The Bush administration yesterday abandoned plans to ask the Supreme Court to allow a set of controversial rules to take effect that would have loosened restrictions on how large media conglomerates could grow.

The decision disappointed big media companies that had lobbied heavily in support of the rules and thrilled those who had fought to keep tighter rein on how much control one company should have over television, newspapers and radio stations in individual markets.

The Federal Communications Commission, which had adopted the proposed rules in a hotly contested, 3 to 2, party-line vote in June 2003, now must decide whether to start anew on rules governing media consolidation or to re-argue its case before a lower court that the current proposals should be approved.

The chief architect of the rules, FCC Chairman Michael K. Powell, has announced that he will leave in March, so the next step will be guided by his successor, who has not yet been named.

The rules would have allowed television networks such as CBS and Fox to buy a few more television stations nationally and let one company own the biggest newspaper and highest-rated television station in most cities. They also would have allowed individual companies to own more television stations in the same city and restricted how many radio stations one company could own, locally and nationally.

After consulting with FCC officials, the Justice Department informed the agency yesterday that it would not pursue an appeal of a lower court decision to stay the rules.

Media giants NBC Universal, Viacom Inc. (owner of CBS), News Corp. (Fox, New York Post) and Tribune Co. (Los Angeles Times, several other papers and television stations) said they will ask the Supreme Court to overturn the lower court's decision. But the court has been reluctant to take such cases if they are lead by an industry rather than a government agency, lawyers say.

"Now that the government is not involved, there is significantly less of a chance" the court will take it up, said Howard M. Liberman, a media lawyer with Washington's Drinker Biddle.

In September 2003, the day before the rules were set to go into effect, they were stayed by the U.S. Court of Appeals for the 3rd Circuit in Philadelphia. The court said that the FCC had not done a satisfactory job of justifying how it drew them up. The court did not rule on the merits of the regulations and left open the possibility that it would approve them if they were better argued.

The rules were opposed by a broad coalition of interest groups and a bipartisan group of lawmakers, who
said that they would give a handful of media conglomerates too much influence over the airwaves, reducing diversity of views and possibly creating monopoly advertising markets.

Powell and the FCC's two other GOP commissioners, who had backed the rules, said the old ones were obsolete, crafted before the advent of modern outlets such as cable television, satellite radio and the Internet. Yet Powell recommended that the Justice Department not pursue an appeal, according to a source familiar with the situation. He thought an appeal process would have been drawn-out and politically messy, even while believing the lower court did not show the FCC proper deference in staying the rules, the source said.

Powell, attending the World Economic Forum in Davos, Switzerland, declined public comment yesterday. In Washington, FCC Commissioner Kathleen Q. Abernathy declined to comment; Commissioner Kevin J. Martin was unavailable.

The Democrats on the commission, however, who had led the opposition to the rules, were cheered by the decision not to appeal.

"The previous order was a disaster," said FCC Commissioner Jonathan S. Adelstein. "Now the administration has acknowledged it was legally flawed and not worth fighting for."

Rep. Edward J. Markey (D-Mass.) said the proposed rules would have allowed "excessive" media consolidation that "would have made Citizen Kane look like an underachiever."

If the court does not take up the media companies' appeal, the FCC is left with several options, any of which are likely to rile numerous factions:

• The FCC can attempt to stick with the proposed rules and simply return them to the appeals court with better justification. Even with Powell's planned departure in March, the commission retains a Republican majority that may favor such a solution. Those who opposed the rules before probably would do so again.

• The agency can go back to the drawing board and craft an entirely new set of rules. This is the approach favored by the FCC's Democratic commissioners, Adelstein and Michael J. Copps, who favor tighter restrictions on media ownership. Media companies and FCC Republicans likely would oppose this plan.

• Instead of trying to pass all the ownership rules at once, the commission could try to approve them one at a time in an attempt to defuse resistance. Martin, a possible successor to Powell as FCC chairman, is the commission's strongest advocate of lifting the rule that forbids one company from owning a newspaper and television station in the same city. Copps and Adelstein fear that attempts to pass such rules "under the radar scope" would allow advocates to "accomplish piecemeal what they couldn't get whole," Copps said in a statement yesterday.

• The FCC can do nothing, leaving existing rules in effect. This would keep the newspaper-television cross-ownership ban in place but leave the FCC with no rule governing ownership of local television stations.

One rule now out of the FCC's hands determines how many television stations a network can own. FCC rules had said that one network could not own a group of stations reaching more than 35 percent of the national audience. The new FCC rules would have raised the limit to 45 percent.

The station-ownership limit became the most controversial of the rules and, ultimately, Congress fixed it in law at 39 percent in January 2004. The figure represents the percentage of audience reached by News Corp. and Viacom stations; were the figure set lower, the companies would have had to sell stations. It also prevents them from buying additional stations.