

Main lines

[Law](#), [Contract Law](#)



1. Should Main Lines maximum and minimum lost profit amounts be revised downward for the following? Why? The domestic distribution revenues of \$3 million because the deal had not been finalized
2. Even if the deal on the projected domestic sales of \$3 million had not been materialized, it is not proper to reduce the maximum and minimum lost profit of Main Line. Though the domestic deal was not finalized when Basinger withdrew from the contract, it does not mean that it will not have domestic sales. In fact, one of the partners had advanced to Main Line Pictures, Inc. the amount of \$1.7 million against domestic revenues to help cover production costs on the Fenn film.

The \$800,000 of foreign pre-sales because they were 'probable' not actual.

No, the foreign pre-sales should not be lowered down by \$800,000 because they were probable not actual. As testified by Mr. Wilde, the foreign pre-sales market has greater market efficiency.

2. The loss of \$2.1 million on the 'Without Basinger' film.

No. It is because the film without Basinger did not suffer a loss. Based on the gross revenue from foreign pre-sales alone of P2.7 million less costs and expenses of \$2 million resulted to a gross profit of \$0.7 million. The estimated cost and expenses was computed by deducting \$2.8 million on the total budget for costs and expenses of \$4.8 million of the film with Basinger. Carl Mazzone had stated under oath the \$2.8 million difference between the two productions budgets for the film, 'Boxing Helena' with or without Basinger.

1. Are the following relevant to the determination of lost profits to Main Line? Why?

1. Basinger's \$3million salary for ' Final Analysis'.

No. the \$3 million salary of Ms. Kim Basinger for ' Final Analysis' has nothing to do with the determination of lost profits to Main Line. It is because it could not be part of the budgeted costs and expenses to the projected total sales of ' Boxing Helena' with Basinger as the main actress. Had Basinger demanded for a raise on her fee with Main Line from \$1million to \$3million before she withdrew from the contract then it would be different. Then \$3million salary demanded by Basinger could be an opportunity cost for Main Line. However, the situation was different. Main Line was not given by Basinger the option to choose to pay her the \$3million salary. Ms. Basinger simply cancelled the contract.

1. The comparison of revenue for Basinger films with revenues for Fenn films.

Yes, because if there is no comparison of revenue for Basinger films with revenues for Fenn films, Main Line could not support its allegation that Kim Basinger had caused the failure on their targeted gross sales.

1. Is plaintiff's expert correct in not attempting to estimate revenues for ' Boxing Helena' beyond pre-sale amounts? Why?

The plaintiff's expert, Prof. Louis L. Wilde, Ph. D. professor of economics and consultant was right in not attempting to estimate revenues for ' Boxing Helena' beyond pre-sale amounts. It is just right and easier to compare the expected sales of Main Line with Basinger to what Main Line had made on

the same package with out Basinger. The projected sales of the films with Basinger are limited to the revenue on pre-sales only. Therefore, it is just realistic to compare it with the proceeds of the ‘ Boxing Helena’ films with out Basinger on the same criteria.

1. Should Main Lines lost profits be adjusted downward to include an estimate of domestic revenues for the ‘ Without Basinger’ film? Would it have been valid to use the \$1. 7 million advance against domestic revenues as the estimate? Explain.

The lost profits should be adjusted downward to include an estimate of domestic revenues for the ‘ Without Basinger’ film. It is certain that the film without Basinger will have domestic sales and that would contribute to the realization of its projected profits. It is also valid to use the amount of \$1. 7 million advance against domestic revenues as the estimate because at the time when Basinger withdrew from the contract, the domestic distribution sale was not yet concluded. We could use the amount of \$1. 7 million because we could consider that as the amount for domestic sales.

1. Suppose Basinger had remained with the film and assume the \$3 million profit shown in the plaintiff experts minimum damage calculation was correct. Is it reasonable to assume that Main Lines pretax cash position would have increased by \$3million or would some part of this have been paid to others? Why?

It would be more reasonable to assume that some part of this \$3 million increase to Main Lines cash position would be paid to others. It is not unusual that there would be contractual arrangements that would require for the

producer to distribute net profits or revenues with main talents, directors and others. Common overhead costs also will be allocated to the individual film projects. There would be no problem for producer who may only make not more than two films a year than those who come up with several films..

1. If you disagree with the jury's lost profit assessment, briefly prepare one of your own.

	WITH	WITHOUT	
	BASINGER	BASINGER	VARIANCE
	In Million \$	In Million \$	In Million \$
Potential domestic sales	7. 60	1. 70	5. 90
Foreign pre-sale	7. 60	2. 70	4. 90
Total sales	15. 20	4. 40	10. 80
Less: Costs & Expenses	4. 80	2. 00	2. 80
Gross Profit	10. 40	2. 40	8. 00