



BUSINESS

Ruling against Vonage hasn't spooked customers

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NEW YORK The legal trouble threatening Vonage Holdings Corp. doesn't yet appear to be rippling across the Internet phone industry, a stark contrast to last year's BlackBerry patent dispute that spooked users of the popular e-mail device.

So far, rivals haven't been aggressively targeting Vonage customers who may be unsettled by a jury's finding last month that the company's service infringes on patents held by Verizon Communications Inc.

The worst-case scenario, seemingly unlikely for now, could mean a disruption in phone service if Vonage loses its court appeal and either fails to reach a settlement with Verizon or deploy an effective substitute technology.

"There hasn't been a flood of Vonage subscribers coming to Packet8," said Huw Rees, vice president for marketing at 8x8 Inc. "People not involved in the industry have not heard much about it."

The anecdotal reports have been similar at SunRocket Inc., another stand-alone Internet phone company, and Cox Communications, a cable TV company that provides phone service.

Vonage has placed updates on its Web site "reassuring customers that the injunction doesn't impact them or their service," said spokeswoman Brooke Schulz, but "we haven't gotten many calls from customers on the litigation."

That's one of the glimmers of good news for Vonage, which has seen its share price tumble more than 80 percent since its initial public offering almost a year ago.

The next step in the case, on Thursday, will be a hearing to determine how much bond Vonage will need to put up for potential compensation to Verizon while the case is appealed.

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