

MARKS & WEINBERG, P.C.

Digital Storage, Inc. v. ePlus Group, Inc.

2003 WL 21054656 (6th Cir. May 5, 2003)

In this case, ePlus Group, Inc. ("ePlus") leased computer equipment to Digital Storage, Inc. ("Digital"). The lease provided that the term would automatically renew for a three-month period unless a ninety-day notice was given by either party of its intent to terminate the lease. The lease also contained a provision allowing Digital to purchase the equipment at its fair market value at the end of the lease, so long as Digital gave a sixty-day notice of its intent to purchase. With ninety days remaining on the lease, Digital gave notice of its intent to terminate. With sixty days left on the lease, Digital gave notice of its intent to purchase. However, ePlus refused Digital's notice and argued that Digital could not exercise the purchase option after giving notice of its intent to terminate the lease.

The court rejected ePlus' argument, pointing out that the lease did not contain any language that would cause the purchase option to be invalidated once a lessee gave the ninety-day notice of intent to terminate. The court essentially held that, when a contract requires a period of notice for termination, all its terms remain in full force after notice is given until the specified date for termination. The court ruled for Digital and ordered ePlus to sell the equipment to Digital for the value at which it had been appraised.

Marks & Weinberg, PC is a law firm with significant experience in dealing with virtually every type of equipment and facility lease financing. The lawyers of the firm have participated in leasing financings for more than a billion dollars of equipment and are recognized throughout the industry. If you would like more cases or articles on leasing, or have any questions or comments about this Article or other leasing issues, please visit leaselawyer.com or contact Barry Marks at 205.251.8303 or Ken Weinberg at 205.251.8307.

