

JUSTICE NEWS

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Justice Department Sues DIRECTV for Orchestrating Information Sharing Agreements with Three Competitors

Unlawful Information Sharing Contributed to Blackout that Deprived Many Fans of Opportunity to Watch Los Angeles Dodgers on TV for Last 3 Seasons

The Department of Justice sued DIRECTV and its corporate successor, AT&T Inc., today for acting as the ringleader of a series of unlawful information exchanges between DIRECTV and three of its competitors – Cox Communications Inc., Charter Communications Inc. and AT&T – during the companies' negotiations to carry SportsNet LA, which holds the exclusive rights to telecast almost all live Dodgers games in the Los Angeles area.

The lawsuit, filed in the U.S. District Court for the Central District of California, alleges that DIRECTV unlawfully exchanged competitively-sensitive information with Cox, Charter and AT&T during the companies' negotiations for the right to telecast the Dodgers Channel. Specifically, the complaint alleges that DIRECTV and each of these competitors agreed to and did exchange non-public information about their companies' ongoing negotiations to telecast the Dodgers Channel, as well as their companies' future plans to carry – or not carry – the channel. The complaint also alleges that the companies engaged in this conduct in order unlawfully to obtain bargaining leverage and to reduce the risk that they would lose subscribers if they decided not to carry the channel but a competitor chose to do so. The complaint further alleges that the information learned through these unlawful agreements was a material factor in the companies' decisions not to carry the Dodgers Channel. The Dodgers Channel is still not carried by DIRECTV, Cox or AT&T.

“As the complaint explains, Dodgers fans were denied a fair competitive process when DIRECTV orchestrated a series of information exchanges with direct competitors that ultimately made consumers less likely to be able to watch their hometown team,” said Deputy Assistant Attorney General Jonathan Sallet of the Justice Department's Antitrust Division. “Competition, not collusion, best serves consumers and that is especially true when, as with pay-television providers, consumers have only a handful of choices in the marketplace.”

DIRECTV is a subsidiary of AT&T Inc., a Delaware corporation with headquarters in Dallas. As of 2014, DIRECTV had approximately 1.25 million video subscribers in the Los Angeles area. AT&T is a Delaware corporation with headquarters located in Dallas. As of 2014, AT&T had approximately 400,000 video subscribers in the Los Angeles area.

DIRECTV Complaint

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Topic:
Antitrust

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