

# Apple in talks for iCloud for movies (Update)

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Apple Inc. is in talks with Hollywood studios about offering a system that would allow people to buy movies on iTunes and watch them on multiple Apple-made devices without the need to transfer or save files, according to two people familiar with the matter.

Movies were a big omission from Apple's so-called iCloud service, which launched on Wednesday.

In a free update to its iOS mobile operating system, the maker of iPads and iPhones is now allowing for music, books and apps bought through iTunes to be automatically synced on multiple Apple devices without the need for a physical connection. TV shows can be bought and downloaded wirelessly on separate devices but can't be synced automatically.

The sticking point with movies was that several studios had to resolve contract issues with premium pay TV channel HBO, according to one of the people. Both people discussed the talks on condition of anonymity because talks are ongoing and Apple has not finalized agreements with all of them.

The talks were earlier reported by the Los Angeles Times.

HBO secures the exclusive rights to show movies to paying subscribers during a period called the "pay TV window," which begins a couple years after movies hit theaters. The ability to buy digital movies typically disappears when they first start running on HBO, mainly to encourage

people to become subscribers.

The exclusivity had barred online movie streaming during the window, making it difficult for Apple to stream a movie purchased on an iPhone or iPad through its Apple TV set-top box to one's television.

New agreements are needed to lift that restriction, but the waiver would only apply to digital movies bought before HBO's pay TV window starts.

"With every innovation that arrives, HBO has always found a compromise that has worked for both sides," said HBO spokesman Jeff Cusson.

Services such as iCloud save copies of your purchases online on distant computers, eliminating the need for personal data storage devices and the need to continually transfer files back and forth.

These services are seen as a way of spurring people to buy more movies digitally, a growing segment, but one that is still far smaller than purchases of DVDs, which are declining. One impediment to buying digital copies was that purchases only worked on certain devices.

Time Warner Inc.'s Warner Bros., Comcast Corp.'s Universal Pictures, News Corp.'s 20th Century Fox and DreamWorks Animation SKG Inc. supply movies to HBO and can't offer movies through iCloud until they get clearance from HBO.

Warner Bros. on Tuesday launched sales of its first movie "Horrible Bosses," on another Internet-based system called UltraViolet. Every copy of a DVD or Blu-ray disc from the studio will now allow users to gain access to the movie online through movie database site Flixster, and other partners are expected to be launched soon.

The release of "Horrible Bosses" with online access rights suggested that the studio has resolved any rights issues with HBO, a sister company also owned by Time Warner. Flixster is owned by Warner Bros.

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