

Netflix vying for first rights to new TV series (Update)

March 16 2011, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Netflix Inc. is trying to buy the Internet streaming rights to a 26-episode drama starring Kevin Spacey before the series is shown on a television network.

If the deal is completed, it would mark a bold step in a new direction for Netflix's popular video subscription service. Netflix currently boasts more than 20,000 titles in its streaming library, but most of them are previously aired TV series and older movies.

The talks were reported earlier by Deadline.com. A person familiar with the negotiations on Wednesday confirmed Netflix's interest in the series, called "House of Cards." The person spoke on condition of anonymity because a deal hasn't been reached.

Should it win rights to "House of Cards," Netflix would emerge as an even more serious threat to pay-TV channels such as HBO. Netflix began the year with 20 million subscribers. Some analysts believe that by the end of this year the service could be as large as HBO, which is believed to have about 28 million subscribers.

As it has grown, Netflix has become more nettlesome for long-established TV services because some households are reducing or canceling their cable TV subscriptions as they find more to stream over high-speed Internet connections.

Time Warner Inc.'s HBO has consistently refused to sell Netflix the

streaming rights to its original programming, such as "The Sopranos and "The Wire," because it doesn't believe the extra money from licensing fees would offset the cost of helping a rival.

Now it appears Netflix wants to become more like HBO and other pay-TV channels such as CBS Inc.'s Showtime by gaining the exclusive rights to TV series.

"House of Cards" is a high-profile project backed by the production company Media Rights Capital II LP. Besides featuring Academy Award winner Spacey in the starring role, the series pilot will be directed by one of Hollywood's most respected filmmakers, David Fincher. His credits include directing "The Social Network," an Oscar nominee for best picture this year.

Even as he has insisted he doesn't want to produce its own programming, Netflix CEO Reed Hastings has been aggressively bidding for the exclusive streaming rights to more content in an effort to reduce the postal expenses of Netflix's DVD-by-mail option.

In its biggest streaming deal so far, Netflix last year agreed to pay nearly \$1 billion in a five-year deal for the first rights to show movies and TV episodes from the pay-TV channel Epix, which is owned by Viacom Inc., Metro-Goldwyn-Mayer Inc. and Lions Gate Entertainment Corp.

Without providing specifics, the person familiar with the "House of Cards" talks said Netflix is offering to pay less than \$100 million for 26 episodes of the series.

Netflix spent \$406 million on Internet streaming rights last year, a more than six-fold increase from 2009.

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