

Redbox sues 20th Century Fox in DVD dispute

August 12 2009

(AP) -- DVD rental kiosk company Redbox said Wednesday it has sued 20th Century Fox over the movie studio's attempts to delay its titles from appearing in Redbox vending machines.

The lawsuit, filed Tuesday in U.S. District Court in Wilmington, Del., marks the latest escalation in a fight over Redbox's service, which has divided Hollywood studios.

Last week, Fox joined [General Electric](#) Co.'s Universal Pictures in a bid to preserve more lucrative DVD retail sales by keeping movies out of Redbox's \$1-per-night rental kiosks for some period after they go on sale.

Fox ordered its wholesale distributors to stop supplying [Redbox](#) until 30 days after movie discs are released for sale. The policy takes effect Oct. 27.

A federal judge in Delaware is set to rule soon on a similar suit by Redbox against Universal, which insisted on a 45-day delay.

Redbox, which began in 2002 as a way for McDonald's Corp. to expand beyond the burger business, has 17,900 kiosks in the U.S. and plans 8,500 more this year. Netflix Inc. CEO Reed Hastings has said Redbox and other low-cost kiosk renters such as DVDPlay Inc. would be the biggest competitors to his mail-order [DVD](#) rental company by year's end.

Some studios hoping to ride Redbox's growth have shown willingness to bargain.

Lions Gate Entertainment Corp. agreed Tuesday to make its films available immediately.

The deal followed [Sony](#) Corp.'s agreement to provide its movies for kiosks, as long as Redbox destroyed copies after their rental lives ended rather than sell them as "previously viewed." Because Redbox's price of \$7 is generally lower than what [Blockbuster](#) Inc. and others charge, the studios worried that fewer people will want to buy new copies at regular prices, typically \$15 or higher.

The disputes over supplies so far haven't affected movies available through the self-service vending machines. When studios balk, Redbox has bought new releases from retailers rather than wholesalers, a tactic that may keep customers happy but also cuts into profit margins.

In the suit, Redbox accused Fox of violating antitrust laws by "reducing consumer choice in the marketplace and increasing the prices that consumers must pay."

Redbox, a subsidiary of Bellevue, Wash.-based Coinstar Inc., said Fox is seeking to "strangle" its low-cost rental option "to prop up an artificially high pricing scheme."

A message left with a Fox spokesman was not immediately returned Wednesday.

©2009 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Redbox sues 20th Century Fox in DVD dispute (2009, August 12) retrieved 26 April 2024 from <https://phys.org/news/2009-08-redbox-sues-20th-century-fox.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.