

Purchase Agreement's Forum Selection Clause Controls Severance Plan Dispute

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A recent decision in District of Minnesota serves as a good reminder to buyers and sellers in corporate transactions to understand that the terms of the purchase agreement can have broad reaching implications outside of the transaction. The buyer in the case had agreed in the stock purchase agreement ("SPA") to assume the liabilities under the seller's severance policy. When an employee who was terminated post-closing was denied severance benefits, he sued the buyer in the United States District Court for the District of Minnesota. The court applied the forum selection clause from the stock purchase agreement and granted the defendant's motion to move the forum to the Northern District of Illinois, holding that since the assumption of severance liabilities was in the SPA, the forum selection clause in the SPA should apply. See *Drapeau v. Airpax Holdings, Inc. Severance Plan*, No. 11-64(DWF/JSM) (D.Minn. July 27, 2011).