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The Motion Picture Patents Company: A monopoly

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The Motion Picture Patents Company: A monopoly

Abstract
My interest in the subject of motion pictures extends far past the development and the significance of the Motion Picture Patents Company. It does so because the history and changes in the film industry appear to both directly and indirectly reflect the history of the cultural, social, and economic trends of the period.

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THE MOTION PICTURE PATENTS COMPANY:
A MONOPOLY

A Research Paper
Submitted to
The Department of Curriculum and Instruction
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of the Requirements for the Degree
Master of Arts

UNIVERSITY OF NORTHERN IOWA

by
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Chapter 1
Introduction

My interest in the subject of motion pictures extends far past the development and the significance of the Motion Picture Patents Company. It does so because the history and changes in the film industry appear to both directly and indirectly reflect the history of the cultural, social, and economic trends of the period.

I believe that this conclusion will be arrived at by any person who is interested in the art of motion pictures. The greatest percentage of the development of the motion picture industry, whether it be in the structure, innovations, or the movies produced indicate something about the influences of the society in which it exists.

Due to this fact, the study of the state of the industry as well as its art will hopefully shed light in the environment in which it existed. More to the point, to research and understand the Motion Picture Patents Company is to realize more about the nature of the first two decades of the twentieth century and possibly the years to follow.

It is my hope that an overview of the Motion Picture Patents Company will result in a confirmation that movies have and continue to reflect trends and period in history. A knowledge of this origin, developments, and destruction should contribute to this understanding.
Today, ninety short years after its conception, the film industry touches the lives of millions of people. Few people do not know of the money, the power, and the glamour that is held by the film world. It was this same knowledge that inticed hundreds of experimenters into the newly discovered miracle called film at the turn of the century. Within a fifteen year period, from 1894 to 1900, movies had graduated from their novelty stage when they were typically fifty feet in length and photographed anything that moved to stories with relatively well-developed plots and characters that had dimensions.

As the length increased so did the demand. As the demand grew so did the amount of money involved and so did the number of people rushing to the gold mine. During the first decade of the twentieth century tens of thousands of Nickelodeons were in existence and millions of Americans were going to the movies weekly. Before long the infant industry was getting completely out of hand. The patrons were demanding more and more new films while the production companies worked at an almost frenzy. At the same time the problems concerning budgeting, production, and distribution were constantly growing. By 1908 the time was ripe for someone to step in and take control. On September 9th of that year the chaos was brought under control by the Motion Picture Patents Company.

For that reason the MPPC, as it was called, is one of
the most intriguing areas in the history of film. What is amazing is the ease with which a small number of men took almost total control of an industry. These men seized power in a business that was just beginning to see its capabilities and therefore very vulnerable to opportunities.

It was observed by these men that with their patents and a small amount of capital they could turn their investments into, as the founding members of the MPPC did, vast amounts of power and large profits. Practically overnight two companies, that is the holders of two major patents, turned the movie making business upside down and molded it into their own private company with which no one could compete.
The Beginning of a Monopoly, 1894-1908

In fourteen short years motion pictures, which began as little more than an experiment, became firmly implanted in the American way of life and turned into an extremely lucrative business as well. It all started on Broadway in 1894 with a machine called the Kinetoscope, which was a peephole machine that showed short filmstrips. The machine was originated, not by Thomas Edison as many were led to believe, but rather by Edison's assistant, William Kennedy Laurie Dickson, who had acquired a concession from Edison to market the invention (Balio, 1976, p. 3).

With the boom well under way the limitation of the Kinetoscope, that only one viewer could see the filmstrip at a time, soon started to take its toll. Two years after its development the Kinetoscope became obsolete and was replaced by the motion picture projector that had the ability to show films to a room of customers. Almost simultaneously, Paul in England, the Lumière brothers in France, the Lathams, Thomas Armat, Herman Casler, Albert E. Smith, and Dickson in the United States appeared with their own version of the new projector. Of these the only one protected by manufacturing and marketing rights, which were purchased by Edison, was Armat's projector called the Vitascope (Balio, 1976, p. 4).

Shortly after the introduction of the Vitascope, came the invention of the Cinématographe, a Lumière development
and was quickly followed by the important discovery, the Biograph projector. This Dickson invention, exhibited as a product of American Mutoscope Company, achieved much larger and clearer pictures than ever before.

To go the American Mutoscope one better, Edison in 1896 came out with his own projector called the Edison Projecting Kinetoscope and placed it on the open market. As a result not only did Edison come up with a new piece of machinery but to place it on the open market was an innovative commercial move as well, since prior to this the sale of most projectors was limited to certain geographical areas. With one swift blow Edison managed to simultaneously increase his sales significantly and to bolster the popularity of the growing industry.

In the years 1895 to 1896 the increased demand for projectors also called for an increased production of films. Even at this early stage of the industry three production companies, Edison, Biograph, and Vitagraph were in almost total control. Through producing films these key patent holders hoped not only to be the leaders in creating films but in turn to create more of a demand for their equipment.

It was at this time that Edison, afraid of any competition in the least, tightened his hold on what he thought was his industry. As Balio states,

...in December of 1897 Edison brought infringement suits against nearly every organization and individual of consequence that had entered the
business. In pressing the cases, his lawyers insisted that all inventors and manufacturers, of motion picture equipment, and all producers in the United States, were in violation of the patent rights that Edison had secured on his Kinetoscope. The main targets of Edison's legal attack—the American Mutoscope and Biograph Company (formally the American Mutoscope Company) and the Vitascope Company—stood and fought by entering counterclaims (Balio, 1976, pp. 7-8).

Still, the ever popular movie business went on, despite the underlying court battles and the raging competition. With the increasing size of the industry came new problems that had not been anticipated. One such problem was in the distribution of films. In answer to the problems between 1903 and 1908 what was known as the exchange system came into being. Prior to this exhibitors had bought their films but because the investment had been so heavy that an exchange would buy the films and then rent them to the exhibitors. As a result, exhibitors paid less for pictures and were also able to change their pictures more often to keep their customers returning more frequently. This in turn stimulated their business, raised their profits, and expanded the interest potential customers everywhere.

By 1907 selling prices had soared despite the fact that competition and rivalries were stiff. The combination of high prices and competition led to the creation of several somewhat dishonest alternatives. It was at this time that the exchanges developed a practice known as "duping" in order to cheat the manufacturers of the films. Duping consisted of the exchanges buying a film, making a negative of
it, making a print of the negative, and then selling the print as an original. The exchanges also found ways of cheating the exhibitors on the end as well. To save money exchanges would often send prints that had been damaged beyond repair or prints that were cheaper than had been ordered.

In order to fight back the exhibitors had their own dirty tricks. The most famous of these was called "bicycling." This happened when,

A group of theatres under one ownership, or associated for mutual profit, would rent a picture for one theatre but so arrange the schedule of screenings in the other theatres that a boy on a bicycle could race with the same print under his arm from one theatre to another (Jacobs, 1968, p. 54).

In spite of the dishonest practices going on the number of exchanges steadily increased as did the popularity of motion pictures. In response to the great demand for films Harry Davis and John P. Harris developed the "Nickelodeon" in 1905. Named because of the five cent admission price the,

...catchy name of the place, the colorful surroundings, the musical renditions, and the story picture combined to keep the ninety-six seats of the Nickelodeon creaking with the excitement of customers from eight in the morning until twelve at night. Nickels poured into the cash box so rapidly that soon the receipts were averaging over a thousand dollars weekly (Jacobs, 1968, p. 55).

Yet, underlying the steady growth of the industry were very strong dissentions. Competition produced endless lawsuits,
cutthroat practices, such as duping and bicycling, constant arguments, and numerous legal violations. Though there were hundreds of lawsuits going on in the early 1900's a great number of these were intigated by Edison. Furthermore, it was noted that,

In this warlike atmosphere of patent litigation, every studio became a guarded stronghold. Producers, who spent much of their time acting as litigants, fortified their studios to conceal their production methods, in fear either of having their own legitimate inventions stolen, or of being caught in a patent infringement against someone else (Balio, 1976, p. 16).

Of those to survive the mass of legal battles were those that held patents. These included Edison, Biograph, Vitagraph, Selig, Kalem, Essanay, Lubin, and from Europe George Klein (Balio, 1976, p. 16). It would be these same survivors, the all important patent holders that would go on to create the motion picture industry's first monopoly, the Motion Picture Patents Company. In the ten years following 1908 these men would make millions of dollars and have almost total control over every aspect of the motion picture industry.

Events Leading to the Development of the MPPC

The growth of the motion picture business was stymied almost from the start by incessant strife over patent claims. The patent war, as it was called, was declared by Edison in 1897, when he brought suit against Charles H. Webster, and continued until 1908, and involved hundreds of legal disputes. Edison patented his camera on August 24, 1891, but it was not until 1896 that he filed for a patent on his film. When he received his letters patent the follow-
ing year, he took action to capture the market. Edison's lawyers claimed that all manufactur-
ers of motion picture equipment and all film producers were operating in violation of the patents he secured on his Kinetoscope (Balio, 1976, p. 120).

Edison's main assaults were aimed at his strongest competitor, the American Mutoscope and Biograph Company. In the ensuing court battles, the courts sustained Edison's camera patent, but not his film's. At the same time, Biograph's camera, which was carefully designed to be non-infringing, was allowed. Since the courts declared neither side the winner, producers began to align themselves to one side or the other as a form of protection.

In the six years between 1908 and 1914, the industry began to expand as never before. This involved new tech-
niques, more competition, and bigger money in a business where everyone wanted a share. The movie industry was mov-
ing into the big times. As the demand for the number of films grew, so did the fierce competition. It was reported that, "The number of manufacturers, importers and exchange men in the industry mounted to between fifty and one hundred, and nickelodeons into the thousands." Though manufacturing was left open to anyone, at this point only Edison, Biograph, and Vitagraph have legal patents and legal rights to do so. Despite this fact, lawsuits were increasing, cutthroat prac-
tices grew daily, and enemies were spreading (Jacobs, 1968, p. 81).
The Motion Picture Patents Company

On October 1, 1915 a federal court handed down its decision that the Motion Picture Patents Company and its offspring, the General Film Company (GFC), were in violation of the Sherman and Clayton acts in relation to the monopolizing of the motion picture industry. It charged that the MPPC and the GFC had worked to gain "...the control of all motion picture production through interlocking agreements, the elimination of competition on the distribution level, and price fixing of raw film and motion pictures" (Balio, 1976, p. 119). This decision came less than eight years after the company's conception.

The formation of the MPPC occurred on January 1, 1909 as a discreet effort to call a truce between the Edison Manufacturing Company and American Mutoscope and Biograph Company. Between these two companies all the important patents on film, cameras, and projectors were held, and by joining together they hoped to extinguish any hopes that competitive companies had to move in on their monopoly. The company was composed of seven domestic manufacturers, Edison, Biograph, Vitagraph, Essanay, Selig, Lubin, and Kalem; two French companies, Melies and Pathe; and the distributor George Kleine (Jacobs, 1968, p. 42). In order to control the motion picture business, the MPPC sought to become involved in all ends of the industry including: 1) production of raw film; 2) the production of motion pictures;
3) the manufacturing of projecting equipment; 4) film distribution; and 5) exhibition. A further explanation of these five segments are as follows:

1) In exchange for mutually supportive monopoly privileges, the MPPC agreed to deal exclusively with the Eastman Kodak Company, the principal domestic producer of raw film stock. Consequently, the Patents Company received a buying monopoly and Eastman a selling monopoly. Eastman was not charged a royalty, but acted on behalf of the company to collect film royalties from licensed producers.

2) Motion picture manufacture was regulated by the granting of licenses to Edison and their former allies... The companies were permitted to use only Eastman film stock and could produce any number of pictures, but the importers were restricted as to the footage they could release. The MPPC, not the producers, set the prices that exchanges would be charged for films. The scale ranged from nine to thirteen cents per foot for new releases. In this way, licensees operated in a protected market. No new manufacturer could be granted a license, moreover, unless a majority of MPPC members agreed (Balio, 1976, p. 122).

Through the interlocking agreements, the MPPC took control of almost every area of the industry while simultaneously protecting itself from competition and allowing its members to operate with pretty much the freedom they desired. Though the licensees had to work within their designated area, that is, distributors could not exhibit and so forth, distributors could operate in any market area and charge exhibitors any price they could get for their film service. Likewise, producers had the freedom to decide the length and number of pictures they produced and exhibitors could purchase whatever programs of film they desired from li-
licensed exchanges and set their own admission prices (Balio, 1976, p. 123).

3) By holding the crucial patents on projectors, the MPPC held direct control over equipment manufacture and sales. Each projector sold for a fixed price - $150 in 1909 - $5 of which went to the MPPC as a royalty.

4) By controlling all aspects of motion picture and equipment manufacture, the MPPC could lay down its conditions to distributors. A licensed distributor had to deal with MPPC members exclusively. Films were leased to him at flat rates; however, in dealing with exhibitors, he could charge whatever price the market would bear. Exchanges were required to purchase $2,500 worth of film per month. They were not charged royalties but acted as agents for the MPPC by collecting from exhibitors the two-dollar a week royalty on projectors. The Patents Company granted licenses to 116 exchanges, the 30 or 40 others were driven out of business. Those that remained under the MPPC's aegis led precarious existences. The MPPC held arbitrary power to cancel the distributor's license without cause upon fourteen days' notice.

5) Since box-office revenues were the major source of industry revenue, the MPPC royalty scheme was aimed primarily at the theatre. In turn for the right to use licensed projectors (on which the two-dollar royalty was levied each week) the exhibitor had to agree to show only licensed motion pictures. If he violated the contract by exhibiting outlaw pictures, by refusing to pay royalties, or by subleasing prints to other theatres, he could be fined, or sued, or have his license revoked (Balio, 1976, p. 122-123).

In addition to their two-dollar rental fee on films and projectors,

...theatres were classified and the rental rates of pictures were standardized accordingly, each exhibitor paying according to his class. Rates for the highest class were $100 to $125 weekly for a daily change of program; the cheapest rate was $15. When a system of booking films was formed, it was provided that the exhibitor could not change the date or
selection of pictures once they had been ar-
ranged for. Violators were to be either fined
or wholly deprived of the film service (Jacobs,
1968, p. 82).

Accompanying the exhibitor royalty, the MPPC also
charged machine royalties, which was a five dollar charge
in return for granting certain companies the right to manu-
facture projectors. Furthermore, there was a third type
of royalty which charged licensed producers of movies a
half a cent per foot of film produced. At the end of the
year the royalties were distributed with

...Edison receiving an amount equal to 'net
film royalties' and Biograph two-thirds of
the remainder. The balance was distributed
in these proportions: Edison, one-half;
Biograph, one-third; Armat, one-sixth; Vita-
graph, the fourth company in the pool, was
paid from the top, one dollar for each pro-
jecting machine sold (Balio, 1976, p. 122).

The royalties were collected by the MPPC from various
areas. For example, the film royalties were collected by
Eastman Kodak from the licensed manufacturers while the two-
dollar exhibitor fees, charged the thousands of theatres
scattered over the country, were collected by rental ex-
changes. These royalties amounted to a substantial sum,
Obviously. In the years 1910 and 1911 the fees collected
totaled $800,000 while in the years of 1912 and 1913 they
amounted to nearly $1,000,000 (Balio, 1976, p. 124).

Similar data substantiates the evidence that the MPPC
had the corner on a booming industry. Records show that

1) The total business of the whole industry
last year (1913) was more than $300,000,000
2) There were 5,000,000,000 paid admissions in 1913 to our more than 20,000 moving picture theatres which show 96,000,000 feet of film each night...3) American film makers will export this year probably 25,000 miles of pictures; and the royalty paid to Mr. Edison is said to amount to about $10,000 a week (Lanier, June 1914, p. 217).

Joseph P. Kennedy, who has written a book on the early history of films, corroborates these statements in his book, *The Story of the Films*. As he explains,

In those days they (MPPC) had a perfect control of business... They regulated the wages paid in every branch of the industry. In their judgement, no man who wrote a story and gave his brains to create material for motion pictures was entitled to more than $25 for the finest story he could write. For those men who were known as directors of motion pictures, they established a salary of $50 a week. The highest salary they agreed to pay a performer was $60 a week. They made up their minds that this was not an industry or art, but that it was a mechanical occupation and that it required no brains (Kennedy, 1927, p. 303).

The MPPC discovered soon after its conception that the imposed fees were met with much resistance. In order to enforce the regulations,

...the Trust filed lawsuits by the hundreds, employed private detectives to search for evidence of patent violations, and called upon federal marshalls to arrest offenders, confiscate their equipment, and throw them in jail (Balio, 1976, p. 104).

**General Film Company**

In April of 1910, the MPPC, in hopes of strengthening its hold on the industry, formed the General Film Company, which was a national film exchange. The action resulted
in a vertical integration of the business.

General Film was capitalized at $2 million, later reduced to $1 million. The ten members of the Patents Company purchased equal amounts of the stock, which was to yield a continuous 12 percent annual dividend. With this financial base, General Film set out to acquire exchanges. There were sixty-nine licensed exchanges at that time. If a licensed exchange did not want to sell, its license was revoked or suspended, so that it could not legitimately do business with the company. Beginning with the purchase of two from MPPC member George Kleine, General Film acquired eleven in one month, twenty-three within three months, and by January 1, 1912, a total of fifty-eight exchanges. After ten others were canceled, there remained only William Fox's Greater New York Film Rental Company. Except for the New York market, there was but a single source of licensed film available to all the exhibitors in the United States (Balio, 1976, pp. 125-126).

Under the GFC the rules and regulations were almost identical to those under the MPPC, except that the GFC was the one who had to pay film royalties on a footage basis in return for its exclusive contract. The GFC also added to its practices the regulation of prices, that is, first of all it fixed the price for positive prints at ten cents per foot. The price was based on average costs and wage scales; it was fixed and producers had to stay within it. Second, General Film classified theatres according to location and drawing power which resulted in the largest class being charged from $100 or $125, to $15 for the smallest ones (Balio, 1976, p. 126).

The Rise of the Independents

Many authors, upon studying the formation of the MPPC,
conclude that it may well have been doomed from its origin (Jacobs, 1968, p. 83). If this is not the case, from an objective point of view, it is generally agreed that it was becoming ineffective by 1913, and possibly as early as 1912 (Jacobs, 1968, p. 84). The reason for this ineffectiveness was that as MPPC strengthened its control on the exhibitors and increased the policing of them and the lawsuits against them, resulting in multiplied rebellions.

Bitter opposition from all quarters greeted the Trust combined. Manufacturers and exchange men who were outside the pool refused to be victimized without a struggle. Bootlegging of films and projectors began; an underground between independents and exhibitors was soon flourishing. Although over $10,000 small exhibitors signed with the Patents Company, all regarded the $2 tax as a dictatorial raid on their profits. To fight the Trust, many protective organizations (similar to the 'Patents Company without the patents') were formed: the National Independent Motion Picture Alliance, Chicago, Illinois; the Associated Independent Film Manufacturers, New York City; and most important of all, the Motion Picture Distributing and Sales Company, with Carl Laemmle as president (Jacobs, 1968, p. 83).

In reply to the growing number of independents, the MPPC sought to fight back and the result was, in 1912, the formation of the General Film Company. For a time this appeared to be the answer. But, soon after its creation, the independents again fought back. Instead of killing the competition, it only angered them more. As Jacobs states, "Outlaw companies multiplied, flourished, and continued making pictures." By 1912, Jacobs indicates that such pro-
ducing companies as Fox, Keystone, the New York Motion Picture Company, along with dozens of others were opposing the MPPC and the GFC, (Jacobs, 1968, p. 83) as were such distributors as Mutual and Universal. "By 1914, literally hundreds of new firms had entered the business" (Balio, 1976, p. 105).

Growing increasingly bolder, and encouraged by their size, the independents began to go public with their fight against the MPPC and "They encouraged defiance of the Trust, offering not only cheaper prices, but also better products. As Bardeche and Brasillach state,

They (the independents) bought foreign cameras which had the advantage of being independent of Edison's patent but also the disadvantage of working very badly. So they took the works out of them and replaced them with Edison's machinery. At the same time they took action by hiring away technicians from the Trust and offering them twice as much pay; for if you employ one camera man you can afford to pay him well, whereas the Trust had fifty and did not want to raise their wages. By these methods, the outlaws produced some excellent films which the cinemas accepted more readily since to do so was to injure the Trust further (Bardeche and Brasillach, 1970, p. 60).

But the MPPC would not give up its hold on the business and showed that they would stop at nothing, "...for almost five years guerilla warfare, with open violence as well as lawsuits, raged between the monopoly and the independents, no strategy being overlooked by either side." It even went so far as sabotaging equipment, harassment, and hiring detectives. Bardeche and Brasillach add that the private
detectives began to smash the cameras of many of the inde­
dpendents.

On the pretext of taking affidavits, they gained admittance to the studios and then seized and smashed the cameras. Each sally of this kind led to a pitched battle. The small producers migrated to the suburbs of New York or Chicago: the private detectives followed them. Armed guards were organized at the studios, but the detectives, became burglars, still managed to break in (Bardeche and Brasillach, 1970, p. 61).

By this time though, it actually made very little dif­ference what struggle the MPPC made to survive because its destruction was almost complete. The one distributor, who failed to sell to the GFC, had taken his complaints against the monopoly to the courts and filed a lawsuit claiming that "...the defendants control from 70 to 80 percent of a trade in which a sum in excess of $100,000,000 is declared to be invested..." It continues that, "It is alleged that the defendants overstepped the bounds of lawful monopoly by interlocking their various patents and then refusing to grant a license obligating him to use extensively the films of the combination" (Literary Digest, August 31, 1912, p. 322). The suit was brought to the courts in January of 1913 and resulted in the dissolution of the Motion Picture Patents Company in 1917, four years later.

The Significance of the MPPC

Despite all of the restrictions, struggles, and con­
flicts that marked the short history of the MPPC, remark-
edly enough, an amazing amount of good came out of it. Actually it would be unfair to say that the manifestations were the results of the MPPC when more credit is due to the clashes between the independents and the MPPC. That is to say, it was because of the independents' revolt against the monopolistic designs of the MPPC, that at least three lasting artistic and economic innovations came about.

The first innovation, the star system, was the result of the independents attack on the monopoly's refusal to raise the salaries of the actors under contract by ensuring that they retained their anonymity. As Jacobs states, "Movie patrons by 1910 were favoring certain players and expressing their preferences, although as yet the names of their screen idols were unknown" (Jacobs, 1968, p. 86). The reason behind this was that the MPPC felt that once the names of the actors were known the public would demand that their favorite actors appear more frequently which would result in the actors requesting more money. The MPPC refused to give in to the public's appeal by continuing their practice of keeping this information secret.

Seeing what was going on, the independents realized that this was a flaw in the foundations of the MPPC. The independents began to reason that if the public wanted to know the actor's names and about their lives why not tell them, for this would be a way of simultaneously getting the public to stop going to the films produced by the Trust and
start going to those produced by the independents. On March 12, 1910 the first publicity stunt to achieve just these ends was conducted. Carl Loemmle, the head of Independent Motion Picture Company (IMP) and a leading independent, created what has become known as the first star, an actress named Florence Lawrence, employed previously by Biograph. The story goes that, "St. Louis citizens awoke one morning to read in the newspapers that the former Biograph player Florence Lawrence (this was the first time her name was publically used) had died in a St. Louis streetcar accident." Soon after Loemmle took out an article with the title "WE NAIL A LIE" which stated,

The blackest and at the same time the silliest lie yet circulated by enemies of the 'IMP' was the story foisted on the public of St. Louis last week to the effect that Miss Lawrence (the 'IMP' girl, formerly known as the 'Biograph' girl) had been killed by a streetcar. It was a black lie because it was so cowardly. It was a silly lie because it was so easily disproved. Miss Lawrence was not even in a streetcar accident, is in the best of health, will continue to appear in 'IMP' films, and very shortly some of the best works in her career is to be released. We now announce our next films: 'The Broken Path' ...'The Time Lock Safe'...

As if this wasn't enough, Florence Lawrence and IMP's leading man were to make a personal appearance in St. Louis. When they appeared, they were greeted by hundreds of fans eager to catch a glimpse of the two movie stars. Stardom was created (Jacobs, 1968, pp. 86-87).

The temptations of publicity and increased salaries
were soon hitting most of the actors. The big talents were leaving the MPPC in groves to join the ranks of the independents. Nothing could stop them, not even the threat of black listing by the Trust. Soon the publicity went further than just names on billboards. It had not increased to autographs, photos, fan mail, and even fan magazines. The publication of the first fan magazine was by none other than a Trust member, Vitagraph in 1912. By this time the Trust members realized they could not avoid the demand or success of the star system any longer and the fan magazine was proof that once in the system they did not want to be outdone. Now it was only a fight as to which companies could go one better than the others.

Through all of this the actors became the pivotal point, the center of attraction of the movie industry. Now, rather than just playing a role, roles were made for them. Salaries became exorbitant as studios realized the box-office potentials of certain stars. For example, Mary Pickford was paid $5 a day at Biograph in 1909, to a luring $175 a week at IMP in 1910, to $20,000 a year, to $1,000 a week in 1914 with Adolph Zukor (Balio, 1976, pp. 136-137). Actors were no longer considered commodities that could be ignored. Instead, they were box-office attractions and money in the bank, a factor that is still very much alive today.

The second innovation was that the movies being produced were longer and of a higher quality than ever before.
This change has been credited to the work of the indepen-dents who were not only hiring away actors but also many of the MPPC’s directors and cameramen. In addition to hiring away Trust members and giving them more freedom, the independents were also viewing, importing, and imitating foreign films. In these foreign films the independents saw that they were greater in length, depth, and techniques, especially in the case of the French and the Italians. As stated by Bardeche and Brasillach,

...in 1908 and 1909 a considerable number of more ambitious films were made in America. A Faust appeared, then a Carmen. The Italian successes had given Hobart Bosworth the idea of introducing Roman togas and peplums to the Californian scenery. The French films, too, found their imitators. The same Hobart Bosworth produced dramas inspired by Henry Bataille against backgrounds worthy of the Theatre-Francais itself, with officers and gentlemen of fashion strolling through them, gesticulating and looking extremely grand. Ladies with elaborate lace waists and stuffed birds on their hats fainted on Louis XV sofas. Disgraced businessmen blew out their brains at Empire desks, The Roman, The Code of Honor, The Evil Men Do appeared as two-reel films, advertised as 'first class' in order to embarrass the Trust, whose films thus automatically became second class (Bardeche and Brasillach, 1970, p. 63).

Adolf Zukor also saw that the American public was ready for longer films, and even went so far as to speak to the MPPC officials about it to no avail. Zukor then decided to go out on his own by importing the French film Queen Elizabeth with Sarah Bernhardt and then going on to form his own group of actors called the Famous Players in 1912
(Balio, 1976, p. 107). With the Famous Players he began to produce, write, and distribute his own feature length films.

This was only the beginning of the independents expansion and experimentation while the MPPC refused to change. This was because they (the MPPC) felt that the American, "...audiences did not have the mental capacity to understand, let alone appreciate, longer films" (Balio, 1976, p. 107). Instead, the Trust ruled that the films could not be released that were any longer than one or at the most two reels. Even films that were made by Vitagraph in four or five reels were sent out at the rate of one reel a week (Macgowen, 1965, p. 156).

For this reason not only did the independents begin to compete with the Trust but they also began to surpass them with many of their films. With this,

...it became apparent to the conservative members of the Trust that the impact of the independents' competition was due in no small measure to their superior products. The Trust members thereupon began to budget their pictures higher, increase their personnel, raise their own standards, allow their directors greater leeway. Higher artistic standards, technical improvements, and a more ambitious state of mind finally led to the acceptance of the most significant advancement of all, the 'feature' (Jacobs, 1968, p. 25).

The third innovation was that of the independents establishing Hollywood as the new nucleus for the creation and production of films. There were several reasons why Hollywood became the capital for motion picture production.
First, it was a refuge from the attacks of the MPPC. As Jacobs states,

Independents filed from New York, the center of production activity, to Cuba, Florida, San Francisco, and Los Angeles. Cuba proved to be disease-ridden; Florida, too warm, San Francisco, too far from the Mexican border. The safest refuge was Los Angeles, from which it was only a hop-skip-and-jump to the Mexican border and escape from injunctions and subpoenas. Other advantages soon showed this location to be more desirable than New York: good all-year-round weather, cheap labor, a rich variety of topography, and the ready co-operation of business and real-estate interests in the community (Jacobs, 1968, p. 85).

Expanding on the independents move to Hollywood, Macgowen remarks,

There was no need for electricity in sunny California. All summer and except for a few rainy days, all winter, interiors could be shot out of doors with only muslin overhead to kill the sharp shadows. California and the neighboring states offered another attraction as potent as their sunshine. Los Angeles was close to a great many different kinds of landscape that could not be enjoyed in the East. From San Diego to San Francisco and eastward to Arizona there was almost every variety of mountain, valley, lake, seacoast, island, desert, countryside, and plain that a story might call for. Much of the seacoast was barren of habitation. Where there were houses, a type of local architecture sometimes provided Mediterranean atmosphere. Westerns, popular even before the days of the finest feature films, could be shot in Griffith Park or San Fernando Valley without leaving Los Angeles County (Macgowen, 1965, p. 139).

Soon, even some of the members of the Trust were noticing the attractiveness of California. Actors, directors, producers were flocking to the sunshine including such well
knowns as Samuel Goldwyn, Cecil B. DeMille, Jesse L. Lasky, D. W. Griffith, Billy Bitzer, Thomas H. Ince, Max Sennett, and Charlie Chaplin to name a few (Knight, 1978, pp. 19-38).

Furthermore, not only were the movie people interested in the sunshine, but there were other assets in moving to California. As Jacobs adds,

The colonization of Hollywood at that particular time was fortunate in many respects. The availability of all production needs and advantages made it possible to produce better pictures more regularly and more efficiently. Movie makers now had space to work in; the pressure of financial supervision was lighter; getting dependable acting talent was easier. With the financial offices separated from the production studios, film directors were more independent, could use their ingenuity and ideas more freely. The centralization of all production agencies created an esprit de corps and a competitive spirit that stimulated ambition, personal rivalry, and creativeness. The effort of each company to impress its neighbor and its Eastern offices often resulted in a refinement of its product. Before long, in fact, the designation of a picture as 'a Hollywood product' was a commercial asset. Since it meant that the picture had met a high professional standard (Jacobs, 1968, pp. 85-86).

With this the movie industry was on its way to becoming what we know it as today.
Chapter 3
Conclusions

From 1908 to 1919, a period of ten years the Motion Pictures Patents Company had experienced more power in the film industry than any one company had before and probably ever would again. It controlled almost every end of the business from the patents on equipment, to production, to distribution. As the monopoly it soon turned into, it controlled the actors, the directors, the cameramen, the technicians, and even the theatre owners. But because of the immense power, members of the Trust let it get completely out of control. They set too many rules and pressured too hard.

Their second mistake was their refusal to change. Because of their magnitude and the grip they held over the movie industry they were afraid to change. Faced with new and different demands from the times, the public, and those creating films, the MPPC chose to ignore these signs and demands. Rather, they enforced the old rules until a revolt started from within that became so large nothing could be done to stop it. The independents soon took charge and gave the public what they wanted. This began the formation of many of the studios that survived for decades to come, and some which are still alive today, including Paramount, United Artists, Warner Brothers, and Universal. The
time was gone that one company could or would be allowed to control the vast areas of the industry.

The MPPC has been condemned for several reasons. The first of these has been the formation of a monopoly that in the true sense of the word had exclusive control, in this case of the movie industry, allowing no competition whatsoever. What makes it so interesting is the ease which this was done. It was in a time when everyone wanted a piece of the action, with lawsuits piling up against all of the supposed 'true patent' holders of cameras and projectors. Included in the numbers of men who simultaneously discovered the magic of motion pictures were Edison and his assistant Dickson, with the Kinetoscope, Muybridge with the zoopraxiscope, Paul in England, and Lumiere in France. Combine all of these simultaneous inventions with the increasing demands and interest in movies by the American public and a young and naive business ripe for someone to step forward and take charge; the result was the MPPC.

Secondly, it cannot be stressed enough how much money the members of the Patents Company grossed, or how much power they possessed, or worst of all how this power got completely out of control. The latter facet of the MPPC is what is so terribly disturbing. It seems hard to believe that the members thought the motion picture business was so fragile that it could not stand change or possible improvement. Or still, that they and they alone should be
in charge, and that they had to go so far as to destroy equipment and terrorize non-members to prove it.

Yet not all aspects of the MPPC were bad. For instance, in its early days it could have been credited with stopping the so called 'patents war' by consolidating the patent holders into one company and bringing order and organization to what otherwise may have been a chaotic mass of independent producers and distributors. With the Patents Company there was a clear structure, strict as it may have been, for the members to follow. Starting with the patents on the equipment, to the production of raw film, to the production and distribution of the film the structure was clear.

The second and probably most important aspect of the MPPC from an observer's viewpoint approximately seventy years later, is the amount of talent that the MPPC discovered. There are names and talents that have proved to be invaluable to the history of the film industry. Such talents as Florence Lawrence, Gilbert M. Anderson (Bronco Billy), Mary Pickford, Charlie Chaplin; directors such as D. W. Griffith, Edwin S. Porter, Thomas H. Ince working with cameramen the likes of Billy Bitzer were all at one time employed by the MPPC. In addition, it was formed with such major companies as Essanay, Lubin, Pathe, Freres, Selig, and Vitagraph, as well as the producers Fox, IMP, and Keystone, and the distributors Mutual and Universal. With all
of these talents together at one time and the proper utilization it may well have been one of the film industry's golden eras. Therefore, despite its flaws, it produced a vast amount of talent who themselves made movie history. As a result, the MPPC's place in the production of films cannot be forgotten or discredited.

Outside of its merits and shortcomings the development and the destruction of the MPPC indicates two major influences of the environment of the turn of the century. The first conclusion is that the MPPC came into existence in part because of the attitude of the country and its ready acceptance of the movies as a form of entertainment. In a period of a few years millions of people were weekly viewing films and enjoying the excitement of the moving pictures. In fact, the first twenty years of the 1900's have been called the golden years, as data indicates. It was a time of pleasure and free money spending; when the United States was the richest country in the world. During the period people were experiencing the invention of the airplane, the automobile, long distance telephone calls, and the five-cent movies. Before long movies became firmly engrained in the American way of life.

Secondly, because of the ease of the development of the Trust and its offshoot the General Film Company I must conclude that monopolies were not an uncommon phenomenon for the early twentieth century. In fact, data shows that sev-
eral hundred monopolies existed in the first ten years of the century. This was due to the rapid expansion of production and the lax definitions of the antitrust laws which made them difficult to enforce.

To fight the monopolies investigations involved such industries as beef, steel, oil, mining, telephone, as well as the motion pictures. In short, public sentiments were running high against the monopolies and its creators, especially when the public saw that the situation was getting completely out of hand and the "common man" was getting crushed. For this reason the Motion Picture Patents Company was created and destroyed by the times as much as any other factor.
Bibliography


