

Business Wire

Michigan Creators Awarded \$30.1 Million in Lawsuit over Ownership of Taco Bell's Chihuahua.

GRAND RAPIDS, Mich.--(BUSINESS WIRE)--June 4, 2003

The Michigan creators of the cool, confident and edgy Chihuahua immortalized in Taco Bell [advertising](#) were awarded \$30.1 million today by a federal jury that agreed the fast-food giant should be made to pay for using their character.

This afternoon's verdict ends a five-year, multi-million dollar battle over rights to the Chihuahua made famous by Taco Bell, a subsidiary of Louisville-based YUM! Brands, Inc. (NYSE: YUM). The dog's creators, Joseph Shields and Thomas Rinks, sued Taco Bell in federal court in 1998 for breach of contract and other claims for failing to pay for the use of the pair's Chihuahua character in a popular three-year [advertising campaign](#). The pair was seeking \$30.1 million in compensation from Taco Bell based on a percentage of the more than \$500 million spent by Taco Bell on the Chihuahua campaign.

"We created the popular Chihuahua that Taco Bell used as its mascot and marketing icon," Rinks said. "After Taco Bell approached us and asked for our ideas, they just went ahead and used the character that we had created without paying for it. Now that we've been vindicated, we plan to aggressively pursue licensing opportunities with our Chihuahua character."

AMERICAN MORNING

Interview With Settlement Winner Tom Rinks Aired June 5, 2003 - 07:46 ET

DARYN KAGAN, CNN ANCHOR: We have a different kind of fight to talk about right now, a long legal fight. But now, two men from Michigan are savoring their victory over Taco Bell. It's a lawsuit focusing on a talking Chihuahua. You remember him. Tom Rinks and his partner, Joseph Shields (ph), claim that Taco Bell actually stole their idea for this ad campaign featuring the chatty Chihuahua. A federal jury apparently agreed, and yesterday awarded the pair \$30.1 million. Earlier this morning, I spoke with Tom Rings and his attorney, Doug Dozeman, from Grand Rapids, Michigan. I asked them how the original idea came for talking about a talking Chihuahua.

(BEGIN VIDEOTAPE)

TOM RINKS, WON \$30 MILLION SETTLEMENT FROM TACO BELL: Well, Joe and I, my partner, came up with the concept in 1995. It was a Chihuahua. You know, at the time, no fear was big and big dogs were big (UNINTELLIGIBLE) called top dog, all of these big, giant, mean dogs and tough talk. And we kind of felt the market was about to shift, and that there would be an opening. So, we thought, what could we do that would be different that the kids could pick up? And we just thought we'd go the total opposite of what was happening.

So, we took the weaseliest (ph), tiniest, shakiest little dog, and -- which was the Chihuahua, and make him cool, make him tough and give him some spunk, because we knew everybody would root for the underdog if you gave him a little spirit. So, that was the basic concept behind psycho Chihuahua.

KAGAN: And tell us how you say Taco Bell went around you.

RINKS: Well, they met us at a licensing show that we had taken the dog to, where you can buy characters to put on lunch boxes or whatever you might manufacture. And Taco Bell approached us at that show. We were next to Nickelodeon and Universal Studios, who was releasing "Jurassic Park" at the time.

And two Taco Bell officials came up to us at the show and said, hey, we're looking for a mascot, and we think your dog would be great. So, that kind of started the relationship, and then we worked for a year with them developing the whole campaign for them. And we just -- after the end, after it was finished, they just cut us off.

KAGAN: Attorney Doug Dozeman, let's bring you in here. Doug, it's not easy for a little guy to take on a huge corporation like Taco Bell. What were the odds of a lawsuit like this succeeding?

DOUG DOZEMAN, ATTORNEY FOR THOMAS RINKS: Well, it was a long battle, and we knew it was going to be tough and it was. It took us five-and-a-half years, but we finally got to a jury and finally got to tell our story. And that's what happened.

KAGAN: I want our audience to know that we did get a statement from Taco Bell, and they say: "Taco Bell continues to strongly believe that the Chihuahua character was created by Chiat Day Advertising Agency, not the plaintiff, and we intend to appeal the jury's verdict." So, tens of millions of dollars on the table right now. Doug, Taco Bell says it's going to appeal.

DOZEMAN: Well, of course, that's what all defendants say after they get hit with a big verdict. They tried that same story with the jury, and the jury didn't believe it. And, you know, the facts and the evidence are just overwhelming as to what happened here. And we're confident we're going to prevail.

KAGAN: Tom, it's kind of representative, the little guy taking on the big dog, the satisfaction of winning against a big corporation.

RINKS: Yes, there is a lot of satisfaction. For all of the little guys out there that, you know, do this all of the time, try to up come with a character or something that would, you know, be popular to the world, and it just sends a message to the companies, no matter how big you are, no matter how big of an ego you might have, you know, you just don't take things that don't belong to you. So, I'm glad that we could send that message.

Another settlement in the talking Chihuahua mascot lawsuit

(Grand Rapids, September 11, 2003, 6:35 p.m.) A federal judge has ordered Taco Bell to pay an extra \$11.8 million in interest to two Grand Rapids men who sued the restaurant chain.

Tom Rinks and Joe Shields accused Taco Bell of stealing their idea for an advertising campaign featuring a talking Chihuahua. The ruling brings the total award in the five year legal battle over creative ownership of the mascot to \$42 million for the two Grand Rapids men.