

MARKETPLACE

TECHNOLOGY

HDTV Bidders Agree to Merge Their Systems

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WASHINGTON — Owners of the four systems competing to be the U.S. standard for high-definition television reached a tentative pact to combine their systems, individuals familiar with the negotiations said. The owners had been under pressure from the federal government to form a "grand alliance" to speed the transition to the new technology.

The owners have decided on ways to blend their technologies and split licensing fees. But current business arrangements involving one of the participants, Thomson SA of France, must be reworked before a final agreement can be signed, the individuals said yesterday.

A group advising the Federal Communications Commission had been pushing for the owners of the four systems to join forces. Though the group had hoped to announce such a deal today, a final accord may be delayed while Thomson redraws licensing agreements on TV technology with General Electric Co. GE had retained certain licensing income from patents when it sold its consumer electronics division, including the former RCA Corp., to Thomson in 1987.

In February, the advisory panel ordered a round of costly testing for the four systems that was scheduled to start today. But the testing has now been postponed, perhaps for a week or two. If the agreement crumbles, the FCC probably will pick a winner sometime next year, raising the possibility of lawsuits against the FCC from the losers and delaying use of

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HDTV Rivals Set Tentative Agreement To Merge Systems

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the new technology.

High-definition television promises to deliver crisper pictures and clearer sound to viewers. Perhaps more importantly, the advanced TV system holds the promise of opening up a wide range of video and data services that consumers could obtain through their TV sets. Digital transmission and compression technologies use the airwaves more efficiently and allow broadcasters and cable operators to link their systems with computers more easily.

The tentative pact addresses the competing needs of the television, cable and computer industries. Initially, broadcasters will be able to continue using interlaced scanning, which updates every other line on a TV screen 30 times a second. That means significant savings during the transition to HDTV.

The accord eventually calls for a transition to a computer-friendly technique known as progressive scanning, in which an entire picture frame is updated 60 times a second. Progressive scanning together with the use of square pixels, which are the equally spaced dots that make up a TV picture, is a better way to present data and other computer information.

GE officials familiar with the licensing concerns weren't available for comment.

"There are some business items that have to be cleared up" between parties to the agreement and outsiders, said one participant in the talks.

The contenders are two systems developed by General Instrument Corp. and the Massachusetts Institute of Technology; one by a team of Zenith Electronics Inc. and American Telephone & Telegraph Co.; and one by a group that includes David Sarnoff Research Center, the U.S. units of Thomson and Philips Electronics NV of the Netherlands, GE's NBC unit, and Compression Labs Inc. of San Jose, Calif. All four systems are digital, meaning that signals are transmitted in the 1s and 0s of computer code.