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**CULHANE
MEADOWS**^{PLLC}
Big Law for the New Economy

Here Come the Lawsuits

Texas Lawyer

What's Happening:

COVID-19 is affecting supply chains and causing event cancellations like South by Southwest (SXSW), the annual film, interactive media, and music festival that takes place in mid-March in Austin. Lawyers say affected businesses will start looking to their insurance providers to make up their losses.

But while companies losing money are likely to file claims, lawyers expect insurance providers to argue that COVID-19 disruptions aren't covered by the policies. With so much money on the line, this could spark litigation by the policyholders against their insurers, according to a recent story by Angela Morris.

The fallout will hit the bottom lines of businesses so hard that attorneys on the front line predict litigation to follow. The potential scope of future litigation is enormous, according to another recent story by Morris.

What It Means for You:

Commercial litigators are going to be fielding a lot of calls.

Like Stephanie Curtis, Richard G. Grant, a partner and bankruptcy chair at Culhane Meadows in Dallas, said he anticipates that the supply chain disruptions caused by the coronavirus outbreak will be huge for corporate bankruptcy attorneys.

"People are not going to be able to meet their debts and they're going to be looking for solutions," Grant said.

"And if there are enough zeroes involved, Chapter 11 can help everybody. I think bankruptcy is really about letting everybody face economic reality, and I think we have a new economic reality coming," Grant added.

But first will come the breach-of-contract battles, Grant said.

What You Should Do (If You're a Commercial Litigator):

Prepare to fight over "force majeure" clauses.

SXSW cancelled and they're not giving any refunds. This is one of the first big event closures in Texas that will affect hundreds of vendors and small businesses, said Grant.

“I’m working on the presumption that they’re relying on their force majeure clause because it’s an overt act of God, and they had to cancel it, and therefore they believe they don’t owe any penalties for not refunding your money,” Grant explained.

“On the litigation side, I think force majeure issues are going to be at the core of it. It’s human nature that when you can’t pay a bill that rather than admit the problem is with you and you’re struggling and need to find new streams of revenue and ways to improve your business model, people tend to litigate it because that’s the only choice they have,” Grant said.

“If someone thinks they’re owed, you sue them, they countersue, and you start arguing about who did what to whom. It’s kind of like trying to decide who has the coronavirus instead of trying to work on the vaccine,” Grant added.

Questions You Should Be Asking (If You're Considering Filing a Breach of Contract Suit):

Per Grant:

- **Have you brought out your contract and read it? If so, have you looked at the big picture of why you are not getting paid as opposed to breach of contract?** If they’re an insurance company, that’s one thing if you’re suing them for breach of contract because the reality is they shouldn’t have breached it. In a perfect world, nobody breaches a contract.
- **Have you thought about what the core issue is?** For instance, did the other side breach because they wanted to and were intentionally trying to harm you or are they in the same pickle as you are in?
- **Will suing somebody yield any cash flow?** Damage is being done to the country and we all have to deal with it.

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The largest woman-owned national full-service business law firm in the U.S., Culhane Meadows fields over 70 partners in ten major markets across the country. Uniquely structured, the firm’s

Disruptive Law® business model gives attorneys greater work-life flexibility while delivering outstanding, partner-level legal services to major corporations and emerging companies across industry sectors more efficiently and cost-effectively than conventional law firms. Clients enjoy exceptional and highly-efficient legal services provided exclusively by partner-level attorneys with significant experience and training from large law firms or in-house legal departments of respected corporations. U.S. News & World Report has named Culhane Meadows among the country's "Best Law Firms" in its 2014 through 2020 rankings and many of the firm's partners are regularly recognized in Chambers, Super Lawyers, Best Lawyers and Martindale-Hubbell Peer Reviews.