

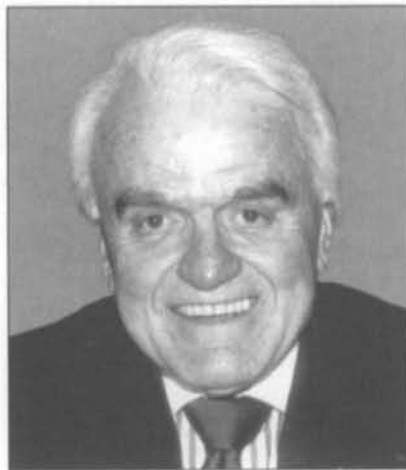
MR. VALENTI WAS UNABLE TO ATTEND THE CONFERENCE, BUT PRESENTED HIS ADDRESS VIA SATELLITE.

## KEYNOTE SPEECH—INDUSTRY LUNCHEON

Jack Valenti

President Johnson used to tell a story about a young farmer in the hill country in Texas who, with a friend, was stretched out on a small hill watching two trains going lickety-split in opposite directions on the same track. The young farmer got up and started to run. "Where you going," asked his friend. He responded, "I'm going to get my brother." His friend, incredulous, said, "Why in hell are you going to get your brother?" The answer came quickly: "Cause he ain't never seen a train wreck." I ought to go get my brother, if I had one, because there's another great train wreck about to happen. Roaring south is one train carrying Copyrighted Creative Material, and rattling north on the same track is a train marked "If it's on the Internet, it's FREE to everyone."

No one doubts that this wracked and weary planet is now inhabited by magical new technology that may well be the most significant entry into the society since Gutenberg's invention of movable type and the advent of television. No one has yet demonstrated the visionary wisdom to forecast with any precision where all this legerdemain



will ultimately take us. Those who grapple with that query usually contradict each other.

What we do know is that the binary number world, whose progeny is the Internet, is at this moment roiling and tormenting long-accepted laws, rooted in Article I, Section 8 of the Constitution, which protect the intellectual property of authors/creators.

The music industry has been overrun by web sites that allow and guide hordes of eager web surfers to bring down, easily and intact, huge numbers of musical works without the permission of the authors and without compensation to them. Napster is the most publicized example of this rapidly mounting theft. What music is now encountering, movies will confront shortly.

What is both amusing and unacceptable is the pious pleadings of investors in these "snatcher web sites" who insist they are only interested in helping the little guy share a few files, nothing more; as well as offering artists the gift of distributing their works for free. This devotion to promoting young artists would play better if they got the artists' permission before they conferred on them this beneficent embrace. These sites, like Napster and Scour.net, entice millions of dollars from investors who are not known for web philanthropy but who, like most Americans, want to profit from their funding. If they felt otherwise, why not give their money to the United Way instead? Their piety is best measured by Disraeli's wry comments in another setting, "This may be compared to the liquefaction of St. Januarius' blood; the remedy is equally efficient and equally a hoax."

The courts are at this moment examining in lustrous detail all the claims by web sites that what they are doing is merely file sharing, or engaging in free speech, or fair use, or reverse engineering, or other implausibilities. So far the courts have steadfastly refused to grant any hospitality to these web site rebuttals. The courts' decisions thus far have confirmed that copyright is guarded by constitutional sentries and

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## REPORT—142nd SMPTE TECHNICAL CONFERENCE & EXHIBITION



congressional mandates and cannot be invaded by new technology no matter how mesmerizing its gadgetry may be.

No one seems to want to look rationally at the bleak alternative. If the courts and/or the Congress cave before arguments bent out of shape by torturous legal meanderings, then a simple question must be asked: "Who will make large investments in creative works if on their first unveiling millions of web-snatchers with broadband access can download without paying a penny to those who created the material and those who funded it?" Why should anyone, in the name of good sense, risk all when the investment return is seriously hobbled, perhaps fatally, by free access to their products?

Who are the victims? The web-snatchers say, "Maybe it's stealing, but everyone is doing it, and besides the movie companies are already too rich and too greedy, so everything is ripe for the taking." Hello?

Moreover, no one wants to bear witness to the new moral ethic which now infects young elementary, high school, and college students, who are growing up with a defective frame of reference which in essence says "Hey, if it's there on the Internet, and I can take it down without paying for it, I'm taking it down." While it may be spiritually untidy to speak about "ethics" and "time-tested values," they cannot be dismissed in any society that lays claim to civic durability. Technology may make it easy to steal, but it doesn't make it right! Absent that plain-spoken truth, we are all collaborators in an anemic moral complacency.

Who are the victims of the mounting improper seizure of copyrighted material? The victims are not just the film studios and the collapse of a distinction between right and wrong. There are the artists, the composers, craftsmen, guild members (actors, writers, directors, producers), the craft unions, support staff, technicians, professionals who man the production and post-production companies, not to mention grips and gaffers, costumers, recording engineers, computer animators. The catalog goes on and on—all of whom, and their families, depend mightily on the unobstructed ability to legitimately offer creative works to those who choose to buy them.

The national economy is also injured. If creative investment dries up and virtually disappears, so will an immense chunk of the billions of dollars in surplus balance of trade gathered by the exhibition of America's films in every country, so warmly welcomed today by every creed and culture. The export of America's intellectual property is an enlarging and indispensable asset which helps sustain and expand America's glowing prosperity. But without the protection of copyright, the national economy is the loser.

We in the movie industry believe that the internet will become a huge new marketplace wherein we can dispatch our films to homes in this country and around the globe. We welcome it. What is required of us, however, is to use technology to defeat thievery. Or to put it another way, to be able to dispatch our movies in a safe, secure environment to those who choose pay a fair and reasonable price to watch them.

Otherwise we are beating our wings in a dark and fruitless void.

The Motion Picture Association has constructed a new department, Digital Strategies, whose mandate, first, is to make certain our valuable creative works can be fitted with protective garments to guard their journey from web site to family homes and, second, to be able to roam and inspect the Internet so that whenever some new "snatcher site" comes onstream, we will know it instantly and take whatever remedial action is required. We are enlisting the best brains in cyberspace to help us in this task. I am confident that if technology today seems at times to be our antagonist, technology is sure to be our most valued friend and guardian tomorrow.

The national society is unable to totally erase crime in the cities, but communities can keep it to a tolerable level so that most families can live a life comparatively free of marauders and muggers. That is the same environment which is indispensable to the transport of highly prized, greatly sought after, creative works.

The member companies of the Motion Picture Association, seven studios who are the largest producers and distributors of films, TV programs, and home video in all the known world, are seriously committed to marketing movies on the Internet.

We believe that in the years just ahead, an internet environment where valuable copyrighted works will be transported without being stolen can most assuredly be constructed. That is the objective to which all of our labors are aimed. It is a goal we are determined to reach.