Bond Case Briefs

Municipal Finance Law Since 1971

BOND SPATS - DELAWARE

Preston Hollow Capital LLC v. Nuveen LLC

Court of Chancery of Delaware - August 13, 2019 - A.3d - 2019 WL 3848518

Investment firm filed suit against competitor, pleading four counts, including defamation. Investment firm also filed motion for preliminary injunction and requisite motion to expedite.

The Court of Chancery granted the motion to expedite and directed parties to proceed to trial on request for permanent injunctive relief. Competitor filed motion to dismiss. In light of impending trial, the Court issued partial bench decision, granting motion to dismiss in part, denying it in part, and withholding decision on defamation claim and asking parties to file supplemental submissions regarding whether final injunctive relief may issue to enjoin defamation.

The Court of Chancery Vice Chancellor, held that:

- Purportedly-defamatory statements were oral communications, which met standard for slander per se;
- Equity would not enjoin future defamation; and
- Damages may be available should investment firm elect to transfer to court of law.

Purportedly-defamatory statements were oral communications, which met standard for slander per se, and therefore the Court of Chancery would consider defendant-investment firm's motion to dismiss plaintiff-investment firm's defamation claim under five-factor standard for defamation; defendant communicated false statements to banks, which were plaintiff's potential business partners, in a manner that those parties understood were of defamatory character, to plaintiff's detriment.

Equity would not enjoin future defamation, and therefore the Court of Chancery lacked jurisdiction to hear investment firm's defamation claim in which it sought an order preventing its competitor from engaging in further unlawful and tortious communications with lenders, broker-dealers and other participants in high yield municipal bond market; no exception, including trade libel exception, applied to general rule that actions for defamation were reserved for law courts, not Chancery.

Although investment firm's claim seeking to enjoin any and all new defamatory statements made against it by competitor would be dismissed by the Court of Chancery for lack of jurisdiction, should investment firm elect to transfer, and if the case proceeds at law, damages may be available, and, in the alternative, investment firm may pursue solely its tortious interference and statutory claims, and, if successful, seek equitable relief in the Court of Chancery.

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com