



# WARREN'S Washington Internet Daily

Covering Legislative, Regulatory and Judicial News Affecting Internet Business. From the Publishers of **Communications Daily**.

WEDNESDAY, JANUARY 10, 2007

VOL. 8, NO. 6

## Today's News

**APPLE, CINGULAR** say iPhone coming in June will upend cellular market with ease, power of Internet, voice, music uses. (P. 1)

**GET A SPINE, DEMOCRATS, ACLU SAYS:** 'Ask the same question over and over' when Bush officials are silent on e-surveillance, it pleads. (P. 3)

**COPYRIGHT ACTION** likely internationally, not in Congress, CES speakers say. WIPO treaty called 'threat.' (P. 4)

**CREDIT CARD SWEEP** to find pedophiles was legal, Germans say. (P. 5)

**U.S. IT TALENT** pool shallower, potential investment dollars deepening, experts tell presidential committee. (P. 6)

**LAWYER SITES** may be in trouble under N.Y. court amendments to advertising rules. Bloggers up in arms. (P. 7)

**CAPITOL HILL:** Snowe-Dorgan net neutrality bill reintroduced to predictable reception. (P. 8)

**AGENCIES:** PTO gets one millionth trademark application filed through Web-based system. (P. 8)

## Apple, Cingular Claim Revolution with Portable Device for Internet, Phone, Music

SAN FRANCISCO -- A new "iPhone" with a 3.5" touchscreen developed with Cingular will "reinvent the phone," Apple CEO Steve Jobs said Tues. The device combines the large-screen iPod and a cellphone Apple was rumored to be introducing, plus powerful Web and e-mail features based on the company's full OS X operating system and Safari browser. Apple has filed 200-plus patents for inventions in the iPhone "and we plan to protect them," Jobs said in his annual keynote speech at the Macworld conference.

A 4 GB, \$499 version and a \$599 8 GB model will go on sale in the U.S. in June, subject to FCC approval, Jobs said. The base price represents "no premium" over a smartphone's typical \$299 price plus the \$199 many people spend on an iPod even though their phones work as MP3 players, he said. The phones will hit the European market late this year and Asia in 2008, he said. The company predicts it will have 1% of world cellphone sales in 2008, selling 10 million units, "and go from there," Jobs said. He also said that in recognition of directions not seen as involving computing, Apple is dropping "Computer" from its name. He didn't allude to a prominent investigation of backdating of stock options at Apple.

The iPhone will be sold at Apple and Cingular online and brick & mortar stores. Jobs and Cingular CEO Stan Sigman touted the companies' exclusive relationship. Their remarks and a news release suggested the phones would be sold nowhere else; an Apple spokeswoman said she thought that would be the case. Apple is using GSM, "the most popular international standard" for cellphones, Jobs said. The iPhone has EDGE, Wi-Fi and Bluetooth 2.0 capabilities built in, and Apple plans 3G devices, he said. The iPhone automatically detects and connects to Wi-Fi, Jobs said. Apple also will offer a Bluetooth headset and stereo headphones with a mic and a switch for handling calls.

Capping his talk with a demonstration, Jobs quickly and with evident ease switched from listening to music on an iPhone to taking a call, then another call that he conferenced in, finally e-mailing a photo to one of his callers.

Today's smartphones are far too complex, even for simple tasks, and aren't nearly capable enough, Jobs said. Buttons and keyboards take up space even when unneeded and can't be adapted to a change in use or innovation, he said.

The iPhone incorporates a touchscreen technology, Multi-Touch, Jobs said, reiterating the tagline "touch your music." The screen fills nearly the entire front of the device. At 160 pixels/in., it's the highest-resolution mobile display Apple has made, he said. Photos, Web pages and other images can be resized on the display using a 2-finger gesture he called "pinching." The touchscreen keyboard is faster to use than the smartphones' physical keyboards, Jobs said.

A built-in accelerometer detects how the device is held, Jobs said. To demonstrate, he turned an iPhone on its side while viewing a photo; the display automatically went to a horizontal, "landscape" format. The phone has 2 more sensors. One detects when the user's face is near, turning off the display and touch sensor. The 2nd, sensitive to ambient light, adjusts the picture. The phone ignores accidental touches and allows operations involving multiple one fingers, he said. Jobs wowed a friendly crowd by scrolling through menus of movies, TV shows, songs, photos and podcasts and other media by "swiping" the screen with a flick of a finger.

The single button in front returns the user to the home menu from any activity. On the side are a volume control and one to mute the phone or let it ring. In back are a 2 megapixel camera and a 3.5mm headset jack. On top is a sleep and wake button and a space for a SIM card. And on the bottom is a speaker, a mic and a 30-pin iPod connection.

Jobs, rarely accused of excess modesty, called iPhone's software "at least 5 years ahead of what's on any other phone." The device will provide "desktop class applications and networking, not the crippled stuff that you find on most phones," he said. It syncs with iTunes, letting users simply program PC or Macintosh computers for automatic porting over of media, bookmarks, contacts, calendars, notes and e-mail contacts, Jobs said. "We want you to use your contacts like never before," making automatic calling easy enough that cellphone users will stop punching in most calls, he said.

On iPhone, full rich HTML e-mail will be supported for the first time in a phone, Jobs said. The iPhone works with any IMAP or POP3 e-mail service, including Yahoo Mail, Gmail, Microsoft Exchange, AOL Mail and most ISPs' services, he said. A deal with Yahoo will give users free IMAP "push" e-mail that Jobs equated to BlackBerry service. Access to Yahoo and Google search are built in, as is Google Maps. "The Internet in your pocket" is another iPhone tagline. In cameos, Google CEO Eric Schmidt and Yahoo co-founder Jerry Yang raved about the device and promised to develop new capabilities for it.

Apple and Cingular collaborated to create Visual Voicemail. Displaying voice messages by caller and time, it lets recipients hear them in the order they prefer, as they can do with e-mail. The device makes it easy for users to create and edit a "favorites" list of people they call often, Jobs said.

Apple worked on the iPhone 2 1/2 years, 2 with Cingular, Jobs said. Sigman said Cingular was so confident in Jobs and Apple that his company committed to the deal before seeing the device. No information was available on who actually is making the phones.

Neither company shies from exerting control in its relationships. "We're changing the way companies work together," Sigman said, adding that the deal "lets Apple be Apple and Cingular be Cingular." Sigman emphasized that Apple won't serve as an MVNO; service customers will be Cingular's alone.

The device, a thin 0.46" deep, 4.5" long and 2.4" wide, weighs 4.8 oz., with a silver-color frame and rounded edges. Battery life is 16 hours for audio playback, 5 hours for talk, video or browsing, Jobs said. -- *Louis Trager*

#### CES Notebook...

Overshadowed by the iPhone announcement were details on a \$299 home PC-to-TV multimedia box Jobs disclosed last fall. The device, which he had called iTV, will be marketed as Apple TV. Jobs called the old label a code name, but after he announced it, a small company surfaced claiming the rights to "iTV." Apple TV, which will

feature a 40 GB hard drive and an Intel processor, will support 720p resolution, Jobs said. It will have USB 2, Ethernet and Wi-Fi inputs, and HDMI, component video and analog and digital audio outputs, he said. Content can be streamed from 5 computers and it can be auto-synced from one, Jobs said. A demonstration showed content being displayed, with a few steps, on a TV from a notebook computer brought by a friend of an Apple TV owner. The product will ship in Feb., but Apple is taking orders, he said. In a departure from the rest of his presentation, which didn't hesitate to criticize competing products by name, Jobs didn't mention the Windows Home Server, which Microsoft Chmn. Bill Gates announced this week at CES to compete with iTV and other digital entertainment hubs.

---

Jobs mocked the Zune, Microsoft's competitor to Apple's iPod line. He said Microsoft should have had a big month in Nov., when it released the Zune, but the latest available NPD data show the company with a 2% share of MP3 player sales. In Dec., Apple increased the 62% share it held in Nov., Jobs said. "No matter how you spin this, what can you say?" he asked, as a presentation slide showed "Zune" going up in flames.

---

Paramount Tues. joined Disney in selling movie downloads on iTunes. That boosts the iTunes movies archive to 250-plus from 100, Jobs said. The first 4 months they were available, iTunes sold 1.3 million movies, "which has exceeded all our expectations," he said. Jobs scoffed at a report that iTunes sales seemed to be slowing. They almost doubled last year, to 1.2 billion from 2005's 614 million, he said: "We couldn't be happier with the growth rate of iTunes." Sales are running 75 million songs a day, Jobs said. The service has sold over 2 billion songs, he said, calling that "amazing." He cited NPD data as showing that Apple had "passed Amazon" to be the 4th largest U.S. music retailer. "And you can guess who our next target is," Jobs said, alluding to number 3 Target. iTunes also has sold over 50 million TV show episodes, he said.

---

YouTube "definitely" is considering the possibility of creating programming for traditional TV channels, but not as a priority, said YouTube Vp-Content Kevin Donahue. Asked at CES in Las Vegas about offerings for traditional TV, he said "we haven't any announcements yet... We're noodling on it." There have been "a lot of conversations" with networks wanting YouTube to do individual shows, or even a network, but it's "a little on the back burner" now, he said. The young company is focusing on improving what it does, and developing a wireless version, Donahue said.

---

Nokia, TiVo, iRiver, Logitech, SigmaTel and Telechips have licensed RealNetworks' Rhapsody DNA technology platform and plan to build support into products and services shipping in 2007, RealNetworks said Mon. RealNetworks and Logitech teamed to bring PC-free direct access to the service on Logitech's Squeezebox and Transporter home audio players via a free update available Jan. 15. RealNetworks partnered with Reigncom, maker of iRiver MP3 players, to design two portable players to debut first half 2007; one will connect to the Rhapsody service via Wi-Fi for mobile downloads. TiVo is giving users access to Rhapsody via TVs.

## Make Bells Liable

### **Move Now on Warrantless Wiretapping, ACLU Urges Democrats**

The ACLU wavered between optimism and irritation in its assessment of chances that the new Democratic majority will be tough on Bush Administration domestic wiretapping, Bells' complicity and other privacy-related issues. It's time for "spring cleaning," ACLU Washington Legislative Office Dir. Caroline Fredrickson told reporters Tues. But the likeliest avenue to stop the phone and e-mail surveillance program is the Supreme Court, expected ultimately to hear the case that's now in the 6th U.S. Appeals Court, Cincinnati, ACLU officials said. "They've just gone too far... This case is crystal clear," ACLU Exec. Dir. Anthony Romero said.

House Judiciary Committee Chmn. Conyers (D-Mich.) "doesn't have to use the basement" anymore, a reference to Judiciary Democrats' unofficial hearing after the wiretapping revelations (WID Jan 23/06 p2), Fredrickson said. With Senate Judiciary Chmn. Leahy (D-Vt.) also showing continued interest, "there's no doubt there's going to be investigations" into the surveillance and phone-record data-mining programs, she said. President Bush called his program "terrorist surveillance," but "we don't buy that," Romero said: It's time for Congress to "get to the heart of the matter."

Law enforcement investigations' integrity can be preserved if the Administration simply turns over "numbers" -- how many intercepts, ratio of phone to e-mail taps and such -- Romero said. Even the Patriot Act and Foreign Intelligence Surveillance Act (FISA) require some reporting of how they're invoked in the field, he added. ACLU isn't asking for the "details" of how the govt. snoops on alleged terrorists, said Fredrickson.

"There certainly needs to be a debate" on a claim by President Bush that FISA is broken, Fredrickson said. But it's Bush's job to "come forward and demonstrate" the process needs an overhaul. Romero said FISA's retro-active warrant provision -- which allows federal officials to conduct wiretaps and seek warrants later --- shows the law still works. ACLU prefers Sen. Feinstein's (D-Cal.) FISA bill to that of Sen. Specter (R-Pa.), considering that last year Specter "spoke out of both sides of his mouth" in surveillance hearings, he added.

ACLU pre-election polls showed strong bipartisanship on civil liberties, Romero said: "Clearly we hope the Democrats have found their spine again." Patriot Act demagoguery aimed at Democratic challengers in Mont. and O. races backfired, with Republicans Conrad Burns and Mike DeWine losing Senate seats. Democrats have "certainly got the message that they don't have to run away," Fredrickson said. Democratic leaders can -- and should -- "play to those emotions" that privacy issues trigger in voters, Romero said.

Civil libertarians have an uphill battle against securing liability for telcos said to have collaborated with NSA, since the companies are "friends with pretty much all of Congress" thanks to campaign contributions, Fredrickson said. It's "quite important" that Democrats haul telco executives to the Hill, Romero said, citing evidence of high-level talks at AT&T about a "public relations battle" to sanitize the company's surveillance connection.

Jurisdictional asymmetry should be the first barrier junked by the Democratic Congress, officials said. Only the House and Senate intelligence committees have access to the most sensitive data on the wiretap program. But even some intelligence members are left in the dark, Fredrickson said. If the Bush Administration can give classified briefings to a few committee members, including Fredrickson's former boss, Sen. Cantwell (D-Wash.), it can include everyone from the 2 relevant committees in each chamber, she added.

Democrats must show "willingness to ask the same question over and over again" at hearings this year when Bush officials inevitably decline to speak candidly about the NSA program, Romero said. Agency stonewalling will "give added fuel to the fire" by inflaming public opinion. But if agency chiefs come clean, ACLU will have an open mind, he added: "If it's 50 [alleged terrorists under surveillance], then maybe we'll buy it" -- but not if it's 5 million.

Officials cited a "great deal of ignorance on the Hill" on data brokers, sales to govt. agencies and violation of Privacy Act provisions respecting govt. use of private data. "It all comes back to sunshine," and, provided it gets room to do so, the ACLU will throw open the doors to data-mining programs, Fredrickson said. Senate Judiciary is holding a hearing on data mining today (Wed.) in the Dirksen Bldg. Rm. 226 at 9:30 a.m. -- *Greg Piper*

## **Broadcast Treaty 'Threat'**

### **Main Copyright Action Likely International, Not National**

LAS VEGAS -- U.S. copyright law likely won't get a major rewrite due to lack of consensus on what changes are needed, speakers said here at the CES. But big international changes in copyright are possible -- and not welcome, they warned.

"I don't see major changes in copyright legislation" in the U.S., said Intel Vp Don Whiteside. Legislators think the Digital Millennium Copyright Act generally works, he said. There's "no easy way to create a fair use exception" without risking a "completely unwinding" current law, he said, terming it a "Gordian knot." Sarah

Deutsch, Verizon vp-assoc. gen. counsel, agreed it would be "very hard" for copyright reform to pass without "major consensus" among industries.

But consumer electronics faces a "major threat" -- a draft Broadcast Treaty being worked on by WIPO -- Deutsch said. The treaty would create a "whole new set of ownership rights" CE makers would have to address. A coalition of companies is trying to guide WIPO toward a narrower treaty mainly addressing theft, she said.

Significant copyright issues percolating internationally including proposals to extend the copyright period and impose technology mandates, Whiteside said. Meanwhile, "what we must realize is that there is a certain amount of fair use that we have to allow to consumers, or we don't have a business," he said. -- *Michael Feazel*

## Pedophiles Nabbed

### **German Officials: Data Protection Law Wasn't Violated in Credit Card Check**

German officials Tues. rejected claims that investigators had violated the country's data protection law by asking banks to search their credit card databases to identify users of an illegal child pornography website (WID Jan 9 p8). Cooperation by 14 German banks with police and the state attorney of Saxony-Anhalt turned up 322 users of the site, they said in a news conference on what they called Operation Mikado. Many of the suspects already have confessed after massive raids in all 16 German states, said the officials.

State Attorney Peter Vogt, who led the investigation, said neither the State Attorney's Office nor the State Office of Criminal Investigation had "at any time direct access to the credit card data." Minister of Justice Angela Kolb said: "I want to underline that this was no dragnet investigation." Investigators had asked to check the transfers of US \$79.99 during a certain time to the bank account linked to the illegal website, said Saxony-Anhalt's Minister of Justice Holger Hoevelmann at a press conference in Magdeburg. The payments allowed site access for 2 weeks and some users had renewed once or twice. Data other than suspect data weren't seen even by the banks since the searches were automated, said investigators.

A spokesperson for the German Federal Commissioner for Data Protection told *Washington Internet Daily* that according to information available so far there was no evidence that German data protection law had been violated. "We certainly so far have only the information given at the press conference," he said. The spokesperson's statement was confirmed by the State Data Protection Commissioner of Schleswig-Holstein, Thilo Weichert, who said this was a regular and targeted investigation by law enforcement. But they and a spokesperson for the Data Protection Commissioner of Nordrhein-Westphalia warned against vulnerability of bank and credit card customers' data. The law against money laundering makes banks regularly check customer's behavior and to take on practical police work, they said. But Vogt said he was looking forward to other investigators following the example of Saxony-Anhalt in its investigation.

"Up to now, people have believed that paying online with credit cards over secure servers... would leave no traces. This case shows that you cannot escape investigation if you commit a crime online," said Kolb. She said she hoped for harmonized regulation against child pornography on the EU level in the future and fully supported new German legislation that will criminalize the production and ownership of sexually explicit "posing photos" of children.

"We will get them all," said Hoevelmann of the fight against child pornography, announcing that the State Attorney's Office of Saxony-Anhalt was preparing another series of cases "also on the international level." Also continuing is the international search for the operator of the Operation Mikado website. Investigators had followed a trace as far back as a billing company in the Philippines but still couldn't locate the suspect. -- *Monika Ermert*

'Considerable Lead' in VC**Intervention Needed as Students Spurn Tech, Panel Hears**

The U.S. still packs the most tech investment punch, even as the domestic networking and IT (NIT) talent pool shrinks, researchers told a presidential advisory committee Tues. By putting more money into technology education and development, the govt. could keep the U.S. competitive. It also needs to fund wider broadband penetration as a key to business development, they said.

"The supply and quality of" NIT program graduates "is a problem," George Scalise, Pres.-Semiconductor Industry Assn. said: "Our best and brightest aren't choosing these fields." Part of the problem is low interest in technical majors like math and computer science among women and minorities, he said. IT jobs have changed, now demanding skills across multiple disciplines, he said. Some committee members blamed the U.S.'s lack of strong K-12 science curricula for declining interest in NIT, others cited the dot com bust for the lag.

The U.S. ranks behind many nations in number of citizens connected to broadband, a datum tech business investors find depressing, the Science & Technology Policy Institute's Bhavya Lai told the committee.

To stay competitive, the U.S. needs to connect highly skilled NIT professionals with the right investors, Scalise said. The U.S. has a "considerable lead in availability of venture capital" for tech projects and innovations -- about \$22 billion in 2005, Lai said. But India is catching up, and by now may boast as much as \$6 billion to put into tech. Lai's team drew data from the National Science Foundation, World Bank, European Union govts. and other public sources.

U.S. firms active in NIT outspend counterparts elsewhere on R&D, with Japan a distant second, Lai said. Most (3/4) frequently cited computer science publications are U.S.-based, and the country leads the world in related patents, she said. But the U.S. needs "much more federal support for U.S. to continue to be the leader," Scalise said. -- *Alexis Fabbri*

**PCAST Notebook...**

Beating President Bush's 10-year timetable for complete electronic health record (EHR) deployment is one of Health & Human Services' (HHS) top priorities, Deputy Secy. Alex Azar told PCAST Tues. Azar stepped in for HHS Secy. Michael Leavitt, who cancelled at the last minute. Speedy national adoption of interoperable, certified EHR software ranks 2nd of 10 Leavitt priorities for shifting the U.S. system toward "personalized medicine," which synthesizes genetic information and other patient characteristics using IT for a more complete, informed diagnosis. "The paper health registration form is going to die," he said, as at least one member of the committee applauded: "Think of the errors that can be avoided." As it is, private practice physicians and hospitals that have adopted EHRs -- or would like to -- can't share information electronically, he said: "Even though we are decades into the computer and information age, health care providers cannot buy programs that they know will be interoperable," he said. Several advisory bodies reporting to the Food & Drug Administration, National Institutes of Health and HHS are developing needed software standards and certification requirements, he said. HHS expects to issue a personalized health care report, detailing progress toward adoption of EHRs and other aspects of the campaign "in the next few weeks," he said. Though the agency -- and Leavitt himself -- are excited about new innovations, "we need to be careful not to over-promise. It's going to take many, many years." -- *AF*

---

The National Heart, Lung & Blood Institute is developing a database of genotypes for 6 common diseases that will be shared electronically, Dr. Elizabeth Nabel told PCAST. To fully launch the Genetic Analysis Information Network, HHS is hiring "bioinformatics" and IT experts to make results of clinical trials and genetic testing "interactive and interoperable," she said: "The greatest public benefit will be realized if data can be shared -- with participants' informed consent -- in a timely manner to the largest number of investigators." The National Library of Medicine will host the database. -- *AF*

Communication Limits

## N.Y. Court System Rules Hit Lawyers' Internet Practices

In a move that could cripple legal blogging and reduce consumer convenience, N.Y. Mon. amended rules on lawyers' ads. Curbs taking effect Feb. 1 limit attorneys' ability to solicit potential clients and use marketing that may deceive. Several N.Y. law blogs slammed the changes as unfair, although the N.Y. Appellate Div. presiding justices formally reworked the rules after receiving complaints about proposed restrictions from lawyers and the FTC.

The amendments define an advertisement as a "public or private communication made by or on behalf of a lawyer or law firm about that lawyer or law firm's services, the primary purpose of which is for the retention of the lawyer or law firm." Critics called this definition ambiguous because it is unclear how an ad's "primary purpose" is determined.

The definition may include attorney websites and blog posts, Larry Bodine, a marketing consultant in Chicago, told *Washington Internet Daily*. Blogs and websites shouldn't be deemed ads because they are not pushed at consumers like television and newspaper marketing, he said.

The definition is less vague than its initial form, said Nicole Black, who writes N.Y. law blog *Sui Generis*. The court added a sentence saying the definition doesn't include communications such as those directed to existing clients or other lawyers, she told us.

The amendments set style rules for law ads. The rules bar testimonials relating to pending matters. Lawyers must ensure that testimonials have factual support and attach a disclaimer that "prior results do not guarantee a similar outcome." Ads must identify paid endorsements and testimonials, as well as dramatizations and use of actors. Finally, advertisements not running in periodicals or on radio or television must be labeled "Attorney Advertising" on the first page or in the subject line.

These style rules don't necessarily target deception and may restrict ads that aren't misleading, FTC staff said. The rules could prevent online transmission of useful information to consumers and impair competition, it said.

On the Web, the rules restrict pop-up or pop-under ads appearing on sites other than a lawyer's or law firm's home page. And lawyers must make records of a website's content at its creation, after any major update and at least every 90 days. The last obligation could be a hassle for large sites that may have hundreds of pages, Bodine said.

The amendments also prohibit solicitation "by real time or interactive computer-accessed communication unless the recipient is a close friend, relative, former client or current client." If this means online attorney matching is illegal, the costs of finding a lawyer could rise significantly, FTC staff said in comments to the N.Y. Unified Court System (WID Sept 26 p4).

The new amendments are final, but Bodine predicts legal challenges. They likely will be fought as unconstitutional in general, or a lawyer will be cited and appeal the decision, he said. "It's ridiculous to have courts govern advertisements," Bodine told us: "Courts should get out of the lawyer marketing business because they don't understand it."

New Yorkers for Free Speech, a group of N.Y. State Trial Lawyers Assn. members who opposed the amendments at their debut, and at least one other group already have considered bringing suit, Black said. Floyd Abrams, a First Amendment expert with New Yorkers for Free Speech, since has told the *N.Y. Law Journal* the amendments' final version is a "significant improvement" and that the group is considering a formal response.

Similar rules exist in Fla., Tex. and Ia., Bodine said. More states likely will follow N.Y.'s example, he said. Cal., Ind. and R.I. have plans similar amendments, according to *The National Law Journal*. Tex. and Mo. also recently updated their ad rules. -- *Adam Bender*

## Capitol Hill

Passions are sure to run high with the reintroduction of net neutrality legislation by Sens. Snowe (R-Me.) and Dorgan (D-N.D.) Tues. The Internet Freedom Preservation Act requires broadband providers to treat equally all content, applications and services on the network, without giving preference through commercial deals, and to prevent users from connecting devices to the network only if they “physically damage or substantially degrade the use” of the network by other users. The bill also prohibits providers from selling broadband only with other services, such as phone or cable, from the provider. It sets a 90-day limit for the FCC to handle complaints, and 6 months from enactment for the agency to set up rules governing complaints. A Dorgan spokesman told us the bill is identical to one introduced last Congress. The Internet has succeeded because “the marketplace picked winners and losers, not some central gatekeeper,” Dorgan said: “That freedom -- the very core of what makes the Internet what it is today -- must be preserved.” Snowe’s assessment: “The tide has turned in the debate between those who seek to maintain equality and those who would benefit from the creation of a toll road on the Internet super highway.” She’s the only Republican among cosponsors who include Kerry (Mass.), Boxer (Cal.), Leahy (Vt.), Clinton (N.Y.) and Obama (Ill.). Reactions were predictable from pro- and antineutrality camps. The bill is “a first step towards a national policy that will ensure that all consumers, not just the most affluent, have affordable access to high-speed Internet services,” Consumers Union analyst Jeannine Kenney said. The Snowe-Dorgan effort is the “next step” following AT&T’s consent not only to net-neutrality provisions in its BellSouth merger but to expanded network reach and “competitive prices to consumers -- demonstrating that neutrality and affordable access are not mutually exclusive,” said Consumer Federation of America Research Dir. Mark Cooper. Verizon continues to put quotation marks around “network neutrality” and prefers to call it “net regulation.” The legislation attempts “to solve a problem that doesn’t exist,” said Peter Davidson, senior vp-federal govt. relations. Policymakers will wonder how neutrality aids broadband deployment, especially given the proliferation of “broadband-enabled innovations” at CES this week, he added: “There is a ‘disconnect’ between consumers’ desires for new products and services and the stifling effects of this bill.” USTelecom Pres.-CEO Walter McCormick said the bill would “make it against the law for any company to invest in customized Internet service. That would mean all of us losing advances in home health monitoring, greater security of our financial transactions, new entertainment choices and telecommuting opportunities.” Brian Dietz, NCTA vp-communications, said neutrality mandates “will only stifle the investment, innovation and creativity that has been the hallmark of today’s dynamic broadband marketplace.” Free State Foundation Pres. Randolph May said Snowe and Dorgan “would have received a subpoena” from the FTC “if truth-in-labeling applied to our senators,” because they’re actually trying to reimpose “analog era” common-carrier regulation. -- *GP*

## Agencies

The Patent & Trademark Office (PTO) received its one millionth Web-filed trademark application. The application came from Bait Craft, which wants to protect the company name as a trademark for its fishing tackle boxes. Filed through PTO’s Trademark Electronic Application System, now used for 94% of all trademark applications (WID Dec 28 p5), the application hasn’t been granted, an agency spokeswoman told us. PTO will hold a ceremony today (Wed.) 5-7 p.m. to celebrate the milestone at PTO hq with Commerce Undersecy.-IP Jon Dudas, Bait Craft founder Donald Junck and representatives from Mattel and N.Y.-based Fross Zelnick, the “most active corporate and law firm users” of the Web-based system, the agency said -- jennifer.rankin\_byrne@uspto.gov.

## Courts

Debt Resolve sued Apollo Enterprise Solutions for infringing its Web-based collection patent in U.S. Dist. Court, Trenton, N.J., Debt Resolve said. Apollo is alleged to violate Debt Resolve’s so-called 551 and 741 patents for “computerized dispute resolution system and method.” Apollo’s technology, which lets debtors “negotiate a settlement

in real-time that may be accepted by Apollo's computerized system based on rules defined by the creditor," is patented by Debt Resolve in the U.S., U.K. and "numerous other countries," Debt Resolve said. It wants a permanent injunction, damages from loss of profits and royalties, and triple damages and attorney's fees for willful infringement.

## Cities & States

Public ownership of high-speed networks will solve U.S. broadband problems, the Institute for Local Self-Reliance said. The group, urging local control of environment, taxes and other issues, said public ownership would drive broadband penetration for 5 reasons: (1) Broadband networks are now "essential public infrastructure" like roads; (2) By owning that infrastructure, municipalities can ensure and enforce competition; (3) Municipalities can generate "significant revenue" through network ownership; (4) Public ownership can ensure universal access; and (5) Public ownership ensures non-biased, "neutral" networks. Network ownership differs from network management of services, the group stressed. "Cities own roads, but they do not operate freight companies or deliver pizzas," it said.

## International

A Brazilian judge's order to YouTube -- to block Brazil's access to a racy video featuring supermodel Daniela Cicarelli and beau -- is impossible to implement, a company spokeswoman told us: "There is no way to block access to a single video... For the video in question, we will continue to remove all copies of the video as we become aware that it has been reposted." The video violates YouTube policy, she said. It shows the amorous Brazilians, not visibly naked, apparently having sex in shallow water at the beach. YouTube.com is unavailable in much of Brazil because of ISPs' responses to the court order, AP reported. Telefonica SA and Brasil Telecom SA blocked the site in areas where they provide access -- Sao Paulo, Rio de Janeiro and an area from capital Brasilia to the Amazon. Brazil's biggest ISP, Empresa Brasileira de Telecomunicacoes SA, said it's reviewing the order. Reporters Without Borders called the judge's order "a radical and inappropriate measure and one that is anyway ineffective." The group said the video is widely available in Brazil through other websites.

---

ITU Secy. Gen. Hamadoun Toure told staffers Mon. the body will work harder to enroll new businesses as members, said an official. No details surfaced at a Mon. meeting with new ITU management, but staffers there have raised the idea of sending a high-level management delegation to call on companies not in the agency's traditional constituency whose activities fall within its purview. Discussions of ITU's budget are evolving, but any budget problems could be offset, at least partially, by attracting new members. -- **SB**

---

Three million blank CD-Rs and DVDs were seized at the port of Buenos Aires, after discrepancies in the shipment's listed and actual weights aroused suspicion, the International Federation of the Phonographic Industry (IFPI) said. The load's Taiwanese origin also alerted Argentine authorities, IFPI said. Study revealed the importers, who couldn't provide initial importation documents, weren't in the electronics or optical-media business. Early evidence suggests the discs were intended for the "pirate market," where they would fetch about \$8 million, IFPI said.

## Industry Notes

The coming release of the General Public License version 3 (GPLv3) should quicken "serious reflection" at Linden Labs on protecting intellectual property (IP) in the virtual world, Progress & Freedom Foundation's Patrick Ross told us. Discussion drafts for the new license, expected to be finished this spring, mandate sharing of proprietary code built on top of open source, worrying industry (WID Jan 18/06 p2). Ross called Linden's new open-source developer project (WID Jan 9 p4), licensed under the less controversial GPLv2, a "very wise move... to recruit free labor to grow its product while painting itself as a friend of the techno-geek," all the while keeping control over proprietary code. With the rise of "replicating bots" that undermine the IP system of Second Life, moving to GPLv3, "designed to

completely abrogate IP rights, would probably not be conducive to that discussion," he said. Meanwhile, Linden Mktg. Dir. Catherine Smith told us the company expects the "best and most trusted modifications [from developers] should float to the top," not requiring an exhaustive Linden search through submissions. But when making modifications to the client-side Second Life viewer, developers should "do so carefully," as they do with open-source projects like Mozilla Firefox, she added. The timing of the open-source project was "predicated on getting the code ready for external inspection. You need to examine it, clean it up and test it... so that it's more easily digestible," she said, describing "good consensus and excitement" in the company to open-source the viewer software. It's the first time to Linden's knowledge that a virtual-world company with "arguably the leading product" has open-sourced its code, and "we've been open about our intention to do so for some time." -- *GP*

---

The Wi-Fi Alliance certified the first hardware reviewed using its new home security configuration method, it said this week. The Wi-Fi Protected Setup certification, born of desire to get consumers to enable security features, covers PC gear, TVs, stereos, phones, gaming consoles and other equipment. The first round of certifications includes Atheros, Broadcom, Buffalo, Conexant, Intel, Marvell and Ralink products.

---

Vonage and EarthLink will partner to offer service over Wi-Fi networks, Vonage said this week. The 3-year contract allows Vonage subsidiary Vonage Network to resell access over EarthLink municipal networks. The carrier plans to introduce services like its popular VoIP -- via its Wi-Fi handset -- "in the future," it said, not offering details.

---

Yahoo acquired the assets of MyBlogLog, a social network website of blog publishers and readers. Yahoo has no plans to change MyBlogLog's Web site, distribution or branding, Chad Dickerson said on Yodel Anecdotal, Yahoo's developer blog. Yahoo instead will focus on improving the site's current model, he said. No terms disclosed.

## Internet People

ICANN names **Doug Brent**, ex-Packet Design, COO... EarthLink executive vp **Linda Beck** becomes pres. of subsidiary New Edge Networks... **Dan Burger**, ex-NetView Technologies, joins Web compliance software maker HiSoftware as vp-sales & service.

		<p><b>WASHINGTON HEADQUARTERS</b></p>		<p><b>Business</b></p>	
<p>(ISSN 1530-0501)  <b>PUBLISHED BY WARREN COMMUNICATIONS NEWS, INC.</b></p>		<p>Albert Warren . . . . . Chairman, Editor &amp; Publisher                  Paul Warren . . . . . President                  Daniel Warren . . . . . Vice Chairman                  Michael Feazel . . . . . Senior Editor                  Edie Herman . . . . . Senior Editor                  Herb Kirchhoff . . . . . Senior Editor                  Howard Buskirk . . . . . Senior Editor                  Anne Veigle . . . . . Senior Editor                  Dinesh Kumar . . . . . Associate Editor                  Jonathan Make . . . . . Associate Editor                  Ian Martinez . . . . . Assistant Editor                  Greg Piper . . . . . Assistant Editor                  Adrienne Kroepsch . . . . . Assistant Editor                  Josh Wein. . . . . Assistant Editor                  Alexis Fabbri. . . . . Assistant Editor</p>		<p>Brig Easley . . . . . Controller                  Gina Storr . . . . . Director of Sales &amp; Marketing Support                  Deborah Jacobs . . . . . Information Systems Manager                  Gregory Jones . . . . . Database/Network Manager                  Katrina McCray . . . . . Sr. Sales &amp; Mktg. Support Specialist                  Greg Robinson . . . . . Sales &amp; Marketing Support Assistant                  Loraine Taylor . . . . . Sales &amp; Marketing Support Assistant</p>	
<p>Michael Feazel . . . . . Managing Editor                  Greg Piper . . . . . Associate Managing Editor                  Alexis Fabbri . . . . . Assistant Editor                  Louis Trager . . . . . News Editor (Consulting)                  Dugie Standeford . . . . . European Correspondent</p>		<p>Dawson B Nail . . . . . Exec. Editor Emeritus                  Louis Trager . . . . . News Editor (Consulting)</p>		<p><b>Sales</b></p> <p>William R. Benton . . . . . Sales Director                  Agnes Mannarelli . . . . . National Accounts Manager                  Jim Sharp . . . . . Account Manager                  Brooke Mowry . . . . . Account Manager                  Norlie Lin . . . . . Account Manager                  Kirsten Gillberg . . . . . Account Manager</p>	
<p>Warren Communications News, Inc. is publisher of Communications Daily, Warren's Washington Internet Daily, Consumer Electronics Daily, Washington Telecom Newswire, Telecom A.M., Television A.M., Television &amp; Cable Factbook, Cable &amp; Station Coverage Atlas, Public Broadcasting Report, Satellite Week and other special publications.</p>		<p><b>Television and Cable Factbook</b></p>		<p><b>NEW YORK BUREAU</b>                  276 Fifth Ave., Suite 1002, N.Y, N.Y. 10001                  Phone: 212-686-5410                  Fax: 212-889-5097</p>	
<p>Send news materials to: <a href="mailto:newsroom@warren-news.com">newsroom@warren-news.com</a></p>		<p>Michael Taliaferro . . . . . Managing Editor                  &amp; Asst. Publisher—Directories                  Gaye Nail . . . . . Assoc. Managing Editor                  Susan C. Seiler . . . . . Asst. Managing Editor                  Bob Dwyer . . . . . Senior Research Editor                  Marla Shepard . . . . . Senior Editor                  Kari McGlamary . . . . . Sr. Editor &amp; Editorial Supervisor</p>		<p>Paul Gluckman . . . . . Bureau Chief                  Stephen A. Booth . . . . . Senior Editor                  Mark Seavy . . . . . Senior Editor                  Jeff Berman . . . . . Senior Editor                  Razia Mahadeo . . . . . Editorial Asst.                  Barry Fox . . . . . Contributing Editor</p>	
<p>Copyright © 2007 by Warren Communications News, Inc.                  Reproduction in any form, without written permission, is prohibited.</p>		<p><b>EDITORIAL &amp; BUSINESS HEADQUARTERS</b>                  2115 Ward Court, N.W., Washington, DC 20037                  Phone: 202-872-9200 Fax: 202-318-8984  <a href="http://www.warren-news.com">www.warren-news.com</a>                  E-mail: <a href="mailto:info@warren-news.com">info@warren-news.com</a></p>			
<p><b>E-mail recipients:</b> By using our e-mail delivery service, you understand and agree that we may use tracking software to ensure accurate electronic delivery and copyright compliance. This software forwards to us certain technical data and newsletter usage information from any computer that opens this e-mail. We do not share this information with anyone outside the company, nor do we use it for any commercial purpose. For more information about our data collection practices, please see our Privacy Policy at <a href="http://www.warren-news.com/privacypolicy.htm">www.warren-news.com/privacypolicy.htm</a>.</p>					