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9
 10 **UNITED STATES DISTRICT COURT**
 11 **CENTRAL DISTRICT OF CALIFORNIA**
 12 **WESTERN DIVISION**

13
 14 GENTING MALAYSIA BERHAD, a
 Malaysia corporation,

15 Plaintiff,

16 v.

17 FOX ENTERTAINMENT GROUP, LLC,
 a Delaware corporation; TWENTIETH
 18 CENTURY FOX FILM CORPORATION,
 a Delaware corporation; TWENTY-FIRST
 19 CENTURY FOX, INC., a Delaware
 corporation; FOXNEXT, LLC, a Delaware
 20 corporation; and THE WALT DISNEY
 COMPANY, a Delaware corporation,
 21

22 Defendants.

Case No. 2:18-cv-9866

COMPLAINT FOR:

1. BREACH OF CONTRACT;
2. BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING;
3. INDUCING BREACH OF CONTRACT
4. INTENTIONAL INTERFERENCE WITH CONTRACT
5. DECLARATORY RELIEF

DEMAND FOR JURY TRIAL

1 Plaintiff Genting Malaysia Berhad (“GENM” or “Plaintiff”), for its complaint against
2 Defendants Fox Entertainment Group, LLC (“FEG”), Twentieth Century Fox Film Corporation
3 (“TCFFC”), Twenty-First Century Fox, Inc. (“21CF”), FoxNext, LLC (“FoxNext” and together
4 with FEG, TCFFC, and 21CF, “Fox”), and The Walt Disney Company (“Disney” and together
5 with Fox, “Defendants”), alleges, upon knowledge as to itself and otherwise upon information
6 and belief, as follows:

7 I. INTRODUCTION

8 1. This is a case about seller’s remorse; first by Fox, and then by Disney, after the
9 latter began the process of acquiring Fox in a deal now expected to close in the first half of 2019.
10 In 2013, Fox was a well-established conglomerate with a history of success in the television and
11 film businesses, but almost no experience in the theme park business. Competitors like Disney
12 and Universal Pictures (“Universal”) were well known for their branded theme parks located
13 around the world, such as Walt Disney World, Disneyland Paris, Universal Studios Hollywood,
14 and Universal Studios Japan. Fox, on the other hand, had never had a theme park of its own,
15 having only dipped its toe into the business by licensing individual properties that it owned, such
16 as *The Simpsons* and *Avatar*, for use in third-party-branded parks.

17 2. Determined to compete with the likes of Disney and Universal, FEG,¹ in or around
18 2013, entered into a Memorandum of Agreement (“MOA”) with GENM—a publicly listed
19 company and a member of the Genting Group of Companies, a conglomerate with 53 years of
20 experience in developing, operating, and marketing casinos and integrated resorts throughout the
21 world, including in Malaysia, Singapore, the Philippines, Australia, the United Kingdom, and the
22 Americas. The MOA permitted GENM to license select Fox IP for use in the construction of what
23 was to become the world’s first Fox-branded theme park (“Fox World” or the “Park”).
24

25 ¹ On information and belief, FEG was previously known as Fox Entertainment Group, Inc.,
26 including at the time the parties entered into the MOA, and/or is the successor in interest to that
27 entity. References to “FEG” herein thus include both legal forms of Fox Entertainment Group
28 (“LLC” and “Inc.”), as applicable. Additionally, on information and belief, FEG, TCFFC, and
FoxNext are so closely aligned with each other as to be indistinguishable for purposes of the
allegations herein. References to “FEG” shall thus hereinafter include TCFFC and FoxNext.

1 3. Unlike Disney, which wholly owns its U.S.-based parks and has significant
2 minority ownership stakes in its international parks, Fox never invested any of its own money in
3 the Fox World project. Rather, GENM has always been the sole owner, financier, and risk-taker
4 concerning the future success of the Park. In exchange for the right to use Fox IP in the Park,
5 GENM agreed to pay FEG annual license fees and royalties on certain revenue streams such as
6 retail and food & beverage. Notably, the MOA did not provide for FEG to share in GENM's
7 customer gate admissions. FEG *did* negotiate to receive various approval rights over the design of
8 the Park, which rights were constrained by the MOA and by California's implied covenant of
9 good faith and fair dealing.

10 4. The plan was for Fox World to be the new centerpiece of Resorts World Genting,
11 GENM's integrated resort complex in Genting Highlands, an idyllic mountain retreat 6,000 feet
12 above sea level and an hour's drive outside of Kuala Lumpur that already attracts over 23 million
13 visitors a year. Resorts World Genting has the only legal land-based casino in all of Malaysia,
14 seven hotels, performance venues, shopping malls, gondola lifts, an indoor SnowWorld attraction,
15 a bio park, a temple, a bowling alley, an arcade, and scores of restaurants, bars, and clubs, with an
16 indoor Skytropolis theme park, virtual reality experience, and skating rink also opening soon.

17 5. Specifically, GENM promised FEG that Fox World would be a "first-class, world-
18 class" theme park on par with the quality of Universal Studios Singapore (owned and financed by
19 GENM's sister company Genting Singapore). Though the MOA required GENM to spend only
20 \$130 million to fulfill that promise, GENM has incurred approximately \$750 million of expenses
21 to date. Until just last month, Fox World was in its final phases of fabrication and installation
22 ahead of its "Soft Opening," which was projected to occur in the first half of 2019.

23 6. Having made such a significant investment in Fox World, GENM has worked
24 feverishly since 2013 to bring it to life as soon as possible and to recoup its investment. FEG,
25 however, has fought GENM at nearly every turn, causing delay after delay. Examples include
26 FEG's early insistence that GENM replace one of its preferred vendors with FEG's less qualified
27 choice—a vendor whose inexperience and unethical business practices led to its termination from
28 the project and months of delays; FEG's untimely, repeated and continued unreasonable exercise

1 of its approval rights under the parties' agreement; FEG's failure to provide industry standard
2 style guides and digital assets for many of its licensed properties, including its very own 20th
3 Century Fox logo; and FEG's failure to provide the level of on-site support that is required under
4 the parties' Agreement and that is typically provided by the licensor of a branded theme park
5 development of this size and scale.

6 7. Why would FEG behave this way? Initially, because FEG wanted to use its
7 leverage under the MOA to threaten termination and force a renegotiation of the economic terms
8 of what it viewed as a below-market deal, largely due to its failure to negotiate for a share of gate
9 sales. FEG's leverage stems from its right in the MOA to terminate the Agreement and receive an
10 accelerated payment should certain "Key Milestone" deadlines be missed. Though FEG is
11 contractually required to extend the "Key Milestone" deadlines if it or a party other than GENM
12 is at fault for the delays leading to these deadlines being missed, FEG has consistently refused to
13 take responsibility for the delays it has caused through its abuse of its approval rights and other
14 improper behavior. Instead, FEG has repeatedly shifted blame to GENM in order to threaten
15 termination in bad faith and force GENM to agree to renegotiate the MOA to FEG's benefit
16 rather than risk losing its investment of hundreds of millions of dollars.

17 8. For a time, this strategy of using its termination rights to threaten GENM's
18 investment in the Park and secure more favorable economic terms worked. Specifically, GENM
19 twice agreed to extend the "Key Milestone" deadlines in the MOA, pushing the "Soft Opening"
20 date to January 1, 2017 and again to June 30, 2018. Both times, these amendments were preceded
21 by FEG baselessly asserting that GENM was at fault for delays and insisting that FEG had the
22 right to terminate if it wanted, thus jeopardizing GENM's entire investment in the Park. The
23 consideration that FEG extracted with these threats included, among other things, GENM's
24 promise to make increased and accelerated license fee and minimum guarantee payments, and to
25 allow FEG to share in new categories of royalties. Moreover, FEG no longer had to worry about
26 GENM meeting any of the Key Milestone deadlines in order to get paid timely, because FEG had
27 also leveraged its threats of termination into a promise that GENM would immediately begin
28 paying FEG as though the Park were already open.

1 diversity of citizenship and more than \$75,000 is in controversy.

2 13. This Court has personal jurisdiction over Defendants pursuant to California Code
3 of Civil Procedure § 410.10 because each of the Defendants is domiciled in and/or is doing
4 business in the State of California and in this District, and some or all of the agreements that are
5 the subject of this dispute were made, entered into, performed, and breached within the State of
6 California and in this District. Further, the MOA provides that it shall be deemed executed at Los
7 Angeles, California, regardless of the actual place of execution, and that the parties consent to the
8 exclusive jurisdiction of the state and federal courts of California.

9 14. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(1) because the
10 Defendants reside in this District (as that term is defined in 28 U.S.C. § 1391(c)) and/or pursuant
11 to 28 U.S.C. § 1391(b)(2) because a substantial part of the events or omissions giving rise to this
12 action occurred in this District.

13 15. Venue is also proper under the parties' agreements. The MOA provides that "all
14 actions, proceedings or litigation arising from this Agreement shall be instituted solely within the
15 State of California," that "[a]ny claims, disagreements or other matters in question arising out of
16 or relating to this Agreement (each, a 'Claim') shall be submitted to a general, non-jury reference
17 (the 'Referee') to hear and decide all matters relating to the Claim pursuant to California Code of
18 Civil Procedure Sec. 638 ('638 Reference')," and that "the state or federal court where that action
19 is filed shall be authorized to enforce" the 638 Reference proceeding. MOA, ¶¶ 14(h)-(i).

20 **III. PARTIES**

21 16. Plaintiff GENM is, and at all relevant times was, a publicly listed company
22 incorporated in Malaysia whose principal place of business is Malaysia. GENM is the sole owner
23 and financier of the Park, which is currently being constructed in Genting Highlands, Malaysia.

24 17. Defendant FEG is, and at all relevant times was, a corporation organized and
25 existing under the laws of the State of Delaware doing business throughout the United States,
26 including at its principal place of business in the State of California, County of Los Angeles. On
27 information and belief, FEG was known as Fox Entertainment Group, Inc., at the time the parties
28 entered into the MOA and Amendment No. 1 to the MOA dated as of June 10, 2014

1 (“Amendment No. 1”) and/or is the successor in interest to Fox Entertainment Group, Inc. FEG
2 was signatory to Amendment No. 2 to the MOA dated as of June 9, 2017 (“Amendment No. 2”
3 and together with the MOA and Amendment No. 1, the “Agreement”). On information and belief,
4 Twentieth Century Fox Licensing & Merchandising, the named Fox signatory to the Agreement,
5 is not a legal entity distinct from FEG, and FEG is liable for all acts and omissions made by or on
6 behalf of Twentieth Century Fox Licensing & Merchandising. FEG entered into the Agreement as
7 the “Administrator” for defendant TCFFC and therefore entered into it on behalf of TCFFC.

8 18. Defendant TCFFC is, and at all relevant times was, a corporation organized and
9 existing under the laws of the State of Delaware doing business throughout the United States,
10 including at its principal place of business in the State of California, County of Los Angeles.
11 TCFFC is, on information and belief, the owner of the intellectual property licensed to GENM
12 under the Agreement. TCFFC is also, on information and belief, a wholly-owned subsidiary of
13 FEG.

14 19. Defendant FoxNext is, and at all relevant times was, a corporation organized and
15 existing under the laws of the State of Delaware doing business throughout the United States,
16 including at its principal place of business in the State of California, County of Los Angeles.
17 FoxNext is, on information and belief, the Fox division currently overseeing Fox World. On
18 information and belief, FEG and/or TCFFC’s rights and obligations under the Agreement may at
19 some point have been assigned to FoxNext.

20 20. Defendant 21CF is, and at all relevant times was, a corporation organized and
21 existing under the laws of the State of Delaware doing business throughout the United States,
22 including at its offices in the State of California, County of Los Angeles. 21CF is, on information
23 and belief, the direct or indirect parent company of FoxNext and FEG.

24 21. Defendant Disney is, and at all relevant times was, a corporation organized and
25 existing under the laws of the State of Delaware doing business throughout the United States,
26 including at its principal place of business in the State of California, County of Los Angeles.

27 22. Plaintiff is further informed and believes and based thereon alleges that
28 Defendants at all times herein alleged were the agents, employees, servants, joint venturers,

1 and/or co-conspirators of each of the other remaining Defendants, and that in doing the things
 2 herein alleged were acting in the course and scope of such agency, employment, joint venture,
 3 and/or conspiracy.

4 **IV. FACTUAL BACKGROUND**

5 **A. The parties' key rights and obligations under the MOA.**

6 23. The MOA is dated as of June 1, 2013, and was entered into between GENM and
 7 FEG (acting on behalf of TCFFC). It provided that, in exchange for the license of certain Fox
 8 intellectual property for use in the development of Fox World and the right to brand the Park
 9 "Fox World," GENM would pay FEG: (1) an annual "Development Fee" for three years prior to
 10 the Park's opening; (2) an annual "License Fee" once the Park opened; and (3) royalties on
 11 merchandise sales, photo sales, and food and beverage sales, with a recoupable Guarantee
 12 Amount to be paid each year upon the opening of the Park. The MOA provided for a 10-year
 13 initial term, which was later amended to 12 years, and for GENM to have the option to renew the
 14 Agreement for two "Renewal Terms" of 10 years each. MOA ¶ 2(f).

15 24. Under the MOA, GENM retained "full and exclusive control regarding the design,
 16 architecture, size, configuration, site plan, guest capacity, maintenance and limitations, means of
 17 presentation (including, without limitation, the technologies and ride systems utilized),
 18 construction, operation and management of the [Park] . . . and all aspects thereof including,
 19 without limitation . . . all other park features which incorporate Fox property." MOA, ¶ 3(f).
 20 However, FEG had the right to approve the third-party vendors engaged by GENM in connection
 21 with the Park's design and construction, the preliminary, schematic, and detailed designs for the
 22 Park, the production of Fox-themed elements for the Park, the installation of those Fox-themed
 23 elements at the Park, and the development of Park merchandise. *Id.*, ¶¶ 3(b)(i)(A)-(E), 5(a). The
 24 MOA required FEG to "use reasonable commercial efforts to approve, disapprove or otherwise
 25 comment upon any major concepts or plans for the [Park] . . . within twenty (20) Business Days,"
 26 with FEG required to "endeavor to respond either negatively or positively" to all other approval
 27 requests under the MOA "within ten (10) Business Days." *Id.*, ¶¶ 3(b)(v), 3(g).

28 25. The MOA also required FEG to assist GENM in obtaining approvals by providing

1 “[u]pon request and to the extent available . . . style guide artwork on which GENM shall base its
2 schematic design and design development of the [Park].” MOA, ¶ 3(b)(ii). In addition, FEG was
3 required to “use reasonable efforts to assist GENM in obtaining such clearances, permissions or
4 approvals from such persons as would be sufficient to permit GENM’s use of film clips, musical
5 compositions and/or sound recordings. . . , including using reasonable efforts to facilitate
6 communications between GENM and such Third-Party Rightsholders.” *Id.*, ¶ 4(c). To the extent
7 GENM needed to obtain the permission of an actor in one of Fox’s films in order to use a clip of
8 that actor in a montage, for example, FEG was required to use reasonable efforts to assist GENM
9 in obtaining that permission.

10 26. The original MOA also set forth certain “Key Milestones” and related deadlines
11 (later amended) for GENM to meet, including: (1) a November 1, 2013 deadline to “submit to
12 [FEG] for approval the initial designs and concepts for the design of the [Park]”: (2) a January 1,
13 2014 deadline to “submit detailed designs of the [Park] for final approval by [FEG]”; (3) a March
14 1, 2014 deadline to begin construction of the Park; and (4) a May 31, 2016 deadline for the “Soft
15 Opening” of the Park (also defined as the “Opening Date”), with “official opening” to occur no
16 later than June 1, 2017. MOA, ¶ 3(a)(i). However, the MOA also provided that these deadlines
17 must be adjusted “to the extent of any delay . . . directly caused by repeated unreasonable delays
18 by [FEG] in exercising its approval rights pursuant to this Agreement.” *Id.*, ¶ 3(a)(ii). Though
19 FEG has approval rights over any such extension greater than six months, that approval cannot be
20 “unreasonably withheld.” *Id.* Likewise, if FEG’s failure to timely exercise its approval rights
21 “causes a significant delay in the development of the [Park], then [FEG] and GENM shall
22 mutually and in good faith discuss and agree to any adjustments in the Term, the License Fee
23 payment schedule and/or the Opening Date that may be necessary due to such delay.” *Id.*, ¶ 3(g).

24 27. In addition, the MOA provided certain quality standards for GENM to meet in the
25 construction and operation of the Park, including that: (1) “GENM shall spend on the initial
26 capital expenditure to build out the [Park] such sums as may be necessary to create a first-class,
27 world-class level themed area in accordance with the highest standards . . . it generally applies to
28 its own properties used in other Theme Parks operated by GENM or GENM Affiliates (e.g.,

1 Universal Studios Singapore). Such capital expenditure shall in no event be less than
 2 US\$130,000,000”; and (2) GENM shall “design, construct, operate and maintain . . . the
 3 [Park] . . . in accordance with the highest standards (including without limitation health and
 4 safety standards) it generally applied to its own properties used in other Theme Parks operated by
 5 GENM or GENM Affiliates (e.g., Universal Studios Singapore).” MOA, ¶¶ 3(c)-(d).

6 28. The MOA also set forth the parties’ respective rights to terminate the agreement.
 7 Though GENM was permitted to terminate the MOA for any reason with payment of a
 8 termination fee, FEG was only permitted to terminate the MOA for cause and specifically upon
 9 the circumstances enumerated in the MOA, including, in relevant part:

- 10 • If “GENM breaches any of its representations and warranties or defaults with regard to
 11 the performance of any of its obligations provided for in this Agreement in any
 12 material respect,” MOA, ¶ 11(a)(i); and
- 13 • With respect to any termination for missing Key Milestone deadlines, “[i]f any of the
 14 [Key Milestones] are not met due to any delay, action or omission *on the part of*
 15 *GENM*, and/or the Soft Opening of the Fox Branded Theme Park fails to occur prior
 16 to the Opening Date.” *Id.*, ¶ 3(a)(ii) (emphasis added).

17 29. Prior to termination, if warranted, the MOA provided that FEG must give GENM
 18 written notice of default and the opportunity to cure within 30 days. MOA ¶ 11(b).

19 **B. The parties’ rights and obligations under Amendment No. 1 to the MOA.**

20 30. Due in large part to FEG’s unreasonable exercise of its approval rights over the
 21 design for the Park and FEG’s failure to include any art directors or technical support employees
 22 on its team, GENM had to request extensions to the Key Milestone deadlines less than a year
 23 after the parties entered into the MOA. Notwithstanding that it was to blame for the delays, FEG
 24 would not agree to these extensions without first extracting concessions out of GENM.

25 31. The parties’ agreement on these and other amended terms was memorialized in
 26 Amendment No. 1 to the MOA dated as of June 10, 2014. In exchange for extending the
 27 deadlines for submission of the initial designs to August 1, 2014, for submission of detailed
 28 designs to January 1, 2015, for construction to begin to February 1, 2015, and for Soft Opening to

1 January 1, 2017, GENM agreed, among other things, to increase the annual Development and
2 License Fees due under the MOA. Amendment No. 1, ¶¶ 2(c)-(d).

3 **C. The delays leading to Amendment No. 2.**

4 32. After the parties entered into Amendment No. 1, it became clear that FEG was
5 intent on micromanaging every aspect of the Park's design—far exceeding the scope of its
6 approval rights under the MOA—and that FEG had no intention of providing adequate style
7 guides, on-site support, and other assistance typical for IP licensors in connection with branded
8 theme parks to facilitate timely approvals. For example, FEG caused months of delays by
9 rejecting numerous requests for approval (“RFAs”) during the first two stages of the design
10 process—the initial design stage, which includes the Park's Master Plan, and the schematic
11 design (“SD”) stage—because they lacked the level of detail that is typically only required at the
12 third and final design development (“DD”) stage or because FEG had comments on technical
13 aspects of Park construction and maintenance that were outside its purview under the MOA.
14 There was no legitimate reason for FEG to have required design details for such features as a food
15 kiosk, floor finishes, and lighting levels, among others, to be included in the Master Plan, given
16 that this initial design merely set forth the location of those venues in the Park in relation to all the
17 other attractions. Nor was there any legitimate reason for FEG to reject submissions based on its
18 questions about such things as drainage systems and kitchen equipment access, among others.

19 33. These issues arose during a period of particular upheaval within Fox's fledgling
20 theme park group. There was significant executive turnover from the department head on down to
21 the creative director and design and construction manager, causing major disruption to the
22 approval process. Indeed, a pattern emerged wherein new FEG executives would attempt to
23 renege on approvals given by past FEG executives, causing delays. FEG's flip-flopping even
24 manifested in its attempts to replace or remove certain IPs from the Park after GENM had
25 invested in the design of attractions based on those IPs. For example, FEG originally wanted
26 GENM to feature *Percy Jackson* rather than *Independence Day* in an attraction. As a result,
27 GENM engaged a vendor to complete media content and interior design for a *Percy Jackson*
28 attraction at significant cost. Yet in January 2016, FEG changed its mind and asked that *Percy*

1 *Jackson* be removed from Fox World and replaced with *Independence Day* after all. In good faith,
2 GENM accommodated this request, though it meant having to start from scratch to design a
3 completely different attraction for *Independence Day*. FEG acted similarly in connection with
4 asking GENM not to use any IP from the television series *Sons of Anarchy* in the Park, even after
5 GENM had already started developing a marquee attraction based on that series, and had agreed
6 to pay additional license fees in order to obtain the rights to that Fox IP.

7 34. Fox's demands placed enormous burdens on GENM and its vendors to rush
8 detailed designs in order to get initial approval of general design concepts and spend an inordinate
9 amount of time attempting to recreate Fox's own IP in the absence of style guides, decipher
10 FEG's vague comments, and change existing plans at the whim of FEG executives. For example,
11 though GENM had engaged an experienced vendor to handle design work for the Park, all the
12 unanticipated additional labor required by FEG to obtain approvals quickly burned through the
13 fees GENM contracted to pay that vendor, forcing GENM to engage other vendors to handle
14 those attractions at additional cost and delay.

15 35. Taking advantage of this, FEG abused its discretion to approve the "key design
16 and production firms" used by GENM to endorse a firm that employed individuals who were
17 already providing consulting services to Fox (either in their individual capacities or as firm
18 representatives) to replace an existing vendor in designing an attraction based on *Planet of the*
19 *Apes* ("POTA"). Based on FEG's strong recommendations, GENM entered into an agreement
20 with this new firm in December 2014 to help design the *POTA* attraction. Not only did the FEG-
21 recommended firm's relative inexperience soon become apparent, but in May 2015, GENM
22 learned that the firm was secretly attempting to partner with third-party vendors and have them
23 submit bids in their own names, while agreeing with them that it would perform the work in a
24 "subcontractor" capacity. Ultimately, GENM was forced to terminate its relationship with this
25 FEG-recommended firm, losing many months of work in connection with one of the centerpiece
26 attractions in the Park and incurring additional costs as a result. This is just one of the many
27 examples of how FEG's improper handling of the approval process caused significant delays and
28 added expense to the Fox World project in the years leading up to Amendment No. 2.

1 36. FEG also routinely made vague observations (*e.g.*, that a character is “too
2 chubby,” rather than providing more precise direction, or that a shade of yellow was “too
3 saturated,” rather than providing the desired color code), and did not provide GENM sufficient
4 guidance to address those comments, leaving GENM guessing as to what changes were required
5 to gain FEG’s approval—a problem further exacerbated by FEG’s failure to provide industry
6 standard style guides for its IP and on-site representatives who could respond to questions
7 efficiently. GENM repeatedly communicated to FEG its concerns about these shortcomings, but
8 the problems were never remedied and they persisted.

9 37. FEG further caused unreasonable and repeated delays by failing to timely consult
10 with third-party producers and talent from whom it had contractual obligations to seek approvals
11 concerning the use of particular Fox IPs in the Park. FEG should have consulted those individuals
12 at an early stage so that any requests arising out of those consultations could have been
13 incorporated into the design before GENM spent time and money having sculpts built or media
14 produced. Yet FEG frequently fell short of basic industry standards in this regard. For example,
15 after the ride vehicle for an attraction based on the film *Night at the Museum* had already been
16 approved, FEG informed GENM that producers of the film asked that the vehicle be changed
17 from a security vehicle to a shipping crate. It was, however, far too late for this idea to be adopted
18 without incurring significant additional delays and expense. This event was not isolated and a
19 similar set of circumstances played out on the long-delayed *Titanic* attraction.

20 **D. The parties’ key rights and obligations under Amendment No. 2 to the MOA.**

21 38. Notwithstanding the delays caused by FEG’s misconduct, FEG refused to extend
22 the Key Milestone deadlines unless GENM agreed to compensate FEG as if the Park were already
23 open, and GENM also agreed to pay entirely new categories of royalties on top of those provided
24 for in the original MOA. Having already invested hundreds of millions of dollars in the Park and
25 hoping to reestablish goodwill, GENM acquiesced to FEG’s demands.

26 39. In Amendment No. 2, dated as of June 9, 2017, the parties agreed, among other
27 things, that in exchange for FEG’s agreement to extend the deadlines for submission of detailed
28 designs to March 1, 2018, Soft Opening to June 30, 2018, and official opening to January 1, 2019,

1 GENM would: (1) pay FEG increased Guarantee Amounts until the Park opened—amounts
 2 intended to approximate the royalties that FEG would have received if the Park had opened on
 3 time; (2) pay royalties on skill games and rental fee revenues (revenue streams FEG was not
 4 entitled to share in under the original MOA); and (3) start payments of the annual License Fee
 5 shortly following signing of the amendment, rather than upon Soft Opening as originally
 6 provided. Amendment No. 2, ¶¶ 2(d)-(e). The parties also agreed to redefine “Soft Opening.”

7 40. In Amendment No. 2, the parties further agreed to increase the capital expenditure
 8 required by GENM to build the Park to \$600 million, far beyond the \$130 million that FEG had
 9 initially agreed would be a reasonable amount to build a “first-class, world-class” park, and that
 10 FEG would “make commercially reasonable efforts to hire two (2) [FEG] employees . . . to serve
 11 as [FEG’s] on-site personnel in the capacity of ‘General Manager of Design and Construction’
 12 and ‘Project Manager’” at GENM’s expense. *Id.*, ¶¶ 2(f), 2(i).

13 **V. FEG’s BREACHES OF THE AGREEMENT AND DISNEY’S INTERFERENCE**

14 **A. The delays leading to the negotiation of proposed Amendment No. 3.**

15 41. After the execution of Amendment No. 2, FEG continued the same behavior that
 16 led to the previous delays, including, but not limited to, its (1) unreasonable and untimely
 17 rejections of GENM’s RFAs, vague comments to those RFAs, and backtracking on previous
 18 approvals; (2) failures to make the efforts required under the Agreement to obtain necessary third-
 19 party approvals to assist in the development of the Park; (3) failures to provide style guides and
 20 other standard IP assets; and (4) failures to provide adequate on-site support. This conduct led to
 21 the deadlines for completing submission of detailed designs and for Soft Opening to be missed.

22 **i. Delays caused by FEG’s failure to timely exercise its approval rights.**

23 42. The MOA gives FEG 10-20 business days to reply to each of GENM’s approval
 24 requests, depending on the type of request. MOA, ¶¶ 3(b)(v), 3(g). Yet FEG has repeatedly failed
 25 to timely respond to at least two dozen RFAs since the parties last extended the Key Milestone
 26 dates in Amendment No. 2, including taking anywhere from one month to over six months to
 27 respond to some of them, causing unreasonable delays that have led to certain Key Milestone
 28 dates being missed in connection with such attractions as *Independence Day – Defiance, Big*

1 *Weld's Zeppelins, Night at the Museum,* and Fox Plaza.

2 ii. **Delays caused by FEG's continued unreasonable rejections of RFAs,**
3 **vague comments in response to RFAs, and backtracking on previous**
4 **approvals.**

5 43. Each time FEG rejects a RFA, a new review period is triggered, putting the
6 package over a month behind schedule. Given the additional time involved in having to revise,
7 resubmit, and re-review an entire design package, it has become the norm in the theme park
8 industry for IP licensors to approve submissions "with comments," thereby allowing the licensee
9 to address those comments in the next phase rather than having to revise and resubmit the initial
10 design packages. FEG, however, has refused to consistently engage in this standard practice.

11 44. Though in the past FEG did at times grant conditional approvals with comments
12 for minor packages, the vast majority of the time FEG adhered to a strict policy requiring 100%
13 approval of all packages before GENM could move to the next phase. SD and DD package
14 submissions that received only minor comments from FEG were thus completely rejected, and
15 GENM was forced to go through the process of re-designing based on such minor comments,
16 resubmitting entire packages, and waiting for Fox to approve them—a process which took four to
17 six weeks—instead of being allowed to move forward with the subsequent design package and
18 address FEG's comments in that later submission.

19 45. Moreover, FEG's comments in response to several SD submissions concerned
20 details that are not typically addressed at that stage, leading to further unnecessary delays. For
21 example, FEG rejected the entire SD package for *Scrat's Nutty Adventure* (based on IP from the
22 film *Ice Age*) due to the sole question of how the grill edge for the air conditioning unit would
23 blend with the rockwork of the attraction. This comment, if made at all, should have been made in
24 connection with a later DD submission. By forcing GENM to deal with this in the SD phase,
25 GENM had to divert resources from more pressing matters to revise and resubmit its SD package.
26 Similarly, a SD package for *Robots Rivet Town* was rejected with the comment "How are all the
27 speakers going to be integrated into the facades?"—the type of question not typically addressed
28 until the DD phase.

1 46. FEG also continued its practice of withholding approvals or otherwise causing
2 delays by demanding that GENM provide information or make changes to Park elements that
3 were unrelated to Fox’s IP and the customer experience, notwithstanding FEG’s promise that
4 GENM would retain “full and exclusive control” with respect to such matters as Park
5 construction, maintenance, and technology, and notwithstanding that these matters fall outside the
6 typical purview of a licensor like Fox. For example, FEG has caused delays by commenting on
7 minute details of construction work still in progress that have not formally been submitted for
8 approval, demanding immediate responses from GENM at the expense of prioritizing more
9 pressing work. Such conduct not only exceeded FEG’s authority under the MOA, but also was
10 inconsistent with industry custom and practice recognizing that a Park owner/builder like GENM
11 is better positioned than FEG to manage construction and safety matters.

12 47. Likewise, FEG continued its practice of giving vague, inactionable comments that
13 left GENM guessing as to what changes would be sufficient to obtain approvals. For example,
14 one FEG art director critiqued a paint finish for the Fox Plaza Icon Fountain as being too
15 “dystopian,” asserted that “color will still need to get pushed to get the warm hue we’re going
16 for,” and provided reference images for buildings that did not even use the textures and materials
17 being requested. Another FEG art director rejected a SD package submission for *Robots Rivet*
18 *Town* because FEG wanted “more metallic in the character color palettes”—but never provided
19 color codes or other direction that would indicate how GENM could obtain approval.

20 48. Moreover, even where FEG gave approvals at an earlier stage of the process, there
21 have been instances where FEG has changed its mind. For example, in connection with the Fox
22 Plaza Icon Fountain, FEG requested changes to aspects of the fountain that it had previously
23 approved, thus causing more delays. Similarly, though FEG had approved the installation of
24 various media features at the *Night at the Museum* attraction, when it came time for FEG to
25 approve the entire final attraction, it requested changes to several previously approved elements,
26 causing delay and tens of thousands of dollars in additional costs to GENM.

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1 properties as *Ice Age*, not to mention guides for the countless elements that go into recreating the
2 characters and scenes from the various licensed properties. FEG even failed to provide an
3 industry standard style guide for its own 20th Century Fox logo for use in the design and build of
4 the Fox Plaza Icon Fountain, a key feature of the Park. Though GENM requested this guide over
5 two years ago, FEG has provided little more than inconsistent reference images that vary in color
6 and style, and even demanded that GENM jettison a previously approved design based on the 20th
7 Century Fox logo from 2009 to develop one based on the logo from the 1990s. And given that no
8 FEG executive could provide clear direction as to what exact colors, textures, finishes, or
9 materials for the Icon Fountain would meet with its approval, GENM was forced to engage in a
10 costly, time-wasting guessing game as to what would be satisfactory to FEG, causing many
11 months of delays that directly impacted the missed Key Milestone deadlines.

12 52. Due to the lack of guidance from Fox concerning the representation of its own IP,
13 GENM's vendors have had to recreate Fox's IP from scratch, including for the characters
14 depicted in the Blue Sky Carousel ride based on characters from the films *Ice Age* and *Rio*. This
15 has wasted both time and money. In addition, with respect to *Ice Age*, not only was GENM forced
16 to produce its own color charts for dozens of characters, but it also had to find a workaround for
17 FEG's failure to provide it with usable digital assets for those characters. It is market practice and
18 customary for IP holders to make available fully-rigged and textured 3D Maya models (standard
19 software used to create animated characters and environments), but in this case, FEG provided no
20 assets for approximately half a dozen of the *Ice Age* characters and just the shell for many
21 remaining characters (to which GENM would have to add digital skeletons, joints, and textures to
22 make them usable), despite being asked for over a year to provide those assets.

23 53. To avoid the considerable delay and significant added expense of having to "rig"
24 these models, GENM submitted detailed artwork, including clay sculptures, for FEG's review.
25 However, FEG's art director caused months-long delays by refusing to review those submissions
26 and demanding instead that GENM itself develop the fully-rigged digital assets for approximately
27 36 characters. This process of trial and error has been expensive and time-consuming—pushing
28 back the completion date for the *Ice Age* zone by approximately a year—and is highly unusual in

1 the industry. FEG caused similar delays by failing to provide style guides and/or standard “fully-
2 rigged” digital assets for certain IP relating to the films *Alien vs. Predator* and *Robots*, among
3 other properties. Other licensors like Dreamworks and Universal have extensive style guides and
4 digital assets available to assist licensees and their vendors to efficiently create designs and obtain
5 approvals. FEG’s failure to provide these industry standard style guides and digital assets was a
6 significant contributor to the Key Milestone dates being missed.

7 54. Even where FEG purported to provide style guides, it has caused additional and
8 unnecessary delays by changing its underlying IP after the designs created from those guides
9 were approved. For example, after GENM had waited more than two years for style guides and
10 other assets in connection with the *Alien vs. Predator* attraction, in June 2016 FEG finally
11 provided images that were essentially no more than preliminary sketches. GENM nevertheless
12 then spent considerable time and money designing the attraction based on those materials, yet
13 toward the end of 2017, FEG sought to modify the *Predator* model that GENM had long been
14 developing. Moreover, the updated 3D model provided by FEG was of low resolution and
15 missing key elements of FEG’s own desired modifications. Because of the poor quality of the
16 FEG-provided asset, GENM’s vendor had to update this model itself, triggering yet another round
17 of trial and error design submissions at additional cost and delay.

18 v. **Delays caused by FEG’s failure to provide adequate on-site support.**

19 55. Though Amendment No. 2 required FEG to “make commercially reasonable
20 efforts” to hire two on-site employees to facilitate approvals, FEG provided only one full-time on-
21 site employee. Instead of providing a second full-time on-site employee, FEG rotated in and out
22 on a part-time basis a parade of “art directors.” Though FEG repeatedly assured GENM that these
23 art directors were interchangeable, that was not the case, as they often had contradictory views of
24 how the approvals process should operate and how the approved designs should look. This forced
25 GENM to revise and resubmit packages simply because FEG chose to involve a new art director,
26 as was the case with the Fox Plaza Icon Fountain, among other attractions.

27 56. Moreover, there have been many instances in which the parties have found
28 themselves involved in protracted email debates over approvals concerning areas of the Park such

1 as Fox Plaza, *Scrat's Nutty Adventure*, and *Alien Outpost Zone* that could have been quickly
2 resolved if FEG had additional personnel with individual approval authority available on site.
3 Likewise, if FEG provided the level of support that is customary in the industry, there would have
4 been far less lag time between elements being ready for inspection, FEG's availability to make
5 the necessary factory and site visits, and the time it takes to send samples from Malaysia to Los
6 Angeles for FEG's review. FEG's failure to provide GENM with the level of support required
7 under the Agreement and typically provided by the licensor of a branded theme park development
8 of this size and scale clearly contributed to the Key Milestone deadlines being missed.

9 **B. The unusual negotiation of proposed Amendment No. 3.**

10 57. In Spring 2018, once it had become clear that unreasonable and repeated delays
11 caused by FEG would prevent the detailed design, Soft Opening, and official opening deadlines
12 the parties had negotiated the previous year from being met, GENM initiated discussions with
13 FEG about a proposed Amendment No. 3 to extend those deadlines, as the Agreement expressly
14 requires in the event that FEG caused the delays. But *again*, FEG unreasonably tried to leverage
15 the situation to force a radical renegotiation of the Agreement by conditioning the requested
16 extensions on, among other things, GENM either: (1) paying a new gate royalty with millions in
17 minimum guarantees; or (2) removing the Fox name from the Park and licensing in third-party
18 intellectual property to form the basis of several new attractions at added cost to GENM.

19 58. GENM was unwilling to so drastically alter the economics of the parties'
20 Agreement, but GENM did make a counterproposal to FEG in writing. Then something odd
21 happened. During the subsequent discussions, FEG's lead negotiator—an FEG employee—told
22 GENM that he did not even know if his own company's initial offer to extend the Key Milestone
23 dates in return for a share of gate revenues was still on the table, revealing that he no longer even
24 had a "seat at the table" with respect to the Fox World negotiation. Notably, this message was
25 communicated to GENM shortly after 21CF's board approved the amended merger agreement
26 through which Disney increased its offer to successfully outbid Comcast for Fox assets and after
27 the Department of Justice gave conditional antitrust approval to the Fox-Disney deal.

28 59. Clear from the timing of these events was that Disney—regardless of whether it

1 was legally permissible under applicable antitrust laws—was intervening in the GENM/FEG
2 negotiations and calling the shots for FEG. Having long adopted anti-gambling policies based on
3 its “family-friendly” brand image, Disney has a history of eliminating any ties to gambling held
4 by its acquired companies. For example, on information and belief, after acquiring LucasFilm and
5 Marvel Entertainment, Disney decided to phase out *Star Wars* and Marvel themed slot machines
6 in the United States. Disney has also used its financial muscle to fight the expansion of casinos in
7 Florida—the hub of Disney’s theme park empire. Disney has, on information and belief, spent
8 tens of millions of dollars in those efforts and at least \$20 million dollars in the 2018 election
9 cycle alone to support the passage of the Florida ballot initiative Amendment 3, which reportedly
10 will make it more difficult for casinos—clear competition to Disney’s parks—to be approved by
11 the state. With Fox World located just outside the casinos in the Genting Highlands integrated
12 resort, it comes as no surprise that Disney would, on information and belief, try to kill the Fox
13 World deal in a transparent attempt to “protect” the Disney brand.

14 **C. FEG’s improper termination of the Agreement**

15 60. And attempting to kill Fox World is precisely what transpired, with Disney, on
16 information and belief, directing FEG not to further counter GENM’s counterproposal regarding
17 Amendment No. 3, but instead to issue a “notice of default” starting the process of terminating
18 the Agreement.

19 61. The timing of this notice of default is highly suspect and entirely consistent with
20 Disney wanting to kill the deal for its own benefit. Though FEG knew over half a year earlier that
21 the remaining Key Milestone deadlines would be missed (and certainly knew its own hand in
22 causing those delays), it waited to issue its notice of default until GENM had spent at least \$50
23 million more on Fox World construction, with many of its marquee attractions already nearing
24 completion. Indeed, in the same month that FEG issued the notice of default, the attractions
25 *Independence Day – Defiance* and *Night at the Museum – Midnight Mayhem* received ride
26 approval from a third-party ride compliance organization, and other attractions were planned to
27 be commissioned in the next 60 days, including *Aliens Terrorforma*, *Epic Hummingbird Flyer*,
28 *Earth Space Defender*, *Scrat’s Nutty Adventure*, *Rivet Town Roller*, *Big Weld’s Zeppelin*, *Blue*

1 *Sky Gliders, Marine Boot Camp, Colonial Fighter Pilot, Sid's Rock & Slide, and Rio Carnival*
2 *Chaos*. But Defendants knew that the only way for GENM to cure its alleged default would be to
3 open Fox World within 30 days—still an impossible task given the delays that FEG itself had
4 caused and the months of stress testing and other safety checks required before Soft Opening.

5 62. Moreover, FEG waited to issue its notice of default until Fox's acquisition by
6 Disney had not only been approved by their boards, but was so far along in the process that
7 decisions were already being made about the key executives who would be staying or going. With
8 many of the key FEG executives involved in negotiating the MOA no longer with the company
9 for other reasons, there were already few people left to defend the decision to pursue the Fox
10 World project. Disney's theme park group is far larger than Fox's with far more clout—there is
11 little doubt which group's executives will be in charge after the merger and what their view of
12 Fox World would be given their desire to protect Disney's theme parks from competition in the
13 increasingly competitive Asian market and to protect Disney's "family-friendly" image from any
14 association with GENM's gaming operations.

15 63. Not only was FEG's notice of default issued in bad faith, it was rife with vague
16 and false allegations that GENM breached the quality standards² of the Agreement in addition to
17 the Key Milestone provisions. Though GENM informed FEG that it had improperly failed to
18 identify the specific basis for its claims for breach of the quality standards in the notice of
19 default—thereby making it impossible for GENM to cure those issues if they even existed—FEG
20 never provided any additional information about those claims, even after GENM requested it.
21 Likewise, FEG's notice provided no details as to the specific basis for its contention that GENM
22 and not FEG is at fault for the delays that caused the Key Milestone deadlines to be missed. Clear
23 from FEG's refusal to provide the requested information supporting its allegations is that it had
24 none, and that Defendants were focused only on terminating the Agreement.

25 64. The trumped-up grounds that FEG invented to terminate the Agreement were
26 purely pretextual and, on information and belief, this improper decision to terminate was

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28 ² GENM's engagement, at its own expense, of a third party to provide multiple levels of safety
review further belies FEG's claims in this regard.

1 ultimately made by Disney. Given that FEG had no right to terminate the Agreement, Fox and
2 Disney are liable for what will exceed a billion dollars in damages attributable to the bad-faith
3 behavior of both Fox and Disney.

4 **FIRST CAUSE OF ACTION**

5 **Breach of Contract**

6 **(By Plaintiff Against Defendants FEG, TCFFC, and FoxNext)**

7 65. Plaintiff incorporates by reference and realleges each and every allegation in
8 paragraph 1 through 64 of this Complaint, inclusive, as though fully set forth herein.

9 66. Plaintiff has performed all conditions, covenants, and promises required to be
10 performed by it in accordance with the terms of the Agreement.

11 67. All conditions required for Defendants FEG, TCFFC, and FoxNext's performance
12 of the conditions, covenants, and promises required to be performed by them in accordance with
13 the terms of the Agreement have occurred.

14 68. As detailed above, these Defendants have breached the Agreement by, among
15 other things, refusing to extend Key Milestone deadlines in connection with the delays caused by
16 those Defendants and improperly issuing a purported Notice of Default and terminating the
17 Agreement.

18 69. As a direct and proximate result of these Defendants' breaches of the Agreement,
19 Plaintiff has suffered, and will continue to suffer, monetary damages in an amount to be proven at
20 trial.

21 **SECOND CAUSE OF ACTION**

22 **Breach of the Implied Covenant of Good Faith and Fair Dealing**

23 **(By Plaintiff Against Defendants FEG, TCFFC, and FoxNext)**

24 70. Plaintiff incorporates by reference and realleges each and every allegation in
25 paragraph 1 through 64 of this Complaint, inclusive, as though fully set forth herein.

26 71. Plaintiff has performed all conditions, covenants, and promises required to be
27 performed by it in accordance with the terms of the Agreement.

28 72. All conditions required for Defendants FEG, TCFFC, and FoxNext's performance

1 of the conditions, covenants, and promises required to be performed by them in accordance with
2 the terms of the Agreement have occurred.

3 73. As detailed above, these Defendants breached the implied covenant of good faith
4 and fair dealing by unfairly interfering with Plaintiff's right to receive the benefits of the
5 Agreement, by, among other things, failing to provide GENM with the level of support and
6 information typically provided by the licensor of a branded theme park of Fox World's size and
7 scale and abusing their discretion in the approvals process by, among other acts, unreasonably
8 rejecting submissions and failing to comply with industry norms when responding to
9 submissions.

10 74. As a direct and proximate result of these Defendants' breaches of the implied
11 covenant of good faith and fair dealing, Plaintiff has suffered monetary damages in an amount to
12 be proven at trial.

13 **THIRD CAUSE OF ACTION**

14 **Inducing Breach of Contract**

15 **(By Plaintiff Against Disney and 21CF)**

16 75. Plaintiff incorporates by reference and realleges each and every allegation in
17 paragraph 1 through 64 of this Complaint, inclusive, as though fully set forth herein.

18 76. Plaintiff and one or more of FEG, TCFFC, and FoxNext were parties to the
19 Agreement, which is a valid and binding contract.

20 77. At all relevant times, Defendants Disney and 21CF were aware of the Agreement
21 and its terms.

22 78. As set forth above, one or more of FEG, TCFFC, and FoxNext breached the
23 Agreement, including its implied covenant of good faith and fair dealing, in various ways.
24 Defendants Disney and 21CF intended to influence, direct, or cause Defendants FEG, TCFFC,
25 and/or FoxNext to commit the above-described breaches because Defendants Disney and 21CF
26 knew they would benefit from such breaches. Among other benefits, Defendant Disney benefited
27 from FEG, TCFFC, and/or FoxNext's improper termination of the Agreement by suppressing
28 competition against Disney's existing theme parks, and by "protecting" Disney's "family-

1 friendly” image from association with GENM’s gaming businesses. 21CF, including in particular
2 its CEO James Murdoch, disapproved of the business fundamentals of Fox World, with Mr.
3 Murdoch commenting to others within Fox that he preferred to invest in and operate Fox-owned
4 parks rather than license Fox IP to third-party theme park owners. Moreover, allowing an entity
5 such as GENM, over which 21CF would have no control, to own and operate a theme park called
6 “Fox World” would have been inconsistent with 21CF’s business plans to rebrand the company
7 using the name “FOX” after the merger. In connection with that merger, Disney and 21CF issued
8 a Joint Proxy Statement to stockholders in June 2018, disclosing that when the companies
9 merged, the Fox name and related trademarks would be transferred to a new entity referred to as
10 “New Fox,” which would not be under Disney’s control and which would have no theme park
11 division. Accordingly, post-merger it will be “New Fox”—which, on information and belief, will
12 be called “FOX” effective in 2019—rather than Disney that will have the authority to license the
13 rights for a park such as Fox World. Continued performance by Disney/FEG under the
14 Agreement with GENM, and the use of the “Fox World” branding by GENM thus appear to have
15 been inconsistent with the terms of the merger between Disney and 21CF. Regardless, permitting
16 the “Fox” brand to attach to a theme park over which FOX would have no control for what could
17 amount to decades would have created business complications that Disney and 21CF preferred to
18 avoid. Thus, on information and belief, Disney and 21CF, with knowledge of the Agreement,
19 improperly directed FEG to terminate the Agreement.

20 79. Through the conduct described above, Defendants Disney and 21CF caused
21 Defendants FEG, TCFFC, and/or FoxNext to breach the Agreement as set forth above. But for the
22 influence or direction of Defendants Disney and 21CF, the other Defendants would have had no
23 incentive, basis, and/or ability to collude with Defendants Disney and 21CF; rather, absent such
24 collusion, the primary goal of Defendants FEG, TCFFC, and/or FoxNext would have been to
25 maximize their revenues and profits from Fox World, which could only be done if the Agreement
26 continued through the end of the 12-year initial term and was renewed for 10-20 more years as
27 provided for under the Agreement.

28 80. Through their conduct in inducing Defendants FEG, TCFFC, and/or FoxNext to

1 improperly terminate the Agreement, Defendants Disney and 21CF caused damage to Plaintiff in
2 an amount to be proven at trial.

3 81. The conduct of Defendants Disney and 21CF was a substantial factor in causing
4 Plaintiff's harm.

5 82. In engaging in the misconduct alleged herein, Defendants Disney and 21CF have
6 acted with malice, oppression, or fraud, and in willful disregard of Plaintiff's rights and interests,
7 thus entitling Plaintiff to an award of punitive damages in an amount appropriate to punish or
8 make an example of Defendants Disney and 21CF, pursuant to California Civil Code § 3294.

9 **FOURTH CAUSE OF ACTION**

10 **Intentional Interference with Contract**

11 **(By Plaintiff Against Disney and 21CF)**

12 83. Plaintiff incorporates by reference and realleges each and every allegation in
13 paragraph 1 through 64 of this Complaint, inclusive, as though fully set forth herein.

14 84. Plaintiff and Defendants FEG, TCFFC, and/or FoxNext were parties to the
15 Agreement, which is a valid and binding contract.

16 85. At all relevant times, Defendants Disney and 21CF were aware of the Agreement
17 and its terms.

18 86. Defendants Disney and 21CF intended to disrupt and/or prevent Defendants FEG,
19 TCFFC, and/or FoxNext's performance of the Agreement because Defendants Disney and 21CF
20 knew they would benefit from the disruption and/or prevention of performance of the Agreement.
21 Among other benefits, Defendant Disney would benefit from FEG, TCFFC, and/or FoxNext's
22 improper termination of the Agreement by suppressing competition against Disney's existing
23 theme parks, and by "protecting" Disney's "family-friendly" image from association with
24 GENM's gaming businesses. 21CF, including in particular its CEO James Murdoch, disapproved
25 of the business fundamentals of Fox World, with Mr. Murdoch commenting to others within Fox
26 that he preferred to invest in and operate Fox-owned parks rather than license Fox IP to third-
27 party theme park owners. Moreover, allowing an entity such as GENM, over which 21CF would
28 have no control, to own and operate a theme park called "Fox World" would have been

1 inconsistent with 21CF's business plans to rebrand the company using the name "FOX" after the
2 merger. In connection with that merger, Disney and 21CF issued a Joint Proxy Statement to
3 stockholders in June 2018, disclosing that when the companies merged, the Fox name and related
4 trademarks would be transferred to a new entity referred to as "New Fox," which would not be
5 under Disney's control and which would have no theme park division. Accordingly, post-merger
6 it will be "New Fox"—which, on information and belief, will be called "FOX" effective in
7 2019—rather than Disney that will have the authority to license the rights for Fox World.
8 Continued performance by Disney/FEG under the Agreement with GENM, and the use of the
9 "Fox World" branding by GENM, thus appear to have been inconsistent with the terms of the
10 merger between Disney and 21CF. Regardless, permitting the "Fox" brand to attach to a theme
11 park over which FOX would have no control for what could amount to decades would have
12 created business complications that Disney and 21CF preferred to avoid. Thus, on information
13 and belief, Disney and 21CF, with knowledge of the Agreement, improperly directed FEG to
14 terminate the Agreement.

15 87. Through the conduct described above, Defendants Disney and 21CF caused the
16 disruption and/or prevention of Defendants FEG, TCFFC, and/or FoxNext's performance under
17 the Agreement, as set forth above. But for the influence or direction of Defendants Disney and
18 21CF, the other Defendants would have had no incentive, basis, and/or ability to collude with
19 Defendants Disney and 21CF; rather, absent such collusion, the primary goal of Defendants FEG,
20 TCFFC, and/or FoxNext would have been to maximize their revenues and profits from Fox
21 World, which could only be done if the Agreement continued through the end of the 12-year
22 initial term and was renewed for 10-20 more years as provided for under the Agreement.

23 88. Through their conduct in collaborating and/or participating in acts that led to the
24 disruption and/or prevention of Defendants FEG, TCFFC, and/or FoxNext's performance of the
25 Agreement through the termination of that Agreement, Defendants Disney and 21CF caused
26 damage to Plaintiff in an amount to be proven at trial.

27 89. The conduct of Defendants Disney and 21CF was a substantial factor in causing
28 Plaintiff's harm.

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with the Agreement alleged herein;

- 3. For an award of punitive damages in an amount to be proven at trial;
- 4. That Plaintiff be awarded all pre-judgment interest allowable by law;
- 5. That Plaintiff be awarded its costs; and
- 6. For such further relief as the Court may deem just and proper.

Los Angeles, California

Dated: November 26, 2018

KASOWITZ BENSON TORRES LLP

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