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Mattel Must Pay MGA \$225 Million in Punitive Damages, Fees in Bratz Case

By Edvard Pettersson - Aug 5, 2011

MGA Entertainment Inc., the maker of Bratz dolls, won \$225 million in punitive damages, attorney fees and costs from [Mattel Inc. \(MAT\)](#), bringing the total award in the trial over the doll's origins to \$310 million.

U.S. District Judge [David Carter](#) in Santa Ana, California, yesterday awarded MGA \$85 million in punitive damages and \$2.5 million in fees and costs for its trade-secret theft claims against Mattel. The judge separately awarded MGA about \$137 million in fees and costs for having to defend against Mattel's copyright infringement claims.

"Mattel asserted a copyright claim that was stunning in scope and unreasonable in relief it requested," Carter said. "The claim imperiled free expression, competition and the only serious competitor Mattel had faced in the fashion doll market in nearly 50 years."

The jury in April agreed with closely held MGA that Mattel stole its [trade secrets](#) when company employees got into MGA's showrooms at toy fairs using phony business cards.

The jurors awarded MGA \$3.4 million for each of 26 instances in which they found Mattel misappropriated a trade secret, a total of \$88.4 million. Carter yesterday lowered the jury award to \$85 million.

The jury rejected a claim that MGA stole Mattel's trade secrets in 2000 when it made an agreement with [Carter Bryant](#), a toy designer. Mattel said Bryant was working for it when he came up with the idea for the Bratz dolls and made the first sketches.

Copyright Claims

The jury also rejected claims that the pouty multiethnic dolls, which MGA started selling in 2001, violated Mattel's copyright.

"This is a step in the right direction to right the wrongs of Mattel's criminal acts towards MGA," [Isaac Larian](#), MGA's chief executive officer, said in an e-mailed statement. "We will now pursue our

antitrust case against Mattel and its CEO Bob Eckert in order to get fully compensated for the damages Mattel has caused MGA, MGA's employees and the Bratz brand.”

Lisa Marie Bongiovanni, a Mattel spokeswoman, didn't immediately reply to phone and e-mail messages sent to her office today seeking comment on the awards.

In a separate ruling yesterday, Carter denied Mattel's request for a new trial or for a ruling that the evidence presented didn't support the jury's trade-secret misappropriation verdict.

Fee Request

MGA, based in [Van Nuys](#), California, said in a May 6 fee request that Barbie-doll maker Mattel set out to destroy most of the value of its business and succeeded.

Mattel, based in El Segundo, [California](#), asked the judge to reject the request for legal costs, saying its copyright- infringement claims were “objectively reasonable.”

The case returned to court in January after a \$100 million verdict in favor of Mattel was overturned on appeal.

The [U.S. Court of Appeals](#) in [San Francisco](#) found that Stephen G. Larson, the judge who presided over the first trial in 2008 and who has since returned to private practice, wrongly ruled that Mattel automatically owned Bryant's design under the terms of an invention agreement and that the judge incorrectly gave Mattel ownership of later Bratz dolls that MGA developed.

Mattel first sued Bryant in 2004, alleging he secretly worked for a competitor while still employed at Mattel. Two years later, Mattel filed its copyright-infringement and trade- secret theft claims against MGA. Bryant settled with Mattel before the start of the 2008 trial.

Designer's Account

The doll designer said he came up with the Bratz idea and made the first sketches in 1998, while he was living with his parents in [Missouri](#) and wasn't working at Mattel. He said the idea came to him from observing students at Kickapoo High School in Springfield, Missouri, and from advertisements he saw in Seventeen magazine.

Mattel fell 42 cents, or 1.7 percent, to \$24.20 at 10:03 a.m. in Nasdaq stock market trading in [New York](#). The stock through yesterday rose 12 percent in the previous year.

The case is Bryant v. Mattel, 04-09049, U.S. District Court, Central District of California ([Santa Ana](#)).

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