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Apparently, “It Ends With … $407,000” A Blake Lively/Justin Baldoni Update for Employers

California Employment Law Update on **September 1, 2026**

When we last checked in on the Hollywood drama playing out in *Lively v. Wayfarer Studios LLC*, a federal court had permitted Blake Lively’s California Fair Employment and Housing Act retaliation claim to proceed, and the case was headed toward a May 2026 trial. In the months since, the parties have settled the case—but not before leaving employers with at least one more lesson about the risks of responding to workplace allegations with a defamation claim.

In a related action, Justin Baldoni, Wayfarer Studios, and others brought a seven-count lawsuit against Lively that included a defamation claim based on her allegations of sexual harassment and retaliation that occurred during the production of *It Ends With Us*. The court dismissed the defamation claim and later held that Lively was entitled to recover her reasonable attorneys’ fees and costs under California Civil Code section 47.1. The court has now ordered the plaintiffs to pay Lively $363,245 in attorneys’ fees and $44,206 in costs—a total of approximately $407,000.

Section 47.1, which took effect in 2024, protects communications made without malice concerning sexual assault, harassment, discrimination, or retaliation personally experienced by the speaker, provided the speaker had a reasonable basis to make the statement. If the speaker succeeds in getting the defamation claim dismissed, the statute mandates the payment of the speaker’s reasonable attorneys’ fees and costs—and also authorizes treble and punitive damages. Although the court denied Lively’s request for damages because she sought them through a post-judgment procedure that permits only fees and costs, the resulting award appears to be the first ever issued under Section 47.1.

Significantly, the court had dismissed the defamation claim on other grounds, including California's fair-report privilege (which protects fair and true reports of statements made in official proceedings). However, that did not prevent Lively from recovering under Section 47.1. In its June 2026 ruling, the court concluded that the statute applies whenever a defendant prevails against a defamation claim involving a qualifying communication, regardless of the basis of the dismissal.

Lively did not, however, receive a blank check. She had requested approximately $7.5 million in fees and $540,000 in costs. The court found Lively's lawyers' hourly rates, ranging between $1,551 and $2,795 for partners and $1,275 and $1,573 for associates at one of her law firms, to be "reasonable." However, according to the court, the lawyers' "blunderbuss approach," vague billing records, and failure to segregate work attributable only to the defamation claim made it impossible to determine precisely how much time was recoverable. The court also excluded fees incurred after the defamation claim was dismissed, as well as time spent on media relations and other work not necessary to its defense. In the end, the court simply doubled the amount of "reasonable attorneys' fees" awarded to another party in connection with its successful defense of the defamation claim arising from the same statements.

The ruling is a federal trial court's first-impression application of a relatively new California statute, and the parties waived appellate review as part of their settlement. Employers should think twice before filing a defamation action against an employee/independent contractor for making a statement that is otherwise privileged under the law. The decision adds another California-law risk to those already identified in our earlier post: Regardless of whether a worker is classified as an independent contractor or employee, responding to allegations of workplace harassment, discrimination, or retaliation with an unsuccessful defamation claim may leave the employer paying both sides' legal bills. It seems that in this sequel, at least, "*It Ends With* … $407,000."

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