT development, it said.

The EABC urged the EC to look at the broader picture of the IoT. Its premise is based on assumptions that aren't the most likely deployment scenario, it said. While most, if not all, items may in the future be "tagged" in some way and readable, "we find it less likely that they will be directly linked to the Internet," it said. For example, a soda vending machine may contain cans with some form of tagging or way of being machine-read, but they don't need to be connected to the Internet, it said. The vending machine, however, may have an IP address and connectivity to be able to provide information on service requirements, inventory and the like, it said. Internet connectivity will be via machines and appliances, but individual tagged items are more likely to be read in local area networks which may be connected by machine or device to the Internet, it said.

Similarly, the broader context of the IoT and cloud must be considered, the EABC said. They're complementary elements on a continuum, interrelated technologies, it said. Policy, regulatory and self-regulatory approaches must reflect that relationship and ensure that differential treatment of related technologies doesn't create administrative headaches, it said. The IoT must be considered as a continuum of Internet connectivity to which things, people and even animals may all be tied, it said. Narrow, technol-

ogy-specific EU regulations or mandates on the type of acceptable IoT technology will stifle innovation and competitiveness, and the EC should focus more on making privacy regimes interoperable than on regulating IoT technology, it said.

The EC received 604 responses to its inquiry, Digital Agenda Commissioner Neelie Kroes' spokesman told us. In addition to ETNO, EABC, DigitalEurope and TechAmerica Europe, Deutsche Telekom, Vodafone, Telecom Italia and Radio Frequency Identification in Europe, among others, submitted comments, he said. There were twice as many international respondents as European and national, including from the U.S., Australia, China, Canada, Brazil and Japan, he said.

IPv6 Best for IoT?

When networking capabilities are embedded in "things," architectural decisions must be made to guarantee that the IoT is scalable, secure, futureproof and viable for businesses and end users, the IPv6 Forum's Ladid said in a paper on the IoT based on IPv6. There are several possible models — closed or proprietary architectures or some entirely new way to handle the IoT — but the best way is the IP way, he wrote.

The TCP/IP model isn't perfect but it can be deployed on a very large scale — the Internet — and can be centralized or distributed, he said. It's versatile enough to handle all types of traffic, including critical services such as voice and video, and is extensively interoperable over most available standard network links such as Wi-Fi, 3G and Ethernet, he said.

IP standards are developed by an open process through the Internet Engineering Task Force and other standards bodies, Ladid said. The technology is being futureproofed via the adoption of IPv6, he said. Established application-level data models and services are well understood by software developers and widely known to the public through Web applications, he said. There are also established network services for higher-level services such as naming, addressing and routing, he said.

If IP is the right architectural model, IPv6 is the right IP version, Ladid said. Among other things, it offers an address space huge enough to accommodate millions of deployed "things" and is the future IP addressing standard, he said. If TCP/IP architecture is adopted for the IoT, all the lessons learned from years spent securing private and public IP infrastructures will apply to the new environment, he said.

Some think the "Internet" concept lacks security and privacy, but they are a many-faceted challenge, Ladid said. As with any device attached to a network, owners and network managers must address issues such as securing physical access to a thing, authenticating a data link, network and application access, and encrypting data on data and network links when necessary, he said. Moreover, connecting things to an IP environment means that all the network designs and policies already defined for intranet or Internet access will apply to the additional subnets hosting the things, he said. On day one, authentication, access control, firewall and intrusion detection mechanisms should be fully operational for the IoT, he said.

The IoT is no more than an additional layer of devices connecting to the Internet, but they don't have to be fully reachable over the Internet, Ladid said. It's up to a device owner or network manager to decide if a thing will fully participate in the Internet or stay isolated on an intranet, he said. When things are fully reachable on the Internet, it's still important to decide who can communicate with them, he said.

Once again, similar mechanisms and policies already in place for intranet and Internet access apply, he said. But additional standards may be needed for new business models and usages benefiting from the IoT, he said.

IoT success will largely depend on the availability of apps and services, Ladid wrote. Akin to the Internet, traffic flows are likely to range from "things" to backend servers; "things" to end-user browsers; and "things to things," he said. There must be a standardized naming service for the IoT, he said. But considering the range of traffic flow, naming mechanisms must accept name/address resolution for all kinds of communications, he said. "It cannot be envisaged that an 'Internet of Things' naming service would be established disconnected from the existing" domain name system, he said.

But the "multi-million dollar question" is what naming system is best for the IoT, Ladid told us. The DNS itself isn't good from a business point of view because it's far too expensive for "zillions" of IoT objects, Ladid said. Nor would a naming system such as the electronic product code used for radio frequency identification work because it's also too pricey, he said. However, the Handle System (<http://xrl.us/bng6u6>), used by many libraries around the world, would work from a business perspective, he said. Handle is an infrastructure on which applications serving many different purposes have been built, its website says. Items identified by "handles" include journal articles, books, government documents, metadata and digital watermarking applications, it says. — *Dugie Standeford*

Servers, Data, DMCA Agent

Megaupload 'Here' in U.S., Justice Says, Opposing Foreign Cyberlocker's Motion

Despite Megaupload's protestations it's a foreign cyberlocker service, it's "here" in the U.S. in all relevant respects, the Justice Department said. DOJ opposed Megaupload's motion to dismiss Justice's copyright infringement indictment for lack of "personal jurisdiction." The site's reasoning "leads to the incredible conclusion that a foreign corporation can commit crimes in the United States and secure what amounts to complete immunity from prosecution, simply by ensuring that it has no address or principal place of business here," Justice told the U.S. District Court in Alexandria, Va., in the Friday filing.

The U.S. "will be in a position to serve" Megaupload with paperwork through its "officers and agents," also defendants in the case, when they're extradited to the U.S., the filing said. DOJ can formally notify the company as well through the mail to its "constructive address" at Virginia's State Corporation Commission or its last known Hong Kong address through a "mutual legal assistance treaty," Justice said.

"For more than six years," Megaupload business "took place in, profited from, and injured copyright holders in the United States and in this District," Justice said. "Its equipment, machinery, and servers are here." They include more than 500 servers leased from Carpathia Hosting in the Eastern District of Virginia where the case was brought, and "many of its victims" and its data files — "the heart of its business" — are stateside, DOJ said. The site even brought on a Digital Millennium Copyright Act (DMCA) agent, designated as such by the U.S. Copyright Office, to receive infringement notices, Justice said.

Megaupload used U.S.-based PayPal to collect more than \$110 million in revenue, paid various service providers and customers in the U.S., including in the judicial district, and had business relationships with Google AdSense and online ad company AdBrite, Justice said. The cyberlocker service also showed hypocrisy by bringing its own U.S. lawsuit against Universal Music Group in December alleging misrepresentation under the DMCA, the filing said. The Megaupload service agreement with customers includes legal language designating California, and specifically Santa Clara County, as the jurisdiction for any disputes, Justice said: "It appears that Defendant Megaupload, for its own convenience, would subject itself and its users to the jurisdiction of courts in the United States" except for its own indictment. — *Greg Piper*

Lineup Blackout Continues

Online Distribution Could Gain Stronger Significance in Deals

Viacom restored online access to programming that was lost when channels were dropped from DirecTV's lineup amid a carriage fee dispute between the companies. For the season premieres of *The Daily Show* and *The Colbert Report*, the cable programmer made full episodes available on the shows' websites, it said in a blog post (<http://xrl.us/bng7zy>). Other networks' shows also have been restored. Some cable and media professionals said that distributors like DirecTV likely do not want to pay a hefty sum for channels if their content will be available online (WID July 13 p6). The officials said this availability has come to play a significant role in pay-TV network carriage negotiations.

By reinstating full online access to programming, Viacom did the right thing, said John Bergmayer, a senior staff attorney at Public Knowledge. "The biggest fans of shows tend to seek them out online, and it makes no sense for networks to punish them," he said. "Access to online programming is in the interests of viewers and networks alike." DirecTV is "vigorously working to reach a fair agreement with Viacom to return the channels you want most," DirecTV told customers (<http://xrl.us/bng74t>).

Programmers and distributors have factored the availability of online content into their negotiations and their overall business initiatives, said analyst Bruce Leichtman of Leichtman Research Group. "The content owners have been very careful about what they put online and when, in order to not devalue their product." Generally, "the cable and satellite programmers have been much more conservative in putting their programming online in order to keep the value up for their affiliate relationships," he said.

Heavy online availability goes against the distributor's need to be exclusive, said John Hane, a broadcast TV lawyer at Pillsbury. Distributors pay more for exclusivity, he said. "It goes to how much value you ascribe to a particular channel. ... If an awful lot is available online for free, then you as a distributor will argue that you shouldn't pay as much for it." The issue often surfaces in negotiations, though isn't a defining factor in whether a pact is reached, Hane said. "While there is a grain of truth in it, it turns out to be more rhetoric in negotiations than real." Both sides want and need to come to a deal, but distributors will continue to pressure programmers, Hane said: To the extent content is made available online by the programmer, "distributors are going to press for more granularity themselves, and the ability to choose the channels they want rather than the entire outfit of programming."

Many agreements include terms that prevent or heavily restrict programmers from offering their content online or with connected devices, said President Charles Herring of WealthTV, a lifestyle and entertainment network. Many multichannel video programming distributors have “prohibitive alternative distribution mode” clauses in their affiliation agreements with programmers, he said. “These agreements can restrict programmers from offering online services whether the content is offered on a free basis or a paid basis.” WealthTV lost its FCC program carriage complaint against several large cable operators.

Some media professionals said the online content hasn’t become a substitute for a pay-TV service. While some MVPDs offer authenticated services online, “these services are designed to be [complementary] to the MVPD customer, not a replacement,” said Herring. “Online content can be a meaningful substitute for the authenticated existing MVPD customer, yet this customer is already paying for the linear MVPD services.” For most consumers, “it’s difficult to watch the programming they like when it initially becomes available, without being a MVPD customer,” he added. The live element is lost with online streaming, Leichtman said. But there’s validity to an argument that says “should I be paying ‘X’ for your product if people can get it online?” he said. For this reason, “cable programmers have held back on giving their content online for free,” he added. “Nobody really found a way to monetize content online other than through the traditional MVPD system,” Hane said. “It’s presented in ways that make it an incomplete substitution.”

The disputes around content and pay-TV packages underscore the need for more consumer choice by way of unbundling packages of channels, said Robert Gessner, Massillon Cable president. “Don’t think for a minute that distributors want to raise rates or clutter the lineup with unwatched networks,” he said in a written statement. It’s done “because the content providers demand it,” he said. “Despite the content providers’ overwhelming power and control, the ultimate end is more consumer choice, not a continuation of the ‘everyone-must-take-all’ model.” — *Kamala Lane*

Engagement, Experts, Opportunities

Technology Offers Assistance in STEM Education Improvement

Educational improvement in STEM — science, technology, engineering and math — is critical and can be assisted by technology, said panelists at a Brookings Institution discussion and other experts in later interviews. “We’re so behind in these areas, it’s unbelievable,” said Sen. Mark Begich, D-Alaska. “In order for the next generation to be successful, for this country to be successful in this new global economy we live in, the issues of STEM ... [are] going to be critical.” The Obama administration had responded to U.S. students’ low international rankings in math and science by starting the Education to Innovate initiative in 2009.

The public and private sector have funded technology for STEM education, and more needs to be done, the panelists said. Begich said the government should invest more in education and infrastructure. “If we don’t do this, I guarantee you 10 years from now we’ll have this discussion on why we’re down to number 50 in these [STEM] areas.” James Werle, National Internet2 K20 Initiative director, said the E-rate program has provided funding for broadband access in classrooms. Funding STEM classroom technology is a “collaborative effort,” said Eric Fingerhut, vice president of education and STEM learning at Battelle Memorial Institute. “In addition to government, we really need to get businesses in-

volved.” Battelle’s STEMx received funding from foundations, corporations and the government at every level, he said.

Technology increases student engagement, Werle said. “Using the same sort of equipment literally that scientists are using on a daily basis has a pretty profound impact on their engagement levels and enthusiasm for science.” Incorporating tools like interactive video in classrooms provide “immense learning opportunities and professional development opportunities,” he said. The Internet allows experts, like marine biologists, to educate in classrooms, Fingerhut said. “If we can make it possible for the laboratory scientist to reach the students, they will do it in droves.”

Internet2, a network consortium for a variety of educational institutions, has connected approximately 65,000 institutions, 54,000 of which are K-12 schools, Werle said. The STEM movement is also experiencing growth, said Fingerhut. Battelle’s STEMx began in 13 states on June 27, connecting state networks and allowing the exchange of STEM education ideas, tools and practices, he said.

Potential problems caused by technology in a classroom are outweighed by potential benefits like a customized educational experience, Lindsey Burke, a fellow in education at the Heritage Foundation, said in an interview. Technology access is second nature to most students, so technology in the classroom offers an extension of their experience, she said. No extensive research on potential problems of technology in the classroom exists, because it’s still in its infancy, she said.

The benefits of technology in the classroom depend on its use, said Rick Hess, American Enterprise Institute director of education policy studies. Technology can potentially distract from the actual learning, he told us. “Technology creates all kinds of cool possibilities, but the challenge is it’s easy for educators to think of technology as a crutch.” Thoughtful technology use can provide a beneficial complement to traditional teaching, but placing students in front of a laptop inadequately substitutes for quality teaching, he said.

Funding for classroom technology should be produced at the local and state level, Burke said. Federal education funding, despite its exponential increase since President Lyndon Johnson’s administration, hasn’t produced an improvement in educational outcomes, she said. The question isn’t whether the government should fund classroom technology, but “how do we make sure we’re investing a better use of the funds when it comes to serving kids,” Hess said: Money spent on technology can’t fund better teachers or instruction. — *Courtney Crandell*

Agencies

The FCC will use Web services, off-site backup and dedicated hardware to make sure its online political file system works well when TV stations are required to begin using it Aug. 2, Chief Data Officer Greg Elin told broadcasters Tuesday. Along the way, the commission is working to address concerns broadcasters have raised in testing of the system so far, he said. When the new requirements take effect, the commission is planning for a spike in traffic from the public, Elin said. “We have planned for an initial surge of people coming and looking” for the documents which will lay out political ad sales to campaigns by TV stations around the time of elections, he said. The amount of public traffic to the site won’t affect broadcasters’ ability to use it, he said. “We’re putting all of the broadcasters on dedicated hardware that would be separate from the public coming to look at the system,” he said. “We’re limited in the number of broadcasters to just over 2,000 stations, so they will be able to log in at any time without any prob-

lems.” Broadcasters will be able to upload the contents of their political file in a number of standard file formats, but the commission will convert them to PDF forms, Elin said. That’s to avoid unintentionally passing along computer viruses that may be embedded in the documents, he said. In the future, the commission hopes to work with the public on making the data that’s uploaded more easily searchable, he said. Broadcasters will be able to submit the files using Web services such as Dropbox, which should make it easier on licensees, Elin said. “A station could create their own workflow for getting the documents set up locally on their file system and then be able to synchronize it to the FCC.” — *JW*

Lawyers for CEA and some of its member companies met with an aide to FCC Commissioner Ajit Pai to push for action on the association's petition for a waiver from some advanced communications service accessibility rules, an ex parte notice shows (<http://xrl.us/bng7wg>). They also discussed CEA's petition for reconsideration of the FCC's Internet Protocol captioning order and urged the commission to deny reconsideration petitions from Telecommunications for the Deaf and Hard of Hearing and from TVGuardian.

Verizon's discontinuance of standalone DSL services will lead to increased costs for broadband services, Vonage told an adviser to FCC Commissioner Mignon Clyburn on Thursday (<http://xrl.us/bng6nn>). The VoIP provider said most consumers within the Verizon regions have only two choices for wireline broadband services, that telco or a cable company. With the elimination of Verizon's standalone DSL and no more future deployment of FiOS service, most consumers “will be left with a single choice for wireline broadband services not tied to a voice telephony service, to the extent it is provided at all: their cable provider,” Vonage said. It said that if not for Verizon Wireless's cable spectrum purchase agreements, Verizon would have continued to offer standalone DSL service. The cable deals could lead to wireless/wireline integrated products that “discriminate against over-the-top apps and services” with discriminatory routing practices that could “increase latency and result in a qualitative degradation of its voice and text messaging services,” the VoIP provider said. “Given the nexus of those agreements and Verizon Communications' decision, Vonage respectfully suggests the Commission carefully examine the competitive effects of those actions.”

A network of nearly 2,800 employment and training centers overseen by the Department of Labor will join Connect2Compete's coalition as a computing and digital literacy provider, FCC Chairman Julius Genachowski and Secretary of Labor Hilda Solis said Monday. American Job Centers (<http://xrl.us/bng7aq>), which provides a range of career and job-search help, will serve as an outreach partner for C2C's broadband adoption offerings, and be added to C2C's planned “digital literacy finder tool” that will detail training and public computing center locations. “Millions of Americans are being bypassed by the job opportunities of the broadband revolution — threatening to leave those Americans behind, and hurting our economy and competitiveness,” Genachowski said, according to prepared remarks (<http://xrl.us/bng7am>). “We need to continue closing the broadband adoption gap to make sure that every American can enjoy the economic and social benefits of high-speed Internet.” The addition of the American Job Center network to C2C will help do that, he said. “Working together, we can seize the benefits of broadband for all Americans.”

States

The Direct Marketing Association will continue to focus on privacy at the state and federal government levels. Choice and transparency for consumers and self-regulation are part of that effort, DMA State Affairs Vice President Ron Barnes told members during a webinar. The association also plans to direct its

efforts toward safeguarding ethical use of consumer data for marketing purposes and advocating on behalf of remote sellers in the state sales tax collection debate, he said. "Remote sales tax collection morphed into more of a national issue at the federal level this year." The association is monitoring about 730 state bills that were carried over from last year, he said. DMA wants to ensure that proposals don't give customers the impression that information collected or shared by a company "is going to be harmful to them at some point," he said. "A legislative framework is not the way to allow a product to grow and respond in the marketplace." DMA also plans to support and provide input around initiatives to be introduced by Maryland Attorney General Doug Gansler, the new president of the National Association of Attorneys General, he added. Gansler plans to explore topics like privacy rules in media and how to regulate Internet privacy, Barnes said. The association plans to help him understand the complexity in a lot of these issues, he said.

International

The European Commission is investigating whether Microsoft failed to comply with its 2009 agreement to offer users a screen enabling them to choose their preferred Web browser, it said Tuesday. On the basis of information it received, the EC said, it believes the company may have failed to roll out the choice screen with Windows 7 Service Pack 1, released in February 2011. That's despite the fact that last December Microsoft said in an annual compliance report that it had met its commitments, the EC said. Since February 2011, millions of Windows users in the EU may not have seen the choice screen, it said. The Internet giant recently acknowledged that the choice screen wasn't displayed during the period, it said. The EC takes compliance with its decisions very seriously, Competition Policy Commissioner Joaquín Almunia said. He trusted the company's reports were accurate, he said. Since that apparently isn't the case, the EC has acted immediately, he said. If the probe confirms an infringement, "Microsoft should expect sanctions," he said. The company admitted it goofed: "We have fallen short in our responsibility" to display the browser choice screen. Due to a technical error, it missed delivering the screen choice software to PCs that came with the Service Pack 1 update to Windows 7, it said. The software has now been delivered as it should have been to PCs running the original version of Windows 7, as well as the relevant versions of Windows XP and Vista, it said. However, while it believed when it filed its most recent EC compliance report that it was distributing the screen choice as required, "we recently learned that we've missed" serving it to around 28 million PCs running Windows 7 SP1, it said. Microsoft said it deeply regrets the mistake and apologizes for it. Once notified by the EC that it was out of compliance, Microsoft said, it distributed the screens within one business day; launched an outside investigation to see how the error occurred; and offered to extend its compliance period.

A coalition of library organizations in the U.K. warned that libraries and learning institutions would suffer destructive blows from the 2010 Digital Economy Act (DEA) and additional provisions presented in June in the draft Initial Obligations Code. The coalition includes the Chartered Institute of Library and Information Professionals (CLIP), Libraries and Archives Alliance, and Research Libraries U.K. They're supporting the aim to fight piracy and protect creators' rights, and the government was "going the wrong way about it by treating libraries, schools, colleges and universities in the same way as private individuals," the coalition said in a Tuesday news release (<http://xrl.us/bng7tj>). Libraries under the DEA could be put on a copyright infringement list for potential wrongdoings of individuals, the groups warned. Measures of the act once fully implemented could go as far as slowing Internet speed or suspending line access of libraries, the coalition said. It said some libraries might decide to pull the plug to the Internet in the first place, to avoid the cost necessary to monitor and manage the implementation of the DEA provi-

sions. The libraries' request an exemption to be able to provide Internet access. "This isn't about excluding libraries from the Act, it isn't about breaking copyright law or endorsing piracy — it's about recognizing libraries' unique role by creating an exception within the Act — which Ofcom are perfectly able to do," CLIP President Phil Bradley said of the U.K.'s telecom regulator. "Ofcom are already creating an exception for commercial suppliers of Wi-Fi, for example."

Industry Notes

Casual game company Oberon Media changed its name to Iplay as part of a rebranding initiative that it said includes a new brand, logo, tagline and corporate website. The rebranding followed the company's rollout of a new technology platform, the addition of expanded game content offerings and the creation of a new executive leadership team. Since 2003, the company has been providing games to millions of people globally, powering the game centers for "some of the largest brands online," including Microsoft, Yahoo and AT&T, it said. Bob Hayes was hired as chief operating officer at the end of 2010 and later appointed president. Since then, Oberon teamed with companies including HBO and Sony Computer Entertainment America, it said. With the rebranding, it's looking "to send a message to the marketplace that signals the fundamental and positive changes that have taken place in our company," said Hayes. Iplay said it's been migrating partners to a new technology platform that features improvements including "faster set-up of new game center sites, as well as major improvements in customer service." Growing its online game catalog by 50 percent, Iplay has added genres including card and casino, sports, action/arcade and simulation games, it said. More product offerings are being developed, it said. As an example, Iplay said it recently launched a games widget to help distribution partners reach target audiences. Iplay's new corporate website went live, along with an updated version of its consumer site, www.iplay.com. The company will make its first formal public appearance as Iplay at Casual Connect in Seattle, July 24-26, it said.

Jakks Pacific signed a letter of intent to create a DreamPlay Toys joint venture with technology company NantWorks that the companies said Tuesday will develop, market and sell next-generation toys incorporating NantWorks' proprietary image recognition technology. Jakks spokeswoman Anne-Marie Feliciano told us the first toys "will ship starting" in June and reach store shelves in fall 2013. The company said it will "begin transforming its product line to incorporate the new image recognition technology," and will spotlight the first examples at the International Toy Fair in Los Angeles this October. The products will capitalize on the growing use of mobile devices including tablets and smartphones by kids, Jakks CEO Stephen Berman said on an earnings call Tuesday. Kids will be able to "activate" the toys, and interact with them using smartphones or tablets in their homes and in stores where the products are sold, Jakks and NantWorks said. The NantWorks platform "enables instant connections between physical toys, video, posters, books, games and all other forms of media," the companies said. While the initial focus will be on toys, Berman said the technology "will eventually extend to many kinds of consumer products soon after." NantWorks will link Jakks toys to content and animation on mobile devices via the NantWorks image recognition platform, the companies said. Jakks will have exclusive rights to reach partnerships with other, unspecified toy companies to make the platform available to them in the development, sale and marketing of their own toys, they said. Jakks and NantWorks will have a profit-sharing arrangement for the third-party toy deals, they said without elaborating. Berman said the joint venture was designed to last for "a long period of time," and Jakks won't say exactly how long it's for until the agreement is finalized. The companies said they expected to complete the definitive deals "within the next 90 days." Jakks will provide resources, including personnel and facilities and the services of Berman for the products, the companies said. Berman will also serve as general manager of DreamPlay Consumer Prod-

ucts, which the companies said "will extend image recognition technology to non toy consumer products and applications." NantWorks was started by Patrick Soon-Shiong, who invested more than \$500 million to create NantWorks, which consists of 40 companies, Berman said on the call. The image recognition technology "can create links between all types of media and between all of them and the physical world," via a mobile device app, Berman said. It can "recognize objects such as toys, groceries or buildings," as well as images on billboards and screen images on a monitor or TV, he said. The technology doesn't use QR codes, barcodes or watermarks, and the object or image being recognized is "not altered in any way," he said. — **JB**

Grid Net released a new version of the Grid Net platform Tuesday, extending the smart grid software platform and adding new features that support 3G public smart grid deployments. The program's 2.7 version now supports 4G WiMAX, 4G LTE, Ethernet over fiber optic and 3G UMTS and EVDO CDMA cellular networks, the company said. "It is a significant challenge to create a secure and cost effective smart grid over public networks, but we have done it with v2.7, our most advanced cellular smart grid innovation to date," Chairman John Combs said in a news release (<http://xrl.us/bng7ut>).

Internet People

Viacom Media Networks hires **Ross Cohen**, ex-WorldNow, as senior vice president of digital inventory strategy, new position ... Data center and cloud company ViaWest hires **James Buie**, ex-Comcast, as senior vice president of financial planning and analysis ... AOL hires **Jolie Hunt**, ex-Thomson Reuters, as chief marketing and communications officer, new position ... Online log manager Loggly adds **Charlie Oppenheimer**, ex-Matrix Partners, as CEO, and **Jim Nisbet**, ex-RSA, as chief technology officer and vice president of engineering as part of \$5.7 million investment from Matrix and two other firms.



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