Google wins bid to force open access to airwaves

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WASHINGTON - Google Inc. has succeeded in its push to force the winner of airwaves being sold by the government to open its network to any mobile device.

One bidder offered $4.71 billion for the biggest set of airwaves being auctioned, surpassing a $4.6 billion threshold that triggered open-access rules, the Federal Communications Commission said yesterday on its website.

The agency did not reveal which company made the bid.

The rules are designed to boost consumer choice by requiring the winner of the so-called C-block airwaves to let any legal wireless handset or program use the network.

Google, owner of the most popular Internet search engine, might now exit the auction after winning the conditions, said Jeff Lindsay, an analyst at Sanford C. Bernstein & Co. in New York.

"What people don’t know now is if Google will drop out of the bidding and
allow someone else to win,” Lindsay said.

"It's a totally different scenario if Google goes all the way," he added.

The total value of all bids rose 4.8 percent to $15 billion in the latest round, meeting the government's highest revenue projection for the sale.

Google, AT&T Inc., and Verizon Wireless are among 214 companies participating in the auction, which includes 1,099 slices of spectrum.

The C-block comprises about a third of the airwaves, which will become available when television broadcasters switch to digital signals in 2009.

Opening the network to more devices would help Mountain View, Calif.-based Google sell more advertising on phones by expanding consumers' access to mobile Web content.

Google and Verizon Wireless are likely bidders for the C-block, Stifel Nicolaus & Co. analyst Blair Levin said.

"We know that the C-block will have a winner, and that the open-access conditions will be triggered, but we cannot know now who that winner is," Levin said.

Google shares rose $16.03 to $564.30. AT&T gained $1.14 to $38.49, while Verizon Communications Inc., which owns Verizon Wireless with Vodafone Group PLC, advanced 53 cents to $38.77.

Spokesmen for Google and Verizon Wireless declined to comment, citing FCC rules that bar participants from discussing the auction.

The FCC was holding one more round yesterday, giving participants a chance to top earlier offers.

The highest offers are announced after each round, though not the names of bidders. The final winning bids will be revealed after the auction ends.

The C-block airwaves are ideal for mobile Web access because they can travel long distances and easily pass through walls.

Wireless carriers plan to use the spectrum to offer more high-speed data services, such as video and music downloads.

FCC chairman Kevin Martin said the open-access rules will spur an "important transformation" in the wireless industry.

"The openness requirement is important both in terms of the innovation it will lead to on the edges of the network and the ability of consumers to take advantage of that innovation," Martin said yesterday during a briefing with reporters. ■

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