

Be Careful Who You Contract With And Who You Don't – Non-Party Not Bound

A 7th U.S. Circuit Court of Appeals ruling in *Northbound Group, Inc. v. Norvax, Inc.* indicates that courts will not add parties to a contract after the contract has been negotiated, writes **Stephen M. Proctor**, a principal in **Masuda Funai Eifert & Mitchell Ltd.**

The article, published on Lexology.com, describes the case: “Norvax agreed to acquire the assets of Northbound and, for this purpose, formed an acquisition vehicle called Leadbot LLC. The result was an asset purchase agreement executed in February 2009 by and between Northbound and Leadbot LLC. Norvax was not a party to the asset purchase agreement. Northbound was to be paid through an “earn-out” calculated as a percentage of the monthly net revenue of Leadbot LLC.”

Northbound later sued Norvax and Leadbot, claiming a breach of contract.

“Once a contract is negotiated, a party will likely be unsuccessful in persuading a court to rewrite the contract or to add provisions that may not have been considered, are erroneous or, in hindsight, seem unfair,” Proctor writes.

Read the article.