

Client Alert: Federal Court Refuses to Allow Lost Profits Claim from Alleged Breach of Cannabis-Related Contract

Publications

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By: Andrew D. Hoeg, Andrew W. Vail

As a follow-up to our recent white paper discussing current issues in the commercial cannabis legal landscape (available for download), we write about a recent decision regarding the enforceability of contracts in federal courts as discussed in Section I(A) of the white paper.

On April 13, 2020, a federal court sitting in Oregon dismissed a cannabis grower's lost profits claim arising out of a breach of construction contract. The court found that ordering defendants to pay lost profits would require defendants to violate the Controlled Substances Act (CSA). The plaintiff, J Lilly LLC, who has a license from the State of Oregon to grow commercial cannabis, entered into agreements with defendants for the purchase, construction and installation of a commercial greenhouse. J Lilly, a first-time grower, alleged that defects in the defendants' construction of the greenhouse prevented plaintiff from growing its initial cannabis crop resulting in \$5.4 million in lost profits.

To read the full article, please [click here](#).

Related Attorneys

Andrew D. Hoeg

Special Counsel
ahoeg@jenner.com
+1 312 840 7837

**Andrew W. Vail**

Partner
avail@jenner.com
+1 312 840 8688

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