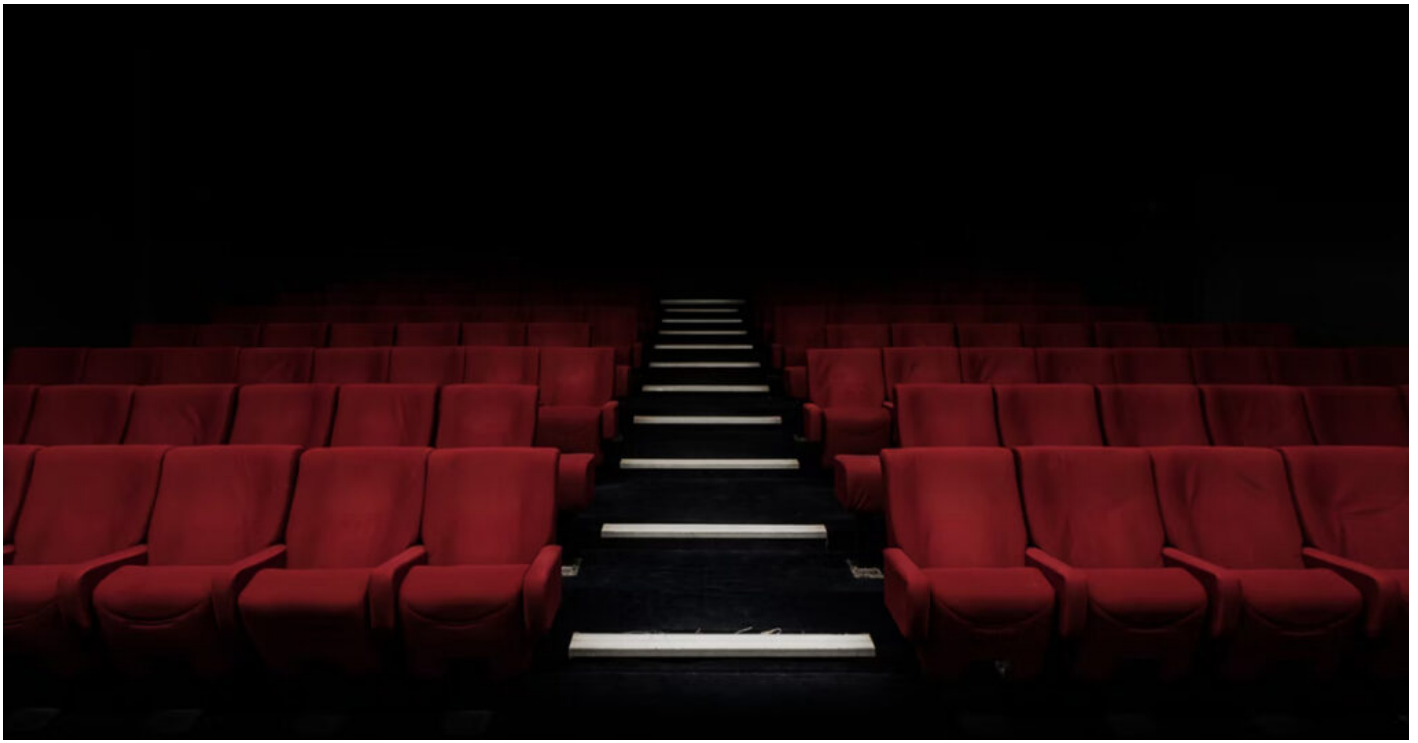


The Future of Movie Theaters: On the brink of change



Most of us aren't old enough to remember the first few decades when cinemas became a normal part of American life: they've been around for well over a century. However, some of the practices film companies engaged in in those early days were abusive and had to be addressed on a national scale.

A key example of this was film production companies owning movie theater chains and holding exclusive rights to their films. This meant that if you wanted to see a film, you would have to go to a theater specifically owned by that production company, and most theaters would not play any films except those from their own film studios. This made it virtually impossible for both independent films and theaters to thrive.

In 1948 the Supreme Court found in *U.S. v. Paramount Pictures* that this violated United States antitrust law, and this landmark decision fundamentally changed the way films were produced, distributed and exhibited in the United States. This ruling created the Paramount Decree, which stated that no film production companies could own movie theaters.

However, nearly two years ago former President Donald Trump's Justice Department moved to throw out this old consent decree, and the sunset period during which the old rules remained in effect will reach its end in August of this year.

The argument for vacating the Paramount Decree is that with so many technological changes, the old decree is no longer relevant.

Former co-owner of independent theater Limelight Cinema, which closed in 2001, and *Motif* writer Michael Bilow weighed in. "The old consent decree was limited to traditional movie theaters, putting

movie producers at a disadvantage relative to competitors such as Amazon and Netflix who are unrestricted as to owning the entire vertical business chain from production to distribution,” says Bilow. “In other words, the old consent decree was having an *anticompetitive* effect, protecting Amazon and Netflix from competition.”

However, the total vacating of the decree still presents significant problems for independent theaters and filmmakers. When so much of the entertainment industry has already been monopolized by a select few companies, the choice to vacate the decree entirely rather than alter it to be more relevant to our current era could have serious consequences.

Disney, for instance, has been continually growing its grip on the industry for several years now. The corporation’s assets include not only the traditional animated features associated with the company, but also ABC, ESPN, 20th Century Fox, Marvel, Lucas Films, and Pixar, among many others. With the ability to have Disney-only theaters, they can buy out independent theaters and older chains and, especially for those who may only have one or two theaters local to them, consumers who want to see films in theaters could find themselves entirely limited to whatever production company owns their local theater.

“I think this will kill independent theaters, which have been a dying business for 20 years, and probably also accelerate the demise of all theaters, which I expect to be gone in 10 years,” says Bilow. He cites the Cable Car Cinema, Acoustic Java, and the Route One Cinema Pub in Attleboro all as local examples of independent theaters that have closed in recent years, although the latter plans to reopen soon after temporarily closing for the pandemic.

“The issue is much broader than the consent decree and really reaches into fundamental changes in consumer behavior,” Bilow adds, citing streaming releases occurring simultaneously or instead of theatrical releases as another variable complicating the issue. This practice became more common in response to the COVID-19 pandemic and puts movie theaters in an even worse position.

For consumers, the negative impact of vacating the consent decree will likely be mitigated by the existence of streaming. Streaming creates more accessibility for consumers (at least in theory) so that any person can find and watch the film they are interested in online. However, streaming poses an additional threat to movie theaters, as well as to independent filmmakers without the funds to access those distribution channels.

The true impact vacating this decree remains to be seen. Whether we end up in a reality where, ten years from now, there are no theaters left; or instead one where theaters are bought out by production studios and revived, but monopolized, has yet to be determined. Still, come August this year, the Paramount Decree will be abandoned – for better or worse.