

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

ROBERT A. NITSCH, et al.,
Plaintiffs,
v.
DREAMWORKS ANIMATION SKG INC.,
et al.,
Defendants.

Case No. 14-CV-04062-LHK
**ORDER GRANTING FINAL
APPROVAL OF CLASS ACTION
SETTLEMENT**
Re: Dkt. No. 388

WHEREAS plaintiffs, on behalf of themselves and of the certified litigation class (the “Class”), and two groups of defendants – first, DreamWorks Animation SKG, Inc. (“Dreamworks”), and second, The Walt Disney Company, Pixar, Lucasfilm Ltd., LLC, and Two Pic MC LLC (the “Disney Defendants”) – have independently agreed, subject to Court approval following notice to the Class and a hearing, to settle the above-captioned matter (“Action”) upon the terms set forth in two Settlement Agreements (the “DreamWorks Agreement” and the “Disney Agreement,” respectively);

WHEREAS, this Court has reviewed and considered the Settlement Agreements entered into among the parties, together with all exhibits thereto, the record in this case, and the briefs and arguments of counsel;

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WHEREAS, plaintiffs have applied for an order entering final judgment and granting final approval of the Settlement Agreements;

WHEREAS, this Court has already found that the Class meets all the prerequisites of Rule 23 of the Federal Rules of Civil Procedure;

NOW, THEREFORE, IT IS HEREBY ORDERED:

I. DEFINITIONS

1. Unless otherwise defined herein, all terms that are capitalized herein shall have the same meaning ascribed to those terms in the Settlement Agreements.

II. JURISDICTION

2. The Court has jurisdiction over this Action (and all actions and proceedings consolidated in the Action), Plaintiffs, Class Members, DreamWorks, the Disney Defendants, and any party to any agreement that is part of or related to the Settlement Agreements. Plaintiffs have brought claims against DreamWorks and the Disney Defendants pursuant to 15 U.S.C. § 1, California Business and Professions Code § 16720, and California Business and Professions Code §§ 17200 *et seq.* Jurisdiction lies in this Court pursuant to 15 U.S.C. § 4 and 28 U.S.C. §§ 1331 and 1337.

III. APPLICABILITY

3. This Final Judgment shall apply to DreamWorks, the Disney Defendants, Plaintiffs, and Class members who did not file with the Court valid and timely requests for exclusion from the Settlement Agreements.

IV. SETTLEMENT AGREEMENT APPROVAL

4. Federal Rule of Civil Procedure 23(e)(2) requires the Court to determine whether the proposed settlements are “fair, reasonable, and adequate.” The Ninth Circuit has set forth factors which may be considered in evaluating the fairness of a class action settlement:

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the strength of plaintiffs’ case; the risk, expense, complexity, and likely duration of further litigation; the risk of maintaining class action status throughout the trial; the amount offered in settlement; the extent of discovery completed, and the stage of the proceedings; the experience and views of counsel; the presence of a governmental participant; and the reaction of the class members to the proposed settlement.

Officers for Justice v. Civil Serv. Comm’n of the City and Cty. of San Francisco, 688 F.2d 615, 625 (9th Cir. 1982). The importance of any one of these factors “will depend upon and be dictated by the nature of the claim(s) advanced, the type(s) of relief sought, and the unique facts and circumstances presented by each individual case.” *Id.*

5. In making its determination, the Court overrules the objections of Charles Williams and Alice Goldstone. ECF No. 386. Although Mr. Williams and Ms. Goldstone withdrew their objections on June 2, 2017, ECF No. 399, the Court nevertheless considers the objections for the sake of completeness. Mr. Williams and Ms. Goldstone are not class members, and accordingly have no standing to object. *See In re TracFone Unlimited Serv. Plan Litig.*, No. C-13-3440, 2015 WL 4735521 (N.D. Cal. Aug. 10, 2015) (holding that non-class members have no standing to object); *see also In re First Capital Holdings Corp. Fin. Prods. Sec. Litig.*, 33 F.3d 29, 30 (9th Cir.1994) (same); *San Francisco NAACP v. San Francisco Unified School Dist.*, 59 F. Supp. 2d 1021, 1032 (N.D. Cal. 1999) (noting that “nonclass members have no standing to object to the settlement of a class action,” and striking objections filed by non-class members) (citation omitted). Indeed, Mr. Williams and Ms. Goldstone appear to recognize that they are not bound by the settlement in the instant case because Mr. Williams and Ms. Goldstone have filed in the Central District of California their own lawsuit alleging that they were affected by the same anti-competitive conspiracy at issue in the instant case. *See Williams, et al. v. The Walt Disney Company, et al.*, Case No. 2:17-CV-3042 (C.D. Cal. Apr. 21, 2017).

Senior executives were excluded from the class since the inception of the case. The original complaint’s class definition explicitly excluded senior executives. *See* ECF No. 1 (“Excluded from the Class are officers, directors, senior executives and personnel in the human

1 resources and recruiting departments of the Defendants.”). Mr. Williams and Ms. Goldstone
2 concede that they are executives, but dispute that they are “senior” executives. *See* ECF No. 391,
3 at 7 (“Executives’ are not ‘senior executives’ and only ‘senior executives’ are excluded from the
4 class.”). This dispute should be resolved in Mr. Williams and Ms. Goldstone’s case in the Central
5 District of California.

6 Regardless of whether Mr. Williams and Ms. Goldstone are “senior executives,” Plaintiffs’
7 February 1, 2017 motion for class certification made clear that the putative class did not include
8 Disney Producers. ECF No. 203 (defining class as employees “who held any of the jobs listed in
9 Ashenfelter Report Appendix C” during the class period); ECF No. 210 (“Ashenfelter Report”)
10 (not including Producer job at Disney). The Court granted certification of this class, which did not
11 include Disney Producers, on May 25, 2016. ECF No. 289. After class certification, the Class
12 Notice was posted on the website in June 2016, and this Class Notice did not include Disney
13 Producers as members of the class. At the May 18, 2017 final approval hearing, counsel for Mr.
14 Williams and Ms. Goldstone, Joshua Furman, stated that Mr. Williams reviewed the Class Notice
15 and called class counsel in August 2016 to assert that Disney Producers should be included in the
16 class. However, Mr. Williams did not receive a response from class counsel until early 2017.
17 Nevertheless, in Mr. Williams and Ms. Goldstone’s lawsuit in the Central District of California,
18 the complaint alleges that “on March 2, 2017,” based on the notice of settlement approved by the
19 Court, “Plaintiffs learned for the first time . . . that employees of [Disney] with the title of
20 ‘Producer’ were excluded from the settlement.” *See Williams, et al. v. The Walt Disney Company,*
21 *et al.*, Case No. 2:17-CV-3042, ECF No. 1, at ¶ 51.

22 In addition, and contrary to Mr. Williams and Ms. Goldstone’s objections, the attorney’s
23 fees request and the class administration and notice costs have already been disclosed, including
24 the total projected costs.

25 6. The Court also overrules the objections of Christian Haley. Contrary to Mr.
26 Haley’s contention, class members have received a substantial portion of actual damages from the
27 Settlement Agreements. Although Class Members will not receive 100% of their estimated

1 damages in the settlement, Mr. Haley’s objection fails to take into account the risks, delays, and
 2 expenses of proceeding to trial. “[T]he very essence of a settlement is compromise, a yielding of
 3 absolutes and an abandoning of highest hopes.” *Linney v. Cellular Alaska P’ship*, 151 F.3d 1234,
 4 1242 (9th Cir.1998) (quoting *Officers for Justice*, 688 F.2d at 624) (affirming settlement
 5 approval). Moreover, contrary to Mr. Haley’s contention, the defendants will not make final
 6 determinations on payments to class members. Instead, the class administrator will make final
 7 determinations on payments to class members. Although class members do not know precisely
 8 how much they will be paid until after final approval, this is typical, and there is no requirement
 9 that class members be informed on exactly the amount of compensation they are to receive. *See In*
 10 *re High-Tech Emp. Antitrust Litig.*, No. 11-CV-2509, 2015 WL 5159441, at *2-*3 (N.D. Cal.
 11 Sept. 2, 2015) (finally approving notice and distribution plan to similar to notice and distribution
 12 plan in the instant case). Indeed, class counsel could not know the exact amount that would be
 13 distributed to class members at the time that the class notice was sent. This is because the exact
 14 amount distributed to class members depends on the attorney’s fees and other costs, which the
 15 Court grants only at the time of Final Approval, after notice is sent to class members.

16 7. The Court overrules the objection of Jordan Sorensen. Mr. Sorensen’s main
 17 objection – that his name was used to further a cause that he does not believe in – is not accurate.
 18 His name was not used in any phase of this litigation until he filed his objection. Additionally,
 19 Mr. Sorensen does not believe that the Defendants did anything wrong. Therefore, Mr. Sorensen’s
 20 objections are adverse to the interests of the Class, and his objections are therefore overruled.

21 8. Overall, the Court finds the Settlement Agreements are fair, adequate, and
 22 reasonable in light of the relevant factors. The first factor, the strength of the Plaintiffs’ case,
 23 supports final approval. As this Court has previously held, legal uncertainty favors approval of a
 24 settlement. *See, e.g., Browning v. Yahoo! Inc.*, No. C04-01463, 2007 WL4105971, at *10 (N.D.
 25 Cal. Nov. 16, 2007) (“[L]egal uncertainties at the time of settlement-particularly those which go to
 26 fundamental legal issues-favor approval.” This Court has been “exposed to the litigants and their
 27 strategies, positions and proof,” *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1026 (9th Cir. 1988)

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1 (quotation marks and citation omitted), and finds that the judicial policy favoring the compromise
2 and settlement of class action suits is applicable here. *See Class Plaintiffs v. City of Seattle*, 955
3 F.2d 1268, 1276 (9th Cir. 1992). The Court is also satisfied that the Settlements were reached after
4 arm’s length negotiations by capable counsel, and were not a product of fraud, overreaching, or
5 collusion among the parties. *Id.* at 1290.

6 10. The second factor, the risks, expense, complexity, and likely duration of further
7 litigation, also supports final approval. Plaintiffs and the Settling Defendants entered into the
8 Settlements before the parties filed motions for summary judgment. At the time of the
9 Settlements, the outcome of the motions for summary judgment was unknown. If the case had
10 proceeded to trial, the issues would have been complex and significant. Through the Settlements,
11 the parties reduced the scope of the ongoing litigation and lessened the expense and burden of
12 summary judgment and trial.

13 11. The third factor, the extent of discovery completed and the stage of the
14 proceedings, supports final approval. In litigating this action, Plaintiffs have relied on much of the
15 discovery taken in the related case of *In re High-Tech*. Between the discovery completed in *High-*
16 *Tech* and the discovery taken in the instant case, at the time of settlement the record was
17 substantially developed and both sides had a clear view of the risks of continuing litigation.
18 Specifically, in the instant case, at the time of settlement Plaintiffs had drafted and responded to
19 requests for production and interrogatories, reviewed thousands of plaintiffs’ documents for
20 responsiveness and privilege, reviewed defendants’ voluminous document productions (almost
21 350,000 documents), taken nearly 25 depositions, and defended five depositions. Plaintiffs also
22 served a merits expert report from Dr. Orley Ashenfelter, and a second merits expert report from
23 Dr. Barry Gerhart, a preeminent scholar in the fields of compensation design and human resources
24 management. *See id.* Plaintiffs also litigated two motions to dismiss, a motion to compel
25 arbitration and stay proceedings, and a motion for class certification. The discovery process at the
26 time of the Settlements was thorough.

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DreamWorks Animation SKG, Inc. (2004–2010), The Walt Disney Company (2004–2010), Sony Pictures Animation, Inc. and Sony Pictures Imageworks, Inc. (2004–2010), Blue Sky Studios, Inc. (2005–2010) and Two Pic MC LLC f/k/a ImageMovers Digital LLC (2007–2010). Excluded from the Class are senior executives, members of the board of directors, and persons employed to perform office operations or administrative tasks.

VI. PLAN OF ALLOCATION

17. The Plan of Allocation is fair, reasonable, and adequate. It will provide each Class member with a fractional share based upon each Class members’ total compensation received during the conspiracy period. In addition, there will be no reversion of funds back to DreamWorks or the Disney Defendants. Plaintiffs are directed to cause the Settlement Funds to be distributed in accordance with the Plan of Allocation as soon as practicable after this Final Judgment becomes final.

VII. NO ADMISSION OF LIABILITY

18. Neither this Final Judgment nor the Settlement Agreements shall be used or construed by any person as an admission of liability by DreamWorks or the Disney Defendants to any party or person, or be deemed evidence of any violation of any statute or law or admission of any liability or wrongdoing by DreamWorks or the Disney Defendants, or be deemed evidence of the truth of any of the claims or allegations contained in the Second Consolidated Amended Class Action Complaint (“SAC”). Neither this Final Judgment nor the Settlement Agreement shall be offered in evidence or used for any other purpose in this or any other matter or proceeding other than as may be necessary to consummate or enforce the Settlement Agreements or the terms of this Final Judgment or by DreamWorks or the Disney Defendants in connection with any action asserting Released Claims.

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VIII. DISMISSAL OF ACTIONS AND RELEASE

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2 19. Upon the Effective Date, and subject to the provisions of Section X of this Final
3 Judgment, the Plaintiffs’ and the Class’s claims in the SAC are dismissed as against DreamWorks
4 or the Disney Defendants with prejudice, with each side to bear its own costs and attorneys’ fees
5 except as provided by the Settlements and this Court’s Orders. Class members who did not file
6 with the Court valid and timely requests for exclusion from the Settlement Agreements are barred
7 from further prosecution of the Released Claims, and the Released Parties are released and forever
8 discharged from liability for the Released Claims. Individuals who filed valid and timely requests
9 for exclusion from the Settlement Agreements are listed in Exhibit C to the Jue Declaration.

10 20. This Court finds, and the parties agree, that the Settling Parties and their respective
11 counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

IX. FINALITY OF JUDGMENT

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14 21. This Court finds that this Final Judgment adjudicates all the claims, rights, and
15 liabilities of the Parties, and is final and shall be immediately appealable.

X. RETENTION OF JURISDICTION

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18 22. Without affecting the finality of this Final Judgment, the Court retains jurisdiction
19 for the purpose of enforcing the terms of the Settlement Agreements and enabling any party hereto
20 to apply for such further orders and directions as may be necessary or appropriate for the
21 construction or carrying out of this Final Judgment, the modification of any of the provisions
22 hereto to the extent such modification is permitted, and to remedy a violation of any of the
23 provisions contained herein. This Court shall have the authority to specifically enforce the
24 provisions of this Final Judgment.

XI. ENTRY OF FINAL JUDGMENT

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27 23. This Court finds, pursuant to Federal Rules of Civil Procedure 54(a) and (b), that this Final
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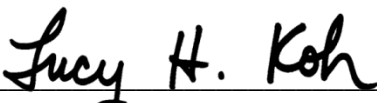
1 Judgment should be entered and that there is no just reason for delay in the entry of this Final
2 Judgment. Accordingly, the Clerk is hereby directed to enter Judgment immediately pursuant to
3 Federal Rules of Civil Procedure 54.

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6 **IT IS SO ORDERED.**

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8 Dated: June 5, 2017

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11 LUCY H. KOH
12 United States District Judge

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