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Legendary Denied Arbitration In 'Godzilla' Producers' Suit

By **Matthew Heller**

Law360, Los Angeles (May 10, 2013, 8:43 PM ET) -- A California judge on Friday denied a bid by Legendary Pictures Productions LLC to arbitrate claims alleging it breached a producer loan agreement for its planned reboot of "Godzilla," finding "substantial evidence" that a trio of producers never agreed to arbitration.

Los Angeles Superior Court Judge Abraham Khan rejected Legendary's argument that the arbitration provision in a written agreement was enforceable even though the producers never signed the deal. Dan Lin, Roy Lee and Doug Davison and their production companies claim Legendary breached an earlier oral agreement that entitled them to more than \$1 million in fees for their work on the "Godzilla" remake.

"The court finds that [the producers] never impliedly or otherwise consented to the written arbitration provisions, based upon the substantial evidence" included in their legal papers opposing Legendary's motion to compel arbitration, Judge Khan ruled.

Legendary decided to drop Lin, Lee and Davison from the project in late 2012, telling the trio that, under the written agreement, they would receive at most a \$25,000 development fee for whatever customary development services they had provided for the film.

According to Legendary, the arbitration provision did not explicitly require the parties' signatures and the producers "manifestly assented" to the written contract by continuing to work on the film after receiving the agreement.

Legendary initiated the legal battle in January by **filing suit** seeking a court order to block Lin Pictures Inc. and Vertigo Entertainment Inc. from getting any credit for "Godzilla" and declaring that its sole contractual obligation was to pay the producers the \$25,000 development fee.

The March 2011 written agreement made payment of the producers' full fees contingent upon their production services being used on the film.

The producers fired back a week later with a **cross-complaint** alleging Legendary breached the oral agreement that they "would serve as producers of the 'Godzilla' motion picture project that [they] had brought to and developed for Legendary over several years." They said Legendary creative chief Jon Jashni promised Lee and Lin if they could secure the rights to the movie, "you and your partners will be well-treated throughout."

Judge Kahn's ruling denying Legendary's motion to compel arbitration may appear to favor the producers' claims that just as they did not accept the arbitration provision, they did not agree to the \$25,000 development fees and other "new" provisions of the written

agreement.

But Legendary's attorney Dale Kinsella said in a statement that "[t]he judge's decision has no bearing on the merits of the parties' respective claims and Legendary remains confident that it will prevail in its case."

In court papers, the company has said that if the producers' theory of the case is true, they inexplicably "voiced not the slightest objection to the provisions which they contend slashed their guaranteed compensation by millions of dollars."

"This conduct is compelling evidence that [the producers] did not believe — as they now contend — that Legendary's [written] agreement proposed 'new' and unacceptable terms," Legendary argued.

The producers are represented by Larry Stein, Bennett A. Bigman and Jordan S. Paul of Liner Grode Stein Yankelevitz Sunshine Regenstreif & Taylor LLP.

Legendary Pictures is represented by Dale F. Kinsella and Gregory P. Korn of Kinsella Weitzman Iser Kump & Aldisert LLP.

The case is Legendary Pictures Productions LLC et al. v. Lin Pictures Inc. et al., case No. BC498786, in the Superior Court of California, County of Los Angeles.

--Editing by Chris Yates.

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