

Sheppard Mullin Prevails on Virtually All Claims in *Wolf v. Disney*

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Partner Marty Katz represented Disney in the *Wolf v. Disney* case. Gary Wolf authored the book on which the movie "Who Framed Roger Rabbit?" was based. The matter has given rise to two reported appellate decisions. In the first, the Court of Appeal held that the duty of a studio to account to a profit or revenue participant does not give rise to a fiduciary duty. This was an enormous win for the studios, as it eliminated the primary exposure that studios faced for punitive damage claims. In the second, the Court of Appeal reversed summary adjudication in favor of Disney on the meaning of "gross receipts," and whether it included the value of advertising commitments made by promotional partners, such as McDonald's, requiring a trial on the custom and practice of the industry with respect to the meaning of that phrase. The case proceeded to trial in mid-March. In a 12-0 decision, the jury sided with Disney's interpretation of the phrase gross receipts. Wolf also asserted claims for compensation in connection with the use of characters at theme parks, the resale of nationally licensed merchandise at theme parks, and an assortment of audit claims. Although the studio must pay Wolf approximately \$180,000 for allegedly underreported royalties, Disney prevailed on all of the larger issues of significance to the industry.

Attorneys

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Practice Areas

Entertainment, Technology and Advertising