



REPORT ON NORTH CAROLINA BUSINESS COURT

N.C.G.S. 7A-343(8a)

REPORT PREPARED BY
NORTH CAROLINA ADMINISTRATIVE OFFICE OF THE COURTS
FEBRUARY 1, 2020



About the North Carolina Judicial Branch

The mission of the North Carolina Judicial Branch is to protect and preserve the rights and liberties of all the people as guaranteed by the Constitutions and laws of the United States and North Carolina by providing a fair, independent and accessible forum for the just, timely and economical resolution of their legal affairs.

About the North Carolina Administrative Office of the Courts

The mission of the North Carolina Administrative Office of the Courts is to provide services to help North Carolina's unified court system operate more efficiently and effectively, taking into account each courthouse's diverse needs, caseloads, and available resources.

INTRODUCTION

N.C.G.S. 7A-343(8a) requires the Director of the North Carolina Administrative Office of the Courts (“NCAOC”) to submit an annual report on the North Carolina Business Court. The statute specifically provides as follows:

(8a) Prepare and submit an annual report on the activities of each North Carolina business court site to the Chief Justice, the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety, the chairs of the of the Joint Legislative Oversight Committee on Justice and Public Safety, and to all other members of the General Assembly on February 1. The report shall include the following information for each business court site:

- a. The number of new, closed, and pending cases for the previous three years.
- b. The average age of pending cases.
- c. The number of motions pending over six months after being filed.
- d. The number of cases in which bench trials have been concluded for over six months without entry of judgment, including any accompanying explanation provided by the Business Court.

The report shall include an accounting of all business court activities for the previous fiscal year, including the itemized annual expenditures.

NCAOC submits this report in compliance with the legislative mandate for the period from January 1, 2019 through December 31, 2019.

AN OVERVIEW OF THE NORTH CAROLINA BUSINESS COURT

The North Carolina Business Court is an administrative division of the North Carolina General Court of Justice designed to provide a specialized forum for cases involving complex business issues.

G.S. 7A-45.4 governs the designation of Business Court cases. The statute provides that any party may designate as a mandatory complex business case an action that involves a material issue related to the following types of disputes:

- Disputes involving the law governing corporations, except charitable and religious organizations qualified under G.S. 55A-1-40(4) on the grounds of religious purpose, partnerships, and limited liability companies
- Disputes involving securities
- Disputes involving antitrust law
- Disputes involving trademark law



- Disputes involving the ownership, use, licensing, lease, installation, or performance of intellectual property, including computer software, software applications, information technology and systems, data and data security, pharmaceuticals, biotechnology products, and bioscience technologies
- Disputes involving trade secrets
- Contract disputes in which specified statutory conditions are met

In addition, the statute establishes two types of cases that must be designated as mandatory complex business cases:

- An action involving a material issue related to tax law that has been the subject of a contested tax case for which judicial review is requested under G.S. 105-241.16, or a civil action under G.S. 105-241.17 containing a constitutional challenge to a tax statute
- An action described in subdivision (1), (2), (3), (4), (5), or (8) of subsection (a) of G.S. 7A-45.4 in which the amount in controversy computed in accordance with G.S. 7A-243 is at least five million dollars (\$5,000,000)

The majority of cases referred to the Business Court in calendar year 2019 involved the law governing corporations, partnerships, and limited liability companies. **Table 1** below identifies the statutory basis appearing in the parties’ Notices of Designation for cases newly designated to the Business Court in 2019 and the frequency of each type of designated dispute.

Table 1. Dispute Types Pursuant to G.S. 7A-45.4 Appearing in Parties’ Notices of Designation for Cases Designated to the Business Court in Calendar Year 2019

Material Issue	Frequency*
(a)(1) Corporations, Partnerships, LLCs	65
(a)(2) Securities	14
(a)(3) Antitrust	4
(a)(4) Trademark	8
(a)(5) Intellectual Property	8
(a)(8) Trade Secrets	21
(a)(9) Contract Dispute over \$1 million	13
(b)(1) Contested Tax Case	0
(b)(1) Constitutional Challenge Tax Case	0
(b)(2) Controversy over \$5 million	0

*A party’s Notice of Designation may indicate more than one dispute type.

Once a case is designated as a complex business case under G.S. 7A-45.4 after preliminary approval by the Chief Justice, all proceedings in the action are heard before the Business Court judge to whom it has been assigned. The Chief Justice has discretion to assign other exceptional cases to the Business Court under Rule 2.1 of the General Rules of Practice and Procedure for



the Superior and District Courts. When necessary, Business Court judges may be called upon in their capacity as judges of the superior court division to handle cases or court sessions in addition to their regular Business Court caseloads.

As of December 31, 2019, there were five active Business Court judges maintaining chambers in Charlotte, Greensboro, Raleigh and Winston-Salem: Louis A. Bledsoe, III, Chief Business Court Judge (Mecklenburg County Courthouse), Gregory P. McGuire (Wake County Courthouse), Michael L. Robinson (Wake Forest University School of Law), Adam M. Conrad (Mecklenburg County Courthouse), and James L. Gale, Senior Business Court Judge (Elon University School of Law).

An early leader in electronic filing since 1996, the North Carolina Business Court launched a web-based filing system in June 2017 that provides improved functionality and features for attorneys, filers, and judicial staff. The interface delivers a modern and user-friendly experience, features new search capabilities, and provides public access to case information online. The new system also provides a browser-based case management system with workflow queues and judicial tools to aid the Business Court judges, their judicial staffs, and the parties in managing cases from filing through resolution. The system streamlines judicial processes and the dissemination of filings, orders, and opinions.

Case Statistics

The Number of New, Closed, and Pending Cases for the Previous Three Years

There were 300 cases pending in the Business Court as of December 31, 2019 (189 when counting a consolidated group of cases as one case). Of those 300 cases, 278 were assigned to the Business Court as mandatory complex business cases designated pursuant to G.S. 7A-45.4. The Chief Justice designated 10 cases as complex business cases and 12 cases as exceptional cases in the Chief Justice’s discretion under Rule 2.1 of the General Rules of Practice for the Superior and District Courts.

Table 2 represents the number of new, closed, and pending cases in the Business Court as of December 31 in 2019, 2018, and 2017 in the counties in which the Business Court maintains chambers. For purposes of this report, “Pending Cases” include all cases, without regard to the year in which the case was first designated to the Business Court. “New Cases” include all cases designated to the Business Court in the year reported. “Closed Cases” include all cases closed during each year. The “Mecklenburg A” and “Mecklenburg B” designations reflect that two judges have maintained chambers in Mecklenburg County since January 1, 2017.



**Table 2. Pending, New, and Closed Cases in Business Court by Court Location
(Calendar Years 2017 - 2019)**

Calendar Year	COURT	Pending Cases*	New Cases	Closed Cases
2019	Forsyth	52 (50)	26	31
2019	Guilford	115 (22)	8	32
2019	Mecklenburg A	47 (33)	27	20
2019	Mecklenburg B	41 (40)	23	29
2019	Wake	45 (44)	26	24
2019	Statewide	300 (189)	110	136
2018	Forsyth	43 (40)	32	31
2018	Guilford	137 (40)	47**	26
2018	Mecklenburg A	54 (40)	29	24
2018	Mecklenburg B	46 (44)	32	23
2018	Wake	43 (41)	33	37
2018	Statewide	324 (206)†	173	142‡
2017	Forsyth	43 (37)	31	31
2017	Guilford	115 (34)	76***	19
2017	Mecklenburg A	50 (37)	24	24
2017	Mecklenburg B	36	33	21
2017	Wake	45 (40)	39	42
2017	Statewide	289 (184)	203	137

* Parenthetical figures represent when a consolidated group of cases is counted as one case.

** 28 of these 47 new cases were consolidated into the Charlotte School of Law cases.

*** 67 of these 76 new cases were consolidated into the Charlotte School of Law cases.

† Includes one unassigned case currently on appeal and previously assigned to a retired Business Court Judge.

‡ Includes one closed case previously assigned to former Business Court Judge John R. Jolly

Average Age of Pending Cases

As of December 31, 2019, 138 of the Business Court’s 300 pending cases were subject to stay, appeal, or alternative dispute resolution, or 44 cases when counting the *Charlotte School of Law* cases as one case. The average age of pending cases not subject to stay, appeal, or alternative dispute resolution (“active cases”) was 599 days, with a median age of 449 days. The average age of all pending cases was 695 days, with a median age of 694 days. The duration of a case may be affected by multiple stays or appeals throughout the life of the case.

Table 3 offers additional information for pending and active cases during calendar year 2019 by location.



Table 3. Pending, Active, New, and Closed Cases, and Average Age (Calendar Year 2019)*

LOCATION	Pending Cases	Active Cases	New Cases	Closed Cases	Average Age Pending (days)	Average Age Active (days)
Forsyth	52 (50)	37 (36)	26	31	555	462
Guilford	115 (22)	17	8	32	762	542
Mecklenburg A	47 (33)	40 (28)	27	20	957	965
Mecklenburg B	41 (40)	32 (31)	23	29	530	503
Wake	45 (44)	36	26	24	546	447
Statewide	300 (189)	162 (148)	110	136	695	599

*Parenthetical figures represent when a consolidated group of cases is counted as one case.

Motions Pending More than Six Months

As of December 31, 2019, a total of 50 motions filed prior to July 1, 2019 remained pending in 18 cases or groups of related cases. **Table 4** below reflects, as of December 31, 2019, the number of motions pending more than six months by location.

Table 4. Motions Pending More than Six Months by Court Location (as of December 31, 2019)

LOCATION	NUMBER OF MOTIONS	MOTIONS IN CASES PREVIOUSLY STAYED	CASES WITH PENDING MOTIONS
Forsyth	8	8	3
Guilford	15	15	6
Mecklenburg A	8	6	5
Mecklenburg B	19	18	4
Wake	0	0	0
Statewide	50	47	18

Forty-seven of the motions pending more than six months were in cases that had been formally or informally stayed at some stage because of appeal, bankruptcy, reported settlement, extended or supplemental briefing schedules prior to hearing oral argument, or other reasons associated with case management. Business Court motions are subject to a briefing schedule that must be completed before a motion is ready to be heard, and in many instances, a motion is not ready to be heard and ruled upon with the required written opinion within six months of filing. In several instances, the complexity of the issues and the number of counsel involved make it difficult to schedule a hearing within six months of a motion’s filing.

In 2019, the Business Court issued 88 written opinions on motions and other matters, many involving issues of first impression. Consequently, these written opinions regularly represent a significant percentage of the opinions reported in *North Carolina Lawyers’ Weekly’s* semiannual summary of most significant cases, and several widely read legal blogs often focus on the Business Court’s decisions. Business Court judges also regularly prepare written, substantive



orders that are not issued as written opinions for publication, some of which now appear on the Court’s website as “Orders of Significance.”

Bench Trials with No Entry of Judgment after Six Months

During calendar year 2019, the Business Court judges held a total of 12 general superior court civil sessions. In non-Business Court cases, the judges presided over seven jury trials. In Business Court cases, the judges presided over four jury trials, two bench trials, 238 motions, and 241 conferences.

As of December 31, 2019, the Business Court had one case in which entry of judgment in a bench trial was pending for more than six months, *Reynolds Am. Inc. v. Third Motion Equities Master Fund Ltd.* (17CVS7086; Mecklenburg). The trial took place from June 10 - 25, 2019, with post-trial arguments heard on October 2, 2019.

EXPENDITURES

Expenditures for the Business Court for FY 2018-2019 were \$2,082,687. The table below sets forth those expenditures by county.

Table 5. Business Court Expenditures for FY 2018-2019 by County

Court Location	Expenditures
Guilford	\$291,676
Forsyth	\$511,582
Mecklenburg	\$821,310
Wake	\$458,119
Statewide	\$2,082,687

SUMMARY

The North Carolina Business Court provides a specialized forum for cases involving complex and significant business issues. Because a single Business Court judge typically oversees all aspects of the case from the time of designation through trial or other resolution, the Business Court offers efficiencies and expertise necessary for the timely resolution of complex business disputes in North Carolina.



Appendix

Appendix A

Pending Case Distribution by County (As of December 31, 2019)

Appendix B

New Cases Assigned to Business Court by County (Calendar Year 2019)



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Appendix A – Pending Cases, Distribution by County (As of December 31, 2019)

COUNTY	GUILFORD	MECKLENBURG*	WAKE	FORSYTH	TOTAL
Alamance	0	0	0	0	0
Alexander	0	0	0	0	0
Alleghany	0	0	0	0	0
Anson	0	0	0	0	0
Ashe	0	0	0	0	0
Avery	0	0	0	0	0
Beaufort	0	0	0	0	0
Bertie	0	0	0	0	0
Bladen	0	0	0	0	0
Brunswick	0	1	1	0	2
Buncombe	0	4	0	0	4
Burke	0	0	0	0	0
Cabarrus	0	0	0	0	0
Caldwell	0	0	0	0	0
Camden	0	0	0	0	0
Carteret	0	0	1	0	1
Caswell	0	0	0	0	0
Catawba	0	2	1	3	6
Chatham	0	0	0	2	2
Cherokee	0	0	0	0	0
Chowan	0	0	0	0	0
Clay	0	0	0	0	0
Cleveland	1	0	0	0	1
Columbus	0	0	2	0	2
Craven	1	0	0	0	1
Cumberland	0	0	1	3	4
Currituck	0	0	0	0	0
Dare	0	0	1	0	1
Davidson	0	0	1	1	2
Davie	0	1	0	0	1
Duplin	0	0	0	0	0
Durham	0	2	3	1	6
Edgecombe	0	0	0	0	0
Forsyth	0	5	1	3	10
Franklin	0	0	0	0	0
Gaston	0	2	0	0	2
Gates	0	0	0	0	0



COUNTY	GUILFORD	MECKLENBURG*	WAKE	FORSYTH	TOTAL
Graham	0	0	0	0	0
Granville	0	0	0	0	0
Greene	0	0	1	0	1
Guilford	6	8	2	5	21
Halifax	0	0	0	0	0
Harnett	0	0	0	0	0
Haywood	0	0	0	0	0
Henderson	0	1	0	0	1
Hertford	0	0	0	0	0
Hoke	0	0	0	0	0
Hyde	0	0	0	0	0
Iredell	0	2	0	2	4
Jackson	0	0	0	0	0
Johnston	0	0	1	1	2
Jones	0	0	0	0	0
Lee	0	0	0	0	0
Lenoir	0	0	1	0	1
Lincoln	0	0	0	2	2
McDowell	0	0	0	0	0
Macon	0	0	0	0	0
Madison	0	0	0	0	0
Martin	0	0	0	0	0
Mecklenburg	98 (5) **	37	2	15	152 (59) **
Mitchell	0	0	0	0	0
Montgomery	0	0	0	0	0
Moore	0	1	0	0	1
Nash	1	0	0	0	1
New Hanover	0	1	5	0	6
Northampton	0	0	0	0	0
Onslow	0	0	0	0	0
Orange	0	0	0	2	2
Pamlico	0	0	0	0	0
Pasquotank	0	0	0	0	0
Pender	0	0	0	1	1
Perquimans	0	0	0	0	0
Person	1	0	0	0	1
Pitt	0	0	0	0	0
Polk	0	0	0	0	0
Randolph	0	0	1	0	1



COUNTY	GUILFORD	MECKLENBURG*	WAKE	FORSYTH	TOTAL
Richmond	0	0	0	0	0
Robeson	0	1	2	1	4
Rockingham	0	0	0	0	0
Rowan	0	2	0	0	2
Rutherford	0	0	0	0	0
Sampson	0	0	0	0	0
Scotland	0	0	0	0	0
Stanly	0	0	0	0	0
Stokes	0	0	0	0	0
Surry	0	0	0	1	1
Swain	0	0	0	0	0
Transylvania	0	1	0	0	1
Tyrrell	0	0	0	0	0
Union	0	0	0	3	3
Vance	0	0	0	0	0
Wake	7	12	19	4	42
Warren	0	0	0	0	0
Washington	0	0	0	0	0
Watauga	0	0	0	0	0
Wayne	0	0	0	0	0
Wilkes	1	3	0	0	4
Wilson	0	0	0	0	0
Yadkin	0	0	0	1	1
Yancey	0	0	0	0	0
STATEWIDE	115 (22) **	88	45	52	300 (207) **

* Two judges operate in Mecklenburg chambers.

** When counting consolidated *Charlotte School of Law* cases as a single case.



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Appendix B – New Cases Assigned to Business Court by County (Calendar Year 2019)

COUNTY	CASES ASSIGNED IN 2019
Alamance	0
Alexander	0
Alleghany	0
Anson	0
Ashe	0
Avery	0
Beaufort	0
Bertie	0
Bladen	0
Brunswick	2
Buncombe	4
Burke	0
Cabarrus	0
Caldwell	0
Camden	0
Carteret	0
Caswell	0
Catawba	3
Chatham	2
Cherokee	0
Chowan	0
Clay	0
Cleveland	0
Columbus	2
Craven	0
Cumberland	1
Currituck	0
Dare	1
Davidson	3
Davie	1
Duplin	0
Durham	5
Edgecombe	0
Forsyth	1

COUNTY	CASES ASSIGNED IN 2019
Franklin	0
Gaston	1
Gates	0
Graham	0
Granville	0
Greene	1
Guilford	9
Halifax	0
Harnett	0
Haywood	0
Henderson	0
Hertford	0
Hoke	1
Hyde	0
Iredell	3
Jackson	0
Johnston	3
Jones	0
Lee	0
Lenoir	1
Lincoln	0
McDowell	0
Macon	0
Madison	0
Martin	0
Mecklenburg	32
Mitchell	0
Montgomery	0
Moore	0
Nash	1
New Hanover	4
Northampton	0
Onslow	0
Orange	0

COUNTY	CASES ASSIGNED IN 2019
Pamlico	0
Pasquotank	0
Pender	0
Perquimans	0
Person	1
Pitt	1
Polk	0
Randolph	2
Richmond	0
Robeson	2
Rockingham	0
Rowan	0
Rutherford	0
Sampson	0
Scotland	0
Stanly	1
Stokes	0
Surry	1
Swain	0
Transylvania	0
Tyrrell	0
Union	1
Vance	0
Wake	19
Warren	0
Washington	0
Watauga	0
Wayne	1
Wilkes	0
Wilson	0
Yadkin	0
Yancey	0
STATEWIDE	110



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