



Mattel Suffers Disastrous Defeat

What started as a headache for toy maker Mattel, Inc. and then turned into a stunning \$100 million copyright infringement victory, has now turned into a \$300 million stunning defeat in a series of federal court decisions favoring rival MGA Entertainment. After winning a verdict against MGA in 2008 and acquiring title to the popular Bratz doll line, by virtue of a protracted jury trial and court order, Mattel lost the subsequent appeal and had to present its case once again in federal court, this time before Judge David Carter in Santa Ana, California earlier this year. However, the jury saw things differently and decided that MGA, which had lured away the Bratz doll designer during a hiatus from his employment as a toy designer with Mattel, was the rightful owner of the design for the popular series of dolls. The jury initially awarded MGA \$89 million in compensatory damages but this amount was reduced to \$85 million by Judge Carter. Judge Carter then awarded MGA and its CEO, Isaac Larian, \$137 million in legal fees related to copyright and trade secret issues resulting in an overall award of more than \$300 million. The case, which was originally filed by Mattel in 2004 and included allegations against Bratz designer Carter Bryant, has now been litigated for more than seven years. It is unlikely that the case will end with the jury verdict and judge's award, even though Judge Carter has denied Mattel's post-trial motions. At stake is the right to manufacture, market and sell the Bratz dolls and, more importantly, claim title to the more than \$3 billion in annual revenue generated by the dolls.

Who would have thought that a series of children's toys would produce such prodigious litigation and such contradictory extremes of outcome?

For more information on protecting your intellectual property, please give me a call at 714-432-8700.

David Baker is an Intellectual Property attorney who represent small start-ups to large companies with issues involving copyrights and trademarks, trade secrets, non-disclosure agreements, advertising, rights of publicity, Internet law, counterfeiting issues, licensing, patents and commercial litigation. For more information, please call 714-432-8700 or email dbaker@hkclaw.com.

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