

Paramount in trial deal to supply DVDs to Redbox

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(AP) -- Movie studio Paramount Pictures is following the lead of Lions Gate Entertainment Corp. and Sony Corp. by agreeing to supply films to \$1-per-night DVD rental kiosk company Redbox.

Paramount Home Entertainment Inc. and [Redbox](#), a subsidiary of Bellevue, Wash.-based Coinstar Inc., said Tuesday they have begun a trial licensing program through which Redbox will be able to stock its kiosks with Paramount Pictures DVDs on the day they are released for retail sale and rental, through the end of the year.

Los Angeles-based Paramount, which is owned by [Viacom](#) Inc., will get detailed DVD rental information from Redbox, which the studio will use to determine the worth of the program. Paramount will be able to extend the deal through 2014, with an option to opt out after two years.

As part of the deal, Redbox has agreed to destroy any Paramount DVDs it removes from its rental kiosks.

In a statement, Redbox President Mitch Lowe called the trial a "positive step with Paramount."

"The agreement ensures that our customers will have increased access to some of the biggest titles of the year," he said.

Coinstar said in a regulatory filing Tuesday that Redbox estimates it would pay Paramount \$575 million if the deal runs through 2014. It said

that Redbox, which has kiosks at more than 15,000 locations across the country, plans to license and buy DVDs from Paramount that will represent about 18.5 percent of the total discs it licenses and buys this year.

The deal comes two weeks after Lions Gate agreed to supply Redbox with DVDs on the same day they are offered for retail sale, from Sept. 1 through Aug. 31, 2014, according to a regulatory filing.

In that filing, Coinstar estimated Redbox will pay Lions Gate \$158 million over the life of the deal. Lions Gate, too, can pull out after two years.

Coinstar said in July that it had penned a five-year, \$460 million deal with Sony's movie division.

Other Hollywood studios, such as News Corp.'s 20th Century Fox and General Electric Co.'s Universal Pictures, have moved to cut off supply to Redbox unless it agrees to delay rentals until more than a month after DVDs are available for sale, in the hopes of preserving demand for higher-priced [DVD](#) purchases.

Last week, a federal judge in Delaware rejected a request from Universal to drop a suit filed by Redbox that stemmed from its demand that new releases be kept out of Redbox's kiosks for 45 days after they go on sale. Time Warner Inc.'s Warner Bros. has also insisted on an availability delay and it, too, is embroiled in a legal fight with Redbox.

Even if studios cut off supply, Redbox has kept its kiosks loaded with new-release DVDs by buying through retailers.

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