No. 15-0407

IN THE SUPREME COURT OF TEXAS

EXXONMOBIL PIPELINE COMPANY, ROBERT W. CAUDLE, AND RICKY STOWE,

Petitioners,

v.

TRAVIS G. COLEMAN,

Respondent.

On Petition for Review from the Fifth District Court of Appeals at Dallas, Texas

AMENDED AMICUS CURIAE BRIEF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

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The Chamber of Commerce of the "Chamber"

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Texas Citizens Participation Act "TCPA"

STATEMENT OF INTEREST OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

The Chamber of Commerce of the United States of America is the world's largest business federation. It represents 300,000 direct members and indirectly represents the interests of more than three million companies and professional organizations of every size, in every industry sector, from every region of the country. The Chamber advocates its members' interests before Congress, the Executive Branch, and the Judiciary, and regularly files amicus briefs in cases raising issues of concern to the nation's business community.

The Chamber has no direct financial interest in the outcome of this litigation.

No counsel for a party in this case authored this brief in whole or in part. No person or entity—other than amici, their members, or their counsel—made monetary contributions specifically for the preparation or submission of this brief.

STATEMENT OF THE CASE

The Chamber adopts and incorporates by reference the Statement of the Case in ExxonMobil Pipeline Company's Statement of the Case in its Petition for Review to the extent relevant to this amicus brief.

ISSUE PRESENTED

Did the court of appeals improperly limit the "right of free speech" prong of the Texas Citizens Participation Act by holding that communications that potentially raised "health, safety, environmental, and economic concerns" were not "in connection with" or "related to . . . health or safety . . . environmental, economic, or community well-being" within the meaning of the statute?

STATEMENT OF FACTS

The Chamber adopts and incorporates by reference the Statement of Facts in EMPCo's Statement of Facts in its Petition for Review to the extent relevant to this amicus brief.

SUMMARY OF THE ARGUMENT

Adopted by the Texas Legislature in 2011, the TCPA established an accelerated timeline, during which no discovery can be taken, to resolve a motion to dismiss those lawsuits that arise out of the valid exercise of the right of free speech, right to petition, and right of association. Given the extraordinary discovery costs that defendants in Texas state courts face when defending against even meritless litigation, and the lack of any other effective, pre-discovery dismissal mechanism in the Texas Rules of Civil Procedure, ¹ it should come as no surprise that many defendants have embraced the Texas Citizens Participation Act as a tool to dispose of certain speech-related lawsuits before incurring those discovery costs. Defendants that successfully move to dismiss a legal action under the TCPA are spared much of the increasingly burdensome time and expense of modern lawsuits.

However, the rise in the usage of the TCPA has resulted in a patchwork of confusing and sometimes contradictory opinions by courts of appeals about the

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¹ The Court recently promulgated an expedited dismissal procedure under Texas Rule of Civil Procedure 91a, titled "Dismissal of Baseless Causes of Action." For discussion of the limitations of Rule 91a, see *supra* note 3.

precise contours of the law. This Court has already begun to address some of the confusion with its decisions in *Lippincott v. Whisenhunt*, 462 S.W.3d 507 (Tex. 2015) and *In re Lipsky*, 460 S.W.3d 579 (Tex. 2014). Given the objective and increased reliance on the TCPA, it is critical to the business community to have a clear understanding of the statute's reach. The Court should grant review to clarify the circumstances that give rise to the TCPA's powerful pre-discovery dismissal mechanism.

Additionally, we urge the Court not to decline to hear this matter because of the withdrawal of plaintiff's counsel. Such a decision could encourage future gamesmanship where counsel for the winning party at the court of appeals strategically withdraws from representation to evade the Court's review. While the Chamber is not alleging that those tactics are being employed here, it is important for the Court to prevent such behavior from gaining a foothold. Where the opportunity to clarify the TCPA and provide such important guidance is presented by an appeal, the withdrawal of plaintiff's counsel should not trump the Court's interest in developing the jurisprudence in this important area of the law.² Notwithstanding withdrawal of respondent's counsel, the Chamber believes the Court's continued review of meritorious petitions through the Court's Pro Bono

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² As requested by the Court, on February 26, 2015, respondent Coleman filed his response to petitioner's petition for review and presented his factual and legal arguments, including opinion and statute citations, to the Court.

Program and the State Bar of Texas Appellate Section's Pro Bono Committee will benefit the development of Texas jurisprudence and is likely to be an effective method to head-off the development of such potentially inappropriate tactics.

ARGUMENT

The TCPA provides an accelerated dismissal process for legal actions involving exercise of the constitutionally protected right of free speech, right of association, and right to petition. Because the statute was only enacted in 2011, jurisprudence construing the TCPA is still developing, resulting in some confusion among the trial courts and courts of appeals regarding its scope. Here, the court of appeals' ruling limits the scope of the TCPA, precluding its application where a former employee sued for defamation a corporate defendant that was engaged in speech related to the safety and environmental implications of that employee's wrongdoing. The court of appeals' decision raises important questions for employers about the scope of the TCPA's protections for speech related to their employees. The Chamber urges this Court to clarify when the TCPA permits prediscovery dismissal of lawsuits against employers based on such internal speech.

I. The Texas Legislature intended the TCPA to promote judicial efficiency and protect the rights of corporate defendants engaging in protected communications.

Given the rising costs of civil litigation, the business community routinely supports those procedural rules that, as a former Texas Chief Justice described,

"reduce the expense and delay of litigation while simultaneously protecting the rights of litigants." Wallace B. Jefferson, The State of the Judiciary, Presented to the 83rd Legislative Session (March 6, 2013), 76 Tex. B. J. 347. The Texas Legislature intended the TCPA as a tool to help control costs, to promote judicial efficiency, and to preserve constitutionally protected rights in certain qualifying cases.

A. Defendants in Texas have historically lacked adequate dismissal procedures.

Because there is no meaningful analog in the Texas Rules of Civil Procedure to the dismissal procedure in Federal Rule of Civil Procedure 12(b)(6),³ defendants in Texas state courts are typically unable to pursue a quick end to meritless litigation. Instead, these defendants often have to wait for plaintiffs to engage in costly and time-consuming discovery before being able to move for summary judgment. Discovery and other litigation costs frequently overwhelm the potential value of the underlying suit; this is particularly true in cases involving large

³ In 2013, two years after the passage of the TCPA, this Court took an additional step to address this problem by promulgating a new Texas Rule of Civil Procedure that provides for expedited dismissal of some complaints and fee-shifting for the prevailing party. See Tex. R. Civ. P. 91a (West 2013) (outlining procedure for expedited dismissal of causes of action that have "no basis in law if the allegations, taken as true... do not entitle the claimant to the relief sought"). However, some commentators have observed that two years after its implementation, "Rule 91a motions are not widely used" and thus far provide the moving party with "limited chance of success." See "Texas Rule of Civil Procedure 91a: Prevalence and Practicality Two Years Later," *available at* https://www.mcguirewoods.com/Client-Resources/Alerts/2015/4/Texas-Rule-Civil-Procedure-91a.aspx. It does not expressly address the constitutional protections afforded by the TCPA.

volumes of electronically stored information.⁴ In such cases, defendants must often consider settling even non-meritorious claims in order to avoid those costs. Given this background, it is no surprise that, despite its relatively recent passage, the early dismissal procedures of the TCPA have been used extensively, with over seventy appellate opinions already referencing the TCPA.

B. The Texas Legislature intended the TCPA to ensure the speedy disposal of meritless, speech-related civil litigation.

In recent years, the Texas Legislature has taken important steps to address the challenging civil litigation environment in Texas. The Texas Legislature intended the TCPA to serve the dual purpose of protecting citizens who speak on matters of public concern from retaliatory lawsuits that seek to intimidate or silence them while, at the same time, protecting the rights of individuals to file meritorious lawsuits for demonstrable injury. Tex. Civ. Prac. & Rem. Code § 27.002 (West 2013).⁵ The special procedure for expedited dismissal of legal

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⁴ For a discussion of how the exploding costs of e-discovery can shape litigation outcomes, *see* Brief for Chamber of Commerce of the United States of America, et al. as Amici Curiae Supporting Petitioner, In re State Farm Lloyds (Ramirez), No. 15-0903 (Tex. Dec. 15, 2015), *available at*

http://www.chamberlitigation.com/sites/default/files/cases/files/2015/U.S.%20Chamber%20Amicus%20Brief%20--

 $[\]frac{\%20 In\%20 re\%20 State\%20 Farm\%20 Lloyds,\%20 Ramirez\%20 (Texas\%20 Supreme\%20 Court).pd}{f}$

⁵ Indeed, the amicus curiae letter brief by the Texans for Lawsuit Reform describes the TCPA as "one of those statutes" passed by the Texas Legislature "to curb abusive litigation." Brief for Texans for Lawsuit Reform as Amicus Curiae Supporting Petitioner, *ExxonMobil Pipeline Co. v. Coleman*, No. 15-0407 (Tex. Sep. 28, 2015), p.1, *available at*

actions covered by the TCPA has two steps. First, the defendant-movant must carry its burden to show by a preponderance of the evidence that the plaintiff's claim "is based on, relates to, or is in response to the [movant's] exercise of: (1) the right of free speech; (2) the right to petition; or (3) the right of association." *Id.* §27.005(b). Second, to defeat the motion, the plaintiff must establish by clear and specific evidence a prima facie case for each essential element of the claim in question. *Id.* §27.005(c). Because a motion to dismiss pursuant to the TCPA must be filed within sixty days after service of the petition, and the dismissal hearing must occur within sixty days after service of the motion to dismiss, the TCPA offers a quick resolution for prohibited suits. *Id.* § 27.003-.004. In addition, the TCPA further reduces litigation costs by suspending discovery during pendency of the motion to dismiss. *Id.* § 27.003.

II. The Court of Appeals' opinion contributes to the confusion in the lower courts.

The ability of employers to conduct internal investigations, and to quickly resolve meritless lawsuits that arise out of such investigations, is an important concern of the business community. The court of appeals' decision holding that the TCPA cannot be used to dismiss lawsuits arising out of an employer's internal investigations of an employee's wrongdoing because such speech was not

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http://www.search.txcourts.gov/SearchMedia.aspx?MediaVersionID=9249517d-9a1c-4642-a37b-dfbdff4bb1c9&coa=cossup&DT=BRIEFS&MediaID=e12f85b2-43e0-4889-b05c-bba77e259794.

sufficiently related to matters of public concern has exacerbated the alreadyconfusing jurisprudence regarding the TCPA. This question warrants the Court's attention.

A. There is some confusion among Texas appellate courts regarding proper application of the TCPA.

Courts of appeals have expressed differing approaches regarding the proper application of the TCPA, with at least one court declining to read additional language into the TCPA to restrict its scope. Serafine v. Blunt, 466 S.W.3d 352, 377 (Tex. App.—Austin 2015, no pet.) ("The concurrence here and a recent concurrence by Justice Field in *Neyland v. Thompson*, articulate valid concerns over the breadth of the Texas Citizens Participation Act. We are neither unaware of nor unsympathetic to those concerns, but . . . we must construe this Act according to the plain meaning of the words chosen by the Legislature.") (citations omitted). There remain differing opinions among courts of appeals regarding the breadth of the TCPA. Compare Neyland v. Thompson, No. 03–13–00643–CV, 2015 WL 1612155, at *2 (Tex. App.—Austin Apr. 7, 2015, no pet. h.) ("This Court has construed the Act to encompass broader activity than simply participation in governmental issues."), with Cheniere Energy, Inc. v. Lotfi, 449 S.W.3d 210, 214 (Tex. App.—Houston [1st Dist.] 2014, no pet.) ("I join the lead opinion, but write separately to emphasize that, given its specific language and expressly stated purpose to protect only the constitutional rights to free speech,

petition, and association, the Texas Citizens Participation Act does not apply to the claim of appellant. . . for tortious interference with her employment contract.") (Jennings, J., concurring).

Here, the court of appeals' opinion adds to the confusion regarding proper application of the TCPA. The Court should grant review and provide legal clarity currently lacking over the proper scope of the TCPA.

B. The decision below exacerbates confusion regarding what internal employer speech triggers the TCPA's early dismissal mechanism.

In this case, the employer argues that its communications regarding its employee were a "matter of public concern" within the meaning of the TCPA because they "related to" health, safety, environmental, and economic issues. Tex. Civ. Prac. & Rem. Code § 27.001(7). Specifically, the internal report that gave rise to the underlying defamation suit addressed the employee's failure to maintain proper measurements of tanks containing highly flammable petroleum-based additives, a task that he admitted he failed to perform. The employer claims that this requirement for recording tank levels of these additives was based on various factors, including preventing overflow of the tanks and ensuring that no tanks were leaking.

The court of appeals here denied the assertion that the communications were a matter of public concern, claiming instead that they could not be subject to the TCPA because they "involve nothing more than an internal, personnel matter" that

"had only a tangential relationship to health, safety, environmental, and economic 464 S.W.3d at 846. The lower court's decision is particularly concerns." confusing to employers because the Court of Appeals itself acknowledged in the same paragraph "the potential consequences of Coleman's failure to gauge the tank included health, safety, environmental, and economic concerns." Id. (emphasis added). Given the Court's pronouncement in *Lippincott* that "communications" include both public and private communications within the meaning of the TCPA, it is unclear why speech regarding employee conduct that admittedly affects health, safety, environmental, and economic concerns would not be protected. See 462 S.W.3d at 509 (holding that private communications regarding the allegedly poor performance of health care tasks by a coworker were covered by the TCPA). Rather than allow the Court of Appeals' opinion to be the last word on this provision, the Court should grant review to more clearly explain whether lawsuits arising out of internal employer communications regarding health, safety, and environmental issues trigger the TCPA's early dismissal mechanisms.

In addition to the narrower question regarding what speech about "health," "safety," and the "environment" might trigger the TCPA's protections, this case raises the broader but equally important question about what kinds of internal

⁶ The Court of Appeals stated the fact that the "potential consequences of Coleman's failure to gauge the tank included health, safety, environmental, and economic concerns," but surprisingly indicated that those were not public concerns but "communications about a private employment matter." *Id*.

employer speech (such as internal investigations and reports) are protected under the TCPA. Since its filing, the TCPA has been frequently used by employers seeking a quick end to legal actions. E.g., Neyland 2015 WL 1612155, at *2 (Tex. App.—Austin Apr. 7, 2015, no pet. h.) (communications between homeowners association members regarding employee property manager covered by TCPA); Combined Law Enforcement Ass'ns of Tex. v. Sheffield, No. 03-13-00105-CV, 2014 WL411672 at *10 (Tex. App.—Austin Jan. 31, 2014, pet. denied) (communications among members of law enforcement union about former employee covered by TCPA). That employers have turned to the TCPA as a defense when facing speech-related lawsuits from former employees should come as no surprise, because the Legislature intended for the TCPA to "encourage and safeguard the constitutional rights of persons to petition [and] speak freely." Id. § 27.002. A "person" includes a corporation, organization, and any other legal entity. Tex. Gov't Code Ann. § 311.005(2) (West 2013); AOL, Inc. v. Malouf, No. 05-13-01637-CV, 2015 WL 1535669, at *1-2 (Tex. App.—Dallas Apr. 2, 2015, no pet.).

This case presents the Court with an opportunity to clarify whether the TCPA applies in a variety of scenarios in which employers are sued by employees over otherwise constitutionally-protected communications regarding matters of public concern, including:

- Counseling and evaluating employees;
- Discussing employee performance and investigating employee misconduct;
- Discussing an employee's qualities and performance with a prospective employer; or
- Internally or externally discussing a matter related to health, safety, the environment, or other "matter[s] of public concern."

Limiting the ability of employers to efficiently defend and quickly dismiss meritless cases based on employer communications could chill important, beneficial speech related to employee misconduct, which is necessary to maintain safe, productive, and efficient workplaces. The health, safety and environmental concerns at issue implicate not only the employer's facility but also potentially the surrounding community. The proper interpretation and application of the TCPA is of critical importance to companies and professional organizations in Texas.

CONCLUSION AND PRAYER

The court of appeals' opinion exacerbates confusion over the scope of the TCPA as it applies to an employer's internal investigations and reports. For this reason, Amicus Curiae The Chamber of Commerce of the United States of America prays that the Court grant the petition for review.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

This brief complies with the length limitations of Tex. R. App. P. 9.4(i)(3) because this brief consists of 2,590 words, excluding the parts of the brief exempted by Tex. R. App. P. 9.4(i)(1).

/s/ Dale Wainwright
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CERTIFICATE OF SERVICE

I certify that a copy of the Amended Amicus Curiae Brief of the Chamber of Commerce of the United States was served on counsel of record by using the Court's CM/ECF system on the 21st day of April 2016:

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