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Emotional Component of Restrictive Covenant Litigation

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The United States District Court for the Northern District of *Indiana* (Hammond Division) recently ruled on cross motions for summary judgment in the case of **E.T. Products, LLC v. D.E. Miller Holdings, Inc.** (Case No. 2:13cv424-PPS). The dispute in that case stemmed from the acquisition of a portion of a company. Essentially, the purchaser claimed that the seller was violating the restrictive covenant prohibiting him from soliciting the purchaser's customers, and the seller countered that the purchaser violated the general release in the purchase agreement. In ruling on the parties' cross motions for summary judgment, the Court determined that while the restrictive covenant at issue was reasonable, there was simply not evidence that the seller had violated it.

The Court also found that the purchaser's claim had not violated the general release because that release excluded claims based on the restrictive covenant. The Court concluded its opinion by pointing out how emotions had needlessly driven the parties into and through litigation:

"My summary judgment determinations are that neither E.T. nor the Millers prevail on their opposing claims against one another. What should have been a positive transition in the lives of Mr. Miller and Mr. Blakemore devolved instead into a needless expenditure of resources on dubious legal claims that spawned two years of fruitless litigation. After all the time, trouble, angst, anger and expense, both sides will go home without a victory."

As a result, this case serves as a reminder of how emotions can affect restrictive covenant disputes.

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