

## Skype, the uncrackable peer communicator

by Chris Williams via Kismo - The Register *Friday, Jul 31 2009, 5:31 am*

international / mass media / other press

### Multi-billion dollar NSA now worth cents

"For years now a steady stream of reports and whispers have emerged that despite their batteries of supercomputers, intelligence agencies are frustrated by Skype's anonymity and strong encryption. Its base in Estonia also means the firm is out of the reach of the US lawful intercept laws and UK export legislation, which forces any firm supplying encryption technology to show GCHQ the backdoor."



### *A little skill (asymmetry) makes American surveillance monolith worthless*

Skype's proprietary scrambling technology is purportedly the bane of electronic spies at the NSA and GCHQ, and now in a move sure to spark conspiracy theories, eBay has quietly revealed it could rip out and replace the code at its core.

In a regulatory filing this week, the online auction house said it might substitute Skype's encrypted peer to peer technology, which it has licensed from a company named Joltid.

"Skype has begun to develop alternative software to that licensed through Joltid," eBay told US regulators.

"However, such software development may not be successful, may result in loss of functionality or customers even if successful, and will in any event be expensive," it warned.

The motivation for such a radical and risky action, eBay said, would be its ongoing intellectual property dispute with Skype's founders Janus Friis and Niklas Zennstrom, who own Joltid.

They sold Skype to eBay in 2006, but claim they retained rights over key intellectual property, which until recently eBay apparently happily licensed back to run the service.

Last year however, eBay admitted the multibillion-dollar Skype acquisition was a strategic and financial failure. It decided to spin it out as a separate company via an IPO.

In the meantime, eBay had upset Friis and Zennstrom with a lower earn-out payment than they were expecting. In apparent revenge, Joltid then threatened to pull Skype's licence, which would have disabled the service for hundreds of millions of users worldwide.

Without owning, or at least securing use of Skype's core technology, the stock price eBay might attract from investors was limited.

Fighting back, eBay argued that Joltid doesn't actually own the intellectual property it claims to. The pair are now scheduled for a showdown at the High Court in London in June 2010.

Until then, the IPO is on hold and now eBay has disclosed that Skype engineers are taking the precautionary step of developing backup technology.

Conspiracy theorists will balk at such a mundane explanation, however.

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At a counter-terrorism conference in February for example, an industry figure told The Register that the NSA had effectively put a bounty on Skype's head. Any firm that developed a method to reliably eavesdrop on the the service would be due for a massive payday, he said.

Any possibility that the workings of the world's most popular VoIP network might be set for re-engineering is therefore likely to at least interest the folks in Maryland and the chaps in Cheltenham.

So perhaps the paranoiacs have good reason to suspect the bid to replace Skype's core. Or perhaps eBay and Joltid will settle their lawsuit. ®

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***Unwanted US surveillance base in Sovereign Australia -- Fuck off, murderers/torturers!***

[http://www.theregister.co.uk/2009/07/31/skype\\_joltid/](http://www.theregister.co.uk/2009/07/31/skype_joltid/)

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Cleaves Alternative News. <http://cleaves.lingama.net/news/story-1663.html>