MOVIESONTHENET

The Matrix off the Net

By Peter Goddard

The 52nd Cannes International Film Festival last May was to have been the year Canada ruled. David Cronenberg headed a distinctly Cronenbergian jury. (After all, we're talking Jeff *The Fly* Goldblum and Holly *Crash* Hunter as jury members.) Atom Egoyan had *Felicia's Journey* and no other nation was hot at the time—well, except Belgium (who would have guessed?) and *Rosetta*, the Palme d'Or winner for the Dardenne brothers, Jean–Pierre and Luc.

But that wasn't the case in what can only be described as an unsettled and eventually unsettling year at the mother–of–all–festivals. Instead of Canada, Cannes saw another emerging power creep into the festival consciousness, sending a chill up and down the otherwise sunny–side–up Croisette—the Net effect. And as always, what starts with Cannes has implications for festivals elsewhere, not excluding the Toronto International Film Festival. What began at Cannes also points directly to the other, newest "festival" on the block, Digital Hollywood, from Sept. 27–30 at the Beverly Hills Hilton.

Okay, so Digital Hollywood is more of a trade show and brush–up session than your regular movie festival, with links to the consumer electronics industry. No single film from Burkina Faso will be screened at Digital Hollywood, you can be sure. And the paparazzi aren't going to be clamouring to snap the Webmeisters and digital gurus telling Hollywood what their business is going to look like five years hence.

But the most immediate fallout of Digital Hollywood will be the warning to other film festivals that they may be out of business before you can say Gilles Jacob. Cannes was given its warning in an open letter to all the movers and groovers at the festival from a nobody named Scott Sander. Make that ex–nobody. Sander is president of Sightsound.com, a small Internet company that has aims to be a giant Internet company via the film business. And Sander *will* get his way, more likely or not.

Even as university–based computer hotshots were downloading *Stars Wars: The Phantom Menace* last May, Sander was reminding the film folk at Cannes what had happened to the record business that had ignored the threat of the Internet. Instead of co–opting the Net, Sony, BMG and other major players chose to reject it and ignore the implications it had for them. Rather than forming significant partnerships with the major Internet players, the music business went into a reactionary we've–got–the–power stance, leaving it vulnerable to the uncontrolled aspects of the Net.

Ironically, it was not audio piracy that proved to be the music industry's weak spot. It was its very own artists who found in the Net a way of marketing and distributing their product without the need of the middle people—like all the major players, for a start. The same can be true for the movie business. The shock/horror increased when the recording industry finally caved into the Internet pressure only to find that its product was already being downloaded for free, anyway. For an industry built on street–level savvy, the Net proved to be the new main street around every block. And the music industry hasn't begun to recover. It may never see anything like its glory days in the 1970s and 1980s being repeated.

So don't let what happened to the music business happen to you, was Sander's warning. "Maybe you should start thinking about how you're going to distribute your movies tomorrow," went his open letter in *The Hollywood Reporter*, "because that's how soon an 18–year–old kid could be doing it for you on the Internet, for free." Digital technology makes film production and postproduction both a lot cheaper, says Ana Serrano, director of MediaLinx at the Canadian Film Centre, "but with the Internet there's a whole new game. At the end of the day, movies will be distributed to cinemas with the new emerging production companies turning into distribution companies."

In short, the Net circumvents Hollywood's integrated production/ distribution/marketing structure. The structural changes resulting from the recent megamergers will look like a Sunday tea party compared to the seismic shakeup from Internet power. And it's started already. The numbers vary, but somewhere between 70 and 100 films—mostly the usual suspects like *Armageddon* and *The Matrix*—can already be downloaded from the Net. (Provided you have the proper software, Ed's note.) So far, however, only the most powerful computers, usually found at universities can do the job properly with their broadband capabilities. Industry sources now estimate the cost to the industry of Net piracy to be in the billions of dollars.

And what Sander and other Net–experts want the film business to understand is that for them, the real danger is not the Internet piracy via broadband downloading, but from Internet sales. This can be a potential double–whammy for some films—such as *Star Wars: The Phantom Menace*—released on different dates around the world—but which can be downloaded via the Net long before local theatrical release. And without any means of policing what's sold via the Internet, pirated movies—new releases prominent among them— can be sold without a dime finding its way back to its owners.

Inevitably, the Internet will become the new Blockbuster, as the Net becomes the new medium for cassette viewing and sales. So what's stopping an Internet site offering, for a specific period of time, films chosen by experts from around the world, where certain directors are honoured and particular national cinemas are recognized? Prizes can be given. Why not call it an International Film Festival? You won't have to lose anything on the currency exchange. •