

Litigation Shows Buyout Clauses Don't Always Provide Certainty as Designed

Parties to a contract may agree in advance to an amount of money to be paid as damages in the event of a breach – a remedy known as “liquidated damages.”

A paper prepared by Shumaker, Loop & Kendrick and posted on Lexology, discusses the subject in light of some recent litigation involving college coaches and the schools that contracted with them.

“Some coaches succeed in negotiating exclusions to a liquidated damages provision that allow an upward career move (e.g., a coordinator to head coach) or to accept a ‘dream job.’ But even such carve-outs do not necessarily come without controversy,” the Shumaker, Loop authors write.

Read the article.