

Breaking the code

Piracy on the digital airwaves

The government should take seriously the extraordinary allegations by Vivendi that an associated company of Rupert Murdoch's News Corporation tried to destroy competitors such as ITV Digital by helping hackers to crack codes giving them free access to digital terrestrial television. Ministers are currently reviewing the legislation on cross-media ownership. One of the issues is whether Mr Murdoch's already extensive media interests should be allowed to expand even further to include a stake in Channel 5 or in the financially troubled ITV Digital.

Some media watchers yesterday wondered why a Murdoch company should want to get involved in such underhand activities when they were doing such a spectacularly successful job in clobbering ITV Digital by legitimate means. BSkyB's digital satellite operation has 5.5 million subscribers compared with ITV Digital's (heavily lossmaking) 1.2 million. The practice of decoding competitors' codes is a common enough practice and not itself illegal any more than re-engineering a competitor's car is. But the allegation that the company was involved with putting the codes on a website, where hackers can get the data to make counterfeit cards, is much more serious.

It is not yet clear how widespread this practice was because purchasers of counterfeit cards would still need a set-top box to make use of it. In theory, ITV Digital repossesses the boxes of lapsed subscribers, though there are still lots in circulation since before subscriptions started. NDS, the News Corporation associated company, intends to counter sue Canal Plus (owned by Vivendi) on the grounds that this is a blatant attempt by the French company to shift blame for their inability to deal with piracy.

Some of the outcomes of this complicated dispute could bode ill for News Corporation. If the company has resorted to such tactics when its competitor is on its knees, what would it get up to if it had no competition? The truth is that BSkyB needs ITV Digital more than it knows. Not only as a platform for Sky Sports but as a competitor to keep the office of fair trading at bay. But where Mr Murdoch has a vested interest in weak ITV Digital coverage, the public interest lies in building digital terrestrial into a strong counterweight. One way would be to work with manufacturers to get much cheaper digital television sets so that the analogue switch-off could be made painlessly.