

## **THE BLOCKBUSTER\***

### **Confidential Instructions for Millennial Productions' Lawyer**

You are an entertainment lawyer specializing in the representation of major television and motion picture studios. Your most important client is Millennial Productions, a large movie studio that specializes in big, blockbuster films. Millennial is very excited about a script it has recently purchased for a new production entitled "The Lost Holiday," a romance/action story in which the star is accidentally stranded on what first appears to be a deserted South Pacific island but turns out to be the home of a lost colony of adventurers. The studio's first choice for the leading role is Rock Rolls, one of Hollywood's top box office attractions. Fortunately, Rolls has told the studio that he likes the script and is very interested in the part, pending negotiations over the key contract terms. Your task is to meet with Rolls' agent and negotiate those terms.

Prior to meeting with Rolls' agent, you had a detailed conversation with Millennial's executive vice president for production about the major issues that need to be decided upon, what the studio's preferences are concerning each of these issues, and how important each issue is to the studio. You also discussed how much the studio would prefer to have Rolls playing the lead, rather than one of the other top actors that may be interested. Here are the highlights of your conversation:

Six issues must be decided: Rolls' salary, his percentage take of the movie's box office revenue (if any), the location of the movie's filming, the length of time filming will take place, who will have the right to select the director, and the number of publicity tours Rolls will be obligated to participate in to promote the movie.

(1) Salary: The minimum amount of money that the studio could pay a star of Rock's caliber is \$3 million – offering any less than this would be insulting and would not be taken seriously. The studio would be quite happy if Rock would agree to a \$3 million salary. The studio could pay up to \$4 million, but lower is obviously better. \$3.25 million would be better than \$3.5 million, which would be better than \$3.75 million, which would be better than \$4 million.

(2) Percentage of Revenues: Often, but not always, major stars of Rock's caliber will negotiate for a percentage of the movie's revenues. The highest percentage that major studios will consider giving to their star actors is 5%. Here again, the studio would rather keep all the revenues for itself rather than share them with Rolls. However, the studio would tend to prefer to compensate Rolls with a percentage of the take than with an equivalent amount of cash, on the theory this will give Rolls an incentive to turn in his best performance.

(3) Production Location: The studio is considering four locations for filming: Los Angeles, Hawaii, Australia, and Thailand. Thailand is far and away the studio's preferred location because of that country's extremely low cost of labor and scenery suitable for the movie's tropical setting. Los Angeles is the studio's second choice. Although the cost of labor is high, much of the filming could be done on the studio's existing sound stages, and transportation expenses could be kept to a minimum. Hawaii is less desirable. It offers appropriate scenery, but labor and transportation costs would be high. Australia is the least desirable due to even higher transportation costs.

(4) Filming Schedule: Many of the expenses involved with making a major motion picture are incurred on a per-day basis. Consequently, the studio saves money if it packs all of the filming into a short period of time. With long days and hard work, “The Lost Holiday” could be filmed in as few as four weeks, so a four-week schedule would be optimal for the studio. The film could be shot at a less frenzied pace in six, eight, or ten weeks, but each additional week costs more money, and is thus less desirable.

(5) Choice of Director: Top stars like Rolls often demand control over the selection of directors for their movies. Rolls is known to be very opinionated and finicky about his directors but – to be fair – he is also known for selecting only top-quality directors. The studio would prefer to have control over the choice of directors for obvious reasons. Joint control, in which both the studio and Rolls would have to approve of the director, is also a possibility, which would be less desirable but not terrible. Giving Rock full control is the least desirable possibility. Given Rock’s strong opinions, however, the result of giving Rock total control will probably not be much different than if Rock is given joint control.

(6) Publicity Tours: There is no question that for blockbuster films, the star’s appeal sells tickets. Consequently, it is very important for the star to go on as many publicity tours as possible to promote “The Lost Holiday” far and wide. One or two such tours is expected by the public and the media. More tours – up to five are possible – would create a large amount of “buzz” about the film.

“The Lost Holiday” is a strong script, and Millennial is a major studio. There are many popular leading actors who would be delighted to play the starring role. Millennial will not give away the store just to get Rolls in the movie. On the other hand, he is probably the biggest star in Hollywood at the moment, and the studio would definitely prefer him to the other possible leading men, assuming he will agree to a reasonable set of terms.

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Based on these conversations, you have constructed the attached chart that lists the possible contract terms related to each issue and assigns a number of points to each possible term that coincides (as best as you can estimate) with the studio’s relative preferences. You should study this “cheat sheet” carefully before proceeding with negotiations with Rolls’ agent. You may refer to the sheet during negotiations, but you may not show it to the opposing lawyer. You should attempt to negotiate a contract that gives the studio as many points as possible – every additional point will make the “suits” at Millennial happier with the contract. You should not agree to any deal that gives Millennial fewer than 200 points (in the absence of such a deal, the studio will sign a different actor for the part).

**Information Sheet For Millennial Productions' Lawyer:  
Issue Options "Points" for Millennial**

Rolls' Salary	Points
\$3 million	100
\$3.25 million	75
\$3.5 million	50
\$ 3.75 million	25
\$4 million	0

**Rolls' Box Office Percentage**

0%	50
1%	40
2%	30
3%	20
4%	10
5%	0

**Filming Location**

Los Angeles	100
Hawaii	50
Australia	0
Thailand	150

**Filming Schedule**

4 weeks	100
6 weeks	60
8 weeks	30
10 weeks	0

**Director Control**

Millennial	80
Joint Control	30
Rock	20

**Publicity Tours**

1 tour	0
2 tours	10
3 tours	60
4 tours	70
5 tours	80

**Maximum Possible: 560**