

dedicated to foreign films.<sup>51</sup> Most of this is monopolized by the major American studios, each of which has a distribution arm in Canada. English language Canadian films experience the most difficulty.

The Canadian theatrical market is dominated by two chains: Cineplex Odeon and Famous Players. A group of Canadian investors established Famous Players in 1920. In 1930, control over this company was lost to United States-based Paramount Pictures. In 1994, the ownership of Paramount was transferred to the United States entertainment company, Viacom.<sup>52</sup>

A group of Canadian investors also created the Odeon theatre chain in 1941. It was sold to Britain's largest vertically integrated company, the Rank Organization in 1945-1946. Garth Drabinsky and Nat Taylor, who started Cineplex in 1977, purchased Odeon in 1984. A 50 per cent equity interest in Cineplex Odeon was purchased by MCA (parent of Universal Pictures) in 1987. Cineplex has grown to be one of the largest exhibitors in North America. In 1993, their screens accounted for 8 per cent of total North American box office revenues. In 1995, Canadian owned Seagram Co.'s purchase of 80 per cent of Universal Studios Inc. gave the Bronfman family control over 66.2 per cent of Cineplex stock - Universal's 41.6 per cent stake in Cineplex plus the families existing 24.6 per cent.<sup>53</sup> However, the financial problems that have plagued Cineplex Odeon resulted in its sale to Sony Corporation, which according to the sales agreement will own 51 per cent of the company by 2001. By mid 1998, North America's largest exhibition chain by revenue (approaching US \$1 billion) will be created with the merger of Cineplex Odeon and Sony's Loew's Theatres. The approval of this deal still requires regulatory approval in both the United States and Canada.

The dominance of Cineplex Odeon and Famous Players is an important characteristic of the Canadian film industry. These two players account for about two-thirds of annual theatre revenues. Both maintain ongoing supplier relationships with the Hollywood majors. Magder states:

Famous Players has first-run rights in Canada to all MGM-United Artist, Paramount, and Warner Bros. Films, while Cineplex Odeon (had) exclusive first-run rights to the films of Columbia Pictures and Universal Studios. The two chains share the distribution rights for films from other studios. This arrangement helps to reduce business uncertainty for the major chains, and all but guarantees the best available screen time for the feature films distributed by the American majors. It also has the effect of marginalizing feature films distributed by the non-majors (which includes virtually all Canadian films), both in terms of access to most first-run, high profile theatres and in terms of the most attractive play

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<sup>51</sup> Daniel Schwanen, *A Matter of Choice: Toward a More Creative Canadian Policy on Culture*, Toronto, C.D. Howe Institute, April 1997, 28.

<sup>52</sup> Ted Magder "Film and Video and Production," in *The Cultural Industries in Canada-Problems, Policies and Prospects*, ed. Michael Dorland (Toronto: James Lorimer & Company Ltd., 1996), 149.

<sup>53</sup> Barbara Schector, "So long, Cineplex," in *The Financial Post*, November 22, 1997.