

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

	)	
In the Matter of	)	
	)	
Skype Communications, S.A.R.L.	)	
	)	RM No. 11361
Petition to Confirm a Consumer's Right to	)	
Use Internet Communications Software and	)	
Attach Devices to Wireless Networks	)	
	)	

**Reply Comments of BT Americas Inc. on Behalf of Itself and other BT Entities**

Pursuant to the Commission's Order of 14 March, 2007, BT Americas Inc. ("BTA") submits these Reply Comments on behalf of itself and other BT entities in the U.S. pursuant to the Commission's Order dated 28 February 2007 on Skype Communications S.A.R.L.'s ("Skype's") Petition for a Declaratory Ruling that *Carterphone*<sup>1</sup> applies to wireless services and request for rulemaking regarding the application of *Carterphone* to the wireless industry.

BTA is a U.S. company and subsidiary of BT plc. It has a Section 214 license and employs about 4000 people in the United States. BTA and its affiliates serve the global information and communications technology needs of large business ("enterprise") customers.

There are significant signs that the U.S. wireless market, at least to the extent it serves the enterprise business market, is far from being fully competitive. In this environment alternative service and application providers face a multitude of actions by the incumbent wireless operators which results in market foreclosure, as demonstrated in the Skype petition. Mandating *Carterphone* interconnection will promote consumer welfare by allowing the marketplace, rather

---

<sup>1</sup> *Use of the Carterphone Device in Message Toll Telephone Service*, 13 F.C.C. 2d 420 (1968).

than the dominant wireless carriers, to decide which applications or device features consumers want.

The Comments submitted by those opposing the Petition raise precisely the “fear, uncertainty and doubt” claims AT&T raised in the late 1960s to oppose the initial imposition of *Carterphone* in a very similar context. They claim that allowing “foreign” devices and applications will harm the network, or cause unspecified types of “outages,” although the proposed rules would by definition require that they not harm the network. They claim harm to the wireless operators’ incentives to invest and innovate, but in fact it will increase investment in new applications and devices by new entrants, perhaps the most innovative form of investment. They claim “technical complexities” that are certainly no more complex than what was presented with number portability or any other regulatory measures taken by the Commission to promote competition. And when all else fails, they invoke national security and law enforcement although those claims are spurious and if accepted, would preclude the introduction of any new application or feature, since all would have to be integrated into the existing law enforcement and emergency service system. Such a result is surely not in the public interest.

I. Consolidation Has Resulted in a Highly Concentrated Wireless Market

A. The Wireless Service Market is Highly Concentrated

The U.S. wireless market has seen a series of horizontal consolidations, including Cingular’s acquisition of AT&T Wireless, SBC’s (which co-owned Cingular with BellSouth) subsequent acquisition of AT&T which would have otherwise entered as an MVNO,<sup>2</sup> and finally new AT&T’s acquisition of BellSouth which had been a previously semi-independent voice within Cingular. These consolidations have also resulted in the re-integration of the two largest

---

<sup>2</sup> “Sprint Under AT&T’s Hood,” 07/01/2004, <http://www.phoneplusmag.com/articles/471resell02.html> (“AT&T Corp. announced in mid-May that it will private label services from the Sprint PCS network allowing AT&T to offer wireless service to its more than 30 million business and consumer customers”).

wireless carriers (Cingular and Verizon Wireless) with the two largest interexchange carriers (AT&T and MCI), increasing their incentives to discriminate against downstream competitors.

The affiliation of these two largest wireless carriers with the dominant providers of in-region special access affords AT&T/Cingular and Verizon Wireless with a unique advantage. As explained by Sprint/Nextel in its Comments in the *Twelfth Inquiry on Competition in the Mobile Wireless Marketplace*:<sup>3</sup>

RBOCs are able to impose costs on Sprint Nextel by using their monopoly power over bottleneck facilities that are essential inputs to the provision of CMRS. Specifically, the RBOCs impose significant costs on their competitors by overcharging for dedicated transport facilities, otherwise known as “special access.” That AT&T and Verizon possess monopoly power for the vast majority of cell site “back haul” facilities is confirmed by the high prices and obscene profits they are making on special access. ... [AT&T and Verizon] are effectively able to set a price floor for the provision of wireless services – thereby protecting their own landline broadband services from more intense competition from wireless alternatives.”<sup>4</sup>

Thus there are even greater incentives for those two dominant wireless providers to engage in anticompetitive conduct today than at the time of the *Bundling Order* in 1992.<sup>5</sup>

As a result of these consolidations and affiliations, AT&T/Cingular and Verizon Wireless have emerged as the dominant wireless service providers. As of the fourth quarter of 2006, AT&T/Cingular and Verizon Wireless controlled over half of the overall wireless market, with the top four carriers controlling over 85% of the market.<sup>6</sup> And the third largest wireless carrier, Sprint Nextel Corp, is losing share to AT&T/Cingular and Verizon Wireless. Most recently,

---

<sup>3</sup> Sprint/Nextel Comments filed on May 7, 2007, WT Docket 07-71.

<sup>4</sup> *Id.* at i.

<sup>5</sup> *Bundling of Cellular Customer Premises Equipment and Cellular Service*, Report and Order, CC Docket No. 91-34, 7 FCC Rcd 4028 (1992).

<sup>6</sup> The total U.S. market was 230.8 million subscribers, and the four largest carriers were: Cingular Wireless with almost 61 million subscribers (26.5%); Verizon Wireless with over 59 million (25.6%); Sprint Nextel with 48 million (21%); and T-Mobile with 25 million (11%). Market Share: Mobile Connections, North America, 4Q06, Gartner Dataquest.

Sprint Nextel Corp. posted a first-quarter 2007 net loss of \$211 million<sup>7</sup> with a net loss of 220,000 postpay customers, who have long-term contracts and generate the most revenue for carriers. Sprint's growth trailed competitors AT&T/Cingular and Verizon Wireless, which added 1.2 million and 1.7 million customers, respectively.<sup>8</sup>

Indeed, Sprint/Nextel in its *Twelfth Inquiry on Competition in the Mobile Wireless Marketplace* noted that following AT&T's merger with BellSouth, AT&T/Cingular used its increased market power to engage in anti-competitive conduct against its customers who are also its downstream competitors. Specifically, AT&T/Cingular has, post-merger, adopted a new “‘corporate policy’ to increase other wireless carriers’ cost of termination ... whereby Sprint Nextel will no longer be permitted to interconnect directly with it under specified circumstances, but rather must instead begin sending traffic destined to Cingular *via* AT&T tandem switched – in effect introducing a new bottleneck .... The policy is designed to generate new revenue for itself while increasing the service costs of its rivals.”<sup>9</sup>

Barriers to entry remain high. They include limited spectrum, the high sunk costs of infrastructure, restrictions on the locations of cellular towers, the need for special access as described above, and long term contracts with end users.

Mobile Virtual Network Operator (“MVNOs”) are not significant competitors, at least in the enterprise business segment. That is because both Verizon Wireless and AT&T/Cingular have consistently refused to resell their wireless services on a wholesale basis to those competing with them in the business retail market. Instead, they require would-be wholesale customers to

---

<sup>7</sup> “Sprint Posts a Loss as More-Profitable Users Leave,” by Amol Sharma, Wall Street Journal, Thursday, May 3, 2007 at B3.

<sup>8</sup> Sprint's average monthly turnover was 2.3% of its subscriber base, well above rivals. Monthly churn at Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, was just 1%. *Id.*

<sup>9</sup> Sprint/Nextel Comments WT Docket 07-71 at i.

provide services to their customers solely as an agent of the incumbent. Had the market been competitive, one would have expected at least one of those carriers to have provided such service for resale.

Regional wireless providers are similarly not an alternative when providing wireless service to enterprise customers. Enterprise customers' demanding quality requirements and the transaction costs of interconnecting regional wireless networks, make a single national wireless carrier the preferable solution.

Nor do other technologies present meaningful competitive alternatives.<sup>10</sup> Thus, the General Accountability Office ("GAO"), in a 2006 study, found that alternative technologies (such as WiMax) are still being developed and have only been used in limited circumstances.<sup>11</sup>

#### B. The Wireless Handset and Applications Market

Market power for wireless handsets and wireless applications is held by the purchasers rather than the providers. AT&T/Cingular's and Verizon Wireless's dominant *seller* market power in the wireless market also constitutes dominant *buyer* market power in the wireless handset and applications market. Thus AT&T/Cingular and Verizon Wireless can dictate the features included in the handsets that are sold and applications that can run on its network. If the providers to over half the market (and growing) do not want features included in a handset, they will not be included unless the remaining providers have sufficient scale to make it worthwhile for the manufacturers to invest in, and include, those features. And with the remaining supplier

---

<sup>10</sup> It has been urged that WiFi is a viable competitive alternative based on a 2006 experiment by Google for residential users in the town where it is headquartered. Sarah Jane Tribble, *Going Wireless in Mountain View, Google Launches Free WiFi Today*, San Jose Mercury News, Aug. 16, 2006, at 4 ("The network covers about 90 percent of the city's 12 square miles and offers maximum data-transfer speeds of up to 1 [Mbps] -- slightly slower than DSL. . . . The Mountain View-based company spent in the 'ballpark' of \$1 million on the project. . . . And the company agreed to pay Mountain View \$36 per light pole, or about \$13,680, annually, although that number may grow slightly as the company plans to install a few more transceivers as residents request more access."). This effort has not been replicated in other venues where Google would not have comparable "home town" advantages.

<sup>11</sup> Government Accountability Office, Report to Congressional Committees, GAO-06-426, May 2006.

market so fragmented, and with the largest of the remaining providers losing share, that is simply not the case.<sup>12</sup> While there may be competition *inter se* between equipment manufacturers for the major wireless providers' business, the major wireless providers, as is evident from their Comments, have adopted similar handset locks and other blocking features, and they jointly effectively control the features offered by the handset manufacturers in the United States.<sup>13</sup>

Indeed, Verizon Wireless's suggestion that Voice over Internet Protocol ("VoIP") providers such as Skype construct its own wireless network if it wishes to provide wireless service<sup>14</sup> demonstrates the barriers to entry faced by wireless applications developers in their efforts to introduce innovative new technologies.

AT&T/Cingular's reliance on the U.S. district court's decision in the *Wireless Antitrust Litigation*<sup>15</sup> to prove the lack of market power by the wireless providers<sup>16</sup> is misplaced and misleading. In that case, plaintiffs claimed that defendants' practice of requiring customers to purchase an approved handset in order to subscribe to the defendant's wireless telephone services constitutes an unlawful tying arrangement in violation of Section 1 of the Sherman Act. The court held that plaintiffs had not presented sufficient evidence to prove that any one defendant had the degree of market power necessary to sustain a tying claim or to show that any of the defendants' alleged tying arrangements had an actual adverse effect on competition in the U.S. market for wireless handsets. However, the court explicitly noted that its decision was based on "the 1998 through 2003" pre-merger markets, when there were five independent

---

<sup>12</sup> See, Sprint/Nextel Comments at 10 where Sprint/Nextel discusses these economies of scale, which it asserts justifies its tying of handsets to service. In fact, Sprint's discussion demonstrates that it is the wireless provider, not the manufacturer that controls what hand devices are made available to consumers.

<sup>13</sup> Compare, AT&T Comments at 53-55 with Verizon Wireless Comments at 27-28.

<sup>14</sup> Verizon Wireless Comments at 3.

<sup>15</sup> 385 F. Supp. 2d 403 (S.D.N.Y. 2005).

<sup>16</sup> AT&T Comments at 29-30.

providers with significantly less market share and no possibility of coordinated effects.<sup>17</sup> Indeed, all the mergers identified that have resulted in the wireless market becoming much more concentrated, occurred after the time period focused on by the court in that litigation.

II. Consolidation Has Led to a Coordinated Effort to Exclude VoIP and Other Innovative Services that Might Compete with those of the Incumbents

A. Wireless Carriers Have Barred VoIP Services Over Their Networks because it Competes with their Voice Offerings

The incumbent wireless operators have taken commercial and technical steps to obstruct the emergence of VoIP on their networks in a bid to protect returns on legacy wireless voice services.

Some wireless carrier restrictions can be understood from the perspective of needing to manage traffic over fairly constrained bandwidth, *e.g.*, restrictions on peer-to-peer traffic. 3G mobile services providers have limited access bandwidth. Bandwidth is expensive and clearly they have an interest in preventing a scarce, costly resource from being clogged up with large content files. Other restrictions however are designed to promote the broadband provider's own product.

As Skype's Petition pointed out, anti-competitive practices are evidenced, *inter alia*, by carrier's removal of consumer-friendly features of wireless devices in order to favor their own affiliated services and exclude competitors. One example cited by Skype is the Nokia E62/E61 smartphone. While the Nokia E61 was released in Europe with full-functionality, including a high-end e-mail device and phone, the E62 version used in the U.S. lacks, among other things, WiFi connectivity. The reason that this feature, which has been so popular among European

---

<sup>17</sup> *Wireless Antitrust Litigation*, *supra* n. 15 at 417, n. 20 (noting the merger of AT&T and Cingular in 2004, the Court said that because: "defendants assert that the plaintiffs' tying claims target the period 1998 through 2003, and the plaintiffs do not contest that they and their experts have relied entirely on data from this period to support their tying claims and to estimate their purported damages, *it is not necessary to contemplate Cingular's post-merger market share.*" Emphasis added).

customers, was removed from E62 phones, is that WiFi connectivity would have allowed customers to make VoIP calls when they were near a WiFi network.

AT&T/Cingular asserts that this feature was disabled in the Nokia model because “the Nokia handset Skype identifies was designed for a market segment that would not need and thus would not want to pay for WiFi.”<sup>18</sup> This reflects the sad reality that in a non-competitive market it is the provider, not consumers, that determines what a particular segment “needs” or “wants to pay for.” Thus the incumbent wireless providers list the numerous innovative applications and services that run over their network (primarily music and video services).<sup>19</sup> But these are services the wireless carriers unilaterally selected rather than what the market wants.<sup>20</sup>

Mobile operators in Europe have been taking the very same “walled-garden” approach<sup>21</sup> which in turn is making it even more difficult for third party providers to run their own applications over mobile networks. Just recently Truphone, a new VoIP entrant, alleged that Vodafone and Orange released a version of the Nokia N95 mobile phone handset with its VoIP capability disabled.<sup>22</sup> Companies such as Truphone allow customers to download free software on to their mobile phones that will enable them to make cheaper, or in some cases free, phone calls by using a WiFi network. This allows customers to make calls without having to pay their usual network provider, who most likely also provided an expensive phone as part of the contract. As reported in the press:

“A spokesman for Orange said VoIP had been disabled to avoid confusion for customers as it was a new function that had not been properly tested. Vodafone said it does not

---

<sup>18</sup> AT&T Comments at 3.

<sup>19</sup> *Id.* at 14-20 and 32.

<sup>20</sup> *See also, id.* at 31: “carriers should be able to offer those products and services that *they* believe their customers will value and that are compatible with their networks” (emphasis added).

<sup>21</sup> *See id.* at 25.

<sup>22</sup> “Mobile phone giants accused of ‘crippling’ free voice start-up,” *The Independent*, Thursday April 26th, 2007.

currently offer VoIP as such a service would require “an end-to-end customer experience, billing integration and customer service support which is currently not available”. “Vodafone believes that VoIP over mobile is not yet a mature service proposition and an experience that our customers would want to be exposed to,” a spokesman said. “Vodafone feels responsible to protect the customer from unexpected charges and potential “bill shock” associated with unintended data service usage.”<sup>23</sup>

That is, the incumbent’s refusal to allow a competitive service on its network is ostensibly based on the arrogant proposition that it knows better than the consumer what the customer wants or is ready to use.

B. The Current Practice of Blocking VoIP Inhibits Innovation

The incumbent wireless carriers’ refusal to allow unapproved but non-harmful applications to run over their networks will inhibit innovation in the enterprise business market. Retail enterprise business customers want suppliers to provide them with an integrated wireless/wireline solution. To provide that solution, end users must be able to freely run non-harmful applications such as VoIP over a wireless carrier’s network that will compete with the wireless carriers’ services.

Specifically, most large enterprise customers are making the transition from traditional telephony to full IP corporate networks. Many also have or are considering installing Wireless Local Area Networks (“WANs”). Business users are increasingly demanding integrated wireline/wireless offers and in particular large corporate users and multi-site businesses are requiring fully integrated propositions that require wireless services.

Fixed-Mobile Converged IP enabled solutions (“FMC”) allows all of the terminal devices (including mobile handsets) of a company to access a single IT system. For example, BT Fusion Wi-Fi, launched in December 2006, brings together the benefits of fixed and mobile convergence

---

<sup>23</sup> *Id.*

on one mobile device, with seamless two-way handover between WiFi and GSM. This service is provided by BT Business which supports more than 1.1 million small companies across the U.K. BT has also recently launched BT Corporate Fusion which is a fixed-mobile convergence solution for large organizations and corporations. These products help customers improve workforce productivity by also giving employees a single dual mode GSM-WiFi device for communicating inside and outside of the office. Employees can use one business number and one voicemail, wherever they are – making them easier to contact, reducing the time spent playing “telephone tag” with voicemail systems, and reducing the time an organization has to spend managing multiple fixed and mobile communication technologies. The customers are able to make calls over WiFi and GSM networks at home, in the office and at public “hot spots.” Calls can be handed over and between WiFi and GSM networks so that they use fixed infrastructure where possible, without the user noticing a difference in performance. This includes using WAN infrastructure between customer sites. BT Corporate Fusion can also provide PBX functionality to users inside and outside the office, including access to the corporate directory, PBX voicemail, call transfer and other functions. The result is that users have one device, with one business number, one interface, and a single point of access to key communication services whether they’re in the office or on the move.

But providing such services, which can be independent of the wireless carrier the user contracts with, depends on the end-users being able to use GSM-WiFi handsets to use the service as well as run VoIP clients and other clients and applications over the handsets and the wireless carriers’ network. Those wireless carriers are presenting a united front in blocking that, and absent regulatory intervention the innovative benefits of competition in integrated

wireline/wireless networks will be delayed until the wireless carriers determine that the time is right.

C. Contrary to the Claim of the Wireless Carriers, Allowing VoIP to Run Over Their Networks Will Cause No Harm

There is no identifiable harm in allowing VoIP applications to run over existing networks.<sup>24</sup> The wireless carriers' have proffered no credible evidence that allowing VoIP services to run over their wireless network would, in any way, affect their ability to manage spectrum. AT&T/Cingular makes the bald assertion that VoIP is "is not optimized for the wireless environment" and if widely used would consume a disproportionate amount of spectrum.<sup>25</sup> But AT&T/Cingular provides no substantiation for this claim, nor does it demonstrate that VoIP uses any more spectrum or is any more inefficient than the video or other uses it allows.

And the applications the dominant wireless providers allow over their network appear to use spectrum as, or more, inefficiently, but since they don't compete with the providers applications are not blocked. As one respondent aptly said in a recent Forrester end-user survey of enterprise business customers: "The vendors keep sticking more features, like MP3 players, into the equipment. I don't know how much has been stuffed in there, but its impacting device performance."<sup>26</sup> On the other hand, those same users needed VoIP.<sup>27</sup> If enterprise customers (or

---

<sup>24</sup> Indeed, as noted above, the *Carterphone* rules presume that the authorized equipment will not harm the network.

<sup>25</sup> AT&T Comments at 54.

<sup>26</sup> Maribel D. Lopez, "The Evolution of the Enterprise Mobility Market" Forrester (April 23, 2007) at 3.

<sup>27</sup> *Id.* at 11.

other consumers) prefer VoIP to the other applications the providers have “stuck in” but which they do not want, those consumers should have that choice.<sup>28</sup>

Nor is there any evidence that hackers or viruses target VoIP applications to any greater extent than the applications that AT&T/Cingular or Verizon Wireless allows. Indeed, AT&T/Cingular’s claim that it allows consumers to purchase unlocked handsets, or to unlock them after their “contractual commitment has been fulfilled,”<sup>29</sup> suggests that there is no management spectrum or virus concern, or there would be no such permission to unlock the handsets at all.

That leaves AT&T/Cingular and Verizon Wireless with the “recovery of the cost of the subsidized handset” justification for locking the handset to VoIP services.<sup>30</sup> But that claim is absurd. The equipment subsidy is already included in the monthly minimum fee subscribers pay regardless of whether they run applications over the network or not.<sup>31</sup> Skype’s Petition is not asking that those carriers waive that monthly charge – rather that end users simply be able to run a VoIP application even after paying that charge. In fact, the only plausible justification for precluding VoIP is that it is a competitive voice technology.<sup>32</sup>

While the *Carterphone* requirements are critical in today’s narrowband wireless environment they are even more important in a 3G environment with the shift from traditional

---

<sup>28</sup> Such consumer choice, contrary to AT&T’s assertion in its Comments at 54, cannot be demonstrated until it is allowed.

<sup>29</sup> *Id.* at 56, even assuming that is a realistic option. For example, as to AT&T/Cingular’s claim that consumers can unlock their handsets after their “contractual commitment has been fulfilled,” for most consumers there is no such time frame, as they subscribe for a contractual period to obtain a specific price for monthly usage, and when it expires they immediately renew to continue those rates. *See also*, Verizon Wireless Comments at 14.

<sup>30</sup> AT&T Comments at 22-23; Verizon Wireless Comments at 22.

<sup>31</sup> Verizon Wireless refers to these as “flat rate” plans, Verizon Wireless Comments at 28, suggesting that the flat rate applies regardless of usage; in fact the flat rate is only for a maximum usage, after which consumers pay a metered rate for additional usage which will discipline misuse of bandwidth.

<sup>32</sup> As essentially conceded by Verizon Wireless in its Comments at 20-21.

switched narrowband voice and data to fully fledged IP high-speed access and core platforms. In such an environment it will be critical that independent application providers have the right to gain access on non-discriminatory terms to wireless networks. They need to be sure that users can access their services and service platforms from wireless networks rather than face an artificially restricted wall-gardened approach developed by the incumbent wireless providers.

III. Imposing the *Carterphone* Obligation Is an Appropriate and Lawful Exercise of Regulatory Authority in the Face of Market Failure

Market imperfections may require strategic regulation to enable innovative service provision that can only occur in the context of competitive markets. In light of the withdrawal of at least partial antitrust protection for the telecommunications marketplace after the Supreme Court decision in *Trinko*,<sup>33</sup> regulation may be necessary remove the anti-competitive incentives that exist as a result of the type of consolidation that has occurred in the wireless market.

The issue is thus not regulation or de-regulation, but rather open markets. The coordinated effects of the mergers, leading to common policies among the market leaders on (i) no resale to competitors in the retail enterprise market and (ii) contractual and technical limitations on competing technologies such as VoIP, in the face of market demand that would, in a competitive market, induce at least one of the providers to meet that demand with its unused capacity, demonstrate that the wireless market is not open. It is thus clear that “market forces” cannot be expected to safeguard consumers from unreasonable carrier practices.<sup>34</sup> As noted above, the remaining wireless carriers have market power in both the primary wireless network

---

<sup>33</sup> *Verizon Communications, Inc., v. Law Offices of Curtis V. Trinko, LLP*, 540 U.S. 398 (2004) (the U.S. Supreme Court held that Verizon’s refusal to provide competitors with access to bottleneck facilities at non-monopoly prices as required by statute does not, despite the antitrust savings clause in the statute, violate the U.S. antitrust laws).

<sup>34</sup> AT&T Comments at 24.

market and the adjacent handset and application markets. As the wireless carriers concede, this is precisely the set of market conditions where the *Carterphone* obligations should be imposed.

The wireless carriers repeat the unsubstantiated mantra that *all* regulation reduces investment, noting the dollar size of their investment.<sup>35</sup> Competition promotes investment by all market participants – indeed it is that competitive investment that leads to true, market driven innovation. And it is the quality, as well as the quantity, of investment by all market participants that is relevant. In a market dominated by a few players with substantial coordinated effects, investment by the incumbents is focused on blocking competitive entry and on ensuring that investment in new technologies is timed so as not to replace old technologies until the investment in those old technologies has been fully recovered. The market investment of innovative entrants is displaced by the investment of incumbents seeking to control entry and the timing of innovation.

And the regulation proposed is minimal. All applications can run, and all devices can interconnect, unless it can be demonstrated that the application or function will harm the network. No detailed rules or supervision is required. And this will not distort innovation<sup>36</sup> – to the contrary all innovations, except those harmful to the network, can come to market and it is the market, and not the wireless carrier, that will determine whether it succeeds or fails.

---

<sup>35</sup> *Id.* at 35; Verizon Wireless Comments at 24.

<sup>36</sup> *See* AT&T Comments at 39.

## Conclusion

For the reasons set forth herein, Skype's Request for declaratory relief should be granted, and *Carterphone* applied in the wireless industry.

Respectfully submitted,

BT AMERICAS INC.

By:   
Aryeh Friedman  
Senior Regulatory Counsel  
BT AMERICAS INC.  
1001 Connecticut Avenue, N.W.  
Suite 720  
Washington, D.C. 20036

Dated: May 15, 2007