



Boston Wi-Fi Spat Born in Airport Lounge May Set U.S. Rules

Feb. 20 (Bloomberg) -- A fight over Web access at a lounge in Boston's Logan International Airport may determine how thousands of businesses use the Internet.

The Massachusetts Port Authority demanded Continental Airlines Inc. take down an antenna that receives signals for the service in its lounge for frequent flyers. Continental wants federal regulators to intervene, saying the case could grant landlords with office buildings, stadiums and airports nationwide the right to decide who can operate networks.

"You shouldn't have a situation where the neighborhood bully gets to kick everyone else off the spectrum," said Paul Garnett, assistant vice president of regulatory affairs at CTIA- The Wireless Association in Washington, a group representing the airline and telephone companies that provide the service.

The fight may crimp adoption of wireless fidelity technology, or Wi-Fi, Garnett said. From cities such as San Francisco and Philadelphia to companies including T-Mobile USA and AT&T Inc., officials are fighting over who collects as much as \$3.6 billion a year in revenue from Wi-Fi services that connect computer users to the Internet via radio signals.

Massport said it needs to control wireless access to the Web at Logan, the 17th-largest airport in the U.S., to maintain security. Airlines use Wi-Fi to track baggage, the state police use it to transmit data between officers, and the Transportation Security Administration uses it for communications between its checkpoints and a central station.

"If we have hundreds of Wi-Fi antennas, no one will be able to use that frequency here," Massport's chief legal counsel, David Mackey, said. "It will be wrecked for everybody."

Land Grab?

The Federal Communications Commission in Washington set aside a spectrum of frequencies for unlicensed use. The number of Wi-Fi "hot spots" in the U.S. soared to 36,240 last year and will double to 72,480 by 2007, according to Boston-based researcher Yankee Group.

Because the airwaves are unlicensed, Wi-Fi is less expensive to deliver than rival Web hookups as companies avoid licensing fees involved with commercial mobile-phone networks. Wi-Fi also lets multiple users share one connection.

That heightened interest in Wi-Fi brought national attention to the dispute between Continental, the No. 5 U.S. carrier, and Massport. Competing carriers such as AMR Corp.'s American Airlines and phone companies including T-Mobile, which provides the service to American and Continental, have also pressed the FCC to intervene.

"Is it a land grab or a true security concern?" said Professor Hans Brechbuhl, executive director for digital strategies at Dartmouth College's Tuck School of Business in Hanover, New Hampshire. "My suspicions are that it is largely a land grab."

Commercial Concerns

Garnett rejected Massport's assertion that it was protecting the spectrum from having too many users. The FCC intended these frequencies to be free and open, so people expect them to be crowded, he said.

"The benefit of this spectrum is that everyone can have access to it, the downside is that nobody has the expectation that they can't be interfered with," Garnett said.

Airlines and phone companies say Massport wants to funnel users to its own \$7.95-a-day Wi-Fi system at the airport. Fort Worth-based American Airlines, the world's biggest airline, said in its comments to the FCC that Massport "consistently made clear that its concerns were commercial in nature."

American had Wi-Fi access in its Admiral's Lounge from 2000 to 2005, when the airline conceded to Massport's request and removed the antenna without admitting Massport's authority, according to a letter from senior airline attorney Alec Bramlett. The connection in the airport lounge served as many as 32 customers a day.

The airline then added landline-based Web access. In June, Massport demanded American remove that as well, Bramlett wrote.

Elite Flyers

That request has nothing to do with wanting to control American's Internet access, Mackey said. T-Mobile and the airline ran cable through walls and ceilings without prior permission as required in their lease, he said.

Mackey said the airlines have their own commercial agendas. ``They're not purporting that they want to take care of everyone who travels through Logan, they want to take care of their elite frequent fliers who use their club rooms," Mackey said.

Massport receives a minimum payment of \$200,000 from its contractor, Advanced Wireless Group LLC, Mackey said.

The FCC's Office of Engineering and Technology hasn't set a date for ruling on Continental's petition, and FCC spokesman David Fiske declined to comment on the case.

In a November letter filed with the FCC, Massport attorney Christine Gill of McDermott, Will & Emory in Boston argues the agency shouldn't be involved in the matter.

FCC Authority

``The FCC lacks jurisdiction over the siting of antennas used to transmit or receive fixed wireless signals, especially the Wi-Fi antenna installed in Continental's Presidents Club," Gill wrote Dec. 16. ``Because the FCC has no express or implied statutory authority to preempt antenna siting restrictions in private lease agreements it may not preempt the Massport- Continental agreement."

Continental rejects that idea and maintains that only the FCC and not Massport can say where the airline puts its antenna.

``Continental has been offering free access in all of our airport lounges throughout the world since late last year," said spokesman Martin DeLeon in Houston. ``We believe offering free Wi-Fi at Boston's Logan International Airport is consistent with FCC regulation."

In the meantime, Continental isn't backing down. The airline hasn't removed the antenna from its lounge and has no intention in doing so, DeLeon said.

``They are still there and we are still offering access," DeLeon said.

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