

Showtime deal with Netflix shows emerging rivalry

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(AP) -- Amid an emerging rivalry between traditional pay TV operators and rising star Netflix Inc., CBS Corp.'s Showtime pay TV service confirmed Wednesday that back seasons of current original series like "Dexter" and "Californication" will not be available on Netflix's streaming service as of this summer.

Instead, CBS will offer them to subscribers who pay for Showtime through Comcast Corp. on Comcast's Xfinity TV online platform. Other cable TV providers are expected to offer online access to Showtime in the future.

Netflix and CBS had reached a separate deal in February that allows older shows that are not generating new original episodes to be run on Netflix's [streaming service](#), including "Medium," "Frasier" and "Cheers."

But news that episodes of current Showtime series would no longer be available broke this week after Netflix announced it was buying the right to debut the series "House of Cards" from executive producer David Fincher.

Debuting an original series on its service makes Netflix even more of a direct rival to pay TV channels like Showtime and HBO.

Netflix had 20.2 million subscribers in the U.S. at the end of December, compared with just under 20 million for Showtime and HBO's estimated 28 million.

Showtime originals that have stopped airing on TV, including "The Tudors" and "Sleeper Cell," will continue to be available for streaming on Netflix.

Netflix spokesman Steve Swasey acknowledged the deal allowing it to stream Showtime shows like "Dexter" would expire this summer. But he said negotiations were still ongoing to keep them up.

"We're perplexed at these comments because we're negotiating and these titles may or may not be available," he said.

The conflicting versions of events highlight how new technology is upending the traditional pay TV business.

CBS is seeking to maximize the money it can receive from Netflix from older content, while encouraging consumers to continue to subscribe through pay TV providers like Comcast for new original shows on Showtime.

Highlighting the importance of these existing arrangements, CBS cut a 10-year pact with [Comcast](#) in August. The deal allows for CBS and Showtime shows to be played on Comcast's Xfinity TV platform, which can be accessed on computers and iPad tablets.

Other companies, like Time Warner Inc.'s HBO have shunned Netflix entirely. HBO offers its service online for no extra charge to its pay TV subscribers.

Netflix, meanwhile, has been spending more to acquire the rights to TV shows and movies that it can stream to customers to wean them off ordering DVDs in the mail in an effort to reduce postage costs.

Goldman Sachs analyst Ingrid Chung said the impact of CBS pulling some shows from Netflix would not materially affect Netflix, but it could signal that it will have to pay more for the right to stream shows in the future.

CBS shares closed up 21 cents at \$24.87 on Wednesday, while [Netflix](#) shares finished the regular session up \$7.67, or 3.5 percent, at \$229.06.

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