
Delaware Supreme Court Rules Federal-Forum Provisions Survive Facial Challenge Under Delaware Corporate Law

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On March 18, 2020, the Delaware Supreme Court unanimously held in *Salzberg v. Sciabacucchi*, 2020 WL 1280785 (Del. Mar. 18, 2020), that federal-forum provisions — clauses in a corporation's certificate of incorporation requiring that any cause of action against the corporation arising under the federal Securities Act of 1933, as amended (the Securities Act), be brought in a federal district court — do not violate Delaware corporate law, overruling a previous decision by the Delaware Court of Chancery. Writing for the Court, Justice Karen Valihura held that such provisions fall within 8 *Del. C.* § 102(b)(1) and do not frustrate state public policy. The closely-watched decision is likely to increase the number of Delaware corporations adopting federal-forum provisions to reduce parallel securities litigation in state courts.

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