

Lawsuit questions cable box rentals

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Fairway man alleges Time Warner is breaking law by requiring use of its fee-based device.

It irks Fairway resident Matthew Meeds that he has to rent a cable box from Time Warner Cable in order to watch premium channels.

He'd rather buy one from a manufacturer of his own choosing. But Time Warner doesn't give him that option. Instead, like the company's other customers in the Kansas City area, Meeds must pay a monthly fee for the box.

"I think that for most people, if they could buy the box, they would," he said. "That definitely makes more sense."

Meeds, a real-estate agent, was so irritated about having to pay the monthly rental fee that on Tuesday he filed an antitrust suit against Time Warner Cable and its 84 percent owner, Time Warner Inc. The suit alleges that, by linking the provision of premium cable services to rental of the cable box, the companies have established illegal tying arrangements.

"Time Warner's improper tying and bundling harms competition," Meeds' lawsuit states. "Since the class can only rent the cable box direct-

ly from Time Warner, manufacturers of cable boxes are foreclosed from renting and/or selling cable boxes directly to members of the class at a lower cost."

The suit, which was filed in federal court in Kansas City, Kan., seeks class-action status on behalf of Time Warner customers in Kansas who purchase premium cable services from the company.

A spokesman for Time Warner said the company had not seen the suit and was in no position to comment on it.

"Obviously, people have the right to make claims through the legal process, and we'll certainly review it and respond accordingly," said the spokesman, Damon Porter.

Meeds' lawsuit acknowledges that Time Warner now offers customers the option of leasing a so-called CableCard, a credit card-size device that performs the same security and descrambling functions as a cable box. But the suit contends that Time Warner promotes the cable box as superior.

"For instance, diagrams of cable 'hookup' found at Time Warner's Web site focus on the existence of a cable box, with no mention of possible use of CableCard," the suit states. "Elsewhere on the Web site, Time Warner tells its cus-

tomers 'there are limitations to a CableCard connection.' "

Meeds' lawsuit appears to be the first to challenge the cable-box arrangement as a violation of antitrust law. But his attorney, Kansas City lawyer John Edgar, said it won't be the last.

"We have plans to file in other jurisdictions," he said.

Edgar likened Time Warner's arrangement to AT&T's rental of telephones decades ago, when AT&T was the only telephone game in town.

"I think it's very similar to the cases brought back in those days, where slowly but surely, the courts whittled away at that kind of protectionist activity by AT&T," he said.

"I think the same thing is present here. You have a lot of companies out there manufacturing these boxes, and there's nothing necessarily proprietary about them. ... They only cost about \$30 or \$40 at most, and they're charging around \$15 a month for them."

Time Warner Cable, which is based in New York, is the second-largest cable operator in the country, with 14.7 million customers nationwide as of the end of June. The company has several hundred thousand customers in the Kansas City area.