

TV-over-Internet service Aereo seeks Chapter 11 (Update)

November 21 2014



In this Thursday, Dec. 20, 2012, file photo, Chet Kanojia, founder and CEO of television-over-the-Internet service Aereo, Inc., shows a tablet displaying his company's technology, in New York. Aereo says that it has filed for Chapter 11 bankruptcy protection, saying an unfavorable ruling by the U.S. Supreme Court was too difficult to overcome. Kanojia said in a statement Friday, Nov. 21, 2014, on the company's website that the Supreme Court decision "effectively changed the laws that had governed Aereo's technology, creating regulatory and legal uncertainty." (AP Photo/Bebeto Matthews, File)

Aereo, an online startup that tried to offer a cheaper alternative to cable TV, has filed for Chapter 11 bankruptcy protection less than five months after an unfavorable ruling by the U.S. Supreme Court.

The company backed by media mogul Barry Diller allowed people to watch and record broadcast TV online for \$8 a month on tablets, phones and other gadgets. Unlike Hulu and other online video services, Aereo offered live streaming of broadcast channels.

The Supreme Court ruled this summer that Aereo had been operating like a cable TV company, meaning that unless it paid broadcasters licensing fees, it was in violation of copyright law.

Aereo suspended its operations three days later.

The company got its start in New York and had expanded to about 10 other metropolitan areas, including Boston, Houston and Atlanta, though it never disclosed how many subscribers it had.

The Supreme Court decision "effectively changed the laws that had governed Aereo's technology, creating regulatory and legal uncertainty," CEO Chet Kanojia said.

The Chapter 11 filing will allow Aereo Inc. to maximize the value of its business while avoiding the cost and distraction of litigation, said Kanojia.

Aereo didn't provide many details about what it would do with its technology but in a March interview with The Associated Press, Kanojia said the company's Internet-based recording technology was itself valuable.

"The fact that we've created this cloud-based system at a cost point, and

it works, is going to have a lot of value to a lot of people," he said then.

Potential buyers of that technology could include cable-television operators that are trying to maintain subscriber levels by offering new ways to watch TV online. Cable operators pay broadcasters millions of dollars in licensing fees, and would not be subject to the same legal challenges.

More information: Online: aereo.com

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