

Originally published Sunday, October 11, 2009 at 12:08 AM

Sunday Buzz

Skype suit may yield credit for customers; Seattle design firm thinks inside the cargo box

A lawsuit filed in Seattle accusing eBay unit Skype of improperly seizing money in inactive customer accounts will be settled with a small credit to users and a change in policy, says an attorney. Also, a Seattle design firm builds its showrooms from a stack of cargo containers.

By Rami Grunbaum, Seattle Times deputy business editor, and business staff

Can the virtually free Internet-calling service Skype be ripping off its customers? So contends a lawsuit filed in federal court in Seattle against Skype, the communications unit of e-commerce giant eBay.

But the lawyers behind the suit say an imminent settlement will change the company's policies and refund a little money to as many as 3 million U.S. consumers.

Skype users can call around the world, paying nothing when they connect computer-to-computer and only a penny or two a minute when they call conventional phones — SkypeOut calls, in company lingo.

But unless they buy a monthly subscription, users must open a \$10 "stored value account" for SkypeOut calls. Customers who don't tap that account for 180 days forfeit any money that's left, according to company rules.

That's both unfair and against the law, asserts the lawsuit filed by Seattle attorneys Roger Townsend and Daniel Johnson.

The account is like a gift card, argues Johnson, and many states including Washington have laws prohibiting expiration dates on such cards.

Even if the terms of service of a site like Skype require users to agree they could lose the money, "the gift-card statute says you can't agree to that," he says.

Johnson said final details of a settlement with Skype are being drawn up and should be filed shortly. "It's just a formality," he says. Skype's parent company did not return a call seeking comment.

The federal suit filed two weeks ago was itself part of the deal; attorneys first sued Skype in state courts here and in California last winter, and the company agreed to work out a settlement if it applies nationwide, Johnson says.

How many Skype customers have lost money through forfeited accounts? "The estimate we got from Skype is about 3 million nationwide," says Johnson.

The tentative deal calls for a \$1.8 million settlement fund, which — after deducting fees and costs of about 25 percent — will give a credit of up to \$4 to Skype users who file a claim. (Four dollars is more than was forfeited in the average account, Johnson says.)

The downside: A credit is not as meaningful as cash, and it will be spread a lot thinner if all 3 million make claims. But Johnson says he doesn't expect more than half to file. Typically, only 8 percent of eligible claimants stake their claims in such class settlements, he says.

More importantly, perhaps, Skype will end the practice of seizing inactive accounts. "The main thing we got through the settlement is the change — they stopped doing it," Johnson says.