

MGA, Mattel Battle In Court Over 'Bratz' Trade Secrets

Gillian Flaccus, Associated Press

SANTA ANA, California (AP) — Attorneys from toy maker MGA Entertainment Inc. will try to persuade a federal judge Wednesday to award the company \$177 million in punitive damages and more than \$162 million in attorney fees and other costs after a jury found rival Mattel Inc. liable for misappropriation of trade secret in a closely watched trial.

Los Angeles-based MGA has argued in court filings that U.S. District Judge David Carter should award the maximum in punitive damages and tack on the attorney fees and other costs because jurors last month found Mattel liable for more than \$88 million on trade secret allegations and also rejected Mattel's claim that it owns the copyright to MGA's billion-dollar Bratz doll line.

Mattel had alleged that the designer of the Bratz dolls, Carter Bryant, was working for Mattel when he came up with the idea and then took it to MGA.

The verdict was a devastating blow for Mattel, which first began litigation over the Bratz concept in 2004.

MGA spent nearly \$200 million in the long-running litigation, CEO Isaac Larian said in an e-mail to the Associated Press.

The judge will also hear arguments on Mattel's motion to throw out the April 21 verdict.

The El Segundo-based company first sued more than six years ago, claiming Bratz designer Carter Bryant was working for Mattel when he did the initial drawings and early work on the provocative, hip hop-inspired dolls with large eyes, heads, lips and feet, and tiny noses. The Bratz doll, introduced in 2001, was a blockbuster hit with "tweens," as Barbie sales declined.

MGA countersued and accused Mattel of stealing its trade secrets by sending spies to toy fairs and engaging in unfair business practices to keep Bratz dolls off toy shelves.

Jurors rejected the copyright claims and instead found that Mattel stole 26 of the 114 trade secrets MGA listed, resulting in the \$88.4 million in damages awarded to MGA.

Mattel won a minor point in the case when the jury found MGA and Larian interfered with Mattel's contractual relations with doll designer Bryant and assigned \$10,000 in damages, divided between the company and the CEO. But those damages will

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likely be nullified because the jury also found that Mattel should have discovered the interference and lost a window to make the claim, attorneys said at the time.

Mattel attorneys are hoping to challenge whether the 26 items for which jurors found them liable were actually trade secrets.

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