Qualcomm is suspending direct sales of devices that use its MediaFlo mobile TV service as the company prepares to pull the plug on its mobile broadcast TV service sometime next year, the company said Tuesday.

The company said in a statement that it will maintain the mobile broadcast TV network to ensure current customers can use the service until the spring of 2011. But after that, it appears the company will discontinue the service and refund customers. Qualcomm didn't say for sure what it plans to do with the valuable wireless spectrum it used to build the network and service. But it looks like it might try to sell the spectrum, which could be used by wireless service providers to build wireless broadband services.

"As we previously indicated in our July 2010 earnings call, we have been examining strategic opportunities for FLO TV," the company said in its statement. "We have been engaging in conversations with a wide range of partners for both the network and the spectrum. We are seeing strong interest in using the FLO TV network or spectrum to capitalize on the growing imbalance between mobile data supply and demand, the growth of tablets, and consumer demand for high quality video and print content, and a richer user experience."

Qualcomm built the mobile broadband TV network using analog TV spectrum it acquired several years ago. The company struck deals with mobile operators AT&T and Verizon Wireless to resell the live mobile TV service. But the service, which has been
available on Verizon since 2007 and on AT&T since 2008, never took off.

In March of 2008, Qualcomm's CEO Paul Jacobs called the rollout of Flo TV a disappointment. He blamed the wireless carriers for not advertising the service enough. He said that carriers might be waiting for MediaFlo to increase its coverage, which he said would happen in 2009 when TV broadcasters transitioned to digital TV.

Before the digital TV transition, Qualcomm, which owns spectrum for the analog TV Channel 55, had to negotiate with broadcasters in each market to be able to use the spectrum that some of them have used to broadcast TV.

But even after TV broadcasters moved off the channel 55 analog spectrum, sales of Flo TV were still slow, leading many to question whether people really want to watch TV on their phones. But the real question may be whether people want to pay to watch TV on their phones. Verizon charges $15 a month for the service. And last year dropped the pricing of its service from $15 to $10 a month.

While Qualcomm had initially focused on being a wholesale provider of the Flo TV network, last year it tried directly selling products to consumers that used the network. The Flo TV personal mobile TV device went on sale last year. The company also talked about striking deals with car manufacturers to embed the Flo TV technology in TVs in cars.

The company said in its statement that it will halt sales directly to consumers. But it said sales of Flo TV-enabled handsets through carriers are still available for sale at this time.

Even though it isn't commenting on the final fate of the Flo TV spectrum, it's likely that Qualcomm will look to sell the valuable wireless spectrum. The spectrum that it used to build the network is in the same 700MHz band of spectrum that carriers spent billions of dollars on to acquire licenses.

An analyst quoted by the Wall Street Journal suggests that Qualcomm could get at least $2 billion for the spectrum. The company spent about $125 million for the spectrum it uses today, and it spent another $558 million in 2008 for additional spectrum in five major metropolitan areas.

Large carriers, including AT&T and Verizon Wireless, are likely candidates to buy the spectrum, since these carriers are already using similar spectrum to build their next generation wireless networks. On Wednesday, Verizon is expected to provide another update and details on the roll out of its 4G wireless network, which uses spectrum it acquired in the FCC's 700MHz spectrum auction.

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