La Kanzlei

Purchase offers in the context of insolvencies in France are binding

Insolvenzrecht



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In a milestone decision dated November 14th 2019, the French Supreme Court, the Cour de Cassation, ruled that an offer to purchase assets made in the context of insolvency is binding. The offer could no longer be withdrawn after submission, once the competent insolvency judge had approved the sale without holding on.

In the case which the Court had to decide on, a prospective buyer had informed the insolvency administrator that he couldn't maintain his purchase offer for financial reasons. In the subsequent legal dispute in France, the Cour de Cassation ruled that the sale was binding and that the prospective buyer could no longer allowed withdrawing from the purchase contract.

Practical advice:

Don't make frivolous offers in the context of insolvency proceedings in France. Always assume that the offers can be approved and will be henceforth binding.

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