



## **Digital cinema dispute in 3-D Studios, theater owners told to settle fee issues**

**By DAVID S. COHEN**

NATO prexy John Fithian warned Sunday that the cinema industry is headed for "a potential train wreck" over 3-D if studios and theater owners do not settle their dispute over digital cinema fees in short order. And he noted that while heavyweights such as Jeffrey Katzenberg and James Cameron were early and ardent supporters of digital, key helmers like Steven Spielberg remain on the fence.

Fithian, in his keynote address to the Digital Cinema Summit at NAB in Las Vegas, noted that there are 10 major studio 3-D releases skedged for 2009, including DreamWorks Animation's "Monsters vs. Aliens" and Fox's Cameron opus "Avatar," but "we don't have the screens for them. We have less than 1,000 3-D screens in the U.S. and fewer than that in the rest of the world."

Yet negotiations between the studios and theater owners are at something of an impasse, said Fithian, as studios try to reduce the Virtual Print Fee that helps defray exhibitors' costs to install digital cinema systems.

"Unless the deals are done in the next month or two, we won't have time to do the installations in time," said Fithian, adding that manufacturing, integration and testing take time.

"We literally need the deals now to make the slate work. If the studios want this to happen in time for 2009, the deals have to be struck, and they have to be struck right now."

The hardtop org chief pointed to two major exhibitor groups that have yet to strike d-cinema deals: the Cinema Buying Group, which negotiates for some 8,000 independent screens; and Digital Cinema Implementation Partners, which is negotiating for some 14,000 Regal, AMC and Cinemark screens.

"The next two months are crucial" Fithian told *Variety* after his address. "If those deals get done, we have 22,000 screens and we're off and running. If they don't, we have a problem."

Fithian told the Digital Cinema Summit the essential elements for the transition to digital projection are now in place: uniform technical standards, high quality and working business models. Digital projection, he said, is now superior to film, though he conceded, "There are still a few who don't quite get it."

"You've all heard Jeffrey Katzenberg as one of the great priests of digital cinema. He and Jim Cameron have (done) more to push digital cinema than anyone else in the industry. But his partner Steven Spielberg is not convinced." Fithian said there is an ongoing struggle to get a full digital release for "Indiana Jones and the Kingdom of the Crystal Skull."

"If we haven't convinced Steven Spielberg yet, we're not quite done," Fithian said.