Legal challenges could hold back cloud computing

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Want to store your digital songs, movies, TV shows, books and video games on a computer or mobile device? No problem. The real trick these days is pushing all that content onto the Internet so it can follow you from device to device, eliminating the need for storage altogether.

But while a flurry of major companies - from Amazon.com Inc. to Time Warner Cable Inc. to GameStop Corp. and others - are beginning to deliver technology to give you instant access to all your media from any device, some of the creators of that content are trying to tap the brakes.

"Content owners are a little hesitant to jump into this new model because it is disruptive to their distribution models currently in place," said Laura Allen Phillips, research analyst for Dallas-based Parks Associates.

The dispute revolves around the notion of "cloud computing," a buzzword for the idea that your digital material isn't stored on a hard drive in your laptop or iPhone.

Instead, you keep your data in online computer servers that are accessible anywhere you can get an Internet connection.

In theory, this cloud of data follows you wherever you go.

And it ensures that once you buy one copy of a song, movie or game, you never have to buy additional copies for additional devices.

While such services have been available from smaller tech companies for years, some of the biggest names in movies, music, games and TV are now making their own push, with the financial resources and name recognition to make this technology mainstream.

Amazon, for example, recently launched its Cloud Player service to let users access their songs over the Internet.

Users upload your digital tunes to the company's Cloud Drive and can listen to that music from any Internet-connected computer or Google Android mobile device.

When it released Cloud Player, Amazon asserted that it didn't need legal permission from the music studios, since the service merely let music owners listen to songs they'd already purchased.

But some of the music studios see it differently.

Sony Music Entertainment, in particular, was upset.

"We are disappointed that the locker service that Amazon is proposing is unlicensed by Sony Music, and we hope that Amazon will resolve the situation quickly by agreeing to a license with us," the company said in a statement at the time. "We are keeping all our legal options open."

Content providers also complained about the iPad app Time Warner Cable launched in March. It lets Time Warner's 12 million cable TV and broadband subscribers watch live streams of their television channels on their tablets.

The app has been downloaded more than 360,000 times.

It only works when the user is on his home Wi-Fi network, though, since the signal actually runs over the cable TV connection to the wireless router, which then broadcasts the transmissions over Wi-Fi.

By sending the signal over the cable TV connection rather than over the Internet, Time Warner Cable argues, the service simply treats the iPad as another television rather than an Internet device.

"We got some pushback from programmers, but we're pretty confident we have the rights to do this in the home," said Alex Dudley, a spokesman for Time Warner Cable.

Several programmers, including News Corp., Discovery Communications Inc. and Viacom Inc., disagree.

Initially, Time Warner pulled several channels from those programmers off of its iPad app, but channels from News Corp. and Discovery have since returned to the tablet lineup and others have been added.

But the dispute between Viacom and Time Warner Cable has heated up.

Viacom insists that its contracts with Time Warner and other providers require those providers to negotiate the terms for distributing its channels to new devices.

Time Warner believes that its current contract grants it the right to stream live TV to the iPad without securing permission from programmers.

Both sides have filed lawsuits asking a court to rule in favor of their interpretations.

While a big part of the dispute revolves around how much Time Warner might have to pay Viacom for the iPad rights, there are other issues, such as the inability of Nielsen to measure audience size on the iPad.

"Viacom has always negotiated rights to distribute our content based on specific technologies and devices to ensure that the unique business issues, such as security, product quality and audience measurement, are properly addressed," Viacom spokeswoman Kelly McAndrew said in a statement.

"Instead of addressing these issues, Time Warner Cable simply launched the product without a license to distribute our programming through an iPad app. With $5.2 billion in cash from operations last year, Time Warner Cable can certainly afford to provide our programming through this new broadband service without passing along any additional costs to its customers."

That complaint about money is the heart of the issue, analysts say.

Most media creators now realize that online distribution and, more recently, cloud services are an integral part of the future of their industries.

It's what their customers want.

Google said earlier this month that in a survey of 1,400 tablet owners, one-third reported spending more time with their tablets than watching traditional television.

And 52 percent reported spending more time each day on their tablets than listening to the radio.

When asked what activities they normally do on their tablets, 84 percent said they play games, while 51 percent said they consume other media such as music and videos.

But the media companies want to get paid for those activities.

"You don't want to be 'Appled,' " said Kurt Scherf, principal analyst at Parks Associates.

"You don't want a third-party technology company coming in and setting the standard, setting the pricing and making its mark before you can act."

There may not be much time left for the media companies to figure this out.

Apple Inc. and Google Inc. are reportedly on the verge of releasing their own cloud-based music services.

And many cable and satellite TV providers are likely to offer their own versions of Time Warner's live television app.

The video game industry is also joining the party.

Grapevine, Texas-based GameStop said recently it will offer a service early next year that offers streaming versions of any game you purchase.

So if you buy the next Halo game for Xbox 360, not only will you get the DVD to play in your console, but, perhaps for a small fee, you'll also get access to an online streaming version of the game.

What does that mean?

How about playing "Halo" on your iPad while you ride the bus to work?

But while Amazon and Time Warner Cable wrestle with the music studios and television channels, GameStop is going out of its way to get game publishers on board with its streaming service.

"We have a model that we feel is very pro-publisher," said Bob McKenzie, chief merchant at GameStop.

The retailer has begun meeting with publishers to promote the streaming service, and McKenzie said the initial reception has been positive.

While the company hasn't made a final decision on pricing, GameStop's streaming service will only be available to customers who have registered for its PowerUp Rewards loyalty program.

In addition, GameStop will likely charge a small fee for the streaming option. McKenzie said it's possible that the publishers could get a cut of that fee.

For publishers upset that GameStop's dominance in used games is siphoning off sales of lucrative new titles, getting a slice of the streaming revenue could be a welcome reprieve.

"We're not trying to have this be a business model that will threaten or challenge our business partners," McKenzie said. "We need them to continue to drive forward our retail business, and our retail business fuels our digital."

Dudley at Time Warner Cable said media providers can't afford to go slowly in developing these cloud services.

"It's exhausting trying to keep up with all this technological change," he said. "But if you're not willing to meet the customer where they want to be, you'll be in a bad spot."

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