



VIDEO THEFT

By Louise Okrutsky
staff writer

MOVIE INDUSTRY officials are hopping mad over a little black box resting in a gray area of federal law. Although it's illegal to copy videotapes, it's legal to own or sell a black box.

The box enables home video fans to copy rented movies even though those cassettes have been encoded with Macrovision, a process aimed at deterring duplication. Without the aid of that little black box, copies of tapes with Macrovision technology feature pictures which vary drastically in brightness or are scrambled. So far the method has been applied exclusively to prerecorded videotapes. CBS/Fox, HBO/Cannon, Warner, Disney and Media Home Entertainment are among the firms using Macrovision to block copying, according to Gary Gwizdala, chief operations officer of Macrovision in Torrance, Calif. More than 15 million titles, 50 percent of the industry's output, has been encoded with the process, he said.

It's an industry offensive against what insiders view as copyright violations and patent infringement. "It's a very serious problem. It costs the industry billions of dollars," said Fred Felhauer, senior vice president of CBS/Fox Video, Livonia.

"We do know that illegal copying costs the industry an estimated \$1 billion, 5 million," Gwizdala said. "More than 20 percent of homes make at least one copy of a prerecorded cassette a year. I'd say the average is more like six or seven copies."

THE ENTERTAINMENT industry is pushing to use a form of Macrovision to prevent consumers from taping cable television programs, copying movies recorded on laser disks and making audio cassette recordings of records and compact disks.

"They have a right to protect their copyright," said Myron Singer of Movieland in Southfield. "People who are real serious about copying seldom watch the movie again, anyway."

"Video retailers lose rentals," said Jim Bouras, vice president of home video for the Motion Picture Association of America (MPAA). "They pay \$40-\$50 per tape and depend on the rentals to earn it back. People who rent and copy the tapes and loan them to their friends decrease the number of rentals."

Although the video rental industry supports the use of Macrovision in prerecorded videocassettes, some individual owners disagree.

"I think consumers have a right to tape whatever they want to tape," said Fred Syerson, president of The Video Studio, a videocassette rental business with a main office in Farmington and branches in Livonia, Warren and Royal Oak. "My personal position is if they make it uniform across the board, then my position



Photo illustration by DAVID FRANK

'Black box' technology foils bids to prevent copying of tapes — for now

would change. But right now they're penalizing one industry," he said.

Syerson's stores sell stabilizers manufactured by Vidcraft for \$200 and by Showtime for \$275. "We call them Macroboosters. It was a logical decision for us to carry it since we carry the line of Vidcraft products," Vidcraft's line of accessories includes devices which enhance a television picture.

MACROVISION PLANS on filing

suit for patent infringement against each of four manufacturers of the boxes. "Our attitude is that we are taking this very seriously," said Gwizdala. "There are about four kinds of these boxes. We have each one of these black boxes. Our engineering evaluation show that they infringe on the patents we've applied for. And when they are issued, we will take the appropriate legal action."

There is a claim on the part of the

manufacturers of the boxes that their products eliminate a problem on the original cassette. "Our field problems are so minor that there is a very difficult position to defend," he said.

"Some customers maintain there is a problem, that it interferes with simple playback on television," said Gerry Dervish, owner of Troy Video. "They're tending to be people with newer VCRs."

"Most people don't even know

there's a difference in the tape (with Macrovision)," said Myron Singer of Movieland of Southfield.

On some television screens, tapes with Macrovision showed pictures with a rainbow effect around them, Gwizdala said. "That was the reflection of the Macrovision on the phosphorus caused by the curvature of the tube." On televisions with extremely sensitive vertical holds, Macrovision has been known to aggravate the set's tendency to allow the

picture to roll, he said.

"I've talked to 100 different consumers and less than 10 of them had Macrovision-related problems. There's so many things that can go wrong with VCRs. Macrovision has no impact on audio-related problems at all," Gwizdala said. "We've taken great care not to upset the consumer's pleasure in watching the programming."

MEANWHILE, THE MPAA is urging federal legislation to force VCR manufacturers to incorporate a computer chip or other device in their products which would be activated by the Macrovision signal encoded on the cassette. This would prevent overriding of the anti-copy device. The law would ban the manufacture and sale of the override devices.

For the MPAA, copying equals theft. "If I want a Ferrari does that give me the right to go ahead and take it?" asked Jim Bouras, MPAA vice president in charge of home video. The price of prerecorded video cassettes is decreasing, many are available for \$19.95. That makes copying less of a bargain, he said.

For many who copy tapes, the results can prove disappointing. "The VHS format was never designed for duplication. The quality's pretty poor," said Bill Lackner, store manager for New York Video World, Royal Oak.

Owners of Beta format VCRs can obtain a good second generation tape, according to Syerson. He adds that taping television programs falls into a different category of discussion.

"The Supreme Court has pretty much established that you can tape off of cable television for your personal use. They did that in Sony vs. Universal Studios," Syerson said. "This (Macrovision) is a way for Hollywood to get around that."

"As a policy matter we won't get involved in free broadcasting," Gwizdala said. "The Supreme Court has upheld the consumer's right to time shift. However, premium programs in the pay-per-view category is another matter."

MANY CABLE companies and premium channels tout the convenience of taping movies from cable. "They're trying to create a consumer interest to subscribe. Their growth has gone away," Gwizdala said. "It would be a better business policy for them to try to attract new customers by offering better programming."

Macrovision is working with laser disk manufacturers such as Philips of the Netherlands and Pioneer and Laser Disk, both of Japan, to apply the blocking device to their products. "Between 30-60 days we should have the engineering evaluation complete. Assuming the bugs can be worked out, in another 60 days after that we should begin to manufacture. It should prove advantageous to the consumer because new programming would be released on tapes and laser disks at the same time," Gwizdala said.

Reducing waste focus of automotive success

By Todd Schneider
staff writer

Putting the effects of announced plant closings and the controversial H. Ross Perot buyout aside, at least one General Motors executive sees 1987 in positive terms.

Donald A. Pals, GM vice president in charge of materials management,

"So far as the auto industry — and GM — are concerned, Oakland County is right in the thick of things. It seems to me that Oakland County is in a pole position in the race into the 21st century."

— Donald Pals
GM vice president

told the Oakland County Chamber of Commerce last week that GM expects solid, if unspectacular sales for the coming year and that the auto maker will continue current efforts to streamline itself into a leaner, meaner more competitive corporation.

Speaking to about 200 guests at the chamber's annual economic forecast luncheon, Pals also talked about the mutually beneficial relationship GM shares with Oakland County. "So far as the auto industry — and GM — are concerned, Oakland County is right in the thick of things," Pals said. "It seems to me that Oakland County is in a pole position in the race into the 21st century."

PAIS SAID he expects sales of 15 million U.S. cars and trucks in 1987,

matching the industry's outputs in each of the last two years.

As for GM, the vice president admitted the company's market share — which declined 2 percent to about 41 percent of the overall market in 1986 — was a source of consternation for the company. But Pals said it was just as important to note some 1986 successes, such as the Chevrolet Celebrity becoming the best-selling car line in America and the second consecutive year of record sales for GMC trucks.

One area where increased pressure from foreign manufacturers has paid off for GM is the fight to contain labor costs, Pals said.

"We're beginning to eliminate wasted effort by finding more ways to bring the suppliers in right at the beginning of the design process," he said. "That way we don't have to make extra changes to accommodate them later."

"In terms of parts production, the goal is now to make parts so perfect we only have to make them once, eliminating unnecessary inspection and throw-aways."



Mobiltronics, Inc.
an authorized BELLNET agent

Mickey Redmond
Travel

OFFERS YOU A COMPLETE WEEKEND PACKAGE FOR 2 TO
HOCKEY'S PREMIER EVENT

NHL ALLSTARS VS THE SOVIETS

COMBINED WITH THE WORLD RENOWNED QUEBEC WINTER CARNIVAL
FEBRUARY 13-15, 1987

GE CARFONE SALE*

\$745.00*

• Over 125 cities in the U.S.A.
• Canada
• More calls for greater call capacity
• Free roaming in Windsor

GE QUALITY
MANY FEATURES
FULL WARRANTY

CALL 585-4520
Stephenson Hwy. at 13 Mile

GE CARFONE SALE*

• Over 125 cities in the U.S.A.
• Canada
• More calls for greater call capacity
• Free roaming in Windsor

GE QUALITY
MANY FEATURES
FULL WARRANTY

CALL 585-4520
Stephenson Hwy. at 13 Mile