



Should You Be Neutral on “Net Neutrality”?

There is a policy debate going on in Washington that will determine how the Internet is used and regulated in the future. If your business depends upon the Internet, this is one debate that you should not sit out.

The debate, in Washington parlance, is about “net neutrality.” Proponents of net neutrality regulation argue that network operators should be required by law to give equal priority to every data transmission from an originator’s website to a user’s web browser. Although this tends, in practice, to be how Internet networks operate today, opponents of net neutrality would like the flexibility to provide some services at faster speeds, more reliably, and/or in a more secure format if the service provider pays a premium. Federal regulations do not today prohibit the imposition of charges for such preferred access. Thus, if net neutrality requirements are not adopted into law, your business may in the future either have to pay for preferred service on Internet networks or potentially operate with degraded service relative to your competitors.

The Arguments

Opponents of net neutrality posit that regulation will inhibit market competition and, in

particular, discourage investment in new and better networks. In addition, allowing companies to pay for preferred access, the opponents argue, will encourage the development of innovative, bandwidth hungry applications (e.g., those that employ streaming video), which cannot function effectively on today’s congested networks.

Proponents of net neutrality argue that a tiered model could be debilitating to new, smaller companies that cannot afford the premium, or that, without regulatory intervention, access to certain content will be blocked, slowed, or otherwise impaired.

What It Means To You

Any company that markets or delivers services using the Internet should consider how the adoption or defeat of net neutrality legislation could affect their business plans. If this is a matter of importance to your company, the time is right to have your voice heard in Washington. To discuss how you can most effectively advocate your views on net neutrality, please contact Erin Dozier at (202) 772-5312 or edozier@sheppardmullin.com.