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ARTICLE

Delaware Court Upholds Poison Pill to Preserve NOLs

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The Delaware Court of Chancery, in *Selectica, Inc. v. Versata Enterprises, Inc.*, has upheld a corporation's "poison pill" that was designed to protect the future availability of the corporation's NOLs. The court held that a board of directors can validly conclude that the triggering stockholders' acquisition of their company's stock posed a threat to the company's ability to use its NOLs under Section 382. Moreover, the court held that protecting a corporation's NOLs can be a valid corporate objective. This article discusses the aspects of the case relevant to tax advisors and their clients.

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