

AT&T to pay \$215M to TiVo to settle patent suit

January 4 2012, By RYAN NAKASHIMA , AP Business Writer

(AP) -- AT&T Inc. will pay TiVo Inc. at least \$215 million through June 2018, becoming the latest TV signal provider to settle a patent lawsuit involving the digital video recorder pioneer.

Per subscriber, this payout will be much larger than a similar \$500 million [settlement](#) TiVo reached in May with satellite TV company Dish Network Corp. and its set-top box provider, EchoStar Corp.

Dish had about 13.9 million subscribers at the end of September, while AT&T's U-verse had just 3.6 million. That makes AT&T's settlement worth at least \$59.72 per subscriber, while Dish's cost \$35.97 per subscriber.

TiVo CEO Tom Rogers said the bigger settlement resulted in part from the fact that AT&T heavily marketed its digital video recorders as a key difference between itself and bigger cable TV providers.

"From the get-go, their offering was primarily based on DVR," Rogers said. He added that TiVo is pursuing another similar case against Verizon over its FiOS service. He said marketing for FiOS also emphasizes its DVRs. Verizon has about 4 million video subscribers.

TiVo shares jumped \$1.15, or 12.9 percent, to \$10.07 after hours on the news, while AT&T shares rose 21 cents to \$30.59 after hours. TiVo's stock had fallen 5 cents in regular trading Tuesday as the markets rose overall.

A spokesman for AT&T declined to comment.

AT&T will pay more than \$215 million if subscriptions to its U-verse television package rise in line with forecasts, TiVo said.

The first \$51 million was due in a lump sum on Tuesday, with another \$20 million due in the first year and quarterly payments after that.

The settlement will bring TiVo's operations closer to profitability, Rogers said.

Founded in 1997, [TiVo](#) developed the first commercially available [digital video](#) recorder, making it easy for people to record programs and watch them later and to skip through advertisements. The innovation changed the way ratings agency Nielsen measures audiences as more people began watching shows well after they aired.

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Citation: AT&T to pay \$215M to TiVo to settle patent suit (2012, January 4) retrieved 20 April 2024 from <https://phys.org/news/2012-01-att-215m-tivo-patent.html>

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