

Marathon Music Royalties Dispute Ends in Estate Victory

Zia F. Modabber, Managing Partner of Katten's California offices and leader of Katten's Entertainment and Media Litigation practice, Partner Tami Kameda Sims and Associate Leah E.A. Solomon, along with co-counsel at Kinsella Weitzman and Greines Martin, successfully represented Michael Jackson's Estate in a seven-year long dispute over royalties from Jackson's albums *Off The Wall*, *Thriller*, and *Bad*.

Legendary producer Quincy Jones filed suit against the Estate three years after Jackson's death, arguing that his producer's agreement entitled him to \$30 million in producer royalties and fees from the use of Jackson's iconic albums. In 2017, a jury awarded Jones \$9.4 million. The award included \$5.3 million in profits the Estate earned through a joint venture with Sony Music, which Jones claimed were merely “disguised royalties” for which he should receive a pro rata share. The verdict also included \$1.6 million in “remix” fees Jones demanded on remixes created by other artists and producers. The Estate was adamant that Jones's written producer agreements did not entitle him to either of these awards, and appealed the combined \$6.9 million.

On the joint venture profits issue, the client was adamant that just because it had negotiated a new and more profitable joint venture agreement with Sony Music after Michael died, Jones was not entitled to share in any of it. On appeal, the Katten team argued that the jury should never have been asked to interpret Jones's producer agreements in the first place. Instead, the appellate panel should independently interpret them and conclude that Jones was not entitled to share in any joint venture profits. Zia urged the appellate panel to interpret Jones's producer agreements to conclude that Jones was only entitled to a specific royalty rate on record sales, *regardless of what Jackson or his Estate might earn*. Zia told the panel “[h]is contract does not say, 'I get to look at how much *you* made and I get a piece of that.'”

Specific to the remixes, the Katten team acknowledged a “technical breach” of Jones's limited “right of first opportunity” to produce remixes of the original recordings. But, they argued that there was nothing in Jones's contract that entitled him to additional compensation on remixes beyond his producer royalty – all of which he had been paid.

For Jones's part, his team made a late effort to have a claim of financial elder abuse added to the claim, which had not been allowed by the trial judge. On appeal, Zia argued that “[t]he trial court was within its right to say, 'This is too little, too late.'”

On May 5, the California appellate court reversed the jury's award of all of the \$6.9 million challenged on appeal. The court stated in its 45-page opinion that the issue of contract interpretation should not have gone to a jury, writing that “[i]nterpretation of the Producer Agreements was solely a judicial function, yet the trial court allowed the jury to

perform that function and ultimately misinterpret the relevant terms.” The court found that a proper reading of Jones's producer agreements, as argued by the Katten team, did not entitle Jones to any of the joint venture profits or remix fees the jury awarded him, and struck them entirely.