

PROTECTION RACKET

The industry has enough problems with DVD compatibility issues, so why are record companies muddying the waters of the well-established and accepted CD format, with copy protection that renders some discs not proper Red Book CDs?

Arcam makes 40-50,000 CD players, amplifiers and DVD players a year, mostly in the UK. What I have to say is based on a serious, established business.

What is concerning me is something I never thought we'd encounter: the deliberate corruption of CDs by some of the record companies – in particular, the Cactus system, promoted by Universal and, to a lesser extent, key2audio by Sony, as well as others, from Macrovision, for instance.

As far as I am aware, these discs started to appear on the market in the last six months and we are hearing complaints. Not from users of our CD players, but from owners of our DVD players. Our DVD player is Red Book compliant, and uses a DVD-ROM drive, specially built for audio-visual purposes. We're not alone in doing that – most of the high-end UK makers use this interface.

We started to hear about Cactus because of the disc *More Fast and Furious*, from Universal and we received, particularly in America, a number of complaints. We started checking and also we found that some of the releases from key2audio didn't play on our DVD players either.

To me, that's a major issue, because we market our DVD players, which retail for £1,000 and we've sold just under 10,000 of these in the last 15 months. If we have discs out there, masquerading as CDs that don't play in our players, it is a major issue. Not only does that tie our help desk up and confuse our customers, but as it becomes more publicly known that these discs don't play in all DVD players, it will handicap our business, and we may actually lose sales.

At an AES conference on audio delivery in London recently, Paul Jessop from the IFPI referred specifically to the issue of CD copy protection. He said, "Many millions of such discs have been sold and the returns have been tiny – indeed, smaller than we expected. The returns, of course, include the people who bought the disc in the expectation that they could copy it for their friends, and took it back when they could not."

He said, basically, that they think there is a very high level of compatibility. However, at the end

of his speech I explained that we had discovered that there isn't. Although we have now managed to generate firmware fixes for the latest drives used in our players, I still have 5,000 DVD players out in the field, which at the worst will need a new drive and at the best will need updates on their drive firmware to be performed in the field.

I asked Paul if he would like to pay the estimated quarter of a million pounds to fix this. He demurred.

I have regular discussions with the Korean maker of our drives. I know how many they make, and I can tell you that there are millions of these incompatible DVD players out there. Not thousands; millions.

I don't think the industry's really woken up to this from the record publishing side because most people aren't using their DVD players much to play CDs yet. But they will do more and more. When their old CD player breaks down, for instance, and they begin to use their DVD player rather than buy another piece of equipment, they will start to come across these issues.

Paul said the record companies haven't had many complaints from the field, and he's right – because customers complain to us, and not to the record companies. They ring us up and say, "This doesn't play – what are you going to do about it?" Or they say, "I've tried it in my CD player and it works, but it doesn't work in the DVD player – your player must be faulty."

Hi-fi companies may not be a very big issue for the record companies. But at this conference, in the Q&A session, a technical person from one of the largest German specialist car makers stood up and said, "Actually, we have a major problem in our cars: we are getting complaints from customers that CDs are not playing in their head units."

Many head units in cars also have to double up for navigation and things like that, so they will be of the CD or DVD-ROM type drive, which are susceptible to these copy-protection systems. The consumer says, "I cannot play it in the head unit, but it works in the boot unit. Your head unit is faulty," and they take it back to the garage.



John Dawson is the founder and chairman of Arcam, a major UK specialist hi-fi and audio-visual manufacturer.

The idiots who put these discs out into the field have no idea of the mayhem they're causing downstream with serious, responsible manufacturers. It's one thing to think they can ignore the specialist hi-fi industry, but I think they will play at their peril with the large car manufacturers.

The car company representative said to me privately afterwards, "We're not alone; I talked to my colleagues in other car companies and they're having the same problem." It's not as easy for vendors of in-car entertainment systems to update the firmware in their drives as it is for Arcam.

Arcam and its competitor companies have all sorts of issues with playing DVDs as well, but that is at least discussed in industry forums.

CDs I didn't expect. Arcam's US distributor, Gary Warzin, suggests that these *More Fast and Furious* discs made using the Cactus system are not CDs. For CDs to bear the label they have to conform to the Red Book standard, and these deliberately flout the standards. I fully support personally trying to control these discs, and he suggests there should be a big label on them saying: "THIS IS NOT AN AUDIO COMPACT DISC. While it has been designed to play in most standard audio CD players and in some computers running a recent Windows operating system, it will not play in most DVD players, Macintosh computers, and many other devices commonly used to play compact discs. If you experience playback problems with this disc, it is not the fault of your playback component. Full responsibility rests with Universal Music Group and you should return this disc for a refund."

In my view, any record store that puts these discs in the CD racks is passing them off as CDs and I think there is a case there – and I'm sure the music industry lawyers will have fun discussing it.

I say to the record companies: "Don't kill the goose that lays the golden egg." Everybody has made money out of CD, it's been an extraordinary success and to start mucking about with the standard when it's got 10 years of life left in it strikes me as at one level insane and another level counter-productive. ■