

3-D Movies Fighting for Screen Time

With the box office success of 3-D movies such as "Avatar" (domestic gross \$750 million; world-wide \$2.7 billion) and "Alice in Wonderland" (domestic gross \$300 million; world-wide \$600 million), studios have been rushing to convert 2-D films into 3-D jackpots. "Alice," which was dimensionalized by Los Angeles-based 3-D company In-Three, greatly exceeded expectations. In fact, with audiences showing a preference to see spectacles like "Avatar" and "Alice" in 3-D and ticket price surcharges boosting revenues, studios are looking to cash in on this 3-D boom. DreamWorks Animation recently released its big-budget 3-D film "How to Train Your Dragon" and Warner Bros. followed this past week with its 3-D "Clash of the Titans." Already this year, there are 19 films scheduled to open in 3-D format. That's an increase from 14 last year.

With the recent flurry of 3-D films, there is great pressure on theaters because, currently, there are only approximately 3,500 3-D screens in place around the country. That's less than 10% of the total and not enough to accommodate two 3-D movies at the same time, let alone three or four.

In true Hollywood fashion, the studios are reportedly using high-pressure tactics to book their high profile 3-D films. Even as "Alice" continued to generate tens of millions in ticket sales, theater owners reported tremendous pressure from other studios to replace it. Theaters with both 3-D and 2-D screens are reportedly being told they must show a film's 3-D version or they will not be permitted to show the 2-D version. The many theater complexes with only one 3-D screen are unable to meet multiple demands, no matter how great the threat, forcing theater owners to make tough decisions that may anger one studio or another.

Although the three largest U.S. theater chains have reportedly raised \$660 million to outfit 14,000 screens for 3-D projection, the conversion will take many months and the bottleneck is not likely to subside until well into next year.

Robert M. Heller, the principal of **Robert M. Heller, a Professional Law Corporation**, is a business litigation attorney with more than 30 years experience. He is also outside General Counsel to In-Three, the company that performed the 3-D conversion of "Alice in Wonderland."