

Studios Look to Canadian Policy to Chill Pirates

FILM: Independent firms team up to push tougher approach to enforcement.

By **SANDRO MONETTI** Staff Reporter

Independent film companies in Los Angeles say they face extinction unless anti-piracy measures are beefed up fast, which is why a newly formed alliance of mini-studios is pushing for a domestic anti-piracy measure to be replaced with more aggressive Canadian rules.

"We have to stand up now and fight because otherwise smaller companies like ours are all going to be dead within five years," said **Mark Gill**, president of Miracle Mile production company **Millennium Films**, which lost an estimat-

ed \$161 million from piracy of its 2014 blockbuster "Expendables 3."

While major studios can better afford to take a hit from piracy, Gill and others argue, the explosion of illegal downloads threatens the survival of smaller content creators. That's why such firms formed the **Internet Security Task Force**, which has retained Washington lobbyists to pressure lawmakers to get tough with the pirates.

"None of this is governed by the rule of law and we're fighting for it to be," said Gill, speaking from the Cannes Film Festival in France. "The first way to battle our death sentence is to rapidly replace the ineffective safe-



Gill

guards that are currently in place."

The task force, formed last month by Millennium and other local film companies, took its first major policy stance last week in calling for an end to the Copyright Alert System, an anti-piracy plan voluntarily used by U.S. movie studios and leading Internet service providers.

That system is up for renewal in July and the task force wants to see it replaced with what members see as a more effective system set up by the Canadian Copyright Modernization Act. That law cracks down on pirates right away by compelling Internet service providers to send cease-and-desist notifications to customers the very first time they download pirated content and to follow up with warnings of penalties to come if they continue to download illegally.

The Copyright Alert System, by contrast,

alerts Internet users that they have downloaded pirated content but takes no immediate action. And task force members question how many alerts even get put through.

The Center for Copyright Information, which implements the Copyright Alert System, did not return calls for comment.

The task force and other groups, including San Francisco digital rights advocacy outfit **Electronic Frontier Foundation**, call the alert system a "six-strikes" rule because it gives pirates as many as six warnings, with penalties such as reduced download speeds kicking in only after several warnings.

"Would any American retailer wait for someone to rob them six times before handing them an educational leaflet? Of course not. They'd call the cops the first time around," said **Nicholas Chartier**, chief executive of West L.A.'s **Voltage Pictures**, a task force member and the film company behind Academy Award winning dramas "Dallas Buyers Club" and "The Hurt Locker."



Chartier

Canadian success

Canada has experienced sizable decreases in piracy since its new rules took effect in January. Major Internet service providers in that country reported decreases ranging from 15 percent to 69 percent, according to data collected by Beverly Hills Internet security firm **CEG TEK International** and cited by the task force.

Those results have prompted the task force to write to all major participants in the Copyright Alert System — including the **Motion Picture Association of America**, the **Independent Film and Television Alliance**, **Comcast** and **Time Warner Cable** — urging them to let the system expire in July and sign up for a replacement set of industry standards, suggesting those be the tougher guidelines used in Canada.

Members of the task force are all small film industry businesses that have been deeply affected by piracy. The co-founding members are Beverly Hills film finance and production company **Sierra/Affinity**; Beverly Hills film sales company **Bloom**; bicoastal film finance and production company **FilmNation Entertainment**; **Voltage**; and **Millennium**, which was especially hard hit when its "Expendables 3" leaked online three weeks ahead of its theatrical release last summer.

After the leak, the film took in \$206 million at the worldwide box office, down sharply from the \$305 million generated by the second film in the action franchise.

Gill said the film has been viewed online illegal more than 60 million times and estimates the resulting loss of theatrical and home entertainment revenue is \$161 million, based on data collected by CEG TEK.

Before the same fate can befall Millennium's next big release, October's "London Has Fallen" with **Gerard Butler** and **Morgan Freeman**, Gill wants the whole industry to get serious about copyright infringement so firms like his still have content to sell rather than continuing to see it stolen.

Along with pushing for an end to the Copyright Alert System, the task force has retained Washington, D.C., lobbying firm **Heather Podesta and Partners** to push for stricter federal piracy laws.

But such laws have been a tough sell so far. In 2012, the Stop Piracy Online Act was sidelined after protests from Internet companies and users that the proposed legislation would be too restrictive. And **Voltage** sparked an Internet outcry in 2010 when the company filed suit against 5,000 Web users via their IP addresses, seeking damages for unlawful downloads of "Hurt Locker."

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