

Delaware Supreme Court Reverses Preliminary Injunction Requiring Go-Shop; Reaffirms “No Single Blueprint” to Satisfy Revlon Duties

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On Friday, December 19, 2014, the Delaware Supreme Court reversed a preliminary injunction entered by the Delaware Court of Chancery which had (a) barred, for 30 days, a stockholder vote to approve the combination of C&J Energy Services, Inc. and a division of Nabors Industries Ltd., (b) required C&J to conduct a “go-shop” during that period and (c) preemptively declared that such “go-shop” did not constitute a breach of the “no-shop” or other deal-protection provisions in the Nabors/C&J merger agreement. In reversing the injunction, the Supreme Court held that the C&J board likely satisfied its *Revlon* duties (to the extent such duties applied), notwithstanding the lack of a pre-signing market check, given that “[w]hen a board exercises its judgment in good faith, tests the transaction through a viable passive market check, and gives its stockholders a fully informed, uncoerced opportunity to vote to accept the deal, [Delaware courts] cannot conclude that the board likely violated its *Revlon* duties.”

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.

George R. Bason, Jr.
+1 212 450 4340
george.bason@davispolk.com

Michael Davis
+1 212 450 4184
michael.davis@davispolk.com

Phillip R. Mills
+1 212 450 4618
phillip.mills@davispolk.com

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