PARIS - Apple Computer Inc. faces a serious challenge in France, where lawmakers have moved to sever the umbilical cord between its iPod player and iTunes online music store — threatening its lucrative hold on both markets.

Amendments to an online copyright bill, adopted early Friday, would give rivals access to the hitherto-exclusive file formats at the heart of Apple’s music business model as well as Sony Corp (NYSE:SNE - news)’s Walkman players and Connect store.

Thanks to the massive success of the iPod models, which account for two out of every three music players sold worldwide, iTunes has also become the global leader in online music sales. The iPod is currently designed not to play music from other commercial music services.

According to the latest amendments, however, copy-protection technologies like Apple's exclusive FairPlay format and Sony's ATRAC3 "must not result in the prevention of the effective application of interoperability."

Companies would have to share all "information essential to the interoperability" of their copy-protection formats with any rival that requests it. If they refuse, a judge can order its delivery, on pain of fines.

The draft law could force Apple to let French iPod users buy their music from download sites other than iTunes. Owners of other music players would also be allowed to buy songs from iTunes France.

"Without guaranteed interoperability, we run a major risk of captive client bases and an anti-competitive situation, with the consumer held hostage as a result," read the explanatory note accompanying one of the key amendments, introduced by five lawmakers from the governing conservative Union for a Popular Movement.

Lawmakers voted to approve the amended text early Friday and will hold a further
formal vote on Tuesday, before the bill is sent to the Senate for its final reading.

Although the draft law would affect Sony the same way, the phenomenal market penetration of the iPod and iTunes spells higher exposure for Apple, analysts say.

"The implication is most serious for Apple," said Roger Kay of U.S.-based research firm Endpoint Technologies Associates.

Apple spokesman Steve Dowling declined to respond to the draft law or to say whether it could force the company to withdraw the iPod or iTunes from the French market. Sony also refused to comment.

Although iTunes was initially driven by iPod sales, some analysts say the two offerings now reinforce each other. Apple's large online music catalog, the result of its superior bargaining power, also helps the iPod's appeal. Breaking their exclusive link removes both advantages.

Critics of the draft law say legislators have no business forcing Apple to share its proprietary format, which most customers are aware of when they choose to buy an iPod. But consumer groups argue that the only way to give customers real choice is to break open the restrictions.

"It's an essential condition for consumers and for the market itself," said Julien Dourgnon, a spokesman for UFC-Que Choisir, France's main consumer organization.

UFC has already filed a lawsuit in the French courts, attacking Apple's exclusive music format as a form of anticompetitive "tied selling."

"It's only by resisting interoperability that Apple is able to keep this dominant position," Dourgnon said. "Once there's interoperability, it's over."

If the draft law goes through in its current form, experts say, Apple could have three broad courses of action to choose from.

The company could look for technical solutions to comply with the new law in France while maintaining its format exclusivity elsewhere. Sales from iTunes sites are already restricted to local markets using credit card details. But preventing newly interoperable iPods from being used outside the "walled garden" would be much harder — although shipping them with French-only software could help.

Alternatively, Apple could follow the example set by Microsoft Corp. in its standoff with EU antitrust authorities: drag its feet over compliance and wait to be sued. Court proceedings are long, damages relatively light and class actions impossible in France. Apple might calculate that its iPod and iTunes profits dwarf the penalties it could face.

Finally, Apple could be forced to withdraw from Europe's third-largest music download market — or threaten to do so while seeking a change in the law.

"They may have to bluff initially by pulling product off the market and making everybody uncomfortable," Endpoint's Kay said.

But the French move could also be the start of something bigger, Kay added. "Creating an open version of the iPod ecosystem is what everybody in the world except Apple would like."

Long regarded as a niche player, Apple has so far gotten away with "monopolistic and
egregious" practices for which Microsoft would have been criticized, he said.

"Apple is now becoming an important player in the digital entertainment domain," Kay said. "And it may be there that ultimately they get challenged on antitrust issues by various governments, including the U.S."

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