

Ideas at Disney

Revised: November 5, 2001

Background

In the late 1980s, Nicholas Stracick and Edward Russell approached Disney executives with the design for a world-class sports complex to be built adjacent to the Walt Disney World theme park in Orlando. Representing All Pro Sports Camps Inc., Stracick and Russell envisioned an addition to Disney's existing attractions that would bring a new customer base to the region and would allow for further cross-selling of entertainment alternatives. Disney rejected the sales pitch, but in 1993 it unveiled plans to build a sports complex of its own, which opened in 1997 under the name Disney's Wide World of Sports.

The Lawsuit

In August 2000, Disney was ordered to pay \$240 million in damages for stealing the idea of building a sports complex alongside the Florida theme park. The company immediately appealed the decision, citing the fact that Wide World of Sports was the result of an idea that had been developed internally. Furthermore, Disney claimed that no person or firm could claim ownership of a concept that, in the words of Disney's general counsel, "dates back to ancient Greece."

The Bigger Picture

A Disney representative commenting on the jury's verdict stated: "Companies such as Walt Disney Co. are barraged by ideas every day. Every time you build something or produce a movie that has a measure of success, multiple authors come out of the woodwork." Several months later, in October 2000, the grand-daughter of the late silent film star Harold Lloyd sued Disney for \$50 million (perhaps encouraged by the earlier jury's verdict against Disney) on the grounds that Disney's 1998 film "The Waterboy" was a copy of the 1924 film "The Freshman," which starred Lloyd.

Questions for Analysis

- (a) In what ways are ideas harder to protect than physical products?
- (b) Can you think of a way to avoid the problems described above?
- (c) If you were managing Disney, would you worry about a \$50m lawsuit?

Notes

Robert Finkelstein prepared this case under the supervision of David Backus and Luis Cabral for the purpose of class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. © 2001 David Backus and Luis Cabral.
