

Delaware Supreme Court Holds Tooley Direct vs. Derivative Rule Is No Bar to Parent Corporation's Contract Claim

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As previously reported, in *NAF Holdings, LLC v. Li & Fung (Trading) Limited*, 772 F.3d 740 (2d Cir. 2014), the Second Circuit certified to the Delaware Supreme Court an unusual question regarding whether the direct vs. derivative test for stockholder claims would bar a direct breach of contract claim by a parent corporation whose subsidiary was injured. The Delaware Supreme Court has now given its answer: the direct vs. derivative analysis for fiduciary breach claims does not apply and the parent company may sue directly to enforce its own contracts, regardless of its status as stockholder of an injured subsidiary... [Continue Reading](#)