

Supreme Court to rule on TV over Internet service (Update)

January 10 2014, by Jesse J. Holland

The United States Supreme Court will decide whether a startup company can offer live television broadcasts over the Internet without paying fees to broadcasters.

The high court agreed on Friday to hear an appeal from television broadcast networks in their attempt to shut down a startup company, Aereo Inc., which takes free signals from the airwaves and sends them over the Internet to paying subscribers.

Broadcasters have sued Aereo for alleged copyright infringement. The big networks have supplemented their advertising revenue with fees from cable and satellite TV companies for redistributing their stations to subscribers. If customers drop their pay TV service and use Aereo, broadcasters would lose some of that revenue.

A U.S. Circuit Court of Appeals ruled last year Aereo did not violate the copyrights of broadcasters with its service but a similar service has been blocked by other judges.

Aereo claims what it is doing is legal because it has thousands of tiny antennas at its data centers and assigns individual subscribers their own antenna. According to Aereo, that makes it akin to customers picking up free broadcast signals with a regular antenna at home.

"We believe that consumers have a right to use an antenna to access over-the-air television and to make personal recordings of those broadcasts,"

said Aereo CEO and founder Chet Kanojia. "The broadcasters are asking the Court to deny consumers the ability to use the cloud to access a more modern-day television antenna and DVR. If the broadcasters succeed, the consequences to consumers and the cloud industry are chilling."

Broadcasters have argued that the use of individual antennas is a mere technicality meant to circumvent copyright law and threatens their ability to produce marquee sports or awards show events, including the Academy Awards, the Grammys and the Super Bowl. CBS, Fox and Univision television networks are among those that say they might end their free broadcasts and become a subscription-only channel like CNN, Nickelodeon and Discovery if Aereo is successful.

"We believe that Aereo's business model, and similar offerings that operate on the same principle, are built on stealing the creative content of others. We are pleased that our case will be heard and we look forward to having our day in court," CBS said in a statement.

A cable company took a middle ground on the issue. "Cablevision remains confident that while the Aereo service violates copyright, the Supreme Court will find persuasive grounds for invalidating Aereo without relying on the broadcasters' overreaching—and wrong—copyright arguments that challenge the legal underpinning of all cloud-based services," spokeswoman Lisa Anselmo said.

This comes as Aereo announced Tuesday that it has secured \$34 million in additional funding from outside investors to help it expand beyond the 10 metropolitan areas it currently serves. It will also allow Aereo to develop apps for additional devices, such as Internet-connected TVs and game consoles and battle copyright-infringement lawsuits filed by broadcasters like the one before the Supreme Court.

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