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Walt Disney Co.'s market capitalization is almost twice as big as Netflix Inc.'s. It operates the most successful movie studio in Hollywood, one of the most profitable channels on cable television and the biggest theme-park business in the world. Yet its pursuit of 21st Century Fox Inc.'s entertainment assets indicates that repositioning its television business to compete in the streaming, a-la-carte world Netflix dominates has become Disney's top priority.

Disney's TV operation alone is substantially larger than Netflix, but its growth has stalled while its digital competitor is booming. Netflix's revenue increased 32% in the first nine months of its current fiscal year to $8.4 billion and its operating income grew 163% to $593.4 million. In the first nine months of its fiscal year, Disney's TV revenue was flat at $18 billion and operating income fell 11% to $6 billion.

Recent talks for Disney to acquire Fox's entertainment cable networks and film and television studio, and stakes in European satellite broadcaster Sky and streaming television company Hulu, have stalled, and it is unclear whether they will restart, let alone result in a deal, according to people close to the discussions. Fox and Wall Street Journal parent News Corp . share common ownership.

In an interview before the Fox talks were reported this week, Disney Chief Strategy Officer Kevin Mayer said Disney has in the past decade spent $15 billion buying up "really high quality" intellectual property from Pixar Animation Studios, Marvel Entertainment and "Star Wars" producer Lucasfilm. "Now we've turned our attention to the one platform seeing growth challenges," he said. "That's the television platform."

That same logic applies to its pursuit of Fox's assets, analysts and people close to Disney said. The company is already in the midst of a multibillion-dollar effort to launch direct-to-consumer online video offerings, an effort that could be the final legacy of Chief Executive Robert Iger, who is scheduled to retire in 2019. That same year, Disney has said, it plans to launch a family-entertainment service featuring television shows and movies, including recent theatrical releases that currently stream on Netflix under a deal that ends next year and Mr. Iger intends to not renew.

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Next year, Disney aims to debut an ESPN streaming service featuring sports not currently available on television. Both will use technology from the streaming company BamTech, on which Disney this year spent $1.58 billion for majority control. Mr. Mayer described the streaming services as “not an anti-Netflix move, but a pro-Disney move.” He said he believes Disney’s video offerings can stand alongside Netflix’s, as well as Amazon.com Inc.’s streaming service, in a future where families subscribe to multiple digital-entertainment services.

But if Disney isn’t looking to take down Netflix, it is reckoning with the company’s success. In addition, Disney and other Hollywood studios now view Netflix less as a cash-rich buyer for its content than as a competitor, particularly as the digital company has moved aggressively into original production with hits like “Stranger Things” and even big-budget movies like the upcoming “Bright,” starring Will Smith.

In pulling its movies from Netflix in 2019, Disney gave up an estimated $300 million-plus a year, people with knowledge of the arrangement said. And while it currently produces Marvel superhero series like “Daredevil” for Netflix, new Marvel shows in the future are expected to live on the company’s own streaming service. “Netflix is eating the world,” said one veteran Hollywood executive. “The biggest challenge for Disney, and for all of us, is to compete with them.”

Buying Fox’s 30% stake in Hulu would give Disney majority control of that streaming service, which the company could position as an adult-targeted entertainment service that stands alongside its family and sports ones, said people close to the company. It could feature content produced by 20th Century Fox’s television studio, as well as those that air on the FX cable network, both of which Disney would buy under the stalled talks, said people close to Disney.

With Sky, Disney would get the dominant European pay-television distributor. Fox currently owns 39% of Sky and has bid $15.5 billion to buy the rest—an offer currently held up by U.K. regulatory review. Owning even part of a traditional TV distributor would be a big shift for Disney. But it would bring the company more in line with two of its biggest competitors: Cable giant Comcast Corp. , owner of NBCUniversal, and AT&T Inc., which owns DirecTV and has agreed to acquire Time Warner Inc.

Buying Fox would bring Disney one other significant asset that would make it a more formidable competitor in TV and film. Under a deal that dates back to the 1990s, Fox controls big- and small-screen rights to Marvel’s X-Men and other characters who have appeared in their comic books, as well as the Fantastic Four. Fox has produced 15 movies with its Marvel rights, including the hits “X-Men: Days of Future Past,” “Deadpool” and this year’s “Logan.” It has recently moved into television, with “Legion” on FX and “The Gifted” on the Fox network. Following an acquisition, Disney would consolidate its control of all its Marvel characters save for **Spider-Man, still at Sony Pictures Entertainment**, and could have them appear together in films and TV series. – ***Wall Street Journal***

A top AT&T Inc. executive warned for the first time that the company is unsure about the timing of its planned takeover of Time Warner Inc., as the combination of the telecom and media giants faces extended antitrust review. John Stephens, AT&T's chief financial officer, said Wednesday at a New York investor conference hosted by Wells Fargo that the timing of the transaction was "now uncertain." Just a few weeks ago, he told investors the company still expected the transaction to close later this year. Mr. Stephens didn't say anything Wednesday to suggest the deal won't be approved but pulled back from that earlier guidance. "I can't comment on those discussions, but with those discussions, I can now say that the timing of the closing of the deal is now uncertain," Mr. Stephens said.

AT&T agreed last year to buy Time Warner, the owner of HBO, CNN and Warner Bros. studios, in a cash-and-stock deal worth $85 billion. The Wall Street Journal last week reported the Justice Department was laying the groundwork **for a possible lawsuit to stop the deal** while at the same time negotiating with company executives. Shares of Time Warner fell 2% in Wednesday premarket trading, while AT&T shares rose slightly. AT&T shares have fallen sharply in recent weeks and Time Warner shares are trading at a wide discount to the implied offer price, as investors worry about the deal. – ***Wall Street Journal***

A panel of judges has denied a motion to quash a federal lawsuit charging that Pennsylvania's congressional maps **give Republicans an unfair electoral advantage**. The judges issued the ruling Tuesday after lawyers for the state's Republican leaders asked them to dismiss the case brought by five Pennsylvania voters against the governor and elections officials. Attorneys for House Speaker Mike Turzai and Senate President Pro Tempore Joe Scarnati said the legislative districts are lawful. But lawyers for the voters argue they were illegally drawn to favor one party over another. Republicans **won 13 of 18 congressional seats in the 2014 and 2016 elections** despite earning a little over 50 percent of the vote. The lawsuit also seeks to redraw lines before the 2018 midterm election. It's scheduled for trial in December. – ***Associated Press***

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