

STATE OF NORTH CAROLINA
CALDWELL COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
21 CVS 70

FOOTCAREMAX, LLC,
Plaintiff,

v.

EDGE MARKETING
CORPORATION; EDGE
MARKETING SALES; and
MICHAEL MAKER,
Defendants.

ORDER ON DESIGNATION

1. **THIS MATTER** is before the Court pursuant to the Determination Order issued on February 22, 2021 by the Honorable Paul Newby, Chief Justice of the Supreme Court of North Carolina, directing the undersigned to determine whether this action is properly designated as a mandatory complex business case in accord with N.C.G.S. § 7A-45.4(a) (the “Determination Order”).

2. Plaintiff FootCareMax, LLC (“FCM”) filed the Complaint initiating this action in Caldwell County Superior Court on January 15, 2021, asserting claims against Defendants Edge Marketing Corporation (“EMC”), Edge Marketing Sales (“EMS”), and Michael Baker (“Baker”) (collectively, the “Defendants”) for breach of contract, conversion, and fraud. (*See* Compl. ¶¶ 11, 14–17, 20–22, 26.) EMC and EMS accepted service of the Complaint on February 4, 2021; Baker has not yet been served. Defendants timely filed a Notice of Designation of Action as Mandatory

Complex Business Case (“NOD”) on February 19, 2021, contending that designation is proper under N.C.G.S. § 7A-45.4(a)(4) and (5).¹

3. This case arises out of a contract dispute. Baker is the owner, founder, president, and CEO of EMC and EMS. (*See* Compl. ¶ 5.) EMC and EMS design and manufacture insoles and footwear distributed worldwide by various distributors. (*See* Compl. ¶ 6.) FCM entered into a series of agreements with EMC and EMS in which FCM agreed to act as an inventory financing partner and the exclusive seller of EMC and EMS’s products on Amazon in the United States (the “U.S. Agreements”). (*See* Compl. ¶¶ 8, 11–12.) FCM alleges that, in violation of the U.S. Agreements, Defendants have (i) failed to transfer registration of certain U.S. trademarks and internet domain names to FCM; (ii) taken control of Amazon sales and product inventory; and (iii) failed to buy back certain inventory. (*See* Compl. ¶¶ 14–17, 20–21.)

4. Designation under section 7A-45.4(a)(4) is proper if the action involves a material issue related to “[d]isputes involving trademark law, including disputes arising under Chapter 80 of the General Statutes.”

5. In support of designation under this section, Defendants argue that this action involves “federal and state trademark law concerning assignments or transfers

¹ FCM filed an Amended Complaint on February 26, 2021. However, the filing of an Amended Complaint has no bearing on the Court’s determination as to whether this action is properly designated as a mandatory complex business case based on the NOD, because the original Complaint is the pleading on which the NOD is based. *See Labarge v. E Recycling Sys., LLC*, 2016 NCBC LEXIS 194, at *4 (N.C. Super. Ct. Sept. 19, 2016) (“If properly designated . . . based on the Complaint and NOD, Plaintiffs did not render the designation . . . improper by subsequently filing their Amended Complaint.”).

of trademarks[]” because FCM alleges that, as a result of Defendants’ breach of the U.S. Agreements, it is “entitled to a transfer of Defendants’ registered trademarks and requests as relief that the Court order specific performance and declare [FCM] the rightful owner of Defendants’ U.S. trademarks.” (Notice Designation Action Mandatory Complex Bus. Case 3 [hereinafter “NOD”]; *see also* Compl. ¶¶ 14, 24.) The Court disagrees.

6. Although FCM’s claim and requested relief involve a determination regarding the ownership of two trademarks, a review of the NOD and the Complaint’s allegations make plain that FCM’s asserted claim requires nothing more than a straightforward application of contract law principles for its resolution and does not implicate trademark law under section 7A-45.4(a)(4). *See Grindstaff v. Knighton*, 2020 NCBC LEXIS 98, at *3–4 (N.C. Super. Ct. Sept. 1, 2020) (declining to designate under (a)(1) where plaintiff’s claim for breach of a stock purchase agreement entailed application of contract law principles); *Pinsight Tech., Inc. v. Driven Brands, Inc.*, 2020 NCBC LEXIS 23, at *5–6 (N.C. Super. Ct. Feb. 20, 2020) (holding that (a)(5) designation was improper where plaintiff’s claim for breach of nondisclosure agreements only required application of contract law principles).

7. Designation under section 7A-45.4(a)(5) fails on similar grounds. That section permits designation if the action involves a material issue related to “[d]isputes 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.”

8. In support of designation under this section, Defendants contend FCM seeks to be declared “the owner of Defendants’ intellectual property, namely Defendants’ trademark and internet domains[,]” such that this action involves a dispute over “the ownership and use of intellectual property[.]” (NOD 3; *see also* Compl. ¶¶ 14, 24.) Defendants further argue that “the section of the [a]greement [FCM] relies upon [for its claims] is itself entitled ‘Intellectual Property.’” (NOD 3; *see also* Compl. Ex. 1 at 2.)

9. A close reading of the Complaint, however, reveals that FCM’s claims are focused on Defendants’ alleged breach of the U.S. Agreements rather than on the underlying intellectual property aspects of Defendants’ trademarks and internet domains as required by section 7A-45.4(a)(5). *See Pindsight Tech., Inc.*, 2020 NCBC LEXIS 23, at *5 (quoting *Cardioentis AG v. IQVIA Ltd.*, 2018 NCBC LEXIS 64, at *6 (N.C. Super. Ct. June 27, 2018)) (“To qualify for mandatory complex business case designation under this section, the material issue must relate to a dispute that is ‘closely tied to the underlying intellectual property aspects’ of the intellectual property at issue.”); *Grifols Therapeutics LLC v. Z Automation Co.*, 2019 NCBC LEXIS 91, at *3 (N.C. Super. Ct. July 3, 2019) (concluding that “the mere fact that intellectual property . . . is the subject of a purchase agreement is insufficient to permit designation under section 7A-45.4(a)(5)[.]”). Because resolution of FCM’s contract claims is not “closely tied to the underlying intellectual property aspects” of

the trademarks and internet domains, designation under section 7A-45.4(a)(5) is improper.

10. Based on the foregoing, the Court determines that this action is not properly designated as a mandatory complex business case in accord with N.C.G.S. § 7A-45.4(a) and thus shall not be assigned to a Special Superior Court Judge for Complex Business Cases.

11. Consistent with the Determination Order, the Court hereby advises the Senior Resident Superior Court Judge of Judicial District 25A that this action is not properly designated as a mandatory complex business case so that the action may be treated as any other civil action, wherein the parties may pursue designation as a Rule 2.1 exceptional case with the Senior Resident Judge.

12. The Court's ruling is without prejudice to the right of any party to seek designation of this matter as a mandatory complex business case as provided under section 7A-45.4.

SO ORDERED, this the 4th day of March, 2021.

/s/ Louis A. Bledsoe, III
Louis A. Bledsoe, III
Chief Business Court Judge