

SUPREME COURT OF THE STATE OF DELAWARE

Eagle Force Holdings, LLC and EF Investments, LLC v. Stanley V. Campbell

187 A.3d 1209 (Del. 2018) · No. No. 399, 2017 · Decided May 24, 2018

SUMMARY

The Delaware Supreme Court reversed and remanded a Court of Chancery decision dismissing claims for lack of personal jurisdiction after finding that two transaction documents were unenforceable. The court held that the trial court should separately determine whether the parties intended to be bound, while concluding that the agreements were sufficiently definite and supported by consideration. The court also held that the Court of Chancery retained jurisdiction to enforce its contempt order regardless of the enforceability of the transaction documents.

CASE DETAILS

COURT	Supreme Court of the State of Delaware
WRITING FOR THE COURT	Valihura, Justice, for the Majority; Strine, Chief Justice; Valihura, Justice; Vaughn, Justice; Seitz, Justice; Traynor, Justice
JURISDICTION	Delaware
DECIDED	May 24, 2018
DOCKET	No. 399, 2017
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from a Court of Chancery decision dismissing the action for lack of personal jurisdiction after a five-day trial and related contempt proceedings.
STANDARD OF REVIEW	The Supreme Court reviewed factual determinations for clear error and legal rulings, including contract interpretation and definiteness, de novo. Personal jurisdiction presented a mixed question of fact and law.
PRECEDENTIAL VALUE	Published en banc Delaware Supreme Court opinion; precedential.
PARTIES	Eagle Force Holdings, LLC, EF Investments, LLC v. Stanley V. Campbell

TOPICS

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QUESTIONS PRESENTED

1. Whether the signed Contribution and Assignment Agreement satisfied the Delaware requirements for contract formation, including intent to be bound, definiteness of material terms, and consideration.
2. Whether the Court of Chancery erred by failing to make a separate factual finding regarding the parties' intent to be bound.
3. Whether the Amended and Restated LLC Agreement could be independently enforceable under the contract-formation framework.
4. Whether a Delaware forum-selection clause in either transaction document could confer personal jurisdiction over Campbell.
5. Whether the Court of Chancery retained jurisdiction to enforce its status quo order and punish violations despite its ultimate determination that it lacked personal jurisdiction over Campbell.

HOLDINGS

1. A valid, enforceable contract exists when the parties intended the instrument to bind them, its terms are sufficiently definite, and it is supported by legal consideration.
2. The Contribution Agreement's material terms were sufficiently definite because the agreement identified the consideration to be exchanged and supplied a basis for determining breach and an appropriate remedy.
3. The trial court was required to make a separate factual finding concerning whether the parties intended to be bound by the Contribution Agreement.
4. If the Contribution Agreement is enforceable, the trial court's stated basis for finding the LLC Agreement unenforceable falls away; if not, the trial court must independently analyze the LLC Agreement under the Osborn framework.
5. If either transaction document is enforceable, its Delaware forum-selection provision can establish personal jurisdiction over Campbell without a separate minimum-contacts analysis.
6. When a Delaware court issues a status quo order while adjudicating questions concerning its own jurisdiction, it may punish violations of that order through contempt and sanctions even if it ultimately determines that it lacked personal jurisdiction over the defendant.

KEY QUOTATIONS

“a valid contract exists when (1) the parties intended that the contract would bind them, (2) the terms of the contract are sufficiently definite, and (3) the parties exchange legal consideration.” (slip op. at 2)

“A contract is sufficiently definite and certain to be enforceable if the court can—based upon the agreement’s terms and applying proper rules of construction and principles of equity—ascertain what the parties have agreed to do.” (slip op. at 39)

“We hold that, when a Delaware court issues a status quo order pending its adjudication of questions concerning its own jurisdiction, it may punish violations of those orders with contempt and for sanctions, no matter whether it ultimately finds that it lacked jurisdiction.” (slip op. at 55)

FACTUAL BACKGROUND

Stanley Campbell and Richard Kay negotiated a business venture involving EagleForce-related companies, intellectual property, and the formation and operation of Eagle Force Holdings, LLC. The parties signed a Contribution and Assignment Agreement and an Amended and Restated LLC Agreement on August 28, 2014, but disputed whether those documents were final and binding because several schedules and issues concerning employee equity or stock appreciation rights remained unresolved. After the relationship deteriorated, plaintiffs sued Campbell in Delaware and obtained a status quo order, which Campbell allegedly violated. The Court of Chancery later dismissed the case for lack of personal jurisdiction and declined to enforce its contempt orders.

PROCEDURAL HISTORY

Plaintiffs filed claims seeking specific performance, injunctive relief, damages for breach of contract, unjust enrichment, breach of fiduciary duty, and other relief. The Court of Chancery found that the transaction documents were unenforceable, dismissed the action for lack of personal jurisdiction over Campbell, and concluded that it lacked jurisdiction to enforce its prior status quo and contempt orders. The Delaware Supreme Court reversed and remanded for findings regarding the parties' intent to be bound and for enforcement of the contempt order.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The Court of Chancery was instructed to reconsider the evidence and make findings under Osborn regarding whether the parties intended to be bound by each transaction document. It was also instructed to reconsider the LLC Agreement independently if necessary and to enforce its prior contempt order and decide the remaining contempt allegations.

CASES CITED

- Osborn ex rel. Osborn v. Kemp, 991 A.2d 1153 (Del. 2010)
- Leeds v. First Allied Connecticut Corp., 521 A.2d 1095 (Del. Ch. 1986)
- Greetham v. Sogima L-A Manager, LLC, 2008 WL 4767722 (Del. Ch. Nov. 3, 2008)
- E.I. du Pont de Nemours & Co. v. Shell Oil Co., 498 A.2d 1108 (Del. 1985)
- National Industrial Group (Holding) v. Carlyle Investment Management L.L.C., 67 A.3d 373 (Del. 2013)
- Ruggiero v. FuturaGene, plc, 948 A.2d 1124 (Del. Ch. 2008)
- Mayer v. Mayer, 132 A.2d 617 (Del. 1957)
- R & R Capital LLC v. Merritt, 2013 WL 1008593 (Del. Ch. Mar. 15, 2013), aff'd, 69 A.3d 371 (Del. 2013)

- Elf Atochem North America, Inc. v. Jaffari, 727 A.2d 286 (Del. 1999)
- Certain Underwriters at Lloyds, London v. Chemtura Corp., 160 A.3d 457 (Del. 2017)

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