

Redbox agrees with Warner Bros. on 28-day delay

February 17 2010, By JESSICA MINTZ , AP Technology Writer

(AP) -- DVD rental kiosk chain Redbox has agreed to wait 28 days after Warner Bros. releases new movies for sale before offering to rent them for \$1 a night.

The agreement announced Tuesday ends a lawsuit that [Redbox](#), a subsidiary of Coinstar Inc., filed against Warner Bros.' home video unit last August. That was its third such suit against a studio that wanted to delay cheap rentals to boost sales of DVDs, a significant moneymaker for movie studios.

Redbox said in the lawsuit that it was being unfairly prevented from buying discs from wholesalers. The company had resorted to buying new-release DVDs from retailers at higher prices to keep its kiosks stocked with new titles.

The two-year deal with Warner Bros., a division of [Time Warner](#) Inc., will lower the cost Redbox has to pay to stock its machines. Redbox agreed to destroy used DVDs after their popularity in the kiosks wanes instead of selling them for \$7.

For Warner Bros., whose 2010 DVD lineup includes "Where the Wild Things Are" and "Sherlock Holmes," that should help to prop up higher DVD retail prices.

Warner Bros. movies make up about 15 percent of Redbox's inventory, the company said.

Redbox's president, Mitch Lowe, said there are some people who simply must have a just-released DVD right away. But in many cases, he said Redbox can drum up as much interest in a month-old title by promoting it at the kiosk.

The deal will also give Redbox the right to rent Blu-Ray discs from its kiosks. The company said it expects to start renting the high-definition versions for more than \$1 a night starting in the middle of the year.

[Netflix](#) Inc., which sends DVDs to renters through the mail, agreed last month to a similar delay for [Warner Bros.](#)' latest movies.

Redbox's lawsuits against [General Electric](#) Co.'s Universal, which wants a 45-day window to sell DVDs before rentals start, and [News Corp.](#)'s 20th Century Fox, which wants 30 days, are still making their way through the courts.

Redbox said the deal with Warner will allow it to buy more of Universal's and Fox's videos at retail.

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