



Delaware Cases: Good Faith, Non-Reliance and Fiduciary Duties

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Interestingly, this case also involved a non-reliance issue, and since the SPA included both an integration clause and a provision disclaiming reliance on extra-contractual representations, the court did not allow the sellers' fraudulent inducement claim. Here's the language:

"Non-Reliance. Except for the representations and warranties by the Company in this Agreement, Buyer and Seller each acknowledge and agree that no Person is making, and Buyer nor Seller is not relying on, any representation or warranty of any kind or nature, express or implied, at law or in equity, or otherwise, in respect of the Company, the Business, the Sellers or the Buyer, including in respect of the Company's Liabilities, operations, assets, results of operations or condition."

On a related topic, in the recent case of Blaustein v. Lord Baltimore Capital Corp. (January 21, 2014), the Delaware Supreme Court held that the directors of a closely held corporation do not have a fiduciary duty to consider buying out minority stockholders. Instead, stockholders should rely on contractual protections to facilitate liquidity. The court also affirmed that, based on the repurchase provisions in the relevant stockholders agreement, the implied covenant of good faith and fair dealing did not create a duty to negotiate a reasonable repurchase price for the shares.

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