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Saul Zaentz Sues New Line Over "Lord Of The Rings"

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NEW YORK -- The Saul Zaentz Co. has filed against New Line Cinema, seeking more than \$20 million in unpaid compensation from "The Lord of the Rings" trilogy. The suit was filed Aug. 18 in the Los Angeles Superior Court.

The three-time Oscar-winning producer in 1976 acquired rights from United Artists to a number of works by writer J.R.R. Tolkien. His company granted Miramax an option in 1997 to license exclusive rights to produce and distribute theatrical feature films based on Tolkien's "The Hobbit" and the related trilogy known as "The Lord of the Rings," the suit alleges.

They also entered into a license agreement that would govern the deal if Miramax exercised the option. New Line Cinema later acquired these rights through an assignment from Miramax.

The vast majority of Zaentz's compensation under this deal was in the form of gross contingent participation, and only if the films were "very successful" at the box office. The license agreement allegedly required Miramax (and later New Line) to pay a percentage of "adjusted gross receipts" for each of the films produced. The percentage varied depending on the revenue each film generated.

The agreement also defined "gross receipts" in such a manner as to allegedly require the calculation to be based upon amounts received by "sales agents, distributors and distributing licensees," not the amount received by New Line after the agents' and distributors' fees, the complaint alleges.

The suit also alleges that New Line refused to turn over certain accounting information during an audit.

"We tried to resolve this amicably, but were unsuccessful," says Zaentz attorney Patricia Glaser. She adds that this is "a clear-cut and straightforward case" that will be resolved in Zaentz's favor.

Attorney Robert Schwartz, representing New Line, had no comment on the litigation.

Zaentz seeks more than \$20 million in unpaid compensation for the first film, more than \$700,000 in unpaid home video rental royalties, a declaration of rights under the contracts, attorney's fees and interest.

Zaentz won best picture Oscars for "The English Patient," "Amadeus" and "One Flew Over the Cuckoo's Nest." The Motion Picture Academy also honored him in 1996 with the Irving G. Thalberg Memorial Award for consistently high-quality motion-picture production.

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