

Distinguishing Between Becoming a “Party” to a Contract and Merely Being an Assignee

The 8th U.S. Circuit Court of Appeals considered who was the actual “party” to a contract where one of the original parties assigned all of its economic benefits arising from the contract to another entity (without that entity becoming a substituted or an additional party), and the contract was thereafter terminated by the other party to the contract.

In an article in Weil, Gotshal & Manges’ **Global Private Equity Watch**, **Glenn West** writes that there are definite lessons to be derived from this case by deal professionals and their counsel.

He explores the case of *ACI Worldwide Corp. v. Churchill Lane Associates, LLC*, No.16-1736 (8th Cir. Jan. 27, 2017), which involved a licensing agreement between Nestor Inc. and ACI Worldwide Corp.

“When obtaining an assignment of rights under a contract, it is imperative that the contract, with respect to which those rights are assigned, is carefully reviewed to determine any amendments that may be necessary so that the assignee is the ‘party’ that matters for any subsequent modification or termination of that contract that could in anyway impact those assigned rights,” West writes.

Read the article.