

Delaware Court of Chancery Upholds Statutory and Contractual Validity of Exclusive Forum-Selection Bylaws

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Yesterday, Chancellor Leo E. Strine, Jr. of the Delaware Court of Chancery upheld the statutory and contractual validity of bylaws separately adopted by the boards of directors of Chevron and FedEx that designated the Delaware courts as the exclusive forum for disputes regarding the internal affairs of the respective companies. The ruling should help clear the way for boards of directors to adopt exclusive forum-selection bylaws as a means to address the ever-increased and well-documented problem of multi-forum stockholder and derivative litigation. However, uncertainties remain (including, most notably, whether non-Delaware courts consistently will enforce such bylaws) that may cause some boards to await further developments before adopting such provisions.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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