

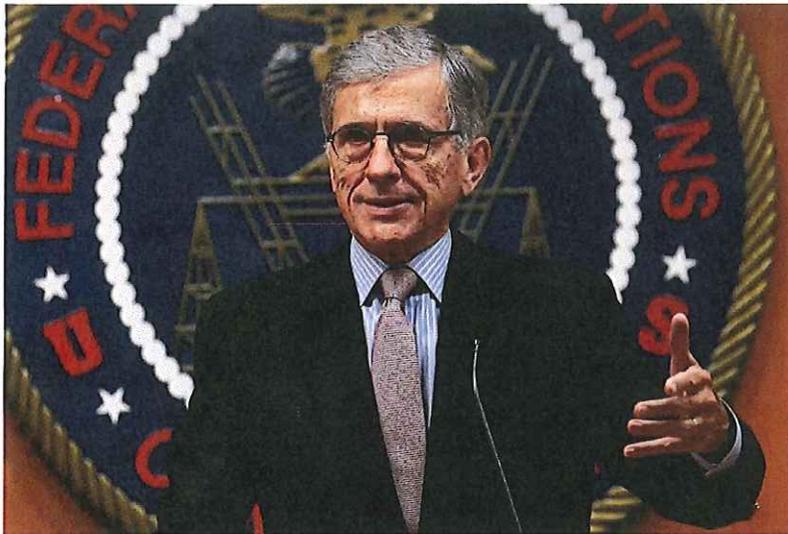
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MEDIA & MARKETING

Mobile Networks Caught in 'Open Internet' Debate



FCC Chairman Tom Wheeler at a roundtable Tuesday in Washington. GETTY IMAGES

By GAUTHAM NAGESH

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The already-heated debate over proposed rules on how broadband providers must treat traffic on their networks just got hotter, as regulators consider how the plan might apply to mobile networks as well.

Federal Communications Commission Chairman Tom Wheeler last week raised the possibility that the agency would subject broadband mobile to proposed "open Internet" rules. The rules would ban providers from blocking or slowing down individual websites but open the door for content companies to pay providers for special access to consumers, like faster lanes.

The FCC's openness to those kinds of arrangements, known as paid

prioritization, has drawn widespread backlash from supporters of net neutrality, the principle that all Internet traffic should be treated equally.

In 2010, the FCC largely exempted wireless networks from its first set of net neutrality rules, which were struck down in court in January, and the agency tentatively chose to do so again in its current proposal.

But in reviewing the 3.7 million comments the agency has received since the comment period opened May 15, agency officials say they've been struck by the number of arguments from people who think mobile networks shouldn't be exempt from such rules.

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Many investors and large tech companies said any rules should apply equally to both wired and wireless networks, as millions of Americans now rely on smartphones and tablets as their primary connection to the Internet.



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Mr. Wheeler acknowledged those views last week during a speech at a wireless industry convention. His remarks were quickly noted by critics of "sponsored

data" plans, which allow companies to pay so consumers can use their applications without it counting against their monthly data allowance. T-Mobile US Inc. allows users to listen to music using Spotify and other streaming music services, without the data counting against their limit.

Whether to apply net neutrality to mobile networks was central to a roundtable discussion on Internet rules discussion on Internet rules at the FCC Tuesday, with advocates of doing so arguing that sponsored-data plans give some apps a leg up over others and thus give wireless carriers the power to decide which apps succeed and which fail.

Michael Weinberg, vice president of the advocacy group Public Interest, argued that the plans allow wireless carriers to "monetize the artificial scarcity they have created" with their monthly caps on data use.

"What this does ultimately is it sort of corrupts the growth of online services," Mr. Weinberg said.

Mobile providers are likely to protest any attempt to apply such rules to their networks.

"There is no need (and no evidence of a need) to restrict these types of consumer-friendly offerings in the name of a rigid and misguided vision of Internet 'openness,'" T-Mobile said in its comments on the FCC's proposed rules. T-Mobile has said it doesn't charge companies to be part of the Music Freedom service, for example.

Other mobile providers already have been experimenting with such plans. AT&T Inc. this year began offering a sponsored-data plan that allows companies to pay the data charges when consumers use their apps, comparing the service to 1-800 numbers or free shipping. AT&T recently tested the plan using the news reader app Trove on 2 million subscribers on Android phones, and found that telling consumers their data was paid for resulted in 41% more page views per visit. Trove, a subsidiary of Graham Holdings, formerly Washington Post Co., plans to offer a longer-term trial of sponsored data for users of its Android app.

Assisting AT&T and Trove in the trial was the telecom startup DataMi, which provides the software that allows companies to take advantage of sponsored-data plans. DataMi CEO Harjot Saluja said he didn't think sponsored-data plans should be considered a violation of net neutrality.

"Net neutrality says you can't come in and pay more money to go faster" but sponsored-data plans don't make applications work any faster, Mr. Saluja said. "There's no difference in speeds based on whether the data is sponsored or not sponsored. If a company pays for [its subscribers] mobile data, I don't see how that affects net neutrality."

Those opposed to applying the rules to mobile markets say they could even hinder access to content on the Internet for some.

Randolph May, president of the Free State Foundation, a free-market think tank, said sponsored-data plans may prove attractive to consumers, especially low-income individuals worried about high wireless bills.

Similarly, both Verizon Communications Inc. vice president for federal regulatory affairs David Young and University of Pennsylvania Law School professor Christopher Yoo argued that sponsored-data plans could give low-income users their first access to the mobile Internet, and that the marketplace should decide whether such plans are viable.

The FCC hopes to vote on final rules by the end of the year.

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