

## 3D Systems

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## A Profile of Legal Success Demonstrates How Businesses Should Handle Breach of Contract Claims

This case study was published by *Columbia Business Monthly* in its August 2016 "Legal Elite" edition.

3D Systems is an international leader in its sector, providing a suite of 3D products and services, including printers, print materials, on-demand manufacturing services, and digital design tools, that support advanced applications for a range of industries – from manufacturing to healthcare.

When its acquisition of certain web domains became the center of a lawsuit alleging 3D Systems breached its contract and the implied covenant of good faith and fair dealing, the company turned to Nexsen Pruet for legal counsel.

Together with trial lawyers Thom Benedict and Dawn Sugihara from Goodwill Anderson Quinn & Stifel, Nexsen Pruet as national counsel led the trial team to secure a successful outcome on behalf of the company. The case provides perspective on issues involving alleged breaches of contract and the appropriate way to handle related business litigation defense matters when they arise.

### *Ronald Barranco v. 3D Systems Corporation*

In April 2011, 3D Systems purchased certain web domains owned by Ronald Barranco. In August 2013, Mr. Barranco filed a complaint asserting multiple causes of action, including among other things, fraud, negligent misrepresentation, breach of contract, and breach of the implied covenant of good faith and fair dealing.

After Nexsen Pruet filed a motion for summary judgment seeking to dismiss the claims, the Court granted that motion in 3D Systems' favor in large part and also dismissed the claims against the former CEO and CFO. Following motions before and during trial, only two of the original seven claims remained for trial.

In 2016, Nexsen Pruet and the attorneys from Goodsill Anderson Quinn & Stifel, as well as co-counsel from the Bradley Firm, went to trial on behalf of 3D Systems on the two remaining claims for breach of contract and breach of the implied covenant of good faith and fair dealing. 3D Systems also filed a counterclaim, asserting that Mr. Barranco had violated his non-competition covenant with 3D Systems. The counterclaim, likewise, went to trial against Mr. Barranco.

On May 27, 2016, a jury found that 3D Systems was not liable for either breach of contract or breach of the covenant of good faith and fair dealing. It also found in favor of 3D Systems on its counterclaim, determining that Mr. Barranco did, in fact, violate his non-competition covenant with the company.

## What Businesses Can Learn from This Case

First and foremost, any business confronting a breach of contract complaint should seek legal counsel. That counsel not only should be well versed in the legal issue(s) at hand, but also should have a deep understanding of their client's business and how it operates. They should have a thorough understanding of the jurisdiction in which the matter will be heard.

While the attorneys of Nexsen Pruet have a deep understanding of contractual concerns in today's business operating environment as well as a broad-based knowledge of 3D Systems' business, they saw the wisdom of working closely with the lawyers of the Hawaiian-based firm of Goodsill Anderson Quinn & Stifel. The skilled trial attorneys know the region in which the case was being tried, inside and out, and they played a critical role in the success of the case, helping 3D Systems navigate the specific jurisdictional legal requirements.

With the support of appropriate legal counsel, businesses should then assess the facts by asking themselves pointed questions, including whether there is any validity to an alleged breach of contract claim or any other related claims.

As in the case of 3D Systems, the answer to these questions was a categorical "no." That is why Nexsen Pruet filed a motion for summary judgment to dismiss the seven claims asserted in the original complaint. While the case went to trial on two of the remaining claims, five were thrown out before or during the trial – a victory in itself for 3D Systems.

Once the facts have been determined, businesses – together with their legal counsel – should identify the most suitable defense and determine whether the plaintiff violated his or her own contractual obligations to the business. This, of course, depends on the events that occurred leading up to the dispute and the nature of the disagreement.

In their defense of 3D Systems, Nexsen Pruet argued that Mr. Barranco simply had no grounds to substantiate any breach of contract claims and that the only party who violated any sort of contractual obligation was Mr. Barranco himself. The jury found in favor of 3D Systems on its counterclaim and determined that Mr. Barranco violated his non-competition covenant with the company.

*"From the beginning of the engagement through the jury verdict and post-trial matters, the lawyers at Nexsen Pruet were true partners with 3D Systems. They took the time to fully understand our business, the facts and our legal objectives surrounding this case. They were consummate professionals throughout and their dedication, exemplary legal skills and practical counsel created an effective and efficient working relationship that ultimately led to a complete victory for our company."*

- Andrew M. Johnson  
Executive VP, Chief Legal Officer & Secretary  
3D Systems

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