

**Disney V. Sony:**

**An Epic Blockbuster for the Ages**

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### **Abstract**

A couple of years ago, a deal was struck between Sony Pictures and The Walt Disney Company's Marvel Studios. The agreement would allow the Spider-Man character to appear in Marvel's Cinematic Universe [MCU]. In the years to follow, a young British actor by the name of Tom Holland would take on the beloved- web slinging role, appearing next to the likes of Robert Downey Jr., Chris Evans and several other big stars in multiple Avengers' and solo features. As a result, billions of dollars were generated and the overall consensus could not have been better: Spider-Man whole heartedly belonged in the MCU, interacting in the same cinematic world as his fellow superhero friends. Which is why comic book fandom and Hollywood trades were dumbfounded when it was abruptly announced in 2019 that Spider-Man was no longer allowed to participate in Marvel Studios' films. In this paper, I will discuss the events that lead to this bizarre public battle between Sony and Disney, how it relates back to our class lectures and how this war for intellectual property monopolization inevitably saw itself to fruition. Overall, and as you will see while reading this paper, the very root of this narrative is derived from the art of negotiation; an art form that, indeed, exaggerates itself to the highest degree in arguably the most pompous-narcissistic industrial sector that mankind has to offer: The Entertainment Industry. To conclude, the goal of this essay is to demonstrate the several lessons learned throughout this semester and to do so by discussing what I love most: Big film studios, box office records at stake and well... Superheroes.

### Introduction

Before Marvel Entertainment decided to create its studio division in the mid 2000's, the company generated a good portion of its revenue by selling the film rights of its popular characters to other production companies. In 1998, Sony Pictures purchased the film and merchandising rights to the Spider-Man character, although Marvel retained the comic book rights. Basically, the deal stressed that Sony got to keep the rights to the character, as long as they released a Spider-Man movie at least once every five years—the rights would revert back to Marvel if Sony failed to abide by these terms. However, back in 2011, Sony sold the merchandising rights back to Marvel Entertainment, which was now owned by the Walt Disney Company, because Sony was trying to free up capital, due to the company's own financial struggle. At this point, Marvel Studios was not only fully functioning, but they also started to generate billions of dollars at the box office with their popular franchises, like *Iron Man* and *The Avengers*. On the contrary, Sony's *Amazing Spider-Man* series was reaping less and less returns at the box office per film, with 2014's lukewarm *Amazing Spider-Man 2* generating an all time low at the box office for the franchise, grossing just over \$708 million (The Numbers). Therefore, in 2015, Marvel Studios saw Sony's struggles as an opportunity for collaboration, and a deal was struck that would allow Spider-Man to feature in Marvel's films, all while Sony remained in charge of the creative direction, marketing and distribution of the character (Q.Stanford, 2021).

Spider-Man Film	Global Box Office Earnings
<i>Spider-Man</i> (2002, Sony Pictures)	\$821 million
<i>Spider-Man 2</i> (2004, Sony Pictures)	\$794 million
<i>Spider-Man 3</i> (2007, Sony Pictures)	\$894 million

<i>The Amazing Spider-Man</i> (2012, Sony)	\$757 million
<i>The Amazing Spider-Man 2</i> (2014, Sony)	\$708 million
<i>Spider-Man: Homecoming</i> (2017, Sony/ Disney-Marvel)	\$880 million
<i>Spider-Man: Far From Home</i> (2019, Sony/ Disney-Marvel)	\$1.1 billion

Chart via *The Numbers.com*

### Each Studios' Goals

The initial deal between Sony and Disney, in which Disney and Marvel only really profited from the merchandising of the Spider-Man IP, had provided the “House of Mouse” with just 5% of the first dollar gross on the new Spider-Man films (J.Hazelton, 2019). However, and as the chart above exemplifies, 2017’s *Homecoming* and 2019’s *Far From Home* were monster hits for Sony—with the latter being the highest grossing Spidey flick ever at the box office, although it was Marvel—not Sony—who predominantly took the lead on both respective productions. Additionally, it should be noted that part of the reason the new Spider-Man movies were so profitable was because they were both follow ups to huge Disney-Marvel features: 2016’s *Captain America: Civil War* and 2019’s *Avengers: Endgame*. Moreover, Marvel was also incorporating its popular characters, like Robert Downey Jr.’s *Iron Man* and Samuel L. Jackson’s *Nick Fury*, into the rebooted Spider-Man franchise. Hence, between acquiring all of 20th Century Fox’s Marvel IP (X-Men, Fantastic Four, etc) while also balancing existing movie franchises (Thor, Black Panther, etc), it just did not make much fiscal sense for the relationship to continue this way if Disney and Marvel would just be accumulating 5% of the box office revenue for future Spider-Man films—especially when considering the fact that the company was also in the midst of launching their new streaming service, Disney Plus.

As a result, Disney proposed a 50-50 co-financing deal to Sony, whereas both studios would equally put up the money needed to make these Spider-Man movies, but would split the box office revenue in half. However, knowing that the character was too valuable to their organization, Sony downright refused the deal. When discussing their rejection, box office analyst Jeff Block stressed, “Sony’s playing a little hardball right now, ... and they have every right to do so, considering the deal Disney offered is a joke,” (S.Whitten, 2019). After many months of public scrutiny and drama—which this paper will break down—Sony and Disney came to a new agreement: Disney and Marvel would receive 25% of the box office revenue for 2021’s *Spider-Man: No Way Home*, but will have to put up a quarter of the film’s respective budget. Moreover, Disney is allowed to utilize the Spider-Man character for a future non-Sony project, similar to the character’s appearances in the most recent Avenger movies. Additionally, Sony is now allowed to feature this specific version of Spidey in their Marvel spin-off movies, like the *Venom* and *Morbius* franchises—which Disney would not allow Sony to do under their original contract, as they did not want the MCU to be associated with those motion pictures (T.Bacon, 2019).

### **Bargaining Style**

When the news leaked that there was an apparent fallout between Disney and Sony, both studios took different approaches to responding. Specifically, Sony took a public approach and released a statement that said, “We are disappointed, but respect Disney’s decision not to have him [Kevin Feige, President of Marvel Studios] continue as a lead producer of our next live action *Spider-Man* film. We hope this might change in the future, but understand that the many new responsibilities that Disney has given him – including all their newly added Marvel properties – do not allow time for him to work on IP they do not own,” (J.Hazelton, 2019).

Undoubtedly, Sony used this press release as an opportunity to put all of the blame on Disney, stressing that it was their “decision” and that Feige was no longer able to work on the Spider-Man films. Overall, the goal was to depict Disney as the antagonist throughout this negotiation, all while Sony wanted to claim their innocence to their cherished consumers. Meanwhile, Disney and Marvel refused to comment on the matter, which only made the outside world more curious over the company’s viewpoint on it all. With that being said, and despite Sony’s attempt to look like the good guy, consumers were still furious that they were not willing to meet Disney’s greedy demands, as they desperately wanted to continue to see Spider-Man interact with other MCU characters.

### **Authority and Leverage**

Because of the mass devotion that fans have for Marvel Studios and the freedom that Disney has given Marvel to operate, it is paramount to discuss the absolute leverage that the organization had throughout this negotiation. Dating all the way back to 2008, Marvel Studios put themselves on a journey that would not only generate billions of dollars in revenue, but would break box office records, establish new cinematic trends for competing studios to follow (including Sony) and would completely revolutionize pop culture with the likes of *Black Panther* and *Captain Marvel*, which looked to destigmatize racism and sexism. Diving more deeply into these claims, Marvel Studios was the first to create a shared universe amongst its characters, which now spans across over twenty movies and multiple television shows. Furthermore, 2018’s *Black Panther*, which features a predominately African American cast, was the first ever comic book movie to be nominated for Best Picture at the Academy Awards. And lastly, 2019’s *Avengers: Endgame* broke the all time box office record, as it accumulated well over \$2.7 billion worldwide (The Numbers). Therefore, it is not a shocker to learn that when the news broke that

Sony would no longer allow Marvel to utilize its Spider-Man intellectual property, multiple protests at Sony’s New York office—with over 16,000 fans signed up— were planned (D.Libbey, 2019). Hence, even if Disney was being too greedy with their respective demands for a new deal, comic book fans did not care; they wanted Spider-Man’s story in the MCU to continue and they did not care how much it would cost.

<b>Top Grossing MCU Films</b>	<b>Worldwide Gross</b>
<i>Avengers: Endgame</i> , 2019 (Disney)	\$2.7 billion
<i>Avengers: Infinity War</i> , 2018 (Disney)	\$2 billion
<i>The Avengers</i> , 2012 (Disney)	\$1.5 billion
<i>Avengers: Age of Ultron</i> , 2015 (Disney)	\$1.3 billion
<i>Black Panther</i> , 2018 (Disney)	\$1.3 billion

Chart via *The Numbers.com*

However, despite the critical acclaim that Marvel Studios has received, the company’s success did not mean that Sony had zero leverage throughout this negotiation. When discussing the importance of the Spider-Man character, media influencer Jeremy Conrad explained, “Spider-Man is a normal person thrust into spectacular situations and [he has] amazing powers, and people can identify with him,” (D.Russo, 2020). Adding on to Conrad’s statement, Spider-Man’s box office numbers justify how mighty his presence can be—even without the involvement of Marvel Studios. As the chart on pages two and three highlight, the Sony based Spider-Man movies have grossed as high as \$894 million with 2007’s *Spider-Man 3* (which was an all time box office record for the franchise until 2019), and only as low as \$708 million with 2014’s *Amazing Spider-Man 2*—which, by all means, is nothing to sulk over (The Numbers). Therefore, it was not as if Sony needed Disney and Marvel Studios involved to make money off of these movies. Indeed, Marvel and Disney had rejuvenated the franchise, especially with the

success of 2019's *Spider-Man: Far From Home*, but as box office analyst Shawn Robbins put it, “Spider-Man has proven to be one of the most lucrative franchises in history,” with or without Disney (D.Russo, 2020).

Moreover, feeling inspired by what Marvel Studios was able to do with its library of superheroes, Sony wanted to create its own cinematic universe for Spider-Man. This would give supporting characters in the Spider-Man catalogue their own solo outings, eventually developing into huge-Avengers-like crossovers that feature the webslinger, himself. But unfortunately, and as mentioned earlier, Marvel and Disney prohibited Sony from associating Spider-Man with these spin-off movies, as they did not want their sacred brand to be associated with whatever the company had in mind. Yet 2018's *Venom*, which was a motion picture about the infamous Spider-Man villain of the same name, accumulated over \$850 million globally at the box office (The Numbers). With that being said, the success of *Venom* confirmed two facts for Sony: First, there is still a need in the marketplace for Spider-Man IP that does not involve Disney. Second, and perhaps more importantly, millions (if not billions) of dollars would be left on the table if they bowed down to Disney, not allowing Spider-Man to participate in this new universe they had created—just imagine how much more revenue could have been generated if Spider-Man was allowed to feature in *Venom*. When discussing the popularity of the Spider-Man catalogue, comic book insider Daniel Richtman emphasized that “Spider-Man has the best and most well known Rogues Gallery beside Batman,” (D.Russo, 2019). Meaning, whether Sony worked with Disney or not, corporate executives were bullish on the future profitability of Spider-Man movies.

### **Relationships**



At the end of the day, what got this feud resolved was the influential relationships between the respective parties involved. Most importantly, Tom Holland, the actor who currently plays Spider-Man, personally called then Disney CEO, Bob Iger, asking for him to try and make amends with Sony after their joint venture with the intellectual property fell apart. When discussing his interaction with Iger, Holland explained, “I was really emotional because I felt like it was all coming to an end... the future of Spider-Man was very bright,” (S. Drury, 2019). Truly, Holland relied on his vulnerability and humanness to connect with Iger, which were likely traits that were missing from this whole debacle in the first place. Having said that, when Iger discussed the dialogue he had with the young actor, he recalled, “I think I said to him, ‘Stand by’ or ‘Trust me. I will try.’ I immediately got on the phone afterward and started trying,” (J. Riddlehoover, 2019). In short, Holland’s willingness to remove his ego from the equation and to solely focus on the movies Sony and Disney made together, what it had all meant to him, as well as just how exciting the future can be for the franchise, was enough to convince Iger to reach out to Sony again—which inevitably led to a new agreement.

Furthermore, the involvement of Marvel Studios’ Kevin Feige and Sony’s Amy Pascal should also be noted. To explain, Feige is the President and Chief Creative Officer at Marvel Studios and Pascal is a lead producer at Sony, who predominantly oversees the company’s comic book blockbusters. When discussing the completion of a new agreement between Disney and Sony, Feige responded by saying, “I am thrilled that Spidey’s journey in the MCU will continue, and I and all of us at Marvel Studios are very excited that we get to keep working on it,” (C. Bonomolo, 2019). Additionally, Pascal highlighted that, “This has been a winning partnership for the studios, the franchise and the fans and I’m overjoyed it will continue,” (C. Bonomolo, 2019). To piggyback off of Pascal’s comments, although each studio would more than survive if a new

deal was not agreed upon, this absolutely has been a winning partnership for both organizations and the potential for profitability has never been greater. This is because the combined catalogue of characters and stories that both Marvel and Sony can utilize for these Spider-Man movies is incredible. For example, 2021's *Spider-Man: No Way Home* will not only feature Marvel's Benedict Cumberbatch, who plays Doctor Strange in the MCU—his 2016 solo feature grossed over \$676 million globally at the box office (The Numbers)—but also Jamie Foxx's Electro from *The Amazing Spider-Man 2* and Alfred Molina's Doctor Octopus from 2004's *Spider-Man 2*; combined, these two Spider-Man movies accumulated over \$1.5 billion worldwide at the box office, respectively (The Numbers).

### **Closing Remarks**

This was a negotiation that was fueled by egoism, leverage and good ol' fashion Hollywood drama. Undoubtedly, it fiscally makes more sense for Sony and Disney to work together, enabling Marvel Studios to include Spider-Man in future projects. Especially since Marvel no longer has the likes of Robert Downey Jr. (Iron Man) or Chris Evans (Captain America) to work around, as their contracts have come to fruition, as well as Chadwick Boseman (Black Panther), who tragically passed away last summer. Therefore, by putting Tom Holland and his Spider-Man act at the forefront of the MCU, Marvel will have a much easier time introducing new characters that can carry future stand alone projects; just like *Captain America: The Winter Soldier* did for Anthony Mackie (The Falcon) and Sebastian Stan's (The Winter Soldier) characters, as they now have a new show out on Disney Plus called *The Falcon and the Winter Soldier*. Moreover, if Sony is able to get Marvel characters—in addition to Spider-Man—in future *Venom*, *Morbius*, or other comic book movies, it could only add box office value.

However, while it all sounds like a win-win scenario, the future of the Disney-Marvel-Sony relationship is unknown. When discussing the relationship, journalist Thomas Bacon wrote, “There's a crucial difference between this latest Spider-Man deal and the one reached in 2015. That original agreement promised an entire range of Spider-Man blockbusters, whereas this one covers only two films [A solo Spider-Man project and an untitled Marvel Studios movie]. It's unclear what Marvel and Sony intend once those two movies have been made; will the studios return to the negotiating table, or are they finding a way to wind this partnership down?” (T.Bacon, 2019). Overall, the future of Spider-Man’s relationship with Disney will likely be determined by an array of factors: The box office revenue generated from the next film, *Spider-Man: No Way Home* (which may be compromised because of the pandemic), the critical acclaim received for the movie, Tom Holland’s willingness to sign a new deal, Sony’s ambition to sign him to a multi-million dollar contract, as well as the studio’s interest in developing a Miles Morales-Spider-Man film—a bi-racial version of the character—which could very well sideline Holland, or at least downsize him to that of a supporting role within the franchise.

If I were a guessing man, I would say that Disney and Sony will find a way to extend their respective relationship. Especially considering the fact that an agreement was recently put in place that would allow Disney’s streaming service, Disney Plus, to stream Sony’s Marvel movies on its platform. Therefore, consumers will likely see Spider-Man fighting alongside The Avengers for a long time, but if that is not the case, we can at least hope for another studio feud to keep us entertained.

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