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Comment:

Paramount Decrees

United States v. Paramount Pictures, Inc., 334 U.S. 131 (1948)

I am an owner of a small rural theater and any changes in the Paramount Decrees would be detrimental to my theater and the small community it services.

Most of the original defendants are still in business today and with the changes in technology and all the entertainment options available today the need for decrees have not subsided but have become even more important for the public in keeping distribution and exhibition separate. The original issues and principles of the Sherman Anti-Trust Act have not changed and are still relevant today more than ever.

It is my belief, distribution would like to merge and or arrange contracts involving possible circuit dealing and overbroad clearances with the large exhibition companies, which would be harmful to the already compromised small exhibitors in metropolitan and rural areas. This would negatively impact the public by limiting their options and choices as to where and what films are available to see in their local theater.

The original defendants do not own a significant amount of movie theaters today because of the original decrees, however they are branching out into controlling new technologies, such as DVD's, direct streaming, owning television stations/channels. These new technologies and the control it gives the Distributors, make the decrees just as relevant today as seventy years ago. The many options open to the public for entertainment along the multiplex theaters in the metropolitan areas are all challenges to the small and or independent theater owners and exhibitionist in both metropolitan, rural areas and regionally.

Distribution currently has control over whether an Exhibitor may receive a film and the initial hold time the Exhibitor must play the film. The removal of the Decrees would give Distributors the capability to only show their films in their owned or controlled theaters, with the possibility of allowing only limited content to be shown at the independent and smaller regional Exhibitionist theaters. Distributors could attempt to control Exhibitors from being able to a show a competitor's films by using block booking and circuit dealing. When digital technology became a reality, as an incentive for Exhibitors to update their theater equipment, the Distributors advised due to the difference in production costs between film and digital content, markets would open for broader distribution of films to more theaters. This hasn't happened, and market constriction and restriction will only grow if the decrees are removed.

Exhibitors try and set ticket prices with a delicate balance to be profitable and to keep patrons coming in the doors. There is a large difference between what a metroplex in a large metropolitan area and a

smaller regional, independent theater can charge for a film and have support of the public. What a theater in small town in Oklahoma or California can charge compared to a theater in New York or Los Angeles vary widely. The Exhibitionist know their public and what their patrons will support. The removal of the decree on resale price maintenance is another step in the death knoll of the independent, regional chains, and small theaters in rural and metropolitan areas. The Distributors could use the pricing to drive a theater out of business due to excessive price controls and drive those displaced patrons to a Distributors theater of their choice. Distributors already set the percentage of ticket sales that goes back to the them for film rental, often changing those final percentages during the films run. The current system allows the Exhibitor to retain a percentage of the ticket price, with the Distributor retaining on average 55-65 percent of the ticket price. Resale price maintenance would allow the Distributor to charge up to 100 percent of a ticket price or charge a different price for each movie shown. The Exhibitionist will lose control over a core part of their business, setting the ticket prices that their public will support to keep the theater open. The high-ticket cost for film rental is already causing the Exhibitioners to rely on the additional sales of concessions and other options to keep the doors open; by allowing the Distributors more control over the Exhibitionists it causes an unfair advantage to the Distributors.

The decrees allow a more collaborative relationship between Distribution and Exhibition. This relationship which should be an equitable 50/50 already leans to the Distributor. The decrees and anti-trust laws continue to help allow the independent theaters in rural and urban area to exist. The changes in recent years in the movie industry and the closing of many small theaters, we are losing that little kid, who falls in love with the magic on the big screen and goes on to help create and build the entertainment film industry of the future.

Regards,

Angela Adrian