



Net Neutrality Gains Ground

U.S. House committee passes its first bill that specifically outlaws a tiered access system on the Internet.

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Supporters of Net neutrality, a policy that would block phone companies from establishing a tiered system on the Internet, won a major victory as the U.S. House Judiciary Committee passed a bill denying the phone companies the right to force Internet firms to pay access tolls.

The Judiciary Committee late Thursday passed H.R. 5417, the Internet Freedom and Nondiscrimination Act, by a vote of 20 to 13, with one member voting present.

It is the first bill that addresses Net neutrality exclusively to be passed in the House. Another bill introduced by Rep. Edward Markey (D-Massachusetts) and a group of Democrats in the House Subcommittee on Telecommunications also blocks the phone and cable companies from establishing paid-for tiers on the Internet.

But Rep. Markey's Network Neutrality Act of 2006 has not yet been put to a vote.

It is significant that the Judiciary Committee has weighed in on Net neutrality. Among the many areas in which the committee has jurisdiction is the "protection of trade and commerce against unlawful restraints and monopolies."

Bipartisan Effort

The Judiciary Committee bill also breaks new ground in that it is a bipartisan effort sponsored by Chairman James Sensenbrenner Jr. (R-Wisconsin) and ranking member John Conyers, Jr. (D-Michigan).

"This legislation will provide an insurance policy for Internet users against being harmed by broadband network operators abusing their market power to discriminate against content and service providers," said Rep. Sensenbrenner.

The legislation does not block phone companies from charging consumers more for better access to the Internet, but it bans the service providers from charging Internet application firms such as Google a toll for the traffic they generate.

A number of venture capitalists support that position. They believe that charging Internet application providers a toll will stymie innovation and render many startups DOA.

"All Internet services should be offered on an equal basis to all the customers, and no content providers should be disadvantaged," said Gary Morgenthaler, general partner with Morgenthaler Ventures. "The consumer should determine what class of service they require, or the price will be determined by the carrier and the market."

David Weiden, a partner with Khosla Ventures, is a strong supporter of Net neutrality. He believes that

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the phone companies are flexing their muscles in Washington, D.C., but if they were given everything they wanted, both the application providers and the consumers would be hurt.

“When I get my phone service from **AT&T**, do they have the right to charge the people who want to talk to me?” he asks. “There is no reason why the carriers need the ability to legislate and impose on their customers what content and applications their customers should use.”

The Judiciary Committee bill would amend the Clayton Act, a landmark piece of legislation that addresses antitrust.

Under the bill, the phone companies will retain the right to offer consumers control over objectionable material sent on the Internet.

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