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November 24, 2008

VIA ELECTRONIC FILING AND U.S. MAIL

United States Postal Regulatory Commission
c/o Daniel G. Blair, Chairman
Washington, DC 20268-0001

Re: Review of Nonpostal Services; Docket MC2008-1

Dear Commissioners:

We represent Francotyp-Postalia, Inc. ("FP") and we submit this comment letter on behalf of FP pursuant to the Postal Regulatory Commission's November 4, 2008 Order Granting, In Part, Pitney Bowes, Inc.'s Motion to Compel (the "Order"). Like Hasler, Inc. and Neopost, Inc., who supported Pitney Bowes' Motion to Compel, FP is engaged in the business of leasing postal meters and selling associated supplies, including postage meter ink cartridges. FP also has recently become aware that FP compatible postage meter ink cartridges bearing the United State Postal Services' trademark and name are being offered for sale to the general public.

The Postal Service's November 17, 2008 filing refers to a licensing agreement – referred to as "LICENS-07-C01210" – for "Postage Meter Cartridges and Supplies" and indicates that it was executed on November 26, 2007. In violation of the Commission's Order, however, the Postal Service's filing does not include a "detailed, comprehensive listing of each consumer good currently offered for sale" under that licensing agreement or many of the other categories of information specifically required by the Order. Instead, the Postal Service simply made a generic reference to "Postage Meter Cartridges and Supplies," admitted that those products are "Currently in Market" and admitted that those products were not "In Market Prior to 2006."

FP does not believe that there is any authority supporting the Postal Service's claim that its licensing activities fall outside the scope of the Commission's review specified in the Postal Accountability and Enforcement Act ("PAEA") because those activities are neither "postal" nor "non-postal" activities. In fact, if the Commission were to accept the Postal Service's argument, the effect would be to give the Postal Service the unchecked ability to expand its licensing program into virtually any business activity – a result which is diametrically opposed to both the language and intent of the PAEA.

Instead, as the Commission is well-aware, when Congress passed the PAEA, it recognized that the Postal Service was then engaged in certain non-core "nonpostal" activities. Congress also mandated that the Postal Service could only continue to engage in "nonpostal" activities prospectively if it had been engaged in those activities prior to January 1, 2006. In its November 17

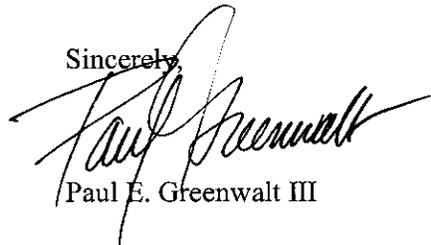
United States Postal Regulatory Commission
November 24, 2008
Page 2

filing, however, the Postal Service admits that its licensing program for meter cartridges and supplies was not in place until November 26, 2007. For that reason alone, the Commission should order that the Postal Service immediately withdraw from the market for postage meter cartridges and supplies.

The Act further provides that the Commission must review every “grandfathered” nonpostal activity – *i.e.* those nonpostal activities that the Postal Service was engaged in prior to January 1, 2006 – to determine whether the Postal Service should be allowed to continue those activities. Specifically, the Act requires that the Commission determine whether the nonpostal activity should be permitted to continue after considering the public need for the service and the ability of the private sector to meet that need. *See* 39 U.S.C. § 404(e)(1)(3). In this case, there is no public need for the Postal Service to participate in the market for postal meter cartridges and supplies and, instead, that market is well served by the private sector. Therefore, there is no basis for the Commission to allow the Postal Service to continue in that market. Indeed, if the Postal Service were permitted to remain in the market, it would lead to the troubling situation where the Postal Service would be in direct competition with the postage meter manufacturers that it regulates.

For all the reasons stated above, the Commission should order that the Postal Service terminate all of its activities in the postal meter cartridge and supply market. Thank you in advance for your consideration of FP’s comments and please contact the undersigned if the Commission has any questions regarding FP’s position.

Sincerely,



Paul E. Greenwalt III