



# AT&T's FaceTime Blocking:

## Harmful to Consumers, Competition, Innovation and Investment

FaceTime is an application that enables users of Apple's iPhone, iPad and Macintosh devices to engage in seamless one-touch video telephony calls. A recent update to the application allows iPhone and iPad users to make FaceTime calls over 3G and 4G cellular networks. However, AT&T is blocking its customers from using FaceTime over its cellular networks unless they also purchase unlimited AT&T voice and text services.

AT&T's actions violate the Federal Communications Commission's Net Neutrality rules, which prohibit mobile broadband providers from blocking "applications that compete with the provider's voice or video telephony services." The FCC adopted these rules to prevent harms to consumers and innovation that occur when carriers like AT&T abuse their role as gatekeepers to favor their own services over competing services offered over the open Internet.

### AT&T's FaceTime Blocking Harms Consumers

- AT&T's blocking prevents AT&T's iPhone customers from utilizing a competing application unless they are willing to increase the cost of their monthly bills by 60 percent or more.
- The impact is even more drastic for AT&T's iPad-only customers, who are blocked from using FaceTime unless they first purchase smartphones and AT&T's cellular voice telephony service. This amounts to a minimum additional annual cost of \$1,000 to fully utilize the AT&T data services they already pay for.
- AT&T's actions are particularly harmful to deaf and hard-of-hearing consumers, whose ability to engage in seamless, one-touch conversations in American Sign Language is blocked unless they are willing to buy an unlimited amount of voice minutes, a service they have no use for.

### AT&T's FaceTime Blocking Harms Competition, Innovation and Investment

- AT&T is protecting its legacy services from the forces of competition and disruptive innovation by forcing users to choose between forgoing the use of mobile FaceTime or purchasing unlimited SMS and voice service.
- AT&T's actions send a chilling message to innovators, some of who are currently investing billions in mobile telephony applications that may never see the light of day if the Commission blesses AT&T's actions.
- AT&T's blocking furthers its business model of artificial scarcity over efficient network investment. Over the past year, AT&T's network investments declined nearly 10 percent while it reaped record profits.

### AT&T's FaceTime Blocking Violates the FCC's Open Internet Rules

- AT&T is preventing the normal functioning of FaceTime unless users are willing to pay additional fees to purchase unlimited voice and text plans. This practice is considered blocking under the FCC's rules.
- FaceTime competes with AT&T's voice and video telephony services. AT&T offers mobile video telephony services, and third-party video telephony applications, including FaceTime, are increasingly used by consumers as replacements for AT&T's traditional voice telephony services.
- AT&T's FaceTime blocking is not a reasonable network-management practice. There is nothing reasonable about AT&T's practice of always blocking mobile FaceTime for one class of users, but allowing another class of users to run the application continuously so long as they purchase unlimited AT&T voice and text service.

The Commission enacted the Open Internet rules to "preserve the Internet as an open platform enabling consumer choice, freedom of expression, end-user control, competition and the freedom to innovate without permission." By blocking mobile FaceTime, AT&T is telling end-users that they have no control or consumer choice; they cannot use this competing application unless they agree to prop up AT&T's declining voice business. And AT&T is sending this message to all current and potential innovators: You cannot innovate and compete unless we first give you permission.

For more information, see:

"AT&T: Pay Me, Screw Net Neutrality," *Huffington Post*, Aug. 21, 2012: [http://www.huffingtonpost.com/craig-aaron/att-pay-me-screw-net-neut\\_b\\_1818206.html](http://www.huffingtonpost.com/craig-aaron/att-pay-me-screw-net-neut_b_1818206.html)

"AT&T's App-Blocking Defense Is Weak and Anti-Consumer," *Wired*, Aug. 23, 2012: <http://www.wired.com/threatlevel/2012/08/att-facetime/>

"AT&T's FaceTime Blocking Hurts the Deaf," *Wired*, Sept. 7, 2012: <http://www.wired.com/threatlevel/2012/09/facetime-deaf/>