Wireless providers oppose phone ban

by Paul M. Krawzak

WASHINGTON - Two wireless service providers testifying before the U.S. International Trade Commission Thursday complained they are caught in the crossfire of a figurative global "nuclear war" raging between San Diego wireless giant Qualcomm and rival chipmaker Broadcom.

But both firms weighed in on Qualcomm's side.

Mark C. Hansen, an attorney for Verizon Wireless, charged that Verizon is trapped between two litigious rivals who are using patent law to "club" each other.

"They're in a nuclear war in 500 different places in 500 different ways," he said.

Hansen was referring to the contentious legal battles being fought between the two Southern California companies before U.S. federal courts and European antitrust regulators.

Broadcom, based in Irvine, has asked the commission to ban the import into the United States of advanced cell phones containing Qualcomm chips, which a federal administrative judge determined infringe on a Broadcom patent.

Representatives of Sprint Nextel Corp., another wireless service provider, joined Verizon in expressing dismay at the losses their company would suffer if the commission chooses to ban the phones.

During the second and last day of a hearing before the commission, wireless service providers and manufacturers and public safety organizations teamed up to urge the commission not to stop the phone imports.

They argued that a ban would cost the wireless industry millions or billions of dollars, raise cell phone prices for consumers and undermine public safety.

Broadcom contends the only way it can get relief for the unauthorized use of its chip is for the government to ban all phones coming into the country that contain the chip, which helps the phones preserve battery power when they are taken outside their network.

A ban would prevent the import of certain cell phones with an advanced technology that allows high-speed Web surfing and downloading of music and video.

Qualcomm and its supporters say that remedy would be too severe, as it would deprive consumers of choice in the portable phone market.

Broadcom executives insist that even if the phones are banned, there will be plenty of comparably priced alternatives, including "smartphones" and other devices with typewriter-like keyboards.

Opponents disputed this.

Rosemary Garavaglia, executive director of marketing for Verizon Wireless, said smartphones and devices such as Blackberrys cost two to three times more than the cell phones that would be subject to the ban. And they are too complicated for the tastes of most consumers, she asserted.

Verizon has invested more than $2 billion in an advanced wireless network for the potentially banned phones, and expects to recoup much of its investment from selling them.

Existing owners of the cell phones would not be directly affected by a ban since they would be allowed to keep their phones.

Corbett Kull, vice president of North American Sales for San Diego-based PacketVideo Corp., disputed Broadcom's claim that the phones could be duplicated by other devices.

Public safety officials said the ban would deprive emergency personnel of devices that could transmit pictures and other data during an emergency and enable paramedics to reach a heart attack victim more quickly.

The commission has until May 8 to send a proposed remedy to the Bush administration. The president can accept or reject it.

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