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Pryor Cashman Wins \$4 Million Award For German Film Distributor VCL Communications GmbH

Pryor Cashman successfully represented German film distributor VCL Communications GmbH (“VCL”) in obtaining a \$4 million award (plus pre- and post-judgment interest) against Crystal Sky, LLC (“Crystal”) in a case pending in the U.S. District Court for the Central District of California. The case involved Crystal’s failure to comply with a settlement agreement executed by the parties that had resolved a prior dispute between VCL and Crystal regarding the distribution rights throughout German-speaking Europe to certain motion pictures, including the film *Ghost Rider*.

VCL asserted a claim against Crystal for breach of contract for its failure to pay the settlement amount pursuant to the agreement, and a claim for promissory fraud against Crystal and its Chairman and CEO, Steven Paul, alleging that they induced VCL to execute the parties’ settlement agreement and thereby forego enforcement of valuable distribution rights without ever intending to pay VCL for its decision to do so.

Crystal asserted a counterclaim against VCL for breach of contract and a counterclaim against VCL and its Managing Director, Datty Ruth, for intentional interference with prospective economic advantage, alleging that their disclosure of the settlement agreement to third parties violated a confidentiality provision contained in the agreement and detrimentally affected certain third-party business opportunities.

Pryor Cashman, on behalf of VCL, moved for summary judgment on its claims and Crystal’s counterclaims. In her September 22, 2009 decision, Chief Judge Audrey B. Collins granted summary judgment on VCL’s breach of contract claim, holding that Crystal had undisputedly failed to make the monetary payments as outlined in the settlement agreement and that its defense for its failure to pay the settlement amount, *i.e.*, that it had offset the settlement amount by “putting” certain films to VCL pursuant to the agreement – was unsupported by any concrete, specific evidence.

Judge Collins also dismissed Crystal’s counterclaims against VCL and Ruth, holding that the disclosure of the settlement agreement to certain third-parties did not breach the confidentiality provision in the agreement and that, in any event, did not result in any damage to Crystal, and that Crystal failed to present any admissible evidence that the plaintiffs engaged in any wrongful conduct sufficient to state a claim for intentional interference with prospective economic advantage.

Finally, although Judge Collins considered defendants' position to be weak with respect to the promissory fraud claim, she held that a ruling on the promissory fraud claim is best left for a jury and, thus, ordered that a trial proceed on that claim.

Pryor Cashman Partner David Rose and Counsel W. Wilder Knight, II, with the assistance of senior associate Joshua Lipman, represented VCL Communications and Datty Ruth.

To read the opinion of the Court, please [click here](#).