

# The Paley Rothman Blog

Paley Rothman shares this library of resources with clients and friends of the firm to help them stay ahead of legal and business developments and trends. Here, you will find helpful tips and tools written by our employees.

## **BEWARE LETTERS OF INTENT – YOU MAY GET MORE THAN YOU BARGAINED FOR**

Sometimes, as parties are negotiating an agreement, they will sign an interim document – such as a letter of intent (LOI) or memorandum of understanding (MOU) – reflecting the terms to be incorporated into a later, formal agreement.

## **BE CAREFUL WHAT YOU WISH FOR – COURT FINDS THAT “FOR CAUSE” PROVISION TRUMPS AT-WILL PRESUMPTION**

The Court of Appeals of Maryland, in *Spacesaver Systems, Inc. v. Adam*, has held that an employment agreement which contained a “for cause” termination provision, no durational provision, and no “at-will” provision, constitutes a “continuous for-cause” contract.

## **REAL ESTATE CO-OWNERSHIP AGREEMENT PROTECTS OWNERS**

If you are thinking about acquiring residential real estate with a person to whom you are not married or with a family member other than your spouse (whether or not you and/or the other co-owner will be living in that property or leasing it to third parties), you should seriously consider entering into a written agreement governing your joint ownership of that property.

## **LIMITING INDEMNIFICATION IN ACQUISITION AGREEMENTS**

Among the essential elements in an agreement to purchase a company or its assets are the “indemnification” provisions. The selling company or its owners are generally required to indemnify the buyer against damages that the buyer may sustain because of breaches of the representations, warranties and covenants contained in the acquisition agreement. It is important for the sellers to negotiate meaningful limitations to the indemnification obligations. Those limitations take various forms, and often are the subject of intense negotiations.

## **LAWSUIT OVER SECOND-HAND SMOKE GOES “UP IN SMOKE”**

**CIGARETTE SMOKERS — REJOICE!** This past summer you may have found a new friend in the Maryland Court of Special Appeals. In July, 2013, the court may have introduced a breath of fresh air into the nicotine stained and smoke filled rooms of private homes all over the State. *Schuman v. Greenbelt Homes, Inc.*, 212 Md. App. 451 (2013). Here’s what happened.