

One Franchise to Rule Them All

New Line and *The Lord of the Rings*

It was as good as a Hollywood movie. February 29, 2004. Los Angeles, California. Interior: Kodak Theater. The Academy Awards. Men uniformed in tuxedos, women in unique and opulent gowns. Medium shot of Steven Spielberg, on stage addressing the thousands sitting in the hall and the nearly 44 million viewers of the live broadcast. He lists the nominees for the final category of the night, Best Picture, which includes *Lost in Translation* (2003), *Master and Commander* (2003), *Mystic River* (2003), and *Seabiscuit* (2003). But first on his list is *The Lord of the Rings: The Return of the King* (2003), the third film in New Line's trilogy of spectacular fantasy films, which has already earned ten Oscars earlier this evening.

Spielberg opens the envelope. "It's a clean sweep," he says, and announces that *Return of the King* has won an eleventh Oscar, Best Picture of the Year for 2003. Director Peter Jackson and artistic partner Fran Walsh go to the stage, joined by more than a dozen others involved in the making of the film, including cast members Ian McKellen, Elijah Wood, and Liv Tyler. New Line cochairs and co-CEOs Bob Shaye and Michael Lynne stand directly behind Jackson as he gives his acceptance speech. It is a culminating moment, it seems, for these and an immense number of other people who've teamed together for nearly five years in the production, marketing, and distribution of three of the most successful movies in Hollywood history. It is *the* high point, certainly, in the story of New Line Cinema.

Based on the swords-and-sorcery novels by J. R. R. Tolkien, *The Lord of the Rings* movies aim to speak mythically. Set in a fantastical world filled with magic and monsters, the films tell an ostensibly timeless tale of friendship, romance, challenge, loss, and miraculous triumph. This Academy Awards ceremony also seeks to operate mythically. It is a moment when Hollywood projects to the world its institutional legitimacy through a recognition of values like creativity, artistry,

glamour, and prestige. For this moment, New Line Cinema is at the top of the heap of the Hollywood studios. For those who worked to make and distribute the *Lord of the Rings* films, the night provides a grand conclusion to a narrative that began six years earlier.

Of all the films discussed in this book, the *Lord of the Rings* movies are the most wrapped up in a legend-building enterprise through which the film industry seeks to write its own story and shape future historical accounts of its activities. Stories about the trilogy's wayward journey through development, epically scaled production, technological innovations, and groundbreaking use of new distribution platforms are too numerous to detail or even cite extensively. Such tales circulated simultaneously with the films' production and release, in medias res, and abundant promotional discussion even preceded the making of these films. At every turn, the discourse about *The Lord of the Rings* set an agenda for how the films would be understood later, and people working on them circulated a considerable amount of this discourse. It was *marketing*.

The producers and marketing staff behind *The Lord of the Rings* made innovative use of the internet, then still a novel vehicle for movie promotion, especially in the delivery of behind-the-scenes information about the films. Part of the ingeniousness of the marketing of *The Lord of the Rings* was the way it successfully generated a discourse among everyday people who, through online blogs, chatrooms, and discussion boards, repeated key elements of the producers' preferred narrative about the films. Like a widespread case of logorrhea—a condition of excessive talkativeness—countless fans contributed to a wave of speculation and reaction regarding the films. This was a case where the industry's hopes for so-called “guerilla” or “grassroots” marketing appeared successful on an international scale.

This chapter contributes to the legend of the *Lord of the Rings* trilogy as an exceptional achievement in filmmaking. Due to the extensive writing already published on these films, however, the chapter adheres to certain limits.¹ Specifically, this chapter is interested in the way the *Lord of the Rings* films relate to New Line Cinema as it entered the twenty-first century. The trilogy served, both accurately and not, as a key to understanding the company's industrial practices and status as well as its cultural identity and significance during that era. As discussed in chapter 3, New Line developed largely apace with sweeping structural changes in Hollywood over the course of the 1990s. For New Line, this entailed a logic of incorporative heterogeneity. It continued to add different genres to its repertoire, and with its new corporate situation in the 1990s, these films and genres generally had larger budgets and greater potential for wide, general audiences. For the larger media industry, incorporative heterogeneity entailed the big companies bringing disparate cinematic and televisual business models and genres into a larger corporate structure. Disney held ESPN and Miramax, Time Warner had HBO and New Line, and so on. A handful of conglomerates pursued global audiences with

blockbusters and simultaneously pursued smaller, distinct viewerships with niche cable channels and specialty cinema.

As New Line proceeded into the twenty-first century, it came to embody the tendencies of Conglomerate Hollywood even more than it had before.² Having established an odd but powerful position within the American media business by the turn of the millennium, New Line—like Hollywood more generally—was shaped by deregulation, globalization, and digital technologies.³ As the media conglomerates achieved both vertical *and* horizontal integration, Hollywood movies were often part of larger franchises that spread across media forms and exhibition platforms and manifested in additional commodity forms like toys, clothing, and games. As described in chapter 2, the Hollywood studios followed “franchise” logics by the 1980s, and New Line engaged in multimedia franchising in its own way. Conglomerate Hollywood amplified such practices and made them even more fundamental.

The Lord of the Rings serves as an exceptionally successful embodiment of all these phenomena. But like New Line Cinema, *The Lord of the Rings* is at once representative of broader tendencies in the media industry and unusual in its success. Like New Line Cinema, *The Lord of the Rings* illustrates the rules of the game *from the perspective of the winner*, which is not typical for players of the game.

This chapter illuminates the ways the *Lord of the Rings* films reflected an unusual leap in scale for New Line, and yet came about through industrial practices and cultural logics that the company had developed over decades. These films, in other words, were not as innovative for New Line as one might suspect. This chapter examines how the same principles that define the *Lord of the Rings* trilogy (deregulation, globalization, digital technologies, and multimedia franchising) also affected New Line’s larger slate of films in the late 1990s and 2000s. Doing so places the *Rings* trilogy within a legible industry context and, further, reinforces the idea that *The Lord of the Rings* was atypically successful. Indeed, this chapter examines some major disappointments for New Line that used similar strategies, including *Snakes on a Plane* (2006) and *The Golden Compass* (2007). The chapter closes with a tale of even more spectacular failure, when Time Warner radically downsized New Line Cinema, effectively making it a minor sublabel operated under the Warner Bros. studio umbrella.

PLAYING BY THE RULES WHEN THERE ARE NO RULES

The “merger mania” in the media industry in the 1990s did not slow down; indeed, the multiple deregulatory acts of the US government in the 1990s set the stage for what was arguably an even more intense wave of mergers and acquisitions in the early 2000s.⁴ Among telecom and cable companies, AT&T acquired Media-One in 1999 for more than \$60 billion. Viacom completed a merger with CBS in

2000. The same year, French water company Vivendi bought Canadian beverage company Seagram, which owned Universal Pictures and its theme parks, for more than \$30 billion, forming Vivendi Universal. General Electric (GE), which already owned NBC, bought a majority share of Vivendi Universal in 2003 to form the combined NBC Universal media conglomerate, only to have Comcast, the largest cable company in the United States, buy a majority of NBC Universal from GE in 2009. The media and communications industries thus achieved increasing levels of vertical and horizontal integration, and multiple enormous companies had the means to produce multiple forms of entertainment media and to distribute media texts in multiple, parallel venues and formats.

The largest deal was Time Warner's acquisition by internet service provider America Online (AOL) for around \$164 billion, which thrust New Line Cinema yet again into a new corporate position.⁵ Fueled by Americans' increasing use of the World Wide Web as a medium for accessing information, entertainment, and retail transactions, AOL had grown immensely over the course of the 1990s; whereas the company had 1 million subscribers in 1994, it had more than 6 million by mid-1996.⁶ By the time it bought Time Warner in 2000, AOL had more than 20 million subscribers and held the top position in the internet service industry.⁷

Part of the fever-pitch public discussion of all things digital and the "dot-com economy" entailed debates about the place of film and television companies in an increasingly digitized, online world. Rumors regularly circulated in the late 1990s that "new media" companies would merge with "old media" companies. One article in 1999, for instance, asserted that "observers of new media are convinced that a takeover of a traditional entertainment company cannot be far off, with AOL, Yahoo and Microsoft often mentioned as potential acquirers of CBS, the NBC unit of General Electric, Time Warner, or even Walt Disney."⁸ There was equally avid discussion about how "traditional" media companies sought to use the internet, particularly as audiences for broadcast television declined and internet usage continued rising.⁹

In this context, the press treated the AOL and Time Warner merger as a stunningly massive shift in the composition of the media business. A press release announcing the merger highlighted the combined stock value of AOL Time Warner: \$350 billion. "The merger will combine Time Warner's vast array of world-class media, entertainment and news brands and its technologically advanced broadband delivery systems," the press release stated breathlessly, "with America Online's extensive Internet franchises, technology and infrastructure, including the world's premier consumer online brands, the largest community in cyberspace, and unmatched e-commerce capabilities."¹⁰ Statements such as these laid bare the ideals of synergy, whereby a single corporation could maximize value through pairing hardware with software, infrastructure with content, new media with old.

Although news coverage about the merger highlighted the new conglomerate's holdings in multiple media, including magazines like *Sports Illustrated*, cable

stations like the Cartoon Network, and movies from Warner Bros., it was rare to find New Line prominently mentioned.¹¹ The snubbing in the press is notable because New Line had regularly partnered with AOL on promotional efforts since 1997—one of the few movie companies to do so—and had forged a multimedia marketing deal with AOL in 1999.¹² Nevertheless, the AOL Time Warner merger put New Line in a precarious position. AOL placed all its newly acquired divisions under scrutiny and, in early 2001, forced New Line to take part in “corporate-wide cutbacks that resulted in 120 [New Line] staffers being laid off . . . 16% of their workforce.”¹³ That AOL spared Warner Bros. from conducting any similar cuts suggested that the conglomerate’s leadership saw flaws in New Line’s operations and, further, was playing favorites among the two cinema divisions.¹⁴

New Line’s uncertain position within AOL Time Warner and its second-rate position vis-à-vis Warner Bros. guided much of the press about the company through the early 2000s. When New Line had major flops like *Little Nicky* (2000) and *Town and Country* (2001), the press was especially dubious about New Line’s future, with some speculating that AOL Time Warner would sell it or dissolve it into Warner Bros. Such assessments weighed heavily on news coverage in 2000–2001 about the *Lord of the Rings* trilogy, the grandest and most expensive production in the company’s history. Just before the release of *The Fellowship of the Ring* (2001), *Variety* asserted the film was “an acid test of New Line’s ability to pull its weight within the AOL Time Warner empire, and to justify its continued existence as a quasi-independent unit.”¹⁵ Such rhetoric set the stage for the industrial narrative that involved massive risks and challenges for New Line and situated *The Lord of the Rings* as either the company’s salvation or its demise.

OLD LINES AND NEW LINES

Amid the corporate changes New Line underwent in this moment, the company remained eclectic and opportunistic. Between 1998 and 2008, New Line continued to be associated with horror films, Black films, and populist comedies featuring male buffoons, as well as some “indie” films and prestige pictures from auteur directors. The company was largely successful with these genres through this period. Continually extending its logic of incorporative heterogeneity, New Line also experimented with some more conventional fare like adult dramas and kid-friendly comedies with higher budgets, higher production values, more special effects, and famous stars. New Line thus differentiated itself from corporate sibling Warner Bros. and other big studios by holding on to films and genres *slightly* less typical for Hollywood, but it also broached Hollywood’s terrain to varying results.

In the area of horror, New Line recycled its existing intellectual properties and also innovated with new series. In most cases, the company’s millennial horror films displayed more formal stylishness than its earlier films had, making use of computer-generated imagery, spectacular set pieces, and stunt work. *Jason X*,

released in 2001, was the tenth film in the *Friday the 13th* series and was notable for mixing the slasher formula with science fiction. New Line sustained the Freddy Krueger character with the film *Freddy vs. Jason* in 2003, in which the similarly indestructible supervillains squared off. With *Freddy vs. Jason*, New Line splurged on a \$28 million production budget, reflected in the film's polished aesthetic.¹⁶ The mash-up of two venerable franchises succeeded in attracting an audience of horror fans and others, earning over \$80 million at the box office.¹⁷ New Line continued the *Texas Chainsaw* franchise with two more films, a formally slick and immensely successful remake of the original film in 2003, and a less successful prequel to this remake in 2006.

New Line forged new ground in the horror genre with the *Final Destination* film series, which consisted of five films released between 2000 and 2011. The premise of the first film, extended through the sequels, is that a character has a premonition of a massive, violent accident in which many people die; this is a spectacular highlight of each film, a grand set piece with shocking deaths. After avoiding this fate, the film follows the "surviving" characters, who subsequently die in different, extraordinary ways due to their having "cheated" death previously. These sequences play out like gruesome Rube Goldberg machines, with many elements working sequentially to kill someone; in this regard, the series anticipated the *Saw* (2004) franchise that began a few years later. These sequences make extraordinary use of both practical and computer-generated effects, giving the *Final Destination* series the look of other spectacle genre films of the time. New Line released these films in the post-winter holiday season or in late summer, counterprogrammed against dramas and comedies such as *Erin Brockovich* (2000), *The Recruit* (2003), and *The Pink Panther* (2006).

New Line also continued distributing films featuring predominantly Black casts and which often contended with race and Blackness. The company continued releasing comedies, including *Next Friday* (2000) and *Friday After Next* (2002), the sports film *Love and Basketball* (2000), and action films like *Turn It Up* (2002) and *All about the Benjamins* (2002). New Line distributed Spike Lee's eleventh feature film, *Bamboozled*, in 2000, which featured an ensemble cast that included Damon Wayans and Jada Pinkett Smith. Although a financial failure, the film is remarkable for its critique of representations of Blackness in film and television. *Bamboozled* stands out on New Line's slate because it was a serious, auteur work rather than a more conventional Black comedy or drama. New Line supported the film with provocative print ads, internet banner ads, and a trailer that invoked minstrelsy.

New Line also continued making unpretentious, populist comedies through the 2000s, many of which featured juvenile men engaging in crude, socially outrageous behavior. In addition to two Austin Powers sequels (1999, 2002; discussed in more detail below), New Line released the sequels *Dumb and Dumberer: When Harry Met Lloyd* (2003) and *Son of the Mask* (2005), neither of which featured

the original stars. New Line's noteworthy original comedies from the period are *Harold and Kumar Go to White Castle* (2004) and *Wedding Crashers* (2005). Both films were rated R, and the press at the time singled *Wedding Crashers* out for contributing to a "return of the R-rated comedy."¹⁸ Whereas *Wedding Crashers* features a white male duo played by well-known comedy stars Owen Wilson and Vince Vaughn, *Harold and Kumar* features two people of color in the lead roles, John Cho and Kal Penn. The actors play Harold and Kumar, respectively, two highly educated professionals who smoke a lot of marijuana. The film's loose plot involves the two attempting to get food at White Castle, and many ridiculous vignettes occur that revolve around the pair being inebriated. The film thus sought broad audiences with its unassuming material and simultaneously continued New Line's consistent use of ethnic and racial minorities in prominent parts.

Yet some of New Line's work in comedy looked quite conventional by Hollywood standards and featured bigger budgets, bigger stars, grander scales, and more accessible premises. In this context, *Elf* (2003) illustrates the extent to which New Line's comedies of the 2000s aimed squarely for the cultural mainstream. Indeed, *Elf* had been a Disney project before New Line picked it up.¹⁹ The film stars Will Ferrell, who had previously been part of the regular cast of *Saturday Night Live* and appeared in many movie comedies of the era. Ferrell plays Buddy, a human who, due to a fluke accident, was raised at the North Pole among Santa's elves; veteran comedian Bob Newhart plays his elfin adoptive father. Buddy travels to New York City to establish a relationship with his biological father, played by James Caan. The film's comedy relies largely on the fish-out-of-water premise. Buddy's height and childlike demeanor stand out amid the diminutive elves at the North Pole, for instance, and he likewise appears out of joint when he maintains his belief in Santa Claus in the face of the unbelieving, cynical people he encounters in New York.

With its PG rating, star cast, clean humor, and high-quality visual effects, *Elf* sought general audiences when New Line released it in November 2003 as counterprogramming to the R-rated action film *The Matrix Revolutions*. The film had a production budget of \$30 to \$35 million, and New Line spent the same amount to advertise the film.²⁰ It was a massive success, earning more than \$170 million in North American theaters.²¹ A New Line executive pointed to the film's broad appeal: "The film performed far beyond studio expectations and brought in moviegoers from age 8 to 80."²² An especially positive review of the film asserted, "'Elf' possesses all the potential longevity of 'A Christmas Carol,' 'A Christmas Story' or (dare we say it?) 'It's a Wonderful Life.'"²³

Elf represents millennial New Line at its most accessible, certainly compared to its other comedy films. But the company also released several dramas during this period, some of which sought prestige, while others appeared as conventional as any other Hollywood movie. Both before and after the AOL-Time Warner merger, New Line was generally spending more on production budgets and on

stars' salaries. Thus, a sizable number of its dramas resembled the bigger-budgeted prestige pictures released by Miramax during the second half of the 1990s, such as *The English Patient* (1996). Fine Line at this time was greatly diminished in its operations, which opened opportunities for New Line to handle specialty films, albeit larger in scale. The company, for instance, continued its relationship with director Paul Thomas Anderson, releasing his film *Magnolia* in 1999, which earned numerous Golden Globe and Academy Award nominations but did not do well at the box office. Although Columbia distributed the film, New Line also produced Anderson's *Punch Drunk Love* (2002), a romantic drama that won the Best Director award at Cannes.

Yet a preponderance of New Line's "quality" films and more conventional dramas failed to garner substantial recognition or financial success, perhaps because they were attempts at being more mainstream, middle-of-the-road fare. Films in this vein include *Thirteen Days* (2000) with Kevin Costner, *Life as a House* (2001) with Kevin Kline and Kristin Scott Thomas, and *Birth* (2004) with Nicole Kidman. New Line attached the first trailer for *The Fellowship of the Ring* to *Thirteen Days* in an odd attempt to gain audiences for the historical drama based on the high anticipation for the fantasy film. New Line had two substantial hits, however, both directed by Nick Cassavetes, first with the Denzel Washington drama *John Q* in 2002, then with *The Notebook* in 2004, a romantic drama adapted from the novel by Nicholas Sparks and featuring rising stars Ryan Gosling and Rachel McAdams.

But many of New Line's more conventional dramas failed to distinguish themselves. Most notorious was *Town and Country* (2001). The company had begun development of this romantic comedy as early as 1997, and attached Warren Beatty to star in the project along with Diane Keaton, Andie MacDowell, and Goldie Hawn.²⁴ The production encountered numerous problems, however, including missing footage and script rewrites, which led to multiple production delays and ultimately "caused the film to nearly double its shooting schedule."²⁵ By spring 1999, the film's budget, originally planned at \$35 million, had exceeded \$80 million, and production delays forced the company to reschedule the film's release eleven times.²⁶ When New Line finally released *Town and Country* in spring 2001, it earned \$6.7 million, making it such a massive failure that one reporter called it "a far greater flop than Beatty's infamous 'Ishtar.'"²⁷

This film followed in the wake of *Little Nicky*, a supernatural comedy starring Adam Sandler. That film's budget reached \$80 million as a result of its ensemble cast and extensive special effects, and New Line also spent \$35 million on marketing, yet the film earned only \$45 million in US theaters as 2000 came to a close.²⁸ Thus, a year before the release of *Fellowship of the Ring*, the company had such a bad run that the *Los Angeles Times* feared it "may be about to relive its darkest hour," referring to New Line's disastrous fall 1996.²⁹ The failure of *Town and Country* and *Little Nicky* put even more pressure on New Line to win big with *The Lord of the Rings*.

NEW LINE'S INTERNATIONAL, SPECTACULAR FRANCHISES

In the late 1990s and into the 2000s, Hollywood focused more than ever on franchise films that (1) sought international revenues and (2) used computer-generated imagery and effects to support their fantastical plots and action sequences. New Line likewise bolstered its international operations and made more fantastical, effects-driven films. Although the *Lord of the Rings* trilogy is defined by its transnational character, it is important to consider this aspect in the context of New Line's long-standing international operations. The company began by distributing foreign films in the 1960s and continued to do so through the 1970s. New Line continued its international trade throughout the 1980s and 1990s, in some cases gaining production financing through territorial presales and distributing a small number of its films to international markets.

New Line expanded its international footprint dramatically in the years immediately preceding *The Lord of the Rings*. In particular, the company made a major international push with two films in 1999—*Austin Powers: The Spy Who Shagged Me* and *Rush Hour*, two movies with “broad appeal” that helped New Line's international division reach nearly \$300 million in revenues that year.³⁰ The company gave the Austin Powers sequel “the biggest marketing effort New Line has ever put behind a movie internationally,” and the film earned \$103 million abroad and \$205 million in the United States.³¹ In addition, the film's soundtrack album went double platinum and featured the original track “Beautiful Stranger” by Madonna, which topped the charts and played regularly on MTV. The following sequel, *Austin Powers in Goldmember* (2002), made more than \$210 million in North America and more than \$80 million internationally.³² Thus, although the *Austin Powers* films played better in North America, markets outside the United States played a crucial role in their success.

The *Rush Hour* series deployed and innovated upon many strategies previously used by New Line. The films feature Jackie Chan and Chris Tucker, continuing New Line's practice of making films with racial minorities in lead roles, and mixing silly comedy with Hollywood-style action cinema. In a report given to Time Warner executives in 1998, Shaye characterized *Rush Hour* as a franchise-in-the-making that extended the company's previous efforts, referring to Chan as a “talent franchise.”³³ New Line had worked previously with Tucker as well, first on *Friday* in 1995 and then on *Money Talks* in 1997, also a multiracial action comedy. *Rush Hour* also inherited *Money Talks* director Brett Ratner, who had a background directing music videos and who would direct the next two *Rush Hour* films. In a high-concept way, one could say that *Rush Hour* is “*Friday* meets *Police Story* 2.”

Like many buddy action films, *Rush Hour* forces two police officers with different backgrounds and sensibilities to work together. Tucker plays Detective James Carter, a Los Angeles cop with a penchant for disobeying procedures; Carter is

paired with Detective Lee, played by Chan, when Lee is brought in from Hong Kong to help rescue the daughter of a Chinese diplomat. In addition to featuring several action sequences with cars, guns, and explosions, the film highlights the two stars' established screen personae, with Lee engaging in deftly executed stunts and Carter adding gestural comedy and perpetual banter. At times the film creates comic friction based on the characters' different cultural backgrounds, as when Carter yells at Lee when first meeting him, as though shouting would help Lee understand the English language (which he already does). At other times the characters engage in dynamic acts of teamwork, such as in one sequence in which they fight off goons hand-in-hand, spinning each other around to punch and kick their assailants in tandem. In moments like these, *Rush Hour* uses the idioms of action cinema to transverse racial, ethnic, and national differences.

Advertisements for *Rush Hour* emphasized the distinctiveness of the stars and the incongruities between them. The film's posters, for example, featured both actors smiling jovially, suggesting the film's lighthearted, comic tone, and showed one of them making martial arts hand gestures; in one version Tucker does so, and in another it is Chan. The film's trailer likewise points toward the stars' personae, with a narrator stating, "The fastest hands in the East meet the biggest mouth in the West." Thus, the promotional efforts for *Rush Hour* relied on simplistic understandings of Asian-ness and American-ness, the latter associated with Black identity in this instance, at the same time that they suggested that the disparities between the two might be overcome.

New Line released *Rush Hour* in September 1998, on a weekend without any major releases from the Hollywood studios. The film broke box office records for fall releases, a feat one journalist attributed to the film's PG-13 rating and accessibility to broad audiences. The same writer noted that the "Tucker-Chan pairing is unique in matching two nonwhite stars," an aspect that allowed the film to cut "across demographics, attracting urban and ethnic audiences, young males and families alike."³⁴ Indeed, *Rush Hour* appears to have realized New Line's ongoing efforts to make films that held simultaneous appeal for specific devoted viewers and for so-called mainstream audiences.

Rush Hour earned \$145 million in the United States and \$103 million internationally; the film did especially well in East Asian markets.³⁵ New Line produced the first sequel with a much larger budget. Indeed, the first film's success empowered both Chan and Tucker to demand much higher fees.³⁶ The sequel broadened the series' international scope as well, with the production and narrative taking place in both Hong Kong and Los Angeles. Joining the cast was Chinese star Zhang Ziyi, who had recently gained international fame after appearing in *Crouching Tiger, Hidden Dragon* (2000). New Line "premiered" the film on a United Airlines flight from Los Angeles to Hong Kong as a part of a cross-promotional deal with the airline and the Hong Kong Tourism Board.³⁷ This marketing gimmick presaged the deal struck between New Line and Air New Zealand in late 2002, which resulted in

two passenger jets being covered in imagery from *The Lord of the Rings*.³⁸ Air New Zealand also used the slogan “Airline to Middle Earth.”

Although plans for a third film in the *Rush Hour* series occurred before the second film came out, *Rush Hour 3* did not appear until 2007. The press held the film up as proof that Hollywood was dominated by sequels and franchises, as it joined films like *The Bourne Ultimatum* and *Spider-Man 3* for being another “third” in a series released in 2007.³⁹ The film’s budget reached \$140 million, as lavish as any Hollywood blockbuster at that time.⁴⁰ Impressively, Tucker negotiated to receive 20 percent of ticket sale grosses.⁴¹ Terrible reviews and the lag between the films affected *Rush Hour 3*’s performance. Despite earning over \$250 million in theaters worldwide, the film ultimately failed to recoup its production and marketing costs.⁴² Nevertheless, the *Rush Hour* series earned \$846.8 million globally, with international markets playing an important role in its success.⁴³

Prior to *The Lord of the Rings*, several other New Line franchises participated in Hollywood’s increasingly noticeable shift toward fantastical genres with abundant special effects. One can look to George Lucas and Twentieth Century Fox’s re-release of the original *Star Wars* films over the course of 1997, with new digital effects added, as an instigating precursor to numerous film series that followed, including the *Star Wars* prequel trilogy that appeared in 1999, 2002, and 2005. In addition to space operas like these, the increasing sophistication of computer-generated imagery (CGI) provided the aesthetic innovations that supported the rise of the swords-and-sorcery genre and comic book adaptations. Alongside *The Lord of the Rings*, Warner Bros.’s *Harry Potter* series took off as a wildly successful fantasy franchise across the globe, made prominent use of CGI, and, in addition to the eight films that were released between 2001 and 2011, had innumerable manifestations in cross-promotional paratexts and consumer merchandise. The simultaneous success of *The Fellowship of the Ring* and *Harry Potter and the Sorcerer’s Stone* in late 2001 initiated a wave of fantasy pictures that continued through the 2010s, including the *Percy Jackson* book adaptations from Twentieth Century Fox (2010, 2013), Warner Bros.’s three films based on *The Hobbit* (2012, 2013, 2014), and Disney’s *Maleficent* films (2014, 2018), among many others.

The *Harry Potter* films especially inspired studios to make fantasy films based on young adult book series, which typically featured children as the protagonists. In addition to New Line’s *The Golden Compass* in 2006, key examples include Paramount’s *Lemony Snicket’s A Series of Unfortunate Events* (2004), Twentieth Century Fox’s *Eragon* (2006), and Disney’s three films based on *The Chronicles of Narnia* books (2005, 2008, 2010). As a genre, such effects-laden, magic-filled films can be traced as far back as *A Trip to the Moon* (1902) or *The Thief of Bagdad* (1924), but the *Lord of the Rings* and *Harry Potter* movies gave the genre a new prominence in the first decades of the twenty-first century.

Superhero films also became staple tentpoles for Hollywood. Prior to the release of *Iron Man* in 2008, which initiated the Marvel Cinematic Universe (MCU), two

other Marvel comic adaptations set the conditions for the subsequent dominance of CGI-driven superhero movies: *X-Men* in 2000, followed by *Spider-Man* in 2002. Both films launched film trilogies and provided narrative and aesthetic models adopted by later superhero films. Both also used plentiful CGI and CG effects to depict the fantastical abilities of the various superheroes; *Spider-Man* swinging among skyscrapers, or the *X-Men* character Cyclops shooting lasers from his eyes. *X-Men* and *Spider-Man* thus made CGI and CG effects a central element of the genre, and their success in theaters inaugurated the superhero film as a Hollywood genre aimed at global audiences.

New Line also ventured into making fantastical genre films driven by action and special effects, anticipating the company's work with *The Lord of the Rings*. New Line had notoriously failed with previous attempts in the action genre, namely *Long Kiss Goodnight* and *Last Man Standing* in 1996; and the company's first big-budget science fiction film, *Lost in Space*, fizzled in theaters and on home video in 1998. Nevertheless, the company continued working in this vein throughout the millennial period. It released the CGI-heavy, noir-infused psychodrama *Dark City* in 1998, which resembled *The Thirteenth Floor* (1999) and *The Matrix* (1999) in themes and style, and released *The Cell* in 2000, a psychological horror film with science fiction and fantasy elements. A year before the release of *The Fellowship of the Ring*, New Line acquired *Dungeons and Dragons* for around \$10 million as a pickup.⁴⁴ But, like many previous swords-and-sorcery films, *Dungeons and Dragons* was a failure.

The film featured African American actor Marlon Wayans in one of the lead roles, not a typical choice for the fantasy genre at the time but more typical of New Line's releases. Indeed, New Line's most notable effects-driven hits before *The Lord of the Rings* featured Black protagonists, specifically the comic book adaptations *Spawn* (1997) and *Blade* (1998), the latter of which propelled the creation of sequels that appeared in 2002 and 2004. Michael Jai White played the main character in *Spawn*, while Wesley Snipes played the *Blade* character; although Snipes was a well-established star, having appeared in numerous major films like *New Jack City* (1991) and *Demolition Man* (1993), his portrayal of a superhero still made *Blade* unusual. Thus, *Spawn* and *Blade* resembled the *Rush Hour* films in that all were mainstream Hollywood pictures with broad appeal starring people of color.

While *Blade* could rely on the name recognition of its main actor, *Spawn* drew on the established popularity of the fictional antihero, who had generated around \$35 million dollars in revenues from comics as well as action figures and related toys.⁴⁵ As with many New Line releases seen as "edgy," such as *Seven*, or shrewdly engaged with popular culture, like the video game adaptation *Mortal Kombat* (1995), New Line's adaptations of the *Spawn* and *Blade* comics were connected in the press to the tastes of Michael De Luca, then New Line's head of production.⁴⁶ Yet both *Spawn* and *Blade* appeared before *X-Men* and *Spider-Man* re-established



FIGURE 18. Featuring African American actor Michael Jai White in the lead role, *Spawn* is a comic book adaptation that uses computer-generated imagery and effects to represent the character's superpowers.

superhero films as a lucrative genre. Nineties-era series like *Batman* experienced diminishing popularity and box office returns, while many analogous works in the genre simply failed, such as *The Rocketeer* (1991), *The Shadow* (1994), *Judge Dredd* (1995), *The Phantom* (1996), and *Steel* (1997). Thus, *Spawn* and *Blade* aspired to a certain mainstream generic appeal and multimedia franchise possibilities yet faced challenges.

Like other comic book adaptations from the period, *Spawn* features numerous action sequences, including vehicle chases, gunfights, and physical melees. In addition to the practical effects used in these sequences, *Spawn* makes distinctive use of computer-generated effects and imagery, which were continually refined in Hollywood films following the success of *Jurassic Park* in 1992. Specifically, the *Spawn* character has a magical, living cape that moves semiautonomously. In this manner, *Spawn* aligned with other films of the period by using CGI to represent the supernatural or fantastical.

New Line released *Spawn* in late summer 1997, and released *Blade* during the same period in 1998. *Blade* had a comparable production budget of \$40 million, but would far surpass *Spawn* in popularity and revenue, making \$131 worldwide.⁴⁷ The *Blade* character is a sword-wielding vampire hunter who is himself part vampire, making both the film's villains and hero capable of superhuman physical feats. The plot is straightforward, as *Blade* hunts down, fights, and kills a cult of vampires who wish to destroy humanity. Stylistically, *Blade* blends tropes from crime dramas, martial arts films, and horror cinema. Its dynamic fights and other action sequences are supported at times with computer-generated imagery and effects, as when *Blade* leaps from one building to another.

Blade earned an R rating from the MPAA because of its bloody violence, and New Line promoted the film as a dark, violent, supernatural action film with horror movie elements. The trailer, for instance, features numerous quick-cut snippets from the film's fights, but also signals the appearance of vampires as well as Blade's supernatural abilities. The film was successful, and by the time New Line released *Blade 2* in 2002, the sequel was already primed for more mainstream success. By this point, *X-Men* had become a major hit and demonstrated that superhero films could attract big, international audiences. Further, *Blade 2* was released amid concurrent publicity for the *Spider-Man* film, which would go into theaters only two months later.

Unlike *X-Men* and *Spider-Man*, *Blade 2* was rated R and featured at least as much violence as the first film had. In this respect, even as it participated in a mainstream Hollywood genre, these films were "edgier" when compared to other superhero films of the time. Nevertheless, New Line courted an even larger audience. At the film's premiere, Bob Shaye signaled his hopes that the film would have broad appeal. Asserting that *Blade 2* "may not be a movie for everybody, but it comes close," Shaye said the film would appeal especially to people who liked comic books.⁴⁸ When the film did indeed perform remarkably well in its opening weekend, one story cited it as demonstrating innovations in film franchising as an artistic *and* business practice: "Originally typified by cheap, inferior knockoffs, the sequel has become a higher art form as studios realize that careful follow-ups can practically turn into a license to print money."⁴⁹

Hyperbolic to be sure, assessments like that nevertheless speak to the dominance of franchising in the film business in the early 2000s and New Line's role in this development. Further, *Blade 2* followed the theatrical release of *Fellowship of the Ring*, and in this context helped to center New Line in Hollywood at the time. Although troubled by production difficulties, the third film, *Blade: Trinity*, earned over \$120 million, contributing greatly to the \$400 million earned by the *Blade* series in total.⁵⁰

As evidenced by the continuing success of the *Austin Powers*, *Rush Hour*, and *Blade* series, New Line increasingly strove to create big-budget, Hollywood-style franchises before and alongside the company's work with *The Lord of the Rings*. Perhaps nothing reflects New Line's unlikely transformation from the 1970s to this moment more than the multimedia franchising of John Waters's *Hairspray* (1988) into a Broadway musical in 2002, which won eight Tony Awards and spawned a big-budget film remake in 2007. Where New Line had once been in the business of releasing anti-mainstream films like John Waters's *Female Trouble* (1974), and later broached more conventional audiences with Waters's *Hairspray* in the late 1980s, now the company molded this work to attract audiences in the symbolic cultural center of the United States.

In this context, *The Lord of the Rings* appears as a kind of logical, albeit extreme, continuation of New Line's path through history and movie culture. The *Lord of*

the Rings franchise conformed so well to the conventions of Hollywood blockbusters of the time that many, if not most, audiences would likely have considered it a defining component of Hollywood at the dawn of the twenty-first century. Like the *Star Wars* prequels, like the *Matrix* films, like the *Harry Potter* series, like the *Spider-Man* and *X-Men* series, the *Lord of the Rings* films featured massive budgets, star casts, and abundant and spectacular CGI and CG effects. Like those other series, *The Lord of the Rings* made more money in international markets than in the United States and did exceptional business on home video, especially DVD. Likewise, these films were fully intertwined with countless franchise paratexts beyond home video, including video games, board games, action figures, and other toys. In the millennial swirl of global, multimedia franchises from Hollywood, *The Lord of the Rings* might seem normal, expected, and unnoteworthy in its appearance and achievements. It was a Hollywood product through and through. Yet the franchise did innovate within Hollywood and certainly represents innovations on New Line's part, even while the production and release of the *Rings* films attest to New Line's historical business practices and cultural sensibilities.

LORD OF THE DEALS: ACQUIRING AND FINANCING *THE LORD OF THE RINGS*

The genesis of the *Lord of the Rings* trilogy is well documented in both the popular press and film studies scholarship. Properly assessing the importance of these films to New Line, however, requires some rehashing of the tale. The way New Line acquired the property, financed it, and participated in its production is as remarkable as any film industry legend. New Line's work on the *Lord of the Rings* trilogy reflected practices and strategies the company had developed and used for decades, arguably since its very inception in 1967. Although the way New Line acquired and financed *The Lord of the Rings* appears remarkable, these accomplishments were characteristic of New Line's industrial behavior, particularly as it had operated as an independent distributor prior to being enveloped in Time Warner. The project was the result of opportunistic eclecticism but on a Conglomerate Hollywood scale.

The financing and production of *The Lord of the Rings* involved an intricate web of international players, to such an extent that one can properly understand the films as "transnational," and were symptomatic of the transnational way Hollywood operated in the 1990s. In 2001, the same year that New Line released *The Lord of the Rings: Fellowship of the Ring*, Toby Miller, Nitin Govil, John McMurria, and Richard Maxwell published a landmark analysis of Hollywood's contemporaneous stage of globalization. In *Global Hollywood*, these authors note that, as of the 1990s, Hollywood operated "globally" through its exploitation of the international division of labor in the cultural sector.⁵¹ Engaging with concurrent debates about national identities in world cinema, the writers look at how Hollywood uses

the transnational mobility of capital to exploit site-specific economic, labor, and cultural policy conditions. Among other strategies at the turn of the millennium, Hollywood used different countries' state-sponsored support for domestic film-making for its own benefit. Hollywood produced many films abroad, often called "runaway productions" in the press, and in some cases these countries treated these Hollywood films as "national," homegrown productions. In a related vein, film industry historian Tino Balio described Hollywood's globalization in the 1990s: "[The Hollywood studios] upgraded international operations to a privileged position by expanding 'horizontally' to tap emerging markets worldwide, by expanding 'vertically' to form alliances with independent producers to enlarge their rosters, and by 'partnering' with foreign investors to secure new sources of financing."⁵² Hollywood went global, in other words, by more aggressively exporting its films internationally, by purchasing or forming deals with media distributors in other countries, and by attracting international private capital.

It is important to remember that "runaway productions" were not new to the 1990s, and that the American movie business has operated in definitively international ways throughout its history.⁵³ Moreover, some have cogently critiqued the *Global Hollywood* argument, especially for painting a distorted, top-down picture of the international trade in film and media that does not account for the ways that local media workers assert industrial and cultural agency.⁵⁴ Yet the *Global Hollywood* thesis holds up unusually well when considering the financing of the *Lord of the Rings* films. While the *Lord of the Rings* deal reflects characteristics of "Global Hollywood" in the 1990s, it also encapsulates New Line's historical practices as an independent distributor.

Thus, it may not be surprising that this tale begins with New Line's fellow minimajor at the time, Miramax. As of 1997, Miramax was working with director Peter Jackson and his partner Fran Walsh to develop films based on the Tolkien novels. Film producer Saul Zaentz held the film rights to the trilogy, and Miramax optioned those rights in 1997.⁵⁵ Zaentz, who had worked with Miramax on *The English Patient* (1996), had produced a 1978 cartoon based on the *Lord of the Rings* novels, a production that failed at the box office. As an epically scaled fantasy narrative, *The Lord of the Rings* might seem an odd film for Miramax to develop. But, at the time, the company was seeking out larger films with larger production budgets, much as New Line was. Jackson might also look odd in this mix, as the director had handled only small-budget horror and art house films. But Miramax had released Jackson's film *Heavenly Creatures* in 1994, and subsequently the director had a first-look deal that obligated him to work with Miramax on any *Lord of the Rings* project he might produce.⁵⁶

After more than a year of development, Miramax and Jackson were at loggerheads about how to move forward. Miramax wanted to squeeze all three books into a single film, while Jackson wished to make two movies.⁵⁷ Miramax's cautious treatment of the project should be seen in the context of the Weinsteins'

continuing difficulties with corporate parent Disney, which set a cap of \$75 million on the division's production budgets.⁵⁸ Stalled in this way, Miramax gave Jackson three weeks to find another studio to produce the films.⁵⁹ Some reports indicated that Jackson took the project immediately to New Line, while others have it that New Line was the *last* studio Jackson approached after being rejected by all the others.⁶⁰ In either case, the meeting between Jackson and Shaye was fateful—and widely reported as a key element of the trilogy's genesis myth. Jackson showed Shaye a proof-of-concept sizzle reel that detailed how his production company, Wingnut, would handle making the films as well as how his digital effects company, WETA, would produce the films' special effects. Seeing this odd project as a rare opportunity for New Line, Shaye agreed to produce three movies based on the three novels.

Whereas Miramax was hindered by its situation within the Disney corporate empire, New Line still operated with relative autonomy from Time Warner, particularly because it had secured its own massive credit source earlier that year.⁶¹ Thus, in a bizarre fashion, it was New Line's *independence* that allowed it to engage in the Hollywood-esque production of *The Lord of the Rings*, whereas Miramax's *imbrication* within Hollywood stymied its efforts, among other factors. Despite the long-standing rivalry between the two companies, New Line paid the Weinsteins \$12 million to obtain Miramax's option for *The Lord of the Rings* and to cover development costs that Miramax had incurred.⁶² In return, New Line owned all the existing material. As an additional part of the deal, New Line gave the Weinstein brothers executive producer credits on the films and, in a move that would have enormous consequences later, provided the Weinsteins with 5 percent of the films' theatrical gross. The deal also made Saul Zaentz an executive producer on the films and provided him with comparable residuals.⁶³

New Line came into *The Lord of the Rings* as an outsider, as just one of several parties drawing from an existing intellectual property. This move can be compared to the company's work on *Teenage Mutant Ninja Turtles*, where it did not develop or own the intellectual property but rather was able to capitalize on it as one of many franchise partners. Further, and also comparable to *Teenage Mutant Ninja Turtles*, *The Lord of the Rings* was not necessarily a clear mainstream hit that would appeal to broad audiences. True, the book series had sold over 50 million copies at the time New Line signed on to make the films.⁶⁴ But the swords-and-sorcery genre was *not* a primary genre for Hollywood franchises in the late 1990s or early 2000s, and the genre had more often failed at the box office than succeeded in the previous two decades. Compared to contemporaneous Hollywood blockbusters and franchises, such as the *Star Wars* prequel trilogy of films, *The Lord of the Rings* was not a slam-dunk property in a reliably successful genre.

The *Lord of the Rings* films were New Line's largest production by a large measure. According to early reports, New Line allotted more than \$130 million to make all three films.⁶⁵ But later articles stated that New Line planned to spend

between \$270 and \$300 million on all the pictures, or around \$90 to \$100 million per movie.⁶⁶ The press always treated the budget for *The Lord of the Rings* as impressive, with one article characterizing the production as “the biggest budgeted venture in Hollywood history.”⁶⁷ Discussion of these budgets was typically paired, however, with talk of how unusual this scale of filmmaking was for New Line Cinema. News coverage positioned *The Lord of the Rings* as an incredible “gamble” for New Line that deviated from the company’s past work in modestly budgeted films in reliable genres.⁶⁸ Thus, while it is likely that it cost around \$300 million or more to produce the three films in the *Lord of the Rings* trilogy, the public discussion of the films’ cost was an element of the greater legend building around the films and New Line Cinema.

The production of *The Lord of the Rings* was unusual for Hollywood films. New Line agreed that Jackson would shoot the films in his native New Zealand and that all three would be shot back to back, as one continuous production. There was a risk in shooting all the films at once. If the first film failed at the box office, it would be nearly impossible for the next two to succeed. The press focused on this element of the production and thereby made “risk” a key component of the trilogy’s production myth. New Line was seen to be making an all-or-nothing bet.

But handling the production this way could have economic benefits. Shooting the films consecutively meant that the cast and crew would have a streamlined and uninterrupted workflow, harnessing the momentum of the production without incurring new startup costs. Actors would remain within the terms of a single contract and be limited in their ability to renegotiate following the release of the first or second film. Further, shooting in New Zealand with a New Zealand crew reduced travel costs. Finally, New Zealand’s highly varied landscapes meant that the films could depict a range of areas in the fictional Middle Earth setting while incurring minimal travel expense.

When *The Lord of the Rings* began production in 1999, New Zealand had a miniscule film industry. The country’s cinema gained some international recognition when the domestic hit *Goodbye Pork Pie* (1981) became the first New Zealand film to go to the Cannes Film Festival, followed by *Utu* and *Vigil*, which played at Cannes in 1983 and 1984, respectively.⁶⁹ New Zealand film received more international attention with the success of *The Piano* (1993). Although officially an Australian production, *The Piano* was shot in New Zealand and directed by New Zealand-born Jane Campion. *The Piano* was followed by the international success of *Once Were Warriors* in 1994, which was distributed in the United States by Fine Line Features and was the first film to gross more than \$6 million in New Zealand.⁷⁰ Some of the most popular New Zealand media productions of the 1990s were, however, Hollywood productions. Specifically, the syndicated show *Hercules: The Legendary Journeys* (1995–99) and its spinoff *Xena: Warrior Princess* (1996–2001) were shot in New Zealand and featured New Zealand actors. Both programs were produced by the US company Renaissance Pictures, owned by Sam Raimi, and distributed by Universal.

New Line's decision to shoot *The Lord of the Rings* in New Zealand had economic benefits far beyond reduced travel expenses.⁷¹ Indeed, the interaction between New Line, the New Zealand government, and related institutions was crucial to the financing and production of the trilogy. The country created the New Zealand Film Commission (NZFC) in 1978 as a financial institution with cultural objectives, namely, to formulate and promote New Zealand national and cultural identity in the cinema.⁷² At the time of *The Lord of the Rings*, the NZFC provided grants to independent local productions that served this cultural mission, and it also oversaw the financing of international coproductions between New Zealand and partnered nations.⁷³

Further, the NZFC provided tax breaks for private investment in media production. One section of the Income Tax Act, as the commission described it, "provides for a one-year, 100 percent write-off for investment in the production of films which have 'significant New Zealand content.' The one-year write-off is only available for a film certified by the Film Commission as a 'New Zealand film.' In order to obtain this certification, it must be demonstrated that the film has 'significant New Zealand content' according to the criteria set out in [the] New Zealand Film Commission Act 1978."⁷⁴ Section 18 of the act listed as factors in assessing this "New Zealand content": the film's subject, the locations where it is made, the nationalities of the labor, the nationalities of the copyright holders, and the source of the money.⁷⁵

These policies set the stage for an intricate financing arrangement that significantly benefited New Line. Although publicly disclosed budget numbers for film productions are often imprecise, in this case they help provide a basis for understanding the *Lord of the Rings* deal, which was detailed in an article in the *New Zealand Listener* in October 2000.⁷⁶ New Line, the rights holder to the *Lord of the Rings* films, sought a business partner in New Zealand to finance the actual making of the movies, and it found one in the Bank of New Zealand (BNZ). BNZ temporarily purchased the rights to *The Lord of the Rings* from New Line and created a subsidiary company responsible for financing the production of the trilogy at a cost of roughly \$300 million dollars. Thus, during the production process, *The Lord of the Rings* qualified as a domestic "New Zealand film" because a New Zealand company held the rights, because the films were shot there, and because the majority of the crew was local.

With the BNZ funding the production, New Line set about securing additional revenue streams from the films, and did so in ways that, again, recalled the company's history as an independent distributor as well as its then place in Hollywood. First, New Line presold the distribution rights for the films in different markets across the world, using the Cannes Film Festival as a primary site for attracting these international sources of financing.⁷⁷ Deals like these were typical for New Line from the very start, though none had ever reached this scale. "New Line financed the film," Kristin Thompson writes, "in traditional independent fashion by preselling the foreign distribution rights."⁷⁸ As a miniscule distributor in the



FIGURE 19. Shot in New Zealand, the *Lord of the Rings* trilogy uses the country's landscapes to represent the fantasy world of Middle Earth.

1960s, New Line acquired many of its films at Cannes; attending the festival market was part of the company's yearly activities and brought it into contact with numerous foreign distributors. In the 1980s and early 1990s, New Line made it a regular practice to presell its films to foreign distributors, along with television and home video companies in the United States and abroad.

In a stockholder memo from 1990, Shaye emphasized that New Line's international division "provides an important function in the pre-sale of our up-coming productions, as well as the management of the distribution of our product to markets overseas. From this operation, not only do we obtain further stability for our productions and marketing independence, but we gain valuable world-wide insight into prospective production decisions."⁷⁹ This passage reads as especially prophetic regarding *The Lord of the Rings*, given the multiple ways the film's financing, production, and distribution were transnational. Again in a 1998 report to the company's corporate parent, Time Warner, Shaye emphasized territorial presales' critical importance for the company, situating presales first among several strategies for "managing risk aggressively."⁸⁰ Thus, although New Line had much greater financial reserves to draw on when it produced *The Lord of the Rings*, it accessed a consistent, definitively international strategy to make the trilogy.

Yet another element of New Line's prefinancing of the films speaks to its position as a Hollywood studio. As part of its deal with Zaentz and Miramax, New Line obtained all merchandizing rights for consumer products related to the *Lord of the Rings* films and secured franchise partners while the films were in production.⁸¹ As this book amply shows, New Line was aggressive and often innovative in forging franchises, going back to *A Nightmare on Elm Street*. But the company reached new, extreme levels of franchise arrangements with *The Lord of the Rings*. By the time *Fellowship of the Ring* arrived in theaters in December 2001, more than forty companies had licensed *The Lord of the Rings* for use in a wide range of



FIGURE 20. The decision to shoot the films in New Zealand created financial benefits for New Line Cinema.

assorted goods.⁸² Despite the film's PG-13 rating, violence, and dark imagery, New Line developed a two-stage merchandising plan, with some toys aimed at kids in the four- to seven-year-old range and another group of toys for children seven and older.⁸³ Many of these products were thus aimed at younger consumers, including video games, toys, collectibles, and trading cards.⁸⁴

The company scored an early deal in mid-2000, more than eighteen months before the release of the first film, with Marvel Enterprises' subsidiary Toy Biz for the trilogy's "master toy license," which included "action figures, dolls, marbles, 'plush' toys, flying toys and watches."⁸⁵ Toy Biz paid New Line between \$20 and \$25 million for the license, and New Line would also receive 14 percent of wholesale revenues.⁸⁶ In addition to toys, video games, and trading cards, New Line licensed *The Lord of the Rings* for such varied products as "Cadbury's chocolate bars; Alternative Software mouses, mouse-mats and screen-savers; Samuel Eden socks and slippers; Ravensburger jigsaw puzzles; . . . and Downpace 'sculpted plastic and ceramic drinkwear."⁸⁷ New Line partnered with Burger King on a \$20 million cross-promotional deal for *Fellowship of the Ring* and a \$70 million deal with electronics company JVC that covered all three films.⁸⁸

New Line made most, if not all, of these deals at the same time that the BNZ subsidiary was financing the trilogy's production, meaning that New Line was generating revenue from the films while having directly invested very little. This revenue, combined with the territorial presales, covered an immense amount of the production costs. In late 2000, Michael Lynne reported that New Line had secured "close to \$180 million in international guarantees" through its territorial presales.⁸⁹ This revenue, combined with merchandising licensing revenue and the New Zealand tax incentives, would, he said, keep New Line's financial exposure on *The Lord of the Rings*' production budgets "to not more than \$20 million a picture."⁹⁰

The final piece of the financing puzzle placed New Line firmly within Global Hollywood. Lynne stated that New Zealand tax breaks would contribute about

“\$10 million–\$12 million per film,” or between \$30 and \$36 million to the total cost of the *Lord of the Rings* production.⁹¹ This amount, equal roughly to 10 percent of the production budget for the entire trilogy, would have been significant. Yet other reporting on this deal suggests that the New Zealand government, using taxpayer monies, contributed much more to the making of *The Lord of the Rings*. Since the films were treated officially as a “New Zealand production,” the Income Tax Act dictated that BNZ receive a 33 percent tax write-off on the films’ cost. Given the films’ combined cost of \$300 million, BNZ got to write off \$100 million in taxes. Effectively, the New Zealand government subsidized the Bank of New Zealand in exactly this amount. By this accounting, New Zealand taxpayers paid for one-third of *The Lord of the Rings*—the entire cost of one of the films. New Zealand paid for a Hollywood blockbuster, and New Line got it for free.

Just as *The Lord of the Rings* achieved a new scale of filmmaking for New Line, so too did the company’s tightfistedness reach new extremes. This deal was fundamentally transnational in its blend of private capital and state funds. *The Lord of the Rings* was at times a New Zealand product, and at other times, and in the last instance, it was a commodity owned and sold by New Line Cinema, one piece of a United States–based media conglomerate that operated around the world. New Line had engaged in the international cinema trade since it started distributing Czech films to college campuses in 1967. With *The Lord of the Rings*, the company reached an unexpectedly grandiose zenith in its use of these practices.

The financing of *The Lord of the Rings* might appear unsavory, as everyday citizens paid for an entire Hollywood film. But according to other interpretations of the deal, it benefited New Zealand culturally and economically. Kristin Thompson’s study of the *Rings* franchise emphasizes that the trilogy boosted New Zealand employment and tourism and “rebranded” the nation’s image, and she makes passing reference to “a controversial tax scheme” that benefited New Line.⁹² A good portion of news coverage about the production likewise pointed to the films’ benefits to New Zealand. A story in the *Waikato (New Zealand) Times* estimated that the Queenstown economy “was boosted by \$15 million during filming. Wellington gained a record \$450 million profit from film companies this year. More than 1,700 people were on the project’s payroll—98 per cent of those were New Zealanders. Use of New Zealand’s picturesque scenery, from Hinuera in the Waikato to Alexandra in the South Island, will bring tourism gains.”⁹³

Without question, *The Lord of the Rings* significantly raised New Zealand’s international profile. The country and its landscapes were heavily promoted within and in association with the films, such as in the “New Zealand: Home of Middle Earth” campaign that the New Zealand government trademarked and used. Further, the *Lord of the Rings* production sparked an influx of investment into the media sector of the nation’s economy, and Peter Jackson used these films to augment his special-effects company, WETA, and its infrastructure.⁹⁴

All the same, the entire deal raises questions about cultural and economic globalization, about public cultural policy, and about the role and power of

nation-states in relation to the transnational flow of private capital. In fact, New Zealand finance minister Michael Cullen and other figures in the country *did* raise these questions. Their criticism of the way *The Lord of the Rings* used state funds led to a transformation in New Zealand's film support mechanisms. Multiple parties also disagreed with the way that the massive revenues generated by the films were distributed, including Peter Jackson and Saul Zaentz. In the end, the impressive negotiation that produced these films and their success in theaters and on home video had some negative consequences for the very network of agencies and people that made the project happen.

Perhaps most important, the story of the *Lord of the Rings*'s financing contributed to the legend of both the films and New Line. The public discussion of *The Lord of the Rings*' budget spoke to the "risk" that New Line was taking on this intellectual property. At the same time, public discussions of the budget also signaled to potential audiences that they could expect films of epic scale and top-notch production values. The discussions about the international presales, merchandising deals, and tax incentives spoke more directly to fellow industry players and suggested that New Line had maintained its practice of being cost-conscious in making the trilogy. At one point during the films' production, *Rings* executive producer Barry Osborne tried to deflect attention from the continuous reporting about the budget: "I think talking about exact budget numbers throws the attention away from the project."⁹⁵ What Osborne missed here was the fact that the budget for *The Lord of the Rings* played an integral part in defining the project as a cultural phenomenon. Amid the pervasive discussion of New Line's risk and the trilogy's budget, *Variety* asserted in May 2001 that "at this stage, anything less than the highest grossing film of all time would seem like a disappointment."⁹⁶ This sentiment was typical of the discourse around *The Lord of the Rings* in the industry and popular press. Like the first act of a Hollywood movie, the protagonists had been singled out and presented with once-in-a-lifetime challenges of unprecedented proportions. Audiences of this legend-in-the-making could eagerly watch the outcome over the next two acts.

FANTASTIC MARKETING

The production of *The Lord of the Rings* was inventive on many levels, but in order to entice audiences to see the films, New Line also innovated its marketing activities. As Suzette Major has written, New Line had to draw two specific groups to the movies: people who were already fans of Tolkien's books and those who were unfamiliar with them.⁹⁷ To attract general audiences, New Line engaged in many traditional forms of marketing and publicity. In addition to the cross-promotional deals with Burger King, JVC, and other franchise partners, New Line spent around \$50 million in such conventional advertising venues as trailers and print ads for *Fellowship of the Ring*.⁹⁸ Kristin Thompson indicates that the company spent an additional \$31.4 million on traditional ad buys for the second film in the series, *The*

Two Towers.⁹⁹ While the scale of these promotional campaigns might have been novel for New Line, such expenditures were typical of Hollywood blockbusters.

Much of the traditional publicity, including trailers, print ads, and publicity junkets, endeavored to convey the notions of “journey,” “fellowship,” and “family.” Through the repetition of these themes, the promotional campaigns for *The Fellowship of the Ring* and the entire trilogy sought to blur distinctions between the films’ narrative and the process through which they were produced. In advance of *The Fellowship of the Ring*, for instance, publications signaled the “epic” challenge of making the films, quoting performers whose statements aligned with the “war story” trade narrative described by John Thornton Caldwell.¹⁰⁰ One story, noting actor Viggo Mortensen’s especially physical role in the film, reported that he had lost a tooth in the process. The same article connected Peter Jackson to the film’s diegetic world in saying that the “bearded and portly director . . . was as barefoot as a Hobbit during recent interviews.”¹⁰¹

Such homologistic discourses were especially pronounced around the time of the final film’s release. In an interview with the *Liverpool Daily Post*, for instance, actor Elijah Wood said, “Going on this journey with a fellowship of people and returning having grown and changed. Being so immersed in my life in New Zealand and Middle Earth I didn’t know what my own life meant any more, which is kind of similar to what [my character] Frodo goes through.”¹⁰² Likewise, in a short speech given at the world premiere of *The Return of the King* in Wellington, Robert Shaye stated: “At the end of our trailer for *Return of the King*, it’s written that it is ‘the end of the journey.’ When I first saw that trailer, the copy-line reminded me of an old and wise adage . . . ‘The journey is the destination.’ How apt that thought is for all of us, and what an odyssey it has been. . . . And, I don’t think this journey of *The Lord of the Rings*, for us, will ever conclude.”¹⁰³ Sometimes even film critics joined in. In her review of *The Two Towers*, for instance, Manohla Dargis wrote that attending a screening “comes with the feeling that we’re doing more than simply watching a film but have, rather, embarked on an epic journey with like-minded travelers.”¹⁰⁴

However, the more innovative and arguably more effective marketing for *The Lord of the Rings* occurred online. Indeed, the internet played an unusually important role as a platform for promoting the films and harnessing participatory fan activity that was shaped into publicity for *The Lord of the Rings* and for New Line. In a May 1999 report, Shaye predicted that “the internet will grow into a powerful and vastly popular tool for targeted, low cost marketing and consumer data gathering. This includes trailers, chat rooms, and eventually even the possibility of market research on the web.”¹⁰⁵ This was an accurate forecast of exactly the way the *Lord of the Rings* film trilogy gained immense publicity over the Internet. It also recalls New Line’s history of engaging in highly targeted marketing for its niche films on college campuses and elsewhere.

Shaye's optimism about the internet's commercial potential was typical in the movie industry at the time. An article in *Variety* from 2000 summed up this online potential: "Netizens are the dream moviegoer—endlessly loyal, with enough expendable income to cough up the coin to see a movie several times."¹⁰⁶ Such thoughts were propelled by the exceptional internet promotion for the low-budget horror film *The Blair Witch Project* (1999). The film presents itself as an assemblage of "found footage" taken by three film students who search in the woods for evidence of the "Blair Witch." In the year leading up to its release, a cryptic and gloomy website presented audio and video snippets, still images, and other textual material that played the film straight as featuring historically real people and events. This website, along with promotional "documentaries" on television, created intense hype around the film, which earned around \$30 million in its first weekend of wide release; eventually it made \$200 million in total. Thereafter, the website for *The Blair Witch Project* was held up as a signal example of how companies could use the internet as a cost-effective means of publicizing movies to a huge number of people.¹⁰⁷

New Line actively used the internet to promote its films prior to *The Lord of the Rings*. It was especially strong in this regard with *Austin Powers: The Spy Who Shagged Me*, for which the company organized an advertising partnership with AOL. This promotion entailed a highly developed website that included "Austin Powers news, exclusive photos, trailer downloads, [and] memorabilia." Further, New Line held a dozen advanced screenings for the film in cities around the country and sold tickets exclusively to AOL subscribers through that company's Moviefone.com website.¹⁰⁸ Just two months before AOL purchased Time Warner, New Line again worked with AOL to promote *The Spy Who Shagged Me* on home video. New Line's online work with the Austin Powers sequel was so successful, in fact, that one journalist paired it with *The Blair Witch Project* as another "movie energized by the Web" in 1999.¹⁰⁹

New Line began publicizing *The Lord of the Rings* online long before the films entered theaters. Just months after AOL merged with Time Warner in 2000, New Line secured "The Lord of the Rings," as well as the titles of each of the books and upcoming films in the trilogy, as AOL keywords. A New Line marketing executive announced at the time, "We will be using the Internet significantly to maintain our audience and keep them up-to-date with what will be coming."¹¹⁰ The company put a behind-the-scenes promotional trailer for the trilogy on the Web on April 7, 2000, and 1.7 million people downloaded it within the first day, nearly doubling the number that had watched the trailer for *The Phantom Menace* in the same time.¹¹¹ In early January 2001, New Line significantly updated the official website for the trilogy, www.lordoftherings.net, adding a large amount of new content, new interactive functionality, and augmented participatory elements. Press reports claimed that the website would now have new "video and audio clips, an

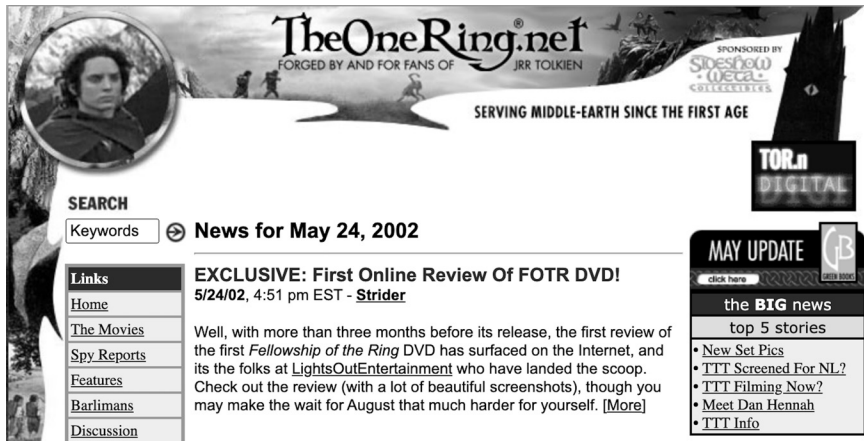


FIGURE 21. The J. R. R. Tolkien fan website TheOneRing.net played a crucial role in building hype for the *Lord of the Rings* film trilogy while the movies were in production.

interactive map of Middle Earth, chat rooms, screen savers, interviews with cast members, links to other Tolkien sites,” and behind-the-scenes material from the trilogy’s production.¹¹²

Peter Jackson and his team were highly involved in marketing and promoting *The Lord of the Rings* online, as they generated and made available material from the films’ production. Moreover, Jackson delivered much of the information about the films on the official and other websites. By providing abundant but curated access to information about the films’ making, Jackson and New Line helped create the sense that online viewers had exclusive information, helped connect the journey in the narrative of the films to the “journey” of their creation, and perhaps most important, helped appease fans of the novels, people with especially high expectations who might be skeptical about the adaptation process.

In fact, New Line partnered with fan-operated websites to generate and circulate publicity for the films. A year before *The Fellowship of the Ring* was released, there were “at least 400 fan sites exclusively devoted to the production. Many of them feature countdowns to the first film’s opening and list not just how many days remain, but hours, minutes, and, yes, seconds.”¹¹³ Key among these fan-run sites was www.TheOneRing.net, which launched in 1999 as a site for fan-generated news about the production, unsanctioned pictures of the production, and reports about other topics related to *Lord of the Rings* fandom.¹¹⁴ After dealing with a number of conflicts between the website’s owners, New Line, and members of the production team, New Line allowed one of the website’s managers to visit the set, speak with some of the actors, and post a detailed report on her experience. Having achieved this legitimacy, TheOneRing.net provided a semiregular flow of information and rumor that fueled fans’

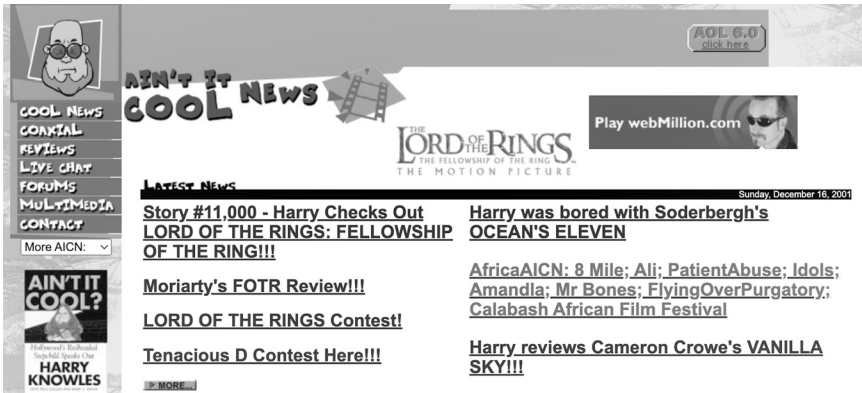


FIGURE 22. Reactions to *Fellowship of the Ring* posted to the movie fan website Ain't It Cool News just before the film's theatrical release in North America. Previously, amateur critic and website founder Harry Knowles had published a report from the set of the trilogy.

interest and, in doing so, served as a de facto source of publicity and marketing for New Line.

Another major locus of online hype around *The Lord of the Rings* was Ain't It Cool News (AICN; www.aint-it-cool-news.com). Founded by Harry Knowles in 1996, AICN quickly gained a following as a place for amateur film reviews, speculation about upcoming films, and behind-the-scenes reports about films currently in production, often provided by anonymous sources. Although AICN was not devoted exclusively to *The Lord of the Rings*, it was an important site of fan discourse about fantastical movies and other "geek" genres. As Kimberly Owczarski has written, AICN gained the anxious attention of Hollywood executives, as the site occasionally appeared to have direct effects, both positive and negative, on movies' box office performance.¹¹⁵

Kristin Thompson notes that Knowles and Peter Jackson had established a correspondence years before the making of *The Lord of the Rings* and that Jackson was forthcoming with Knowles about the production. Given the reputation AICN had acquired in the industry, New Line was initially concerned about this communication, but the company subsequently relented because the publicity AICN offered about *The Lord of the Rings* proved so positive.¹¹⁶ Eventually, Knowles went to New Zealand and New Line permitted him to "hang around the sets during the final days of shooting and to attend the wrap party." In return for such access, the *New York Times* reported, New Line "was rewarded with a multipart, near book-length series of gushing reports that Mr. Knowles filed on his site and that were linked to dozens of other movie and Tolkien sites."¹¹⁷ Although later set visits from AICN staff were not met as warmly as Knowles's, the positive publicity and sense of authentic insider information provided AICN with credibility at the same time the site appealed *Lord of the Rings* fans.

Using the internet in this fashion allowed New Line to reach fans *internationally* in a more direct and financially efficient way than would have been possible through conventional marketing and advertising. In this respect, the online marketing for *The Lord of the Rings* aligned with the international aspects of the production itself. Yet, also like the production, coordinating the international scope of the trilogy's advertising was not a simple, one-directional endeavor but another instance of New Line employing partnerships that relieved the company of many direct responsibilities. When New Line presold the distribution rights to the trilogy in various international markets, it also provided those distributors with some control over the local promotion of the films. New Line supervised these promotional efforts, with considerable input from director Peter Jackson as well, but they were directly handled by the different distribution partners.¹¹⁸

Publicity activities varied considerably in different locations, ranging from placing toys inside candies in Italy to installing a "Hobbitland" space in a department store in Madrid.¹¹⁹ Because of the way New Line worked with but ultimately relied on the marketing efforts of the film's different international distributors, *Variety* observed, the marketing for *Fellowship of the Ring* was "akin to a guerrilla campaign fought by a loose network of local tribes with an unrivaled knowledge of the terrain. . . . The result is a handcrafted approach to marketing that would be impossible for a studio to achieve."¹²⁰

This story differentiated between New Line's scrappy, patchwork global campaign and the unified, centralized approach that a bigger studio could manage, and specifically contrasted New Line with Warner Bros.' work on the first *Harry Potter* film, which came out only weeks before *The Fellowship of the Ring*. But that was not the only item that drew comparisons between New Line and Warner Bros. or between *The Lord of the Rings* and *Harry Potter*. Much of the discussion focused on *The Fellowship of the Ring* and New Line's standing within AOL Time Warner. The press also noted that *Harry Potter* received much more public support from AOL Time Warner executives than *The Fellowship of the Ring* got.¹²¹ Considerable press coverage discussed *The Fellowship of the Ring* and *Harry Potter* as competing with each other, and it commonly divided the films' audiences based on age and maturity.¹²² One article quoted numerous fans anticipating the films, with younger kids commonly identifying with the younger characters in *Harry Potter*, while a *Lord of the Rings* fan quipped, "It's like comparing . . . 'The Cat in the Hat' and Hamlet' [or] 'Judy Blume' and 'Shakespeare.'"¹²³ And although executives from both New Line and Warner Bros. largely downplayed the competition between the movies, New Line executives occasionally sought to distinguish the films. One asserted, "Warner has concocted a more Disneyesque property with 'Harry Potter.' It's a good film, but it's for kids. . . . Ours is hipper, cooler. It's the best of independent cinema."¹²⁴

The executive's invocation of "independent cinema" signals another major element of New Line's promotion of *The Lord of the Rings*. In addition to the themes of

"journey" and "fellowship," New Line publicized the films as prestige pictures with artistic distinction. As the article noted, "Lord of the Rings' . . . is being pitched as the work of a visionary filmmaker, the end-product of more than six years of obsession by Peter Jackson . . . there's real anticipation, especially after the screening of footage at Cannes, that the trilogy could be, despite earlier misgivings, creatively exceptional."¹²⁵ New Line's efforts to associate *The Lord of the Rings* with artistic quality and cultural prestige grew as the films garnered positive critical attention, financial success, and widespread popularity after their theatrical and home video releases. Indeed, the *Lord of the Rings* films proved to be a rare exception among big-budget fantasy genre films in achieving success in all these areas.

Reviews of *The Fellowship of the Ring* fell in line with New Line's promotion of the trilogy as prestige pictures. One critic returned to the comparison with *Harry Potter*: "Both movies are faithful to their origins, but one offers genuinely bold, imaginative filmmaking, the other a stodgy, sugar-coated crowd-pleaser."¹²⁶ Comments like this suggest that New Line's efforts to situate *Fellowship* as something "more" than a typical Hollywood-style fantasy film were actually bolstered by the proximity of its release to *Harry Potter* in winter 2001. Many reviews of *Fellowship* evaluated its faithfulness to the book, the scale of its action and special effects, and its appeal to general audiences and Tolkien fans alike; reviews were generally positive in all these assessments. Selling magic as Hollywood glamour and monsters as serious drama, the *Lord of the Rings* trilogy was an achievement in movie marketing, advertising, and publicity.

ACCOUNTING FOR SUCCESS

On their release in theaters in December 2001, 2002, and 2003, each of the *Lord of the Rings* films had sizable opening weekends, particularly for Christmastime releases. The films continued to earn significant money over subsequent weeks in January and even February; in industry jargon, the films had legs. The release of *The Fellowship of the Ring* was notable for following the terrorist attacks of September 11, 2001. But along with *Harry Potter and the Sorcerer's Stone*, *Fellowship* appeared to benefit from being a fantasy film that fulfilled audiences' desires for escapism. The movie set box office records in multiple countries and was the highest-grossing December release in North America, setting the stage for the next two films. As had been the case with the *Nightmare on Elm Street* films in the 1980s, each of the *Lord of the Rings* films earned more than the previous installment, with *Fellowship* making \$867 million, *Two Towers* making \$921 million, and *Return of the King* making \$1.1 billion at the global box office.¹²⁷ *Return of the King* was only the second film in history to cross the \$1 billion mark, after *Titanic* (1997). Each film did exceptionally well in international markets, with each one earning two-thirds of its revenues outside the United States.¹²⁸ Global in its production, global in its marketing, the *Lord of the Rings* trilogy was likewise global in its box

office victory. New Line earned nearly \$1 billion in 2001, and more than \$400 million of that revenue came from outside the United States.¹²⁹ New Line was a globally successful movie studio.

The *Lord of the Rings* films were similarly remarkable in the home video market. Some at New Line attributed the films' snowballing theatrical revenues to the expansion of the different films' viewership via home video releases. Just as digital technologies impacted the films' aesthetics and marketing, so digital technology played a crucial role in *The Lord of the Rings* on home video. Specifically, the *Lord of the Rings* films benefited greatly from the advent of digital video discs, or DVDs. These films' DVD releases, in fact, became one of the defining elements of the entire franchise. The DVD format was launched in 1997 and was a boon to the movie industry for a number of reasons. First, it had anti-encryption software intended to thwart illegal copying of movies, and the Digital Millennium Copyright Act forbade individuals from cracking the DVD encryption. Second, DVD discs were cheaper to produce than VHS tapes, allowing studios to price them less expensively than VHS. Third, DVD was intended to be a sell-through commodity that could obviate the video rental business model, thus providing home video revenues more directly to the studios.¹³⁰ Yet, to consumers, DVD was promoted for its superior image quality, superior sound quality, and the inclusion of "bonus features," including commentaries by the director or other members of the crew, behind-the-scenes documentaries, deleted scenes and alternate endings, and in some cases entirely new or expanded versions of a film.¹³¹

As a division of Time Warner, which had played a central role in the development of DVD technology, New Line was an early adopter of the format. By the end of 1998, the company had nearly forty titles on DVD. New Line consistently augmented its DVD releases with various bonus features. For instance, the company placed numerous extras on the DVD release for *Next Friday*, including interactive storyboards.¹³² The disc also provided users with DVD-ROM access to recordings of the film's website and promotional emails that New Line had distributed, recycling promotional material into "bonus" entertainment on the DVD.¹³³ New Line also created a special label for some DVD releases, called Infinifilm, specifically intended by AOL Time Warner to encourage consumers to purchase rather than rent videos.¹³⁴

New Line scheduled its distribution of *The Lord of the Rings* on video in tandem with the films' theatrical releases. Each year, the company released the previous installment on VHS and DVD in the August leading up to the next film's release in December. So, for example, *Fellowship of the Ring* came out on VHS and DVD in August 2002, and *The Two Towers* arrived in theaters in December 2002. In this way, the home video releases maintained public awareness of the franchise as New Line sustained an active publicity campaign for the trilogy at multiple points throughout the year. Just as important, New Line released alternate cuts of *The Fellowship of the Ring* and *The Two Towers* on DVD with significant amounts

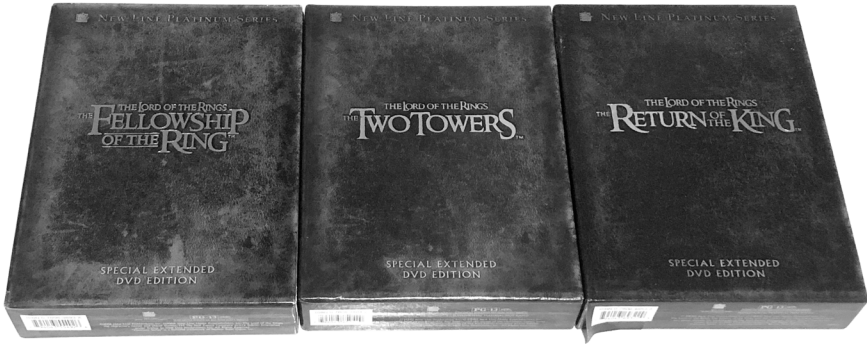


FIGURE 23. In addition to “standard” DVDs, New Line released “Special Extended DVD Editions” of the *Lord of the Rings* movies, effectively keeping different forms of the films in circulation throughout a calendar year. Photo by Suzanne Scott.

of footage not seen in the previous theatrical or video releases. The company released these “Special Extended” DVDs in November, following the previous August home video release; for *The Return of the King*, the company released the expanded version in December 2004, extending the tradition of a *Lord of the Rings* film appearing during the holiday season for one more year. For New Line, these alternate DVDs contributed to a perpetual cycle of distribution activity for *The Lord of the Rings* in multiple venues and formats from December 2001 through December 2004.

The promotional discourse about DVD as a platform for viewing movies matched well with the ways New Line promoted *The Lord of the Rings* DVDs. Just as DVD provided an enriched aesthetic experience, so too did these films represent technical and artistic achievements. Just as DVD provided “bonus” features, so too did these DVDs feature *new* versions of the films and copious behind-the-scenes material. Building on these notions, the publicity discourse around the extended DVD versions treated them as the most “authentic” versions of the films, as adaptations of the novels and as expressions of Peter Jackson’s artistic vision.

The Fellowship of the Ring earned around \$400 million in home video revenue, and *The Two Towers* earned \$343 million and *The Return of the King* \$310 million.¹³⁵ New Line sold the television rights for the films to AOL Time Warner’s broadcast division for \$160 million in a tidy bit of corporate “synergy.”¹³⁶ By 2005, the *Lord of the Rings* trilogy had “made more than \$4 billion in retail sales from worldwide film exhibition, home video, soundtracks, merchandise and television showings, and cleared more than \$1 billion [in profit] for New Line after payments to profit participants.”¹³⁷ All the reporting celebrated the trilogy’s earnings as a triumphant outcome of a story of monumental challenge in the film business. From the very beginnings of this story in 1998, when the press had asserted that New Line was gambling on *The Lord of the Rings* after it acquired the project from Miramax,

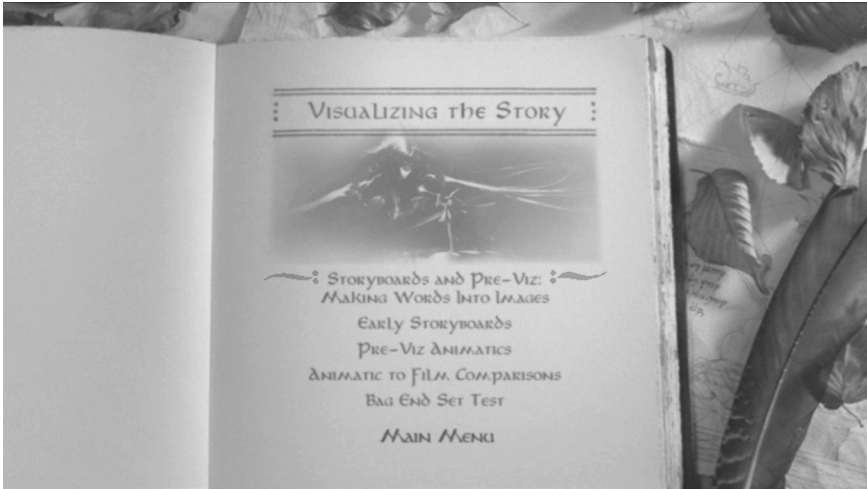


FIGURE 24. The Special Extended DVD Editions of the *Lord of the Rings* films featured alternate, longer cuts of the movies and copious “bonus features,” including behind-the-scenes material about the making of the films.

through the films’ marketing and release in theaters and home video, the entire project appeared to have done nothing but grow in stature and achievement.

Alongside the snowballing financial success of *The Lord of the Rings*, the films also gained increasing critical renown and prestige. These films present a rare, though not unique, instance among big-budget blockbusters in which critical acclaim and revenue grow apace with each other. *Rolling Stone* critic Peter Travers, for instance, named *Fellowship* the best film of 2001 before it had even been released in theaters, which helped set the trajectory for the franchise’s renown.¹³⁸ *The Fellowship of the Ring* was nominated for thirteen Academy Awards, an unusually high number that generated considerable positive press for New Line.¹³⁹ The nominations prompted the company to release two new television trailers for the film and also to campaign for the film among Academy voters in the industry trade papers and websites. The film won only four of these awards, for Best Cinematography, Best Makeup, Best Special Effects, and Best Original Score. But, as the *Los Angeles Times* reported, the fact that *Fellowship of the Ring* was even nominated for Best Picture, Best Director, and other top-tier awards established the film’s “artistic integrity.”¹⁴⁰

The same article noted that the Best Picture nomination “should also propel its domestic gross over the \$300-million mark,” suggesting the way the film’s critical appraisal supported its financial performance.¹⁴¹ *Fellowship of the Ring* was also nominated for four Golden Globes; awards from the WGA, DGA, and SAG; and twelve British Academy Film Awards. The critical reception of *The Two Towers* was not as exceptional as that for the first film, and it was nominated for six Academy

Awards and two Golden Globes; it won two technical Oscars, Best Sound Editing and Best Visual Effects. Some in the press commented on this lower number of nominations and noted that Peter Jackson was not nominated for Best Director.¹⁴² But Miramax's *Gangs of New York* (2002) was viewed as receiving a more serious snub, as it was nominated for ten awards but received none.

The Return of the King's eleven nominations for Academy Awards, among other honors, functioned like the victorious third act in a blockbuster narrative. The sweep of all major Oscars by *The Return of the King* appeared as a validation, even vindication, of the entire trilogy as an artistic *and industrial* achievement. With billions of dollars earned in multiple windows and markets and the most prestigious forms of acclaim awarded by Hollywood, the *Lord of the Rings* trilogy was a singular success for New Line.

ACCOUNTING FOR FAILURE

New Line tried to apply lessons that it ostensibly learned from *The Lord of the Rings* on several films that followed, but two of them, *Snakes on a Plane* (2006) and *The Golden Compass* (2007), turned out to be highly publicized failures. *Snakes on a Plane* continued New Line's decades-long tradition of making and marketing a horror film with campy, comic elements. More pertinently, the company took a cue from *The Lord of the Rings* and relied on the internet as a primary mechanism for publicizing *Snakes on a Plane*. It began developing the movie in 2004 as a pick-up from Paramount.¹⁴³ Early press coverage referred to the project as "odd" but also noted that Samuel L. Jackson would play the lead role.¹⁴⁴ Jackson, in fact, stated that he agreed to appear in the film only because of the unusual title.¹⁴⁵

Indeed, the high-concept title helped the film garner widespread attention on the internet far in advance of its release. In August 2005, screenwriter Josh Friedman wrote in a blog post about having been approached to do a pass on the screenplay, but mainly emphasized how much he loved the concept and the title.¹⁴⁶ In mid-December, *Variety* reported: "Though New Line has done no publicity and the thriller is eight months away from release, buzz has reached epic proportions. . . . The title alone has already inspired songs, merchandise and growing use of the phrase to signify something on the order of 'It could always be worse.'" ¹⁴⁷

Numerous parody songs, websites, and other manifestations of fan activity proliferated over the course of the year in advance of the film, leading the press to consistently refer to *Snakes on a Plane* as a "phenomenon."¹⁴⁸ At least one article compared *Snakes on a Plane* to *The Blair Witch Project* in its ability to build online hype for a film.¹⁴⁹ "Growing Internet buzz has made August's 'Snakes on a Plane' one of the summer's most anticipated offerings," an April 2006 story stated, and a later article declared, "New Line Cinema created a viral firestorm around its promotion for *Snakes on a Plane*."¹⁵⁰ In the wake of *The Lord of the Rings*, many in the film industry held high expectations for *Snakes on a Plane*. The hype around

the film grew so intense that New Line actually did reshoots of the film to accommodate fans' expectations; specifically, the producers added more gore, nudity, and cursing to ensure it received an R rating.¹⁵¹ The project thus responded in a relatively direct way to fan input via the internet, a seemingly ideal case of the "participatory culture" that Henry Jenkins described contemporaneously.¹⁵²

In addition to the online buzz, New Line used another form of promotion for *Snakes on a Plane* that also used digital technologies in interactive ways. The company worked with a tech company to create a system through which people could send personalized messages to one another's phones in the voice of Samuel L. Jackson.¹⁵³ Industry observers treated this gimmick as highly innovative, with one story stating that "studios agree the *Snakes on a Plane* campaign was by far one of the hottest they've seen this year."¹⁵⁴ New Line bolstered these novel forms of promotion with more conventional marketing tactics, spending around \$20 million on television and print advertisements.¹⁵⁵

Despite these efforts, however, *Snakes on a Plane* earned only \$15 million in its first weekend, half of what industry experts had projected, and eventually it earned around \$34 million in North America.¹⁵⁶ The film's financial performance was immediately positioned as a disappointment, prompting many writers to discuss the mismatch between the film's buzzy buildup and its actual performance. One Warner Bros. executive stated, "It's not enough to have just the cool promotion."¹⁵⁷ The *New York Daily News* claimed that New Line had "bungled" its handling of the film, which had an "Internet-only audience."¹⁵⁸ In short order, *Snakes on a Plane* came to symbolize the vagaries of using the internet for publicity and for gauging commercial potential, a kind of reversal of the legend around *The Blair Witch Project*.

Whereas *Snakes on a Plane* demonstrates a miscalculation regarding marketing, *The Golden Compass* was just a conventional box office failure. New Line modeled the film's financing, production, and distribution on *The Lord of the Rings*. Indeed, if New Line's post-*Lord of the Rings* plan truly was to continue making midsize genre films with the occasional large tentpole movie, then *The Golden Compass* was the company's first—and final—effort in this vein. The film is based on *Northern Lights*, the first book in a trilogy of young adult fantasy novels titled *His Dark Materials* by author Philip Pullman. By the time New Line acquired the property in early 2002, all three books had sold millions of copies and won numerous awards. *Northern Lights* in particular had won the 1995 Carnegie Medal, a British award specifically for children's books, as well as Children's Book of the Year at the 1997 British Book Awards.

The project held much promise, especially in the context of the movie business in 2002, when *Fellowship of the Ring* and *Harry Potter and the Sorcerer's Stone* had done for the fantasy genre what *X-Men* and *Spider-Man* had done for superhero films. One news article from that year had the title "Studios Look into the Future, See Fantasy Films," and, as noted above, the Hollywood studios produced a string

of fantastical movies in the ensuing decade.¹⁵⁹ In the period leading up to the film's production, the *New Yorker* opined that the *His Dark Materials* novels had "acquired a following rivaling that of 'The Lord of the Rings,'" while the headline of a 2004 news story about the trilogy read, "Move over Harry Potter."¹⁶⁰

Like the *Harry Potter* books and films, *The Golden Compass* features a child protagonist, a twelve-year-old girl, who grows through her teenage years over the course of the novels. However, *His Dark Materials* is more morally ambiguous than the *Harry Potter* series, and the trilogy aims to level an allegorical critique of organized religion, contrasting in this way with the *Chronicles of Narnia*. Some in the press discussed this aspect of the books as a potential problem for New Line's adaptation, but one also asserted, "New Line executives don't sound afraid of any potential controversy about the films."¹⁶¹ Throughout the film's development, the press commonly discussed the author's negative feelings about organized religion as well as the anti-religion sentiments articulated in the book, presenting these elements as challenges that New Line needed to resolve.

This was not the only difficulty for *The Golden Compass*. New Line hired playwright Tom Stoppard to write the screenplay in 2003, and there were early indications that New Line was not entirely satisfied with the initial drafts.¹⁶² New Line engaged Chris Weitz to direct the film in May 2004. Weitz had written a number of successful Hollywood films but had only codirected comedies with midrange budgets, including *American Pie* (1999) and *About a Boy* (2002). Weitz disregarded Stoppard's previous drafts and worked on a new script that downplayed the story's anti-religious aspects.¹⁶³ However, after months of writing and development, including preliminary design and special-effects work, Weitz left the project in late 2004, having "concluded that he didn't have the expertise to tackle such a technologically difficult movie."¹⁶⁴

New Line struggled to find a new director throughout much of 2005 and signed the "comparatively unknown" Anand Tucker in August after weighing fifty other possibilities.¹⁶⁵ Yet, in another bizarre reshuffle, Weitz returned to *The Golden Compass* in May 2006 after Tucker left the project due to "creative differences."¹⁶⁶ Budgeted around \$180 million, production on the film began in September 2006 at Shepperton Studios. As it had done with *The Lord of the Rings*, New Line sought to cover its exposure on the film's budget through a variety of tactics. Shooting in the United Kingdom allowed the company to use a new tax credit system to support filmmaking.¹⁶⁷ Likewise, New Line worked with a local bank, the Royal Bank of Scotland, to co-finance the film.¹⁶⁸ Finally, as with *The Lord of the Rings* and many other films throughout its history, New Line raised production funds by selling the distribution rights to *The Golden Compass* in foreign markets. All told, New Line asserted that these financial arrangements covered around two-thirds of the film's production costs, or roughly \$120 million.¹⁶⁹ Like *The Lord of the Rings*, *The Golden Compass* was transnational in its financing, production, marketing, and distribution, and also featured an international cast and crew.

As it had done with *The Lord of the Rings*, New Line began promoting *The Golden Compass* within the industry as a “quality” fantasy film that would make a big splash in the holiday season of 2007.¹⁷⁰ Such intraindustrial promotion sought to signal to other studios that New Line remained in the blockbuster game. The company used the internet for publicity as well, though not as extensively as it had for *The Lord of the Rings*.¹⁷¹ But press coverage of the film continued to be uneven leading up to its release in theaters. Some positive accounts cited New Line’s success with *The Lord of the Rings* and Disney’s recent success with *The Lion, the Witch, and the Wardrobe* (2005).¹⁷² However, the film garnered persistent negative reactions among religious organizations, which the press reported on widely. “A conservative Catholic organization,” one paper noted, “has urged a boycott of the film, accusing author Pullman’s source material of being anti-God and anti-Catholic. This in sharp contrast to the 2005 Disney film Narnia, which was embraced by Christian groups.”¹⁷³ After the Catholic League for Religious and Civil Rights called for a boycott, the ultraconservative organization Focus on the Family also attacked the film, the source novel, and New Line Cinema in an online article titled, “Sympathy for the Devil.”¹⁷⁴

The financial performance of *The Golden Compass* became a story of its own, with twists and turns that reflected the high stakes of the project as well as the variable ways in which its success or failure might be measured. The film only made \$26 million in North American theaters in its first weekend, a figure that the press negatively contrasted with the film’s \$180 million production budget, “with marketing adding tens of millions more” to the overall cost.¹⁷⁵ As of mid-January 2008, the film had made only \$67 million at the US box office, but some stories emphasized that it had made over \$315 million worldwide.¹⁷⁶ Yet this did not represent a success for New Line, as the company had sold those rights to foreign distributors. And although some reports indicated that New Line might still make a profit on the film, depending on home video revenues and television licensing, the film was widely regarded as a major flop.¹⁷⁷

Thus, *The Golden Compass* failed for New Line in exactly the opposite way that *The Lord of the Rings* succeeded. While the company may have funded the film in a way that characteristically reduced its direct financial risks, this same practice cut the company out of reaping any significant rewards. New Line had produced both *The Golden Compass* and the *Lord of the Rings* trilogy in ways that were typical both of an independent distributor and of a Global Hollywood studio. But for such a strategy to work, the film had to succeed like a product of Global Hollywood. The *New York Times* scrutinized the importance of *The Golden Compass* for New Line: “New Line has recently had a harder time justifying its existence because of a string of flops. . . . Time Warner will decide in the coming months whether to renew the employment contracts of New Line’s chairmen, Robert K. Shaye and Michael Lynne.”¹⁷⁸

This kind of speculation was not new. It occurred in the wake of New Line's disastrous run in the fall of 1996, when Time Warner sought buyers for the company, and again following the AOL merger and the failure of *Little Nicky*. But in late 2007, the sentiment had a new resonance because of yet *another* ongoing industrial narrative in which New Line was embroiled. In a twist of dramatic irony, this other public narrative grew out of the financial success of *The Lord of the Rings* and the legend of industrial triumph that it generated.

In February 2005, Peter Jackson filed a lawsuit against New Line Cinema claiming that he had not received proper royalties for the *Lord of the Rings* films.¹⁷⁹ The issue related in part to New Line's status within AOL Time Warner and the conglomerate's position of being both vertically and horizontally integrated. According to one report, the suit alleged that New Line did not get fair market value when it sold a host of subsidiary rights to other elements of the AOL Time Warner empire, including home video, television, and music, but rather made deals that benefited the larger corporation.¹⁸⁰ Jackson and his representatives requested an audit of New Line's finances to assess whether the director had been paid fairly, and asserted that New Line refused to provide such an audit.¹⁸¹ Saul Zaentz had already sued New Line for similar reasons in 2004, but New Line had provided Zaentz with an audit and ultimately settled for \$168 million.¹⁸²

The situation with Jackson and New Line did not resolve so smoothly. New Line made no official comments about the case immediately after it was filed, but a public war of words ensued. The production of *The Hobbit* got caught up in the mix, too. Following *The Lord of the Rings*, it seemed apparent that New Line should want to extend this franchise, and fans of the films called for an adaptation of *The Hobbit*. Jackson publicly expressed interest in directing *The Hobbit* in February 2004, just as *The Return of the King* was headed to the Oscars.¹⁸³ Following the lawsuit, however, any production of *The Hobbit* was put in doubt. Press coverage linked the two issues directly, intensifying a narrative of creativity versus commerce, auteur versus studio.¹⁸⁴ In addition, a confusing rights issue also troubled any possible adaptation of *The Hobbit*, as New Line had the rights to *produce* a film based on the novel but MGM held the rights to *distribute* any such movie.¹⁸⁵ Moreover, New Line's option on the property required that production begin by 2009.¹⁸⁶ Despite these many issues, in October 2006 MGM announced a plan to partner with New Line on *The Hobbit*, and representatives for MGM also expressed interest in having Jackson direct it, which caused fans to celebrate.¹⁸⁷

New Line still did not want to hire Jackson, however. In November 2006, Jackson announced through TheOneRing.net that he was no longer engaged to direct *The Hobbit*.¹⁸⁸ His successful use of the fan website cast New Line in a negative light with the franchise's most vocal supporters. Fans railed against New Line on TheOneRing.net, which had been instrumental in promoting *The Lord of the*

Rings, and on many more websites like it.¹⁸⁹ TheOneRing.net even organized a campaign for fans to write letters to New Line asking that the company accept Jackson's request for an audit.¹⁹⁰

Shaye inflamed the situation with public comments he made in January 2007. "[Jackson] got a quarter of a billion dollars paid to him so far, justifiably, according to contract, completely right," Shaye stated. "And this guy . . . turns around without wanting to have a discussion with us and sues us and refused to discuss it unless we just give in to his plan. . . . I don't want to work with that guy any more. Why would I? So the answer is he will never make any movie with New Line Cinema again while I'm still working at the company."¹⁹¹

In a twisted way, the statement proved true: New Line did produce *The Hobbit* with Jackson directing, but only after Shaye left the company. For his part, Jackson insisted that his issue was with "the studio" and not a specific individual. He also said that "it is regrettable that Bob has chosen to make it personal. I have always had the highest respect and affection for Bob and other senior management at New Line and continue to do so."¹⁹²

Shaye later softened his rhetoric in public discussions of his "personal quarrels" with Jackson.¹⁹³ A December 2007 press release announced that New Line and MGM would cofinance a production of *The Hobbit*, with the novel now split into two separate films, and that Peter Jackson and Fran Walsh would serve as executive producers.¹⁹⁴ New Line would handle the films' North American distribution, while MGM would distribute them internationally. Despite the problems between New Line and Jackson, MGM had remained committed to working with the director and informed New Line that it would not produce any version of *The Hobbit* unless Jackson was involved.¹⁹⁵

The press release announcing *The Hobbit* was notable for combining business and personal issues. It stated that the lawsuit between Jackson and New Line had been settled, and quoted Jackson as saying, "I'm very pleased that we've been able to put our differences behind us, so that we may begin a new chapter with our old friends at New Line. 'The Lord of the Rings' is a legacy we proudly share with Bob and Michael, and together, we share that legacy with millions of loyal fans all over the world." Likewise, Robert Shaye asserted, "We are very pleased we have been able to resolve our differences," similarly blurring business and personal issues.¹⁹⁶

Thus ended a multiyear legal dispute that played out in public as a war of personalities. Once again, New Line had taken part in a narrative about itself. In this case, however, New Line appeared as the villain largely because fans around the globe viewed Jackson as the singular force behind the beloved *Lord of the Rings* films. But the late 2007 press release offered New Line a way out. This moment promised fans that they could look forward to a return to the fantasy realm of Middle Earth. It told the media industry that New Line would rise to the challenge of producing a globally successful Hollywood blockbuster once again.

END OF THE LINE

New Line was thus in a characteristic state of flux as 2007 came to a close. The company had dominated the movie industry in the early part of the decade. However, it was also only just emerging from a protracted legal and public relations battle with Peter Jackson. There were real possibilities that it could close the decade just as powerfully as it had begun it, with the release of *The Golden Compass* and the promise of two films based on *The Hobbit*. Yet *The Golden Compass* proved to be a failure, and development of the *Hobbit* films continued to be troubled for several more years.

Given the many transformations New Line underwent from its inception in 1967 onward, and given the consistent public reporting about the company's slippery industrial position and unstable identity, it is not surprising that this discourse persisted even in 2007. In February the *New York Times* titled an article "For New Line, an Identity Crisis."¹⁹⁷ Several New Line films had failed at the box office in 2006, and the company had some erratic business dealings after Shayne suffered a severe illness in 2005 with a lengthy recovery. The *Times* story pondered, Would New Line try to repeat the success of *The Lord of the Rings* and make blockbusters aimed at global audiences, instead of "the urban comedies and horror films of its past"? Shayne split the difference, indicating that "the studio would continue to aim for its traditional zone of comedies and genre films, with a couple of high-brow dramas and one or two big-budget bets."¹⁹⁸

New Line celebrated its fortieth anniversary in fall 2007. The company threw a gala benefit with the Film Society of Lincoln Center. It also produced a forty-five-minute documentary about its history, hosted by Charlie Rose and featuring interviews with many of the directors and actors who had worked with the company. In this moment, it appeared that the company could look back on itself and make some claims about its role in American cinema over the past forty years. Nevertheless, a piece in the *Los Angeles Times* simultaneously observed, "New Line's biggest challenge is finding a way to focus its fuzzy identity."¹⁹⁹

Leadership at Time Warner held a distinct view of the company's identity. Company president Jeffrey Bewkes publicly referred to *The Lord of the Rings* as an "anomaly" for New Line and said, "The business they're in is a combination of all those 'little titles,' which add up to a steady stream for the indie business, and occasional but pretty regular big commercial franchises, like 'Rush Hour,' 'Lord of the Rings' or 'The Golden Compass.'"²⁰⁰ Bewkes accurately described the primary ways New Line grew over the course of the 1980s and 1990s, which in this book I have called opportunistic eclecticism and incorporative heterogeneity.

But Time Warner's attitude toward New Line soon proved to be much more critical. On February 28 and 29, 2008, press outlets announced that Time Warner would fold New Line into Warner Bros. Pictures, ending New Line's operation

as an autonomous unit.²⁰¹ Bob Shaye and Michael Lynne would leave the company, and hundreds of New Line staff would later be laid off. As a subdivision within Warner Bros., New Line would make fewer movies than it had previously and would stick to the “smaller, low-cost ‘genre’ horror and comedy pictures upon which it built its name.”²⁰² Jeffrey Bewkes stated that New Line must “focus on being an indie, rather than being halfway to a major.”²⁰³ Another dramatic irony, calling New Line “indie” at the same time Warner Bros. eliminated any possible independence it might still have within the giant media conglomerate.

The press covered the story like a drama, with headlines like “Bewkes Nukes New Line,” “New Line, Old Story: A Small Studio Falls,” and “New Line’s Leaders Are Ousted as Warner Studio Takes Control.”²⁰⁴ In her often-provocative industry blog *Deadline Hollywood*, Nikki Finke caustically described the move in personal terms: “Bob [Shaye] had a long and successful run: now it’s over because of hubris and karma.”²⁰⁵ She also released interoffice memos that announced the decision to New Line workers. In one of these, Shaye stated:

This is, of course, a very difficult and emotional time for all of us who have worked at New Line. . . . For our part, we will be stepping down as Co-Chairmen and Co-CEOs of New Line. This was a painful decision, because we love New Line and the people who work here have been like our second families. But we will be leaving the company with enormous pride in what all of us at New Line have accomplished together. From its humble beginnings 40 years ago, our studio has created some of the most popular and successful movies of all time. Those movies are a tribute to the amazing creative energy and entrepreneurial abilities of the talented people at New Line.²⁰⁶

In my interactions with Bob, he likewise expressed both immense pride in New Line’s history and deep sadness about the way his work with the company ended.

The possibility that New Line might get folded into Warner Bros. was not new, going all the way back to 1996. It seems possible that the success of *The Lord of the Rings* simply stalled Time Warner from carrying out the move sooner. But once it happened, the press attributed it to several factors. The disappointing performance of *The Golden Compass* was frequently mentioned. The decision was also linked to Bewkes’s larger efforts to cut costs across the conglomerate.²⁰⁷ Bewkes himself mentioned broad changes in the global film business and cited the increasing importance of international markets for Hollywood films. In a world where Hollywood made 70 percent of its revenues outside North America, New Line’s strategy of selling the international rights made less sense.

Bewkes also invoked “digital distribution” as a force that was transforming the industry.²⁰⁸ Indeed, the subsequent decade would see the rise of Netflix as a streaming service, followed by Amazon Prime Video and others. New Line’s demise as an independently operating studio thus lined up not only with “the great studio pullback of ’08” but also with a major transformation in the composition of Hollywood and its priorities.²⁰⁹ For forty years, New Line had grown, adapted, and

transformed in a movie business that likewise had grown and transformed, from the early days of New Hollywood through the formation of Conglomerate Hollywood. It epitomized so much of what made these industrial configurations distinct and noteworthy. As Hollywood transformed into a multimedia, franchise-driven, global business, New Line traveled in step and carved an industrial and cultural space of “niche” entertainment for “niche” audiences and beyond. It was a model of flexibility in an industry where flexibility only grew in value as an attribute. It was a model of avoiding financial risks while taking on offbeat, “risky” movies. It was a model of industrial creativity, even in the many cases in which its films lacked artistic creativity. It was a model of independence, even as “independence” became ensnared within the larger conglomerate Hollywood system. It was an irregular company within an incongruous culture industry.