

COVID-19: Natural Disaster or Contractual Quandary?

“As the ever-evolving COVID-19 pandemic is no longer considered ‘unprecedented’ and the restrictions associated with the pandemic have become a part of ‘the new abnormal,’ district courts nationwide are beginning to grapple with the business fears that came to life in March 2020: ‘Will my contract’s force majeure provision protect me when COVID-19 and its consequent regulations prevent me from doing business as usual?’” posts Eversheds Sutherland in their *News/Commentary*.

“For those in the Southern District of New York, the answer may be ‘yes,’ which brings relief to contractual obligors and dread to contractual obligees. The Southern District’s December 2020 ruling in JN Contemporary Art, LLC v. Phillips Auctioneers LLC sheds light on how COVID-19 could be classified as a ‘natural disaster’ that triggers a force majeure clause. The decision also provides insight into the Southern District’s shift in what constitutes a force majeure, which, for some, could become a contractual quandary.”

Read the article.