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Commercial Law

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Seventh Circuit Court Reverses Order Enforcing Settlement Agreement

The Court of Appeals for the Seventh Circuit recently reversed a district court ruling enforcing a settlement agreement, finding that despite the parties' agreement in principle to settle and the dollar amount of that settlement, material terms of the settlement were left open that precluded it from being enforced. *Carina Ventures LLC v. Pilgrim's Pride Corporation*, No. 25-1110, 2026 WL 310790, *1 (7th Cir. Feb. 5, 2026).

In *Carina Ventures LLC*, the parties entered into settlement negotiations involving multi-district antitrust actions alleging price-fixing in the sales of broiler chickens. *Carina Ventures*, 2026 WL 310790, at *1. The plaintiff in the actions, Sysco Corporation, bought chicken, beef, and pork from the defendant, Pilgrim's Pride Corporation. *Id.* Sysco obtained litigation funding for the lawsuits from Burford Capital. *Id.*

Early in the lawsuits, Pilgrim's and many other defendants entered into a "Judgment Sharing Agreement," which was a response to the joint and several liability that can apply to all conspirators under antitrust law. *Id.* at *2. This agreement allowed a defendant to settle with a plaintiff so as to escape possible joint and several liability for that plaintiff's claims against other defendants that succeed in the future. *Id.* To gain that benefit, a settlement had to be "qualified" under the Judgment Sharing Agreement. *Id.* To be qualified under that agreement, a settling plaintiff had to agree to subtract damages stemming from its purchases with the settling defendant in any later settlements with or judgments against other defendants, a settling defendant was required to provide written notice of its settlement to other Judgment Sharing Agreement defendants within seven days after executing that settlement. *Carina Ventures*, 2026 WL 310790, at *2.

Pilgrim's and Sysco began settlement discussions in April 2021. *Id.* On August 24, 2022, the parties' representatives spoke on the phone. *Id.* They ended the call having reached an agreement in principle for Sysco to release its claims for a total of $50 million. *Id.*

Following the call, Pilgrim sent an email to Sysco: "We have a deal at $50M for settlement of Broilers, Pork, and Beef antitrust cases. Let me know the assignments in each case (prioritizing Broilers), and we will figure out the allocation and draw up the agreements," and sent an email on the next day "As discussed, I am confirming that JBS and Pilgrim's are offering $50M for a global settlement of Broilers, Pork, and Beef antitrust cases." *Id.* Sysco responded, "We accept," and requested that both parties' outside counsel connect "to work on the release." *Id.* Pilgrim's answered: "Before we draft the releases, can you confirm the assignments in Broilers?" *Carina Ventures*, 2026 WL 310790, at *2.

The parties were subsequently unable to agree on the terms of a written agreement. *Id.* at *3. In December 2022, Buford asserted its right under its agreement with Sysco to withhold its consent to the settlement, and Sysco's claims were later assigned to Buford's affiliate, Carina Ventures. *Id.* at *3-4. On September 9, 2023, Pilgrim's moved to enforce the settlement agreement, and Pilgrim's later moved for summary judgment on Carina's claims, which were both granted by the district court. *Id.* at *4-5.

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Carina appealed these orders. *Id.* at *5. The Seventh Circuit reversed the district court's ruling based on Illinois law that requires mutual assent to all material terms before an agreement can be binding. *Id.*

Pilgrim's presented the settlement as a simple exchange: $50 million for releases of all of Sysco's antitrust claims against it. *Carina Ventures*, 2026 WL 310790, at *5. Any other terms, it contended, were not material. *Id.* The Seventh Circuit disagreed, finding that the parties' negotiations and actions refuted Pilgrim's theory. *Id.* at *7. The court found four terms that the parties negotiated for months after the call directly affected the value of the deal and the scope of the release, showing that these terms were both material and unresolved at the time of the initial agreement. *Id.* at *7-9. Those terms were compliance with the Judgment Sharing Agreement, the scope of Sysco's assignments, the most favored nation clause, and the allocations among the three cases. *Id.*

As to the Judgment Sharing Agreement, the court noted that Pilgrim's told Sysco over two months *after* the parties reached the supposedly binding agreement that it would walk away from the settlement if it were not compliant with the Judgment Sharing Agreement, which conduct the court found showed this was a material term that had not been resolved at the time of the supposedly binding agreement. *Id.* at *7. The court further noted that the Judgment Sharing Agreement required the settling defendant to provide written notice of a signed settlement agreement to the other Judgment Sharing Agreement defendants within seven days of reaching that agreement, and there was no evidence that Pilgrim's ever attempted to satisfy this term. *Carina Ventures*, 2026 WL 310790, at *7.

With respect to scope of the assignments, the court found that the assignments had a direct effect on the value of the exchange of money for releases, as that data told Pilgrim's which claims Sysco still possessed and therefore could release making the data critical to the value of the most central term: Sysco's release of its claims for the $50 million price. *Id.* at *8.

As to the most favored nation clause, after Sysco sent its "We accept" email, the parties continued for months to negotiate the scope of the "most favored nation" clause. *Id.* at *9.

Finally, with respect to the allocation issue, the court found that the specific allocation of the settlement amount to each group was a material term, left open at the time the parties agreed to the $50 million sum. *Id.*

About the Author

James K. Borcia is a partner with the Chicago firm of *Tressler LLP*, and is active in the firm's litigation practice with an emphasis on commercial and complex litigation. He was admitted to the bar in 1989 after he received his J.D. from Chicago-Kent College of Law. Mr. Borcia is a member of the Chicago and Illinois State Bar Associations, as well as the IDC and DRI.

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