

MERCHANDISING

Pooh lawsuit dismissed

A judge dismisses a 13-year-old suit against Disney by the owners of Winnie the Pooh's rights, sparing Disney a potential loss of its top character.

**BY JOYZELLE DAVIS AND ALEX ARMITAGE
Bloomberg News**

The Walt Disney Co., the second-largest U.S. media company, won the dismissal of a 13-year-old lawsuit brought by the owners of Winnie the Pooh merchandising rights.

Los Angeles Superior Court Judge Charles McCoy dismissed the suit after concluding that Stephen Slesinger Inc., the family-owned company that controls the rights to Pooh, Piglet and other characters from A.A. children's books, "tampered with the administration of justice." McCoy found a private hired by Slesinger trespassed on Disney property to obtain documents. Slesinger said appeal.

Disney, which has for 43 years licensed the Pooh characters to create feature films, pl amusement park rides, will be spared the potential loss of its top-earning character an millions in damages and unpaid royalties.

"Removing this liability is good news," said Peter Jankovskis, director of research at Li Oakbrook Investments, which has about 500,000 Disney shares among the \$1.2 billion management.

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documents gave Slesinger ``unfettered access to Disney's privileged and confidential

No sanction short of dismissing the case would be effective because Slesinger's current case wasn't involved in the theft and "the court has no confidence" that Slesinger would return the documents if ordered to, McCoy wrote.

"The court is not convinced that monetary sanctions would deter" Slesinger's "future misdeeds and disclosure of information," McCoy wrote. Slesinger ``is dishonest and shows no remorse."

Slesinger sued in 1991, seeking additional royalties and the end of the Pooh licensing agreement. Slesinger claims Disney underreported sales and should have paid royalties for the sale of videocassettes, DVDs and computer software.

Disney filed its motion for sanctions more than a year ago. The hearing on the motion was postponed for a second time because Slesinger is on at least its third set of lawyers in the past year and the case is being heard by another judge.

"It's the death penalty," said Laurie Levenson, a professor at Loyola Law School in Los Angeles. "It's not the death penalty happens, but not in a case that's lasted 13 years and there are billions of dollars on the line."

Slesinger argued that all of the documents were taken from publicly accessible dumps. Slesinger's lawyer said the company employed such methods only because Disney "continued to unreasonably block access to the documents." Slesinger lawyer Cathcart told the judge at the hearing last month.