



The American Antitrust Institute

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## **AMERICAN ANTITRUST INSTITUTE<sup>i</sup> CALLS ON FTC TO INVESTIGATE REMBRANDT FOR ANTICOMPETITIVE CONDUCT THAT THREATENS DIGITAL TELEVISION CONVERSION**

(WASHINGTON, DC) The American Antitrust Institute is calling on the Federal Trade Commission (FTC) to initiate an investigation of anticompetitive conduct by Rembrandt, Inc. that will increase the costs of the conversion to digital television for millions of consumers. In a petition filed before the FTC today, the AAI alleged that Rembrandt violated policies of the Federal Communications Commission (FCC) and the Advanced Television Systems Committee (ATSC), a private standard setting body, that intellectual property involved in the digital television standard must be licensed on a reasonable and nondiscriminatory basis.

“It appears that Rembrandt has violated the ATSC and FCC policies,” said AAI President Bert Foer. “Enforcement action by the FTC is necessary to protect the millions of consumers who will ultimately pay for the excessive royalties Rembrandt is demanding.”

The AAI reported that Rembrandt, Inc. has engaged in anticompetitive conduct that may significantly raise the cost of digital television for tens of millions of consumers when the FCC deadline for conversion arrives in February 2009. According to the AAI, Rembrandt has repudiated an obligation to license intellectual property on a reasonable and nondiscriminatory basis and then initiated 14 patent-related suits, against the four major television networks (NBC, CBS, ABC and FOX), five major cable systems, and television and equipment manufacturers.

The patents in dispute were originally owned by AT&T, which had participated in the ATSC process and agreed to the obligation to license the intellectual property on a reasonable and nondiscriminatory basis. In adopting the ATSC standard, the FCC confirmed this licensing obligation. Rembrandt acquired those patents in December 2004, and less than a year later it repudiated the licensing obligations and commenced litigation seeking to enjoin these firms from implementing digital television and asking for millions of dollars in royalty fees.

The AAI is calling for FTC intervention to prevent this substantial consumer harm and protect the effective conversion to digital television.

“In less than 330 days, by Act of Congress, the entire U.S. television marketplace will convert to digital systems,” said Foer. “Rembrandt’s patent holdup will cause substantial harm to consumers purchasing new equipment and, ultimately, to all consumers of television.”

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<sup>i</sup> The American Antitrust Institute is an independent Washington-based non-profit education, research, and advocacy organization. Its mission is to increase the role of competition, assure that competition works in the interests of consumers, and challenge abuses of concentrated economic power in the American and world economy. A list of contributors is available on request. For more information, please see [www.antitrustinstitute.org](http://www.antitrustinstitute.org).