

Twitter takes Musk to court as a last resort

Article

The news: Twitter filed its lawsuit against **Elon Musk** on Tuesday, and the social media company is demanding completion of the **\$43.4 billion purchase** agreed to in April, [per](#) The New York Times.

- Twitter [hired a legal team](#) to sue Musk in the Delaware Court of Chancery, which will determine if Musk will need to be compelled to complete the transaction or if Twitter violated its obligation to provide accurate data.

- Musk signed a legally binding agreement with Twitter that includes a clause that allows the social media company to sue to force the deal through, provided the debt secured by Musk for the acquisition is in place.

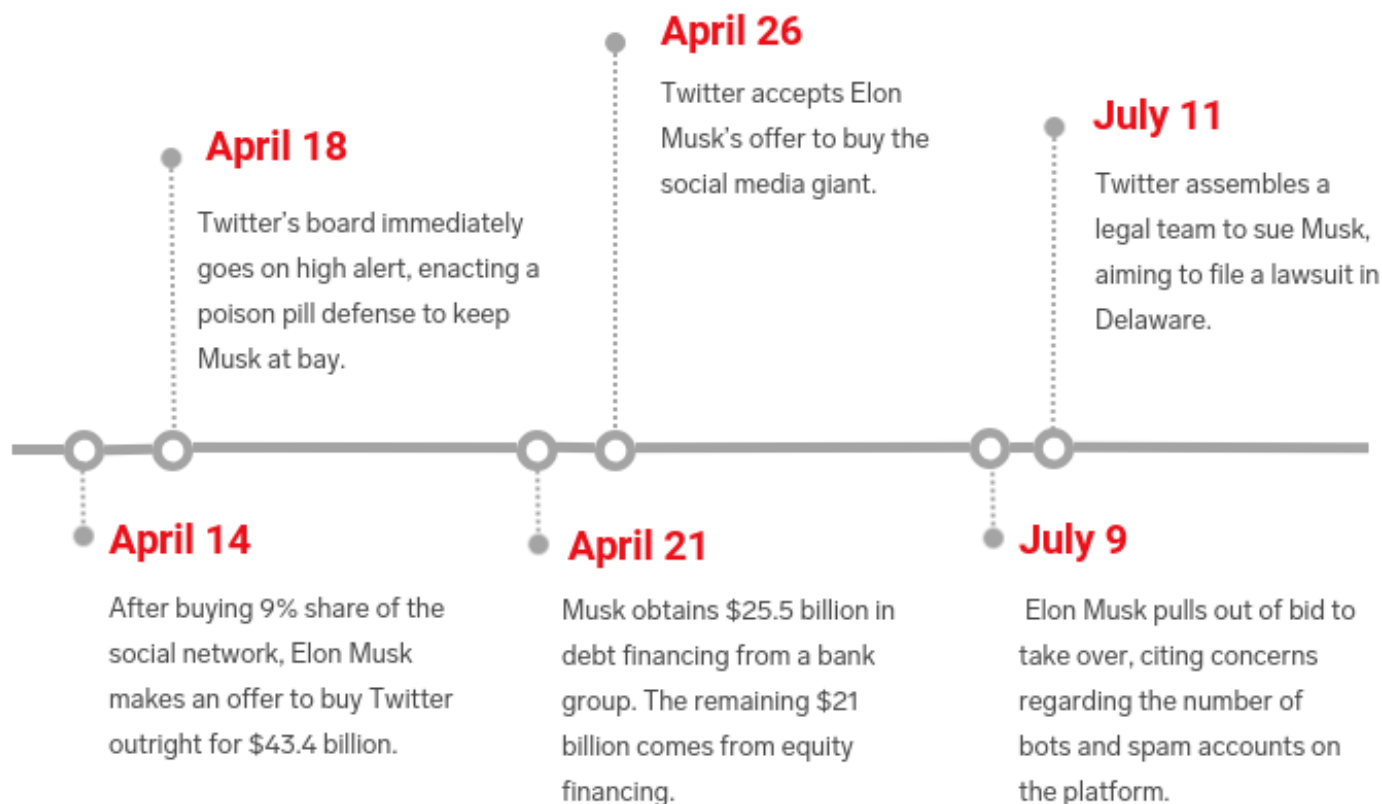
The industry reacts: Industry experts weighed in on the situation as well as possible outcomes in what is expected to be an unprecedented legal battle.

- “Twitter has a very strong legal case here,” said **Nicholas Creel**, assistant professor of business law at **Georgia College & State University**. “So rather than forcing the sale to go through, there’s a high probability that they instead decide that some level of monetary damages will be sufficient to cover the loss in market value caused by Musk’s actions.”
- “While the two parties are likely facing a lengthy battle ... we believe Twitter may have the stronger case,” said **Ali Mogharabi**, senior equity analyst at investment consultant **Morningstar**. “We also think that a scenario remains where Musk and Twitter reach a new, lower-price agreement.”
- “Musk's backing out of the deal could serve as a boon to those who can benefit most from using the platform,” notes **Gary J. Nix**, founder and chief strategist at **the brandarchist**. “Without Musk, the already prudent direction Twitter was moving in could help position the platform as a valuable, long-term investment.”
- “Whatever your feelings about Elon Musk, pulling out of this deal was the right decision for him. He shouldn't overpay for a company that can't prove that its value is based on real accounts,” argues **Patrick Dennis**, CEO of cybersecurity firm **ExtraHop**.

What's next? If Musk’s arguments about Twitter’s bot numbers don’t hold up in court, the most likely outcome is renegotiation toward a settlement to fulfill the purchase, but this could lead to blowback from shareholders.

“Shareholders may sue if Twitter agrees to further reduce its acquisition price,” says **Rita Mkrtchyan**, a senior finance and litigation defense attorney at **Oak View Law Group**. “It may be smarter for Twitter to request the court to renegotiate a deal as a layered form of protection from shareholders.”

Twitter's Musk takeover unravels



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