

News

Duvall and Wright Obtain Significant Judgment

February 15, 2011

Press Release

Recently, Gabrielle Duvall and Jonathan Wright of the Commercial Litigation/Bankruptcy group obtained a significant judgment on behalf of a large non-institutional commercial lender in a lien priority dispute with a national bank association. The United States Bankruptcy Court for the Eastern District of Virginia presided over contentious two-year litigation involving the common-law doctrine of equitable subrogation. After consideration of multiple briefs from the parties, and oral argument, the Court granted summary judgment in favor of the commercial lender, finding that its original loan had priority and the bank's loan could not be equitably subrogate to a senior lien position. Specifically, the Court held that the bank, as assignee of a loan it purchased after notice of the litigation, was not entitled to the equitable rights of its assignor. The judgment was a positive resolution to a complex matter, and protects parties from universal application of subrogation to limit their rights.