

## Chancery Court Emphasizes Nexus Between Unclean Hands Defense and Asserted Claims

Mark E. Felger and Kaan Ekiner discuss Vice Chancellor Morgan T. Zurn's motion to strike the defenses of unclean hands and *in pari delicto* in *Pilot v. Greg Abel* in the *Delaware Business Court Insider*. There, the Vice Chancellor found that the defenses lacked a sufficient nexus to the contractual claims asserted by the plaintiff. The dispute arose following Berkshire Hathaway's acquisition of an interest in Pilot Travel Centers LLC (PTC). The plaintiff alleged that the defendants' actions, particularly their implementation of pushdown accounting without consent, which would reduce the value of the plaintiff's put right, violated the plaintiff's contractual rights. The defendants asserted several affirmative defenses, including unclean hands and *in pari delicto*, based on allegations that the plaintiff's "authorized agent" promised "illicit side payments to numerous PTC senior executives in order to unjustly increase the value of its put right."

The Vice Chancellor determined that the defendants' assertions in support of their unclean hands defense lacked direct correlation to the plaintiff's contract claims and therefore should be stricken. The Court of Chancery noted that it "is not an avenger of wrongs committed at large by those who resort to it for relief." Unclean hands may only apply when inequitable conduct has an essential nexus to the claims under which relief is sought, particularly because many litigants would take the opportunity to negatively portray their opponent.

To read more, [click here](#).



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