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American wins injunction against Sabre in airline fare dispute

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NEW YORK, Jan 11 (Reuters Legal) - American Airlines Inc has won a temporary injunction blocking Sabre Holdings Corp from presenting its fares in a manner the carrier fears might steer customers to other airlines.

The injunction was issued by a state court in Texas where the parties are in litigation over followed Sabre's Jan. 5 decision to drop American flights from its Sabre Travel Network by August, one month earlier than planned, and to change how it displays the carrier's fares to ticket buyers.

American, a unit of AMR Corp, accused Sabre of violating its contract by pushing the carrier's fares lower in displays, making them harder for ticket buyers to find.

The carrier said this threatened irreparable harm "by eliminating countless sales that American would have earned and by misleading the public into believing that American's services either no longer exist or are not competitive."

Monday's order blocks the change while AMR seeks long-term relief, including punitive damages. The court proceedings began in November when American sought a declaratory ruling against another travel site, Travelport, over similar issues. It named Sabre as an additional defendant in an amended complaint filed on Monday.

Nancy St. Pierre, a Sabre spokeswoman, said the company "is confident that the court will affirm Sabre's contractual right to protect our customers' interests and support airlines that value transparent and efficient comparison shopping."

Sabre was spun off by AMR in 2000 and bought in 2007 by private equity firms Silver Lake Partners and TPG Capital. It also owns the Travelocity.com website.

AMR has developed technology that informs ticket buyers of various services it offers for a fee, such as extra legroom or priority seating, rather than steering them toward tickets on the basis of price or schedule.

But this could disrupt the ticket selling model now favored by Sabre and online agencies such as Expedia Inc and Orbitz Worldwide Inc.

In court papers, American had also accused Sabre of more than doubling its fees to distribute data, potentially boosting the carrier's annual distribution costs by \$157 million.

Such costs, which include commissions, booking fees and credit card expenses, totaled \$853 million for AMR in 2009.

American said more than \$7 billion of tickets on its flights are booked annually through Sabre's system, accounting for close to half the airline's ticket revenue.

INDUSTRY RESISTANCE

Sabre is one of several global distribution systems, such as Amadeus and Galileo, that act as pipelines to provide fare and flight information to travel agents.

The showdown between American and third-party sellers followed a December court decision letting the carrier stop selling tickets on Orbitz, which had refused to adopt the carrier's "direct connect" technology for ticket sales.

Expedia also objected to the technology and dropped American's fares at the start of the year.

Priceline.Com Inc competes with Expedia and Orbitz and still carries American tickets.

In the last two months, Delta Air Lines Inc has pulled its fares off several small websites, a move that could steer buyers to that carrier's own site.

The Sabre case is American Airlines Inc v. Travelport Inc et al, Judicial District of Tarrant County, Texas, 67th Judicial District, No. 067-249214-10. The amended complaint was submitted on behalf of American by Bill Bogle and Roland Johnson of Harris, Finley & Bogle of Fort Worth and by Paul Yetter, Marc Tabolsky and Anna Rotman of Yetter Coleman in Houston.

The case between American and Orbitz is Travelport LP vs. American Airlines, Circuit Court of Cook County, Illinois, County Department, Chancery Division, No. 10-CH 48028. Orbitz was represented by Duane Morris while American was represented by Howrey.

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