



The Motion Picture Patents  
Company  
vs.  
The Independent Outlaws

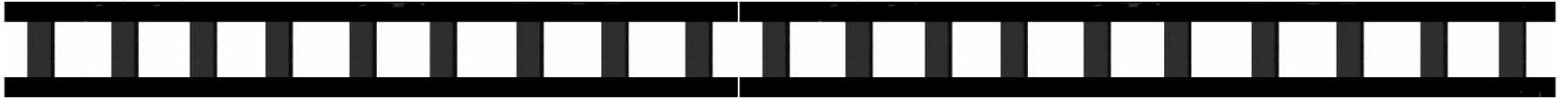
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# Definitions



- **Patent:** A grant made by a government that confers upon the creator of an invention the sole right to make, use, and sell that invention for a set period of time. Generally 20 years.
- **Copyrights:** The legal right granted to an author, composer, playwright, publisher, or distributor to exclusive publication, production, sale, or distribution of a literary, musical, dramatic, or artistic work. Generally 95 years.
- **Trademarks:** A name, symbol, or other device identifying a product, officially registered and legally restricted to the use of the owner or manufacturer. Does not expire.

# Thomas Edison



Patents allow for the development of new and improved technology, called Research and Development.

## **Thomas Edison**

- Born on Feb. 11, 1847 to middle-class parents in Milan, Ohio
- Mother: Nancy Edison daughter of a highly respected Presbyterian minister
- His first patent came from his first invention of an electric vote-recording machine



# Thomas Edison

- In 1879 he invented the first commercially practical electric light bulb
  - In 1887 Edison was recognized for having set up the world's first full fledged research and development center
  - In 1880s Edison immersed himself in developing the first Vitascope, which would lead to the first silent motion pictures
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# Brief History of Motion Pictures



**1984** - The Holland Brothers open their original Kinetoscope Parlor in New York City

**1985** - Edison experimented with synchronizing sound and film using his cylinder phonograph.

**1986** - The Vitascope opened at Koster and Bial's Music Hall in New York City and although Thomas Armat was the real inventor, credit was given to Edison in order to promote the new invention.



# Brief History of Motion Pictures

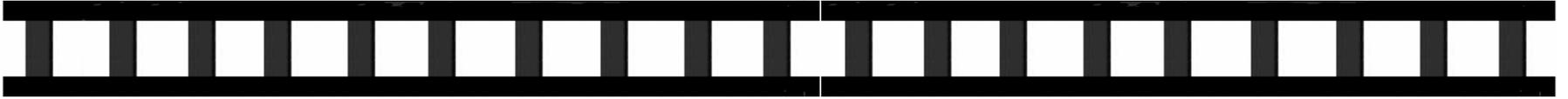
**1987** - After breaking with Armat and his Vitascope, Edison came up with what was truly his own machine and called it the Projectoscope

Edison was granted a key American patent on his motion picture camera, the Projectoscope, in August 1897.

At this point, he actively seeks to form a monopoly by suing rival producers, their selling agents, and even those independent exhibitors who used non-Edison films



# Coercive Tactics



- Edison's first target was The International Film Company and Maguire & Baucus, who had been distributing non-Edison films
- Both companies exit the motion picture business instead of contesting the suits
- F. M. Prescott, who sold films made by Sigmund Lubin, was sued in 1899 and also withdrew from the business



# Coercive Tactics

- Edison sued the American Mutoscope & Biograph Company in 1898, who decides to fight back, resulting in The Emergence of Biograph, Edison's future rival
  - One example of the competition between the two companies is underscored by Edison photographer, William Paley, who was sent to Cuba in March 1898 to prevent Biograph from acquiring an exclusive supply of "war films."
  - Albert Smith, Stuart Blackton, and William Rock had their license revoked after they disputed the accounting of their royalties in 1900
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# Coercive Tactics



- Edison also purchased selling agents like The Kleine Optical Company in 1899 which featured Edison's company's films and equipment exclusively in early catalogs
- Landmark decision on 15 July 1901, when Judge Hoyt Henry Wheeler ruled against the Biograph Company and in favor of Edison's patent on the motion picture camera
- As a result of his court victory, Edison had a virtual monopoly in film production within the United States, but its duration was brief.
- Biograph's appeal of Judge Wheeler's decision proved successful in March 1902
- Biograph's court victory freed 35mm exhibitors and producers from Edison's legal restrictions.



# Coercive Tactics

- Unable to protect his original films, Edison stopped all film production for several months early in 1903.
  - Industry-wide turmoil was avoided when the U.S. Court of Appeals recognized Edison's method of copyrighting films in April 1903
  - After the patent on his motion picture camera was reissued, Edison sued Pathé, Vitagraph, Méliès, Lubin, and Selig.
  - These suits created financial uncertainty in the industry and deterred outside investment in film production
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# The Rise of the Motion Picture Patents Company



- Established producers feared excessive competition from new firms
- While Edison was suing many of these companies for patent infringement, as a film producer he shared many of their problems
- In this environment industry leaders suggested they form a trade association based on Edison, Biograph, and Armat patents
- Edison and Biograph executives could not agree on the importance of their respective patents. The industry split into two rival groups
- The Edison licensees formed one group, consisting of Vitagraph, Selig, Lubin, Pathé, Méliès, Essanay, and Kalem
- The other group included the Biograph Company and its licensees: Italian "Cines"; Great Northern Film Company; Williams, Brown & Earle; and Kleine Optical Company



# Motion Picture Patents Company

- December 1908: after months of negotiation, the Edison and Biograph groups formed the Motion Picture Patents Company
  - January 1909: deadline set for all companies to comply with MPPC
  - By February, unlicensed outlaws, who referred to themselves as independents protested the trust and carried on business without submitting to the Edison monopoly.
  - Summer 1909: The independent movement rises, Producers and theater owners use illegal equipment and imported film stock to create their own underground market.
  - Patents Company reacted to the independent movement by forming a the General Film Company to block the entry of non-licensed independents.
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# General Film Company and its Coercive Tactics



General Film Company acted in the following manner in order to gain control of the movie making industry:

- Confiscated unlicensed equipment
- Discontinued product supply to theaters which showed unlicensed films
- Effectively monopolized distribution with the acquisition of all U.S. film exchanges
- Shooting was disrupted by machinery stolen
- “Accidents” occurred resulting in loss of negatives and equipment



# Hollywood is Born

- These actions led several independents to flee to the West Coast. California was remote enough from Edison's reach that filmmakers there could pirate his inventions without fear of the law.
  - But because patents grant the patent holder a truly "limited" monopoly (just seventeen years at that time), by the time enough federal marshals appeared, the patents had expired. A new industry had been born, in part from the piracy of Edison's creative property.
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# Failures of the MPPC



- By the time the U.S. government brought anti-trust charges against the MPPC in 1912, it was too late. The independents had begun to reform and redefine the industry.
- By the time the courts found that the MPPC had acted as a monopoly by restraining trade, the independents had already broken the monopoly
- The Trust clung to the familiar short-film format at a time when the American independents and foreign filmmakers were creating feature length movies



# Failures of the MPPC

- Resisted turning their stock actors into recognizable performers, while the outlaws developed the star system into a powerful marketing tool
  - The outlaws capitalized on California's optimal year-round outdoor shooting conditions
  - Unwillingness of the Trust to adapt to the changes cleared the way for the rise of the Hollywood studio system while the Edison monopoly perished
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# Questions

