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■ LAW

Lawyer Rings Baby Bell's Bell

Baltimore Attorney Helps Small High-Tech Firms Take On Bell Atlantic

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In the world of telecommunications, Bell Atlantic stands as a Goliath among its competitors.

But Baltimore attorney Stephen L. Snyder acts as a ready David for small firms who claim that the regional Bell operating company exerts more than friendly competition in trying to gain control over several highly lucrative and growing markets, including video-conferencing and the information superhighway.

Snyder has sued Bell Atlantic or its wholly owned subsidiaries four times over the last six years.

As of last Friday, the score was Snyder 2, Bell Atlantic 1, with the fourth case – potentially the most valuable of all – still pending.

On Friday, a New Jersey jury awarded a \$25 million punitive damages verdict to P.M. Video Corp., a systems integration firm which became a Bell Atlantic technology partner in 1990, and principal John G. Puma.

The jury found that Bell Atlantic fraudulently misled P.M. Video into believing it would be Bell Atlantic's partner in a national marketing effort to promote home automation energy management and security monitoring systems.

"Bell Atlantic had a strategy to invite small companies to participate with them with the representation that they would be partners when in fact Bell's plan was to gain any insight those companies had," said Snyder associate Sheldon N.

Jacobs.

"Bell Atlantic would then jettison those smaller companies and do it themselves," he added. "Bell Atlantic 'brain drains' undercapitalized firms looking for the capital infusion that large companies can bring to the table."

Bell Atlantic disputes this assessment of the P.M. Video-Bell Atlantic relationship.

"[The] verdict is not supported by the evidence presented in this case – we will ask the judge to overturn this grossly exaggerated verdict," James R. Young, Bell Atlantic Corp. vice president and general counsel, said.

According to Snyder and Jacobs, Bell Atlantic's dealings with smaller technology companies stems in part from the Department of Justice's 1984 order that AT&T divest itself of the seven regional "Baby Bells" after an intensive antitrust investigation.

Those Baby Bells were grouped into the seven regional Bell operating companies [RBOCs]: Pacific Telesis, US WEST, Southwestern Bell, Ameritech, BellSouth, Bell Atlantic and NYNEX.

A DOJ modified Final Judgment signed in 1984 limited business activities the Baby Bells could undertake.

Under the judgment, RBOCs couldn't engage in manufacturing and providing information service applications such as home shopping and home banking. Instead, they were limited to basic phone service such as phone sales and installations, Jacobs said.

The RBOCs had to form alliances with smaller companies if they wanted to get into new growth markets.

"Bell Atlantic made a promise to P.M. Video and John Puma that they needed him to perform information services that they were precluded from doing under the Modified Final Judgment," Jacobs said.

But in 1990, the Federal

Circuit Court of Appeals ordered Senior District Judge Harold J. Greene, who oversees the AT&T divestiture, to use a less-restrictive approach in evaluating whether it would be anticompetitive for Bell Atlantic and the other RBOCs to engage in information services.

"Everyone knew that the new standard would allow the RBOCs to get into information services," Jacobs said.

According to the suit, Bell Atlantic used P.M. Video to learn all it could about information services, including call waiting and call forwarding.

That knowledge was important to Bell Atlantic so they could be up and running when Judge Greene – using the less restrictive standard – finally allowed the RBOCs to get into the field.

In addition to the recent victory against Bell Atlantic Corp., Snyder has also sued Bell Atlantic Mobile Systems Inc. (BAMS), a wholly owned subsidiary.

He got a \$11 million fraud verdict for Cellular Phone Stores Limited Partnership and General Partner Robert H. Kressin after showing the BAMS fraudulently violated a contract with the now-defunct Rockville partnership.

That verdict was later abandoned for a confidential settlement with Bell Atlantic, Snyder said.

A case currently pending alleges that Bell Atlantic Public Sector Systems Inc. (BAPSS) misappropriated video and teleconferencing proprietary information from the McLean, Va. FreBon International Corp.

FreBon seeks \$80 million in compensatory damages and \$600 million in punitive damages for BAPSS' alleged plot to drive FreBon out of the growing and lucrative video conferencing field.

"I think Bell has got a lot of problems with me in the future," Snyder said. "I think I've got the master's and I think they know it."

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