

ESTTA Tracking number: **ESTTA319952**

Filing date: **12/02/2009**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Notice of Opposition

Notice is hereby given that the following party opposes registration of the indicated application.

Opposer Information

Name	REAL D
Granted to Date of previous extension	12/02/2009
Address	100 North Crescent Drive Suite 120 Beverly Hills, CA 90210 UNITED STATES

Attorney information	Tara M. Reedy Sonnenschein Nath & Rosenthal LLP P.O. Box #061080 Wacker Drive Station, Willis Tower Chicago, IL 60606-1080 UNITED STATES trademarks@sonnenschein.com, ttab@sonnenschein.com, treedy@sonnenschein.com, cbeen@sonnenschein.com, rmailand@sonnenschein.com
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Applicant Information

Application No	77663183	Publication date	08/04/2009
Opposition Filing Date	12/02/2009	Opposition Period Ends	12/02/2009
Applicant	Trends International, LLC 5188 West 74th Street Indianapolis, IN 46268 UNITED STATES		

Goods/Services Affected by Opposition

Class 016. First Use: 2008/00/00 First Use In Commerce: 2008/00/00
All goods and services in the class are opposed, namely: posters

Grounds for Opposition

Priority and likelihood of confusion	Trademark Act section 2(d)
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Mark Cited by Opposer as Basis for Opposition

U.S. Registration No.	3410242	Application Date	10/23/2003
Registration Date	04/08/2008	Foreign Priority Date	NONE
Word Mark	REAL D		
Design Mark			

Description of Mark	NONE
Goods/Services	Class 009. First use: First Use: 2005/07/31 First Use In Commerce: 2005/07/31 Digital 3D theater and home cinema systems, namely, digital motion picture projectors; polarized eyewear and shutter glass eyewear that decode stereo 3D images projected onto a screen, to allow the wearer to view the 3D images; active polarizers and emitter sensors combined with the above described eyewear and synchronized with above described digital projectors, for coordinating synchronization and decoding of discrete left/right eye images; and specialized computers and control software for receiving, storing and playing back 3D motion pictures and their sound tracks

Attachments	Notice of Opposition.pdf (9 pages)(26581 bytes) Exhibit A.pdf (7 pages)(1216332 bytes) Exhibit B.pdf (3 pages)(531605 bytes) Exhibit C.pdf (11 pages)(3082809 bytes) Exhibit D.pdf (13 pages)(3400839 bytes) Exhibit E.pdf (4 pages)(599921 bytes) Exhibit F.pdf (5 pages)(951288 bytes) Exhibit G.pdf (30 pages)(8499597 bytes) Exhibit H.pdf (6 pages)(1321446 bytes) Exhibit I.pdf (5 pages)(1005656 bytes)
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Certificate of Service

The undersigned hereby certifies that a copy of this paper has been served upon all parties, at their address record by First Class Mail on this date.

Signature	/tara m. reedy/
Name	Tara M. Reedy
Date	12/02/2009

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of App. Ser. No. 77/663,183)	
)	
REAL D,)	
)	
Opposer,)	
)	
v.)	Opposition No. _____
)	
TRENDS INTERNATIONAL, LLC,)	
)	
Applicant.)	

NOTICE OF OPPOSITION

Opposer, Real D, a corporation organized under the laws of the State of California, having offices at 100 North Crescent Drive, Suite 120, Beverly Hills, California 90210, believes that it will be damaged by the registration of Application Serial No. 77/663,183, and hereby opposes registration of the same under 15 U.S.C. §§ 1052(d), and 1063.

BACKGROUND

1. On February 4, 2009, Trends International LLC (“Applicant”) filed Application Serial No. 77/663,183, for the designation REAL-D 3-D POSTERS for “posters” in International Class 16 (the “Application”), claiming a date of first use in commerce at least as early as 2008.

2. The United States Patent and Trademark Office published the Application for opposition in the Official Gazette on August 4, 2009, allowing time to oppose said application up to and including September 3, 2009. On August 27, 2009, Real D filed a 90 Day Request for Extension of Time to Oppose until December 2, 2009. The Trademark Trial and Appeal Board granted Real D’s Request for Extension of Time. As a result, Real D has timely filed this Notice of Opposition.

3. Since 2005, Real D has offered consumers a motion picture experience through technology that presents motion pictures in REAL D® three-dimensional (3-D) form. Real D

manufactures, sells, licenses and distributes technology and equipment for 3-D systems used in cinema, home, office, scientific, and research and development settings under its REAL D® mark.

4. Real D is the owner of common law rights in the trademark REAL D for its 3-D motion picture experience. Real D also owns U.S. Trademark Registration No. 3,410,242 for the REAL D® mark for 3-D equipment and technology used to display and view 3-D motion pictures which was registered April 8, 2008, with a priority date of October 23, 2003 (the “Registration”). A true and accurate copy of said Registration and current status from the USPTO *TARR* database is attached hereto and marked as Opposer’s Exhibit A.

5. Since at least as early as July 31, 2005, Real D has continuously used its REAL D mark in connection with a 3-D motion picture experience for consumers. Real D licenses its technology to cinema exhibitors and movie theater operators across the United States, as well as many theaters abroad. These exhibitors and operators, through a license of Real D’s REAL D mark, advertise, promote and exhibit 3-D motion pictures using Real D technology under the REAL D® mark.

6. Consumers are exposed to the REAL D mark as the brand for Real D’s motion picture experience in various advertisements for the movies shown with the REAL D® technology. The REAL D mark appears in movie posters, theatrical trailers, television advertisements, newspaper advertisements, movie listings in print and online, and on the Real D website www.reald.com. For example, copies of movie listings displaying the REAL D mark are attached hereto and marked as Opposer’s Exhibit B.

7. Consumers who see a motion picture advertised as shown with REAL D® technology are subject to a REAL D 3-D motion picture experience that begins when they choose a REAL D®-equipped theater in the movie listings or advertisements in newspapers and online at online ticketing sites such as Fandango, and continues when they go to the movie theater. The REAL D mark appears on signage outside of movie theaters and on movie posters in theater lobbies promoting the REAL D experience. Consumers are handed a pair of REAL D®-branded eyeglasses to view the 3-D images in the movie. The REAL D mark also appears

on a movie trailer shown before the motion picture. Examples of signage, posters displayed in movie theaters, and screen images from a movie trailer promoting the REAL D 3-D experience, shown in movie theaters across the country and available on the Real D website, are attached hereto and marked as Opposer's Exhibit C.

8. The public is widely exposed to the REAL D mark in connection with motion pictures, including through advertising, movie listings, theatrical trailers and movie posters. In addition to identifying the equipment and technology described in the REAL D® Registration, the REAL D mark functions as a source identifier for a type of motion picture experience advertised to and encountered by consumers on a daily basis.

9. To further enhance the REAL D consumer experience outside of the motion picture theaters, movie posters displaying the REAL D mark also are sold to the public. Copies of selected posters from the movies *Cloudy with a Chance of Meat Balls*, *Monsters vs. Aliens*, *Coraline*, *Battle for Terra*, *Toy Story*, *Toy Story 2* and *Final Destination*, available for purchase on third party websites, are attached hereto and marked as Opposer's Exhibit D.

10. These posters displaying the REAL D mark are offered on websites such as stores.channeladvisor.com, www.movieposters.com, www.ecrater.com and shot.vendio.com. See Opposer's Exhibit D. Real D is pursuing plans to offer movie posters displaying the REAL D mark to the public through general retail channels.

11. Consumers have been exposed to the REAL D mark in connection with a 3-D motion picture experience since at least as early as November 4, 2005, when the 3-D movie *Chicken Little* was released in cinemas across the United States.

12. The exposure of consumers to the REAL D mark has continued with the release of over twenty-three (23) movies and special events advertised as shown with REAL D® technology since 2005 in movie theaters across the country. These include the following titles: *Monster House*, *Meet the Robinsons*, *The Nightmare Before Christmas*, *Beowulf*, *Hannah Montana & Miley Cyrus: Best of Both Worlds*, *U2 3D*, *Journey to the Center of the Earth*, *Fly*

Me To The Moon, Bolt, Jonas Brothers: The 3D Concert Experience, Battle for Terra, My Bloody Valentine, Monsters vs. Aliens, Coraline, Ice Age: Dawn of the Dinosaurs, X-Games 3D, Up, G-Force, Final Destination, Cloudy With A Chance of Meat Balls, A Christmas Carol, Toy Story and *Toy Story 2*. Print-outs from Opposer's website www.reald.com listing released films advertised as shown with REAL D® technology are attached hereto and marked as Opposer's Exhibit E.

13. Consumers will continue to be exposed to Real D's motion picture experience in a number of highly anticipated and widely publicized films slated to be released in the end of 2009 through 2010 which are currently being advertised to the public in connection with the REAL D mark. These new motion pictures include *Avatar, Alice in Wonderland, How to Train Your Dragon* and *Toy Story 3*. A print-out from Opposer's website www.reald.com listing upcoming films advertised as shown with REAL D® technology are attached hereto and marked as Opposer's Exhibit F.

14. Real D has made extensive advertising expenditures resulting in substantial sales and has developed substantial goodwill in the REAL D mark. The REAL D mark is regularly advertised and promoted in print and other media, placement in movie theaters around the country, and on Real D's website. *See, e.g.,* Opposer's Exhibits B, C, E and F.

15. Real D has received widespread and favorable press coverage in general circulation and industry publications. Real D has been discussed on CBS' *60 Minutes*, Fox News' *Foxlight* and NBC's *Squawk on the Street*. Articles about Real D have appeared in the *Wall Street Journal, New York Times, Los Angeles Times, USA Today, Reuters, MovieScope, Fortune, Forbes, Fast Company, Saturday Night Magazine, Financial Times, Daily Variety, Hollywood Reporter, Wired, Milwaukee Journal Sentinel, Christian Science Monitor, Popular Mechanics, Associated Press, Time* and *Bloomberg*. Copies of selected articles discussing Real D are attached hereto and marked as Opposer's Exhibit G.

16. As stated in its application, Applicant adopted the designation REAL-D 3-D POSTERS for posters approximately five years after Real D's priority rights in its REAL D®

mark, and three years after Real D began using REAL D as a brand for its 3-D motion picture experience. Real D has been unable to locate any other uses of the designation REAL-D 3-D POSTERS by Applicant. Upon information and belief, Applicant uses or intends to use the designation REAL-D 3-D POSTERS in the same manner in which the designation REAL-D is used as described herein.

17. Applicant uses the designation REAL-D on its website to promote the sale of 3-D movie posters. Printouts from Applicant's website, www.trendsinternational.com, showing Applicant's use of REAL-D in connection with 3-D posters, are attached hereto and marked as Opposer's Exhibit H.

18. Applicant's website promotes movie posters under the designation REAL-D for movies which were advertised as shown using REAL D® technology. Copies of selected posters promoted on Applicant's website, www.trendsinternational.com, for movies which were advertised as shown using REAL D® technology, are attached hereto and marked as Opposer's Exhibit I. *Compare* Opposer's Exhibit I (*Toy Story, Avatar*) to Opposer's Exhibit D (*Toy Story*) and Opposer's Exhibit F (*Avatar*).

19. Upon information and belief, Applicant's posters are marketed and sold under the designation REAL-D or REAL-D 3-D to big box retailers including Target and Wal-Mart.

20. Real D has used the REAL D mark in connection with providing a motion picture experience and 3-D technology continuously since at least as early as July 31, 2005, with a priority date of October 23, 2003.

21. Real D's rights in the REAL D mark have priority over the Application which claims first use of the mark REAL-D 3-D POSTERS for posters in 2008.

22. Applicant had constructive notice of Real D's federal trademark registration for its REAL D® mark issued April 8, 2008, prior to the filing of the Application on February 4, 2009, and may also have had constructive notice of Real D's Registration before Applicant commenced use of the designation at issue in 2008. On information and belief, Applicant also

likely had actual notice of Real D's REAL D mark before Applicant commenced use of the designation at issue in 2008.

LIKELIHOOD OF CONFUSION

23. Applicant's application for, and claimed use of, the designation REAL-D 3-D POSTERS for posters so resembles Real D's nationwide common law and registration rights for the REAL D mark as to be likely to cause confusion, mistake, or deception under Section 2(d) of the Trademark Act, 15 U.S. C. § 1052(d).

24. The designation REAL-D 3-D POSTERS in the Application is similar to, and incorporates the whole of, Real D's REAL D mark. The additional verbiage in the designation at issue, 3-D POSTERS, merely adds descriptive wording for the goods identified in the Application, namely, posters. In fact, on its website Applicant drops the descriptive wording in the designation to use REAL-D alone for 3-D posters.

25. Applicant claims to use the designation REAL-D 3-D POSTERS in connection with posters, which are goods that are closely related to, nearly identical to, or complementary to goods and services offered under Real D's REAL D mark. Applicant uses the designation REAL-D in connection with movie posters, including movie posters that are advertised as being 3-D posters. Applicant's website promotes posters under the designation REAL-D for movies which were advertised as shown using REAL D® technology. Consumers are likely to reasonably believe that the goods offered by Applicant under the designation REAL-D 3-D POSTERS are offered or otherwise sponsored or endorsed by Real D, the owner of the REAL D mark which has been used widely in connection with consumers' 3-D motion picture experience, including REAL D® technology, REAL D® -branded eyeglasses to view 3-D images, and movie posters displaying the REAL D mark and sold to the public.

26. The goods in the Application are presumed to move through all of the ordinary and usual channels of trade for such posters, and may be sold to consumers who have been exposed to movies advertised as shown using REAL D® technology and who have enjoyed the

REAL D 3-D motion picture experience. These posters also may be sold to consumers who have purchased movie posters displaying Real D's REAL D mark. The overlapping channels of trade also show that consumers are likely to be confused between the designation REAL-D 3-D POSTERS in the Application and Real D's rights in the REAL D mark.

27. Real D has priority rights in its REAL D mark that existed long before Applicant's claimed first use of the designation at issue.

28. Real D is entitled to protection of the goodwill in its REAL D mark and REAL D® Registration against confusingly similar marks.

29. Upon information and belief, Applicant adopted and commenced use of the designation REAL-D 3-D POSTERS with the intent to trade off the goodwill represented by the REAL D mark and the REAL D® Registration.

30. If the Application were allowed to register, purchasers of posters sold under the designation REAL-D 3-D POSTERS are likely to be confused into believing that Applicant's goods originated from or are connected with, or are sponsored, licensed, endorsed or approved by Real D, or its REAL D mark or goods or services, all to Real D's detriment. Registration of the designation REAL-D 3-D POSTERS by Applicant would allow Applicant to wrongfully appropriate Real D's valuable goodwill and reputation associated with its REAL D mark.

31. As a result of the likelihood of confusion that would be caused by Applicant's proposed registration and use of the designation REAL-D 3-D POSTERS, issuance of a registration based on the Application will result in damage and injury to Real D. Applicant's registration of the designation REAL-D 3-D POSTERS would allow Applicant an unqualified right (a) to wrongfully appropriate Real D's goodwill and reputation associated with the mark REAL D; (b) to benefit from the likely confusion among purchasers as to the source or sponsorship of goods offered in connection with the REAL-D 3-D POSTERS mark; and (c) to harm Real D's goodwill and reputation associated with the mark REAL D by allowing any fault with or objection to Applicant's goods to reflect adversely upon Real D.

WHEREFORE, Real D prays that the Board sustain this Notice of Opposition and refuse to register Application Serial No. 77/663,183.

Real D hereby appoints Carol Anne Been, Tara M. Reedy and Sonnenschein Nath & Rosenthal LLP, P.O. Box #061080, Wacker Drive Station, Sears Tower, Chicago, IL 60606-1080, as its representative upon whom notices and process in proceedings affecting this proceeding may be served.

Respectfully submitted,
Real D

By: /s/ /Carol Anne Been/
One of its Attorneys

Dated: December 2, 2009

Carol Anne Been
Tara M. Reedy
SONNENSCHN NATH & ROSENTHAL LLP
P.O. Box #061080
Wacker Drive Station
Willis Tower
Chicago, Illinois 60606-1080
Tel. No. 312-876-8000
Facsimile No. 312-876-7934

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF OPPOSITION to be served upon:

**DAVID A.W. WONG
BARNES & THORNBURG LLP
11 S MERIDIAN ST
INDIANAPOLIS, IN 46204-3506**

by placing same in an envelope, properly sealed and addressed, with postage prepaid and depositing same with the United States Postal Service on this 2nd day of December, 2009.

/s/ /tara m. reedy/

Tara M. Reedy

Filed with the TTAB via
ESSTA on December 2, 2009

12681046

EXHIBIT A

Int. Cl.: 9

Prior U.S. Cls.: 21, 23, 26, 36, and 38

United States Patent and Trademark Office

Reg. No. 3,410,242

Registered Apr. 8, 2008

**TRADEMARK
PRINCIPAL REGISTER**

REAL D

REAL D (CALIFORNIA CORPORATION)
SUITE 120
100 NORTH CRESCENT DRIVE
BEVERLY HILLS, CA 90210

FOR: DIGITAL 3D THEATER AND HOME CINEMA SYSTEMS, NAMELY, DIGITAL MOTION PICTURE PROJECTORS; POLARIZED EYEWEAR AND SHUTTER GLASS EYEWEAR THAT DECODE STEREO 3D IMAGES PROJECTED ONTO A SCREEN, TO ALLOW THE WEARER TO VIEW THE 3D IMAGES; ACTIVE POLARIZERS AND EMITTER SENSORS COMBINED WITH THE ABOVE DESCRIBED EYEWEAR AND SYNCHRONIZED WITH

ABOVE DESCRIBED DIGITAL PROJECTORS, FOR COORDINATING SYNCHRONIZATION AND DECODING OF DISCRETE LEFT/RIGHT EYE IMAGES; AND SPECIALIZED COMPUTERS AND CONTROL SOFTWARE FOR RECEIVING, STORING AND PLAYING BACK 3D MOTION PICTURES AND THEIR SOUND TRACKS, IN CLASS 9 (U.S. CLS. 21, 23, 26, 36 AND 38).

FIRST USE 7-31-2005; IN COMMERCE 7-31-2005.

SN 78-318,006, FILED 10-23-2003.

JASON LOTT, EXAMINING ATTORNEY

Thank you for your request. Here are the latest results from the [TARR web server](#).

This page was generated by the TARR system on 2009-12-02 14:48:31 ET

Serial Number: 78318006 [Assignment Information](#) [Trademark Document Retrieval](#)

Registration Number: 3410242

Mark (words only): REAL D

Standard Character claim: No

Current Status: Registered.

Date of Status: 2008-04-08

Filing Date: 2003-10-23

Transformed into a National Application: No

Registration Date: 2008-04-08

Register: Principal

Law Office Assigned: LAW OFFICE 113

If you are the applicant or applicant's attorney and have questions about this file, please contact the Trademark Assistance Center at TrademarkAssistanceCenter@uspto.gov

Current Location: 650 -Publication And Issue Section

Date In Location: 2008-03-01

LAST APPLICANT(S)/OWNER(S) OF RECORD

1. REAL D

Address:

REAL D
Suite 120 100 North Crescent Drive
BEVERLY HILLS, CA 90210
United States

Legal Entity Type: Corporation

State or Country of Incorporation: California

GOODS AND/OR SERVICES

International Class: 009

Class Status: Active

Digital 3D theater and home cinema systems, namely, digital motion picture projectors; polarized eyewear and shutter glass eyewear that decode stereo 3D images projected onto a screen, to allow the wearer to view the 3D images; active polarizers and emitter sensors combined with the above described eyewear and synchronized with above described digital projectors, for coordinating synchronization and decoding of discrete left/right eye images; and specialized computers and control software for receiving, storing and playing back 3D motion pictures and their sound tracks

Basis: 1(a)

First Use Date: 2005-07-31

First Use in Commerce Date: 2005-07-31

ADDITIONAL INFORMATION

(NOT AVAILABLE)

MADRID PROTOCOL INFORMATION

(NOT AVAILABLE)

PROSECUTION HISTORY

NOTE: To view any document referenced below, click on the link to "Trademark Document Retrieval" shown near the top of this page.

2009-07-20 - Attorney Revoked And/Or Appointed

2009-07-20 - TEAS Revoke/Appoint Attorney Received

2008-04-08 - Registered - Principal Register

2008-03-01 - Law Office Registration Review Completed

2008-03-01 - Assigned To LIE

2008-02-05 - Allowed for Registration - Principal Register (SOU accepted)

2008-01-25 - Statement of use processing complete

2007-12-21 - Amendment to Use filed

2007-12-21 - TEAS Statement of Use Received

2007-09-17 - Extension 5 granted

2007-06-15 - Extension 5 filed

2007-07-10 - Attorney Revoked And/Or Appointed

2007-07-10 - TEAS Revoke/Appoint Attorney Received

2007-06-15 - Attorney Revoked And/Or Appointed
2007-06-15 - TEAS Revoke/Appoint Attorney Received
2007-06-15 - TEAS Extension Received
2007-02-15 - Extension 4 granted
2006-12-13 - Extension 4 filed
2006-12-13 - TEAS Extension Received
2006-07-02 - Extension 3 granted
2006-06-14 - Extension 3 filed
2006-06-14 - TEAS Extension Received
2006-02-07 - Assigned To Examiner
2005-12-09 - Extension 2 granted
2005-12-09 - Extension 2 filed
2005-12-09 - TEAS Extension Received
2005-06-16 - Extension 1 granted
2005-06-16 - Extension 1 filed
2005-06-16 - TEAS Extension Received
2004-12-21 - Noa Mailed - SOU Required From Applicant
2004-09-28 - Published for opposition
2004-09-08 - Notice of publication
2004-07-15 - Approved for Pub - Principal Register (Initial exam)
2004-07-06 - Amendment From Applicant Entered
2004-07-06 - Communication received from applicant
2004-07-06 - PAPER RECEIVED
2004-05-19 - Non-final action e-mailed
2004-05-05 - Assigned To Examiner
2003-11-10 - New Application Entered In Tram

ATTORNEY/CORRESPONDENT INFORMATION

Attorney of Record

Carol Anne Been, Esq.

Correspondent

Carol Anne Been, Esq.

Sonnenschein Nath & Rosenthal LLP

P. O. Box 061080

Wacker Dr. Station, 233 South Wacker Dr.

Chicago IL 60606-1080

Phone Number: 312-876-3122

Fax Number: 312-876-7934



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[Assignments on the Web](#) > [Trademark Query](#)

Trademark Assignment Abstract of Title

Total Assignments: 1

Serial #: [78318006](#)

Filing Dt: [10/23/2003](#)

Reg #: [3410242](#)

Reg. Dt: [04/08/2008](#)

Registrant: REAL D

Mark: REAL D

Assignment: 1

Reel/Frame: [2842/0425](#)

Received: [04/27/2004](#)

Recorded: [04/27/2004](#)

Pages: 5

Conveyance: ASSIGNS THE ENTIRE INTEREST

Assignor: [TRI-HOLDINGS LLC](#)

Exec Dt: [04/20/2004](#)

Entity Type: LIMITED LIABILITY COMPANY

Citizenship: NONE

Entity Type: CORPORATION

Citizenship: CALIFORNIA

Assignee: REAL D

9300 WILSHIRE BLVD., SUITE 108
BEVERLY HILLS, CALIFORNIA 90212

Correspondent: KENNETH H. OHRINER

SIXTH FLOOR SOUTH
1620 26TH STREET
SANTA MONICA, CA 90404

Search Results as of: 12/02/2009 02:47 PM

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Web interface last modified: October 18, 2008 v.2.0.2

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EXHIBIT B

SHARE THE MAGIC OF THE HOLIDAYS WITH YOUR FAMILY!

"ONE OF THE BEST MOVIES OF THE YEAR"
MICHAEL MEDVED
THE MICHAEL MEDVED SHOW

★★★★★
ROGER EBERT
Chicago Sun-Times



Disney's JIM CARREY
A CHRISTMAS CAROL

SEE IT IN DISNEY DIGITAL 3D; realD 3D AND IMAX 3D
Disney.com/ChristmasCarol

IMAGE MOVERS DIGITAL PG PARENTAL GUIDANCE SUGGESTED
SOME MATERIAL MAY NOT BE SUITABLE FOR CHILDREN
SCARY SEQUENCES AND IMAGES
THE CAROL IS A DISNEY CLASSIC
STANDARD GARDEN FEES APPLY
© DISNEY ENTERPRISES, INC.
IMAX IS A REGISTERED TRADEMARK OF IMAX CORPORATION
WALT DISNEY PICTURES

NOW PLAYING
IN DISNEY DIGITAL 3D™, realD 3D, IMAX 3D
AND AT THEATRES EVERYWHERE
For Theatres and Showtimes: Check local listings or Text CAROL
with your ZIP CODE to 43KIX (43549).
Disney World

Avatar in Digital 3D Overview and Synopsis

Holiday Movie Guide See What's Hot This Winter! brought to you by: **VISA SIGNATURE**

Overview Showtimes Fan Reviews

Avatar in Digital 3D
 Opens December 18, 2009 | Runtime: 2 hr. 30 min. **realD 3D**
 PG-13 language, sensuality, intense battle sequences, some smoking and warfare

AVATAR takes us to a spectacular world beyond imagination, where a reluctant hero embarks on an epic adventure, ultimately fighting to save the alien world he has learned to call home. James Cameron, the Oscar-winning director of "Titanic," first Read More

View IMAX 3D Showtimes + Info.: Avatar: An IMAX 3D Experience | View 35 MM Showtimes + Info.: Avatar
 Director: James Cameron
 Genres: Action/Adventure, Sci-Fi/Fantasy



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GET SHOWTIMES

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EXHIBIT C



THE NEW DIMENSION OF ENTERTAINMENT



realD 3D

WWW.REALD.COM

REST IN PIECES

THE
FINAL DESTINATION

TAKE THE TRIP IN real D 3D

AUGUST 28

WWW.THEFINALDESTINATIONMOVIE.COM

NEW LINE CINEMA

MY BLOODY VALENTINE 3D

NOTHING SAYS 'DATE MOVIE' LIKE A
3D RIDE TO HELL!

COMING SOON

REAL D 3D

PRESENTER LIONSGATE



Oooze gonna save us?



MONSTERS
ALIENS

MARCH 2009

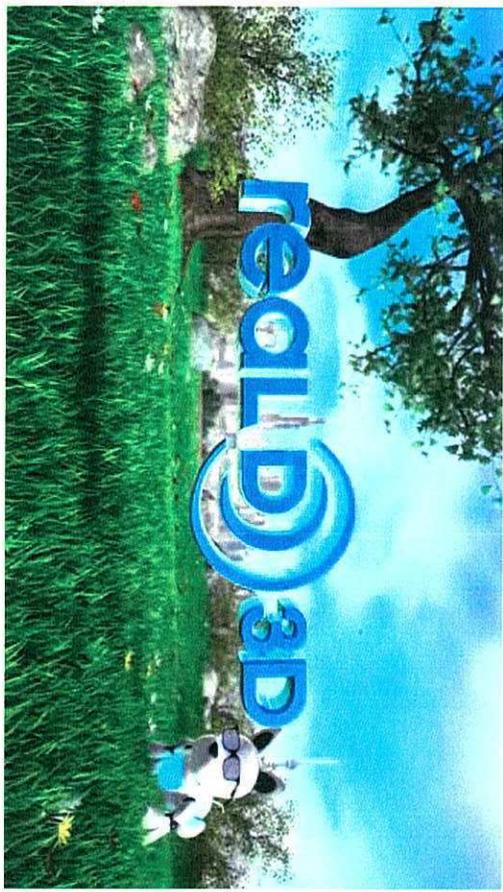
www.monstersandaliens.com



© 2009 Universal Studios

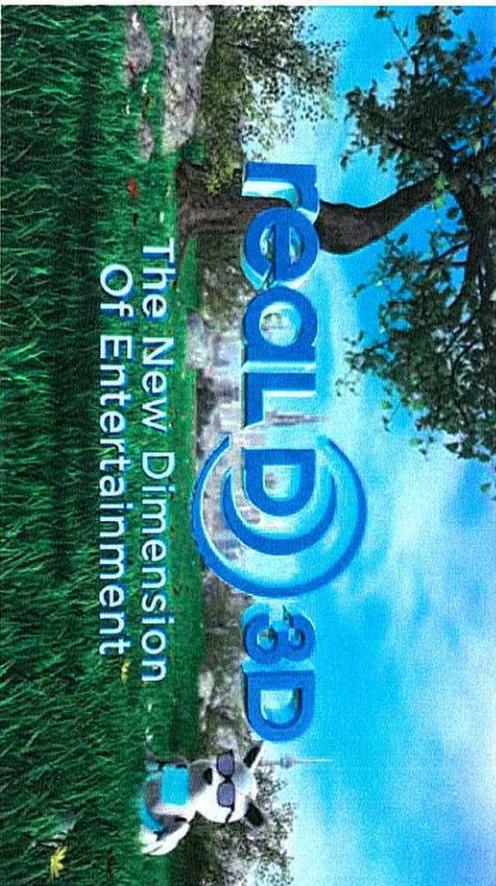
Reald Media Room - Browse Media

Reald Trailer
Data Added: 1/1/2009



RealD Media Room - Browse Media

RealD Trailer
Date Added: 11/1/2009



Reald Media Room - Browse Media

Reald Trailer
Date Added: 1/1/2009

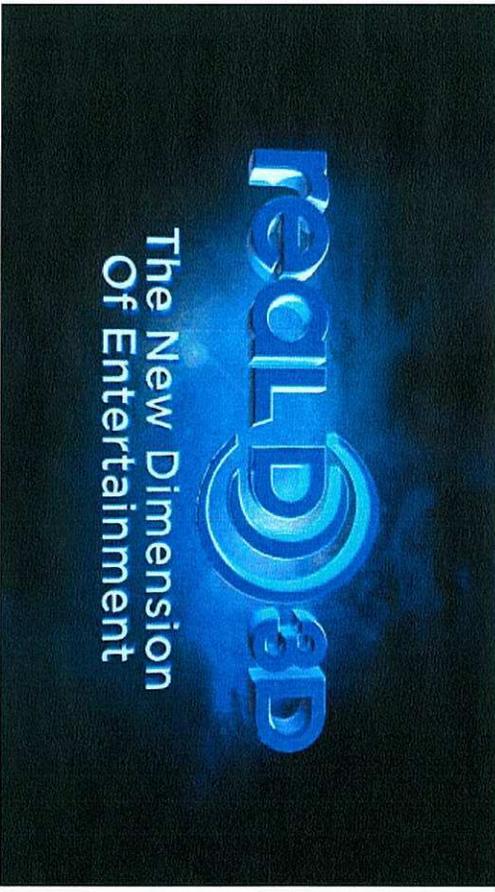


EXHIBIT D



MOVIE POSTERS, PHOTOS, AND MORE

Storefront [About Us](#) [Products](#) [Accessories](#) [Policies](#) [Contact Us](#) [Log-in](#) [Shopping Cart](#)

Search Over 450,000 Items [TRY OUR EXPANDED SEARCH](#)

Shop by Category

- On Sale Items
- Frames
- Lamination
- Wood Mounting
- Protective Sleeves
- Mini Posters - 11x17 / 11x14
- Reproduction Posters
- TV Posters
- Music Posters
- Art Posters
- Broadway Posters
- Pulp Magazine Covers
- Photo Prints
- Barack Obama Posters

27" x 40" Cloudy with a Chance of Meatballs 2009 Movie Poster Style B

Approximate size 27" x 40"
SKU 496187

Price: \$19.99
Was \$29.99
Save 33%
While quantities last

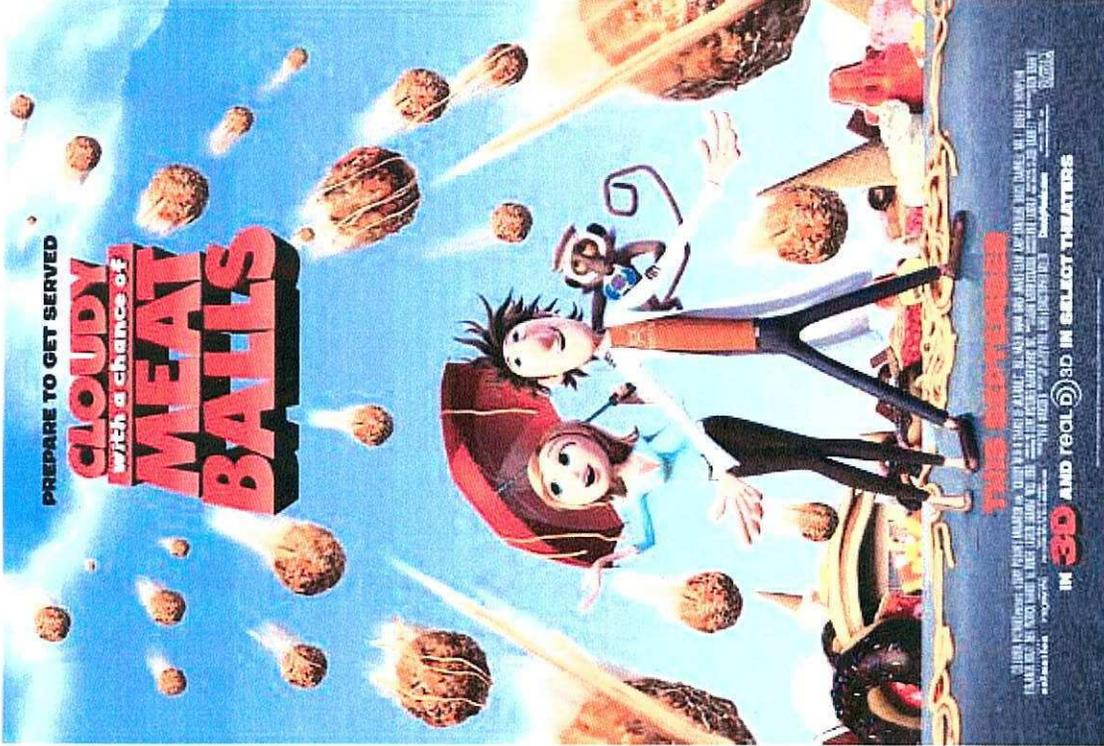
Quantity: [ADD TO CART](#)



[Enlarge](#)

You will enjoy this exceptional quality 2009 Cloudy with a Chance of Meatballs reproduction 27" x 40" Movie Poster Style B
Perfect for your home or office! Also makes a great gift.

CAST: Anna Faris, Bill Hader, Andy Samberg, Bruce Campbell DIRECTED BY: Phil Lord, Chris Miller
PRODUCER: Pam Marsden



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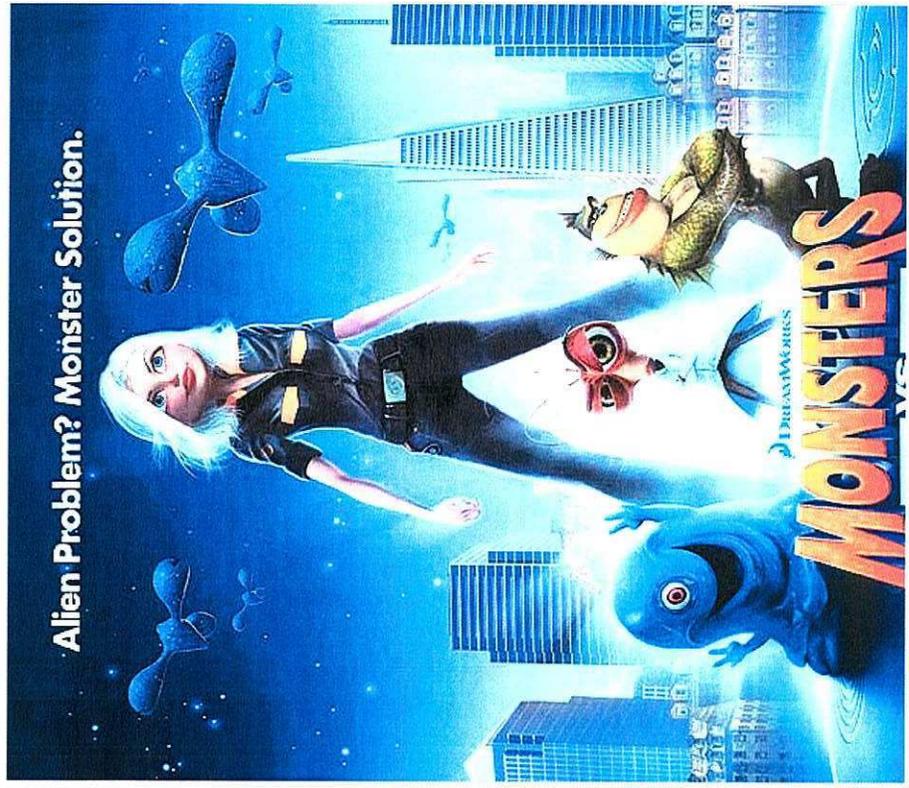
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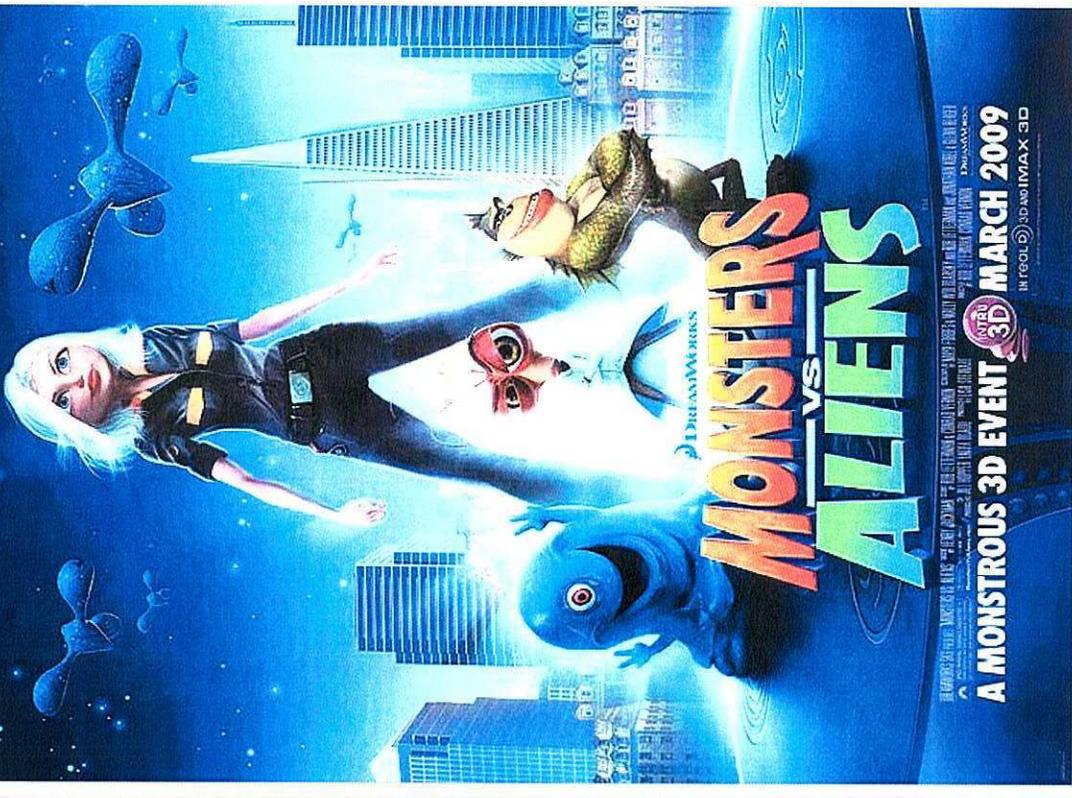
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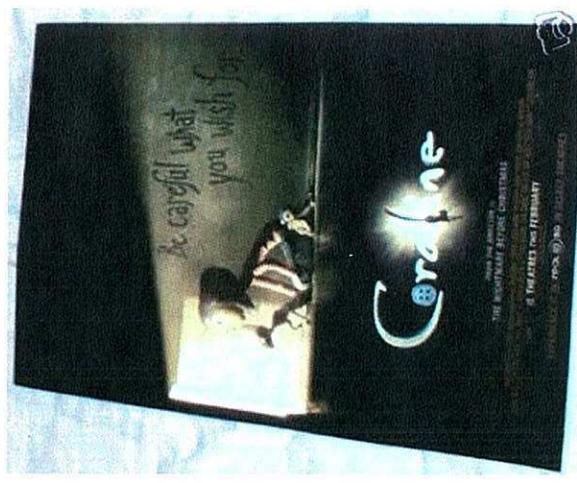
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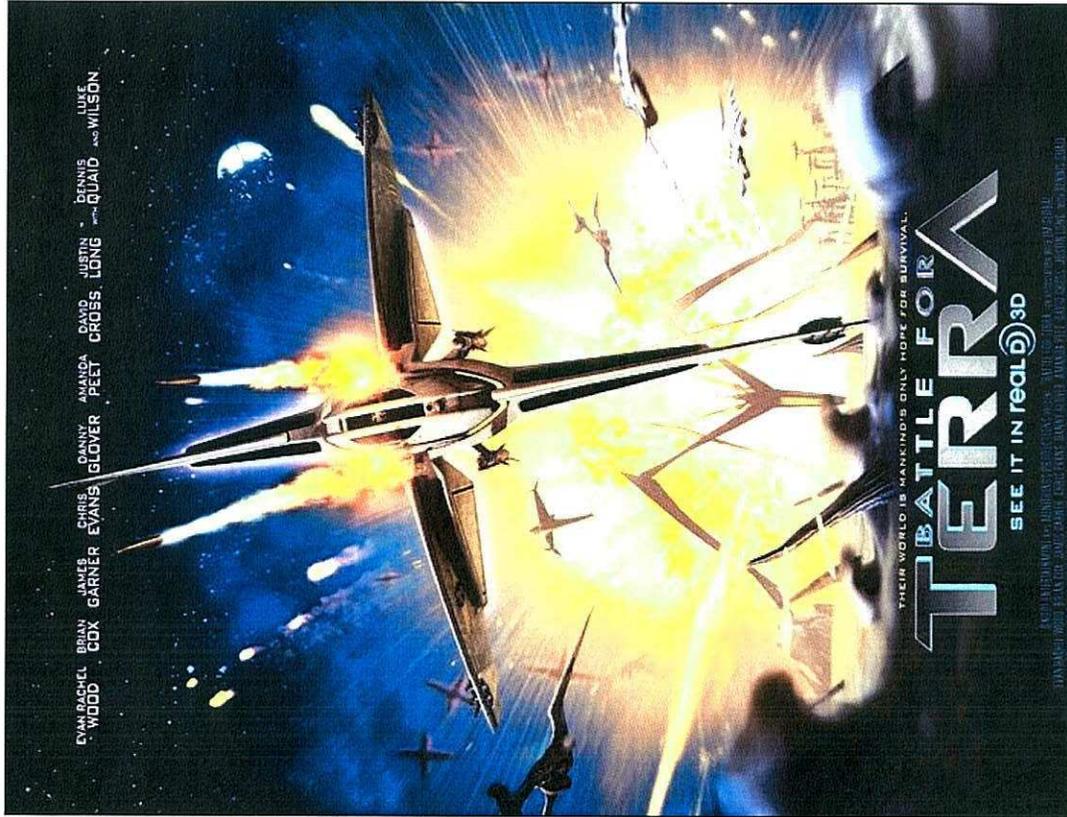
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Jonas Brothers: The 3D Concert Experience



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Meet the Robinsons



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MIDWINTER
SCHEDULE
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TO A
CLOSE

TOY
STORY
2

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A
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OF
MEAT
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RealD 3D In Theatres

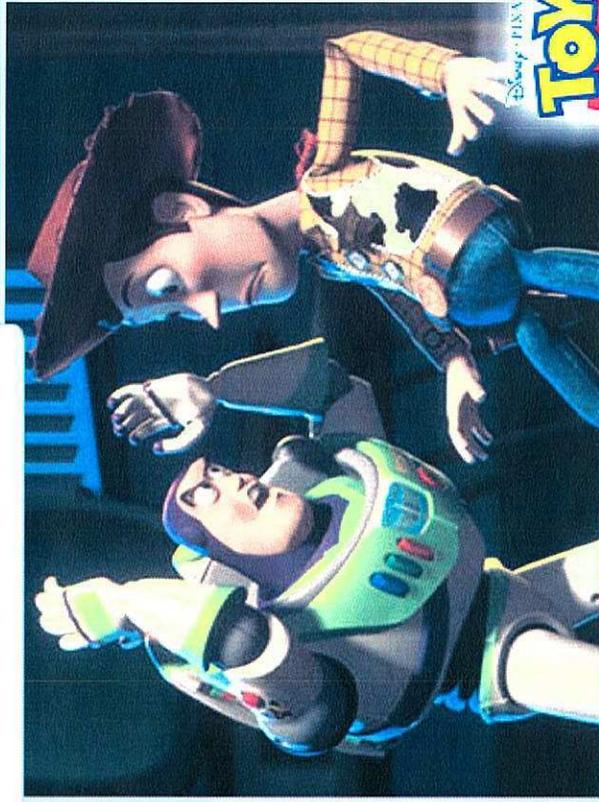
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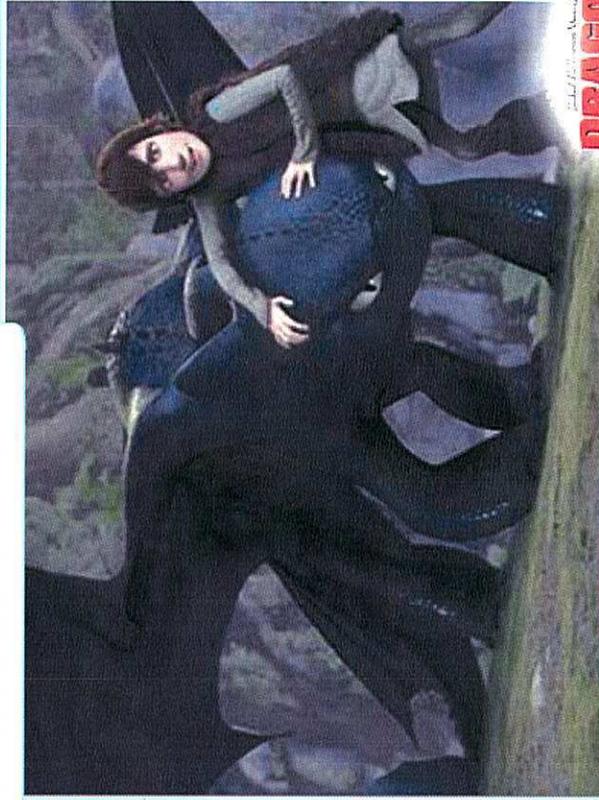
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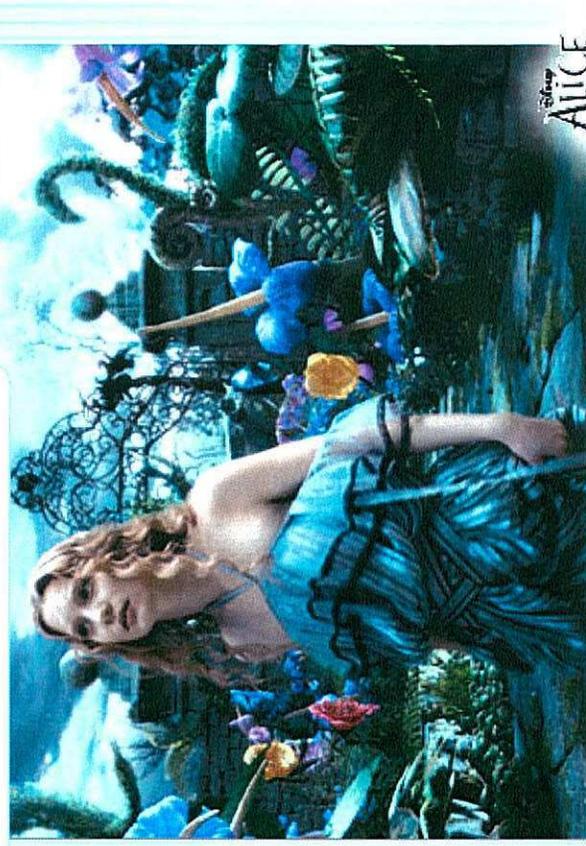
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CAMPYMAN

TOY STORY 2

CLOUDY WITH MEAT BALLS

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Disney
ALICE
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MOVIE DETAIL

PLAY TRAILER

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TOY STORY 3

DRAGON

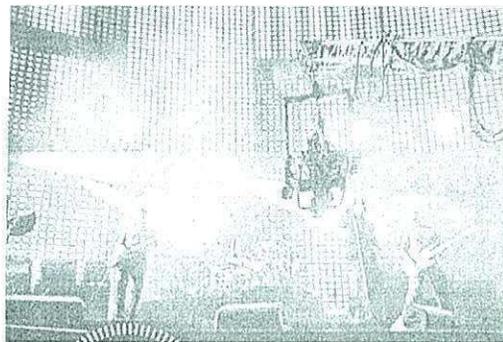
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REAL D

When *Beowulf* hit theaters in November, it marked the dawn of the next—some say ultimate—wave of 3-D movies. Making the display possible was a California outfit called Real D, whose technology uses circularly polarized light from digital projectors, avoiding the eye fatigue of the old 3-D. Theaters are banking that the technology will stop the box-office slide, and Hollywood's biggest players have projects in the pipeline. It's not enough for Real D: "Our view is that 3-D images change the business on all visual displays," says CEO Michael Lewis, who envisions Real D at home and even on mobile screens. The company is already experimenting with illuminated content, from multiplayer in-theater video games to an NBA game converted into 3-D in real-time. A 12 3-D concert film (above) is out now.

Forbes[®]

Films With Depth

Evan Hessel 12.10.07

The mightiest mogul-minds in Hollywood have come up with a brilliant marketing gimmick this holiday season, something completely fresh, a little idea they cooked up called....3-D.

It's back, again, but put aside any thoughts of cheesy, nauseating head trips like *Bwana Devil* or *Comin' at Ya!* Technology has saved 3-D cinema. Robert Zemeckis' stunning *Beowulf*, which opened Nov. 16, has won raves for its ability to barrage the audience with computer-generated limbs, gristle and carcasses without 3-D's usual upchuck-inducing optical effects. And Angelina Jolie's performance as a nude witch is pretty much why they invented the third dimension.

Megadirectors Stephen Spielberg, Peter Jackson and James Cameron all have 3-D projects in the works. DreamWorks Animation boss Jeffrey Katzenberg says all his studio's films will be 3-D by 2009.

3-D has shown some ability to boost box-office grosses. In three smaller animated releases, *Monster House*, *Chicken Little* and *Meet the Robinsons*, 3-D screens outsold their 2-D counterparts three to one. Theaters are charging \$3 more per ticket for *Beowulf* in 3-D than for standard screenings, incremental profit split 50-50 between the studio and the theater owners.

The leader in 3-D technology in Hollywood is a little firm in Beverly Hills called Real D, which has sold 1,000 projector systems to theaters in North America, creating a sizable market for 3-D flicks. These movies are made by filming the action with two cameras and projecting the two slightly shifted images onscreen at once, tricking the mind into thinking the action has some depth. Real D's system uses one digital projector to flick back and forth 144 times per second between the two images. The images pop off the screen when viewers put on 75-cent disposable polarized eyeglasses.

Theaters shell out \$50,000 to install the system, plus a \$25,000 annual licensing fee. Michael Lewis, Real D's founder, projects that by 2009 the Real D system will be on 3,400 U.S. screens, or 9% of the total. Falling filmmaking costs will inspire every auteur to shoot for 3-D, says Lewis. "We've always believed that if we built better tech, the filmmakers would come."

THIS WEEK

VOLUME 30
NUMBER 16



Future of 3-D movies isn't fuzzy for Michael Lewis of Real D. **15**

INNOVATION

APRIL 21, 2008

LOS ANGELES BUSINESS JOURNAL 15

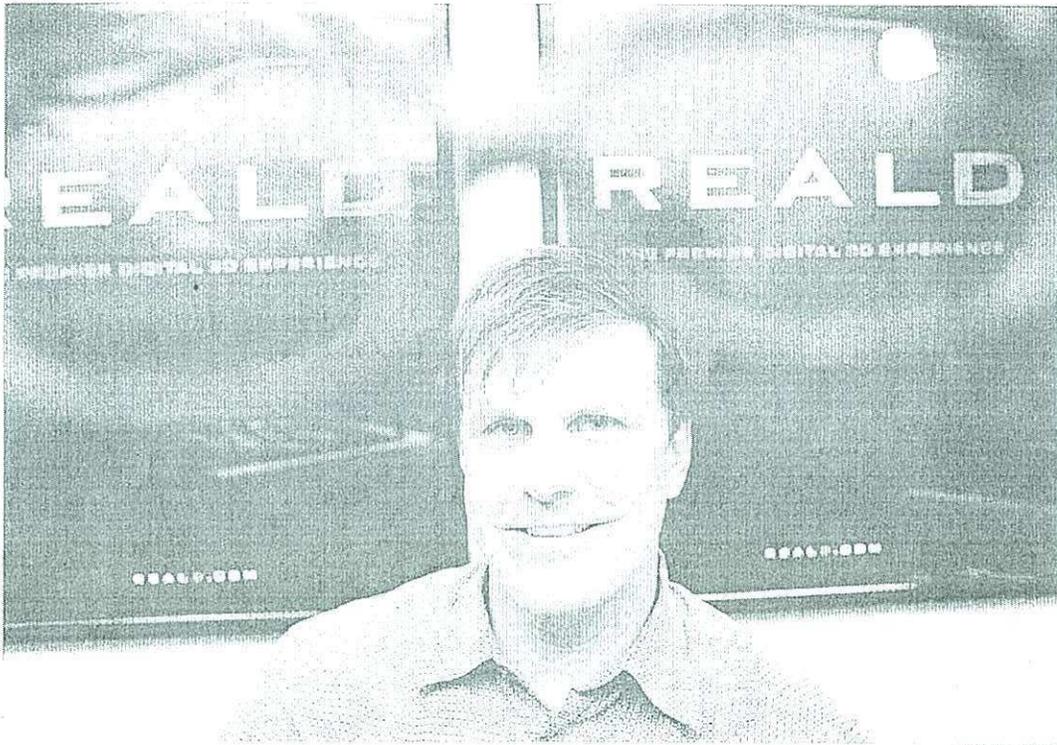


PHOTO BY CHUCK LAM

In Focus: Michael Lewis, chief executive of film technology company Real D, at his office in Beverly Hills. Real D's products allow a 2-D digital projector to show 3-D movies to audiences wearing special glasses.

Added Dimension

Film technology company Real D takes leading role in converting movie theaters to showing 3-D pictures.

BY BRETT SPORICH *Staff Reporter*

WITH more than 10 major motion pictures slated to be released in 3-D next year, theater owners are scrambling to convert as many as one-third of the 38,000 estimated screens across North America to digital cinema technology that can show the movies.

Since 3-D films can only be viewed at theaters through modified digital projectors, movie studios and theater owners are hoping that the slate of big-budget 3-D movies will get people back into the seats, pumping much needed revenue into anemic box-office numbers.

Beverly Hills-based Real D, a privately held company that has already captured more than 95 percent of the North American market, stands to earn significantly from the rush to digital 3-D movies.

Real D developed 3-D software and hardware technology that allows a 2-D digital projector to show 3-D movies. Once theater owners have converted from film to digital projection, Real D's conversion is an additional modification, involving software and hardware that make images jump off the screen when viewers wear special polarized glasses.

While several major studios are helping theater owners to defer the estimated \$700 million cost to convert from film to digital projectors, Real D charges a royalty fee of 50 cents

per ticket to cover its \$20,000-per-screen conversion and maintenance costs. The royalty is negotiable depending on the amount of theaters the company will equip per deal.

Investment in Real D conversion is recovered from higher-priced tickets, which are typically 30 percent or more above the national \$10 average.

"Not only can they charge and get more for 3-D movies but they can also show live events like concerts, adding an entirely new revenue stream to their business," said Michael Lewis, Real D's chief executive and founder.

Real D

Founded: 2004

Core Business: 3-D software and hardware technology development, installation and maintenance

Employees 2008: 75

Employees 2007: 60

Goal: Maintain the company's leadership position in the 3-D sector by installing its equipment in more theaters

Driving Force: Exhibitors' need to be equipped to show the work of top filmmakers, who want to produce more 3-D animation and live-action features

In some cases, theater owners have even charged double than for most movie tickets.

When Walt Disney Co.'s "Hannah Montana & Miley Cyrus: Best of Both Worlds Concert" 3-D extravaganza recently hit theaters across North America, tickets sold for \$15 at the box office, generating more than

\$10 million during its first week in release on just 683 screens. (For comparison, a typical studio film opens on 3,000 screens.) By its third week in release, the 3-D concert film had reached nearly \$65 million in ticket sales on a fraction of the screens most other films would be shown.

"We were in virtually every 3-D screen available and we could have filled a lot more if they had existed," said Chuck Vase, president of distribution for Walt Disney Studios Motion Pictures.

Major studios are moving forward with great zeal to produce 3-D family films.

Jeffrey Katzenberg, chief of DreamWorks Animation, has pledged that all future animated films will be made and shown in 3-D format. Warner Bros.' New Line Cinema, 20th Century Fox, Paramount Pictures and Universal Studios have joined Disney and DreamWorks in the commitment to make and exhibit more than 20 3-D movies over the next two to five years.

Vast potential

All this adds up to vast potential for Real D, which is in the midst of negotiating big-block deals with national and regional theater chains to convert thousands of screens by next summer. "We're working on a 500-screen deal right now," Lewis said.

Real D was the first to market with its 3-D technology about three years ago, giving it a huge advantage over its competitors Dolby Laboratories Inc. and Imax.

"Real D is clearly the leader for now," said Aaron Parry, chief executive of Main Street Pictures. Parry conducted a study of 3-D filmmaking for Viacom Inc.'s Paramount Pictures.

One potential handicap for Real D is that exhibitors will have to buy new screens to get

the best viewing results with its technology.

That puts San Francisco-based Dolby Laboratories in a competitive position. Dolby has converted about 50 screens across the country since the beginning of the year.

Dolby executives believe that once theater owners realize that its technology doesn't require them to change their screens, their product will win out.

"A lot of theater owners don't want to commit exclusively to 3-D and with our technology, they don't have to," said Jeff McNally, cinema production manager for Dolby Laboratories.

Then, there is the issue of the special glasses that can be entertaining for youngsters but feel cumbersome or irritating for adults to use.

Real D uses throw-away plastic glasses that are not environmentally friendly, although they're recyclable. Dolby technology incorporates reusable glasses but they need to be cleaned by theater staff and are vulnerable to theft.

And with the focus in home entertainment, how long can theater owners keep 3-D to themselves?

While 3-D movies cannot yet be played on DVD or any other home-viewing media, that exclusivity may vanish within the next five to 10 years, when 3-D technology is expected to be introduced into home theater systems without special glasses.

Nasser Peyghambarian, professor at the University of Arizona's College of Optical Sciences, has developed 3-D technology for flat-panel display but it is currently limited to retractable snapshots shown on an 8-inch screen.

"We should be able to enlarge those images to life-size within a few years and within five to 10 years the technology should be such that it can be displayed in a video format," Peyghambarian said.

"Hannah Montana" wins box office Super Bowl

Mon Feb 4, 2008 10:39am EST

By Bob Tourtellotte

LOS ANGELES (Reuters) - Walt Disney's 3-D movie "Hannah Montana & Miley Cyrus: Best of Both Worlds Concert" topped movie box offices, raking in \$29 million for the biggest opening over a normally slow Super Bowl weekend, according to studio estimates on Sunday.

With professional football's championship game dominating the entertainment landscape, the 3-D movie of Cyrus' (aka Hannah Montana) 2007 singing tour brought teenage girls streaming into theaters with their parents, said Mark Zoradi, president of Walt Disney Studios Motion Pictures Group.

"We're looking at this and realizing we made a little piece of movie history," Zoradi said. "This has been a family movie, and we've had lots of parents exiting theaters saying, 'thank you because we couldn't get into any of her concerts.'"

Supernatural thriller "The Eye," starring Jessica Alba, took the No. 2 slot at U.S. and Canadian box offices with a \$13 million weekend. The No. 3 movie was romantic comedy "27 Dresses" with \$8.4 million, according to industry tracker Media By Numbers.

Rounding out the top five were teen pregnancy comedy "Juno" at No. 4 with a weekend haul of \$7.5 million, bringing its total ticket sales to \$110 million. In the No. 5 position was last week's champ, action adventure "Meet the Spartans," with \$7.1 million for the weekend and \$28 million overall.

HANNAH'S HUGE HIT

Cyrus, the teenage daughter of country singer Billy Ray Cyrus, portrays the title character of Hannah Montana on the Disney Channel cable TV program of the same name. Hannah leads a typical teenage life by day, but has a secret singing career on weekends. The show is a hit with young viewers.

The concert movie's No. 1 performance was even more important in Hollywood for several reasons.

Sales of "Hannah" tickets, whose prices varied but were higher than normal at theaters across the country, came from screenings in about 680 locations and grossed an average

of nearly \$42,500 per theater, according to the Walt Disney Co. A typical No. 1 movie in wide release would open in about 3,000 theaters and average perhaps \$7,000 per theater.

Based on the opening weekend's popularity, Disney said it is extending the movie from what had been a limited run ending this Thursday. Now, theaters will be able to play the movie as long as they like, a Disney spokeswoman said.

Also, elevating the importance of the "Hannah Montana" movie is the idea that new digital 3-D movies are seen as a growing industry trend because theater owners want to put new types of entertainment in their venues so they can compete for audiences against DVDs, video games and the Internet.

The format also allows live concerts like the Hannah Montana shows, or sporting events like football or basketball games, to be shown in theaters in 3-D. Promoters say watching events in this new 3-D format makes audiences feel like they are in the live venue.

For legions of Hannah Montana fans, that factor seemed to be especially important. Cyrus' concert tour late last year was a sell-out and among the hardest live act tickets to come by.

"These 3-D movies can really take you to a place you wouldn't normally go," said Michael Lewis, chief executive officer of the company **Real D**, whose 3-D technology is used in screening the "Hannah Montana" concert movie.

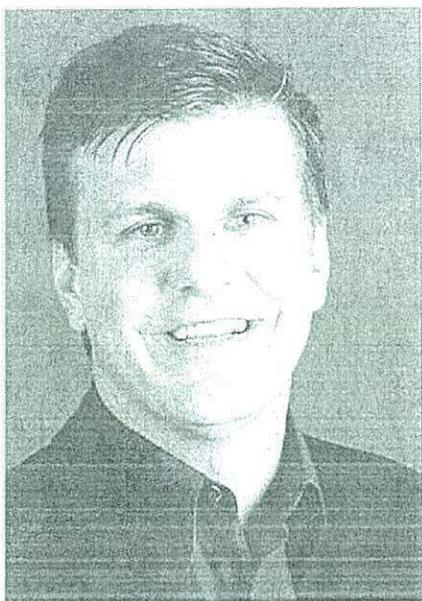
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BY FILMMAKERS FOR FILMMAKERS

FEATURE

Michael V.
LEWIS

Bringing **3-D** to the **WORLD**



Coined the greatest cinematic innovation since the advent of colour by Jeffrey Katzenberg, 3-D is here and ready to change the world. At the forefront of this change is Michael V. Lewis, CEO and co-founder of the world's leader in 3-D projection technology.

By *Atbos Kyros*

AS AN ENTREPRENEUR AND FORMER media investment banker, Lewis has conceived and established cutting-edge businesses throughout his professional career. As Chairman/CEO and co-founder of REAL D (www.reald.com), he has been responsible for building the company into the world's largest 3-D cinema platform and establishing REAL D as the global leader in 3-D technology.

Previously, he was CEO and co-founder of i-Squared Entertainment, an award-winning digital entertainment studio. The company specialised in using technology to create new entertainment experiences, including being the first to utilise PC computers in the creation of digital effects for the motion picture *VERTIGO* (1995).

While at i-Squared, he served as producer of on the 3-D IMAX film *SHREK 2 & ROY: THE MAGIC BOX* (1999), and as executive producer on the highest-grossing 3-D IMAX film in history, *TURK 182: THE CREATIONS* (1998). He was also executive producer for *THE VIKING: SEVEN TOOMS*, starring Danny D. Vito, for the CAA/Intel New Media Lab.

Lewis is widely quoted in the media and technology industries in such publications as *The New York Times*, *USA Today*, and *Variety*; and has appeared on CNN, CNBC, ABC News, and CBS News. In 2005, he was named one of Hollywood's "Innovative Voices" by *The Hollywood Reporter*.

I gave him a call to find out if REAL D really is the REAL Deal.

What was the process for putting REAL D on the map?

Well, we have a pretty big footprint and it's grown very rapidly. We got very interested in 3-D about 5 years ago. I had produced some 3-D movies and was in investment banking and media before that. I was really interested in how technology could influence the movie-going experience. I really hoped that 3-D would take off to the next level, but it never really has, until very recently. I think the primary reason was that technology in the past wasn't even really good enough. Most people think of 3-D as the red and green glasses, eyestrain, headaches, and often times, nausea.

I'm reminded of that NIGHTMARE ON ELM STREET in 3-D experience a while back.

Yeah. In most cases it was used as a gimmick, like that phrase *putting lipstick on a pig*. We were more fascinated with using 3-D as a way to immerse the audience and make it more real and fun-like. If you think about the history of film with the advent of sound and colour, we were trying to use a visual image in order to replicate reality. Most people think that this is the final frontier as really suspended disbelief, which is what we're trying to do in movies, because the technology really is that good.

Well Jeffrey Katzenberg really seems to think so...

There were only a limited number of 3-D screens out there that could show high-end 3-D. Those were in large format and in IMAX, but the economies weren't very good. We went around the world and looked at who was doing 3-D in other markets and

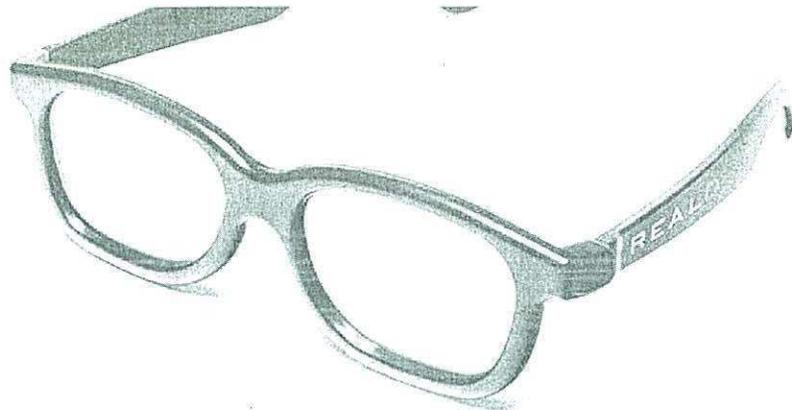
movieScope

BY FILMMAKERS. FOR FILMMAKERS

hoped to take that technology and marry it with a digital cinema projector. They were still very much in the lab stage when we started, but we were hopeful that at some point there would be a transition from film to digital. Our feeling was that with a digital projector and hopefully with some 3-D science combined, we could come up with a very stable platform. We didn't want it to just be in a few theatres, instead we aimed to upgrade a digital projector and put it into thousands of theatres. That's what we felt was necessary in order to put the business economics to work for content producers. If you look back now, it seems pretty obvious, but when we started, it was a big leap of faith because we were hoping that if we built this REAL D platform, content producers would show up.

How long ago was that?

We started back in 2003. We found a company in Northern California. They had been providing NASA, the military and Fortune 500 companies with 3-D visualisation technology and they'd been in the business for 30 years. They were the leaders in that field. So we ended up acquiring them and went about a year and a half engineering what they had done in those other industries and making it work with a digital cinema projector. For digital cinema projection, the standards are much higher in terms of the visual quality necessary for the filmmakers to feel comfortable with. So we had to spend a lot of time and energy perfecting that. In May 2005, we finally got to a place where we felt really good about it. We showed it to the Walt Disney Company and they asked us if we



could get 100 screens up and we did. That was the start of the modern day 3-D revolution. *CHICKEN LITTLE* was the first film to show on a hundred REAL D screens. In the last three years we've actually shown ten movies in REAL D. We now have 1,000 screens worldwide. We have 100 exhibitors that have licensed REAL D. We're in 29 countries and we have another 3,000 screens under contract that have yet to be installed, in most cases because they're awaiting digital cinema.

What kind of timeline are you looking at, working off the backlog and getting those installed?

Probably about 24 months. Some of that will be sooner and others later, depending on how quickly the conversion to digital is.

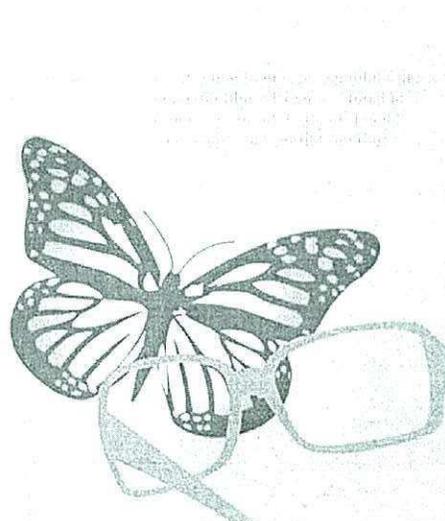
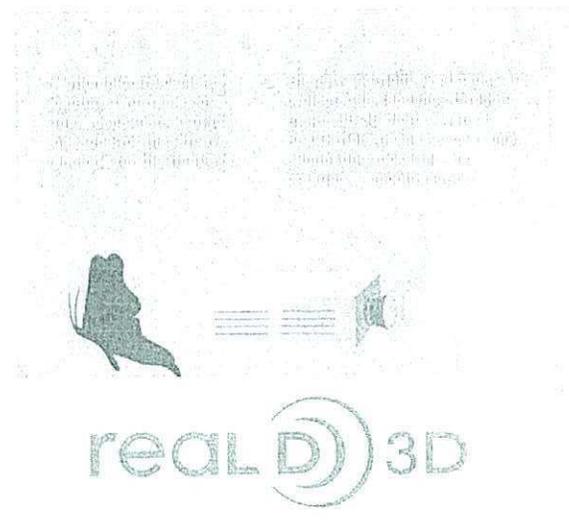
Do you have technical experts who supervise the installation?

We have people on the ground. In our business the customer is the exhibitor, even

though we work with content producers. Most of the studios use our technology for visualisation. Our primary customer is ultimately the exhibitor and we license our technology to them. It's a fifteen-minute installation and it includes the hardware, the software and the screen. The eyewear is handed out with the ticket and can either be recycled or taken home as a souvenir. All of that is included in the license fee. We upgrade and maintain it. Fortunately, we've never had a failure in the millions of hours of use. It's a bullet-proof system. That's based on our technology, but also the underlying digital cinema projector systems are very trustworthy. Reliability is the key issue.

I'm amazed that it takes fifteen minutes...

We've focused on making the system easy for the exhibitor. If we could get some more digital cinema projectors, we'd be even further along than we are now. Considering that this didn't exist three



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FEATURE

years ago and now there are forty 3-D movies that are on the release slate in the next two and half years, it's pretty amazing.

It's evolved so rapidly...

Keep in mind that this is an industry that usually resists change; we certainly saw that with the music business. We're not taking anything away from anybody; we're actually adding value. It's not like somebody wins and somebody loses. Here, everybody's happy; the consumer gets a better experience and the exhibitors are able to charge more because of that.

Cinema attendances have been falling off. Could 3-D reverse this trend?

We've seen a major increase in attendances

technology wasn't able to replicate it, until now. These filmmakers are now seeing it as this new cinematic language to tell a better story. In the past, 3-D has been used to make a bad movie a little better, but in this case, it's making a good film, maybe, great. At least with the calibre of names we're talking about.

I think it's vital that filmmakers don't approach it as a gimmick and rather use the technology to enhance the story's qualities rather than just something novel. Is that process out of your hands?

Not really. We work with filmmakers and people in the industry. We do a lot of 3-D. I believe I've actually produced 3-D movies in the past, so we've learnt from the mistakes

I'm curious what this means to independent filmmakers. If you're a big studio filmmaker, it's probably more accessible than it is to those working outside the system?

I see that as an exciting thing. Everybody's looking for the definitive work in 3-D and I don't think we've quite seen it yet. When is the CITIZEN KANE of 3-D movies going to be made?

Maybe it's James Cameron's AVATAR?

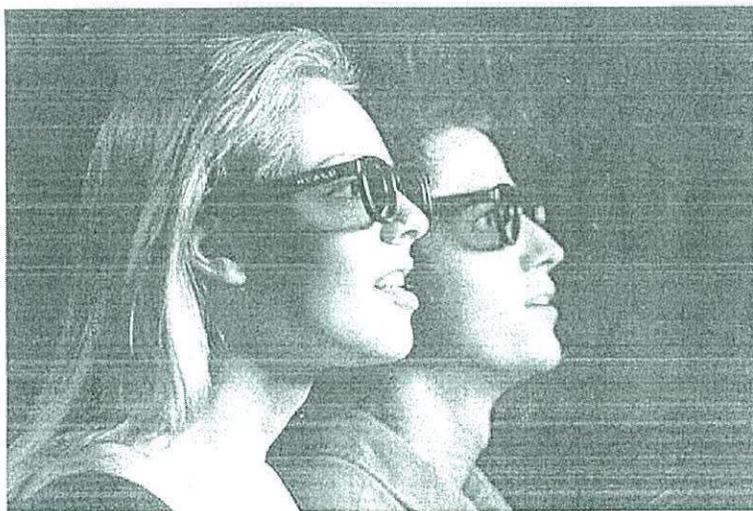
Who knows? It's such a new and raw medium. Everyone is kind of starting from the same place. The definitive work may come from some hidden lowly who shoots it with his handheld 3-D system that he put together. You don't need to be a big studio director to have an impact.

In layman's terms, what is the process that you use to achieve 3-D?

The easiest way is to compare it to the way that we see. The left eye, if you're focusing on an object from across the room, sees the image from one perspective and the right eye sees it from a slightly different perspective. Your brain processes those images together and gives you the illusion of depth. That's basically what we're doing when we capture a 3-D movie. There's a left camera capturing what the left eye sees and a right camera capturing the right eye. You always have two pieces of information. Those images are alternated very quickly through a projector and when seen through polarised glasses, it gives you the illusion of depth as well.

If you had to look forward another five years, how do you hope the technology will evolve?

It's sort of like you've just invented colour and do you really want to go back to black and white? Certainly, at a minimum, the big budget films and pretty much all the major animated films are being released in 3-D. I believe five years from now it will be a non-starter to produce a big action film or an animated film in 2D. I also believe that 3-D is very powerful in films that you might not expect. For instance, Baz Luhrmann (AUSTRALIA) was in not too long ago and rethinking his thought process about 3-D. He thought it was a wonderful medium. He was quite intrigued by it. A lot of directors, who you don't think as necessarily the most technical, are going to start embracing it too. What it does really effectively is that it magnifies emotion and your experiences very well. It works for animated films and action films, but I think it can work really well in other genres, like comedy for instance. We had the Furchelli brothers in here a while back... ■



for movies that are showing in REAL D. Here in the US and even worldwide, we've seen anywhere from a 25 to 100 per cent increase in the ticket price because it is a much better experience. HANNAH MONTANA was going for \$15, which was double the US ticket price, but most of the movies are running on average about \$5 more on a \$7 ticket. Hopefully it's a way of bringing the magic back to cinema.

You're reliant on what the studios are putting out there? But then again, when you've got Spielberg and Peter Jackson championing the technology, you know you're onto a good thing...

A lot of people have said that it's just a gimmick and that it won't be around for a long time. There are two reasons why I think that's not going to be the case. Our culture has been trying to develop 3-D for a very long time, because it's the natural way in which we see the world, but

we made back then. We have a whole team here that is available to filmmakers, content producers, editors, cinematographers, etc. We want their movies to shine, because obviously if they're making good movies, it makes our platform that much better.

So that's how you introduce the technology to filmmakers who are interested in 3-D? The infrastructure is there for them?

We have a theatre at our offices in Beverly Hills. We spend a lot of our day working with content producers, hoping to get them as excited about 3-D as we are. Once you light the fire and spend ten minutes in our screening room, we've never had anybody say, "That's not very good... Not interested in that..." It's usually, "Where do I sign up?" People tend to use hyperbole a lot, but it really is a fundamental change in the way we experience our cinema. When I look at the grounds we've made in terms of the production quality, it's just extraordinary.

FORTUNE

Who's Cashing In on the 3-D Boom?

April 14, 2008

by Michael V. Copeland

UNLESS THEY happened to have adolescent daughters, it's unlikely that many Hollywood executives donned funny glasses the first weekend in February to catch the film debut in glorious 3-D of Disney's tween TV and pop star Miley Cyrus, better known to fans as Hannah Montana. But come Monday, there were high-level meetings all over town to deal with its impact. Hannah Montana & Miley Cyrus: Best of Both Worlds Concert Tour opened small, on only 683 screens. But thanks to packed theaters and premium ticket prices (\$15 to \$24 each), it booked \$31 million. That's \$45,000 per screen a Hollywood record.

It was like firing a starter pistol. Three-dimensional film a 50-year-old fad that has gussied up more than its share of bad horror movies and soft-core skin flicks looks like a gimmick whose time may have come. This may be the technology that studio executives have been praying for, one that will finally persuade theater chains to upgrade to digital technology and lure Americans back to the cineplex.

Every major studio now has 3-D projects in the works. You might have missed the 3-D versions of Chicken Little and Polar Express. But it will be hard to ignore the publicity for the next 3-D wave. No fewer than 20 movies are slated for 3-D release over the next two years, including high-budget productions by the likes of James (Titanic) Cameron, Steven (ET) Spielberg, and Peter (Lord of the Rings) Jackson. "Six months ago none of the studios would talk to us," says Sandy Climan, CEO of 3Ality Digital, one of the 3-D production houses suddenly in high demand. "Now they all want to talk."

Who else stands to make money from the coming 3-D boom? We surveyed the field and found some eye-popping prospects.

THE STUDIOS

Deploying the new 3-D technology in Hollywood, explains Chuck Viane, head of distribution at Disney, is a chicken-and-egg proposition: Which comes first, the 3-D movies or the theaters equipped to show them? The initiative this time is clearly coming from the content producers the studios that have to pony up the extra \$15 million or more it costs to make a 3-D film and so far their investments seem to be paying off. When Disney released *Meet the Robinsons* last year, the 3-D version generated nearly three times as much business per screen as the 2-D. Paramount's *Beowulf* easily grossed twice as much per screen in 3-D.

Lionsgate, 20th Century Fox, New Line Cinema, Summit, and Focus Features all have 3-D movies in production. But the biggest winners are likely to be the studios that pushed 3-D the hardest: Disney and DreamWorks. DreamWorks Animation announced last year that starting in 2009 all its pictures will be shot in 3-D, including *Shrek Goes Fourth*. CEO Jeffrey Katzenberg, meanwhile, has been telling anybody who will listen that digital 3-D is "the single most revolutionary change since color pictures."

THE FILMMAKERS

It's a wise director who makes the movies the studios want to fund, and Katzenberg has been especially energetic in his efforts to convert what he calls the tech-savvy "alpha members of our herd."

Some of them didn't need converting. James Cameron has been working with digital 3-D for seven years and is now wrapping up a big-budget sci-fi thriller called *Avatar*. Peter Jackson and Steven Spielberg are teaming up on a trio of 3-D *Tintin* films. George Lucas wants to give all six of his *Star Wars* films the 3-D treatment, and Robert Zemeckis says he's working only in 3-D going forward, starting with a 2009 remake of *A Christmas Carol*.

But the first big 3-D feature out of the gate this year will be Eric Brevig's *Journey to the Center of the Earth 3-D*, which was prescreened last month in Las Vegas. Brevig can't get over the way the audience reacted. "I have some very simple thrills in my movie a school of piranhas suddenly flying from the water, for example and people literally leaped from their seats."

THE EXHIBITORS

Theater owners have been reluctant to spend the \$75,000 it costs to convert an analog theater to digital, never mind the extra \$25,000 or so it costs to make it 3-D. Today only 4,600 of the 37,000 U.S. movie screens are digital, and only 1,030 of those are 3-D-ready. But 3-D, with its new tween cachet and higher ticket prices, has sweetened the deal for theater chains, according to Mike Campbell, CEO of Regal Entertainment, the nation's largest. Another sweetener is the \$1.1 billion financing plan that Regal, along with No. 2 chain Cinemark and No. 3 AMC, is trying to arrange to help pay for the new digital technology. "Once that happens it will be pedal to the metal for 3-D," says Barton Crockett, an equity analyst with J.P. Morgan. He estimates that 3-D could someday represent as much as one-fifth of box office receipts, adding \$300 million to \$400 million a year to studios' and theaters' bottom line.

THE PRODUCTION HOUSES

Shooting 3-D films used to be a nightmare; you needed a pair of perfectly synced cameras for every scene. Shooting digital 3-D is easier, but you still need a two-camera setup that captures images fast enough to play back at 144 frames a second (rather than 24). The leader in the field is Pace Technologies, based in Burbank, Calif. Founder Vince Pace, best known for the underwater rigs he built to shoot *Abyss* and *Titanic*, has now shifted his entire production business to 3-D. His equipment has been used to make every major 3-D feature film so far, including *Hannah Montana*, *Avatar*, and *Journey*.

Pace's main competitor is 3Ality Digital, also in Burbank. It got a piece of the action making *U2 3D*, a documentary about U2's *Vertigo* tour. Both firms are privately held.

THE 3-D GEAR MAKERS

There are three main competing systems for projecting and viewing 3-D movies, but Beverly Hills--based (and privately held) Real D with a 97% share of the domestic market has a commanding lead. It makes the software to calibrate the images, an LCD-based shutter attachment, and polarized glasses that fuse the two images. The newest entry comes from Dolby Labs, maker of those high-end cinema sound systems. Dolby's 3-D technology is

based on a spinning color wheel and color-filtering glasses. Unlike Real D, it doesn't require a special screen, which has helped it get a foothold in a handful of theaters since it was unveiled last year.

The other player to watch in 3-D technology is Toronto-based IMAX, which has been distributing 3-D films on its network of jumbo-sized screens since 1986. IMAX still relies on film-based projection for its 3-D but will move to a digital system next year.

BRINGING IT HOME

It won't be too long before the new 3-D movies come home in DVD and Blu-ray, and the big electronics makers are prepared. Samsung already sells a 42-inch plasma TV with a "3-D-ready" label for \$1,199 at Best Buy, and Mitsubishi and Philips are close behind. Meanwhile, DDD Group makes the \$199 TriDef glasses needed to see 3-D on Samsung's new screens.

To experience the full three-dimensional sensation, however, you'll still want to go to a big theater, where the split between left- and right-eye images is wider and the feeling of depth more intense. The effect, even for moviegoers outside the Hannah Montana demographic, can be mesmerizing. Vince Pace remembers setting up a mobile trailer in Las Vegas last year to film and screen the NBA All-Star Game in 3-D for a private party hosted by commissioner David Stern. The show kicked off after the game ended. "We figured the guests might come in, watch for a few minutes, and go on to the party," Pace says. They didn't.

Though most had just seen the game live, they watched it all over again in 3-D.

That's the kind of reaction Hollywood is banking on.

May 21, 2008

Regal Plans Big 3D Push In Its U.S. Cinema Chain

By SARAH MCBRIDE

May 21, 2008

Regal Entertainment Group, the nation's largest cinema chain, signed a deal to bring 1,500 more 3D screens from RealD Corp. to its theaters. The pact underscores the importance theater owners are attaching to 3D technology, as they fight to keep customers coming to movie theaters rather than watching DVDs at home.

The deal for the new screens, which will roll out over the next two years, will bring RealD, of Beverly Hills, Calif., to a total of more than 3,500 screens in the U.S. That cements RealD's lead in 3D projection technology, and may make it difficult for competitors such as Dolby Laboratories Inc., which has about 40 3D screens in the U.S., to catch up.

A Dolby spokesman says 3D rollout is in its earliest stages, allowing room for multiple players. There are some 30,000 movie screens in the U.S. All 3D systems create a startling sense of depth, with images that appear to pop off the screen. Viewers must use special glasses to see the effects.

A key incentive for Regal, of Knoxville, Tenn., was the number of 3D movies coming out in coming months. "Journey to the Center of the Earth," a remake of the classic from **Time Warner** Inc.'s New Line Cinema, and "Bolt," a **Walt Disney** Co. movie about a German shepherd, are both expected to do well at the box office. Next year, about a dozen movies are expected to come out in 3D.

Theater owners can charge about \$3 more than regular movie-ticket prices for 3D movies. For Disney's "Hannah Montana/Miley Cyrus: Best of Both Worlds Concert Tour," a 3D bonanza that came out in February, theaters typically charged \$15, more than a \$5 premium in many markets.

In addition, 3D movies bring in crowds of people for an experience that even the most sophisticated home-theater systems can't replicate. Last year, North American box-office receipts totaled \$9.62 billion, up 5% from 2006, according to the National Association of Theater Owners.

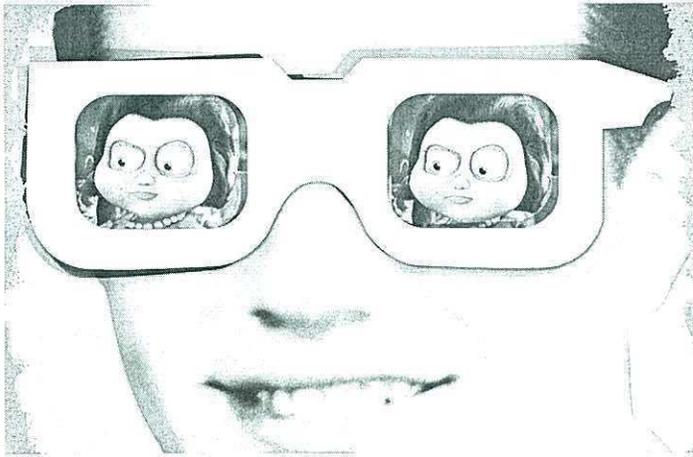
RealD's projection system is essentially an add-on kit for existing digital projectors that costs around \$25,000 per screen.

Write to Sarah McBride at sarah.mcbride@wsj.com¹



Thursday, Aug. 14, 2008

3-D Movies: Coming Back at You



By Rebecca Winters Keegan

The brick road wasn't just yellow. It was school-bus-parked-on-the-surface-of-the-sun yellow. That's because when *The Wizard of Oz* premiered in 1939, Hollywood was still testing its newest toy, three-color Technicolor, and studios wanted to astonish audiences with supersaturated hues.

Today Hollywood is looking to 3-D movies--now enjoying a digitally fueled renaissance--to make an impression as lasting as Dorothy's ruby slippers. The first feature films shot and shown in digital 3-D--bugs-in-space toon *Fly Me to the Moon*, Brendan Fraser's volcano-diving *Journey to the Center of the Earth* and concert movies by U2 and Miley Cyrus--leaped into moviegoers' laps this year. In 2009 at least 10 more 3-D movies will arrive, including James Cameron's sci-fi epic *Avatar*, DreamWorks' *Monsters vs. Aliens* and Pixar's *Up*.

"Over the next couple of years, we'll get our *Gone With the Wind* and our *Citizen Kane*," says Michael Lewis, CEO of Real D, a company that equips movie theaters with digital 3-D technology.

Techno-impresarios like Lewis have been trying to push 3-D movies beyond newfangledness virtually since the beginning of cinema (see box). But there's good reason to believe that today's audiences will enjoy 3-D as a quality that's essential to any blockbuster, like color and sound, even if it does require those retro glasses.

Making a 3-D movie involves filming an image from two perspectives: one representing the left eye, the other the right. When synchronized and watched through glasses that allow each eye to see only its own movie, the two films create an illusion of depth. Until recently, perfect synchronization was nearly impossible, and production and exhibition were cumbersome. Digitization has eliminated many of the flaws of old 3-D movies--like nausea and headaches brought on by poor synch ing--and has motivated studios to push the format on exhibitors and filmmakers. "It's an important part of our business going forward," says Alan Bergman, president of Walt Disney Studios, which will release an animated canine-superhero movie, Bolt, in 3-D in November, as well as all its future Pixar films.

Studios have plenty of reasons to back the format. Screenings in 3-D create an experience that audiences can't get on their sofas--or pirate. (At least not yet.) The 3-D-capable home-entertainment systems widely available in three to five years won't replicate theaters either, because giant screen size is the key to creating the sense of depth. The first batch of films released in both regular format and 3-D made nearly three times as much money on 3-D screens, thanks to higher demand and ticket prices (3-D movies cost \$1 to \$5 more). However, only about 1,000 U.S. screens are currently equipped to show digital 3-D movies, not nearly enough to fuel a blockbuster like *The Dark Knight*, which opened on more than 9,000 screens. By 2010, industry analysts expect more than 7,000 digital 3-D screens in the U.S. To persuade more cinema owners to make the switch, studios are relying on an early crop of films to show the medium's potential.

The New Pioneers

Today's digital 3-D directors are flaunting what they've got, which is the power to make a bodily, almost primal impact on audiences. "You react to a film intellectually with your head and emotionally with your heart," says Ben Stassen, director of *Fly Me to the Moon*, a tale of three tween-age houseflies who hitch a ride on Apollo 11. "But in a 3-D film, you have a very strong physical component: you can actually make your audience duck." When Stassen's houseflies buzz over a field, it's like riding in a bug-size roller coaster, weaving between giant blades of grass.

Playing to those expectations, *Journey to the Center of the Earth* director Eric Brevig booby-trapped his movie with zooming yo-yos, flying fish and skittering bugs. "I felt I had to do

things I wouldn't do if I were making the same film in five years," says Brevig, whose experience creating films for theme-park rides reveals itself here. "People putting on 3-D glasses or paying a little extra to see a movie in 3-D at this point in cinema are expecting to have things blatantly launched into the audience." But in a scene in which incandescent birds appear to flutter out of the screen, Brevig shows 3-D's subtler potential: the effect transplants viewers from their theater seats to the lush core of Jules Verne's earth.

Such transporting moments make it tempting to imagine what directors outside the action and animation genres might do with 3-D. Would the Parisian courtesans in Baz Luhrmann's *Moulin Rouge!* cancan off the screen? Could the leaves of Terrence Malick's *Edenic New World* brush our cheeks? "3-D can be intimate, scary, claustrophobic, expansive," says Charlotte Huggins, who produced both *Journey to the Center of the Earth* and *Fly Me to the Moon*. So far, most 3-D-movie makers agree on one criterion: "If the movie takes you somewhere that you dream about going to and probably aren't going to get to, it belongs in 3-D," says Greg Foster, president of IMAX Filmed Entertainment, which transfers regular-format movies like *Polar Express* into 3-D and is rolling out a new digital 3-D system this year.

On the other hand, says Foster, "If someone decides they want to do *My Dinner with Andre* in 3-D, it's not for us." It's estimated that 3-D increases a film's below-the-line production costs 25% to 30%, and for some actors, the notion of wrinkles and love handles in 3-D adds considerable anxiety. Then, too, at this point only a small niche of Hollywood has the technical know-how for the process.

What worries some 3-D trailblazers is that studios might see the format as a way to punch up a mediocre story. That shortcut may work for a while, but eventually the hope is that 3-D will become just another weapon in a filmmaker's arsenal, as useful and unremarkable as the color yellow.

With reporting by RICHARD CORLISS

'House Of Wax' Redux: 3-D Films In Comeback

BY BRIAN DEAGON

INVESTOR'S BUSINESS DAILY

Posted 8/14/2008

While movies shown in 3-D have been around since the '20s, the technology has only recently begun to receive red-carpet treatment.

The leading provider of cinema 3-D technology, privately held RealD of Beverly Hills, Calif., says it has now deployed more than 1,400 systems worldwide. Its customers, which license the technology, include large theater chains run by **Cinemark** ([CNK](#)) and **Regal Entertainment**. ([RGC](#)) Those two are signed up to use 3-D on 3,000 screens.

RealD's software and technology connect to digital cinema projectors. The speed in which movie houses convert to digital projectors is a big factor for RealD, since its technology only works with digital projectors. Its technology creates a dual image that is fused into 3-D when a viewer wears special, polarized glasses — not the red or blue things of "House of Wax" days but glasses that resemble dark sunglasses. **Dolby Laboratories** ([DLB](#)) is the only other major maker of 3-D digital movie technology.

Michael Lewis



- RealD
- Chairman, CEO
- 45 years old
- B.S., political science, University of Florida
- Of note: The first 3-D movie Lewis saw as a

child was a reissue of "Bwana Devil," a 1952 drama about man eating lions

The first 3-D movie using RealD's technology was "Chicken Little" in 2005. Its most recent was "Journey to the Center of the Earth." Most people saw both movies in 2-D, but viewers who were able to see the movies at 3-D-equipped cinemas saw the 3-D versions. Fourteen 3-D movies are slated for release by the end of 2009.

Michael Lewis, RealD's chief executive, recently spoke with IBD about the rollout.

IBD: It seems like movie theater chains are moving more aggressively to deploy RealD technology. Why now?

Lewis: RealD technology didn't exist 2 1/2 years ago. For them to adopt a fundamentally different technology in a very short time frame like we have seen is pretty good. This is the biggest change in cinema since color and sound. Today we have 1,400 3-D installations worldwide and another 5,500 under contract to be rolled out within about the next 18 months. The one (limiting) factor has been the rollout of digital cinema projectors. We are a digital technology and we're an upgrade to digital, so we work on the back of the deployment of digital cinema.

IBD: How is the rollout of digital cinema projectors going?

Lewis: There are about 38,000 movie screens domestically, and about 5,000 have converted to digital. The three largest theater chain owners — Cinemark, AMC and Regal Entertainment — have about 15,000 screens. If you speak to studio heads and exhibitors, I think most will agree that the financing (for digital cinema projectors) is on the one-yard line in terms of completion. The expectation is that by the third or fourth quarter this year, we will start rolling out digital cinema in a big way — hundreds of screens per week. As that happens, the deals we have with Regal and Cinemark for deployment of RealD will (speed up). We expect a fairly rapid deployment of digital cinema and RealD 3-D.

IBD: So the financing of digital cinema projectors is holding back deployment of RealD?

Lewis: We haven't had any trouble selling our RealD system, because the economics of it are very favorable. We license our technology. We do a royalty on our system that includes all the maintenance and upgrades. We provide the systems and take a royalty on a per-ticket basis. That's our business model.

The digital cinema projectors (on the other hand) for the most part will be paid for by the studios. That's what's being negotiated. One side is saying you need to pay me X and the other side says you need to pay me Y. The difference

between them is down to the tens of dollars, not hundreds of dollars. They are pretty close. It's only a question of when. A driver (for a settlement) has been RealD, because the economics of RealD are favorable not only for the exhibitor but also for the movie studios.

IBD: How is RealD the driver?

Lewis: The eight movies we've released in RealD have done three times the box office take on average as films in 2-D. Exhibitors are also able to charge a higher ticket price for 3-D vs. 2-D, about \$3 more per ticket. On a percentage basis, that's a lot. The deployment of RealD has improved the economics of the movie exhibition business. The return on 3-D right now is that everybody wins. The directors love it because it's the new way to tell their stories, the experience is incredible. The audience likes it. And exhibitors have a way to bring people back.

IBD: DreamWorks and Pixar have said all their movies next year will be made in 3-D. What's the impact of that?

Lewis: It's huge. The question I get asked the most is why will 3-D work this time? There have been many misses with 3-D in the past.

The difference now is the technology is far superior to what it was before, because of digital and because of the 3-D science we brought to it. And 3-D films are less about gimmicks and stuff flying in your face and more about creating a sense that you're in the movie. It's real and lifelike and fortunately the content now being produced is being produced by the best directors in the business — James Cameron, Bob Zemeckis, George Lucas and Steven Spielberg. If you're in the film business and you're going to make a bet, those are the guys you want to make it with.

IBD: Will the arrival of TV sets with 3-D technology have an impact on what you do?

Lewis: One of the advantages of theaters is that they have something that is not available anywhere else, in terms of premium-quality 3-D. That's an important differentiator. It will be a while before there's any national rollout of 3-D TVs. The technology is available today, but it's about the business models and standards. Look how long high-definition TV has been around, about 10 years, and we're just now getting to it. It will take a long time in the consumer electronics world to agree on a business model for 3-D TV.

IBD: Who are the financial backers of RealD?

Lewis: We did early rounds with management putting in the initial money and we have some high-net-worth investors. We raised some (\$50 million) private equity with Shamrock Capital Growth Fund. We're (cash flow) positive and the business we've built is very strong. Obviously the more screens we get, the more profitable we'll be.

IBD: Down the road, will all films be in 3-D?

Lewis: I believe it is much like sound and color. Once you see a movie in 3-D, it's very hard to go back.

BEYOND: Picturing 3-D's new sales zip

By Sonny Bunch

Friday, February 13, 2009

According to Hollywood analysts, the stop-motion feature film "Coraline" was headed for a mediocre opening last weekend, something in the \$8 million to \$10 million range. Instead, the movie confounded expectations by premiering with a gross of almost \$17 million.

Such variations aren't unheard of, but a gaping difference like this one suggests something is going on.

How did the experts miss so badly?

"The general tracking always seems to undercalculate family movies," says Jack Foley, president of theatrical distribution for Focus Features. "That might have played into it."

More important, however, is the lack of emphasis the trackers put into the grosses taken in by films screening in 3-D.

"They have to go back and see what they have to fix with regard to registering 3-D ... because something really went wrong. I don't mind saying that. Something went profoundly wrong."

"On 'Coraline,' 3-D accounted for 70 percent of the box-office opening weekend," says Rick Heineman, vice president for corporate communications at RealD. RealD is one of the companies at the forefront of the 3-D revolution; almost 60 percent of the box office for "Coraline" came from theaters equipped with RealD 3-D technology.

As a whole, 3-D outperformed 2-D almost 3-1 in terms of total box-office take.

"Coraline" is the second 3-D film in the past month to outperform expectations, and the growing acceptance of the format among consumers almost certainly provided a boost to the receipts.

"We're in a flow of 3-D films: 'Bolt' to 'My Bloody Valentine,' it'll go to 'Jonas Brothers' [in two weekends] and then into 'Monsters vs. Aliens,'" Mr. Foley says.

"There are lots of people who saw 'Bolt' that are seeing 'Coraline.' People. Love. 3-D. Movies," he exclaims.

"Someday the movie industry will understand that. Someday people will take Jeffrey Katzenberg more seriously than what seems to be going on in exhibition or even in the studios."

Mr. Katzenberg has crisscrossed the country in recent months pitching exhibitors and journalists alike on the merits of 3-D. The reason theater owners have been slow to adapt is its cost: Converting a theater to 3-D runs tens of thousands of dollars per screen — but the benefit is enormous.

"We opened two screens at 42nd Street at the Empire on 'Coraline,' and it grossed over \$77,000 over the weekend," Mr. Foley says. How much more do you need to understand the power of 3-D? \$77,000. Two screens."

One reason demand is so high is that consumers know these 3-D films will show only for a couple of weeks because of the paucity of screens.

The fact that you've only got one screen in these theaters, for the most part, and they're smaller auditoriums means two things: Demand tends to exceed supply, and theatrical runs are shorter for every title. "Coraline" will be booted from almost every 3-D screen it's playing on Feb. 27 when "Jonas Brothers: The 3-D Concert Experience" opens.

In other words, if you want to see "Coraline" in 3-D, get to a theater soon. Time is running out.

Another reason "Coraline" appeals to audiences so strongly is the artistic nature of the 3-D effect. The reviews, almost uniformly positive ("Coraline" is tracking at 88 percent on Rotten Tomatoes), drew attention to the movie's revolutionary look.

"The decision to shoot in 3-D was made about three years ago, actually," says Dale Wahl, chief executive of Laika, the company that produced "Coraline."

"At that time, what Henry Selick, the director, wanted to do was to differentiate the real world from the 'other' world. Because we have the capability of doing both stop motion and CG animation, the original thought was to differentiate using those forms of animation."

When that didn't achieve the desired effect, Mr. Selick suggested using 3-D photography. "We differentiated those worlds by using 3-D as a creative element of the movie, not a gimmick or anything like that, but as a creative element to kind of build up the world," Mr. Wahl says.

Mr. Selick's creativity and track record also were key in attracting a diverse audience to theaters.

"I think Henry Selick really had an influential impact on a lot of the older, hipper, smart-art edgy moviegoers that loved 'Nightmare Before Christmas,'" Mr. Foley says. Their patronage helped catapult "Coraline" up a notch. "I'm dealing with a film that allegedly plays to families, so you're going to do business up to 6 o'clock, right?"

"Well what happened was that at 6 o'clock, the film turned into a different life," he says. "Sunday night we did \$2 million from six to eleven, which was beyond any trend. That was startling."

When you combine the unexpected cross-demographic appeal with the typical box-office push 3-D films have experienced in recent months, it's no wonder the prognosticators got this one wrong. The question is, how do they adjust for future weekends to make sure this doesn't happen again?



'Slasher' film projects state-of-the-art 3-D

By R. Colin Johnson
January 16, 2009

PORTLAND, Ore. — The first horror film to be encoded with advanced 3-D technology opens this weekend.

A 3-D remake of the 1981 independent film, "My Bloody Valentine," uses RealD Cinema's stereoscopic encoding process, enabling viewers to experience state-of-the-art 3-D by wearing polarized glasses in a theater.

The horror film is the first of 14 stereoscopic 3-D films to be released in 2009 using the RealD encoding process. Its developer claims a large patent portfolio of 3-D video technologies, with some of its over 150 patents dating back to the work of chief technology officer Lenny Lipton, who pioneered 3-D with his company, StereoGraphics, which was acquired by RealD in 2005.

"We produce virtually every 3-D system in existence: active LCD shutter, linear polarized, circular polarized and color spectral systems, which are used in different applications areas," claimed Josh Greer, president and CEO of RealD (Beverly Hills, Calif.)

Stereographics' main product was CrystalEyes (now marketed by RealD), which allows users to view 3-D stereographic images on their PC using wireless LCD shutter glasses. Stereoscopic images are viewed by supplying different images to the right and left eyes, thereby showing slightly different perspectives--shifted by the distance between the eyes--which the brain interprets as a 3-D visual field.

LCD shutter glasses are said to deliver the highest quality 3-D stereoscopic view based on their 10,000:1 contrast ratio between right and left images. The glasses will be used by several vendors of future 3DTV systems. Texas Instruments, for instance, will use LCD shutter systems for 3DTVs based on its digital light projection technology.

Still, these systems require active wireless LCD shutter glasses to sense whether the left or right image is displayed. For theater owners, that means expensive LCD glasses have to be distributed to viewers, then collected afterwards for cleaning and recharging before they can be used by the next audience. Some iMAX theaters have installed dishwashers dedicated to cleaning active LCD shutter glasses between shows. Most theaters will use disposable polarized glasses.

"For the cinema, we wanted to deliver the best image quality that was possible within the infrastructure and operating responsibilities of a theater," said Greer. "So we chose a passive polarization system where you don't have active glasses that need to be cleaned

and recharged between shows."

Polarization is the second best option for delivering image quality. It works by moving the active element into the projector, which then polarizes the left and right images before they reach the screen.

Linear polarization schemes require two critically-aligned projectors with passive polarization filters in front of each projector. One imparts a 45-degree angle of polarization; the other a minus-45 degree angle of polarization for the right and left images. Linear polarization has been chosen by JVC for its forthcoming 3DTV system that uses chips from Sensio Technologies Inc. (Montreal,) to supply the separate right and left images to two JVC projectors.

RealD's innovation for the cinema was to eliminate the need to critically align two projectors by installing the polarization mechanism's active electronics into a single digital projector. RealD's patented ZScreen is an active LCD that is placed in front of the single projector to properly polarize the light for sequential display of left and right images.

The ZScreen is a custom LCD that adds polarization to the light passing through it. By synchronizing the angle of polarization imparted with the sequential display of right and left images, it eliminates the need for two projectors.

Polarization matches up well with current theater infrastructures, since movies can be viewed with disposable passive glasses that don't have to be cleaned and recharged between shows. But linear polarization requires that users keep their heads aligned with the screen to within 2 percent to prevent ghosting caused by images leaking from one side to the other. Circularly polarized glasses, on the other hand, allows users to tilt their heads as much as 35 degrees without reducing contrast ratio, thereby eliminating ghosting.

ZScreen works by alternatively imparting either clockwise or counterclockwise circular polarization to left and right images, which are sequentially projected. A digital projector equipped with the technology alternatively displays left and right images at six times overspeed, or 144 frames/sec. Because the source video is just 24 frames/sec, each eye receives an image three times per each movie source frame. As a result, the images are perfectly aligned since only a single projector is used.

Moreover, each eye perceives a continuous stream of frames since the gap between them is smaller than the gap between frames of a traditional 24-frames/sec movie.

For future 3DTV systems, however, RealD said it remains agnostic on the format. The company recently released a system that assists developers struggling to standardize on a 3DTV format. Commissioned by the U.S. Navy, RealD's Pod system is a smart HDMI repeater that works between an HD source and a 3-D display, automatically converting any input formats into the output format for a particular 3-D television.



3-D's New Dimension

**Lauren Streib,
March 20, 2009**

As 3-D movies take off, Michael Lewis' small tech company gets ready for its close-up.

When Michael Lewis sees the future of movies, it's in 3-D.

For six years, Lewis and his company, Real D, which operates over 90% of the 3-D systems in the U.S., struggled to make believers out of anyone who would listen in Hollywood.

Now his pipe dream has proved prescient: Hollywood will put 14 new 3-D films on 4,000 movie screens in front of 100 million moviegoers by the end of this year. By 2011, the 3-D-capable screen count is expected to reach 8,000, or 20% of the total theater screens in the U.S.

"We're past the 'Gee, is this a gimmick?'" says Lewis, chief executive of Real D. "We've gotten past the 'if.' The studios have committed billions to 3-D production. We have a film slate of over 40 movies. We have the best filmmakers in the world making [3-D] movies,"

That's good news for his privately held Beverly Hills firm. In the majority of its contracts, exhibitors pay Real D an estimated \$5,000 to \$10,000 upfront fee for the equipment and installation of the system (made up of a slide that snaps in front of the projector lens to create the effect) plus a royalty of about 50 cents per ticket. Distributors furnish the recyclable 75-cent glasses. And while Real D, with a staff of just 75, won't disclose exact profit or revenue figures, Lewis says the company will close its first profitable fiscal year in March 2010.

It isn't just Real D that's benefiting. The profit possibility of 3-D promises to expand revenues throughout the relatively strong movie industry, which reported a 16% growth in movie attendance in the first two months of this year compared with last. What's more, it finally persuaded studios and exhibitors to make the \$3 billion transition to digital projection after 15 years of fighting between studios and theater owners.

In order to operate a 3-D system, a theater must have a digital projector installed. Transition to digital costs roughly \$75,000 per screen. But while digital projector systems would save studios and theaters the billion dollars a year involved in the producing, shipping and maintaining of cumbersome 35 mm prints, neither side wanted to bear the cost for the equipment alone. For theaters, the investment would only pay off if the content--including 3-D films, live sports and opera (which can be shown during off-peak hours to attract an atypical audience into theaters)--becomes more available. Studios, of course, didn't want to create the content without screens to show it.

In May 2005, *Chicken Little* solved the chicken and egg problem. The Walt Disney Co. (nyse: DIS - news - people) saw enough promise in Lewis' technology that it agreed to create a 3-D version of the animated film if Lewis would guarantee 100 screens would be ready by its November release. A 3-D movie needs to have two images per single frame, which are alternatively projected on screen at a rate of 144 times per second, to create the illusion of depth. It's complex and expensive, adding about \$15 million to the budget of an animated film.

A lack of projectors limited *Chicken Little* in 3-D to only 84 screens. But it sold twice the number of tickets per screen that the 2-D version did--with a per-ticket premium of \$2.50 to \$5, split between theaters and studios. Others soon followed Disney, ponying up financing for conversion. Third-party companies DCIP and Cinedigm stepped in to broker the digital installations. Ultimately, the studios will pay for about 75% of the digital conversion cost.

It isn't all good news. When the credit market crumbled in 2008, screen expansion stalled. Production company Walden Media only got 854 of the 1,200 3-D-ready screens it wanted to release *Journey to the Center of the Earth* in July 2008, though the 3-D screens did four times the business of the conventional screens. In January, Lionsgate could only show the screen-popping version of *My Bloody Valentine 3-D* in a third of the theaters it was released in, though the 3-D version grossed six times more at the box office.

When DreamWorks' *Monsters and Aliens* hits theaters at the end of this month, about 2,600 screens will be fitted for 3-D. CEO Jeffrey Katzenberg had hoped for at least 3,000. Still, says Roger Smith, executive editor of Global Media Intelligence, "It's gone too far to fail now. Enough movies are in the pipeline that somehow these screens are going to be built."

Lewis says his work is far from done. "We still have a lot of the population that hasn't seen a movie in 3-D," he says. "In terms of 3-D religion, we want to try and convert some of these people."



REAL D RESULTS

**3D Global Cinema Platform
Creates Robust Market Opportunity**

REAL D RESULTS

Jan. 22, 2008

REAL D chairman/CEO and co-founder Michael Lewis says of the year 2005, a bit ruefully, "We created this technology and we hoped that content creators would show up."

Lewis and co-founder Joshua Greer had spent two years refining a next-generation digital 3D technology, which was far more sophisticated than the anaglyph "red and green glasses" technology with which most moviegoers were familiar. REAL D's technology, using circular polarization to separate left- and right-eye images, created a realistic and immersive experience without the light issues and eyestrain associated with older 3D cinema systems. REAL D launched its 3D cinema business in early 2005 and the content creators *did* show up. In November 2005, with the release of Disney's *Chicken Little*, REAL D had deployed 88 digital 3D screens domestically, driving three times the per-screen box office of the 2D screens showing the film.

Two fast-moving years later, in late 2007, REAL D was able to carry Paramount's *Beowulf* on over 900 screens domestically in 638 locations. When the dust had settled, REAL D-equipped theaters had delivered \$23.4 million of the film's \$79.4 million domestic take—approximately 30 percent. The REAL D platform's expansion to the world's largest deployment of 3D screens—1,169 globally as of press time—became proof of concept, if proof were needed, that the "new" REAL D 3D had become a significant driver in box-office financials.

Dallas's Rave Motion Pictures, an exhibitor firmly committed to REAL D 3D with at least one REAL D screen in each of its locations, opened *Beowulf* in its Las Vegas Town Square location on seven screens. Jeremy Devine, Rave's VP, marketing, comments, "On average, our 3D engagements gross three times as much as the 2D runs. Having been on board with REAL D since the *Chicken Little* release has been invaluable in terms of raising our brand awareness and contributing to the bottom line."

Naturally, the financial community has taken note as well. In May 2007, Gordon Hodge and Lloyd Walmsley, analysts at Thomas Weisel Partners in San Francisco, wrote a report entitled "Polarize This! REAL D 3D Movies Could Be 'Game Changer'" for the *Cinema Business*. In the report they state, "Clear consumer demand for a 3D experience

is manifesting in higher ticket prices and higher attendance per screen, leading to higher revenues and margins for cinemas. We believe the REAL D platform for 3D movie exhibition could be a 'game changer' for the cinema business."

REAL D has made a core tenet of its business installing screens globally and in multiple markets, making 3D moviegoing a reality for cinema guests everywhere. REAL D's 995 domestic screens as of press time reach virtually all the top 50 DMAs, as well as considerably smaller markets. This ubiquity has effectively created a "mainstream 3D market," which in turn encourages content creators to venture further into the 3D realm. A host of 3D features are in the pipeline for 2008 and 2009.

Upcoming in 2008 and only on the digital 3D platform are Disney's *Hannah Montana/Miley Cyrus: Best of Both Worlds 3D* concert film and New Line's *Journey to the Center of the Earth 3D*. With a 97% market share in digital 3D cinema, REAL D expects to generate the majority of box-office take on both movies. The company is estimating 4,000 screens deployed in 2009, paving the way for a slew of highly anticipated 3D releases including Disney's *Bolt*, Focus Features' *Coraline*, DreamWorks Animation's *Monsters vs. Aliens* and *How to Train Your Dragon*, and Fox's *Avatar*, directed by James Cameron.

Says Lewis, "We've built the world's largest 3D platform and the market continues to expand. Filmmakers have truly embraced the medium and we are thrilled that our global reach has created a real audience for 3D cinema." This time, he doesn't sound rueful at all.

REUTERS

Cineplex Entertainment to ramp up 3D installations

Tue Jul 22, 2008 12:26pm EDT

TORONTO, July 22 (Reuters) - Cineplex Entertainment, Canada's largest movie exhibitor, on Tuesday said a California company will install at least 175 3D systems in Cineplex theaters across the country by December 2009.

The exhibitor, which operates theaters under such names as Cineplex Odeon and Famous Players, said the deal with RealD, a 3D technology provider, puts the Toronto-based company at the forefront of an industry-wide shift from 35 millimeter to digital projection.

The value of the deal was not disclosed.

"This is taking us to a whole new level," said Pat Marshall, vice president of investor relations for Cineplex.

Cineplex said the new systems will be installed in time for the release of about a dozen 3D movies expected to arrive in theaters in the next 18 months, including *Monsters vs. Aliens* and *Ice Age 3: Dawn of the Dinosaurs*.

Cineplex Entertainment is 76 percent owned by Cineplex Galaxy Income Fund (CGX_u.TO: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)). The company operates 1,337 screens at 132 theatres.

"This agreement will allow us to provide even more guests across the country with the most advanced digital 3D movie-going experience possible," said Cineplex President and CEO Ellis Jacob in a statement.

There are currently 41 RealD 3D systems installed in Cineplex theatres, with the majority of the remaining systems expected to be in place in 2009. (Reporting by Lara Hertel; Editing by Frank McGurty)

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Regal, RealD team on digital switch

Duo to convert 1,500 screens

By PAMELA MCCLINTOCK

Regal Entertainment has pacted with RealD to convert 1,500 of its screens to digital 3-D - a move that could ease the standoff between Hollywood studios and the country's largest theater circuits over the belabored digital rollout.

Most markets in the U.S. would be able to offer moviegoers 3-D films under the deal. Agreement marks the largest single transaction to date for RealD, the market leader for 3-D screen installations.

There are fewer than 5,000 digital theaters in the U.S. Of those, less than 1,000 are 3-D equipped.

To date, the country's three largest circuits -- Regal, Cinemark and AMC Entertainment -- have balked at investing in the conversion to digital, a prerequisite for going 3-D, because of a dispute with studios over how much studios should pay exhibs in so-called virtual print fees.

The industry has long believed that smaller theater owners, as well as international circuits, are awaiting a cue from the big exhibs before converting more screens themselves.

Several weeks ago, DreamWorks Animation's Jeffrey Katzenberg chided the big three loops for not moving more quickly considering the plethora of 3-D projects set to be released in 2009, including his company's "Monsters vs. Aliens" and James Cameron's "Avatar," from 20th Century Fox.

"What this signifies is that 3-D is here to stay," said RealD chair-CEO Michael Lewis.

The deal between Regal and RealD won't take effect, however, until the studios and a consortium formed by Regal, Cinemark and AMC agree on a virtual print fee.

At one point, the consortium -- Digital Cinema Implementation Partners -- wanted all the major studios to agree. Now, it appears that the consortium is prepared to move ahead with only three of the studios aboard: Walt Disney, Paramount (which distributes

DreamWorks Animation titles) and Fox. Insiders said they expect Sony and Universal to follow suit eventually, while Warner Bros. and DCIP are said to be far apart on terms.

Disney has been the pioneer in digital 3-D, although it is Katzenberg who has become the public ambassador of the fight to convert more.

"I believe this partnership between Regal and RealD marks a defining moment for the greatest transformation in moviegoing in 70 years," Katzenberg said.

Regal chair-CEO Mike Campbell said his circuit looked forward to the finalization of the consortium's agreement with the studios, so that Regal can commence the expanded 3-D rollout with RealD.

In the joint press release issued by Regal and RealD, Katzenberg was quoted along with Fox prexy of domestic distribution Bruce Snyder and Disney prexy of distribution Chuck Viane. Like Katzenberg, Viane and Snyder believe the deal between RealD and Regal is a sign of real progress.

"We are currently deep into the negotiations with DCIP to keep the digitalization of theaters moving forward. And we are thrilled that RealD and Regal have joined together to make 3-D viewing a reality on a nationwide basis," Snyder said.

Later this summer, Warner Bros. will release New Line's 3-D family adventure "Journey to the Center of the Earth."

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PRESS RELEASE

Trends International LLC Announces Purchase of DateWorks Calendar Product Line.

Trends International LLC announced today that it has purchased the DateWorks calendar product line from American Greetings Corporation.

DateWorks has become a major factor in the calendar market and currently features wall, box, pocket and mini calendar formats. Sports Illustrated, Harley-Davidson, Care Bears, Planet Earth, Twisted Whiskers, Monty Python's Flying Circus, John Deere, Helen Steiner Rice, Guinness Book of World Records, Kathy Davis and James Bond are among DateWorks' licensed properties.

Trends International, views this acquisition as a strategic move for the company, establishing it as one of the top calendar companies worldwide. [Read Entire Release >](#)



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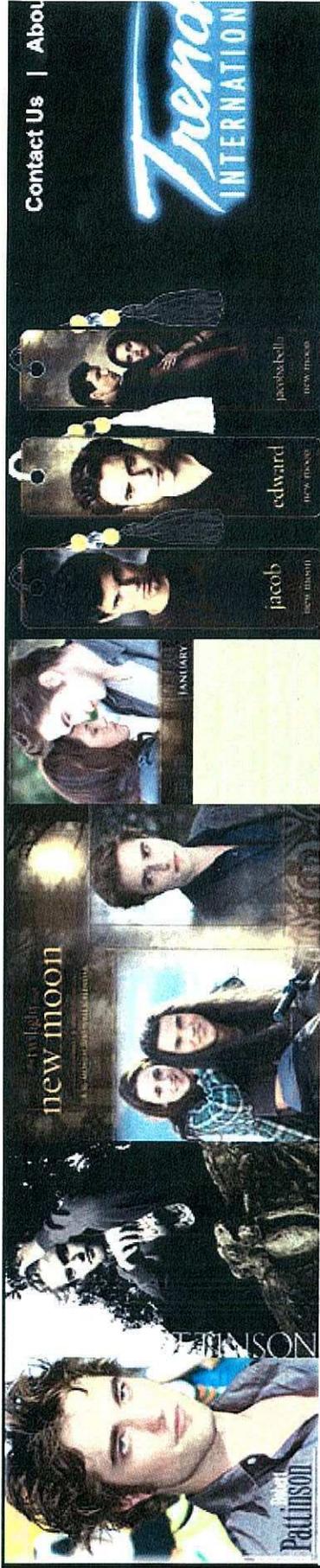
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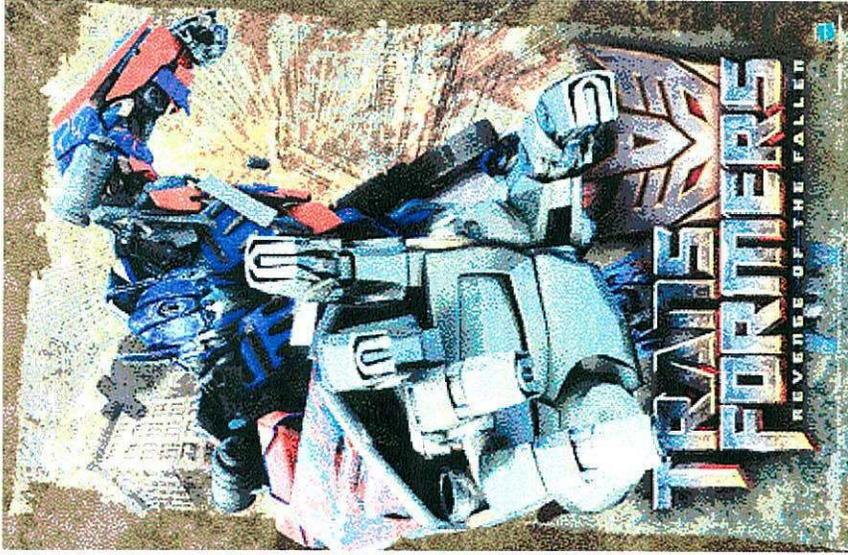
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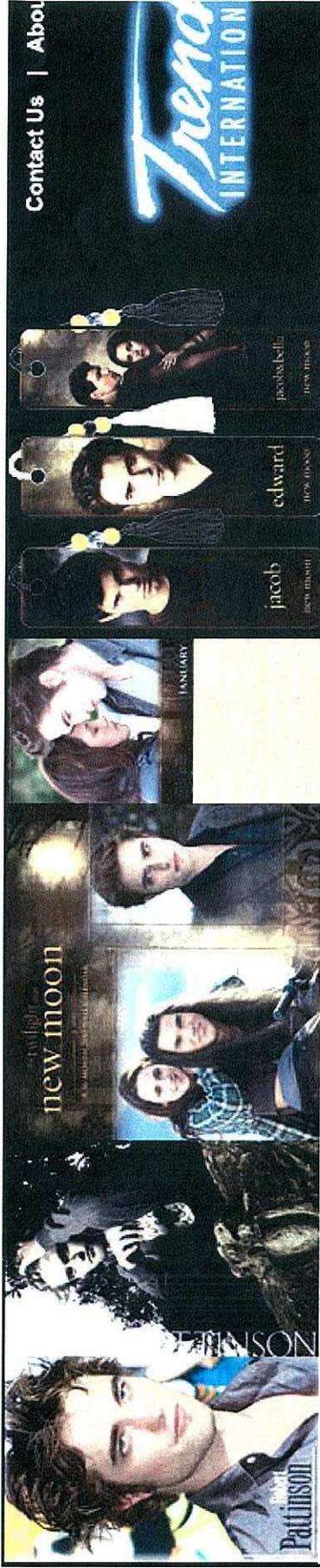
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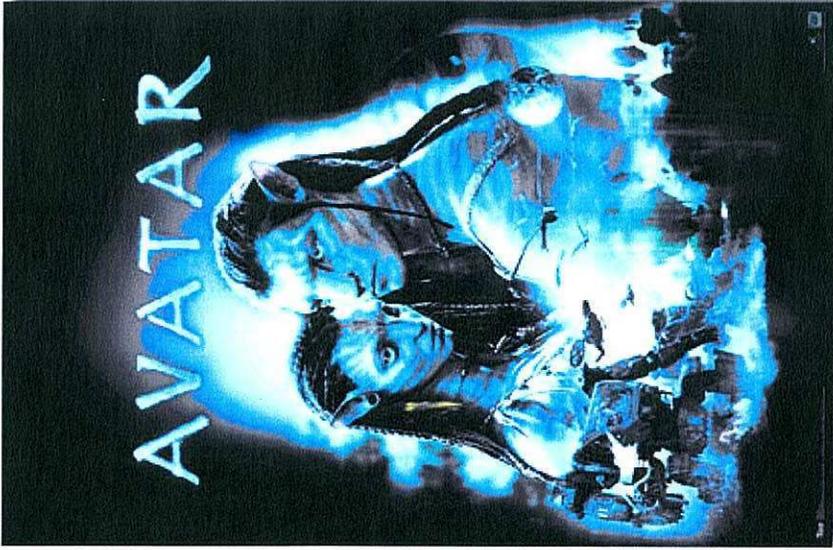
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