

# At the Side of a Client under Siege

Client:	<b>Telecommunications services company</b>
Industry:	Telecommunications
Areas of Law:	Contracts, Global Sourcing
Venue:	American Arbitration Association
Result:	Defeat of large vendor's \$7 million claim, securing instead an award of more than \$1.5 million to our client



*“The Panel... concludes that [the vendor’s] unequivocal written notice to [the telecom company] that it would cease providing all services under the Agreement constituted an anticipatory repudiation—and a material breach—of the Agreement.”*

—Award of Arbitrators, American Arbitration Association

When our small business telecommunications services client encountered a much larger adversary in a dispute that threatened the company’s very existence, it turned to Pillsbury. And in an arbitration decided in 2014, our client decisively prevailed.

Pillsbury has represented this company since the late 1980s. During 2012, a major dispute erupted, and escalated, between our client and its most important business partner—a large, publicly traded corporation that handles all of our client’s billing (including calculating usage, printing and sending bills, processing payments and other support). Our client had terminated several contracts relating to the vendor’s failed implementation of a new billing system for a separate line of business. The vendor not only rejected that termination; in retaliation, it ceased services under long-standing contracts that our client had not sought to terminate.

As matters escalated, the vendor ultimately notified our client that it would stop providing all services—including mission-critical operations that our client had relied on for 20 years.

The vendor then filed an arbitration demand seeking more than \$7 million for the initial contract termination. Our client counter-claimed for damages arising from the vendor’s anticipatory repudiation of the long-standing support relationship.

After a weeklong arbitration hearing, and before final briefing and closing argument, the three-arbitrator panel ordered the vendor to produce thousands of documents it had improperly withheld. That proved to be a decisive interim ruling.

In April 2014, the arbitrators issued their final ruling: on the vendor’s \$7 million claim, they awarded just \$20,570. The arbitrators then granted our client \$753,300 in damages and approximately \$800,000 in attorneys’ fees and arbitration costs.