

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

VILLAGE ROADSHOW
ENTERTAINMENT GROUP USA INC., *et*
*al.*¹,

Debtors.

Chapter 11

Case No. 25-10475 (TMH)

(Jointly Administered)

Related to Docket Nos. 11, 197, 240, 277

Sale Objection Deadline: May 12, 2025 4 p.m. EST

Sale Hearing Date: June 10, 2025 10 a.m. EST

**MOONSHOT ENTERTAINMENT, INC.’S LIMITED
OBJECTION AND RESERVATION OF RIGHTS TO SALE
OF THE DEBTOR’S ASSETS AND ENTRY OF A SALE ORDER**

Moonshot Entertainment, Inc. (“Moonshot”) hereby submits its Limited Objection and Reservation of Rights to Sale of the Debtor’s Assets and Entry of a Sale Order in accordance with the deadline established by the Court’s *Order (I) Approving Bid Procedures for the Sale of The Debtors’ Assets, (II) Authorizing the Debtors’ Entry Into the Stalking Horse APA and Approving Bid Protections Thereunder, (III) Scheduling an Auction for, and Hearing to Approve, Sale of the Debtors’ Assets, (IV) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (V) Approving Assumption and Assignment Procedures, and (VI) Granting Related Relief* [Docket No. 240] (the “Bid Procedures Order”).

¹ The last four digits of Village Roadshow Entertainment Group USA Inc.’s federal tax identification number are 0343. The mailing address for Village Roadshow Entertainment Group USA Inc. is 750 N. San Vicente Blvd., Suite 800 West, West Hollywood, CA 90069. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors and the last four digits of their federal tax identification is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.veritaglobal.net/vreg>.



1. Moonshot and Village Roadshow Entertainment Group USA Inc. (the “Debtor”) are parties to that certain First Look Deal Summary dated as of July 1, 2022 (the “Agreement”)². The Agreement provides that during its term, Moonshot will submit to the Debtor, on a “first look” basis, certain of Moonshots’ ideas, concepts and projects (each a “Submitted Project”). In exchange, the Debtor was required to pay to Moonshot monthly installments over three years to cover overhead, as specifically set forth in the Agreement. A Submitted Project would be evaluated by the Debtor which would either reject the project or approve it. Once approved, the project becomes an “Approved Project.” With respect to an Approved Project, the Agreement provides, among other things, that the Debtor will actively develop the project in collaboration with Moonshot. The Agreement then contains obligations of the Debtor and Moonshot with respect thereto, including that the Debtor will provide Moonshot with executive producer credit.

2. At this time, there is one Approved Project – entitled *Tightrope*. *Tightrope* became an Approved Project in early 2023, but substantial additional steps are required in furtherance of the project.

3. In its *Notice of Possible Assumption and Assignment of Certain Executory Contracts* [Docket No. 293] (the “Notice of Possible Assumption”), the Debtor listed the Agreement as an executory contract that the Debtor may seek to assume and assign to a buyer as part of the sale of assets contemplated in the Debtor’s motion to sell assets [Docket No. 11]. The Notice of Possible Assumption also states that the “cure amount” due under the Agreement is \$797,420.50. Moonshot does not challenge the cure amount.³

² The First Look Agreement is not attached due to confidentiality provisions contained therein. The Debtor has a copy of the First Look Agreement. If any of the issues raised herein are contested, Moonshot is willing to work with the Debtor and other interested parties, as may be necessary, in order to provide the First Look Agreement on a confidential basis and/or to file it under seal in accordance with the Court’s Local Rules.

³ Moonshot recognizes that the Debtor has reserved the right to (i) argue that any contract included on the Notice of Possible Assumption is not executory, (ii) remove any executory contract from the assumption and assignment list or

4. Moonshot submits the Agreement is executory given the many material unperformed obligations of both parties thereunder, some of which are described in Paragraphs 1 and 2. Moonshot further asserts that any buyer who seeks to acquire the Debtor's rights in *Tightrope* may only do so subject to the terms of the Agreement and pursuant to the assumption and assignment provisions of 11 U.S.C. § 365.

5. In order to assume and assign the Agreement, the Debtor must satisfy 11 U.S.C. § 365(b)(1). Section 365(b)(1) provides in pertinent part, as follows:

“If there has been a default in an executory contract ... of the debtor, the trustee may not assume such contract... unless, at the time of assumption of such contract..., the trustee...(A) cures, or provides adequate assurance that the trustee will promptly cure, such default...(B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract... for any actual pecuniary loss to such party resulting from such default; and (C) provides adequate assurance of future performance under such contract...”

6. Moonshot does not yet know the identity of the proposed buyer of the Studio Business as the Debtor's Stalking Horse Buyer has indicated that it is buying only the Library Assets. It is Moonshot's understanding that the Agreement – and *Tightrope* – would be included in the Debtor's Studio Business (as defined in the Debtor's sale motion). Accordingly, Moonshot reserves all rights with respect to the issue of adequate assurance of future performance.

7. In addition to the foregoing, the Debtor must also comply with 11 U.S.C. § 365(c)(1). Section 365(c)(1) provides in pertinent part, that the Debtor:

“...may not assume or assign any executory contract... of the debtor, whether or not such contract...prohibits or restricts assignment of rights or delegation of duties, if...(1)(A) applicable law excuses a party, other than the debtor, to such contract...from accepting performance from *or rendering performance to* an entity

(iii) alter the cure amount, and has requested the right to seek to remove a contract or alter the cure amount at any time up to three (3) business days prior to the sale closing date. Moonshot hereby reserves its right to address any such argument, removal or alteration if it occurs.

other than the debtor or the debtor in possession, whether or not such contract...prohibits or restricts assignment of rights or delegation of duties; and (B) such party does not consent to such assumption or assignment...” (emphasis added)

8. As both the Debtor and Moonshot are headquartered in California, the “applicable law” referenced in section 365(c)(1) includes the law of the state of California. California law requires Moonshot’s consent in order for the Debtor to transfer its obligations under the Agreement to a third party. *See* Cal. Civ. Code, § 1457 (“The burden of an obligation may be transferred with the consent of the party entitled to its benefit, but not otherwise, except as provided by Section 1466.”)⁴

9. Moreover, the services to be provided by Moonshot – broadly stated as “non-writing executive producer services” – are in the nature of a personal service contract which under non-bankruptcy law are not required to be performed for just anyone. *See e.g., Madison v. Moon* (1957) 148 Cal.App.2d 135, 144-145, 306 P.2d 15 (recognizing rule that contract for personal services may not be assigned in the absence of consent and approval of the other party); *Coykendall v. Jackson* (1936) 17 Cal.App.2d 729, 62 P.2d 746 (holding contract for personal services cannot be assigned, nor can such a contract be specifically enforced); Cal. Civ. Code, § 3390 (providing obligation to render personal service cannot be specifically enforced). As a result, in order for a buyer to acquire rights under the Agreement, it must obtain Moonshot’s consent, which can be withheld for any reason.

⁴ CA Civil Code §1466 is inapplicable.

WHEREFORE, for the reasons and on the grounds set forth herein, Moonshot respectfully objects to the assumption and assignment of the Agreement and of the Debtor's interest in *Tightrope*, and further fully reserves all rights and remedies in connection with any sale of the Debtor's Studio Business and any proposed assumption and assignment of the Agreement.

Dated: May 12, 2025

SAUL EWING LLP

By: /s/ John D. Demmy

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CERTIFICATE OF SERVICE

I, John D. Demmy, hereby certify that on May 12, 2025, I caused a copy of *Moonshot Entertainment, Inc.'s Limited Objection and Reservation of Rights to Sale of the Debtor's Assets and Entry of a Sale Order* to be served electronically with the Court and served through the Court's CM/ECF system upon all registered electronic filers appearing in this case, and via Electronic Mail on the parties on the attached Service List.

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Dated: May 12, 2025

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