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## As cell phones go Hollywood, who's in control?

By **BRUCE MEYERSON**  
 Associated Press

NEW YORK — It's been the great "Whodunit?" of two big technology shows:

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Who put the gag in Motorola Corp.'s mouth just as it was going to unveil a new cell phone featuring the iTunes music download service from Apple Computer Inc.?

Motorola initially said it acted alone, then quickly pointed to Apple, citing the computer company's long practice of never unveiling new products until they're actually available to buy.

Many industry players, however, suspect that a wireless service provider intervened, essentially telling Motorola that, 'I'll be darned if I'll sell your phones to my customers if it means they can buy songs through Apple and Motorola without giving me a piece of the pie.'

Or, some surmise, perhaps a wireless carrier who

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planned to offer the iTunes phone balked at the last minute?

This mystery, which played prominently this month at both the CeBit show in Germany where the phone was to be unveiled and then the CTIA Wireless show in New Orleans, drives right to the heart of an uneasy dynamic simmering in the cellular industry.

The rush is on to deliver music and video to mobile phones, with wireless providers and device makers jockeying for position to grab their share of the payday, all parties mindful of the surprising billions being spent on musical ringtones.

At the same time, the media companies who produce the entertainment, which also includes video games, are approaching cautiously, determined to avert any Napster-like, file-sharing bonanza among cell phone users.

In fact, Motorola also plays a role in a second drama involving these choppy uncharted waters.

Earlier this year, a class-action lawsuit was filed in three states involving a Motorola phone sold by Verizon Wireless. The v710 handset was equipped with a short-range wireless technology called Bluetooth and was configured to work with cordless headsets. Only one problem: Its file-transfer capabilities had been disabled.

The suit insinuates that Verizon Wireless is obliging subscribers to use its cell network if they wish, for example, to send a photo taken on a camera phone to a computer or another cell phone.

Verizon charges extra for such transmissions, while a direct Bluetooth transfer would cost nothing.

Verizon says the Bluetooth function was not disabled to prevent picture transfers but rather to satisfy the demands of media companies who don't want their content shared with nonpaying customers.

"I know why we all loved Napster. It was free. When it comes to the cell phone I have to abide by the rules of the content houses," said Jim Straight, vice president for wireless data and Internet services at Verizon Wireless. He said the mobile media market is so new that it will take time before all the technologies and content relationships fall into place in a secure, smooth-running manner.

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"Customers get frustrated because they don't see what they want day one. That's understandable. Unfortunately, we have bad guys out there who want to do other things" such as illegal file-sharing.

Verizon's explanation jibes with statements by several producers and aggregators of mobile entertainment.

Walt Disney Co., for one, won't allow its wireless partners to deliver any of its ringtones, video games and other content to phones with Bluetooth or infrared, another technology for direct connections between devices, until the industry adopts a more secure format to prevent unauthorized sharing and copying.

The early obstacles have blocked many mass-media properties from getting onto cell phones. Buongiorno Vitaminic of Italy, a top mobile content distributor, says it sells 750,000 ringtones per month through one European carrier. Only one-tenth of them are "truetone" snippets taken from full-length songs because copyright issues have limited the selection. The rest are recorded specifically for phones without the legal hassles.

A new standard for locking content or requiring payment to use copied files, developed by the Open Mobile Alliance industry consortium, is expected later this year.

That might clear the way for more mobile content, and more potential friction among wireless carriers, device makers and media companies — and with their customers.

Larry Shapiro, general manager of North American mobile content for Walt Disney Internet Group, says consumers understand that they're buying wireless entertainment for a specific device so they're not rankled by limitations on other uses.

"That's like saying, 'If I have an Xbox video game, why can't I play it on my PC?' You buy a game to play on your Xbox, and you buy a game to play on your cell phone," said Shapiro.

But in practice, ringtones and video games aren't terribly fertile ground for copying and sharing anyway.

Unlike the Windows-dominated computer world,

there are hundreds of customized operating systems for cell phones, many designed for the unique physical characteristics of a specific handset.

That means, at least for now, every ringtone needs to be customized to play on different devices and the custom content for one phone likely won't run optimally on another phone, if at all, particularly when it comes to video games.

However, this deterrent may not carry over to what all expect will be the next big thing in cell phones. That's music, a product where consumers may not be as accepting of limitations on whether they can play a song on a portable music player or computer just because they bought it with a phone.

"We feel strongly that music, unlike ringtones, is something you want to carry with you and have a strong sense of ownership about," said Charles Grimsdale, president of international business operations for Loudeye Corp.

The Seattle-based provider of technology for secure distribution of digital media recently teamed with Nokia Corp. to create a complete platform for a mobile music store, including a full catalog of songs, which wireless carriers can license to launch a download service under their own brands.

Eventually, even if consumers don't revolt, the carrier-controlled approach to selling mobile entertainment may meet resistance from media companies, who don't want their content lost among dozens of other brands deep in a cell phone's menus.

Ultimately, while it's unclear whether it was in fact a wireless operator who blocked the debut of Motorola's iTunes phone, it's hard to imagine that consumers won't find ways to bypass the carriers.

Despite the recent setback, Motorola introduced last week a new cell phone equipped with the high-speed technology being deployed by Verizon and Sprint Corp. The E725, Motorola said, will enable quick wireless music downloads, storing up to 2 gigabytes worth on a removable memory card.

In other words, it's another phone with capabilities not unlike the mysteriously unappearing iTunes phone.

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