

Jury Awards 5 Million Dollars to San Diego Software Company

On May 1, 2006, a San Diego jury awarded 5 Million Dollars to SourcingLink.net, Inc., a San Diego based software company for fraud and breach of contract after a 5-week jury trial in the San Diego Superior Court. SourcingLink was represented by Callahan & Blaine attorneys Daniel J. Callahan and Brian J. McCormack.

The Plaintiff, SourcingLink, headquartered in San Diego, California and a manufacturer of software used by the retail industry, sued Carrefour, S.A., a French corporation, claiming breach of contract and fraud. SourcingLink entered a contract with Carrefour in 1999 to provide software linking Carrefour with its 24,000 suppliers worldwide over the Internet. The jury found that Carrefour defrauded SourcingLink into providing a release of liability arising from a breach of this contract based upon the promise that Carrefour would enter into a software license agreement with SourcingLink. The jury found that Carrefour had no intention to enter this latter agreement and, in fact, used another software system to perform many of the same functions. The jury also found that Carrefour breached a second service contract which also called for the execution of a software license agreement.

Carrefour, the second largest retailer in the world with over 100 Billion Dollars in annual sales has stores in 30 countries and 4 continents but none in the United States, was represented by the international law firm of Clifford Chance through its senior trial counsel, Peter R. Chaffetz (New York City) and Daniel R. Harris (Palo Alto). Carrefour denied SourcingLink's claims and

asserted that there was no breach of the first contract, no agreement to enter a software license agreement and even if such agreement or breach existed. SourcingLink's claims were time barred. In cross-examination by senior trial counsel, Daniel J. Callahan, Carrefour's defenses were impeached through critical admissions of key employees there was no intent to perform the later agreement. Rather, the intent was to procure a release to avoid liability arising from the first contract and to lead SourcingLink to believe that Carrefour would enter a software licensing agreement until the time passed to file a lawsuit on the breach of the first contract. The jury did not believe the testimony of the Carrefour witnesses and concluded that its actions were indeed fraudulent.

Mr. Callahan stated: *"I am pleased with the jury's decision and grateful that we received such an attentive and diligent jury that deliberated for four days weighted the evidence and made the right decision."*

Post trial pleadings are being filed to recover attorneys' fees, costs and prejudgment interest which are expected to increase the judgment by several million dollars.

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