

## Delaware Court Upholds Poison Pill to Preserve NOLs

Published in the *Journal of Taxation*

April 2010

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.

---

### CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



**Brooks T. Giles**

+1.312.902.5386

[brooks.giles@katten.com](mailto:brooks.giles@katten.com)



**Brooks T. Giles**

+1.312.902.5386

[brooks.giles@katten.com](mailto:brooks.giles@katten.com)

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2025 Katten Muchin Rosenman LLP.

All rights reserved. Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at [katten.com/disclaimer](https://katten.com/disclaimer).