



NORTH CAROLINA
ADMINISTRATIVE OFFICE
of the COURTS

2015 Report on North Carolina Business Court [G.S. 7A-45.5]

March 1, 2015



Introduction

N.C.G.S. 7A-45.5 provides as follows:

§ 7A-45.5. Annual report on Business Court activities.

The Administrative Office of the Courts shall report to the Chairs of the House of Representatives Appropriations Subcommittee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1 of each year on the activities of each North Carolina Business Court site, including the number of new, closed, and pending cases, average age of pending cases, and annual expenditures for the prior fiscal year.

The North Carolina Administrative Office of the Courts (NCAOC) respectfully submits this report pursuant to the legislative mandate.

An Overview of the North Carolina Business Court

The North Carolina Business Court is a specialized forum within the North Carolina General Court of Justice designed to oversee cases involving complex business and technical issues. During 2014, North Carolina had three business courts, with locations in Charlotte, Greensboro and Raleigh. Each business court has a designated special superior court judge assigned to hear the cases assigned to that court.

N.C.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 three 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)
- An action involving regulation of pole attachments brought pursuant to G.S. 62-350.

Once a case is designated as a complex business case under G.S. 7A-45.4 after approval by the Chief Justice, all proceedings in the action are heard before the business court judge to whom it has been assigned. The current special superior court judges assigned to the business court are the Honorable James L. Gale, Louis A. Bledsoe III, and Gregory P. McGuire. Judge Gale serves as the chief judge of the business court, and oversees the Guilford County site located in the Elon University School of Law. Judge Bledsoe oversees the Mecklenburg County site located in the Mecklenburg County Courthouse, while Judge McGuire oversees the Wake County site located in the Wake County Courthouse.

The Chief Justice has discretion to assign other exceptional cases to the business court under Rule 2.1. However, as a practical matter, the rise in the number of cases designated as mandatory complex business cases has minimized the number of other cases assigned to business court judges by the Chief Justice. When necessary, business court judges may be called upon in their capacity as special superior court judges to handle cases or court sessions in addition to the regular business court caseload.

Case Statistics

As of December 31, 2014, the North Carolina Business Court had 231 pending cases. Of that number, 189 cases were active cases, 23 cases were on appeal and 19 were inactive or stayed. A case may be marked stayed or designated inactive for a variety of reasons, such as a bankruptcy filing, a court-ordered arbitration, or a request by the parties.

The average age of all cases pending as of December 31, 2014 was 756 days. Table 1 below shows the number of pending cases, new cases, closed cases and average age of cases pending as of December 31, 2014, by court location and statewide. Meanwhile, the attached Appendix A shows the originating county for all cases pending as of December 31, 2014, while Appendix B shows the originating county for all new cases designated in 2014. Appendix C represents a map of North Carolina highlighting the distribution of 2014 cases by county.

Table 1. Pending Cases, New Cases, Closed Cases and Average Age of Business Court Cases by County (Calendar Year 2014)

	Pending Cases	New Cases	Closed Cases	Average Age Pending
Mecklenburg	66	48	48	718 days
Guilford	85	40	47	748 days
Wake	80	34	38	796 days
Statewide	231	122	133	756 days

NOTE: Pending cases include the number of open cases as of December 31, 2014. New cases include the number of new cases designated to the business court during calendar year 2014. Closed cases include the number of cases closed during calendar year 2014. The average age is calculated using the number of days since pending cases were designated to business court through December 31, 2014.

Of the 231 pending cases as of 2014, 219 cases were assigned to the court as mandatory complex business cases designated pursuant to G.S. 7A-45.4, six were other complex business cases assigned to a business court judge by the Chief Justice, and five were exceptional cases assigned to a business court judge by the Chief Justice under Rule 2.1. One additional case was assigned to the court through consolidation with an existing mandatory complex business case.

Expenditures

Expenditures for the business court for fiscal year 2013-2014 were \$1,611,005.03. The table below sets forth the expenditures by county.

Table 2. Business Court Expenditures for FY 2013-14 by County

Court Location	Expenditures for FY 2014-14
Mecklenburg	\$389,246.16
Guilford	\$413,838.75
Wake	\$807,920.12
Statewide	\$1,611,005.03

Summary

In 2014, the General Assembly made several changes to the laws related to business court. Specifically, the law modified the types of cases designated as complex business court cases, added two new business court judges, and increased the reporting requirements. The Judicial Branch is analyzing how best to implement the recent changes, assessing the appropriate location for the additional court judges, seeking the necessary funding for staff and operational needs to support the additional judges, and identifying any technology enhancements that may be needed to comply with the enhanced reporting requirements. The Judicial Branch looks forward to working with the General Assembly and the business community to identify ways to improve efficiencies in the way complex business cases are handled in North Carolina.

APPENDIX

2015 Report on North Carolina Business Court

Appendix A – Business Court Case Distribution by County (Calendar Year 2014)

COUNTY	CHARLOTTE	GREENSBORO	RALEIGH	TOTAL
Alamance	2	1	0	3
Ashe	0	2	0	2
Beaufort	0	1	0	1
Bladen	1	0	1	2
Brunswick	0	2	7	9
Buncombe	6	1	0	7
Catawba	6	1	0	7
Cleveland	0	1	0	1
Columbus	1	0	0	1
Cumberland	0	1	4	5
Currituck	0	0	1	1
Dare	1	0	2	3
Davidson	2	1	1	4
Davie	1	0	0	1
Durham	1	7	3	11
Forsyth	1	5	0	6
Gaston	2	1	0	3
Graham	1	0	0	1
Guilford	1	16	1	18
Iredell	2	1	0	3
Johnston	1	0	0	1
Lee	0	2	0	2
Lincoln	1	0	0	1
Macon	1	0	0	1
Madison	0	0	1	1
Mecklenburg	25	13	1	39
Moore	0	1	0	1
Nash	0	0	1	1
New Hanover	0	3	6	9
Onslow	0	0	1	1
Orange	0	4	2	6
Perquimans	0	0	1	1
Person	0	1	0	1
Pitt	0	0	1	1
Randolph	1	0	0	1
Robeson	1	1	1	3
Rockingham	1	0	0	1
Rutherford	2	0	0	2
Sampson	0	1	0	1
Surry	0	4	0	4
Union	2	1	0	3
Vance	0	0	2	2
Wake	3	12	41	56
Wayne	0	0	2	2
Wilson	0	1	0	1
STATEWIDE	66	85	80	231

Appendix B – New Cases Assigned to Business Court during Calendar Years 2014 by County

COUNTY	CASES ASSIGNED IN 2014
Alamance	1
Bladen	2
Brunswick	1
Buncombe	4
Cabarrus	1
Catawba	3
Columbus	1
Cumberland	2
Currituck	1
Davidson	2
Davie	1
Durham	4
Forsyth	5
Gaston	2
Guilford	12
Iredell	2
Johnston	1
Mecklenburg	26
Mitchell	2
Nash	1
New Hanover	6
Orange	3
Person	1
Pitt	1
Rutherford	1
Surry	4
Transylvania	1
Union	2
Vance	1
Wake	25
Wayne	2
Wilson	1
STATEWIDE	122

