

The Governor's Council for Judicial Appointments

State of Tennessee

Application for Nomination to Judicial Office

Name: Shea Sisk Wellford

Office Address: Martin, Tate, Morrow & Marston, P.C.
(including county) 6410 Poplar Ave., [REDACTED]
Memphis, TN 38119
Shelby County

Office Phone: 901-522-9000 Facsimile: 901-527-3746

Email sheawellford@martintate.com
Address: _____

Home Address: [REDACTED]
(including county) [REDACTED]
[REDACTED]

Home Phone: Not applicable

Cellular Phone: [REDACTED]

INTRODUCTION

The State of Tennessee Executive Order No. 87 (September 17, 2021) hereby charges the Governor's Council for Judicial Appointments with assisting the Governor and the people of Tennessee in finding and appointing the best and most qualified candidates for judicial offices in this State. Please consider the Council's responsibility in answering the questions in this application. For example, when a question asks you to "describe" certain things, please provide a description that contains relevant information about the subject of the question, and, especially, that contains detailed information that demonstrates that you are qualified for the judicial office you seek. In order to properly evaluate your application, the Council needs information about the range of your experience, the depth and breadth of your legal knowledge, and your personal traits such as integrity, fairness, and work habits.

The Council requests that applicants use the Microsoft Word form and respond directly on the form using the boxes provided below each question. (The boxes will expand as you type in the document.) Please read the separate instruction sheet prior to completing this document. Please submit your original hard copy (unbound) completed application (*with ink signature*) and any attachments to the Administrative Office of the Courts as detailed in the application instructions. Additionally, you must submit a digital copy with your electronic or scanned signature. The digital copy may be submitted on a storage device such as a flash drive that is included with your original application, or the digital copy may be submitted via email to laura.blount@tncourts.gov.

THIS APPLICATION IS OPEN TO PUBLIC INSPECTION AFTER YOU SUBMIT IT.

PROFESSIONAL BACKGROUND AND WORK EXPERIENCE

1. State your present employment.

Martin, Tate, Morrow & Marston, P.C.
Shareholder and President

2. State the year you were licensed to practice law in Tennessee and give your Tennessee Board of Professional Responsibility number.

1994, TN BPR No. 016947

3. List all states in which you have been licensed to practice law and include your bar number or identifying number for each state of admission. Indicate the date of licensure and whether the license is currently active. If not active, explain.

Tennessee, 1994 TN BPR 016947
Arkansas, 1995 Ark. Bar No. 95231
My Tennessee and Arkansas licenses are active.

4. Have you ever been denied admission to, suspended or placed on inactive status by the Bar of any state? If so, explain. (This applies even if the denial was temporary).

No

5. List your professional or business employment/experience since the completion of your legal education. Also include here a description of any occupation, business, or profession other than the practice of law in which you have ever been engaged (excluding military service, which is covered by a separate question).

I have been with Martin, Tate, Morrow & Marston, P.C. since graduation from law school. I was employed as an Associate from 1994-1999, was made a Director and Vice-President in 2000, a Shareholder in 2001, and President in 2022. In addition to my full-time law practice, I am on Martin Tate's Executive Committee, which is responsible for firm management and compensation decisions.

6. If you have not been employed continuously since completion of your legal education, describe what you did during periods of unemployment in excess of six months.

I have been employed continuously since graduation from law school.

7. Describe the nature of your present law practice, listing the major areas of law in which you practice and the percentage each constitutes of your total practice.

I have 31 years of experience representing large and small businesses, financial institutions, and individuals in civil litigation, with a focus on commercial litigation.

I currently handle litigation involving business disputes, breach of contract, restrictive covenants, business torts, trade secrets, intellectual property, construction matters, products liability, defamation, fraud, lender liability, property disputes, corporate governance issues, employment issues, and insurance coverage questions, among others. My practice includes handling requests for emergency injunctive relief, which requires expedited preparation and a compressed schedule that can be both challenging and rewarding.

I represent clients in state and federal courts primarily in Tennessee and Arkansas, as well as in arbitration administered by the American Arbitration Association and other providers. I also act as outside general counsel to several clients where my work includes reviewing and drafting contracts, developing strategies to avoid legal issues, and assisting in strategic planning from a legal perspective.

My current practice includes all aspects of trial work, from counseling clients at the outset of a matter through conclusion. I am responsible for developing case strategy and implementing that strategy through written discovery, depositions, motion practice, trial, and if necessary, appeal. The size and complexity of many of my cases requires the assistance of other attorneys whose work I oversee. I remain responsible for the majority of the filed work product and for most oral arguments.

My practice is currently approximately 85% litigation and 15% transactional and general business advice.

A copy of my CV is enclosed.

8. Describe generally your experience (over your entire time as a licensed attorney) in trial courts, appellate courts, administrative bodies, legislative or regulatory bodies, other forums, and/or transactional matters. In making your description, include information about the types of matters in which you have represented clients (e.g., information about

whether you have handled criminal matters, civil matters, transactional matters, regulatory matters, etc.) and your own personal involvement and activities in the matters where you have been involved. In responding to this question, please be guided by the fact that in order to properly evaluate your application, the Council needs information about your range of experience, your own personal work and work habits, and your work background, as your legal experience is a very important component of the evaluation required of the Council. Please provide detailed information that will allow the Council to evaluate your qualification for the judicial office for which you have applied. The failure to provide detailed information, especially in this question, will hamper the evaluation of your application.

When I started as an associate at Martin Tate, I walked into my office on the first day to find a three-foot stack of files on my desk. Many of the files were for cases being handled by partners, and I was brought on as second (or third) chair. A number of the files were for cases set for upcoming trials in General Sessions Court that I was expected to handle on my own. As soon as I finished a General Sessions case, I was given another one to handle. It was a great experience as a young attorney to start immediately being responsible for clients' matters and trying cases.

One of the things that attracted me to Martin Tate—besides its people—was its requirement that all associates work with the partners in each section of the firm. At that time, the firm had four sections: Litigation, Business/Tax, Trusts and Estates, and Real Estate. Each of the sections had an extensive checklist of tasks that an associate was required to perform—i.e., draft a will, probate a will, set up a trust, prepare a quit claim deed, prepare a Form 1040, draft an asset purchase agreement, etc. Working through those extensive checklists taught me about many areas of the law in my early years of practice. In particular, the training gave me the ability to spot an issue that I might not have recognized if I did not have familiarity with such a broad range of practice areas.

At the beginning of my career, I had not yet decided if I wanted to focus on litigation or transactional work. Before I committed to litigation, I spent quite a bit of time on transactional matters. I closed asset purchase and stock purchase transactions, prepared private placement memoranda for securities offerings, set up a hedge fund in compliance with federal and state securities laws and regulations, and participated in numerous other transactional matters. This early training in both litigation and transactional matters, as well as completing the required checklists covering varied practice areas, gave me confidence to handle matters in many areas of the law, which I believe would be an asset as a judge.

As the years went by, I focused my practice on civil litigation, developed my own clients, and expanded my practice to Circuit Court, Chancery Court, Federal Court and Bankruptcy Court.

Much of my practice involves matters that require significant motion practice and brief writing. When I was a young lawyer, I benefitted from several excellent mentors who taught me the importance of good legal writing. Over my career, I have continued to hone my legal writing and analytical skills through classes and CLEs, and reading articles about effective legal writing. I remain primarily responsible for all dispositive, trial, appellate, and other significant briefs filed in my cases. I enjoy reading the law, analyzing facts, and setting out a cogent argument in writing, all of which are skills that easily translate to writing clear, understandable judicial opinions.

I estimate that I have been counsel in hundreds of cases involving a wide range of issues (not all of which resulted in litigation being filed). To give context regarding my background and experience, I submit the following summary of some of the cases I have handled (In the interest of privacy, I have not referenced party names and can provide docket numbers upon request):

- Chancery Court of Shelby County, Tennessee: Represented a financial institution to protect its multi-million-dollar investment in a specialized line of business. Two former employees attempted through unfair means to take the business (which had been built at great cost, over a significant period of time, by my client) and import it to a competitor. We immediately sought a temporary restraining order, which was granted. Thereafter, the case was handled on an expedited basis requiring a number of depositions and a review of 190,000+ pages of documents in preparation for the temporary injunction hearing, which would effectively decide the case. The Court granted the temporary injunction, extended the effective period of the restrictive covenants in the former employees' agreements for one year, and granted most of the other relief requested, including our attorneys' fees.
- Tennessee Court of Appeals/Chancery Court of Shelby County, Tennessee; related litigation filed in the Chancery Court of Davidson County, Tennessee: Represented a private equity group challenging through writs of certiorari the grant of certain economic incentives involving "Qualified Public Use Facility" status being conferred on a facility located in Shelby County. This case involved intensive statutory construction and interpretation. I also handled the appeal of the Shelby County case to the Tennessee Court of Appeals.
- Chancery Court of Shelby County, Tennessee: Represented a trustee sued by beneficiaries of a trust that owned and licensed historical photographs to create a revenue stream. The beneficiaries alleged malfeasance and sought to have the trustee removed. The case involved interpretation of the trust documents and issues of res judicata and collateral estoppel.

- Tennessee Court of Appeals/Chancery Court of Shelby County, Tennessee: Represented plaintiffs in a case brought to enforce a non-solicitation provision in a contract. Handled the defendants' request for an extraordinary appeal to the Tennessee Court of Appeals, which was denied. Defendants also made a request for an extraordinary appeal to the Tennessee Supreme Court, which was denied.
- United States District Court for the Western District of Tennessee: Represented a small-business owner defendant in a suit brought by a large pharmaceutical company alleging unfair trade practices and other claims arising in connection with the sale of compounded prescription medication.
- American Arbitration Association: Represented a subcontractor asserting claims against the general contractor for breach of contract and other claims relating to a multi-million-dollar project located in Shelby County, Tennessee.
- Eighth Circuit Court of Appeals/United States District Court for the Eastern District of Arkansas: Represented plaintiff, a mid-sized Memphis business, which had purchased a company from the defendant who, after selling his business to my client, surreptitiously established a competing business. The Court granted emergency relief based on the purchase and sale agreements. I also handled the appeal before the Eighth Circuit.
- Chancery Court for Shelby County, Tennessee; United States District Court for the Western District of Tennessee: Represented a bank participation group that was sued in 19 cases by plaintiffs consisting of subcontractors, materialmen, and a construction manager arising from the failed development of a \$58 million dollar condominium project. The plaintiffs brought claims in excess of \$8 million against the bank group for promissory fraud, negligent misrepresentation, intentional misrepresentation, conversion, unjust enrichment, and violations of the Tennessee Consumer Protection Act. I led and coordinated the litigation team, which engaged in extensive hearings, discovery, and depositions. We successfully negotiated a comprehensive settlement during a complex mediation that involved separating the subcontractors into multi-tiered groups.

While the cases were pending, I brought a case for appointment of a receiver to oversee the safekeeping of the property pending the outcome of the litigation. The receiver and I routinely monitored the property. One evening, we had to take the unusual step of seeking out the Chancellor at a restaurant to obtain an emergency order prohibiting a subcontractor, who had brought a semi-truck to the site, from removing materials stored onsite that were part of the bank group's collateral.

I also handled the bank group's claims against the borrower/developer and filed a declaratory judgment action in federal court against the title insurance company to obtain insurance coverage for certain aspects of the claims.

- New York State Common Retirement Fund Investigations: Handled significant portions of the defense of a parallel investigation by the New York State Attorney General's Office and the Securities and Exchange Commission against a registered investment advisor that specialized in vetting and recommending alternative investments to its clients. The investigation concerned the New York State Common Retirement Fund and allegations of wrongdoing by two individuals who were alleged to be in a pay-to-play scheme to provide services for the fund. We resolved the issues with the SEC, and the New York Attorney General's Office did not take action against our client.
- United States District Court for the Northern District of Illinois and a related case in the United States District Court for the Western District of Tennessee: My client was a manufacturer that produced surgical drill bits used in orthopedic operations to drill into bone. Plaintiff sued my client, first in Chicago and then in Memphis, alleging that my client had misused plaintiff's confidential information, misappropriated its trade secrets, infringed on its patents, and engaged in a deceptive scheme to deprive it of royalty income in connection with my client's manufacture and sale of drill bits and certain surgical guide pins. The allegations were far-reaching across my client's line of business and posed issues for a pending acquisition. Ultimately, both cases were dismissed, and the acquisition closed. I oversaw the litigation in Chicago, handled the litigation along with registered patent counsel in Tennessee, and worked closely with our transactional lawyers to close the acquisition.
- Sixth Circuit Court of Appeals/United States District Court for the Western District of Tennessee: Had an active role as local counsel representing a foreign company seeking discovery from a local company under 28 U.S.C § 1782 to use in an arbitration pending in an overseas tribunal. The case involved the interpretation of the statute and its applicability to the proceeding. The District Court denied the request, which was overturned on appeal by the Sixth Circuit.
- Chancery Court of Shelby County, Tennessee: Represented the defendant, which managed investments in start-up and emerging companies, in a case alleging breach of contract and breach of fiduciary duties and asserting a claim for access to corporate records under Delaware law. We defeated a request for an injunction and prevailed before a Special Master on the corporate records request.
- Sixth Circuit Court of Appeals/United States District Court for the Western District of Tennessee: Represented an insurance company against claims made by its insured that the insurance company breached its duties to defend and indemnify its insured under six insurance policies. I also handled the appeal to the Sixth Circuit.
- United States District Court for the Western District of Tennessee: Acted as local counsel on behalf of a private equity group that was sued for antitrust violations under the Sherman Act.

- Sixth Circuit Court of Appeals/United States District Court for the Eastern District of Tennessee: Defended a property management company against claims made by a former tenant for violations of her rights under the Fourteenth Amendment, the Uniform Residential Landlord Tenant Act, and the Fair Housing Act. I also handled the appeal to the Sixth Circuit.
- Florida-Based Insurance Coverage Litigation: Acted as insurance coverage counsel for a family-owned Memphis-based company that was named as a defendant in a lawsuit in Florida. The principal of the company had significant personal exposure if his company's insurance carriers continued to deny coverage for the pending claim. I oversaw appointed counsel's defense of the state court case and handled all aspects of the coverage issues in connection with the claim. To obtain adequate coverage, I argued that the company's policies had been triggered both horizontally and vertically over a number of years, resulting in the involvement and potential liability of numerous primary and excess carriers. I led the coverage discussions with my client's carriers (which included presentations on the legal arguments regarding coverage issues) and negotiations in multi-day mediations, ultimately securing a settlement that was funded primarily by my client's insurance policies.
- Chancery Court of Shelby County, Tennessee: Represented the plaintiffs, an owner and certain investors, in a Memphis-based limited liability company who were in a dispute with another owner of the LLC. The defendant had effectively shut my clients out of the operations of the company and refused to pay what was contractually owed. We prevailed on a motion for partial summary judgment on an issue of contractual interpretation, which resulted in a favorable settlement.
- Chancery Court of Shelby County, Tennessee: Represented the plaintiff, a publicly-traded company that owned an apartment complex. Plaintiff brought suit against a defendant night club and its owner who were operating the club in a manner that constituted a nuisance to the neighboring flagship complex and its residents. I appeared for numerous hearings on injunctive relief and contempt petitions over a 10-month period as a result of continuing violations of the Court's orders. The case resolved when the club was destroyed by fire on the eve of the hearing on the third petition for contempt.
- Chancery Court of Shelby County Tennessee: Represented individual defendants in a breach of contract case brought by plaintiff homeowners who sued for failure of defendants to close on the sale of a home.
- Appeals: I remain primarily responsible for all of my cases on appeal, from briefing to oral argument.

- Bankruptcy Cases: Handled numerous hearings, including the presentation of live testimony and cross examination, in over 20 bankruptcy cases in which I represented creditors in Chapter 11 proceedings and defendants in preference and fraudulent conveyance actions. With one of my partners, I have also represented a debtor in a Chapter 11 reorganization.
- Pro Bono Clinic Clients: In the past, Memphis Area Legal Services hosted Saturday morning monthly pro bono clinics for members of the community to seek legal advice. I participated in numerous clinics and, on many occasions, agreed to handle pro bono matters for individuals seeking help in matters involving landlord-tenant disputes, lemon law, family members who were in crisis, credit card issues, and other matters. Matters of note include successfully relocating a woman in Section 8 housing who was being bullied by other residents to another, more appropriate, housing situation, and defending General Sessions cases where my pro bono clients were named as defendants and sued for amounts that they did not owe. Over the years, I developed relationships with some of those clients and continue to assist them as needed.
- Finally, I have handled matters for close friends and family members over the years that have personally impacted their lives. I am glad that I had the skills to help during particularly stressful and challenging times and am honored that they trusted me with their important personal issues.

I have discussed some additional cases in my answer to Question 9 below.

As you can see from the list above and my response to Question 9 below, my cases are neither routine nor repetitive. The breadth of my practice has necessitated, on many occasions, that I educate myself in an unfamiliar area of the law in order to represent my client competently. As a result, I am accustomed to spending the time necessary to learn the applicable law.

In sum, I have extensive experience in state and federal court litigation involving a wide array of issues and have a background in transactional matters. The types of matters I handle require both good writing skills and an ability to quickly and competently master an area of law. I believe my experience over the course of my career has equipped me with skills that would benefit a judge.

9. Also separately describe any matters of special note in trial courts, appellate courts, and administrative bodies.

Tennessee Supreme Court: *Davis v. Komatsu America Industries Corporation*, 42 S.W.3d 34 (Tenn. 2001): One of my partners and I represented a defendant punch press manufacturer in a products liability case in which plaintiff lost a portion of his dominant hand in a punch press line accident. The significant part of the case involved having the Sixth Circuit certify a question to the Tennessee Supreme Court regarding whether Tennessee recognized the component parts doctrine (which would benefit our client's legal position). I argued an appeal before the Sixth Circuit where the issue was raised, and the Sixth Circuit certified the question to the Tennessee Supreme Court. I had primary responsibility for briefing the issue. The Tennessee Supreme Court answered the certified question by adopting the component parts doctrine as part of the canon of products liability law in Tennessee.

Sixth Circuit Court of Appeals: *Taylor v. Thomas*, United States District Court for the Western District of Tennessee, No. 2:12-cv-02309-JPM-cgc (2013): My client was the long-time owner of a successful real estate company founded in 1951 by two women at a time when it was somewhat unusual for women to start and own a business. After my client joined the company and expanded its reach, one of the company's agents left and began using the company's service marks as his own, claiming ownership rights in my client's intellectual property. I obtained an injunction on an expedited basis prohibiting the former agent from using my client's real estate sign and her service marks. At the conclusion of trial, the jury returned a verdict for monetary damages in my client's favor. I also obtained a ruling from the Court that the former agent had violated the Lanham Act by using my client's intellectual property, and the Court awarded damages on the Lanham Act claim, as well as attorneys' fees. The former agent appealed, we briefed the matter to the Sixth Circuit, and I handled the oral argument. The Sixth Circuit affirmed the jury's verdict and found that for purposes of the Tennessee Consumer Protection Act, the loss of control over a service mark was an "ascertainable loss" entitling my client to recovery (which was an issue that had not been decided under Tennessee law).

Circuit Court of Pulaski County, Arkansas: *Seachange International Inc. v. Concurrent Computer Corp. et al.*, No. 99-5384 (2004): My client was a portfolio manager who routinely posted in Yahoo! Finance and Silicon Investor online chat rooms. My client had invested in a publicly traded company, Concurrent Computer Corporation ("Concurrent"), that was developing a new technology (at that time), video-on-demand ("VOD") servers. My client posted his observations and opinions concerning Concurrent's competitor, Seachange International, Inc. ("Seachange"), another publicly traded company that was also developing VOD servers. Seachange sued my client, his employer, and Concurrent for defamation and conspiracy to drive down Seachange's stock price, claiming that posts in the chat rooms had decreased Seachange's market capitalization by millions of dollars. My partner and I tried the case to a jury that had little familiarity with chat rooms, discussion threads, and VOD. After a 5-week trial, the jury returned a defense verdict. It is my understanding that this was the first (or one of the first) internet defamation jury trials in the country.

10. If you have served as a mediator, an arbitrator or a judicial officer, describe your experience (including dates and details of the position, the courts or agencies involved, whether elected or appointed, and a description of your duties). Include here detailed description(s) of any noteworthy cases over which you presided or which you heard as a judge, mediator or arbitrator. Please state, as to each case: (1) the date or period of the proceedings; (2) the name of the court or agency; (3) a summary of the substance of each case; and (4) a statement of the significance of the case.

In 2024, I was appointed as Special Master in *Acument Global Technologies, Inc. v. Mallinckrodt ARD, Inc. et al.*, No. CT-2275-19, Circuit Court of Shelby County, Tennessee for the Thirtieth Judicial District at Memphis by (then) Judge Mary L. Wagner. The litigation involved claims that the defendants engaged in an anticompetitive scheme to maintain and enhance monopoly power over a prescription drug in order to inflate its price. The case was one of a number of cases filed across the United States involving the prescription drug and allegations of monopoly power. The Tennessee case involved a significant number of discovery motions involving complex discovery disputes, millions of documents, and coordination with other pending litigation.

11. Describe generally any experience you have serving in a fiduciary capacity, such as guardian ad litem, conservator, or trustee other than as a lawyer representing clients.

None

12. Describe any other legal experience, not stated above, that you would like to bring to the attention of the Council.

My appearance before numerous courts has given me perspective on what makes a good judge, and has informed my judicial philosophy. I have a deep respect for the Tennessee Constitution, in particular its distribution of powers in Article II into the Legislative, Executive, and Judicial branches, and the importance of the separate role that each plays within our system.

13. List all prior occasions on which you have submitted an application for judgeship to the Governor's Council for Judicial Appointments or any predecessor or similar commission or body. Include the specific position applied for, the date of the meeting at which the body considered your application, and whether or not the body submitted your name to the Governor as a nominee.

None

EDUCATION

14. List each college, law school, and other graduate school that you have attended, including dates of attendance, degree awarded, major, any form of recognition or other aspects of your education you believe are relevant, and your reason for leaving each school if no degree was awarded.

University of Memphis, Cecil C. Humphreys School of Law
J.D., with High Honors, 1994
Class Rank: 3/108
Law Review, Notes Editor
American Jurisprudence Award, Constitutional Law
American Jurisprudence Award, Civil Rights
American Jurisprudence Award, Fair Employment Practices
National Dean's List

Vanderbilt University
B.A., English, with a Minor in Sociology, 1991
Writer for *Vanderbilt Magazine* (work study position)
Reporter for *The Hustler* (Vanderbilt's student newspaper)

PERSONAL INFORMATION

15. State your age and date of birth.

56, [REDACTED] 1968

16. How long have you lived continuously in the State of Tennessee?

My family moved to Memphis in 1984 and I have lived continuously in Tennessee since that time.

17. How long have you lived continuously in the county where you are now living?

I have lived in Shelby County continuously since 1984, except for my time at Vanderbilt University from 1987 to 1991.

18. State the county in which you are registered to vote.

Shelby County, Tennessee

19. Describe your military service, if applicable, including branch of service, dates of active duty, rank at separation, and decorations, honors, or achievements. Please also state whether you received an honorable discharge and, if not, describe why not.

None

20. Have you ever pled guilty or been convicted or placed on diversion for violation of any law, regulation or ordinance other than minor traffic offenses? If so, state the approximate date, charge and disposition of the case.

No

21. To your knowledge, are you now under federal, state or local investigation for possible violation of a criminal statute or disciplinary rule? If so, give details.

No

22. Please identify the number of formal complaints you have responded to that were filed against you with any supervisory authority, including but not limited to a court, a board of professional responsibility, or a board of judicial conduct, alleging any breach of ethics or unprofessional conduct by you. Please provide any relevant details on any such complaint if the complaint was not dismissed by the court or board receiving the complaint.

None

23. Has a tax lien or other collection procedure been instituted against you by federal, state, or local authorities or creditors within the last five (5) years? If so, give details.

No

24. Have you ever filed bankruptcy (including personally or as part of any partnership, LLC,

corporation, or other business organization)?

No

25. Have you ever been a party in any legal proceedings (including divorces, domestic proceedings, and other types of proceedings)? If so, give details including the date, court and docket number and disposition. Provide a brief description of the case. This question does not seek, and you may exclude from your response, any matter where you were involved only as a nominal party, such as if you were the trustee under a deed of trust in a foreclosure proceeding.

When I was in high school, I was involved in a traffic accident. I remember being called to testify. I have not been able to locate the court or docket number for the case.

26. List all organizations other than professional associations to which you have belonged within the last five (5) years, including civic, charitable, religious, educational, social and fraternal organizations. Give the titles and dates of any offices that you have held in such organizations.

Calvary Episcopal Church

University of Memphis School of Law Alumni Association

- Immediate Past President (current)
- President (2024-25)
- Vice President (2023-24)
- Secretary/Treasurer (2022-23)

Community Legal Center; Board of Directors (2017-20)

27. Have you ever belonged to any organization, association, club or society that limits its membership to those of any particular race, religion, or gender? Do not include in your answer those organizations specifically formed for a religious purpose, such as churches or synagogues.

- a. If so, list such organizations and describe the basis of the membership limitation.
- b. If it is not your intention to resign from such organization(s) and withdraw from any participation in their activities, should you be nominated and selected for the position for which you are applying, state your reasons.

In college, I was a member of Kappa Alpha Theta sorority, which limited its membership

to women. I am not currently active with my sorority.

ACHIEVEMENTS

28. List all bar associations and professional societies of which you have been a member within the last ten years, including dates. Give the titles and dates of any offices that you have held in such groups. List memberships and responsibilities on any committee of professional associations that you consider significant.

- American College of Trial Lawyers (2017-present)
 - State Committee (2017-present)
 - Trial and Appellate Advocacy Committee (2017-23)

I consider my membership in the College to be one of my most significant accomplishments. The College describes itself as “an invitation-only Fellowship of exceptional trial lawyers from the United States and Canada who have demonstrated the very highest standards of trial advocacy, ethical conduct, integrity, professionalism, and collegiality.” Selection is conducted confidentially by members who review a candidate’s qualifications and conduct a background review through interviews with judges, colleagues, and opposing counsel.

- Memphis Bar Association
 - President (2016)
 - Vice President (2015)
 - Secretary/Treasurer (2014)
 - Personnel Committee (2022-21)
 - Nominations Committee (2021)
 - Past Presidents’ Roundtable, Chair (2017)
 - Board of Directors (2003-04; 2013-16)
 - Legislative Committee, Chair (2013)
 - CLE Committee (2002-04); Chair (2003-04)
 - Bench Bar Committee (2003)
 - Publications Committee (2001-02)
- Leo Bearman, Sr. American Inn of Court
 - President (2021-22)
 - Vice President/Counselor (2020-21)
 - Treasurer (2019-20)
 - Master (2017-present)
 - Barrister (2000-02)

- Federal Bar Association, Mid-South Chapter
 - President (2007)
 - Vice President (2006)
 - Treasurer (2005)
 - Secretary (2004)
- The Federalist Society, Memphis Lawyers Chapter
- Tennessee Supreme Court, Business Court Docket Advisory Commission (2020-22)
- Advisory Committee on Rules of the United States Court of Appeals for the Sixth Circuit (2022-present)
- Tennessee Bar Association
 - Construction Law Section, Executive Committee (2019-present)
- USLAW NETWORK
 - Vice-Chair, Business Litigation and Class Actions Practice Group (2022-24)
- Community Legal Center, Board of Directors (2017-20)
- Lawyers' Journal Club
- Glass Ceiling Initiative, Tennessee Bar Association Special Committee (2011-12)
- National Association of Women Judges Annual Conference, Committee Member (Memphis, 2009)
- Magistrate Judge Selection Committee for the Western District of Tennessee (2008)
- Tennessee Bar Association, Leadership Law Program, Class of 2006
 - Steering Committee (2013)
- Bankruptcy Court Liaison Committee for the Western District of Tennessee (2006)
- District 9 Investigating Committee for the Board of Law Examiners (2003-08)
- Association of Women Attorneys
 - Board of Directors (2002-03)

29. List honors, prizes, awards or other forms of recognition which you have received since your graduation from law school that are directly related to professional accomplishments.

- AV® Peer Review Rated by Martindale-Hubbell
- Best Lawyers in America
 - Bet-the-Company Litigation (Lawyer of the Year – Memphis 2026)
 - Commercial Litigation
 - Intellectual Property Litigation (Lawyer of the Year – Memphis 2020)
 - Construction Law (Lawyer of the Year – Memphis 2015, 2025)
 - Construction Litigation
 - Bankruptcy Litigation
- Mid-South Super Lawyers
 - Business Litigation
 - Top 50 Women Attorneys in the Mid-South
 - Top 100 Attorneys in Tennessee
 - Top 50 Attorneys in Memphis
- Memphis Business Journal, Best of the Bar (2023)
- Fellow, Memphis Bar Foundation
- Fellow, Tennessee Bar Foundation
- Life Fellow, American Bar Foundation
- Barret's Chapel Community Organization – Unsung Hero Award

30. List the citations of any legal articles or books you have published.

- USLAW Construction Law Compendium (Tennessee) (2016, 2017, 2018, 2021)
- Note: *Tort Actions Against Churches – What Protections Does the First Amendment Provide?*, 25 U. Mem. L. Rev. 193 (1994)
- Case Comment: *Tennessee Rule of Civil Procedure 11 Is Inapplicable to Failure to Supplement – Should the Language of Rule 11 Be Amended?*, Mem. St. U. L. Rev. 701 (1993)

31. List law school courses, CLE seminars, or other law related courses for which credit is given that you have taught within the last five (5) years.

- Facilitator, AI: Love It or Forbid It?, USLAW General Counsel and In-House Counsel Forum (2024)
- Panelist, The Partnership Track, Leo Bearman, Sr. American Inn of Court (2023)
- Speaker, AI and Automation Impact on Business and Potential Litigation Issues, USLAW Client Conference (2023)
- Speaker, Tennessee's Prompt Pay Act: Confusion, Conundrums and Lobbying Efforts Gone Awry, Lawyers Journal Club (2023)
- Speaker, Growing Demands on General Counsel, USLAW General Counsel and In-House Counsel Forum (2023)
- Speaker, Patience and Perseverance: An Overview of The Prompt Pay Act, Tennessee Bar Association Construction Law Basics CLE Program (2022)
- Speaker, A Checklist for an Ethical Litigation Practice, Memphis Bar Association (2020)

32. List any public office you have held or for which you have been candidate or applicant. Include the date, the position, and whether the position was elective or appointive.

In August 2025, I was one of two attorneys whose names were submitted by our Senators to the White House for appointment as United States District Court Judge for the Western District of Tennessee. In 2024, I explored an appointment for the Sixth Circuit Court of Appeals and was considered for appointment as Magistrate Judge, United States District Court, Western District of Tennessee in 2019-20.

33. Have you ever been a registered lobbyist? If yes, please describe your service fully.

No

34. Attach to this application at least two examples of legal articles, books, briefs, or other legal writings that reflect your personal work. Indicate the degree to which each example reflects your own personal effort.

1. *Acument Global Technologies, Inc. v. Mallinckrodt ARD, Inc. et al.*, No. CT-2275-19-VII (Aug. 15, 2024) – Report and Recommendation of the Special Master on Defendants’ Motions for a Protective Order Governing Discovery (without exhibits) – This is an example of my work when I was acting in a quasi-judicial capacity as a Special Master. I read the parties’ briefs, held a hearing, and made suggested rulings to the Court. I was responsible for drafting the attached report and recommendation in the referenced case. I had one of the attorneys in my firm proofread and provide feedback on organizational structure before it was filed.

2. *First Horizon Bank et al. v. Tyler Thompson et al.*, No. W2022-00271-COA-R10-CV, Tennessee Court of Appeals (2022) – Answer to Defendant’s Application for Rule 10 Extraordinary Appeal by Permission – I was primarily responsible for drafting this brief. The other attorney working with me on this matter proofread it and provided feedback.

3. *Taylor v. Thomas*, No. 14-5632, United States Court of Appeals for the Sixth Circuit (2014) – Appellee Fontaine Taylor’s Response Brief – I met with an associate to outline the structure of the brief and discuss the relevant legal arguments. I drafted certain portions of the brief and provided substantial input and revisions to the draft of other portions of the brief prepared by the associate.

4. *Brentwood Academy v. Tennessee Secondary Schools Athletic Ass’n et al.*, 531 U.S. 288, United States Supreme Court (2001) – Motion to File Brief Amici Curiae and Brief for Amici Curiae Memphis University School, St. Agnes Academy, Christian Brothers High School, Hutchison School, Harding Academy, Lausanne Collegiate School, St. Mary’s Episcopal School, Briarcrest Christian School, Evangelical Christian School, and First Assembly Christian School in Support of Petitioner – I worked on this matter with two of my partners. I was the primary researcher and drafter of the amici brief to the United States Supreme Court, with input and edits from my partners.

5. President’s Column, *Memphis Lawyer*, Vol. 33, Issue 6 (2016) – I am providing this article an example of another style of my writing. I am solely responsible for this article.

ESSAYS/PERSONAL STATEMENTS

35. What are your reasons for seeking this position? *(150 words or less)*

I would like to translate my experience into service for the people of Tennessee. I welcome the opportunity to be a dedicated public servant, to serve with integrity, and to apply my experience and skills to the work of the Court. Over the course of my career, I have served the Memphis legal community in a number of meaningful positions. I have served my law firm in a management role, addressing issues of importance to our firm. I have served my clients who have trusted me with legal issues that had the potential to have a significant impact on their businesses and lives. I had the opportunity to serve our Court system as a Special Master. I have enjoyed being an advocate and a leader, and doing so has prepared me to be a decision maker. I would be honored to serve the people of Tennessee in this position.

36. State any achievements or activities in which you have been involved that demonstrate your commitment to equal justice under the law; include here a discussion of your pro bono service throughout your time as a licensed attorney. *(150 words or less)*

I served on the Board of Directors of the Community Legal Center, which provides legal services to those who do not meet the guidelines for Memphis Area Legal Services, but who cannot afford an attorney (those who have an income between 125% and 300% of the federal poverty level). The types of cases that the CLC handles include landlord tenant, elder abuse, conservatorships, divorces, contract disputes, and uncontested adoptions. In 2014, I was the Chair for the Large Firm Giving Committee for the Campaign for Equal Justice for Memphis Area Legal Services. In 2015, I was the Chair of the entire campaign. As President of the Memphis Bar Association in 2016, we continued the longstanding practice of recognizing October as pro bono month and encouraging our members to participate in pro bono activities. Finally, over the years, I have served many pro bono clients as discussed in response to Question 8.

37. Describe the judgeship you seek (i.e. geographic area, types of cases, number of judges, etc. and explain how your selection would impact the court. *(150 words or less)*

I seek a position on the Tennessee Supreme Court, which has five members. It is the Court of last resort for appeals from the Tennessee Court of Appeals and the Tennessee Court of Criminal Appeals. Its appellate jurisdiction is largely discretionary. On occasion, the Tennessee Supreme Court accepts certified questions from federal courts and assumes jurisdiction over undecided appeals pending in the Court of Appeals and Court of Criminal Appeals. The Tennessee Supreme Court also oversees the administration of the lower courts

and has oversight over the practice of law in Tennessee.

I have the utmost respect for the Rule of Law and the role of the judiciary. If selected, I would exercise judicial authority within the bounds of what is prescribed by the Tennessee Constitution. I would also bring an understanding of a broad range of legal issues to the Court, as well as strong analytical skills, writing skills, and work ethic.

38. Describe your participation in community services or organizations, and what community involvement you intend to have if you are appointed judge? *(250 words or less)*

I have spent a great deal of time during my legal career involved in legal-related community service as President of the Memphis Bar Association, the Federal Bar Association (Mid-South Chapter), the Leo Bearman, Sr. American Inn of Court, and the University of Memphis Law School Alumni Association, as well as being a member of or chairing numerous committees. Over the years, I have also been involved in church activities, teaching children's Sunday School with my mom and ushering, and other philanthropic activities involving fundraising for charitable causes. I have found personal fulfillment in giving my time to those activities. I intend to remain involved in both legal and community activities as permitted by Supreme Court Rule 10, Code of Judicial Conduct.

39. Describe life experiences, personal involvements, or talents that you have that you feel will be of assistance to the Council in evaluating and understanding your candidacy for this judicial position. *(250 words or less)*

I spent my childhood in a small Arkansas farming community. My father's family moved from the hills of the Ozarks to the flatlands of Eastern Arkansas during the Great Depression and took up farming. My mother arrived in Arkansas by a more circuitous route. During World War II, my grandparents left Russia due to near starvation and persecution by the Communist regime. Captured in Alsace-Lorraine, they were separated and placed in camps where my grandmother gave birth to my mother. After liberation by American soldiers, my grandfather resolved to raise his family in the United States, even though it meant years-long wait for passage. My mother's family eventually emigrated with sponsorship from the Episcopal Church and a Snow Lake, Arkansas farmer. They were grateful to the church for the opportunity and to the farmer for employment.

My life has certainly bypassed the hardships of my mother's early life, but it has not been without some challenges. A widespread farm crisis impacted our family, as it did so many others, causing the land and equipment acquired over the years by my father and grandfather to be auctioned to pay debts. It was a difficult time, and I will never forget my parents' determination to make the best of their situation.

During this tumultuous time we moved to Memphis, and I went from knowing almost everyone in my class since birth to knowing no one at my new school. Having never written a five-paragraph essay, or taken a foreign language or advanced math class, I was not adequately prepared. I spent many hours catching up and, with the support of my teachers, by my senior year I was taking AP classes and was accepted to Vanderbilt.

My mother's family worked hard to take advantage of the opportunities the United States had to offer. If asked, my mother will happily recount the story of the day she became a naturalized citizen of this great country. Living in a small town and growing up on a farm afforded me both great independence and responsibility at a young age. Moving to the city allowed me to understand how different day-to-day life was compared to a rural farming community. Our family's financial hardships taught me about business cycles, economic highs and lows, and the importance of being able to embrace change and continue to thrive. To the extent that we are the sum of our experiences, these have had an impact on who I am and what I would bring to this position outside of my legal training and experience.

40. Will you uphold the law even if you disagree with the substance of the law (e.g., statute or rule) at issue? Give an example from your experience as a licensed attorney that supports your response to this question. *(250 words or less)*

Yes, I will. In private practice, I have had to counsel clients who wanted to act in contravention of the law. While I did not necessarily always agree with the law, I have refused to act on requests to take action in litigation, or assert claims, that were contrary to the law. As President of the MBA, I had the opportunity to speak publicly at a naturalization ceremony where I gave remarks centered on the application of the Rule of Law and its bedrock importance to our country. I recounted my mother's immigration story and noted that my grandfather was adamant that the only country where he would emigrate was the United States. I do not know if my grandfather would have used the phrase – Rule of Law – in expressing what he wanted for his family, but what he saw in America was a place where individuals were equal under the law, where laws were applied evenly and fairly, and where justice was delivered ethically. A copy of my remarks are available upon request.

REFERENCES

41. List five (5) persons, and their current positions and contact information, who would recommend you for the judicial position for which you are applying. Please list at least two persons who are not lawyers. Please note that the Council or someone on its behalf may contact these persons regarding your application.

A. Senator Marsha Blackburn

[REDACTED]
[REDACTED]
[REDACTED]

B. Michael E. Keeney, Esq.
Attorney
Lewis Thomason

[REDACTED]
[REDACTED]
[REDACTED]

C. The Hon Jon Phipps McCalla
Judge, United States District Court for the Western District of Tennessee (ret.)

[REDACTED]
[REDACTED]
[REDACTED]

D. Mr. Richard W. Smith
Chief Operating Officer International and Chief Executive Officer Airline, FedEx
One FedEx Plaza

[REDACTED]
[REDACTED]
[REDACTED]

E. Dean Jim Strickland
University of Memphis, Cecil C. Humphreys School of Law

[REDACTED]
[REDACTED]
[REDACTED]

AFFIRMATION CONCERNING APPLICATION

Read, and if you agree to the provisions, sign the following:

I have read the foregoing questions and have answered them in good faith and as completely as my records and recollections permit. I hereby agree to be considered for nomination to the Governor for the office of Judge of the [Court] Supreme Court of Tennessee, and if appointed by the Governor and confirmed, if applicable, under Article VI, Section 3 of the Tennessee Constitution, agree to serve that office. In the event any changes occur between the time this application is filed and the public hearing, I hereby agree to file an amended application with the Administrative Office of the Courts for distribution to the Council members.

I understand that the information provided in this application shall be open to public inspection upon filing with the Administrative Office of the Courts and that the Council may publicize the names of persons who apply for nomination and the names of those persons the Council nominates to the Governor for the judicial vacancy in question.

Dated: 10/20/2025

A handwritten signature in blue ink, appearing to read "John S. Wearford".

Signature

When completed, return this application to Laura Blount at the Administrative Office of the Courts, 511 Union Street, Suite 600, Nashville, TN 37219.

**IN THE CIRCUIT COURT OF SHELBY COUNTY, TENNESSEE
FOR THE THIRTIETH JUDICIAL DISTRICT AT MEMPHIS**

ACUMENT GLOBAL TECHNOLOGIES, INC.,

Plaintiff,

v.

No. CT-2275-19 Div. VII

MALLINCKRODT ARD, INC., et al.,

Defendants.

**REPORT AND RECOMMENDATION OF THE SPECIAL MASTER
ON DEFENDANTS' MOTIONS FOR A PROTECTIVE ORDER
GOVERNING DISCOVERY**

This cause came to be heard on the Express Scripts Entities' Motion to Enter a Protective Order and Defendant James A. Tumlin, M.D.'s Motion for Entry of a Protective Order. The Court referred these two motions, along with a number of other motions, to the Special Master by Order of Reference to Special Master dated May 20, 2024.

In their motions, the Express Scripts Entities¹ and Dr. Tumlin seek a protective order governing the use and confidentiality of documents and information produced in discovery. Plaintiff Acument Global Technologies, Inc. ("Acument") opposes the motions for a protective order and filed Acument Global Technologies, Inc.'s Omnibus Brief Regarding Discovery of the Express Scripts Defendants and Acument Global Technologies, Inc.'s Omnibus Brief Response Re: Defendant Tumlin Discovery in opposition.

¹ The Express Scripts Entities include Express Scripts Holding Co. n/k/a Evernorth Health, Inc., Express Scripts, Inc., CuraScript, Inc. d/b/a CuraScript SP Specialty Pharmacy, Priority Healthcare Corp., Priority Healthcare Distribution, Inc. d/b/a CuraScript SP Specialty Distribution, Accredo Health Group, Inc., and United BioSource, LLC f/k/a United BioSource Corp.

On May 23, 2024 and May 31, 2024, the Special Master held virtual meetings with counsel representing all of the parties at which time the motions for protective order were discussed. On June 18, 2024, the Special Master held a hearing on certain of the outstanding motions that had been referred, including the motions for a protective order. Based upon the foregoing, and the entire record in this case, the Special Master recommends the entry of the Protective Order Governing Discovery attached as Ex. 1, which is substantially similar to the protective order proposed by the Express Scripts Entities and Dr. Tumlin, with certain revisions discussed herein.

The Special Master makes the following findings supporting the recommendation:

A number of cases have been filed against one or more of the Express Scripts Entities relating to Acthar, which is a prescription drug. In this case, similar to the other Acthar-related litigation, Plaintiff alleges, among other things, that Defendants engaged in an anticompetitive scheme to “maintain and enhance” Mallinckrodt ARD Inc.’s monopoly power in the U.S. market for Acthar. *See* Am. Complaint filed August 9, 2024 ¶ 2. The alleged scheme involved overcharging for Acthar. *Id.* ¶¶ 12-15. Acument is alleged to be a “payor” for Acthar prescribed to its employee-beneficiary, and is alleged to have overpaid for Acthar. *Id.* ¶¶ 16-18.

There are at least four other cases in which Plaintiff or Plaintiff’s counsel has filed suit against one or more of the Express Scripts Entities making similar allegations arising out of the sale of Acthar: *City of Rockford v. Mallinckrodt, et al.*, No. 3:17-cv-50107 (N.D. Ill.) (“City of Rockford”); *MSP Recovery Serv. v. Mallinckrodt, et al.*, No. 1:18-cv-00379 (N.D. Ill.); *International Union of Operating Engineers Local 542 v. Mallinckrodt, et al.*, No. 2018-14059 (Montgomery County, PA Court of Common Pleas) (“Local 542”) and *Steamfitters Local Union*

No. 420 v. Mallinckrodt, et al., No. 2-19-cv-03047 (E.D. Pa.) (“Local 420”). Acument was, for a time, a party to the City of Rockford case.

The Express Scripts Entities and Dr. Tumlin represent that many of the documents sought in discovery contain protected health information, “highly sensitive information,” pharmacy data, and a database referred to as “ASAP” that contains health diagnoses and health plan coverage information, all of which is the type of information that needs the protection afforded by a protective order. Transcript of June 18, 2024 Hearing (“Tr.”) at 16-17, attached as Ex. 2. The Express Scripts Entities and Dr. Tumlin also assert that certain documents contain confidential business-related information, which is also deserving of protection. *Id.* The discovery sought from Dr. Tumlin includes documents such as Acument’s employee-beneficiary’s medical file, and communications with the employee-beneficiary relating to Acthar prescriptions, which is the kind of information that requires confidentiality. *See* Plaintiff’s First Request for Production of Documents Directed to Dr. Tumlin. Acument agrees that the discovery sought involves HIPAA, health information, financial information, and protected health information. *Tr.* at 43-44, Ex. 2.

In the four other Acthar-related cases, protective orders were entered governing the confidentiality and use of discovery-related materials. *See* Orders attached to the Express Scripts Entities’ Mtn. for Prot. Order at Exhs. B, C, D, E and F. The provisions of the protective order proposed by movants are similar to the provisions contained in the protective orders entered in the other Acthar-related litigation, with one added provision, discussed below, allowing the Express Scripts Entities to re-produce documents in the Tennessee litigation with the same designations that those documents were given when previously produced in other Acthar-related

litigation. *Compare* Ex. A with Exhs. B, C, D, E and F of the Express Scripts Entities' Mtn. for Prot. Order.

Importantly, movants' proposed protective order does not allow all documents to be designated with protected status. Only certain types of documents enumerated in the Protective Order are eligible to be designated confidential or attorneys' eyes only. Those categories of documents are (a) information prohibited from disclosure by statute; (b) research, technical, commercial or financial information that the party has maintained as confidential; (c) medical information concerning any individual; (d) personal identity information; (e) income tax returns (including attached schedules and forms), W-2 forms, and 1099 forms; and (f) personnel or employment records of a person who is not a party to the case. *See* Express Scripts Entities' Mtn. for Prot. Ord., Ex. A at 1-2. Information or documents that are available to the public may not be designated as Confidential Information. *Id.* The limited categories of documents that may be designated as protected under the proposed protective order are the types of documents that would usually be afforded confidential protection, at least at the discovery stage, because of the personal or competitive information reflected in them. The Special Master has incorporated this language from movants' proposed order in the draft Protective Order attached as Exhibit 1.

Acument opposes the entry of any protective order. Both Acument and Express Scripts Entities rely on *Ballard v. Herzke*, 924 S.W. 2d 652 (Tenn. 1996) to support their positions, but their reliance is misplaced. *Ballard* dealt with documents that had been filed with the court. At the time *Ballard* was decided, Tenn. R. Civ. P. 5.05 required discovery to be filed with the court, and no local rule exempted documents produced in response to discovery requests from the filing requirement. *Ballard*, 924 S.W.2d at 662. Now, Local Rule 12(C) provides that "[d]ocuments or things produced for inspection, pursuant to T.R.C.P. 34, are not to be filed with the Court." In

addition, Tenn. R. Civ. P. 5.05 permits the court to enter an order that depositions, interrogatories, requests for admission and responses thereto not be filed unless by order of the court or for use in a proceeding. *Ballard* did not address protective orders, like the one sought here, covering unfiled discovery.

As discussed in depth by now-Justice Kirby in *In re NHC-Nashville Fire Litigation*, 293 S.W.3d 547 (Tenn. Ct. App. 2008), different standards apply to documents filed with the court (as in *Ballard*) and unfiled, “raw” discovery. *In re NHC*, 293 S.W.3d at 566-75. The protective order proposed by movants covers unfiled discovery. It does not address how discovery will be treated if it is used at a hearing, at trial, or if it needs to be publicly filed. *See Express Scripts Entities’ Mtn. for Prot. Ord., Ex. A.* Therefore, the appropriate standard to be applied to movants’ request for a blanket protective order is the standard applicable to unfiled discovery.

There is no presumptive public right of access to unfiled discovery. *In re NHC*, 293 S.W.3d at 571. Under Tenn. R. Civ. P. 26.03, “[u]pon motion by a party . . . and for good cause shown, the court in which the action is pending may make any order which justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense” For unfiled discovery “that may never be used in litigation, a ‘relatively light’ standard for the required good cause showing is appropriate.” *In re NHC*, 293 S.W.3d at 573. “In the context of a protective order on unfiled discovery, ‘the good cause standard generally should be considered to be satisfied as long as the parties can articulate a legitimate need for privacy or confidentiality.’” *Id.* (citing Sedona Guidelines).

In cases where there are voluminous materials, a “threshold showing” of good cause over “broad categories” of documents can be sufficient in order to facilitate the exchange of materials,

especially considering that much of the material may not ever be utilized in connection with a determination of the merits of the case. *Id.* at 573.

“Moreover, the trial judge may legitimately factor into the good cause determination the extent to which the protective order enhances the ability of the parties, and the trial judge, to focus on addressing the merits of the case by dispositive motion or by trial, as well as better enabling the parties to settle litigation. The primary function of the judicial system is to resolve private disputes, and the public shares the parties’ interest in a judicial system that can efficiently resolve disputes.” *Id.* at 574.

Based on the “relatively light” good cause standard applicable to the issuance of a protective order governing unfiled discovery, and given the reasons for issuance of a blanket protective order discussed herein, the Special Master finds that good cause has been established and recommends that the Court enter the protective order attached at Exhibit 1.

Much of Acument’s opposition to the motions is based on the reasoning from *Ballard* where documents have been filed with the Court. As discussed above, a different standard applies to documents filed with the Court, and the *Ballard*-type arguments do not apply to the issue of whether the Court should issue a protective order governing unfiled discovery.²

Further, in *In re NHC*, the Tennessee Court of Appeals expressly addressed an argument that Acument makes here, namely, that there must be a document-by-document justification for confidentiality designations under a protective order. The *In re NHC* Court expressly rejected that argument, stating that “with respect to complex litigation that spawns an enormous volume

² To the extent that interrogatory responses or responses to requests for admissions that are to be filed under Rule 5.05 are designated confidential, the party seeking to file that discovery must file a motion either to file those documents under seal or to be excused from filing under Rule 5.05.

of unfiled discovery materials, it is neither practical nor realistic to require a trial judge to conduct a page-by-page document review.” *Id.* at 573.

Acument also argues that Dr. Tumlin is not entitled to a protective order because Dr. Tumlin does not have any documents responsive to Acument’s document requests. Acument’s Om. Brief Re: Tumlin at 4-5. While Dr. Tumlin has responded “None” to the document requests, the response is made subject to certain objections, and it is doubtful that Dr. Tumlin will have no documents to produce in this case.

Acument also argues that Dr. Tumlin has not established good cause for the issuance of a protective order, relying on arguments based on *Ballard’s* reasoning, which is not applicable as discussed above.

Acument argues that instead of a protective order, documents containing protected health information may be redacted. This argument is unpersuasive. Given the volume of documents at issue (discussed below), a review and redaction of those documents would be an unnecessarily time-consuming task given that the alternative of a protective order is available.

The Express Scripts Entities’ 1.6 million Documents

In other Acthar-related litigation, the Express Scripts Entities produced approximately 1.6 million documents in discovery. The productions were made under protective orders where certain documents were permitted to be designated as confidential. *See* Orders attached to the Express Scripts Entities Mtn. for Prot. Order at Exhs. B, C, D, E and F. Some of those 1.6 million documents have been used in and made exhibits to depositions in prior cases involving Acthar. Tr. at 33-35, Ex. 2. The parties agree that certain of those depositions and depositions exhibits will also be used in the Tennessee litigation. *Id.*

The Express Scripts Entities propose a protective order that contains a provision allowing the re-production of the 1.6 million documents in the Tennessee case, with the same confidentiality designations that were applied to the documents when they were produced in the other Acthar-related litigation. The Express Scripts Entities state that “consistent with the parties’ agreement to coordinate discovery across the Acthar-related litigation, the Express Scripts Entities reviewed documents once for production across the related cases.” Express Scripts Entities’ Mtn. for Prot. Ord. at 6. Tr. at 23-24, 39, Ex. 2. Acument opposes that provision of the proposed protective order, and asks that the Express Scripts Entities be required to re-review, re-designate, and re-produce the documents in response to the specific document requests made in the Tennessee litigation. Tr. at 23-24, 39, Ex. 2. The Express Scripts Entities argue in opposition that there was an agreement to coordinate discovery across the Acthar-related litigation. The Express Scripts Entities point to a “Joint Discovery Plan” filed in the City of Rockford case as evidence that Acument had agreed that discovery would be coordinated. Acument, however, was not a signatory to the Joint Discovery Plan filed in the City of Rockford case because it had filed a notice of non-suit before the Joint Discovery Plan was filed.³

³ Even if Acument had been a party, the Joint Discovery Plan is not as broad as the Express Scripts Entities allege. In support of their argument that there was an agreement to coordinate discovery, the Express Scripts Entities state: “[T]he parties submitted a Joint Discovery Plan confirming that to ‘promote efficiency and avoid unnecessary duplication,’ discovery would be coordinated across ‘any other litigation alleging that the price of Acthar was artificially inflated through a conspiracy between Mallinckrodt and any Express Scripts Entity.’” Express Scripts Entities’ Mtn. for Prot. Order at 5-6 (emphasis added). This is, however, an overstatement of what the Joint Discovery Plan provides. The actual phrasing of the Joint Discovery Plan is narrower, and provides “[t]o promote efficiency and avoid unnecessary duplication, it is the Parties’ intention that depositions . . . can be used in any other litigation alleging that the price of Acthar was artificially inflated through a conspiracy between Mallinckrodt and any Express Scripts Entity” See City of Rockford case at Dkt. No. 199 (emphasis added).

While there does not appear to be any written agreement outlining the parameters of how discovery would be coordinated in the various Acthar-related cases, Acument sought to have the Acthar-related litigation coordinated or consolidated for pre-trial proceedings before the United States Judicial Panel on Multidistrict Litigation because the cases involve common questions of fact and coordination would promote the “just and efficient conduct” of the cases. *See Express Scripts Entities’ Mtn. for Prot. Ord., Ex. G at 8.* In the motion before the MDL, Acument argued that the Acthar-related litigation involved “nearly identical factual allegations and legal issues . . . the same product (Acthar) . . . the same Defendants (Mallinckrodt and Express Scripts) . . .” *Id.* Although the motion was denied as premature because of the bankruptcy filing of certain defendants, Acument’s statements reflect sound reasons why some degree of coordination regarding what has previously occurred in discovery in the Acthar-related litigation is warranted.

Even though Acument opposes the entry of a protective order in this case, Acument previously agreed to a similar Confidentiality Order governing the materials exchanged in discovery in the City of Rockford case under which the Express Scripts Entities produced the 1.6 million documents that Acument seeks to have the Express Scripts Entities re-review. *See Ex. F to Express Scripts Entities’ Mtn. for Prot. Ord.* Acument now wants to change course and require the Express Scripts Entities to review, again, and re-designate the 1.6 million documents, even though it agreed to a protective order in the City of Rockford case involving the same allegations and the same Express Scripts Entities.

Other courts have not required the Express Scripts Entities to engage in additional processes and procedures relating to the significant discovery that the Express Scripts Entities previously produced in the Acthar-related litigation. *See, e.g., Stipulated Order in Local 420, Ex. O to Express Scripts Entities’ Mtn. for Prot. Ord. at 1-2* (“[T]his Order does not apply to the

significant discovery that has already been produced in connection with other Acthar-related litigation . . . and [which] the parties anticipate will be reproduced in this litigation [T]he parties agree that documents produced in the Related Matters can be re-produced in this litigation without having to engage in the additional procedures and protocols set forth below”).

Acument has not set forth any compelling reasons why such an undertaking would be warranted in the Tennessee litigation. Therefore, the Special Master recommends that the provision allowing the Express Scripts Entities to re-produce the 1.6 million documents with the existing confidential designations be incorporated into the Tennessee protective order.

Removal of Confidentiality Designations Relating to Documents Produced in Other Acthar-Related Litigation

With respect to the documents previously produced in the course of the other Acthar-related litigation, the Express Scripts Entities removed confidentiality designations from a number of those documents. The Express Scripts Defendants have agreed in the Tennessee litigation to de-designate any documents that either voluntarily or by court order had their confidentiality designations removed in other Acthar-related cases. Express Scripts Entities’ Mtn. for Prot. Order at 14 and Tr. at 17-18, 20-21, Ex. 2. The Special Master has included a provision reflecting that agreement in the draft Protective Order (attached as Exhibit 1).

Timeliness of the Express Scripts Entities’ Motion for Protective Order

Acument argues that the Express Scripts Entities’ motion was untimely because it was filed after the deadline to respond to discovery requests; however, the Express Scripts Entities timely filed their responses and objections. In their responses, the Express Scripts Entities state that they will produce documents after an appropriate protective order is entered. Plaintiff’s Om. Rsp. to Express Scripts Entities’ Mtn. at 7. The Express Scripts Entities moved for a protective order governing the use of discovery materials within a month. Acument cites no authority for

its argument that a protective order governing the confidentiality and use of discovery must be sought prior to the deadline to respond to document requests. Further, Acument makes no argument that it has been prejudiced by the timing of the motion.

The Pennsylvania Presumption Rule

Acument argues that in the City of Rockford case, the City of Rockford had to file approximately 100 motions to file documents under seal, and Acument seeks to avoid the duplication of that effort. Acument appears to be arguing that because of a Pennsylvania rule applicable to the Local 542 case, many of the documents to be produced in this Tennessee case will not be entitled to protection, and thus a protective order is not needed, and motions to file under seal can be avoided. Acument's Om. Brief Re: Express Scripts Entities at 8. The Stipulation and Confidentiality Order entered in the Local 542 case provides that "[a]ll sales, marketing, pricing and other commercial information more than five (5) years old that does not reflect current practices is presumed not to be sensitive commercial information and not Confidential Information." Ex. D to Express Scripts Entities' Mtn. for Prot. Ord. at 2-3. Acument argues that in light of this provision, a protective order is not necessary because the documents relating to amounts spent on Acthar are no longer entitled to protection. This does not, however, remedy the need for a protective order, because the Pennsylvania rule only establishes a presumption. It does not remove protection from documents over five years old automatically. Further, the rule does not apply to other types of documents, such as those containing protected health information.

While the Pennsylvania rule does not obviate the need for a protective order, because the language was included in the Stipulation and Confidentiality Order in the Local 542 case, it governs the 1.6 million documents produced in the Local 542 case. There is no logical reason

that those same documents should be governed by a different rule in the Tennessee case. Given the Express Scripts Entities' position that discovery should be coordinated, and its agreement to the language in the order in the Local 542 case, the Special Master has included that the same provision in the draft Protective Order at Ex. 1.

Acument's Proposed Protective Order

Finally, while Acument opposed the entry of a protective order, it did, in the alternative, propose its own form of protective order, which is materially different from the form of the protective orders agreed to by Acument in the City of Rockford case, and materially different from the form of protective orders entered in the other Acthar-related litigation. Based on the reasons set forth above, the Special Master finds that the form of the protective order proposed by movants and revised as set forth in Exhibit 1 more closely resembles the protective orders entered in the other Acthar-related litigation, and declines to recommend the form of protective order proposed by Acument.

Conclusion

Acument argues that no protective order is needed in this case. Given that Acument has sought discovery of documents containing personal health information and other sensitive information; that Acument has sought documents that the Express Scripts Entities allege contain confidential business-related information; that the Express Scripts Entities have previously reviewed and produced, and are prepared to produce in this case, the 1.6 million documents they produced in other Acthar-related litigation upon the entry of an appropriate protective order; that protective orders were entered in the other Acthar-related litigation allowing the Express Scripts Entities to produce certain of the 1.6 million documents with confidentiality designations; that Acument has represented that there are common questions that would benefit from coordinated

discovery in other Acthar-related litigation; that Acument agreed to a protective order in the City of Rockford case that is substantially similar to the one proposed in this Tennessee case; and that the parties agree that depositions taken in other Acthar-related litigation will be used in this Tennessee litigation and those deposition exhibits include certain of the 1.6 million documents that have been designated confidential under the protective orders entered in other Acthar-related cases, a protective order is warranted.

For the foregoing reasons, the Special Master recommends that the Court enter the Protective Order attached as Exhibit 1.

/s/ Shea Sisk Wellford
Shea Sisk Wellford (TN Bar No. 16947)
MARTIN TATE MORROW & MARSTON, P.C.
International Place, Tower II
6410 Poplar Avenue, Suite 900
Memphis, Tennessee 38119
Telephone: (901) 522-9000
Facsimile: (901) 527-3746
sheawellford@martintate.com

CERTIFICATE OF SERVICE

The undersigned certifies that on August 15, 2024, a copy of the foregoing was filed electronically with the Court and was served via email pursuant to Tenn. R. Civ. P. 5.02(a) on the following:

Daniel V. Parish
PARISH LAW, LLC
1779 Kirby Parkway
#1-68
Memphis, TN 38138
901-424-5585
dparish@parishlawllc.com

Attorneys for Plaintiff Acument Global Technologies, Inc.

William D. Dillon
DILLON LAW GROUP LLC
1000 Parkwood Circle SE, Suite 220
Atlanta, GA 30339
404-713-3283
william@dillonlawgroup.com

Attorneys for Defendant James A. Tumlin, MD

Donald E. Haviland, Jr.
William H. Platt, II
HAVILAND HUGHES
201 S. Maple Way
Suite 110
Ambler, PA 19002
215-609-4661
haviland@havilandhughes.com
platt@havilandhughes.com

Attorneys for Plaintiff Acument Global Technologies, Inc.

Kirk A. Caraway
ALLEN, SUMMERS & GRESHAM, PLLC
80 Monroe Ave.,
Suite 650
Memphis, TN 38103
901-763-4200
kcaraway@allensummers.com

Attorneys for Defendant James A. Tumlin, MD

Eric C. Lyttle
Ethan C. Glass
Meghan A. McCaffrey
Michael D. Bonanno
Michael J. Lyle
Brian H. Rowe
J. Kirk Goza
J. Matthew Hamann
Sarah Heaton Concannon
Samuel Johnson
QUINN, EMANUEL, URQUART &
SULLIVAN, LLP
1300 I Street, N.W.
Suite 900
Washington, DC 20005
ericlyttle@quinnemanuel.com
ethanglass@quinnemanuel.com
meghanmccaffrey@quinnemanuel.com
mikebonanno@quinnemanuel.com
mikelyle@quinnemanuel.com
brianrowe@quinnemanuel.com
kirkgoza@quinnemanuel.com
matthewhamann@quinnemanuel.com
sarahconcannon@quinnemanuel.com
samueljohnson@quinnemanuel.com

Debra D. Bernstein
QUINN, EMANUEL, URQUART &
SULLIVAN, LLP
1200 Abernathy Rd.
Suite 1500
Atlanta, GA 30328
debrabernstein@quinnemanuel.com

*Attorneys for Defendants Express Scripts
Holding Company; Express Scripts, Inc.;
Curascript, Inc. d/b/a Curascript, SD Priority
Healthcare Corp.; Priority Healthcare
Distribution, Inc. d/b/a Curascript SD and
Curascript Specialty Distribution SD; Accredo
Health Group, Inc. and United Biosource
Corporation*

Robert D. Meyers
Aubrey B. Greer
GLANKLER BROWN, PLLC
6000 Poplar Ave.
Suite 400
Memphis, TN 38119
901-525-1322
rmeyers@glankler.com
agreer@glankler.com

*Attorneys for Defendants Express Scripts
Holding Company; Express Scripts, Inc.;
Curascript, Inc. d/b/a Curascript, SD
Priority Healthcare Corp.; Priority
Healthcare Distribution, Inc. d/b/a
Curascript SD and Curascript Specialty
Distribution SD; Accredo Health Group,
Inc. and United Biosource Corporation*

/s/ Shea Sisk Wellford



The Shelby County, Tennessee Circuit Court

Case Style: ACUMENT GLOBAL TECH VS MALLINCKRODT ARD INC

Case Number: CT-2275-19

Type: NOTICE ISSUED TO MISC

A handwritten signature in black ink, appearing to read "Kelley Turner". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kelley Turner, DC

Electronically signed on 08/19/2024 07:01:19 AM

IN THE COURT OF APPEALS OF TENNESSEE
WESTERN SECTION

FIRST HORIZON BANK,
FHN FINANCIAL CAPITAL MARKETS and
FHN FINANCIAL SECURITIES CORP.

Plaintiffs/Appellees,

vs.

No. W2022-00271-COA-R10-CV
Shelby County Chancery No. CH-21-1631

TYLER THOMPSON and
ROBERT W. BAIRD & CO., INC.,

Defendants/Appellants.

FIRST HORIZON BANK'S, FHN FINANCIAL CAPITAL MARKETS'
AND FHN FINANCIAL SECURITIES CORP.'S ANSWER TO
DEFENDANTS' APPLICATION FOR RULE 10 EXTRAORDINARY
APPEAL BY PERMISSION

Shea Sisk Wellford (TN Bar No. 16947)
Abigail Abide Stephens (TN Bar No. 35920)
Martin, Tate, Morrow & Marston, P.C.
6410 Poplar Avenue, Suite 1000
Memphis, TN 38119
Phone: 901-522-9000
Facsimile: 901-527-3746
sheawellford@martintate.com
astephens@martintate.com

*Attorneys for Plaintiffs First Horizon Bank,
FHN Financial Capital Markets, and FHN
Financial Securities Corp.*

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DEFENDANTS' APPLICATION FOR RULE 10 EXTRAORDINARY
APPEAL BY PERMISSION

Come now First Horizon Bank ("First Horizon"), FHN Capital Markets, and FHN Financial Securities Corp. ("FHN Financial") (collectively, "FHN") and submit their Answer to Defendants' Application for Rule 10 Extraordinary Appeal as follows:

An extraordinary appeal may be granted when "the lower court has so far departed from the accepted and usual course of judicial proceedings as to require immediate review." Tenn. R. App. P. 10(a). The Tennessee

Supreme Court addressed the standard for an extraordinary appeal in a 2014 decision:

Unlike Rule 9 appeals, Rule 10 appeals are reserved only for extraordinary departures from the accepted and usual course of judicial proceedings [citations omitted]. It is important for appellate courts to exercise restraint in granting Rule 10 appeals. Under our Rules, the appellate courts have no authority to unilaterally interrupt a trial court's orderly disposition of a case unless the alleged error rises to the level contemplated by the high standards of Rule 10. . . . [U]nless the trial court's alleged error qualifies for immediate review under the specific criteria indicated by Rule 10, the appellate court must . . . refrain from granting a Rule 10 appeal. Those alleged errors not rising to the level required by Rule 10 can be reviewed in the normal course of an appeal after a final judgment has been entered.

Gilbert v. Wessels, 458 S.W.3d 895, 898–99 (Tenn. 2014).

This case does not warrant an extraordinary appeal. This is not a case where a trial court refused to rule on a motion to compel arbitration and proceeded with discovery, mediation, or trial. In the case before this Court, the parties do not dispute that there is a valid arbitration agreement. The trial court has ruled on Defendants' motion to compel arbitration. Indeed, it is that ruling that Defendants appeal. Here, unlike the cases they cite, the Defendants take issue with having to litigate certain limited issues that are required to be litigated in court under the parties' arbitration agreement. As such, the cases relied upon

by Defendants are inapposite, and the standard for an extraordinary appeal has not been met.¹

It is undisputed that Plaintiff FHN Financial² and Defendant Robert W. Baird & Co., Inc. (“Baird”) are members of the Financial Industry Regulatory Authority (“FINRA”), a self-regulatory organization governing certain financial institutions. FHN App’x³ at 4-5, 300-01. Defendant Tyler Thompson is an “associated person” of FINRA member

¹ Defendants rely on *Glassman, Edwards, Wyatt, Tuttle & Cox, P.C. v. Wade*, 404 S.W.3d 464 (Tenn. 2013), in which the defendants made a motion to compel arbitration, the plaintiffs disputed the existence of a valid arbitration agreement, and the trial court, without ruling on the defendants’ motion to compel arbitration, ordered the parties to mediate and exchange discovery. *Id.* at 465-66. The Tennessee Supreme Court held that the trial court erred by not determining whether there was a valid agreement to arbitrate. *Id.* at 467-69. Defendants also rely on *New Phase Investments, LLC v. Elite Re Investment, LLC*, No. W2019-00980-COA-R10-CV, 2020 WL 6537400 (Tenn. Code App. Jan. 2, 2020) in which the parties disputed whether there was a valid arbitration agreement, the trial court granted a temporary injunction, ordered mediation and discovery, and did not rule on the motion to compel arbitration. *Id.* at *1. The Court found that the trial court erred and remanded for a determination of whether there was a valid agreement to arbitrate. *Id.* at *4. In this case, unlike *Glassman* and *New Phase*, there is no dispute that there is an agreement to arbitrate and the trial court has ruled on the motion to compel arbitration. As such, the cases relied on by Defendants do not support an extraordinary appeal of the orders issued in the pending case.

² First Horizon is a Tennessee chartered bank and FHN Financial Capital Markets is a division of First Horizon. Neither are members of FINRA.

³ Citations to “FHN App’x” are to the bates-numbered pages of FHN’s Appendix filed herewith.

Baird. *Id.* There is no dispute that under FINRA Rule 13200, certain disputes among members or between members and associated persons must be arbitrated under the FINRA Code of Arbitration Procedure for Industry Disputes (the “FINRA Code”). FHN App’x 302-03. The only issues raised by Defendants in this appeal are that the Chancery Court allowed Plaintiffs’ request for a temporary injunction, and certain discovery associated with that request, to proceed in Chancery Court instead of staying the case. As discussed below, the Chancery Court did not err when it allowed Plaintiffs’ request for a temporary injunction and related discovery to proceed because that is the procedure expressly contemplated and allowed by the FINRA Code.

A. Background

For purposes of their answer to the request for an extraordinary appeal, Plaintiffs rely on the facts set forth in their Verified Complaint⁴ to give the Court some context regarding the Defendants’ application:

Defendant Tyler Thompson previously worked as institutional bond representative at FHN. FHN App’x at 1. Thompson had zero clients and no sales experience in the industry when he started in January 2017. *Id.* at 1-2. FHN invested substantial time, capital, and resources in training Thompson about the bond sales industry, FHN’s services and products,

⁴ Although Plaintiffs served multiple discovery requests and a subpoena to a non-party, and made a motion to compel responses when no discovery was forthcoming, Plaintiffs have received no discovery from Defendants or in response to its subpoena. Defendants have resisted all attempts at discovery, have not filed an answer to the Verified Complaint, and have not, to date, complied with the Chancery Court’s order requiring the production of certain documents.

and how those services and products could be utilized to develop, maintain, and expand client accounts and relationships, among other things. *Id.*

In connection with his employment, Thompson executed a Confidentiality, Non-Solicitation and Non-Interference Agreement (the “Agreement”), which contains non-solicitation provisions and restrictions on the use of FHN’s confidential and proprietary business and customer information. *Id.* at 2, 24-30. As a result of the training he received, and the customers that FHN Financial assigned to Thompson, he developed and retained customers and had access to confidential client information during the course of his employment. *Id.* at 2-3.

Thompson resigned from FHN to go to work for a competitor, Baird. *Id.* Following his resignation, FHN sent both Thompson and Baird copies of Thompson’s Agreement, notifying them of Thompson’s legal and contractual obligations to FHN under the non-solicitation and confidentiality provisions contained therein. *Id.* Despite being given notice of his obligations, FHN learned that Thompson has engaged in and likely will continue to engage in unlawful contact with and solicitation of FHN customers in violation of the non-solicitation and other provisions of his Agreement. *Id.*

FHN sought injunctive relief enjoining Defendants from soliciting FHN clients and barring Defendants from using FHN’s confidential and proprietary business and customer information, pending the resolution of FHN Financial’s claims against Defendants in a related arbitration proceeding that FHN Financial commenced with FINRA concurrently with the Chancery Court action. *Id.* at 3-4, 20-21.

In the FINRA arbitration proceeding, FHN Financial seeks a permanent injunction and other relief. *Id.* at 324-25. Although final resolution on the merits of FHN Financial's claims will be determined in the FINRA arbitration, FHN Financial must first obtain a ruling on its request for temporary injunctive relief from the Chancery Court. *See* FINRA Rule 13804, FHN App'x at 33-36, attached as Ex. A.⁵

B. The Agreement to Arbitrate

It is undisputed that FHN Financial and Baird, by virtue of their membership in FINRA, and Thompson, by virtue of his employment with a FINRA member, are bound by the FINRA Code to arbitrate their disputes. *Id.* at 493-94. The FINRA Code, which is comprised of FINRA Rules 13000 to 13905, is their agreement to arbitrate. FHN Financial, Thompson, and Baird are required to arbitrate in accordance with their agreement, i.e., in accordance with the FINRA Code. As the Tennessee Supreme Court has noted:

Arbitration . . . is a matter of consent, not coercion and the parties are generally free to structure their arbitration agreements as they see fit. Just as they may limit by contract the issues which they will arbitrate, so too may they specify by contract the rules under which that arbitration will be conducted.

⁵ Under FINRA Rule 13804(b), if the Chancery Court issues an injunction, FINRA will schedule an expedited arbitration within 15 days of the entry of the injunction. *See* Ex. A. If no injunction is issued, then Rule 13804(b) will not apply and this case will likely be assigned to standard-track arbitration, which could delay a hearing on the merits for possibly a year or more. An injunction order is therefore required under Rule 13804(b) so that an expedited arbitration hearing before FINRA can take place. *Id.*

Taylor v. Butler, 142 S.W.3d 277, 281 (Tenn. 2004) (quoting *Volt Info. Sci, Inc. v. Bd. of Tr. of Leland Stanford Jr. Univ.*, 489 U.S. 468, 476 (1989)) (emphasis added). Thus, FHN Financial, Thompson, and Baird are bound by and must conduct their arbitration in accordance with the FINRA Code.

C. The Request for a Preliminary Injunction and Associated Discovery

Under the agreement to arbitrate (the FINRA Code), a FINRA member (FHN Financial) may seek a temporary injunction from a court of competition jurisdiction and, at the same time, initiate an arbitration with FINRA. *See* FINRA Rule 13804(a)(1), FHN App'x at 33-36, attached as Ex. A ("In industry . . . disputes required to be submitted to arbitration under the Code, parties may seek a temporary injunctive order from a court of competent jurisdiction.").

Temporary injunctive relief is not available through FINRA – it must be sought from a Court under the FINRA rules. Once the Court rules on the request for the temporary injunction, the FINRA arbitration process automatically begins and FINRA will schedule the arbitration hearing. *See* FINRA Rule 13804(b), FHN App'x at 33-36, attached as Ex. A.

Here, FHN Financial filed its Verified Complaint in the Chancery Court seeking a temporary injunction and associated discovery as permitted by the FINRA Code. *Id.* at 1-50. The only relief sought by FHN Financial (the FINRA member) from the Chancery Court is a temporary injunction and related discovery. Once the injunctive request is ruled upon, the FINRA arbitration proceedings will automatically commence on FHN Financial's Statement of Claim that it has filed with

FINRA. There is no need to compel arbitration in this case because FHN Financial has already initiated arbitration with FINRA, which is proceeding in accordance with the FINRA Code.

Defendants want to ignore the FINRA Code and have this Court find that the Chancery Court erred by allowing FHN Financial to proceed with its request for a temporary injunction and discovery. The Chancery Court's decision, however, is not a basis for an extraordinary appeal. It is instead a textbook example of how the FINRA Code operates, as confirmed by FINRA.

The following is a summary of the applicable FINRA Rules and their application to this case:

Under FINRA Rule 13200, FHN Financial was required to file a Statement of Claim against Thompson and Baird with FINRA concurrently with filing its Verified Complaint with the Chancery Court. *See* FINRA Rule 13200, FHN App'x at 32, attached as Ex. B. In accordance with Rule 13200, FHN Financial filed its Statement of Claim against Thompson and Baird with FINRA at the same time it filed its Verified Complaint in the Chancery Court. FHN App'x at 3-4, 306-48. Thus, there is currently an arbitration pending before FINRA.

FINRA Rule 13804(a)(1) permits a party to seek a "temporary injunctive order from a court of competent jurisdiction" in a dispute that is otherwise required to be submitted to arbitration. FINRA Rule 13804, FHN App'x at 33-36, attached as Ex. A.

The FINRA Rules define "temporary injunctive order" as "a temporary restraining order, preliminary injunction or other form of initial temporary injunctive relief." *See* FINRA Rule 13100(dd), FHN

App'x at 127-133, attached as Ex. C. Under the Tennessee Rules of Civil Procedure, the counterpart to the federal court's preliminary injunction referenced in Rule 13100(dd) is called a "temporary injunction." Tenn. R. Civ. P. 65.04. In this case, FHN Financial is seeking a temporary injunction under Tenn. R. Civ. P. 65.04.

FINRA Rule 13804(b)(1) provides that upon the issuance of a temporary injunction, the FINRA arbitration hearing on the request for permanent injunctive relief will begin within 15 days. *See* FINRA Rule 13804, FHN App'x at 33-36, Ex. A. If the request is denied, the FINRA arbitration may proceed along the standard track.

Pursuant to these rules, FINRA confirmed receipt of FHN's Statement of Claim and stated that "the case will not move forward until FINRA receives the court order granting temporary injunction or the parties have agreed to proceed under regular provisions of the Code." *See* FHN App'x 134-37, email from FINRA, attached as Ex. D. Defendants admitted in their Chancery Court filings that they have appeared and are engaged in the FINRA arbitration, which Thompson and Baird represented to the Chancery Court "is progressing. The case has been assigned FINRA Case No. 21-02910. Thompson and Baird have filed Notices of Appearance and their Statement of Answer to the Statement of Claim" FHN App'x at 494.

D. The FINRA Ruling

Instead of following their agreement to arbitrate (the FINRA Code) and litigating the temporary injunction in Chancery Court, the Defendants sought to stay the Chancery Court action. In addition, Thompson and Baird addressed FINRA about the Chancery Court case

and made a motion to have FINRA proceed with arbitrator selection and a FINRA hearing, even though FHN Financial had a request for a temporary injunction pending before the Chancery Court. FHN App'x at 429-35. Thompson and Baird filed a Motion to Begin Arbitrator Selection with FINRA, in which they set out many of the same arguments that they made to the Chancery Court and this Court. *Id.* Thompson and Baird also argued to FINRA (and to the Chancery Court) that FHN Financial was trying to circumvent the FINRA Code by seeking a preliminary injunction and associated discovery. *Id.*

In their Motion to Begin Arbitrator Selection, Thompson and Baird argued to FINRA that FHN Financial should not be allowed to pursue its request for a temporary injunction and discovery in the Chancery Court. *Id.* Thompson and Baird demanded that the FINRA action proceed forthwith and made accusations that the FINRA Code was being violated by allowing the Chancery Court action to proceed. *Id.*

FINRA flatly rejected Thompson and Baird's arguments, ruling that in accordance with the FINRA Rules, once the request for the temporary injunction was ruled on, "the arbitrator selection process will begin. If a court denies the request for temporary injunction, the case will be processed pursuant to FINRA Rule 13302." FHN App'x at 491-92; attached as Ex. E.

Numerous cases confirm that FHN Financial's course of action—seeking a temporary injunction and discovery in preparation for the injunction hearing—is permitted under the FINRA Rules and the

relevant procedural rules.⁶ *Charles Schwab & Co., Inc. v. Kovalaski*, 2015 WL 13776769 (S.D. Fla. Mar. 3, 2015) (“[W]hile the FINRA arbitrators ultimately will decide the merits of this dispute, the issue of preliminary injunctive relief and related discovery is exempted from arbitration.”); *Wachovia Sec., LLC v. Stanton*, 571 F. Supp. 2d 1014, 1049-50 (N.D. Iowa 2008) (denying request for temporary restraining order in a FINRA case and finding that plaintiff’s request for expedited discovery in preparation for a preliminary injunction hearing was “all the more urgent” and should be granted “because such expedited discovery may clarify matters that were outside [each party’s] knowledge and may ultimately lead to the prompt and efficient disposition of this litigation and the parties’ underlying dispute”); *Morgan Stanley Smith Barnett, LLC v. Maloy*, No. C14-5388, 2014 WL 12720908, at *2 (W.D. Wa. May 13, 2014) (setting case subject to a FINRA arbitration for a preliminary

⁶ Plaintiffs made a motion to expedite discovery and to set a hearing on their request for a preliminary injunction in order to expedite the Chancery Court case. FHN App’x at 51-98. Defendants opposed the motion, arguing that there was no need for expedited discovery or to fast track the Chancery Court case. Had Thompson and Baird not opposed the motion, FHN’s request for a temporary injunction would have likely already been heard and ruled upon. Instead, because of Thompson’s and Baird’s opposition, the Court ruled that discovery would proceed in accordance with the time frames set out in Tennessee Rules of Civil Procedure. *Id.* at 99-100. After Defendants continued to refuse to respond to properly served discovery requests, Plaintiffs made a motion to compel, which was granted in part. Defendants, however, still continue to refuse to provide any discovery whatsoever to Plaintiffs. *Id.* at 110-186.

injunction hearing and permitting depositions and subpoenas for the production of documents); *Hillard v. Clark*, No. 1:07-cv-811, 2007 WL 2458140 at *2 (W.D. Mich. Aug. 24, 2007) (construing Rule 13804, denying motion to stay proceedings pending FINRA arbitration hearing, and permitting discovery in preparation for temporary injunction hearing); *A.G. Edwards & Sons, Inc. v. Marcolla*, No. 07-3260, 2007 WL 3037269, at *3 (C.D. Ill. Oct. 17, 2007) (denying motion to compel arbitration as “premature” as the Court had not yet ruled on the request for preliminary injunction and permitting depositions prior to preliminary injunction hearing, stating, “The discovery allowed by this Court is not discovery within the arbitration, but rather discovery on the request for temporary injunctive relief that is properly before this Court”).

E. The Tennessee Uniform Arbitration Act

Abandoning their argument to the Court below that FHN Financial was violating the FINRA Code by seeking a temporary injunction and related discovery, Defendants now argue that the Tennessee Uniform Arbitration Act, Tenn. Code Ann §§ 29-5-301 *et seq.* (the “TUAA”) requires that the Chancery Court action be stayed and the case be arbitrated.⁷ Defendants argue that this Court should grant an extraordinary appeal because under TUAA, when there is an agreement

⁷ Defendants do not state the facts on which they base their argument that the TUAA governs this matter. Regardless of whether the TUAA or the Federal Arbitration Act governs this case, Defendants have no basis for an extraordinary appeal.

to arbitrate, the entire Chancery Court case must be stayed. This is not correct and is not grounds for an extraordinary appeal.

The TUAA does not supplant the parties' agreement to arbitrate. It does not modify the parties' agreement. It does not instruct a Court to ignore provisions of parties' agreements to arbitrate and require arbitration of all issues irrespective of the parties' agreement. The TUAA does not force arbitration of issues that the parties have not agreed to arbitrate. Instead, the TUAA is the enforcement mechanism for the agreement that the parties' have made. *See* Tenn. Code Ann. § 29-5-302(b) (stating that the making of an arbitration agreement "providing for arbitration in this state confers jurisdiction on the court to enforce the agreement under this part"); *New Phase Investments, LLC v. Elite RE Investments, LLC*, No. M2001-02631-COA-R9-CV, 2020 WL 6537400, at *3 (Tenn. Ct. App. Nov. 5, 2020) (citing the TUAA as giving courts "the power to enforce arbitration agreements").

The purpose of Tenn. Code Ann. § 29-5-303 is to enforce agreements to arbitrate. In this case, part of FHN Financial's, Thompson's, and Baird's agreement to arbitrate includes an agreement that requests for a temporary injunction are to be submitted to and determined by a court of competent jurisdiction. The Tennessee Supreme Court has held that parties **"may limit by contract the issues which they will arbitrate, [and] so too may they specify by contract the rules under which that arbitration will be conducted."**⁸ *Taylor v. Butler*, 142 S.W.3d 277, 281 (Tenn. 2004)

⁸ Defendants rely on *Pugh's Lawn Landscape Co. v. Jaycon Dev. Corp.*, 320 S.W.3d 252 (Tenn. 2010), in which the Tennessee Supreme Court held that the parties could not, in their arbitration agreement,

(quoting *Volt Info. Sci, Inc. v. Bd. of Tr. of Leland Stanford Jr. Univ.*, 489 U.S. 468, 476 (1989)); *Evans v. Matlock*, 2002 WL 31863294 at *2 (Tenn. Ct. App. Dec. 23, 2002 (“[A]rbitration agreements rest upon the same legal footing as other contracts.”)).

To accept Defendants’ argument would be to negate the portion of the parties’ agreement to arbitrate that allows a party to seek a preliminary injunction before a court. FHN Financial should not be forced to arbitrate an issue that it did not agree to arbitrate, namely, its request for a temporary injunction. *Wofford v. M.J. Edwards & Sons Funeral Home, Inc.*, 490 S.W.3d 800, 808 (Tenn. Ct. App. 2015) (“Despite the favorability of arbitration agreements, parties ‘cannot be forced to arbitrate claims that they did not agree to arbitrate.’”). In fact, a temporary injunction is not even available to FHN Financial from FINRA – under Rule 13804, that relief must be sought from a court. *See* FINRA Rule 13804(a), FHN App’x at 33-36, attached as Ex. A.

specify the standard of review applicable to an arbitrator’s ruling. *Id.* 259-60. Because the appeals process specified in the parties’ agreement would result in arbitration being converted into a complex legal and evidentiary proceeding, the Court ruled, based in part on policy grounds, that parties could not modify the judicial review applicable to arbitration decisions. *Id.* The *Pugh* case is inapposite for several reasons. First, the FINRA Code does not modify the TUAA. Second, Tennessee Courts have recognized that arbitration is a matter of contract and under the TUAA, the parties may delineate and limit arbitration to those issues that the parties have agreed to arbitrate. Third, parties to an arbitration agreement that sets out what they will and will not arbitrate are governing the relationship between themselves, whereas the parties in the *Pugh* case were attempting to govern the Court and impose responsibilities and standards of review on Tennessee Courts different than those set out by statute.

Because FHN Financial, Thompson and Baird have agreed to allow requests for injunctive relief to be heard by a court, the TUAA should not be read to nullify that portion of the parties' agreement. To the contrary, the TUAA's purpose is to enforce the parties' agreement.

Thompson and Baird have pointed to no authority that would allow the TUAA to override their agreement about what issues will be arbitrated.⁹ Thompson and Baird have cited no authority under which the TUAA can transform their agreement to arbitrate under the FINRA Code into an agreement that prohibits FHN Financial from seeking a temporary injunction. To interpret the TUAA in the manner urged by Defendants would require the Court to ignore part of the parties' agreement to arbitrate, to wit, FINRA Rule 13804, which expressly allows a party to seek injunctive relief from a court. Thus, the Chancery Court did not err in denying Thompson's and Baird's motion to compel arbitration of FHN Financial's request for injunctive relief, and Defendants' arguments regarding the TUAA do not support an extraordinary appeal.

F. Conclusion

In this case, the parties agreed to arbitrate under the FINRA Code, an arbitration is pending before FINRA, and a request for a temporary injunction has been made to the Chancery Court in accordance with the FINRA Code. Once the request for injunctive relief is ruled upon, the

⁹ The TUAA also provides that if an arbitrable issue is severable, a stay may be issued with respect to that issue only. Tenn. Code Ann. § 29-5-303(e).

arbitration of FHN Financial's claims will automatically commence in accordance with the FINRA Code.

Defendants' arguments turn the TUAA on its head. Defendants' interpretation of the TUAA would cause the TUAA to eviscerate portions of the parties' agreement. One cannot accept Defendants' arguments without ignoring FINRA Rule 13804. To accept Defendants' argument would overturn a long-standing practice of FINRA members that is codified in the FINRA Code and will result in Tennessee FINRA members being treated differently than other FINRA members.

Based on the foregoing, FHN respectfully submits that Defendants have not established grounds for an extraordinary appeal, and the Court should deny Defendants' application.

Respectfully submitted,

/s/ Shea Sisk Wellford

Shea Sisk Wellford (TN Bar No. 16947)

Abigail Abide Stephens (TN Bar No. 35920)

Martin, Tate, Morrow & Marston, P.C.

6410 Poplar Avenue, Suite 1000

Memphis, TN 38119

Phone: 901-522-9000

Facsimile: 901-527-3746

sheawellford@martintate.com

astephens@martintate.com

*Attorneys for Plaintiffs First Horizon Bank,
FHN Financial Capital Markets, and FHN
Financial Securities Corp.*

CERTIFICATE OF SERVICE

A copy of the foregoing was filed electronically on June 2, 2022. In addition, one copy was served via email directly upon:

John J. Heflin, Esq.
Jack F. Heflin, Esq.
EVANS PETREE BOURLAND HEFLIN, PLC
5400 Poplar Avenue, Suite 100
Memphis, TN 38119
Attorneys for Defendants/Appellants

/s/ Shea Sisk Wellford

CERTIFICATE OF COMPLIANCE

In accordance with Tennessee Supreme Court Rule 46, the undersigned certifies that the foregoing filing complies with the requirements set forth in Section 3, Rule 3.02 of Rule 46. The number of words contained in this filing (excluding the Title/Cover Page and Certificate of Compliance) is 4,179.

/s/ Shea Sisk Wellford
Shea Sisk Wellford

**UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT**

FONTAINE TAYLOR,	)	
	)	
Appellee,	)	
	)	
vs.	)	
	)	App. No. 14-5632
MARK THOMAS,	)	
	)	
Appellant.	)	

APPELLEE FONTAINE TAYLOR'S RESPONSE BRIEF

Appeal from the United States District Court
for the Western District of Tennessee at Memphis
Civil Case No. 2:12-cv-02309 (Honorable Jon P. McCalla)

Shea Sisk Wellford
Adam J. Eckstein
Martin, Tate, Morrow & Marston, P.C.
6410 Poplar Avenue, Suite 1000
Memphis, TN 38119
(901) 522-9000
(901) 527-3746 (Fax)
sheawellford@martintate.com
aeckstein@martintate.com

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Statement with Respect to Oral Argument

Mrs. Taylor requests oral argument to address any questions of the Court of Appeals.

Statement of the Case

Appellee Fontaine Taylor owns two service marks (collectively, the “Service Mark”) consisting of (i) a solid blue silhouette of a city skyline on a white background, and (ii) a solid blue silhouette of a city skyline on a white background with words on the white background appearing in red lettering:



Stipulations, ECF No. 224 at 6454-6455; Order Granting Pl.’s Motion for Partial Summ. J., ECF No. 135 at 4129-32.

The Service Marks were first used by Coleman-Etter, Inc. (“Coleman-Etter”), a real estate company founded in 1951 that provided services in Shelby County. Stipulations, ECF No. 224 at 6455. In 1985, Mrs. Taylor bought a one-third interest in Coleman-Etter. *Id.* In 1987, she purchased the remaining ownership interests and changed the name to Coleman-Etter-Fontaine, Inc. (“Coleman-Etter-Fontaine”). *Id.* At all times, the company used the Service Mark in connection with providing residential real estate services. *Id.* at 6455-56; Pl.’s Trial Test., ECF No. 243 at 6648-50, 6661-63 & Trial Exs. 2-3. No other real

estate company in Shelby County used a symbol similar to the Service Mark in connection with providing real estate services. Stipulations, ECF No. 224 at 6455.

Mrs. Taylor was the principal broker and sole shareholder of Coleman-Etter-Fontaine. *Id.* at 6457. She had supervisory authority over the agents associated with the company and controlled the use of the Service Mark. Pl.'s Trial Test., ECF No. 243 at 6656-58, 6660-61; Def.'s Response to Pl's SOF, ECF No. 119-2 at 3983-84. All Coleman-Etter-Fontaine agents were required to use the Service Mark on their yard signs. Stipulations, ECF No. 224 at 6456; Pl.'s Trial Test., ECF No. 243 at 6654-55. Mrs. Taylor also directed that the Service Mark be used on other marketing materials, such as Coleman-Etter-Fontaine's website. Stipulation, ECF No. 224 at 6457; Pl.'s Trial Test., ECF No. 243 at 6669-71 & Trial Ex. 6. In 2009, Mrs. Taylor had Coleman-Etter-Fontaine's website redesigned to prominently feature the Service Mark in three places: on the sign at the top of the website, in the lower third of the home page, and on the sign at the bottom of the website:



Stipulations, ECF No. 224 at 6457; Pl.’s Trial Test., ECF No. 243 at 6669-71 & Trial Ex. 6.

In late 2010, after more than 23 years of running a successful business, Mrs. Taylor decided to close Coleman-Etter-Fontaine. Stipulations, ECF No. 224 at 6458. In January 2011, Mrs. Taylor reached an agreement with Crye-Leike Realtors, Inc. (“Crye-Leike”) to join Crye-Leike’s East Memphis office as a real estate agent. *Id.* at 6458. On February 22, 2011, Mrs. Taylor entered into an Independent Contractor Agreement with Crye-Leike. *Id.* Also in February 2011, Mrs. Taylor had the Coleman-Etter-Fontaine website converted to her own website advertising her individual real estate services at www.TheFontaines.com. *Id.* The home page of www.theFontaines.com contained the Service Mark – a blue skyline against a white background in the bottom third of the page:



Id. at 6458-59. Visitors to Coleman-Etter-Fontaine's website were re-directed to www.TheFontaines.com. Pl.'s Trial Test., ECF No. 243 at 6673; Def.'s Response to Pl.'s SOF, ECF No. 119-2 at 3391. Coleman-Etter-Fontaine ceased providing residential real estate services on March 11, 2011, when Mrs. Taylor surrendered Coleman-Etter-Fontaine's license to the Real Estate Commission. Stipulations, ECF No. 224 at 6458. Coleman-Etter-Fontaine remained an active corporation until August 12, 2012. Def.'s Resp. to Pl.'s SOF, ECF 119-2 at 3983.

Although Mrs. Taylor used the Service Mark on her website advertising her individual Realtor services, she encountered resistance from Crye-Leike about using the Service Mark on her yard signs. Pl.'s Trial Test., ECF No. 244 at 6762; Def.'s Response to Pl.'s SOF, ECF No. 119-2 at 3995-96. After a brief hiatus from February 2011 to April 2012, Mrs. Taylor began using the Service Mark again on her yard signs:



Pl.'s Trial Test., ECF No. 243 at 6668-69 & Trial Ex. 5. In April 2012, Mrs. Taylor updated www.TheFontaines.com to include pictures of the yard signs:

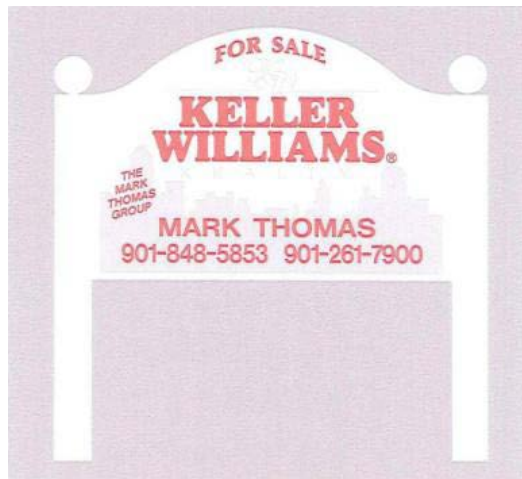


Pl.'s Trial Test., ECF No. 243 at 6672-73 & Trial Ex. 8.

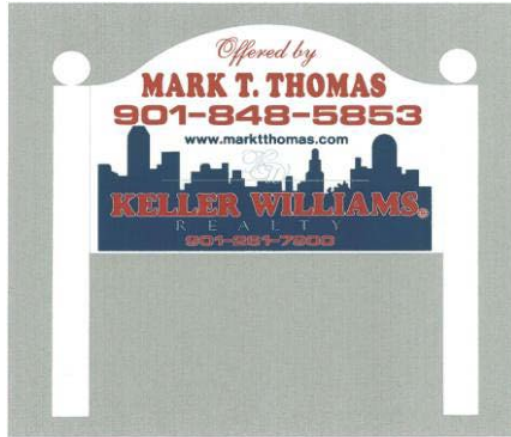
Appellant Mark Thomas was a Coleman-Etter-Fontaine agent for 17 years and exclusively used yard signs containing the Service Mark during that period. Stipulations, ECF No. 224 at 6456-57. After leaving Coleman-Etter-Fontaine, Mr. Thomas joined Keller Williams. *Id.* at 6458-59. One aspect of Keller Williams that appealed to Mr. Thomas was his ability to brand himself. *Id.* at 6459. Instead

of having to use Keller Williams' service marks, Mr. Thomas could design his own yard signs. *Id.* He was free to choose any design he wanted. *Id.* at 6461.

In January 2012, Mr. Thomas contacted Berryhill Signs, the sign makers that made Coleman-Etter-Fontaine's signs, to design a yard sign for him. *Id.* at 6459. Pat Berryhill, a co-owner of Berryhill Signs, testified that Mr. Thomas wanted the Service Mark on his signs. Witness's Trial Test., ECF No. 244 at 6770 & Trial Ex. 3; Stipulations, ECF No. 224 at 6459. Mrs. Berryhill asked Mr. Thomas to find out if it was "legal" for him to use it. Witness's Trial Test., ECF No. 244 at 6770-71; Stipulations, ECF No. 224 at 6459. Berryhill Signs first proposed a sign containing a gray skyline to distinguish it from the Service Mark:



Stipulations, ECF No. 224 at 6460. Mr. Thomas rejected the gray skyline and requested a "richer color blue." *Id.* Berryhill Signs proposed:



Id. Mr. Thomas approved this design and placed an order for 24 signs. *Id.* at 6461; Witness’s Trial Test., ECF No. 244 at 6771-73 & Trial Ex. 21. Mr. Thomas’s sign makers warned him that his design looked too much like the Service Mark. Witness’s Trial Test., ECF No. 244 at 6775 & Trial Ex. 22. Mrs. Berryhill testified that Mr. Thomas told her he had “talked to lawyers, and it was perfectly legal” to use the Service Mark. *Id.* at 6773.

No later than March 9, 2012, Mr. Thomas installed one of his newly designed signs (the “Infringing Signs”) in front of a home in Memphis:



Stipulations, ECF No. 224 at 6463. Upon seeing the sign on March 9, 2012, Mrs. Taylor telephoned Mr. Thomas. *Id.* Mrs. Taylor also called Mr. Thomas's principal broker to request that Mr. Thomas stop using the signs. *Id.* Mr. Thomas admitted that he received messages from Mrs. Taylor and his supervising broker; however, he continued using the signs and put out more yard signs after receiving the calls. *Id.* at 6463-64. On March 20, 2012, Mrs. Taylor's attorneys sent Mr. Thomas a cease-and-desist letter. *Id.* After receiving the letter, Mr. Thomas continued using the Infringing Signs, and installed three or four more. *Id.*

A "commission" is the amount of money a Realtor or brokerage firm is paid for services. *Id.* at 6469. Mr. Thomas's agreement with Keller Williams allowed him to retain 100% of his commissions. *Id.* During the time that Mr. Thomas was using the Infringing Signs, he had at least 14 properties on the market, and from those properties, he received \$96,017 in commissions. *Id.* at 6465-66, 6470

The Infringing Signs were removed only by Court order. *Id.* at 6466; Order Granting Pl.'s Mot. for Prelim. Inj., ECF No. 37 at 291-92. In discussing what signs Mr. Thomas could use after entry of the injunction, the District Court warned Mr. Thomas, through counsel, not to try "to get as close as you can" and said any new signs should "not turn out to be white background, blue whatever the thing is, and red writing." May 4, 2012 Ruling, ECF No. 153-1 at 5410-11, 5419. Mr. Thomas thereafter commissioned and used the "Wave" sign:



Stipulations, ECF No. 224 at 6466-69. Mr. Thomas's use of the Wave sign resulted in him being held in contempt. *Id.* at 6469; Order Granting Pl.'s Mot. to Hold Def. in Civil Contempt, ECF No. 55 at 600-02.

Mrs. Taylor filed an amended complaint against Mr. Thomas based on Mr. Thomas's use of the Infringing Sign and Wave sign. Am. Compl., ECF No. 64 at 635-56. Mr. Thomas filed a counterclaim for declaratory judgment that he owned the Infringing Sign. Def.'s Counterclaim, ECF No. 73 at 766-70. At trial, the Jury determined that Mr. Thomas's use of the Infringing Sign¹ "was likely to cause confusion with Mrs. Taylor's Service Marks." Jury Verdict, ECF No. 241 at 6628. The Jury also determined that Mr. Thomas engaged in activity that the TCPA has declared unlawful. *Id.* The Jury determined that Mr. Thomas's use of the Infringing Signs caused "the likelihood of confusion or misunderstanding as to the source, sponsorship, approval, or certification of his service." Jury Verdict, ECF No. 241 at 6629. The Jury further determined that Mr. Thomas's use of the

¹ The Jury did not find that the Wave sign was likely to cause confusion.

Infringing Signs caused “the likelihood of confusion or misunderstanding as to his affiliation, connection, or association with another.” *Id.* And the Jury determined that Mr. Thomas represented that “his services had sponsorship, approval, or affiliation that they did not have.” *Id.* at 6630. The Jury awarded damages under the TCPA in the amount of \$36,500. *Id.*

The District Court entered a Judgment granting an injunction and awarding Mrs. Taylor \$36,500 in damages under the TCPA, an additional \$36,500 for willful or knowing violation of the TCPA, \$60,770 in damages under the Lanham Act, attorneys’ fees, and costs. Judgment, ECF No. 267 at 7897-98.

Summary of the Argument

Mrs. Taylor has standing to bring a claim under the Tennessee Consumer Protection Act (“TCPA”). The TCPA grants standing to “persons.” The TCPA separately defines the terms “person” and “consumer,” and uses the term “person” in the statutory provision, Tenn. Code Ann. § 47-18-109(a)(1), that grants a right of action. Mrs. Taylor presented sufficient evidence of an ascertainable loss under the TCPA in the form of diminution in value to her Service Mark. The evidence showed likelihood of confusion and the loss of control of the Service Mark, both of which impair the value of a Service Mark as a matter of law. Mrs. Taylor presented sufficient evidence from which the jury could determine actual damages under the TCPA: The jury heard evidence of the value of the Service Mark, Mr. Thomas’s misappropriation of the Service Mark, the time period when the Infringing Signs were in the marketplace, and the amount of commissions that Mr. Thomas received when using the Infringing Signs.

The Service Mark’s goodwill did not disappear when Coleman-Etter-Fontaine closed. Since 1951, the Service Mark has been used in the marketplace to identify certain high-end, residential estate services. In February 2011, Mrs. Taylor began using the Service Mark in connection with providing her individual services as a Realtor. In March 2011, Coleman-Etter-Fontaine surrendered its real estate license. A little over a year later, in August 2012, Coleman-Etter-Fontaine

closed. Under these facts, the goodwill associated with the Service Mark did not disappear because Fontaine Taylor continued to use the Service Mark, without interruption, in connection with the same business that Coleman-Etter-Fontaine had used the Service Mark – the provision of residential real estate services.

The District Court's monetary award under The Lanham Act was within its discretion. Under 15 U.S.C. § 1117(a), a plaintiff is entitled, subject to principles of equity, to recover a defendant's profits. One of the primary functions of the trial court is to make violations of the Lanham Act unprofitable to the infringing party. Mrs. Taylor presented proof of Mr. Thomas's commissions (profits) that he received while using the Infringing Signs. Once Mrs. Taylor presented evidence of profits, the burden shifted to the Mr. Thomas to show what deductions should be made from those profits. Mr. Thomas presented no evidence concerning any deductions. Mr. Thomas's argument that Mrs. Taylor was required to prove a causal connection between Mr. Thomas's commissions and the use of the Infringing Signs is not the law. Further, equitable principles weigh in favor of awarding profits: There was evidence of confusion, Mr. Thomas did not stop using the mark voluntarily, and there was evidence of willful, deliberate, and knowing infringement. Thus, the District Court's award of a monetary recovery was appropriate.

This is an exceptional case warranting attorneys' fees under 15 U.S.C. § 1117. Mr. Thomas's intentional copying of the Service Mark, continued use of the Service Mark after being put on notice of the infringement, disregard of advice of counsel, failure to seek advice from competent counsel after being advised to do so, and steadfast resolve to claim the Service Mark through use and, after he was enjoined from using it, through a request for declaratory judgment support an award of attorneys' fees.

The District Court's doubling of the TCPA damages was appropriate because, as discussed above, Mr. Thomas's infringement was willful and knowing.

The District Court's award of attorneys' fees under the TCPA was appropriate under Tenn. Code Ann. § 47-18-109(e)(1), which authorizes a court to award reasonable attorney's fees and costs upon a finding that the TCPA has been violated. The jury determined that Mr. Thomas violated three provisions of the TCPA, and Mr. Thomas did not appeal this determination.

The District Court correctly held that Mrs. Taylor owned the Service Mark through an implied assignment. Mrs. Taylor was the sole owner, sole shareholder, and primary broker of Coleman-Etter-Fontaine. In late 2010, Mrs. Taylor decided that she no longer wanted to be a principal broker or run her own business. *Id.* at 3985. In January 2011, Mrs. Taylor reached an agreement with Crye-Leike to join Crye-Leike as a real estate agent. The agreement provided that Coleman-Etter-

Fontaine's name, service marks, and goodwill would remain Mrs. Taylor's property. In February 2011, Mrs. Taylor started a website to market her individual services as a Crye-Leike Realtor, www.TheFontaines.com. At Mrs. Taylor's instructions, persons visiting Coleman-Etter-Fontaine's website, www.cefrealtors.com, were re-directed to www.TheFontaines.com. Mrs. Taylor's website contained similar content as that of Coleman-Etter-Fontaine's website, including the Service Mark -- the blue skyline against a white background -- near the bottom of the page. Mrs. Taylor thereafter surrendered Coleman-Etter-Fontaine's license to the Tennessee Real Estate Commission and, a little over a year later, Coleman-Etter-Fontaine was dissolved. The undisputed facts showed an intent to transfer the Service Mark to Mrs. Taylor. Alternatively, Mrs. Taylor owned the Service Mark individually because she was the sole owner and sole shareholder of Coleman-Etter-Fontaine.

The District Court did not err when it excluded seven witnesses based on Mr. Thomas's late disclosure. Mr. Thomas did not identify the individuals as witnesses until almost two months after the close of discovery and then only in connection with his response to Mrs. Taylor's Motion for Summary Judgment. While Mr. Thomas argues that Mrs. Taylor could have deposed the witnesses prior to trial, he ignores the fact that discovery had closed, the parties were under a deadline to brief the summary judgment motion, the depositions would delay

briefing and, likely, the trial. Mr. Thomas did not meet his burden of demonstrating that the failure to identify the witnesses was substantially justified or harmless. Further, Mr. Thomas made no offer of proof as to the testimony of the excluded witnesses and did not establish how their exclusion was plain error.

The District Court properly excluded evidence comparing the volume of Mr. Thomas's sales to Mrs. Taylor. Under Federal Rules of Evidence 402, irrelevant evidence is not admissible. Mrs. Taylor's production numbers do not have the tendency to make more or less probable that Mr. Thomas willfully infringed the Service Mark. If the proof were to be presented for some admissible purpose, the relevant comparison would have been to between the sales production of all of Coleman-Etter-Fontaine's agents compared to Mr. Thomas's production. Further, Mr. Thomas failed to make an offer of proof to establish the authenticity and admissibility of the document or the testimony describing the document and failed to show how exclusion of the evidence was plain error that affected substantial rights.

Mr. Thomas contends that the District Court improperly excluded introduction of marketing materials that Mrs. Taylor used following her association with Crye-Leike that did not contain the Service Mark. The District Court did, however, permit cross-examination of Mrs. Taylor's use of the Service Mark, including cross-examination relating to certain advertisements and materials the

District Court excluded. The District Court excluded various advertisements that did not contain the Service Mark because, prior to trial, the District Court had already ruled on the issue of ownership. Allowing the introduction of exhibits where Mrs. Taylor used other service marks would have limited relevance, if any. The District Court did not abuse its discretion in excluding the documents. Further, Mr. Thomas did not show how the exclusion was plain error that affected substantial rights.

Finally, the jury instructions were a correct statement of the law. Mr. Thomas alleges the District Court erred because supplemental jury instruction directed the jury to look at specific evidence. The supplemental jury instruction, however, directs the jury to review carefully and deliberately the fourteen pages of jury instructions that discuss likelihood of confusion, and stated that the jury should follow all of the Court's instructions as a whole. Therefore, it should not serve as a basis for reversal.

Argument

I. The District Court did not err in denying Mr. Thomas's Motion to Dismiss.

Mr. Thomas contends that Mrs. Taylor lacks standing to bring a TCPA claim because she is not a consumer. Appellant's Brief, ECF No. 29 at 21-26. For statutory causes of action, the question of standing is determined by the statute's language. *ATS Southeast, Inc. v. Carrier Corp.*, 18 S.W.3d 626, 629-30 (Tenn. 2000); see *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, -- U.S. --, 134 S.Ct. 1377, 1388 (2014).

The TCPA states,

Any person who suffers an ascertainable loss of money or property, real, personal, or mixed, or any other . . . thing of value . . . as a result of the use or employment by another person of an unfair or deceptive act or practice described in § 47-18-104(b) . . . , may bring an action individually to recover actual damages.

Tenn. Code Ann. § 47-18-109 (a)(1). Thus, the statute confers standing on “[a]ny person.” *Id.* The TCPA defines “person” to mean “a natural person, individual, governmental agency, partnership, corporation, trust, estate, incorporated or unincorporated association, and any other legal or commercial entity however organized.” Tenn. Code Ann. § 47-18-103 (13).

The TCPA separately defines “consumer.” Tenn. Code Ann. § 47-18-103(2). The definition of “person” includes natural persons or business entities, while the definition of “consumer” includes only natural persons and thereby

excludes business entities. *Compare* Tenn. Code Ann. § 47-18-103(13) *with* Tenn. Code Ann. § 47-18-103(2).

Unless ambiguous, the plain meaning of the statute’s language governs. *Hughes v. McCarthy*, 734 F.3d 473, 478 (6th Cir. 2013). The plain meaning of the TCPA is that “persons” have standing to bring a cause of action. Tenn. Code Ann. § 47-18-109(a)(1). Mrs. Taylor meets this requirement.

Mr. Thomas’s contention that standing is limited to “consumers” is contrary not only to the plain language of the statute, but to the Tennessee Supreme Court’s interpretation of the statute. In *ATS Southeast*, the Tennessee Supreme Court criticized another court’s ruling that limited standing to consumers contrary to the statutory language:

In *Syncor*, . . . the United States District Court . . . improperly analyzed the issue of corporate standing under Tenn. Code Ann. § 47-18-109(a), focusing on “the question of whether corporations are considered ‘consumers’ for purposes of the Act.” As previously implied, it is irrelevant whether a corporation is a “consumer” under the Act because the right of action is given to “person[s],” a term that is specifically defined to include corporations.

ATS Southeast, 18 S.W.3d at 629 (analyzing *Syncor Int’l Corp. v. Newbaker*, 12 F.Supp.2d 781, 783 (W.D. Tenn. 1998)).

Mr. Thomas cites two opinions by the Tennessee Court of Appeals and the Middle District of Tennessee, neither of which limits standing to “consumers.” Appellant’s Brief, ECF No. 29 at 23-26. In *Wagner v. Fleming*, 139 S.W.3d 295

(Tenn. Ct. App. 2004), the holding of the Court of Appeals hinged on the fact that the defendants’ action – placing signs along their property to protest the building of an energy storage plant – was not activity within the definition of “trade” or “commerce” governed by the Act. *Id.* at 300-01. *Wagner* does not stand for the proposition that the TCPA restricts standing to consumers.

In *PHG Technologies, LLC v. St. John Cos., Inc.*, 459 F.Supp.2d 640 (M.D. Tenn. 2006), the court ruled that the counter-plaintiff lacked standing to sue for alleged injuries caused to counter-defendant’s customers. *Id.* at 645. It did not dismiss because counter-plaintiff was not a consumer. *Id.*

Mr. Thomas identifies no controlling authority that restricts standing under the TCPA to consumers.² Appellant’s Brief, ECF No. 29 at 21-26. Mrs. Taylor has standing to bring her claim.

II. The District Court did not err in denying Mr. Thomas’s Motion for Judgment as a Matter of Law.

Mr. Thomas contends the District Court erred in denying his Motion for Judgment as a Matter of Law because Mrs. Taylor did not show an ascertainable loss or actual damages and because Mrs. Taylor had no goodwill in her Service Mark. Appellant’s Brief, ECF No. 29 at 26-39. “In a federal question case, the

² Even if *Wagner* or *PHG Technologies* stood for the proposition that standing was restricted to “consumers,” those cases would not take precedence over the Tennessee Supreme Court’s decision in *ATS Southeast. Johnson v. Fankell*, 520 U.S. 911, 916 (1997).

standard of review for a Rule 50 motion based on sufficiency of the evidence is identical to that used by the district court.” *K&T Enters., Inc. v. Zurich Ins. Co.*, 97 F.3d 171, 175-76 (6th Cir. 1996). The appellate court does not weigh the evidence, question the credibility of witnesses, or substitute its judgment for that of the jury. *Id.* The appellate court should view the evidence in the light most favorable to Mrs. Taylor and give her the benefit of all reasonable inferences. *Id.*

A. Mrs. Taylor presented sufficient evidence of ascertainable loss and actual damages.

1. Ascertainable Loss

Under the TCPA, a person bringing a claim must demonstrate that she suffered an “ascertainable loss of money or property, real, personal, or mixed, or any other . . . thing of value wherever situated, as a result of the use or employment by another person of an unfair or deceptive act or practice described in § 47-18-104(b)” Tenn. Code Ann. § 47-18-109(a)(1). Thus, the “loss of [a] . . . thing of value” is an ascertainable loss. *Id.* The Tennessee Supreme Court has stated, “An ascertainable loss is a deprivation, detriment, or injury that is capable of being discovered, observed, or established. A loss is ascertainable if it is measurable, even though the precise amount of the loss is unknown.” *Discover Bank v. Morgan*, 363 S.W.3d 479, 495-96 (Tenn. 2012) (holding that loss of consumer credit was an “ascertainable loss” under the TCPA). The Tennessee Supreme Court has given a broad reading to the phrase “ascertainable loss,” finding that it

would encompass losses that may not be cognizable at common law. *Discover Bank*, 363 S.W.3d at 495-96. This is consistent with the mandate that the TCPA be “liberally construed” to accomplish its policies.³ Tenn. Code Ann. § 47-18-102.

Loss of value in a service mark is an ascertainable loss. A service mark is property. *McCarthy on Trademarks and Unfair Competition* §§ 2:15, 2:20 (4th ed.). It is a thing of value used by a person to identify and distinguish her services from the services of others and to indicate the source of services. 15 U.S.C. § 1127. One goal of trademark law is “the protection of property interests in trademarks.” *Ameritech, Inc. v. Am. Info. Techs. Corp.*, 811 F.2d 960, 964 (6th Cir. 1987). Infringement can result in an owner of a mark losing “the value of the trademark.” *Id.*

Both likelihood of confusion and loss of control impair the value of a service mark. Likelihood of confusion between service marks generally results, as a matter of law, in harm to the value of the mark. *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 608 (6th Cir. 1991). In *Wynn Oil*, the Sixth Circuit stated that the injury flows from “the impairment of intangible values.” *Id.* In addition, loss of the ability to control a service mark is an “intangible, but valuable, lost asset.”

³Two of the TCPA’s policies are “[to] protect consumers and legitimate business enterprises from those who engage in unfair or deceptive acts or practices in the conduct of any trade or commerce in part or wholly within this state” and “[t]o encourage and promote the development of fair consumer practices.” Tenn. Code Ann. § 47-18-102.

La Quinta Corp. v. Heartland Prop., LLC, 603 F.3d 327, 342 (6th Cir. 2010).

Thus, impairment of the value of the Service Mark is the “loss of . . . [a] thing of value.” See Tenn. Code Ann. § 47-18-109(a)(1).

To show her ascertainable loss, Mrs. Taylor presented evidence of (i) the Service Mark’s value to identify specific residential real estate services, (ii) Mr. Thomas’s misappropriation of the Service Mark, and (iii) the resulting loss in value from confusion and loss of control.

i. Value of the Service Mark to Identify Real Estate Services

The Jury heard evidence that the Service Mark had been used in Shelby County in connection with the provision of high-quality residential real estate services since 1951, Stipulations, ECF No. 224 at 6455-56; that in 1987, Mrs. Taylor purchased the company, *id.* at 6455; that Mrs. Taylor and her agents, including Mr. Thomas, used the Service Mark on signs advertising houses for sale:



Pl.'s Trial Test., ECF No. 243 at 6649-50, 6654-55; that Coleman-Etter-Fontaine had a website where the Service Mark was prominently displayed in three places:



Stipulations, ECF No. 224 at 6457, Pl.'s Trial Test., ECF No. 243 at 6704; that the public associated the Service Mark with Coleman-Etter-Fontaine's residential real estate services, Stipulations, ECF No. 224 at 6456; that the yard signs were an important asset and identifier for Coleman-Etter-Fontaine, *id.*; that a yard sign is one of the two most important channels for directing clients to brokers or Realtors, and was the second most frequent marketing method used by 79% of sellers in 2010, *id.* at 6465, Pl.'s Trial Test., ECF No. 243 at 6685; that Coleman-Etter-Fontaine's goodwill and the Service Mark representing it had value when Coleman-Etter-Fontaine was operating, Stipulations, ECF No. 224 at 6456; and that the Service Mark had meaning in the marketplace, *id.* at 6456. Thus, Mrs. Taylor presented sufficient evidence that the Service Mark had significant value in

signifying and distinguishing specific residential real estate services. *Id.* at 6455-56.

The Jury heard evidence that prior to Coleman-Etter-Fontaine ceasing to provide real estate services, Mrs. Taylor used the Service Mark in the form of a blue skyline against the white background on her individual Realtor website, www.TheFontaines.com, to signify and distinguish her residential real estate services:



Stipulations, ECF No. 224 at 6458-59, Pl. Trial Test., ECF No. 243 at 6669-73 & Trial Exs. 6-8; that consumers visiting Coleman-Etter-Fontaine's website would be re-directed to Mrs. Taylor's individual Realtor website containing the Service Mark, Stipulations, ECF No. 224 at 6458-59, Pl.'s Trial Test., ECF No. 243 at 6669-73 & Trial Exs. 6-8; that Mrs. Taylor, after a brief hiatus after joining Crye-Leike used the Service Mark on her yard signs:



Pl.'s Trial Test., ECF No. 243 at 6668-69 & Trial Ex. 5, and that Mrs. Taylor re-designed her individual Realtor website to include pictures of signs containing the Service Mark:



id. at 6672 & Trial Ex. 8.

ii. Mr. Thomas's Misappropriation of the Service Mark

The Jury heard evidence that Mr. Thomas requested the sign makers put the Service Mark on twenty-four of his yard signs. Witness Trial Test., ECF No. 244 at 6769-73 & Trial Exs. 3, 21; Stipulations, ECF No. 224 at 6456, 6460. The Jury

heard evidence that Mr. Thomas used at least seven signs from March 9, 2012 (or earlier) through May 4, 2012:



Stipulations, ECF No. 224 at 6464-66. He posted three to four more Infringing Signs after Mrs. Taylor sent him a cease-and-desist letter. *Id.* at 6463-64. The Jury heard evidence that Realtors use yard signs to associate the house with the Realtor's services, and use "sold" signs next to yard signs for self-promotion. *Id.* at 6465. Mr. Thomas used "sold" sign next to his infringing sign. *Id.* at 6466.

iii. Confusion and Loss of Control

The Jury heard evidence that the Infringing Signs caused confusion about the source of his services. The Jury viewed the Service Mark and Mr. Thomas's signs, which are extremely similar. *Compare* Trial Exs. 1-3 with Trial Exs. 9, 12-15. Albert Alexander testified that he was a consumer of residential real estate services who confused Mr. Thomas's sign with Mrs. Taylor's Service Mark. Witness Test., ECF no. 244 at 6945-46, 6948-49. Ann Roane testified that she was

confused by Mr. Thomas's sign because it contained symbols she associated with Mrs. Taylor. Witness Test., ECF No. 244 at 6934-36, 6938-40.

On the issue of loss of control, the Jury heard evidence that Mrs. Taylor lost control over her Service Mark. Mrs. Taylor testified that she immediately requested that Mr. Thomas discontinue use of the signs. Stipulations, ECF No. 224 at 6463-64; Pl.'s Trial Test., ECF No. 243 at 6674-75, 6682-84. Mr. Thomas knew that Mrs. Taylor objected but refused to remove the signs. Stipulations, ECF No. 224 at 6463; Def.'s Trial Test., ECF No. 244 at 6834-41. Following Mrs. Taylor's objection, Mr. Thomas used and posted additional signs in Shelby County until enjoined by the District Court. Stipulations, ECF No. 224 at 6464-66. Mrs. Taylor testified that she was not able to control Mr. Thomas's use of the Infringing Signs. Pl.'s Trial Test., ECF No. 244 at 6759. The Jury heard the addresses of and viewed pictures of the properties where Mr. Thomas used the Infringing Signs and, thus, where he associated the Service Mark with the property without Mrs. Taylor's permission. Pl.'s Trial Test., ECF No. 243 at 6674, 6690-95 & Trial Exs. 9, 12-16.

Viewing the evidence in the light most favorable to Mrs. Taylor, and giving that evidence all reasonable inferences to Mrs. Taylor, there is ample evidence to support an ascertainable loss in the form of impairment to the Service Mark as a

result of likelihood of confusion and loss of control. *See La Quinta*, 603 F.3d at 342; *Wynn Oil*, 943 F.2d at 608.

iv. The authority cited by Mr. Thomas is distinguishable.

Mr. Thomas cites no cases where a loss of value to property such as a Service Mark was held not to be an “ascertainable loss.” Appellant’s Brief, ECF No. 29 at 26-35. Instead, Mr. Thomas relies on three cases, *Hamlin v. Trans-Dapt. of Calif., Inc.*, 584 F.Supp.2d 1050, 1058 (M.D. Tenn. 2008), *Pagliara v. Johnston Barton Proctor & Rose*, 708 F.3d 813, 820 (6th Cir. 2013), and *Waggin’ Train v. Normerica*, No. 1:09-cv-01093, 2010 WL 145776, at *1 (W.D. Tenn. Jan. 8, 2010), that are not applicable to the facts of this case.

In *Hamlin*, a copyright holder alleged violation of the Copyright Act and the TCPA. 584 F.Supp.2d at 1052-53. The copyright holder’s theory of damages was lost sales. *Id.* at 1058. The court found that the plaintiff failed to show that the defendant’s actions cost the plaintiff sales of his copyrighted work. *Id.* The court held that the Copyright Act preempted the copyright holder’s TCPA claim. *Id.* at 1059-61. *Hamlin* is inapposite as Mrs. Taylor is not seeking damages for lost sales, but for diminution in value to her Service Mark.

In *Pagliara*, a securities broker, Pagliara, brought suit against his employer for settling a customer dispute without his permission, resulting in the claim being reported on his FINRA record. 708 F.3d at 816. In ruling on the TCPA claim, the

Court did not hold that Tennessee law precluded claims for damages to an individual's business reputation, but instead stated that Pagliara did not cite any authority to convince the Court that he could sustain a TCPA claim. *Id.* at 820. *Pagliara* is not on point because the TCPA claim did not involve the diminution in value to property (such as a service mark), but rather damage to an individual's reputation. *Id.*

In *Waggin' Train*, the Court found plaintiff's allegations of potential harm to be insufficient and its allegations of "injury to reputation or business" to be conclusory. 2010 WL 145776, at *5. The Court also noted that plaintiff had not cited any Tennessee cases where reputational injury,⁴ without more, was the basis for a TCPA claim. *Id.* In contrast, Mrs. Taylor's claim for diminution in the value of her Service Mark is supported by ample evidence in the record, as discussed above.

2. Actual Damages

"Once an ascertainable loss has been established, the TCPA allows consumers to recover 'actual damages,' but does not define that term." *Discover Bank*, 363 S.W.3d at 496. While the "*existence* of damages cannot be uncertain,

⁴ As noted above, Mrs. Taylor does not base her claim on reputational injury alone, as the plaintiff did in *Waggin' Train*, but on diminution in value to her property—her Service Mark. Further, the *Waggin' Train* court did not hold that reputational injury could not be the basis for a TCPA claim, but rather that the plaintiff had not cited any Tennessee authority for its position. 2010 WL 145776, at *5.

speculative, or remote,” the “*amount* of damages may be uncertain . . . if the plaintiff lays a sufficient foundation to allow the trier of fact to make a fair and reasonable assessment of damages.” *Id.* (emphasis in original) “[In] trademark cases courts draw a sharp distinction between the proof of the *fact* of damage and proof of the *amount* of damage.” *La Quinta*, 603 F.3d at 342 (emphasis in original). Mrs. Taylor laid a sufficient foundation for the Jury to make a fair and reasonable assessment of damages.

The Service Mark, like all marks, is an unusual kind of property with “no existence separate from the good will of the . . . service it symbolizes.” 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2:15 (4th ed.). Mr. Thomas contends Mrs. Taylor failed to prove damages because she did not use one method of showing loss of good will. Appellant’s Brief, ECF No. 29 at 33-35. However, arriving at “[t]he dollar valuation of good will is a difficult task.” *McCarthy on Trademarks and Unfair Competition* § 2:21. As such, “Existence of ‘goodwill’ and the value thereof are primarily questions of fact which must necessarily be considered in light of the facts in each case.” *Id.*

The Jury heard evidence on the value of the Service Mark. *See supra*, Part IIA.1. The Service Mark has been in use since 1951 and is “very distinctive” and “very noticeable.” Pl.’s Trial Test., ECF No. 244 at 6762-64. The Service Mark was imbued with significant goodwill representing “professionalism, honesty,

integrity, getting the job done well, [and] good negotiations.” Pl.’s Trial Test., ECF No. 243 at 6663. The Service Mark was associated with “very high quality, very high service, customer orientation” and “higher quality offerings [and] service.” Witness Trial Test., ECF No. 244 at 6933, 6947.

The Jury heard evidence on the manner in which Mr. Thomas misappropriated the Service Mark’s value and benefited from it. *See supra*, Part II.A.1.ii. Mr. Thomas actively sought to have the public associate Service Mark’s goodwill with his services by requesting that his yard signs include the Service Mark. Witness’s Trial Test., ECF No. 244 at 6769-70 & Trial Ex. 3. Mr. Thomas used the Infringing Signs for self-promotion and to direct client to his services. Stipulations, ECF No. 224 at 6465; Def.’s Trial Test., ECF No. 244 at 6827. He used the sign at an intersection where he did not have a house for sale. Def.’s Trial Test., ECF No. 244 at 6827-28. He used the Infringing Signs to satisfy complaining clients. Def.’s Trial Test., ECF No. 244 at 6821.

The Jury heard evidence on the commissions Mr. Thomas received while using the Infringing Signs. Stipulations, ECF No. 224 at 6465-66, 6469-71; Def.’s Trial Test., ECF No. 244 at 6869-92. Mr. Thomas stipulated that he received \$96,017.00 in commissions from houses sold while he used the Infringing Signs. Stipulations, ECF No. 224 at 6465-66, 6470-71. Mr. Thomas testified that during the time the sales were made, he was paid 100% of the commissions. *Id.* at 6469.

Mr. Thomas also testified as to the addresses and sales prices of the houses where he had used Infringing Signs. *Id.* at 6465-6466; Def.'s Trial Test., ECF No. 244 at 6876-77, 6879-80, 6884, 6889-92. Mrs. Taylor presented pictures of the houses and locations where Mr. Thomas used the Infringing Signs. Pl.'s Trial Test., ECF No. 243 at 6690-95 & Trial Exs. 12-16. Under the appropriate standard of review, this was a sufficient basis for the Jury to derive a reasonable assessment of damages.

Further, the Jury was instructed that it may not determine damage by speculation or conjecture: "The difficulty or uncertainty in ascertaining the precise amount of any damages does not preclude recovery; instead, you should use your best judgment in determining the amount of such damages. You may not, however, determine damage by speculation or conjecture." Jury Instructions, ECF No. 235 at 6618. The jury is presumed to have followed the instructions correctly as given. *Miller v. Utica Specialty Machinery Co., Inc.*, 731 F.2d 305, 307 (6th Cir. 1984). The District Court properly denied Mr. Thomas's motion for judgment as a matter of law.

B. The Service Mark's goodwill did not disappear.

Mr. Thomas argues that the goodwill associated with the Service Mark disappeared when Coleman-Etter-Fontaine closed and Mrs. Taylor therefore had no goodwill to lose. Appellant's Brief, ECF No. 29 at 35-39. The District Court

did not reach this argument because it determined that Coleman-Etter-Fontaine had assigned the Service Mark and its goodwill to Mrs. Taylor while it still operated. Order Granting Pl.'s Mot. for Partial Summ. J., ECF No. 135 at 4129; Order Denying Def.'s Mot. for J. as a Matter of Law, ECF No. 263 at 7861-63.

Mr. Thomas's reliance on the 1945 case of *Hunt v. Street*, 184 S.W.2d 553 (Tenn. 1945), is misplaced. Appellant's Brief, ECF No. 29 at 36-39. *Hunt* concerned a partnership of architects that dissolved. 184 S.W.2d at 554. One architect tried to enjoin a former partner from using the dissolved partnership's name. *Id.* at 553. The Tennessee Supreme Court found an injunction unwarranted because the name had no value. *Id.* at 556.

Hunt is distinguishable because the entity was a partnership, which is distinct from a corporation like Coleman-Etter-Fontaine. All of the partnership's assets were jointly owned by the partners, and the partnership's existence depended on the partners continuing affiliation. *Id.* at 554. Because of the unique nature of a partnership, the court found that the partnership name had no value once the partnership dissolved. *Id.* at 554-55. *See also Gracey v. Maddin*, 769 S.W.2d 497, 499-500 (Tenn. Ct. App. 1989) (recognizing that a partnership lacks the right to continue using a deceased partner's name).

Unlike *Hunt*, a partnership name – or even Coleman-Etter-Fontaine's name – is not at issue. At issue are the symbols that constitute the Service Mark. *Id.* at

6454-6455. As discussed below, the Service Mark was validly assigned to Mrs. Taylor. *Infra* Part IV. Under Mr. Thomas’s argument, the valid transfer of a service mark and its attendant goodwill would become invalid if the company with which the service mark was formerly associated closes. This is not the law. *See, e.g., McCarthy* § 18:1 (“Trademarks are regarded as ‘property.’ Thus, marks, like any kind of property, can be bought, sold and licensed.”); *see also Yellowbook Inc. v. Brandeberry*, 708 F.3d 837, 844 (6th Cir. 2013) (listing factors by which an owner of a business can retain the trademarks of a business).

Further, Mr. Thomas’s actions belie his arguments. Mr. Thomas wanted so badly to associate with the Service Mark and all its goodwill that he designed a strikingly similar sign and continued to use it after receiving a cease and desist letter. Stipulations, ECF No. 224 at 6464. If the Service Mark had no value or goodwill, Mr. Thomas’s insistence on using it is curious indeed.

III. The District Court’s monetary award was appropriate.

A. The District Court’s monetary award under the Lanham Act was within its discretion.

Mr. Thomas contends that the District Court lacked a legal or equitable basis to award Mrs. Taylor \$60,770 under 15 U.S.C. § 1117(a). Appellant’s Brief, ECF No. 29 at 40.

In cases of trademark infringement, the Lanham Act “grants a district court a great deal of discretion in fashioning an appropriate remedy.” *U.S. Structures, Inc.*

v. J.P. Structures, Inc., 130 F.3d 1185, 1191 (6th Cir. 1997). The Lanham Act directs,

When . . . a violation under section 1125(a) . . . shall have been established . . . the plaintiff shall be entitled . . . subject to the principles of equity, to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

15 U.S.C. § 1117 (a). The District Court’s award under the statute is reviewed for an abuse of discretion. *La Quinta*, 603 F.3d at 341. The Sixth Circuit “will not overturn the district court’s determination unless [it has] ‘a definite and firm conviction that the trial court committed a clear error of judgment.’” *Audi AG v. D’Amato*, 469 F.3d 534, 550 (6th Cir. 2006).

“The trial court’s primary function is to make violations of the Lanham Act unprofitable to the infringing party.” *Wynn Oil*, 943 F.2d at 606. The Sixth Circuit has identified “a wide range of factors” to consider in making a monetary award, including “the defendant’s intent to deceive, . . . the adequacy of other remedies, . . . the public interest in making the misconduct unprofitable, and ‘palming off.’” *La Quinta Corp.*, 603 F.3d at 343. When determining whether to award a monetary recovery, “courts have balanced several factors such as: whether defendant was willful, negligent, or innocent; whether plaintiff suffered losses in any provable amount; whether there is proof of actual confusion of some customers; and whether defendant realized profits from its infringing actions.” 5 J. Thomas

McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:58 (4th ed. 2008).

The District Court awarded Mrs. Taylor those commissions (profits) that Mr. Thomas earned from properties he marketed while using the Infringing Signs. Order Granting in Part and Denying in Part Pl.’s Request for Monetary Recovery, ECF No. 266 at 7878-86. The District Court’s award was proper based on Sixth Circuit precedent and the evidence.

Two Sixth Circuit opinions addressing trademark infringement have held that the award of an infringer’s profits is an appropriate remedy under 15 U.S.C. § 1117. In *Wynn Oil*, the Sixth Circuit reversed the District Court’s decision not to award profits. The appeals court stated, “The district court’s hesitancy appears to be in contravention of the statutory directive that . . . ‘the plaintiff shall be *entitled* . . . *to recover*’ any profits gained by the infringement.” *Wynn Oil*, 943 F.2d at 605 (emphasis in original). Likewise, in *WSM Inc. v. Tennessee Sales Co.*, the Sixth Circuit stated, “15 U.S.C. § 1117 provides that the prevailing plaintiff in a trademark infringement⁵ case is entitled, subject to the provisions of 15 U.S.C. § 1111, 1114, to recover (1) defendant’s profits; (2) any damages sustained by plaintiff; and (3) costs of the action.” *WSM Inc. v. Tennessee Sales Co.*, 709 F.2d 1084, 1087 (6th Cir. 1983).

⁵ The statutes also govern service mark infringement cases.

Mr. Thomas cites *FDIC v. Homestead Mortg. Co.*, No. 04-74842, 2011 WL 717456, at *6 (E.D. Mich. Feb. 22, 2011), for the proposition that Mrs. Taylor must prove Mr. Thomas used her goodwill or recognition in earning profits. Appellant's Brief, ECF No. 29 at 40-41. Mrs. Taylor introduced evidence that she owned the Service Mark, which had goodwill, value, and meaning, and that Mr. Thomas used the Service Mark in earning profits. Stipulations, ECF No. 224 at 6456, 6458, 6463-66; Pl.'s Trial Test., ECF No. 243 at 6654-56, 6662-63 & Trial Exs. 2-3; Pl.'s Trial Test., ECF No. 244 at 6759-60; Def.'s Trial Test., ECF No. 244 at 6825-28, 6844-45, 6871-80, 6884-85 & Trial Exs. 12, 14-15, 30, 33-40.

Mr. Thomas also relies on *Maker's Mark Distillery, Inc. v. Diageo N.A., Inc.*, 703 F.Supp.2d 671, 704 (W.D. Ky. 2010) in which the court declined to award a recovery because the infringement caused no loss of sales or goodwill, the infringer received no profits from the infringement, there was no significant evidence of actual confusion, the infringer ceased using the mark voluntarily, and there was no evidence of intentional copying or bad faith. 703 F.Supp.2d at 704. The court found that equitable principles precluded a recovery, stating "[t]hough it is true that none of these factors, taken alone, would necessarily preclude damages, when considered together, they are compelling." *Id.* The mitigating factors present in *Maker's Mark Distillery* are absent here: the infringement caused loss of goodwill, Pl.'s Trial Test., ECF No. 244 at 6759-60; there was evidence of

confusion, Witness's Trial Test., ECF No. 244 at 6934-36, 6938-40, 6945-46, 6948-49; the infringer did not stop using the mark voluntarily, Stipulations, ECF No. 224 at 6466, Def.'s Trial Test., ECF No. 244 at 6844-45; and there was evidence of willful, deliberate, and knowing infringement, Order Granting in Part and Denying in Part Pl.'s Mot. for Monetary Recovery, ECF No. 266 at 7839.

Citing *Balance Dynamics Corp. v. Schmitt Industries, Inc.*, 204 F.3d 683, 694-95 (6th Cir. 2000), Mr. Thomas contends that the District Court's award was error because Mrs. Taylor proved no causal connection between Mr. Thomas's commissions and his use of the Infringing Signs. Appellant's Brief, ECF No. 29 at 43. *Balance Dynamics* concerned damages for a false advertising claim, 204 F.3d at 689, which has a different legal basis than a service mark infringement claim, compare 15 U.S.C. § 1125(a)(1)(B) with 15 U.S.C. § 1125(a)(1)(A); *Lexmark Int'l*, 134 S.Ct. at 1384. One element of false advertisement claims is that "there is some causal link between the challenged statements and harm to the plaintiff." *Balance Dynamics*, 204 F.3d at 689. There is no such requirement for a service mark infringement claim. Indeed, *Balance Dynamics* "specifically distinguished false advertising from trademark infringement, where 'one of the trial court's primary functions is to make violations of the Lanham Act unprofitable to the infringing party.'" *Schneider Saddlery Co. v. Best Shot Pet Products Int'l, LLC*, No. 1:06-cv-02602, 2009 WL 864072, at *18 (N.D. Ohio Mar. 31, 2009) (quoting *Balance*

Dynamics, 204 F.3d at 695 n.6); *see also Iams Co. v. Nutro Products, Inc.*, No. 3:00-cv-566, 2004 WL 5780002, at *2 (S.D. Ohio 2004).

Under the Lanham Act, a plaintiff must only prove “sales.” 15 U.S.C. § 1117(a) (“In assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed.”); *WMS Gaming, Inc. v. WPC Prods. Ltd.*, 542 F.3d 601, 606-09 (7th Cir. 2008). “Courts consistently find that when a trademark plaintiff offers evidence of infringing sales and the infringer fails to carry its statutory burden to offer evidence of deductions, the plaintiff’s entitlement to profits under the Lanham Act is equal to the infringer’s gross sales.” *WMS Gaming*, 542 F.3d at 609. The Sixth Circuit has held, “It is not the plaintiff’s burden to prove the profits with exactness because the statute places the burden on the defendant once the plaintiff comes forward with proof of the defendant’s gross sales.” *Wynn Oil*, 943 F.2d at 605. As the Sixth Circuit has found, “where the trademark owner seeks to recover the infringer’s unjust profits, ‘[a]ll the inconvenience and loss from the confusion is thrown upon the party who produces it’” *Id.* at 606.

Mrs. Taylor introduced evidence at trial showing that Mr. Thomas received commissions of \$96,017 from properties he marketed while using the Infringing Signs in commerce. Stipulations, ECF No. 224 at 6469-6471; Def.’s Trial Test., ECF No. 244 at 6871-6880, 6884-87, 6889-92. Mr. Thomas introduced no

evidence showing any deductions were warranted. Under the equities and facts of the case, the District Court's award of Mr. Thomas's profits is an appropriate measure of monetary recovery to Mrs. Taylor.

In arguing against the District Court's award, Mr. Thomas stated that under the Lanham Act, courts are hesitant to make a monetary award without "that indefinable something more." Appellant's Brief, ECF No. 29 at 40-41 (quoting *Maker's Mark Distillery*, 703 F.Supp.2d at 703). The record in this case is replete with evidence of "something more." As discussed below, the evidence demonstrates that Mr. Thomas intentionally copied the Service Mark, deliberately misappropriated the value of the mark for his personal gain, and disregarded the advice of counsel. *Infra* Part III.B. Based on that evidence, the District Court found that Mr. Thomas's conduct was willful, knowing, and deliberate and was designed to acquire the goodwill of the Service Mark." Order Granting in Part and Denying in Part Pl.'s Request for Monetary Recovery, ECF No. 266 at 7893. Mr. Thomas has not shown that the District Court's assessment of the facts was clearly erroneous, and he therefore has not met his burden to obtain reversal of the monetary award.

B. This is an exceptional case warranting attorneys’ fees.

Section 1117(a) authorizes the District Court to award attorneys’ fees to the prevailing party in exceptional cases.⁶ 15 U.S.C. § 1117(a). The Sixth Circuit reviews an award of attorneys’ fees under 15 U.S.C. § 1117(a) for abuse of discretion and will not reverse an award unless it has a “definite and firm conviction that the trial court committed a clear error of judgment.” *Gnesys, Inc. v. Greene*, 437 F.3d 482, 488 (6th Cir. 2005); *see also Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. -- , 134 S.Ct. 1744, 1748 (2014) (“[T]he determination whether a case is ‘exceptional’ under [35 U.S.C.] § 285 is a matter of discretion . . . to be reviewed only for abuse of discretion.”).

The United States Supreme Court recently addressed what constitutes an “exceptional” case justifying an award of attorneys’ fees in a patent infringement case. *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, -- U.S. -- , 134 S.Ct. 1749 (2014). The Court defined an “exceptional” case as “simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *Id.* To date, one Circuit Court has adopted *Octane Fitness*’s definition of “exceptional” when analyzing a Lanham Act claim, because the Patent Act’s and Lanham Act’s fee provisions are

⁶ Mr. Thomas did not appeal the District Court’s ruling that Mrs. Taylor was the prevailing party. Appellant’s Brief, ECF No. 29 at 43-57.

identical. *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 314-15 (3d Cir. 2014).

Prior to *Octane Fitness*, the Sixth Circuit held that “a case is not exceptional unless ‘the infringement was malicious, fraudulent, willful, or deliberate.’” *Audi AG*, 469 F.3d at 551. The District Court properly awarded attorneys’ fees using this definition of “exceptional.” Order Granting in Part and Denying in Part Pl.’s Request for Monetary Recovery, ECF No. 266 at 7886-91. The U.S. Supreme Court’s *Octane Fitness* standard is “more flexible” than the Sixth Circuit’s. *Wagner v. Circle W. Mastiffs*, No. 2:08-cv-00431, 2014 WL 4417761, *2 n.5 (S.D. Ohio Sept. 8, 2014). Because the award withstands review under the more rigorous standard, it also withstands review under the more lenient *Octane Fitness* standard.

1. Intentional Copying

The District Court found that Mr. Thomas intentionally copied the Service Mark. Order Granting in Part and Denying in Part Pl.’s Request for Monetary Recovery, ECF No. 266 at 7888. “Intent can be proven by direct or circumstantial evidence.” *Gen. Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351, 357 (6th Cir. 2006). The District Court’s finding is supported by the evidence.

Pictures of the Service Mark and the Infringing Sign were offered into evidence:

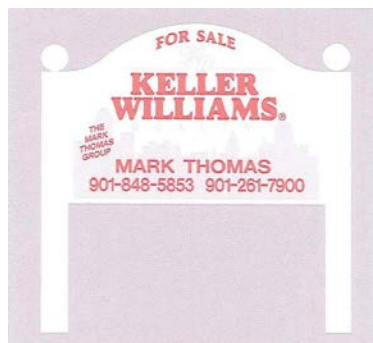


Pl.’s Trial Test., ECF No. 243 at Trial Exs. 1, 9, 12-15. When viewed side-by-side, the resemblance is striking.⁷ During the 17 years he was an agent, Mr. Thomas used yard signs containing the Service Mark at all homes where he used a yard sign. *Id.* at 6456-57; Def.’s Trial Test., ECF No. 244 at 6808-09. “[T]he use of a contested mark with knowledge of the protected mark at issue can support a finding of intentional copying.” *Audi AG*, 469 F.3d at 544.

After leaving Coleman-Etter-Fontaine, Mr. Thomas associated with a Memphis branch of Keller Williams, another residential real estate brokerage firm. Stipulations, ECF No. 224 at 6459; Def.’s Trial Test., ECF No. 244 at 6809-10. One aspect of associating with Keller Williams that was “very appealing” to Mr. Thomas was his ability to custom design a yard sign to “brand” himself, that is to

⁷ A side-by-side comparison is not the standard to determine likelihood of confusion; the standard is how the marks would be viewed in the marketplace. *Victory Lane Quick Oil Change, Inc. v. Darwich*, 799 F.Supp.2d 730, 735 (E.D. Mich. 2011). While the signs would certainly, as witnesses testified and as the Jury found, cause confusion when viewed separately on the street from a moving car, they are also overwhelmingly similar when viewed side-by-side.

design and use yard signs that were different from Keller Williams's company signs. Stipulations, ECF No. 224 at 6459. Unlike at Coleman-Etter-Fontaine, Mr. Thomas could choose any design he wanted for his signs. Def.'s Trial Test., ECF No. 244 at 6814. With limitless possibilities before him, Mr. Thomas requested that the Service Mark be painted on his signs. Witness's Trial Test., ECF No. 244 at 6769-73 & Trial Exs. 3, 21, Stipulations, ECF No. 224 at 6459; Witness's Trial Test., ECF No. 245 at 6964. The most dramatic proof of intent came when Mr. Thomas tried to replicate the Service Mark for his personal use. Witnesses' Trial Test., ECF No. 244 at 6935-36, 6945-49. The sign makers told Mr. Thomas the design "look[ed] too much like Coleman-Etter." Witness's Trial Test., ECF No. 244 at 6775, Trial Ex. 22. Mr. Thomas's sign makers proposed a design containing a gray skyline instead of a blue skyline because they did not want to copy the Service Mark:



Stipulations, ECF No. 224 at 6460; Witness's Trial Test., ECF No. 245 at 6964-65. Mr. Thomas rejected the gray in favor of a "richer color blue" like the Service Mark. Stipulations, ECF No. 224 at 6460; Def.'s Trial Test, ECF No. 244 at 6816-

18. Mr. Thomas admitted that the design he selected is a modified version of the Service Mark. *Id.* at 6461.

Mr. Thomas argues that he did not intentionally copy the Service Mark because Mrs. Taylor did not use the Service Mark from February 2011 to April 2012, and Mr. Thomas did not know that the Service Mark had been impliedly assigned to Mrs. Taylor.⁸ Appellant's Brief, ECF No. 29 at 49-50. Mr. Thomas's assertion that Mrs. Taylor did not use the Service Mark continuously – including from February 2011 to April 2012 – is not supported by the evidence presented at trial.⁹ Pl.'s Trial Testimony, ECF No. 243 at 6647-51, 6668-70 & Trial Exs. 1-3, 5-8; Stipulations, ECF No. 224 at 6455-59. There was never a time from 1987 forward that Mrs. Taylor was not using the Service Mark in the marketplace. Pl.'s Trial Testimony, ECF No. 243 at 6647-51, 6668-70 & Trial Exs. 1-3, 5-8.

⁸ Mr. Thomas also argues he did not intentionally copy the Service Mark because Mrs. Taylor announced the signs would disappear from the marketplace. Appellant's Brief, ECF No. 29 at 49. In support, Mr. Thomas relies on the deposition testimony of Dick Leike, who was not a witness at trial. *Id.* (citing Dep. of Dick Leike, ECF No. 98 at 1337-38). Because it was not admitted as evidence, the citation is not proper support for the assertion. Moreover, Mrs. Taylor denied making or approving an announcement about Coleman-Etter-Fontaine's signs disappearing from the marketplace. Pl.'s Trial Test., ECF No. 244 at 6735-37. Mr. Thomas did not proffer or authenticate a document supporting his assertion. Nor did Mr. Thomas testify that he saw an announcement that the sign would disappear from the marketplace.

⁹ To support his argument, Mr. Thomas again cites to deposition testimony not presented at trial and admitted as evidence.

Mr. Thomas's contention that he did not know that the Service Mark belonged to Mrs. Taylor is rebutted by his admission that he received messages from Mrs. Taylor and his supervising broker about his use of the Infringing Signs, as well as his receipt of the cease-and-desist letter. Stipulations, ECF No. 224 at 6463-64. Mr. Thomas cites no evidence upon which he could base a reasonable belief that he had the right to use the Service Mark.

Given Mr. Thomas's intimate knowledge of the Service Mark, his request that his sign makers put the Service Mark on his sign, his rejection of any distinguishing features such as a gray skyline, and the similarity between the Service Mark and the Infringing Signs, the District Court's determination of purposeful copying of the Service Mark was a correct assessment of the evidence.

2. Willfulness

The District Court found that Mr. Thomas's infringement was willful because he continued using the Infringing Signs despite Mrs. Taylor's protests. Order Granting in Part and Denying in Part Pl.'s Request for Monetary Recovery, ECF No. 266 at 7889-7890. As soon as Mrs. Taylor learned of the Infringing Sign, Mrs. Taylor telephoned Mr. Thomas. Stipulations, ECF No. 224 at 6463; Pl.'s Trial Test., ECF No. 243 at 6675. Mrs. Taylor also telephoned Mr. Thomas's principal broker, requesting that Mr. Thomas cease using the Infringing Signs. Stipulations, ECF No. 224 at 6463; Pl.'s Trial Test., ECF No. 243 at 6675. Mr.

Thomas admitted receiving messages from Mrs. Taylor and his principal broker. Stipulations, ECF No. 224 at 6463; Def.'s Trial Test., ECF No. 244 at 6834. Despite these calls, Mr. Thomas continued to use the signs. Def.'s Trial Test., ECF No. 244 at 6841; Stipulations, ECF No. 224 at 6464, 6466. Mrs. Taylor also objected by email to Mr. Thomas's broker and the sign makers. Trial Exs. 10 & 31. Mr. Thomas received the emails and stated in an email that he decided "not to do anything." Def.'s Trial Test., ECF No. 244 at 6840-41; Trial Ex. 31. Mrs. Taylor then retained counsel, who sent a letter dated March 20, 2012, notifying Mr. Thomas that his signs infringed the Service Mark and demanding that Mr. Thomas cease using the signs. Stipulations, ECF No. 224 at 6464; Trial Ex. 32. Even after receiving the cease-and-desist letter, Mr. Thomas obtained and installed three to four more Infringing Signs.¹⁰ *Id.* at 6464; Def.'s Trial Test., ECF No. 244 at 6828-30. Mr. Thomas cannot deny that he installed and used signs after being put on notice multiple times that the signs infringed Mrs. Taylor's Service Mark.

¹⁰ Mr. Thomas argues that he did not know that the Service Mark was being used because it had disappeared from the marketplace. Appellant's Brief, ECF No. 29 at 49-50. This argument is contrary to the evidence presented that Mrs. Taylor was using the Service Mark. Pl.'s Trial Test., ECF No. 243 at 6647-51, 6668-70 & Trial Exs. 1-3, 5-8; Stipulations, ECF No. 224 at 6455-59. On her website, Mrs. Taylor was using the Service Mark in the same manner she had used it with Coleman-Etter-Fontaine while Mr. Thomas was an agent. Pl.'s Trial Test., ECF No. 243 at 6673; *compare* Stipulations, ECF No. 224 at 6457 *with id.* at 6458-59. And Mr. Thomas certainly knew that Mrs. Taylor claimed ownership of the Service Mark. Stipulations, ECF No. 224 at 6463-64. Mr. Thomas's defense appears to be based on a theory that if he put his head in the sand, then he would not be willfully infringing. Willful blindness is still willful infringement.

After Mrs. Taylor objected to the Infringing Signs, the sign makers proposed a different design to Mr. Thomas:



Witness's Trial Test., ECF No. 244 at 6783-85 & Trial Ex. 25. Incredibly, Mr. Thomas again rejected any alternative design, choosing instead to continue using the Infringing Signs. *Id.* at 6785. The District Court's determination that Mr. Thomas willfully infringed the Service Mark was justified by the evidence presented at trial.

3. Disregard of Advice of Counsel

The District Court also found Mr. Thomas's infringement to be malicious, fraudulent, willful, or deliberate based on his disregard of counsel's advice. Order Granting in Part and Denying in Part Pl.'s Request for Monetary Recovery, ECF No. 266 at 7890-91.

Mr. Thomas identified two attorneys upon whose advice he alleged he relied prior to first using the infringing sign – Blanchard Tual and Michael Hewgley. Def.'s Supp. Resp. to Pl.'s Second Set of Interrogs., ECF No. 172-1 at 5771-72.

Mr. Thomas testified that he sought Mr. Tual's and Mr. Hewgley's advice because his sign makers had expressed concern. Def.'s Trial Test., ECF No. 245 at 6975.

Patricia Berryhill, a co-owner of Berryhill Signs, testified that she told Mr. Thomas she was "very unsure about whether he could use [the Service Mark]" and told Mr. Thomas "to do due diligence about the whole thing, make sure it wasn't copyrighted, make sure it was legal." Witness's Trial Test., ECF No. 244 at 6771.

Both Mr. Tual and Mr. Hewgley testified at trial. Mr. Tual testified that he did not speak with Mr. Thomas until after March 20, 2012, which was after Mr. Thomas began using the Infringing Signs. Witness's Trial Test., ECF No. 244 at 6915-16; Stipulations, ECF No. 224 at 6462. Mr. Tual testified he gave Mr. Thomas no advice on whether he could use the Infringing Signs. Witness's Trial Test., ECF No. 244 at 6915-16; Stipulations, ECF No. 224 at 6462. Instead, Mr. Tual advised that intellectual property was "a very unique separate tiny carved out niche in the law and that you had to be real careful, and that if you didn't get somebody that knew what they were doing, you were going to get nailed, basically." Stipulations, ECF No. 224 at 6462. Mr. Thomas did not follow Mr. Tual's advice – he did not engage an attorney with expertise in intellectual property matters.

Mr. Hewgley is Mr. Thomas's real estate attorney. Def.'s Trial Test., ECF No. 244 at 6830-6831. Mr. Thomas dropped by Mr. Hewgley's office without an

appointment. Def.'s Trial Test., ECF No. 244 at 6831; Witness's Trial Test., ECF No. 244 at 6927-28. Mr. Hewgley testified that he is not familiar with the Lanham Act. Witness's Trial Test., ECF No. 244 at 6920. Mr. Hewgley testified that Mr. Thomas asked whether Mrs. Taylor – not whether the corporation Coleman-Etter-Fontaine – might have a right in the Service Mark. Witness's Trial Test., ECF No. 244 at 6928. Mr. Hewgley testified that he advised that Mr. Thomas possibly could use the Infringing Sign if (1) the Service Mark was not registered, (2) Mrs. Taylor was not claiming the Service Mark, and (3) Mrs. Taylor was not using the Service Mark. Witness's Trial Test., ECF No. 244 at 6925-27; Stipulations, ECF No. 224 at 6461. Mr. Hewgley did not agree to investigate if those three caveats were met. Witness's Trial Test., ECF No. 244 at 6927; Stipulations, ECF No. 224 at 6462. Mr. Hewgley understood that it was Mr. Thomas's responsibility to investigate whether the caveats had been met. Witness's Trial Test., ECF No. 244 at 6927; Stipulations, ECF No. 224 at 6462. Mr. Hewgley testified that Mr. Thomas did not ask him to do any legal research into the matter and that he did not do any research. Witness's Trial Test., ECF No. 244 at 6929. Mr. Thomas did not ask for a written legal opinion. *Id.* at 6928-29; Def.'s Trial Test., ECF No. 244 at 6831. Mr. Hewgley did not bill Mr. Thomas for the unscheduled discussion. *Id.* at 6929.

Based on the circumstances, Mr. Thomas could not have reasonably relied on Mr. Hewgley's advice. He dropped in to see Mr. Hewgley, asked him a question outside his area of practice, and did not retain Mr. Hewgley to provide him with an opinion. *See Johnson v. Jones*, 149 F.3d 494, 504 (6th Cir. 1998) (finding that the nature of the advice the defendant received could not be reasonably relied upon because the attorney had no experience in copyright law and his advice was based on preliminary research).

Putting aside the question of whether Mr. Thomas could reasonably rely on Mr. Hewgley's advice, Mr. Thomas disregarded the advice. Mr. Hewgley told Mr. Thomas that Mrs. Taylor might have a right to the Service Mark if she was claiming it or using it. Witness's Trial Test., ECF No. 244 at 6921-22, 6926-27; Stipulations, ECF No. 224 at 6461-6462. In March 2012, Mrs. Taylor claimed the Service Mark in telephone calls, emails, and a cease-and-desist letter from her attorney that Mr. Thomas received. Pl.'s Trial Test., ECF No. 243 at 6675, 6682-84; Def.'s Trial Test., ECF No. 244 at 6834-6841, 6843-6844 & Trial Exs. 10, 31-32. Mr. Thomas knew from Mr. Hewgley that he could not use the Service Mark if Mrs. Taylor was claiming it. Witness's Trial Test., ECF No. 244 at 6925-27. With that knowledge, Mr. Thomas persisted in using the Infringing Signs. Def.'s Trial Test., ECF No. 244 at 6844; Stipulations, ECF No. 224 at 6464. The District

Court's determination that Mr. Thomas disregarded the advice of counsel is supported by the evidence.

4. Mr. Thomas's Belief Regarding His Use of the Mark

Mr. Thomas contends that attorneys' fees are not appropriate because he believed he was entitled to use the mark. Appellant's Brief, ECF No. 224 at 44-45. He asserts that the Service Mark "existed without any public manifestation Taylor claimed it or that Thomas should have been aware of it." *Id.* at 50. This assertion is contrary to the evidence that Mrs. Taylor was using the Service Mark on her website in the same manner she had used it while Mr. Thomas was associated with Coleman-Etter-Fontaine. Pl.'s Trial Testimony, ECF No. 243 at 6669-74 & Trial Exs. 6-8; Stipulations, ECF No. 224 at 6457-59.

Mr. Thomas further asserts "[t]here is no evidence in the record, either direct or circumstantial, to support a finding Thomas knew Taylor individually was the mark's new owner or was using it in commerce." Appellant's Brief, ECF No. 224 at 51. This assertion is contrary to Mr. Hewgley's testimony that, when Mr. Thomas sought his advice about the Service Mark, Mr. Thomas asked specifically about Mrs. Taylor's individual rights to the Service Mark, not Coleman-Etter-Fontaine's right. Witness's Trial Test., ECF No. 244 at 6928. Had Mr. Thomas visited Mrs. Taylor's website, he would have seen her using the Service Mark, and had he visited Coleman-Etter-Fontaine's website, he would have been redirected to

Mrs. Taylor's website. Pl.'s Trial Test., ECF No. 243 at 6671-73 and Trial Exs. 7-8.

It also ignores the fact that Mrs. Taylor called about the Infringing Signs and sent a cease-and-desist letter to Mr. Thomas. Stipulations, ECF No. 224 at 6463-64; Pl.'s Trial Test., ECF No. 243 at 6675, 6682-84 & Trial Ex. 10; Def.'s Trial Test., ECF No. 244 at 6833-41, 6843-44 & Trial Exs. 10, 32. Mr. Thomas contends that his disregard of Mrs. Taylor's cease-and-desist letter is not evidence of willful infringement because he was justified in assuming she did not individually own the Service Mark. Appellant's Brief, ECF No. 29 at 53-55. There is no evidence in the record that supports Mr. Thomas's assertion that he was justified in believing Mrs. Taylor did not own the Service Mark. Faced with Mr. Hewgley's advice, Mrs. Taylor's objections, and the cease-and-desist letter, Mr. Thomas could not reasonably believe that Mrs. Taylor did not individually own the Service Mark.¹¹

¹¹ Mr. Thomas also argues that he was unaware that rights to the Service Mark had been transferred to Mrs. Taylor by implied assignment. Appellant's Brief, ECF No. 29 at 54-55. The law does not require Mr. Thomas to be aware of a precise legal theory in order to be liable. *See, e.g., Coach, Inc. v. Goodfellow*, 717 F.3d 498, 505 (6th Cir. 2013) (rejecting a defendant's argument that he acted in good faith because the law under which he was held liable was not clearly established at the time of the infringing activities).

5. The intent of the sign maker is irrelevant.

Mr. Thomas contends that the District Court did not consider “the cautious efforts Thomas and his graphic designer, Ken Berryhill, engaged in to avoid creating a mark ‘too much’ like the CE mark [Service Mark].” Appellant’s Brief, ECF No. 29 at 50-51. The stipulations and testimony establish that, although Mr. Thomas’s sign makers took steps to distinguish the color of the skyline from the Service Mark, Mr. Thomas undid the distinguishing features. Stipulations, ECF No. 224 at 6460; Def.’s Trial Test., ECF No. 244 at 6816-6818 & Trial Exs. 22-23; Witness’s Trial Test., ECF No. 245 at 6964-65 & Trial Ex. 43. The sign maker’s desire and efforts to avoid infringement therefore cannot be imputed to Mr. Thomas, and the District Court exercised appropriate discretion in not considering it.

6. Mr. Thomas’s sales volume is irrelevant.

Mr. Thomas also contends his infringement was not willful because he was “relative to Taylor, a major player in the Memphis real estate market” and he therefore had no “intent, or need, to deceive his potential customers regarding an affiliation with Taylor and little to gain from a bad faith association with Taylor.” Appellant’s Brief, ECF No. 29 at 51. The District Court excluded evidence of Mr. Thomas’s sales compared with Mrs. Taylor’s sales, and Mr. Thomas made no offer of proof on this issue. Court Ruling on Pl.’s and Def.’s Respective Objections to

26(a)(3) Pretrial Disclosures, ECF No. 227 at 6531 (excluded under Fed. R. Evid. 401, 402, 901(a)); Sidebar, ECF No. 245 at 6977-81 (also excluded under Fed. R. Evid. 403). Moreover, the argument is not apt. *See infra* Part V.B.

7. Mrs. Taylor was required to litigate or lose her rights.

Further, Mr. Thomas refused to cease using the sign, and Mrs. Taylor was required to bring suit or risk losing her rights in the Service Mark. Throughout the litigation, Mr. Thomas pursued a declaratory judgment that he could use the Service Mark. In light of Mr. Thomas's actions before and after the litigation was filed, an award of attorneys' fees is appropriate.

C. The District Court's award of exemplary damages under the TCPA was appropriate.

The TCPA grants the District Court discretion to treble damages if the defendant's violation of the TCPA was willful or knowing. Tenn. Code Ann. § 47-18-109(a)(3). One of the factors to consider in determining whether to treble damages is "[t]he good faith of the person found to have violated this part." Tenn. Code Ann. § 47-18-109(a)(4). The determination of whether an award for exemplary damages "is appropriate under the facts of the case lies within the sound discretion of the trial court." *Wilson v. Esch*, 166 S.W.3d 729, 731 (Tenn. Ct. App. 2004).

Mr. Thomas contends that the District Court's doubling of TCPA damages was error because Mrs. Taylor failed to show "actual damages." Appellant's Brief,

ECF No. 29 at 57-58. For the reasons stated in Part II.A., Mrs. Taylor introduced evidence of damages to the value of her Service Mark, and the Jury awarded her damages under the TCPA in the amount of \$36,500. Jury Verdict, ECF No. 241 at 6630.

Mr. Thomas also contends the District Court's doubling of TCPA damages was error because Mrs. Taylor failed to prove that Mr. Thomas acted willfully or knowingly. For the reasons stated in Part III.B., the District Court's determination that Mr. Thomas's "conduct was willful, knowing, and deliberate and was designed to acquire the goodwill of the Service Mark" was amply supported by the evidence. Order Granting in Part and Denying in Part Pl.'s Request for Monetary Recovery, ECF No. 266 at 7893.

D. The District Court's award of attorneys' fees under the TCPA was appropriate.

The TCPA authorizes the District Court to award reasonable attorneys' fees and costs "[u]pon a finding by the court that a provision of this part has been violated." Tenn. Code Ann. § 47-18-109(e)(1). The Jury determined that Mr. Thomas violated three provisions of the TCPA. Jury Verdict, ECF No. 241 at 6629-30. Mr. Thomas has not appealed this determination. The District Court therefore did not err in awarding attorneys' fees.

IV. Based on the undisputed facts, the District Court correctly held that Mrs. Taylor owned the Service Mark as a matter of law.

Mr. Thomas admitted that Coleman-Etter-Fontaine owned the Service Mark. Def.'s Resp. to Pl.'s SOF, ECF No. 119-2 at 3982, ¶ 11; Order Granting Pl.'s Mot. for Partial Summ. J., ECF No. 135 at 4124. The dispute for summary judgment was whether Mrs. Taylor, the sole owner, sole shareholder, and primary broker of Coleman-Etter-Fontaine, individually owned the Service Mark. *Id.*

Pursuant to the District Court's Local Rule 56.1, Mrs. Taylor and Mr. Thomas prepared statements of material undisputed facts in support of the motions for summary judgment that established the following as undisputed: Coleman-Etter first used the Service Mark in 1951 to identify its residential real estate services, and no other real estate company used a symbol similar to the Service Mark. Def.'s Resp. to Pl.'s SOF, ECF No. 119-2 at 3980-81. In 1987, Mrs. Taylor purchased Coleman-Etter. *Id.* at 3981. Mrs. Taylor changed the company name to Coleman-Etter-Fontaine. *Id.* From November 1, 1987, until the dissolution of Coleman-Etter-Fontaine on August 12, 2012, Mrs. Taylor was the sole owner and sole shareholder of Coleman-Etter-Fontaine. *Id.* at 3983. For over twenty years, Mrs. Taylor owned and successfully ran Coleman-Etter-Fontaine. *Id.* at 3983-84. Mrs. Taylor had sole control over all the agents and advertising associated with Coleman-Etter-Fontaine, including the use of the Service Mark. *Id.* at 3983-84.

In late 2010, Mrs. Taylor decided that she no longer wanted to be a principal broker or run her own business. *Id.* at 3985. In January 2011, Mrs. Taylor reached

an agreement with Crye-Leike to join Crye-Leike's East Memphis Office as a real-estate agent. *Id.* at 3986. The agreement provided that the Coleman-Etter-Fontaine's name, service marks, and goodwill would remain Mrs. Taylor's property. *Id.*

In February 2011, Mrs. Taylor started a personal website, www.TheFontaines.com, to market her and her daughter's services as Crye-Leike real estate agents. *Id.* at 3989-90. Mrs. Taylor's website, www.TheFontaines.com, contained content similar to Coleman-Etter-Fontaine's website, including the Service Mark – the blue skyline against a white background – near the bottom of the page.¹² *Id.* at 3984-85, 3990-91. At Mrs. Taylor's instruction, persons visiting the Coleman-Etter-Fontaine's website, www.cef-realtors.com, were directed to www.TheFontaines.com. *Id.* at 3990. A 2010 report by the National Association of Realtors Profile of Home Buyers and Sellers states that approximately 90% of home buyers use the Internet to search for homes and that the first steps for more

¹² Mr. Thomas contends that Mrs. Taylor did not use the Service Mark as a Crye-Leike agent until after she saw Mr. Thomas's sign. ECF No. 29 at 63. His contention contradicts his response to Mrs. Taylor statement's undisputed facts, ECF No. 119-2 at 3990-3991, as well as the stipulations at trial, ECF No. 224 at 6458-6459, and the testimony at trial. Pl's Trial Test., ECF No. 243 at 6662, 6669-70, 6673-74. Mr. Thomas therefore challenges facts he had agreed were undisputed and that are binding and conclusive for the purpose of summary judgment. *Cf. Christian Legal Soc'y v. Martinez*, 561 U.S. 661, 676 (2010) ("Litigants, we have long recognized, are entitled to have their case tried upon the assumption that . . . facts, stipulated into the record, were established.").

than one-third of home buyers is to look online for properties. *Id.* at 3985. While associated with Crye-Leike, Mrs. Taylor alone controlled use of the Service Mark. *Id.* at 3993.

On March 11, 2011, Mrs. Taylor surrendered Coleman-Etter-Fontaine's license to the Tennessee Real Estate Commission. *Id.* at 3988. Mr. Thomas disputed this statement, but the Court found that the materials cited by Mr. Thomas did not contradict this statement. Order Granting Pl.'s Mot. for Partial Summ. J., ECF No. 135 at 4119 n.2. A court may consider a fact undisputed for the purposes of a motion for summary judgment when a party fails to properly address another party's assertion of fact. Fed. R. Civ. P. 56(e)(2). Mr. Thomas subsequently stipulated the fact for trial.¹³ Stipulations, ECF No. 224 at 6458.

The District Court determined that Mrs. Taylor was impliedly assigned the Service Mark. Order Granting Pl.'s Mot. for Partial Summ. J., ECF No. 135 at 4129-31. The District Court's ruling is consistent with Sixth Circuit law. The Sixth Circuit has held that an owner of a business may retain "the right to use the

¹³ Mr. Thomas now asserts that it is undisputed that "Taylor closed CE [Coleman-Etter-Fontaine] in February 2011 with no intent to resume it or sell it to another." Appellant's Brief, ECF No. 29 at 59. Mr. Thomas's assertion is contrary to the stipulated facts. Stipulations, ECF No. 224 at 6458. It is contrary to Mrs. Taylor's testimony that it took her six weeks to wind down Coleman-Etter-Fontaine's business and surrender Coleman-Etter-Fontaine's broker license, which occurred on March 11, 2011. Pl.'s Trial Test., ECF No. 243 at 6667, 6705; Stipulations, ECF No. 224 at 6458. Moreover, Mr. Thomas's citations do not support that Coleman-Etter-Fontaine closed in February 2011. See Pl.'s Prelim. Inj. Hr'g Test., 106-1 at 3476; Pl.'s Dep. Test, 105-3 at 3007-08; 105-7 at 3094-96.

mark on the sale of the related business” when “(1) the intent to resume ‘producing substantially the same product or service’ [is] manifest, (2) some portion of the prior goodwill . . . remain[s] with the owner, and (3) operations . . . resume within a reasonable time.” *Yellowbook*, 708 F.3d at 844. The undisputed facts showed Mrs. Taylor provided Realtor services in the same market as Coleman-Etter-Fontaine at the time the Service Mark was transferred to her and that she retained the goodwill associated with the Service Mark. Order Granting Pl.’s Mot. for Partial Summ. J., ECF No. 135 at 4129-31.

Relying on *Doeblers’ Pa. Hybrids, Inc. v. Doeblner*, 442 F.3d 812 (3d Cir. 2006), Mr. Thomas challenges the District Court’s order because it relied in part on “self-serving statement[s]” regarding Mrs. Taylor’s control over Coleman-Etter-Fontaine and the Service Marks, and therefore argues the court’s findings were not based on “clear and uncontradicted” evidence. Appellant’s Brief, ECF No. 29 at 62-63. The Third Circuit in *Doeblner* reversed the grant of summary judgment based on the plaintiff owning a mark via assignment, finding that the documents proffered did not contain an express written assignment but evinced only a partial transfer of business. *Doeblner*, 442 F.3d at 821. The Third Circuit stated that the “plaintiff’s reliance on the possibly self-serving testimony of one of its principals regarding events occurring more than 30 years ago creates important questions for a fact-finder regarding [the principal’s] credibility, and is simply insufficient to

prove trademark assignment as a matter of law.” *Id.* Moreover, a 35-year old document contradicted the testimony, creating a question of fact the precluded summary judgment. *Id.* Contrary to Mr. Thomas’s characterization, *Doebler* does not hold that an implied assignment can never be proven by testimony. *Id.* at 820-22.

Unlike the principal in *Doebler*, Mrs. Taylor testified about events occurring less than two years prior to her deposition, not more than 30 years prior. In addition, six witnesses provided testimony of the issue of ownership besides Mrs. Taylor. Def.’s Resp. to Pl.’s SOF, ECF No. 119-2 at 3979-98. Further, documentary evidence supported the assignment. For example, one document was an email from Crye-Leike that stated, despite Mrs. Taylor’s joining Crye-Leike, that the “Coleman-Etter-Fontaine” brand name, Coleman-Etter-Fontaine, Inc.’s service marks, and Coleman-Etter-Fontaine, Inc.’s good will would remain Mrs. Taylor’s property. *Id.* at 3986. And the assignment to Mrs. Taylor was memorialized by a written assignment and authorized by Coleman-Etter-Fontaine in a written consent prior to Coleman-Etter-Fontaine’s dissolution. *Id.* at 3983, 3994.

Mr. Thomas contends that no implied assignment could occur because of insufficient continuity between Coleman-Etter-Fontaine’s and Mrs. Taylor’s services. Appellant’s Brief, ECF No. 29 at 64-66. Mr. Thomas’s argument lacks

factual support. It is undisputed that Coleman-Etter-Fontaine provided residential real estate services in Shelby County. Def.'s Resp. to Pl.'s SOF, ECF No. 119-2 at 3982. It is undisputed that, at Crye-Leike, Mrs. Taylor also provides residential real estate services in Shelby County. *Id.* at 3986. Mrs. Taylor continues performing the type of services that had been performed at Coleman-Etter-Fontaine – residential real estate services. Stipulations, ECF No. 224 at 6458; Pl.'s Trial Test., ECF No. 243 at 6655-56, 6685-86. Mr. Thomas argues Mrs. Taylor's role as owner and principal broker at Coleman-Etter-Fontaine was distinct from her operating as a as Realtor associated with Crye-Leike. Appellant's Brief, ECF No. 29 at 64-66. His comparison is inapposite; if relevant, the continuity at issue is between the services provided by Coleman-Etter-Fontaine – real estate services in Shelby County – and the services Mrs. Taylor provides – real estate services in Shelby County. The District Court's grant of partial summary judgment was proper.

Alternatively, Mrs. Taylor owned the Service Mark individually because she was the sole-owner and sole shareholder of Coleman-Etter-Fontaine. If a corporation is owned by a single individual who controls its service marks, that individual is presumed to be the owner of the service marks. *McCarthy on Trademarks* § 16:36; see *Gaffrig Performance Indus., Inc. v. Livorsi Marine, Inc.*, Nos. 99 C778, 99 C7822, 2003 WL 23144859, at *10 (N.D. Ill. 2003) (holding that

“courts may presume that a real person who owns all the stock of a corporation controls the corporation so that use of the mark by the corporation inures to the benefit of the real person, who is presumed to be the ‘owner’ of the mark”).

V. The District Court’s exclusion of evidence was based on a correct assessment of the law and the evidence and, if not, did not cause more than harmless error.

When the District Court excludes evidence and the aggrieved party makes an offer of proof, “[the] district court’s evidentiary determinations are subject to an abuse of discretion standard of review.” *Hancock v. Dodson*, 958 F.2d 1367, 1371 (6th Cir. 1992); Fed. R. Evid. 103(a)(2). “Abuse of discretion is defined as a definite and firm conviction that the trial court committed a clear error of judgment.” *Tompkins v. Philip Morris USA, Inc.*, 362 F.3d 882, 891 (6th Cir. 2004). “[A] district court’s determination will be reversed only if the abuse of discretion caused more than harmless error.” *Tompkins*, 362 F.3d at 897.

When the District Court excludes evidence and the aggrieved party fails to make an offer of proof, the Sixth Circuit reviews the exclusion for plain error. *Griffin v. Finkbeiner*, 689 F.3d 584, 597-98 (6th Cir. 2012). The party seeking reversal must show “(1) error, (2) that is plain, and (3) that affects substantial rights.” *Id.* at 598. If the party does so, the Sixth Circuit can address the error if it finds that “the error seriously affects the fairness, integrity, or public reputation of judicial proceedings.” *Id.*

A. Exclusion was an appropriate remedy for Mr. Thomas's failure to timely disclose witnesses.

Mr. Thomas alleges that the District Court erred when it excluded seven witnesses from trial based on Mr. Thomas's late disclosure of the witnesses.

Appellant Brief, ECF No. 29 at 67-68. Mr. Thomas acknowledges that the District Court had broad discretion with respect to discovery issues and contends only that exclusion was a "drastic remedy." *Id.* at 67. Mr. Thomas identifies no erroneous view of the law or clearly erroneous assessment of the evidence in the District Court's ruling. *Id.* Mr. Thomas therefore fails to identify an abuse of discretion on which the Sixth Circuit may reverse the District Court's exclusion of the witnesses. *Hancock*, 958 F.2d at 1371.

Moreover, the District Court correctly applied the law in excluding the witnesses. Federal Rule of Civil Procedure 26 requires parties to disclose "the name and, if known, the address and telephone number of each individual likely to have discoverable information – along with the subjects of that information – that the disclosing party may use to support its claims or defenses. . . ." Fed. R. Civ. P. 26(a)(1)(A)(i). Rule 26 also requires parties to supplement its disclosures. Fed. R. Civ. P. 26(e)(1)(A). "As case preparation continues, a party must supplement its disclosures when it determines that it may use a witness or document that it did not previously intend to use." Fed. R. Civ. P. 26(a)(1) Advisory Committee's Note (2000).

Mr. Thomas's Rule 26(a)(1) initial disclosures did not identify the witnesses at issue. Def.'s Rule 26(a)(1) Initial Disclosures, ECF No. 174-1 at 5789-90. The District Court ordered that discovery conclude on or before March 15, 2013. Order Am. Scheduling Order, ECF No. 137 at 4133. On May 8, 2013, almost two months after the District Court mandated close of discovery, Mr. Thomas first disclosed, in his response to Mrs. Taylor's motion for summary judgment, his intent to rely on witnesses whom he had not identified. Def.'s Resp. to Pl.'s Mot. for Summ. J., ECF No. 168 at 5570. Mrs. Taylor objected to the admissibility of the undisclosed witnesses because of her inability to depose them because the discovery deadline had passed, the parties were in the midst of briefing summary judgment, and taking seven depositions would delay the briefing schedule and likely postpone the trial. Pl.'s Reply to Def.'s Resp. to Mot. for Summ. J. & Objections, ECF No. 175 at 5803-5805; Pl.'s Objections to Def.'s Fed. R. Civ. P. 26(a)(3) Disclosures, ECF No. 196 at 5982-84.

Mr. Thomas had the burden of demonstrating that the failure to disclose was substantially justified or harmless. *Roberts ex rel. Johnson v. Galen of Va., Inc.*, 325 F.3d 776, 782 (6th Cir. 2003). Mr. Thomas offered no justification for failing to identify the witnesses at an earlier point and provided no evidence suggesting that the failure to supplement his disclosures was the result of an honest mistake. Order on Pl.'s Evidentiary Objections, ECF No. 187 at 5926. Therefore, exclusion

of the witnesses was appropriate under Rule 37(c)(1). *Id.* at 5926-27; *R.C. Olmstead, Inc. v. CU Interface, LLC*, 606 F.3d 262, 271-72 (6th Cir. 2010). The District Court did not base its ruling on an erroneous assessment of the law, and therefore the ruling should be affirmed. *Hancock*, 958 F.2d at 1371.

Further, Mr. Thomas made no offer of proof as to the testimony of the excluded witnesses, and he did not establish in his brief how their exclusion was plain error that affects substantial rights. Appellant's Brief, ECF No. 29 at 67-68. Under the plain error standard, the ruling should be affirmed. *Griffin*, 689 F.3d at 598.

B. The District Court properly excluded evidence comparing the volume of Mr. Thomas's sales to Mrs. Taylor.

The District Court excluded a "print-out showing Fontaine Taylor's sales production and print-out showing Mark Thomas's sales production" pursuant to Federal Rules of Evidence 401 and 402. It also excluded an "Agent Awards Report" allegedly showing sales volumes for Coleman-Etter-Fontaine agents pursuant to Federal Rules of Evidence 401, 402, and 901(a). Court Ruling on Pl.'s and Def.'s Respective Objections to 26(a)(3) Pretrial Disclosures, ECF No. 227 at 6531.

Mr. Thomas contends that the evidence was relevant under *Lindy Pen Co., Inc. v. Bic Pen Corp.*, 982 F.2d 1400 (9th Cir. 1993), and *Maker's Mark Distillery*, 703 F.Supp.2d at 696. In *Lindy Pen*, the Ninth Circuit noted, as part of its analysis

of whether Bic's infringement was intentional, that Bic's position in the pen industry made it clear that Bic was not trading on Lindy's relatively obscure name. 982 F.2d at 1406. In *Maker's Mark Distillery*, the evidence was that the defendant chose the mark without the intent of causing confusion and ceased the allegedly offending use in the United States after the plaintiff sued for infringement. 703 F.Supp. 2d at 696. The District Court observed that the plaintiff was less well known in defendant's country and that in light of the "huge differences of the two companies" that it would not make sense for "Cuervo [defendant] to try to associate with Maker's Mark [plaintiff] when it already had so much brand recognition." *Id.*

Based on *Lindy Pen* and *Maker's Mark Distillery*, Mr. Thomas argues that his having "significantly more sales than Taylor during the two year period after Coleman Etter closed" is evidence that he did not willfully infringe. Appellant's Brief, ECF No. 29 at 68.

Federal Rule of Evidence 402 states, "Irrelevant evidence is not admissible." "Broad discretion is given to district courts in determinations on admissibility based on considerations of relevance and prejudice, and those decisions will not be lightly overturned." *Tompkins*, 362 F.3d at 897.

Mrs. Taylor's production numbers do not have the tendency to make it more or less probable that Mr. Thomas willfully infringed and therefore are irrelevant.

The parties stipulated that “[t]he public associated the Service mark with Coleman- Etter-Fontaine’s residential real estate services.” Stipulations, ECF No. 224 at 6456. If this proof were to be presented from some admissible purposes, the relevant comparison would have been between the sales production of all of Coleman- Etter-Fontaine’s agents compared to Mr. Thomas’s production. The District Court therefore was within its discretion in excluding the evidence. *Tompkins*, 362 F.3d at 897.

In addition, unlike in *Maker’s Mark Distillery*, the parties stipulated that Mr. Thomas knew of and had used the Service Mark at the time he selected it. Stipulations, ECF No. 224 at 6456-57. In light of this evidence regarding Mr. Thomas’s intent in selecting the infringing mark, *see supra* Part III.B.1, if the District Court’s determination was incorrect, it was nevertheless harmless because the evidence would not have affected the outcome. *Tompkins*, 362 F.3d at 897.

Further, Mr. Thomas failed to make an offer of proof to establish the authenticity and admissibility of the document or as to the testimony describing the document. Mr. Thomas failed to show how exclusion of the evidence related to the volume of Mrs. Taylor’s sales was plain error that affected substantial rights. Appellant’s Brief, ECF No. 29 at 68. Under the plain error standard, the District Court’s ruling should be affirmed. *Griffin*, 689 F.3d at 598.

C. The District Court allowed evidence of Mrs. Taylor's marketing efforts after her association with Crye-Leike.

Mr. Thomas contends that the District Court improperly excluded the introduction of marketing materials that Mrs. Taylor used following her association with Crye-Leike which did not contain the Service Mark. Appellant's Brief, ECF No. 29 at 68-70. The District Court, however, permitted cross-examination of Mrs. Taylor's use of the Service Mark, including cross-examination related to advertisements and materials the District Court excluded. Pl.'s Trial Test., ECF No. 244 at 6752-57. Mr. Thomas cross-examined Mrs. Taylor on the fact that she did not use the Service Mark on yard signs for a brief time. *Id.* at 6739. Mr. Thomas cross-examined Mrs. Taylor on ads that appeared in a magazine titled RSVP that used another one of Mrs. Taylor's service marks, "the Doors." *Id.* at 6752-54. Mr. Thomas cross-examined Mrs. Taylor on the other service marks she used to market her services. *Id.* 6753, 6755-56. Mr. Thomas's alleged error did not occur.

The District Court excluded various advertisements that did not contain the Service Mark. Ct. Ruling on Pl.'s and Def.'s Respective Obj. to 26(a)(3) Pretrial Discl., ECF No. 227 at 6532. Prior to trial, the District Court based the exclusion on Federal Rules of Evidence 401 and 402. *Id.* At trial, the District Court also based the exclusion on Federal Rule of Evidence 403. Sidebar during Pl.'s Trial Test., ECF No. 244 at 6749-50.

Based on the facts in the record, the District Court properly excluded the documents. The District Court had determined as a matter of law that Mrs. Taylor owned the Service Mark. Order Granting Pl.’s Mot. for Partial Summ. J., ECF No. 135 at 4127-32. Introducing multiple documents where Mrs. Taylor used other service marks, such as “the Doors,” would have limited relevance, if any, the probative value of which would be substantially outweighed by the danger of confusing the issues, misleading the jury, and wasting time. The District Court therefore did not abuse its discretion in excluding the documents. Moreover, because the documents would be cumulative of evidence introduced through Mrs. Taylor’s testimony, its exclusion did not materially affect the trial’s outcome and cannot be a basis for reversal. *Tompkins*, 362 F.3d at 897.

Mr. Thomas did not make an offer of proof with the documents and therefore did not show their authenticity or admissibility, or the evidence the documents would have elicited. Mr. Thomas did not show how the exclusion was a plain error that affected substantial rights. Appellant’s Brief, ECF No. 29 at 68-70. Under the plain error standard, this ruling should be affirmed. *Griffin*, 689 F.3d at 598.

VI. The jury instructions were a correct statement of the law.

The Sixth Circuit reviews alleged errors regarding jury instructions to determine if the instructions, as a whole, “adequately inform the jury of relevant

considerations and provide a basis in law for the jury to reach its decision.” *Vance v. Spencer County Public Sch. Dist.*, 231 F.3d 253, 263 (6th Cir. 2000). The Sixth Circuit may reverse the District Court “only if the instructions, viewed as a whole, were confusing, misleading, or prejudicial.” *Id.*

Mr. Thomas alleges the District Court erred because Supplemental Jury Instruction # 1 “directed the jury to look at specific evidence, *i.e.* CE’s sign and Thomas’ Miami skyline sign to determine whether Thomas’ sign resembled the former.” Appellant’s Brief, ECF No. 29 at 70-71. The alleged error does not accurately describe the supplemental instruction. The supplemental instruction initially directs the jury to review “carefully and deliberately” the fourteen pages of instructions that discuss likelihood of confusion, stating that the jury “should follow all of the Court’s instructions as a whole and regard each instruction in light of all of the others.” Supplemental Jury Inst. #1, ECF No. 236 at 6621. The supplemental instruction concluded that the jury “should consider all of the factors in the Court’s initial instructions and this supplemental instruction” and “must apply all of the Court’s instructions.” Supplemental Jury Inst. #1, ECF No. 236 at 6622.

The jury instructions accurately conveyed the law and were not misleading or prejudicial, and therefore should not serve as a basis for reversal. *Vance*, 231 F.3d at 263.

VII. The Sixth Circuit should remand the case for the District Court to award attorneys' fees incurred by Mrs. Taylor on appeal.

Mrs. Taylor requests that the Sixth Circuit remand the case to the District Court for a determination of an award of attorneys' fees and costs incurred by Mrs. Taylor on appeal pursuant to the Lanham Act, 15 U.S.C. § 1117(a), and the TCPA, Tenn. Code Ann. § 47-18-109(e)(1).

Respectfully submitted,

s/ Shea Sisk Wellford

Shea Sisk Wellford (TN B.P.R. #16947)

Adam J. Eckstein (TN B.P.R. #27200)

MARTIN, TATE, MORROW & MARSTON, P.C.

6410 Poplar Avenue, Suite 1000

Memphis, TN 38119-4839

Telephone: (901) 522-9000

Facsimile: (901) 527-3746

sheawellford@martintate.com

aeckstein@martintate.com

Attorneys for Appellee Fontaine Taylor

CERTIFICATE OF NON-COMPLIANCE

Appellee's Brief has a typeface of 14 point font and contains 15,884 words. Appellee has made a motion to file an oversized brief.

s/ Shea Sisk Wellford

Shea Sisk Wellford

CERTIFICATE OF SERVICE

I hereby certify that a copy of the forgoing document was filed electronically with the Court on this 27th day of October, 2014. Service will be made by operation of that system upon the following:

Richard J. Myers, Esq.
Apperson Crump, PLC
6070 Poplar Avenue, Suite 600
Memphis, TN 38119

s/ Shea Sisk Wellford
Shea Sisk Wellford

6th Cir. R. 28(a)(1) Addendum – Description of Relevant District Court Documents

Description of Document	Docket Entry Number	Page ID #
Order Granting Plaintiff's Motion for Preliminary Injunction	ECF No. 37	291 – 292
Order Granting Plaintiff's Motion to Hold Defendant in Civil Contempt	ECF No. 55	600 – 602
Amended Complaint	ECF No. 64	635 – 56
Defendant's Response to Plaintiff's Statement of Undisputed Facts filed on Dec. 14, 2012	ECF No. 119-2	3979 – 98
Order Granting Plaintiff's Motion for Partial Summary Judgment entered by Judge McCalla on Jan. 22, 2013	ECF No. 135	4112 – 4132
Order Amending Scheduling Order entered Jan. 30, 2013	ECF No. 137	4133
The March 12, 2013 Deposition of Defendant	ECF No. 146-1	4492 – 95
District Court's May 4, 2012 Ruling	ECF No. 153-1	5410 – 11 5419
Defendant's Response to Plaintiff's Motion for Summary Judgment filed on May 8, 2013	ECF No. 168	5570
Defendant's Supplemental Response to Plaintiff's Second Set of Interrogatories	ECF No. 172-1	5769 – 72
Defendant's Supplemental Response to Plaintiff's Second Request for Production of Documents	ECF No. 173-1	5780
Defendant's Rule 26(a)(1) Initial Disclosures	ECF No. 174-1	5789 – 92
Pl.'s Reply to Def.'s Resp. to Mot. for Summ. J. & Objections	ECF No. 175	5803 – 05
Order on Plaintiff's Evidentiary Objections	ECF No. 187	5923 – 27
Plaintiff's Objections to Defendant's Fed. R. Civ. P. 26(a)(3) Disclosures and Cross-Designations of Deposition Testimony	ECF No. 196	5982 – 84
Pretrial Order entered by Judge McCalla on Sept. 18, 2013, including Stipulations	ECF No. 224	6454 – 71
Court Ruling on Plaintiff's and Defendant's Respective Objections to 26(a)(3) Pretrial Disclosures	ECF No. 227	6531 – 32
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Trial Testimony of September 25, 2014	ECF No. 245	6964 – 65 and Trial Exhibit 43
Order Denying Defendant’s Motion for Judgment as a Matter of Law	ECF No. 263	7846 – 64
Order Granting in Part and Denying in Part Plaintiff’s Request for Monetary Recovery	ECF No. 266	7878 – 91 7893
Judgment and Permanent Injunction	ECF No. 267	7897 – 98

IN THE
Supreme Court of the United States

BRENTWOOD ACADEMY,
Petitioner,

v.

TENNESSEE SECONDARY SCHOOLS ATHLETIC
ASSOCIATION AND RONNIE CARTER,
Executive Director and Individually,
Respondents.

**On Petition for Writ of Certiorari to the
United States Court of Appeals for the Sixth Circuit**

**MOTION FOR LEAVE TO FILE BRIEF *AMICI CURIAE*
AND BRIEF FOR *AMICI CURIAE* MEMPHIS UNIVERSITY
SCHOOL, ST. AGNES ACADEMY, CHRISTIAN BROTHERS
HIGH SCHOOL, HUTCHISON SCHOOL, HARDING
ACADEMY, LAUSANNE COLLEGIATE SCHOOL,
ST. MARY'S EPISCOPAL SCHOOL, BRIARCREST
CHRISTIAN SCHOOL, EVANGELICAL CHRISTIAN
SCHOOL, AND FIRST ASSEMBLY CHRISTIAN SCHOOL
IN SUPPORT OF PETITIONER**

W. THOMAS HUTTON

Counsel of Record

ROBERT E. ORIANIS

SHEA SISK WELLFORD

MARTIN, TATE, MORROW & MARSTON, P.C.

22 North Front Street

Suite 1100

Memphis, Tennessee 38103-1182

(901) 522-9000

Counsel for Amici Curiae

**MOTION FOR LEAVE TO FILE
AMICI CURIAE BRIEF**

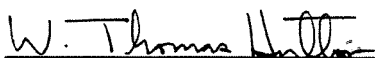
Pursuant to Supreme Court Rule 37.2, Memphis University School, St. Agnes Academy, Christian Brothers High School, Hutchison School, Harding Academy, Lausanne Collegiate School, St. Mary's Episcopal School, Briarcrest Christian School, Evangelical Christian School, and First Assembly Christian School make this motion to the Court for leave to file the attached *amici curiae* brief in support of petitioner, Brentwood Academy.¹ This case addresses whether the conduct of the Tennessee Secondary Schools Athletic Association ("TSSAA") is state action under 42 U.S.C. § 1983 and the Constitution of the United States. The parties joining in as *amici curiae* are a number of independent schools located in the State of Tennessee who are members of the TSSAA, and who are affected by the Sixth Circuit's holding that the conduct of the TSSAA is not state action. *Amici curiae* are well-qualified to inform the Court of the importance of this case to a vital part of each school's curriculum.

This is a case of national significance, which has the potential to affect the constitutional rights of educational institutions and students in every state. In addition, the decision of the United States Court of Appeals for the Sixth Circuit in this case conflicts with every other federal circuit and State Supreme Court that has addressed this important constitutional question regarding state action. Further, the Sixth Circuit's decision is in conflict with relevant decisions of this Court.

¹ Counsel for petitioner consented to the filing of the *amici curiae* brief, but counsel for respondents declined.

Amici curiae submit that they have the perspective to inform the Court about the significance of this case, and that the accompanying brief will aid the Court in its decision regarding Brentwood Academy's Petition for Writ of Certiorari. Accordingly, *amici curiae* request the Court to grant their motion and file the attached *amici curiae* brief.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "W. Thomas Hutton", with a horizontal line drawn underneath it.

W. THOMAS HUTTON

Counsel of Record

ROBERT E. ORIANIS

SHEA SISK WELLFORD

MARTIN, TATE, MORROW

& MARSTON, P.C.

22 North Front Street

Suite 1100

Memphis, Tennessee 38103-1182

(901) 522-9000

Counsel for Amici Curiae

December 28, 1999

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INTEREST OF *AMICI CURIAE*

Amici curiae in this case consist of a number of independent schools located in the State of Tennessee who are members of the Tennessee Secondary Schools Athletic Association (“TSSAA”), and who are affected by the Sixth Circuit's holding that the conduct of the TSSAA is not state action. *Amici curiae* have a strong interest in whether the actions of the TSSAA constitute state action. If this Court does not reverse the Sixth Circuit's holding, then Tennessee's schools and their students will be denied constitutional protection from the actions of the TSSAA, resulting in the TSSAA having the power to govern an important part of education – interscholastic athletics – with impunity.

SUMMARY OF THE ARGUMENT²

This is a case of national significance, which has the potential to affect the constitutional rights of educational institutions and students in every state. The vast majority of schools across the country emphasize the importance of athletics to education. The Tennessee State Board of Education (the “State Board”), first through custom and practice, then explicitly, then again through custom and practice, delegated the governance of this integral part of education to the TSSAA. The Sixth Circuit's decision that the conduct of the TSSAA is not state action conflicts with every other federal circuit and State Supreme Court that has addressed this important issue, and with the relevant decisions of this Court. Because of the pervasive involvement of public officials with every aspect of the TSSAA's actions, the

² No counsel for any party authored this brief in whole or in part and no person or entity other than amici curiae and their members made a monetary contribution to the preparation or submission of this brief.

conduct of the TSSAA should be deemed to be state action under all of the tests used by this Court to make that determination.

ARGUMENT

REASONS FOR GRANTING CERTIORARI

This is a case of national significance in which the decision of the Sixth Circuit is in conflict with every other federal circuit and State Supreme Court that has addressed this important constitutional question. In addition, the Sixth Circuit's decision is in conflict with relevant decisions of this Court. Thus, this case satisfies the criteria for certiorari under Rule 10(a) of the Supreme Court of the United States, as discussed more fully below.

A. National Significance and Public Policy

1. Effects of the Sixth Circuit's Decision

This case has the potential to affect the constitutional rights of educational institutions and students in every state, making it a case of national significance. The most directly affected state is, of course, Tennessee. If this Court allows the Sixth Circuit's decision to stand, then the TSSAA's actions cannot be challenged under 42 U.S.C. § 1983, and the TSSAA member schools and their students will have no redress for conduct that would otherwise violate their constitutional rights. Without the ability to bring a constitutional challenge, the TSSAA member schools and their students are left with little or no recourse against the TSSAA.

Prior to the Sixth Circuit's decision, Tennessee's schools and students were afforded constitutional protection with respect to the regulation of interscholastic athletics. The Sixth Circuit's decision now allows the TSSAA to govern this important aspect of education in Tennessee without accountability. The TSSAA may exercise unfettered authority and control over secondary school athletics in Tennessee, without regard to the constitutional rights of member schools and their students. In effect, the TSSAA is given the authority to implement policy and to control this entire aspect of education in Tennessee. Just as the State of Tennessee is forbidden from exercising such authority and control without constitutional limitations, the TSSAA should also be subject to constitutional restraints.

The Sixth Circuit's decision also opens the door to challenges to the status of athletic associations in other states in the Sixth Circuit, as well as nationwide. Because high school interscholastic athletics in every state in the Sixth Circuit, and almost every state in the nation, are governed by similar associations, the effects of this decision are far-reaching.

2. Importance of Athletics to Education

The importance of athletics to education should not be underestimated. The TSSAA itself recognizes the importance of athletics as an integral part of education in its Constitution, which provides:

Recognizing that the primary objective of all secondary schools is to educate youth, the TSSAA aims to co-ordinate the athletic and scholastic programs. The athletic field and the

gymnasium are classrooms in which teaching is foremost in the development of character, integrity, sportsmanship, and team work. Although the athletic program is associated primarily with physical education and the scholastic program with mental education, one complements the other.

TSSAA Constitution, Art. 1, Section 2; Pet. App. 33-B.

The schools joining as *amici curiae*, as well as schools around the country, also recognize athletics as an essential component of education. In their handbooks, mission statements, and on their web pages, schools emphasize that athletics are an integral part of the education process. Listed below are excerpts from some of those handbooks, mission statements and web pages from schools around the country, including many of the *amici curiae*:

Memphis University School, Memphis, Tennessee

At Memphis University School, the athletic program serves as a means to support and realize the mission of the school. As an extension of the classroom, athletics allows students to compete, to achieve goals, to become well-rounded young men of strong moral character, consistent with the school's Christian tradition. Athletics provides an opportunity to practice the principles of life, such as subjecting one's self to authority, working together as members of a team, and controlling the emotions that arise in competition. Athletic competition offers an arena for the demonstration of our commitment to excellence and our desire to succeed through individual, team, and program goals.

Memphis University School Coaches' Handbook, p. 1; App. 1-A.

Hutchison School, Memphis, Tennessee

Hutchison School is dedicated to the parallel development of mind, body, and spirit as it educates young women for success in college and for lives of integrity and responsible citizenship. Hutchison's ultimate goal is to teach students to demand excellence from themselves in all that they endeavor to do. The athletic program is no exception in this regard. Hutchison School resolves to provide quality coaching, appropriate facilities, and well-supervised instruction to ensure an athletic program of the highest caliber for its young women.

Athletics, Hutchison School, *Hutchison School Athletic Philosophy* (visited December 27, 1999)

< <http://www.hutchisonschool.org/activities/athletics/index.htm> > .

St. Agnes Academy, Memphis, Tennessee

Athletic programs which are based on the teachings of Christ provide the student with opportunities for learning which foster positive attitudes about self and others. Good sportsmanship, honesty, integrity, and fairness characterize the athletic program at [St. Agnes Academy]. The dignity and uniqueness of each student is respected, and character formation will not be sacrificed for a winning season. The philosophy of the athletic program flows directly from the mission and philosophy of the School.

St. Agnes Academy Student Handbook, 1999-2000 School Year, *Athletics*, p.14; App. 1-B.

Lausanne Collegiate School, Memphis, Tennessee

Lausanne Collegiate School is a coeducational college preparatory school that strives to educate students with a holistic approach that combines academic integrity with athletic perseverance. The holistic approach focuses not only on the mind of the child but the body and spirit in developing the total individual * * * *

At Lausanne, the education of each individual is the primary responsibility and athletics play a vital role in that educational process. Athletics should be viewed as a co-curricular activity rather than extracurricular, where the development of the student is paramount. Athletics participation at Lausanne will promote and facilitate working together for a common purpose. This type of focus will help the student athlete to develop a better understanding of others, which in turn helps with interpersonal relationships * * * *

Lausanne Lynx Athletics Handbook, Introduction; App. 1-C.

Girls' Preparatory School, Chattanooga, Tennessee

Giving our girls a well-rounded education is our first goal, and we certainly feel sports participation can play a vital role. It's given me great personal satisfaction to see so many of our teams excel at a high level year after year, and to see individual girls grow into intelligent and confident young women who step up with enthusiasm to almost any challenge.

Comments of Stacy Hill, Athletic Director, Girls' Preparatory School (visited December 21, 1999)

< <http://www.gps.edu/Athletics/Athletics.htm#mission> > .

The Haverford School, Haverford, Pennsylvania

Athletics are a vital part of the curriculum of The Haverford School. As an extension of the academic classroom and traditional school day, many valuable lessons are learned through athletic participation. The learning objective of the athletic classroom is to foster an environment where young people reach their fullest potential intellectually, emotionally, and physically

* * * * Providing a competitive program of interscholastic sports, * * * The Haverford School requires team participation throughout its middle and upper school curricula. Furthermore, the School strongly discourages boys from specializing in one particular sport. Rather, boys are encouraged to vary their athletic experiences in order to enhance diversity in learning. In addition to physical participation, students are also offered opportunities to contribute to teams in administrative capacities.

As an extension of athletic cooperative learning, The Haverford School values the display of exemplary sportsmanship by its participants and spectators alike * * * * The athletic experience at The Haverford School is dedicated to teaching the principles of participation, excellence, discipline, loyalty, self-confidence, enthusiasm, and cooperative learning. All constituencies of The Haverford School community embrace these qualities.

The Haverford School, *Athletics* (visited December 27, 1999)
 <[http:// www.haverford.org/htmfiles/1athletic.html](http://www.haverford.org/htmfiles/1athletic.html)> .

The Fessenden School, West Newton, Massachusetts

Athletics are an essential part of a boy's Fessenden School experience.

* * *

We think some of the most important lessons to be learned within the athletic environment at all grade levels are the value of teamwork and cooperative group behavior. Team sports help our boys learn to give for the good of all and to work cohesively as a unit. The pride we share in our students' athletic accomplishments shows in both winning records and winning smiles!

Since many of our coaches are also faculty members, the values that are stressed in the classroom are also applied to athletics. Coaches apply the same expectations of sportsmanship, respect for others, and fair play on the playing field that exist in all other areas of the school.

The Fessenden School, *Athletics* (visited December 27, 1999)
 <<http://www.fessenden.org/pages/athleti.html>> .

Delbarton School, Morristown, New Jersey

Sports at Delbarton are an integral part of student and school life. The school holds the traditional belief that much can be learned about cooperation, competition, and character through athletic participation, and it seeks to honor this commitment by sponsoring a variety of sports on all levels. * * * * Most boys participate on one or more interscholastic teams.

Delbarton School, *Athletics* (visited December 27, 1999)

<<http://www.delbarton.org/athletics/Index.htm>> .

Burr and Burton Academy, Manchester, Vermont

In keeping with Burr and Burton's dedication to a well-rounded education, athletics and physical fitness are an important component of every student's school experience. In addition to physical education classes, students have the opportunity to participate in sixteen interscholastic sports programs.

Burr and Burton Academy, *Athletics at Burr and Burton* (visited December 27, 1999)

<<http://www.bbsvt.org/Athletics/Athlet.html>> .

Boys' Latin School of Maryland, Baltimore, Maryland

Over 80 percent of Upper School students participate on an interscholastic team.

* * *

Sports are more than contests at Boys' Latin. They give boys a chance to learn fair play. Finishing what you start. Good sportsmanship, no matter the outcome. Giving everyone a chance to play. Encouraging the weak and striving to be as good as the strong, within one's ability.

Boys' Latin School of Maryland, *Athletics* (visited December 27, 1999) <<http://www.md.net/bl/frames.htm>> .

The Albany Academy, Albany, New York

The Albany Academy's tradition of athletic excellence is a direct result of our commitment to make respect for physical health and strength an integral part of every boy's educational experience.

A young person's intellectual and character development is enhanced by the athletic experience. It presents boys with the opportunities to grow by testing their will, strength, skill, endurance, and the ability to function in a team environment. The Academy believes in athleticism as a fundamental building block of personal growth.

The Albany Academy, *Athletics* (visited December 27, 1999)
<<http://www.albany-academy.org/athletics/athletics.htm>> .

Valley Forge Military Academy & College, Wayne, Pennsylvania

As a means to promote the whole person concept, the Academy offers a wide variety of sports to its cadets. The goal of the Academy is to encourage the physical development and leadership qualities necessary for success in today's competitive world market. Cadets are encouraged to participate in interscholastic events, and many participate in intramural or "club" sports programs such as rugby.

Valley Forge Military Academy & College, *Activities, Athletics Information Page* (visited December 27, 1999)
<<http://www.vfmac.edu/sports/sports.html>> .

These are just a few examples from schools around the country that operate under the premise that athletics constitute an integral part of education.

B. State Action

1. Federal Circuit Courts

As Judge Merritt stated in his dissent from the Order denying Brentwood Academy's petition for rehearing *en banc*, the Sixth Circuit's decision is

inconsistent with the basic authorities on state action, and with well-established legal theory underlying their holdings We have created an unnecessary conflict in the circuits on an important question of constitutional law. The conflict will have to be remedied now by the Supreme Court.

Pet. App. 6-C. As discussed in Petitioner's brief, the holding of the Sixth Circuit is inconsistent with the decisions of the Third, Fifth, Seventh, Eighth, Ninth, Tenth, and Eleventh Circuits. *See* Pet. Brief pp. 8-10.

2. State Supreme Courts

The decision of the Sixth Circuit also conflicts with the State Supreme Court decisions that have addressed the issue. *See* Pet. Brief p. 10.

3. Supreme Court of the United States

The Sixth Circuit's decision is in conflict with the decisions of this Court regarding state action, notably *NCAA v. Tarkanian*, 488 U.S. 179, 193 n.13 (1988), which cited approvingly two cases in which high school athletic associations were held to be state actors. In holding that the

NCAA was not a state actor because of the national character of the organization, this Court stated that “[t]he situation would, of course, be different if the membership consisted entirely of institutions located within the same State, many of them public institutions created by the same sovereign.” *Id.* (citations omitted). The TSSAA fits perfectly within this description – it is an organization in which the membership consists entirely of institutions located within the State of Tennessee, most of which are public schools created by the State. Under *Tarkanian’s* footnote 13, as well as other decisions of this Court relating to state action, the TSSAA’s actions fall squarely into the realm of state action.

a. Undisputed Facts

The District Court found the following facts to be undisputed:

- The TSSAA is an association of public, independent and parochial secondary schools from across the State of Tennessee, which is comprised of 290 public schools, and 55 independent and parochial schools. Pet. App. 4-B.
- Public high schools compose 84% of the voting membership of the TSSAA, and independent and parochial schools compose 16% of the voting membership of the TSSAA. Pet. App. 5-B.
- The purpose of the TSSAA is “to stimulate and regulate the athletic relations of the secondary schools in Tennessee.” Pet. App. 5-B.
- By electing to be a member of TSSAA, each member school agrees to abide by the Constitution and By-laws of the TSSAA. Pet. App. 5-B.

- The rules and regulations of the TSSAA are enacted by its Legislative Council, a nine-member body composed of high school principals, assistant principals or qualified superintendents elected by popular vote in each of nine electoral districts. Pet. App. 5-B.
- The administrative authority of the TSSAA is vested in a Board of Control, composed of nine members who are high school principals or superintendents, similarly elected by popular vote. Pet. App. 5-B.
- All of the voting members of the Legislative Council and the Board of Control in 1997 were public high school administrators. None of the voting members of the Legislative Council and the Board of Control in 1997 were principals of independent or parochial schools. Pet. App. 5-B.
- The membership of the TSSAA is primarily public schools, and the governance of the TSSAA is exclusively by public officials. Pet. App. 28-B.
- The TSSAA rules provide that public school principles and coaches submit certain reports to the TSSAA on a regular basis. Principals, who are state-paid, state-supervised, public officials, are responsible to the TSSAA in all matters pertaining to athletic relations of their schools. Pet. App. 32-B.
- A substantial portion of the TSSAA's annual revenue comes from tournament receipts from athletic tournaments of member schools. The majority of athletic contests between member schools are played in public, state-owned facilities. The TSSAA directly dictates the parameters of all post-season play for public schools. Pet. App. 32-B, 33-B.
- Employees of the TSSAA are covered by Tennessee's retirement system, and by statute are included within the definition of "teachers" for that purpose. Pet. App. 33-B.

- For a public school to be a member of the TSSAA, its coach must have a Tennessee teaching license, must be a full-time employee of the State Board and must be paid entirely from funds approved by the State Board or the governing board of the school. Pet. App. 33-B.
- Students get academic credit for TSSAA activities. Pet. App. 34-B.
- Officials for athletic contests at TSSAA schools must be selected from the official TSSAA list and paid TSSAA-set fees. The TSSAA also sets ticket prices for all regional and state tournament games. Pet. App. 31-B, 32-B.
- Since 1925, the State Board has recognized the functions of the TSSAA in providing standards, rules and regulations of interscholastic competition in the public schools in Tennessee. In 1972, by rule, the State Board designated the TSSAA as "the organization to supervise and regulate the athletic activities in which the public junior and senior high schools of Tennessee participate on an interscholastic basis." Pet. App. 10-B.
- In 1972, the State Board approved the current rules and regulations of the TSSAA and reserved the right to review the appropriateness of any future changes. On several occasions in 1972 through 1992, the State Board reviewed and approved the TSSAA rules, including the Recruiting Rule at issue in this case. Pet. App. 10-B, 11-B.
- In a 1992 memorandum to the State Board, the TSSAA executive director stated: "This is somewhat ceremonial, though important as a means of reminding the world that the TSSAA works as an agent on behalf of the State Board of Education." Pet. App. 25-B.
- In a 1993 memorandum, the TSSAA executive director stated: "Competitive athletics is a big part of the high

school experience. The [TSSAA] manages these activities as sanctioned by the State Board of Education. This annual report keeps members informed of issues and changes in TSSAA policies." Pet. App. 25-B, 26-B.

- In 1995, the State Board amended its rule designating the TSSAA to govern athletic activity within Tennessee, and replaced it with a rule that stated that the State Board "recognizes the value of participation in interscholastic athletics and the role of the [TSSAA] in coordinating interscholastic athletic competitions. The State Board of Education authorizes the public schools of the state to voluntarily maintain membership in the [TSSAA]." Pet. App. 11-B.
- Although the language of the new rule was changed (apparently to avoid litigating a claim of state action) to no longer "designate" the TSSAA as the official organization for supervision and regulation of secondary school athletics, it clearly singled out the TSSAA by name to serve this function. More importantly, the conduct of the parties did not materially change after the rule was instituted. Pet. App. 26-B, 27-B.
- The State of Tennessee, first through custom and practice, then explicitly, then again through custom and practice, has recognized the TSSAA as the official body for the regulation and control of interscholastic athletics. Pet. App. 27-B.
- The TSSAA has the power to keep schools from competing against other schools. Pet. App. 32-B.
- The TSSAA is the only organization governing interscholastic athletics in the State of Tennessee. Pet. App. 28-B.

b. Law

This Court has used a variety of approaches to determine whether a party's conduct constitutes state action. These approaches include: (1) the nexus test of *Blum v. Yaretsky*, 457 U.S. 991 (1982) and *Jackson v. Metropolitan Edison Co.*, 419 U.S. 345 (1974); (2) the joint participation/conspiracy/custom or usage analysis of *Adickes v. S.H. Kress & Co.*, 398 U.S. 144 (1970) and *Lugar v. Edmondson Oil Co.*, 457 U.S. 922 (1982); (3) the public function inquiry of *Terry v. Adams*, 345 U.S. 461 (1953) and *Marsh v. Alabama*, 326 U.S. 501 (1946); and (4) the symbiotic relationship test of *Burton v. Wilmington Parking Auth.*, 365 U.S. 715 (1961).

Under all the approaches set forth above, the "ultimate issue" to be determined is whether "the alleged infringement of federal rights" is "fairly attributable to the State." See *Rendell-Baker v. Kohn*, 457 U.S. 830, 838 (1982) (citing *Lugar*, 457 U.S. at 937).

i. The Nexus Test

Under the nexus test, there must be a "sufficiently close nexus between the State and the challenged action of the regulated entity so that the action of the latter may be fairly treated as that of the State itself." *Blum*, 457 U.S. at 1004 (citing *Jackson*, 419 U.S. at 351). In this case, there is a strong nexus between the actions of the TSSAA and the State. On one level, the State Board has turned over all of the regulation of interscholastic athletics to the TSSAA, routinely approved the TSSAA's rules, regulations and actions, and admittedly had the TSSAA act as its "agent." On another level, the vast majority of the TSSAA membership is made up

of public school officials (who are undeniably state actors) and who control, through popular vote, all of the TSSAA's decisions. Thus, all of the decisions, governance and actions of the TSSAA are inextricably intertwined with both the State Board and public officials, all of which are state actors.

ii. The Joint Participation/
Conspiracy/Custom or Usage
Test

If a private party acts in joint participation or in a conspiracy with a state actor, or engages in actions that are mandated by the custom or practice of the State, then the private party's actions are considered state action. *See Adickes*, 398 U.S. at 152, 168; *Lugar*, 457 U.S. at 942 (1982). The TSSAA acts jointly with the State because the TSSAA is governed by public officials, and "[s]tate employment is generally sufficient to render the defendant a state actor." *See Lugar*, 457 U.S. at 936 n.18. "[T]he involvement of a state official . . . plainly provides the state action essential to show a direct violation of the petitioner's Fourteenth Amendment . . . rights, whether or not the actions of the [state official] were officially authorized, or lawful." *Adickes*, 398 U.S. at 152. Thus, there is direct participation between state actors and the TSSAA sufficient for a finding of state action.

In addition, first through custom and practice, then explicitly, then again through custom and practice, the State Board delegated its authority over athletics to the TSSAA. Pet. App. 27-B. Thus, the TSSAA is also a state actor as a result of the customs and practices of the State of Tennessee.

iii. The Public Function Analysis

The public function analysis requires that a private entity be serving a "public function" in order to find state action. This Court has held that the question is whether the "function" performed has been "traditionally the exclusive prerogative of the State." *Jackson*, 419 U.S. at 353. As the exclusive organization governing interscholastic athletics, the TSSAA has performed a function traditionally reserved to the State: namely, the supervision and regulation of the athletic activities of the public junior and senior high schools in Tennessee.³

Since 1925, the State Board has recognized the TSSAA as the governing body for interscholastic competition in the public schools in Tennessee. The TSSAA admitted that it is the only organization governing interscholastic athletic contests within Tennessee. Pet. App. 28-B. As recognized by the United States District Court for the Middle District of Tennessee, the TSSAA is thus performing a public function:

The TSSAA was organized for the primary purpose of performing a public function. Its stated objective is to "stimulate and regulate the athletic relations of the secondary schools of Tennessee." The vast majority of the schools belonging to the association are public schools

³ Tennessee law requires that "[t]here shall be a local public school system operated in each county or combination of counties. There may be a local public school system operated in a municipality or special school district." Tenn. Code Ann. § 49-1-102(c). There is also a provision for a "local board of education" and a "superintendent or director." *Id.*

constituting a part of the State's secondary school system.

Kelley v. Metropolitan County Bd. of Educ., 293 F. Supp. 485, 491 (M.D. Tenn. 1968).

Because the functions of the TSSAA are functions that have been traditionally and exclusively reserved to the State of Tennessee, the TSSAA should be held to be a state actor under the public function analysis.

iv. The Symbiotic Relationship Test

The symbiotic relationship test, which is closely related to the joint participation analysis, focuses on the links between the State and the private actor, and the benefits each derives from the other. *See Burton v. Wilmington Parking Auth.*, 365 U.S. 715, 725 (1961) (finding that the State had "so far insinuated itself into a position of interdependence with [the private party] that [the State] must be recognized to be a joint participant in the challenged activity").

The District Court found "overwhelming evidence" of a "symbiotic relationship" between the TSSAA and the State of Tennessee. Pet. App. 31-B. As set forth above in the fact section of this brief, there is an undeniable ongoing financial and service relationship between the State and the TSSAA that justifies a finding of state action in this case.

The Sixth Circuit recognized that the type of symbiotic relationship between the State of Tennessee and the TSSAA was sufficient to establish state action in *Yellow Springs Exempted Village School Dist. Bd. of Educ. v. Ohio High*

School Athletic Ass'n, 647 F.2d 651, 653 (6th Cir. 1981), where it held that "OSHAA's character as a semi-official in its activities and its symbiotic relationship with the state" established state action. The Sixth Circuit cited the organization of competitions, setting of schedules, arrangement of places to play tournament games, prescription of uniform rules of play, power to sanction schools, requirement that a school must be accredited by the State Board of Education and that membership was a virtual necessity because no other organization provided interscholastic athletic programs as examples of the "symbiotic relationship" between OSHAA and the State. *Id.* Similar indications of a symbiotic relationship exist between the TSSAA and the State of Tennessee.

The conduct of the TSSAA is state action under any of the tests set forth above.

CONCLUSION

For the foregoing reasons, *amici curiae* request that Petitioner's Writ of Certiorari should be granted.

Respectfully submitted,

W. THOMAS HUTTON

Counsel of Record

ROBERT E. ORIAN

SHEA SISK WELLFORD

MARTIN, TATE, MORROW

& MARSTON, P.C.

22 North Front Street

Suite 1100

Memphis, Tennessee 38103-1182

(901) 522-9000

Counsel for Amici Curiae

December 28, 1999

MEMPHIS UNIVERSITY SCHOOL COACHES' HANDBOOK

PHILOSOPHY

At Memphis University School, the athletic program serves as a means to support and realize the mission of the school. As an extension of the classroom, athletics allows students to compete, to achieve goals, to become well-rounded young men of strong moral character, consistent with the school's Christian tradition. Athletics provides an opportunity to practice the principles of life, such as subjecting one's self to authority, working together as members of a team, and controlling the emotions that arise in competition. Athletic competition offers an arena for the demonstration of our commitment to excellence and our desire to succeed through individual, team, and program goals.

Winning is of great importance to the program; thus the goal is to have everyone give his best so that winning is possible. However, the student-athlete and coach should realize that there are two victories – the moral and the physical – and the program must not sacrifice the moral victory to gain a physical victory. The goal should be to attain the moral victory at each practice and competition. The physical victory should be the next goal, and its meaning is made valid through the moral victory.

Coaches, teachers, and administrators are the role models for student-athletes. A coach should always be enthusiastic and prepared for each day's practice and have a schedule of events to help all student-athletes reach their

potential. A coach should be the leader in exercising self-control and displaying leadership.

A student-athlete has a responsibility to maintain high standards of personal integrity, leadership, and athletic accomplishment. These qualities are difficult to maintain unless the athlete accepts his leadership responsibility and constantly portrays those high standards. An athlete is looked upon as a leader by the school community and is constantly observed. A student-athlete may often feel pressure to perform for friends and family, but this motivation will not enhance an athletic program. A student-athlete should develop an inner desire to reach his fullest potential. The goal and motivation must be for each athlete to perform at his personal best to help the team achieve its goals.

ST. AGNES ACADEMY
ST. DOMINIC SCHOOL

ATHLETICS

Athletic programs which are based on the teachings of Christ provide the student with opportunities for learning which foster positive attitudes about self and others. Good sportsmanship, honesty, integrity, and fairness characterize the athletic program at SAA-SDS. The dignity and uniqueness of each student is respected, and character formation will not be sacrificed for a winning season. The philosophy of the athletic program flows directly from the mission and philosophy of the School.

Athletic directors and coaches determine the focus of the athletic program. The School selects men and women of upright character and integrity to serve as coaches, since they serve as role models for the student with whom they work.

A SAA-SDS Booster Club was founded in 1995 to assist efforts in promoting support for student athletes on the campus. All parents of children in grades 5-12 are urged to be active members of this organization. The Booster Club operates under the direction of the Athletic Director, and annual dues are minimal.

LAUSANNE LYNX ATHLETICS HANDBOOK

INTRODUCTION

Lausanne Collegiate School is a coeducational college preparatory school that strives to educate students with a holistic approach that combines academic integrity with athletic perseverance. The holistic approach focuses not only on the mind of the child but the body and spirit in developing the total individual. Lausanne emphasizes knowledge, truth and honor in every aspect of our daily lives; it is with these principles in mind that we can live a successful and meaningful life.

At Lausanne the education of each individual is the primary responsibility and athletics play a vital role in that educational process. Athletics should be viewed as a co-curricular endeavor rather than extracurricular, where the development of the student is paramount. Athletics participation at Lausanne will promote and facilitate working together for a common purpose. This type of focus will help the student athlete to develop a better understanding of others, which in turn helps with interpersonal relationships. The role of the coach in Lausanne's athletic department is vital and should be based on respect: respect for him/herself and respect for the student athlete.

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THIS ISSUE:

THE PROFESSIONAL ODYSSEY

LITIGATION FINANCE
AS A BUSINESS
DEVELOPMENT TOOL

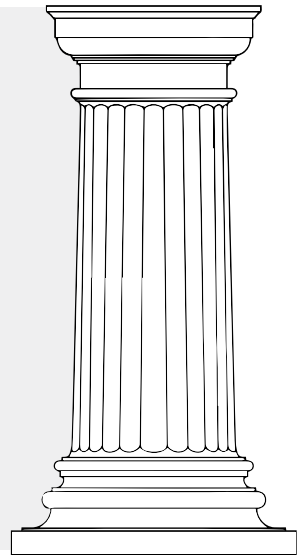
MENTORS –
THE JUDICIAL
PERSPECTIVE

MEMPHIS GROUP BRINGS
BACK THE “LAW SCHOOL
FOR JOURNALISTS



PRESIDENT'S COLUMN

by SHEA SISK WELLFORD



In a ceremony in Memphis in November, the Tennessee Supreme Court swore in new attorneys to the practice of law in Tennessee. Below are the remarks given by bar association President Shea Sisk Wellford to the new admitees (edited for length):

On behalf of the Memphis Bar Association, I want to welcome you to the practice of law. There much to celebrate today, which is a meaningful transition point in your life – today, you will become a lawyer.

But what does it mean – to be a lawyer? I will suggest that the answer to that question depends on your perspective. So I would like to explore the answer to that question with you from several different perspectives.

First, let's take the perspective of society. Criticism of lawyers by society is not a new phenomenon. In 1850, Abraham Lincoln wrote the following:

There is a vague popular belief that lawyers are necessarily dishonest. I say vague, because when we consider to what extent confidence and honors are reposed in and conferred upon lawyers by the people, it appears improbable that their impression of dishonesty is very distinct and vivid. Yet the impression is common, almost universal. Let no young man choosing the law for a calling for a moment yield to the popular belief. Resolve to be honest at all events; and if in your own

judgment you cannot be an honest lawyer, resolve to be honest without being a lawyer.

Today, you will resolve to be an honest lawyer. You will take an oath that you will “truly and honestly demean” yourself in the practice of your profession. Hold true to your oath, and do not allow society's criticism to fall on your shoulders.

The second lens though which I would like to view the question is that of the legal community. How does the Memphis legal community answer the question – what does it mean to be a lawyer? I'll start by saying that in the Memphis legal community, we are very lucky. There is a high level of professionalism among attorneys and between the bench and the bar. There is also a strong sense of community and collegiality among practitioners here. What it means to be a lawyer in the Memphis community may have a number of answers, but there is a common theme among those answers of professionalism and collegiality. So take care in establishing your reputation as a lawyer in your legal community.

One of the best places to establish your reputation is through your bar association. The Memphis Bar Association was founded in 1874, and for the past 142 years, the MBA has nurtured a culture of professionalism

that remains present to this day. Through the MBA, there are many opportunities to interact with your fellow attorneys, build your skills, volunteer in the community, and develop as an attorney. I encourage you to become involved with your bar association – you and your career will benefit from it.

The third and last perspective that I will mention today is perhaps the most important – what does being a lawyer mean to you? Spend some time thinking about what being a lawyer means to you as an individual taking your place in this great profession. While you may hear a lot about the business of practicing law – and billable hours, profits per partner, etc. – do not let that overshadow the fact that you are joining a noble profession. If you want the career that you are embarking upon to have meaning, you cannot lose sight of the fact that you are not merely becoming licensed to do a job, but that you are entering a profession. And while there is no doubt that you have to pay attention to the business

of practicing law, “profits per partner” should not be the metric that you use to measure your success.

As you embark upon this journey, take some time to think ahead – all the way to the end of your career. When you are looking back over your life and your work, what metric will you use to measure your success and what it meant – to you – to be a lawyer?

Good luck and welcome to the practice of law.

A handwritten signature in black ink, appearing to read "Shea". The signature is fluid and cursive, with a large, sweeping initial 'S' and a trailing flourish.