

IN THE SUPREME COURT OF MISSOURI

No. SC84906

STATE OF MISSOURI ex rel.
VERIZON COMMUNICATIONS INC.,
VERIZON TRADEMARK SERVICES LLC,
VERIZON SERVICES CORP.
TELESECTOR RESOURCES GROUP, INC.,
VERIZON WIRELESS (VAW) L.L.C., and
GTE.NET L.L.C.,
Relators,

vs.

THE HONORABLE MARGARET M. NEILL,
CIRCUIT JUDGE, DIVISION ONE,
CIRCUIT COURT OF THE CITY OF ST. LOUIS,

Respondent.

On a Petition for a Writ of Prohibition or, in the alternative,
For a Writ of Mandamus

RESPONDENT'S BRIEF

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INTRODUCTION

Relators (“Verizon”) and plaintiff Inverizon International, Inc. (“Inverizon”) are parties in two different actions, one filed by Inverizon in state court, which has been preceding uninterrupted for over two years and is set for trial on May 5, 2003, and a declaratory judgment action filed by Verizon in Federal Court set for trial on May 13, 2003. Verizon filed a motion to stay the state court action filed by Inverizon which Respondent denied based on declining to exercise the discretionary doctrine of comity. Verizon then filed its petition in the Missouri Court of Appeals for the Eastern District for a writ of prohibition or in the alternative for mandamus claiming Respondent exceeded her authority or in the alternative abused her discretion in denying its motion to stay. The Court of Appeals denied Verizon’s petition for a writ. Verizon has now filed a similar petition for a writ of prohibition or in the alternative for mandamus in this Court, which was granted preliminarily.

Verizon’s argument in part is that the discretionary doctrine of comity is mandatory, and that Respondent’s failure to exercise the discretionary doctrine of comity is in excess of her jurisdiction or an abuse of discretion. (Relators’ brief at 30). Both the trial court and the Court of Appeals for the Eastern District disagreed with Verizon’s position.

Indeed, Verizon’s petition for writ of prohibition should be denied because Respondent was acting within her discretion in deciding not to exercise the discretionary doctrine of comity. Respondent correctly determined that comity is a courtesy that may be extended, not a right and that it is up to the discretion of the court whether to exercise comity. Respondent’s exercise of discretion is consistent with Missouri law, i.e., comity is a “courtesy or a willingness to grant a privilege, not as a matter of right but out of deference, respect, and good will.” State ex rel. Dykhouse v. Edwards, 908 S.W.2d 686,

689 (Mo. banc 1995).¹ Furthermore, Respondent’s decision to deny Verizon’s request for a stay of the pending state law action is within her discretion as allowed by the United States Supreme Court. Indeed, the Supreme Court has stated that “the rule . . . has become generally established that where the action first brought is “in personam” and seeks only a personal judgment, another action for the same cause in another jurisdiction is not precluded.” Kline v. Burke Constr. Co., 260 U.S. 226, 230 (1922). *See also* Penn General Casualty Co. v. Com. of Pennsylvania, 294 U.S. 189, 195 (1935) (where judgment sought is for money or an injunction both a state and federal court may proceed to judgment). The rationale supporting this rule is that federal and state courts are separate and distinct jurisdictional sovereignties and are thus analogous to courts of different states. Kline, 260 U.S. at 230.

Furthermore, Respondent did not abuse her discretion in denying Verizon's motion to stay the

¹ The primary case relied on by Verizon that Respondent exceeded her jurisdiction is the 1921 Missouri Supreme Court case of Johnson v. American Surety Co. of New York, 238 S.W. 500 (Mo. 1921). As will be addressed in more detail *infra*, the statement in Johnson relied on by Verizon is dicta, contrary to more recent cases in Missouri as well as the U.S. Supreme Court, and bad law as a matter of policy because a bright line first to file rule would reward a race to the court house.

pending state court action because she based it on the extensive progress that had taken place in the state court action. (Tab 10, Order, September 17, 2002). In particular, the court noted that in the state court action “[t]he parties have completed extensive discovery, including more than thirty-five depositions, and the case is set for trial in less than eight months.” (*Id.* at 2). Indeed, for two years, plaintiffs have proceeded uninterrupted in state court, and they have a trial setting for May 5, 2003, that Inverizon believes can fully resolve all state law issues, and possibly this entire matter. More importantly, the extraordinary remedy of a writ is inappropriate because Respondent’s decision to deny Verizon’s request for a stay can hardly be characterized as so arbitrary and unreasonable as to shock the sense of justice, which is the abuse of discretion standard in Missouri (discussed *infra*), when United States Supreme Court law – see, e.g., *Kline*, 260 U.S. at 230, Missouri case law, and the accepted notion of comity as a discretionary doctrine allows for the state action to go forward. Finally, this Court should not find that Respondent abused her discretion just because Verizon prefers to litigate this action in federal court, and not in the state court.

Accordingly, as Respondent was acting within her discretion, and pursuant to precedent, she did not abuse her discretion, and Verizon’s petition for writ of prohibition should be denied.

JURISDICTIONAL STATEMENT

This is a proceeding for the issuance of a petition for a writ of mandamus (or, in the alternative, a writ of prohibition). The Court has jurisdiction to decide this case pursuant to Article V, Section 4.1 of the Missouri Constitution, which provides in pertinent part: “The supreme court shall have general

superintending control over all courts and tribunals. . . . The supreme court . . . may issue and determine original remedial writs.”

STATEMENT OF FACTS

I. FACTUAL BACKGROUND AND PROCEDURAL HISTORY

A. Plaintiff Inverizon.

Inverizon International, Inc. (“Inverizon”) is a Delaware corporation with its principal place of

business in St. Louis, Missouri. (Tab 1, First Amended Petition at ¶1). Inverizon is engaged in providing management and business consulting services and has used the mark Inverizon® since at least 1996. (Id. at ¶10).

On September 24, 2001, Inverizon amended its state court petition, adding Verizon Wireless, Inc., Verizon Services Corp., and Telesector Resources Group, Inc., d/b/a Verizon Services Group, and Verizon Internet Services, Inc as parties. (See Tab 1). Subsequently, on February 1, 2002 Verizon Wireless (VAW) L.L.C. was substituted for Verizon Wireless, Inc. and GTE.net L.L.C. d/b/a Verizon Internet Solutions was substituted for Verizon Internet Services, Inc. (See Tab 2). Inverizon was first to file as to these parties.

B. The Inverizon® trademark.

In 1996, Inverizon registered its trademark with the United States patent and Trademark office, registration No. 2,040,507. The Inverizon mark is also registered in various states, including Missouri. (First Amended Petition ¶10, Tab 1). Inverizon is the owner of the Inverizon® mark registered under Missouri law pursuant to §417.005 to §417.006 R.S.MO. (Id. at ¶28). Since 1996, Inverizon has conducted multi-state and international management consulting services under the Inverizon® mark and has continued to use the mark without interruption up to the present time. (Id. at ¶17). Furthermore, Inverizon has expended substantial sums in advertising and promoting its business under the Inverizon® mark. (Id. at ¶20).

C. Verizon's use of the Verizon mark.

Defendant Verizon Communications, Inc. is a Delaware Corporation with its principal place of business in New York, New York. (Id. At ¶ 2). After the June 2000 merger of Bell Atlantic and

G.T.E. to form Verizon, and approximately four years after Inverizon established its rights in the Inverizon® trademark, Verizon began using and intends to continue to use the name Verizon in connection with its business, which includes consulting services on starting a business, access to the Internet, establishing a web presence, growing your business, establishing an e-commerce presence, and general management and business consulting, including e-commerce consulting in connection with this business. (Id. at ¶21). When Verizon adopted the Verizon mark it knew about Inverizon and the Inverizon® mark as it was the second trademark and trade name to come up on their trademark search, which it received in July of 1999, regarding trademarks or trade names similar to the proposed Verizon mark (See Trademark search report of Thompson and Thompson attached as Tab 8).

D. Inverizon put Verizon on notice of its claim of trademark infringement.

Inverizon's legal counsel, Mr. Alan Norman sent a cease-and-desist letter to Verizon regarding Verizon Communications' use of the name Verizon. (See Tab 3). In this letter, Verizon was informed that Verizon's use of the name Verizon constitutes infringement of Inverizon® trademark and is actionable under various state anti-dilution statutes, other state laws, and the Lanham Act. (Id.) As a result, the cease-and-desist letter demanded:

[W]ritten assurances within fourteen (14) days from the date of this letter indicating that Verizon Communications will cease and desist all use of the mark Verizon. A response by that date assuring us that Verizon Communications will refrain from using the mark may obviate **more formal legal action.**

(Id.) (emphasis added).

Nevertheless, Inverizon stated that “it would prefer to resolve this matter amicably and avoid unnecessary legal action, if that is possible.” (Id.)

E. Verizon’s pre-filing conduct.

1. Verizon concealed its intent to file a declaratory judgment action.

On August 7, according to the affidavit of Janis M. Manning Esq., assistant general counsel, Trademark and Copyrights, Manning had a discussion with Mr. Alan Norman regarding Inverizon’s cease-and-desist letter, which expressly mentioned “formal legal action.” (See Tab 4). In that conversation, she was informed that Verizon and Inverizon businesses “overlapped”. Manning in no way indicated that Verizon was intending to bring legal action, but rather asked for additional information from Inverizon. (Id.) She did not mention that if Verizon’s questions were not answered in a certain period of time, Verizon would bring formal legal action. (Id.) Likewise, Manning’s subsequent letter received August 9, 2000 neither mentions the possibility of formal legal action, nor the urgency to the answers of her questions. (See Tab 5).

2. Verizon’s declaratory judgment action filed in Federal Court.

On August 30, 2000 - three weeks from August 9 - and without forewarning, Verizon filed a single count complaint against Inverizon, seeking only declaratory relief in the United States District Court for the Eastern District of Missouri. (Federal Complaint, Tab 6). In Verizon’s declaratory judgment complaint, Verizon requested **declaratory judgment** that its use of the Verizon trademark and servicemark, inter alia, **did not violate Missouri common law or Missouri’s anti-dilution statute** and as well the Lanham Act. (Id. Complaint, ¶1) (emphasis added).

F. Inverizon's state court action

On October 16, 2000, Inverizon - the natural plaintiff - quickly filed a petition against Verizon in Missouri Circuit Court, cause No. 002-07999. In its petition, Inverizon alleged five separate state causes of action: (1) common law trademark infringement; (2) action for injunctive relief pursuant to Mo. Rev. Stat. §417.061 (the so-called anti-dilution statute); (3) trademark infringement and unfair competition in violations of Mo. Rev. Stat. §417.056; (4) tortious interference with business expectancy; and (5) punitive damages. Inverizon expressly disavowed all federal causes of action. (Tab 1 at ¶9).

At the time of the launch of the Verizon name and campaign in spring of 2000, G.T.E. Midwest Inc. d/b/a Verizon Midwest was a Missouri corporation. (Tab 11). At the time of filing Inverizon's petition, GTE Midwest Inc. d/b/a Verizon Midwest was a Missouri corporation. (Id.). GTE Midwest Inc. d/b/a Verizon Midwest's use of the Verizon name infringed and diluted Inverizon®. As a result, GTE Midwest Inc. d/b/a Verizon Midwest could have been a non-diverse defendant in this case. Verizon's contention that the only way that Inverizon defeated removal was by re-incorporating in Delaware is without merit. Inverizon could have named GTE Midwest Inc. d/b/a Verizon Midwest as a non-diverse defendant which would have also allowed this action to proceed in state court.

G. Verizon's motion to dismiss or stay in the state court action.

In this action on November 28, 2000, Verizon filed a motion to dismiss or in the alternative to stay Inverizon's state court petition pending the federal action in the Eastern District of Missouri. On August 6, 2001, Respondent denied Verizon's motion to dismiss or in the alternative stay Inverizon's state court petition. (See Tab 9). Respondent in its August 6, 2001 order properly rejected Verizon's

argument that this claim should be abated because abatement only applies between courts of the same jurisdiction (Id. at 2-3). Respondent also rejected Verizon's argument that this action was barred by Missouri's compulsory counterclaim rule set forth in Rule 55.32 Mo.R.Civ.P because that rule does not prevent a party from filing a claim in a court of another jurisdiction. (Id. at 3).

H. Progress in the two actions.

Because the federal action was stayed from May 2001 through July 2002, no depositions in the federal action had been taken from any Verizon employees or of Inverizon; only three depositions had been taken of peripheral witnesses to examples of confusion between the two trademarks.

In the state court proceeding, extensive progress and discovery was completed. (See Affidavit of Jeffrey J. Lowe at ¶¶ 2-4, attached as Tab 7). Numerous sets of discovery were exchanged and answered. Request for admissions were completed after Verizon's objections were fully litigated. (Id. at ¶ 3). Furthermore, over 37 depositions of various individuals were taken and additional depositions were set to be taken². (Id. at ¶ 4). As the bulk of the fact discovery was taking place, the state court

² The only required duplication of discovery has occurred as result of Verizon's own actions.

In the State Court case Verizon had agreed to produce certain discovery and objected to various discovery requests. Inverizon's counsel had written Verizon's counsel a letter to attempt to resolve the discovery dispute and requested that Verizon produce the documents it already agreed to produce. (See Tab 14). Verizon refused to produce the documents it already agreed to produce and work out the objections as a result of the stay. (See Tabs 15 and 16). Consequently, Inverizon was forced to duplicate all of the discovery requests in the Federal action so the objections could be heard in Federal

action will soon be ready for trial, and all state court issues will be able to be resolved in state court.

I. The Eighth Circuit Court of Appeals' decision reversing Judge Shaw's stay of the federal action for failure to consider certain parties.

On July 11, 2002, the Eighth Circuit vacated the federal district court's stay order regarding Judge Shaw's stay of the federal action and remanded the federal action consistent with this opinion. Verizon Communications, Inc. v. Inverizon International, Inc., 295 F.3d 870 (8th Cir. 2002). The Eighth Circuit held that the federal district court abused its discretion in staying the federal action because it failed to consider that the federal action involved federal trademark issues. Furthermore, the concurrence in the Eighth Circuit's decision stated the position taking by that court: "our reversal and remand is carefully based upon the district court's *failure to consider* the presence of the federal trademark issues." Verizon, 295 F.3d at 875.

Inverizon has filed an amended motion to stay the federal district court action during the pendency of its state action consistent with the Eighth Circuit's decision to allow the federal district court "*to consider* the presence of the federal trademark issues" and as well argue judicial economy; to wit, all state law issues should soon be entirely resolved in state court. (See Tab 18). This has not yet been ruled on. Inverizon also filed a separate motion to dismiss the state claims in Verizon's Federal declaratory judgment complaint so that the State law issues can be resolved in State Court. (See Tab 19) This also has not yet been ruled on. Finally, as a result of the deadline of November 12, 2002 for

Court. (See Tab 17).

amending complaints and adding parties, Inverizon filed a counterclaim in the Federal action, which is similar to its state court action, but does not include the claim for tortious interference with business expectancy, which is only in the State Court. (See Tab 20).

J. Respondent’s September 17, 2002 Order denying Verizon's motion to stay the pending state court action.

On September 17, 2002, Respondent denied Verizon's motion to stay the pending state court action. In denying Verizon’s motion to stay, Respondent held that: “Comity is a courtesy that may be extended, not a right. It is up to the discretion of the trial court whether to exercise comity.” (Tab 10, Order, September 17, 2002). Respondent further held: “Here, suit has been pending in his court for almost two years. The parties have completed extensive discovery, including more than thirty-five depositions, and the case is set for trial in less than eight months. **The court finds no reason to stay this action.** Thus, defendants’ motion to stay must be denied.” (*Id.* at 2) (emphasis added).

POINTS RELIED ON

- I. A Writ of Prohibition should not be granted because Respondent did not act beyond her authority when denying Verizon’s motion to stay because comity is a discretionary doctrine, and Respondent properly exercised her discretion.**

Kline v. Burke Constr. Co., 260 U.S. 226 (1922)

Searles v. Searles, 495 S.W.2d 759 (Mo. App. 1973).

State ex rel. Dykhouse v. Edwards, 908 S.W.2d 686 (Mo. banc 1995)

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- II. Respondent’s decision to deny Verizon’s request for a stay was not so arbitrary and unreasonable as to shock the sense of justice, i.e., an abuse of discretion when decisions from the United States Supreme Court, Missouri, and the accepted notion of comity as a discretionary doctrine allows for this action to go forward despite there being a partially parallel case in Federal Court.**

Fairbanks v. Weitzman, 13 S.W.3d 313 (Mo. App. 2000).

State ex rel. Fire Ins. Co. v. Terte, 176 S.W.2d 25 (Mo. 1943)

Kline v. Burke Constr. Co., 260 U.S. 226 (1922)

ARGUMENT

I. A Writ of Prohibition should not be granted because Respondent did not act beyond her authority when denying Verizon’s motion to stay because comity is a discretionary doctrine, and Respondent properly exercised her discretion.

A. A Writ is only appropriate when a court acts in excess of its jurisdiction.

The Missouri Supreme Court and the Courts of Appeals derive their power to issue writs of prohibition from the Constitution of the State of Missouri. Scott County Reorganized School Dist., v. Missouri Comm’n on Human Rights, 872 S.W.2d 892, 894 (Mo. App. 1994). “The power to issue a writ of prohibition is limited to correction or limitation of an inferior court or agency that is acting without, or in excess of, their jurisdiction.” State ex rel. J.E. Dunn Construction Co. v. Fairness in Construction Board, 960 S.W.2d 507, 511 (Mo. App. 1997) (citations omitted).

A writ of prohibition does not issue as a matter of right. Id. Further, the discretionary authority of the Court to issue a writ of prohibition should only be exercised when “the facts and circumstances of a particular case demonstrate unequivocally that there exists an *extreme necessity* for preventative action.” Id. (emphasis added). The writ will issue “to prevent an abuse of judicial discretion, to avoid irreparable harm to a party, or to prevent exercise of extra-jurisdictional power.” State ex rel. Linthicum v. Calvin, 57 S.W.3d 855, 856 (Mo. banc 2001). Finally, “[a] writ of prohibition is an extraordinary remedy and it should be used with ‘great caution, forbearance, and *only in cases of extreme necessity.*’” Id. (quoting Missouri Dep’t. of Social Serv. v. Admin. Hearing Comm’n, 826 S.W.2d 871, 873 (Mo. App. 1992)) (emphasis added).

Alternatively, mandamus lies only when there is an unequivocal showing that a public official

failed to perform a ministerial duty imposed by law. Bergman v. Mills, 988 S.W.2d 84, 88 (Mo.App. 1999). To be entitled to relief, there must be a showing that the applicant has a clear, unequivocal, specific and positive right to have performed the act demanded. Id.

B. Respondent’s decision to deny Verizon’s request for a stay of the pending state law action is expressly allowed by Missouri law and within the range of discretion allowed by principles of comity.

Respondent correctly determined that “Comity is a courtesy that may be extended, not a right. Esmar v. Haeussler, 106 S.W.2d 412, 414 (Mo. 1937). It is up to the discretion of the trial court whether to exercise comity. Searles v. Searles, 495 S.W.2d 759, 762 (Mo. App. 1973).” This is consistent with Missouri case law, as the Missouri Supreme Court has held that the “doctrine of comity is a rule of voluntary consent; it has been defined as a courtesy or a willingness to grant a privilege, not as a matter of right but out of deference, respect, and good will.” State ex rel. Dykhouse v. Edwards, 908 S.W.2d 686, 689 (Mo. banc 1995). It is also consistent with the accepted notion of comity as a discretionary doctrine. Indeed, Black’s Law Dictionary defines comity as “Courtesy, complaisance, respect; a willingness to grant a privilege, not as a matter of right, but out of deference and good will.” See BLACK’S LAW DICTIONARY 267 (6th ed. 1990).

1. The decision to exercise comity is discretionary.

In State ex rel. Dykhouse v. Edwards, this Court confirmed that the doctrine of comity is discretionary. In State ex rel. Dykhouse, relator served as the Commissioner of Insurance for the State of Michigan and was appointed rehabilitator of Confederation Life Insurance Company (U.S.)

("Confederation") pursuant to a Michigan statute. 908 S.W.2d at 686-87. Relator, in his capacity as rehabilitator, was required to take immediate possession of the assets of the insurer and to administer them under court supervision. Id. Relator, as rehabilitator, sought and received a Michigan circuit court's order prohibiting all further litigation involving Confederation. Id. Citing the Michigan order, relator filed motions to dismiss or, in the alternative, to stay five actions pending against Confederation in the Circuit Court of the City of St. Louis. Id. Respondent denied relator's motions, distinguishing rehabilitation from liquidation under the relevant Missouri statute. Id. Relator then petitioned for a writ of prohibition alleging that Respondent acted in excess of his jurisdiction in refusing to stay proceedings. Id.

Relator inter alia contended that the Michigan court's injunction should have been recognized by Respondent as a matter of comity. In response to that argument, this Court stated that relator misunderstands the meaning of comity. 908 S.W.2d at 689. In particular, this Court held that “[i]n contrast to the Full Faith and Credit Clause of the United States Constitution, which imposes obligations on the courts of a sister state, the rule of comity is ‘a matter of courtesy, complaisance, respect--not of right but of deference and good will.’” Id. (internal citations omitted). Accordingly, this Court held that Respondent did not exceed his jurisdiction in refusing to honor the order of the Michigan court, nor did he enter an erroneous order by not staying the Missouri’s actions because of the principle of comity, and the preliminary writ of prohibition was quashed.

- 2. When there are two pending actions, the decision to stay one in favor of the other is discretionary based on the principles of comity.**

Furthermore, even regarding two pending actions within the state of Missouri, Missouri courts have consistently held that when there are two filed actions between the same parties, the court in which the stay motion is pending has discretion not to stay the second filed action out of principles of comity. See Green v. Miller, 851 S.W.2d 553, 556 (Mo. App. 1993) (Whether a motion to stay proceedings should be granted based on the ground that another action is pending is discretionary with the trial court hearing the case); and State ex rel. Fire Ins. Co. v. Terte, 176 S.W.2d 25, 30 (Mo. 1943) (emphasis added) (holding that ordinarily the second action would be subject to abatement, however, Respondent had **the discretionary power to stay proceedings in the declaratory proceeding pending before him**, thereby allowing the second filed action to proceed in another Missouri state court.”). Again, these holdings reinforces that trial courts in Missouri granted discretion in matters regarding stays based on the discretionary doctrine of comity.

3. Respondent’s exercise of discretion to deny Verizon’s request for a stay of the pending state law action is consistent with settled law of the United States Supreme Court.

Respondent’s decision to deny Verizon’s request for a stay of the pending state action, even though another action is pending in a court of concurrent jurisdiction is not only within her discretion but expressly allowed by the United States Supreme Court. The Supreme Court has stated that “the rule . . . has become generally established that where the action first brought is “in personam” and seeks only a personal judgment, another action for the same cause in another jurisdiction is not precluded.” Kline

v. Burke Constr. Co., 260 U.S. 226, 230 (1922). *See also* Penn General Casualty Co. v. Com. of Pennsylvania, 294 U.S. 189, 195 (1935) (where judgment sought is for money or an injunction both a state and federal court may proceed to judgment); Princess Lida v. Thompson, 305 U.S. 456, 466 (1939) (“it is settled that where the judgment sought is strictly in personam, both the state court and the federal court, having concurrent jurisdiction, may proceed with the litigation”); 6A J. MOORE, J. LUCAS & G. GROTHEER, JR., MOORE'S FEDERAL PRACTICE at §0.208b, at 2350 (1987) (“Where the federal and state courts have concurrent jurisdiction, as for example, in diversity and general federal question cases, actions “in personam” may proceed concurrently”) (footnotes omitted). The rationale supporting this rule is that federal and state courts are separate and distinct jurisdictional sovereignties and are thus analogous to courts of different states. Kline, 260 U.S. at 230.

4. Respondent’s decision to deny Verizon’s request for a stay of the pending state law action is consistent with other state court decisions, which routinely, and relying on the precedent of the United States Supreme Court have allowed suits to proceed despite the presence of a prior action pending in another jurisdiction concerning the same claim and the same parties.

For reasons articulated by the Supreme Court, state courts routinely entertain suits despite the presence of a prior action pending in another jurisdiction concerning the same claim and the same parties. Dixie Ohio Express Co. v. Eagle Express Co., 346 S.W.2d 30, 33 (Ky. Ct. App. 1961) (discussed *infra*); Ackert v. Ausman, 218 N.Y.S.2d 814, 819 (N.Y. Sup. 1961) (discussed *infra*);

M.C. Manufacturing Co., Inc. v. Texas Foundries, Inc., 519 S.W.2d 269, 270 (Tex. Civ. App. 1975); Goehring v. Harleysville Mut. Casualty Co., 331 A.2d 457, 459 (Pa. 1975) (“[N]either court is divested of jurisdiction by the mere fact that another action involving the same dispute is pending in the other.”); Efros v. Nationwide Corp., 465 N.E.2d 1309, 1311 (Ohio 1984) (“permitting plaintiffs to proceed to a final judgment in the . . . [state court], regardless of the pendency of the similar action in the federal district court, and regardless of which court first acquired jurisdiction.”); Fowler v. Ross, 191 Cal. Rptr. 183, 186 (Cal. App. 1983) (“Under the facts of this case, both the federal and state courts have acquired jurisdiction but neither acquires exclusive authority and each may proceed at its own pace until one or the other reaches final judgment. . . .”).

For example, in Dixie Ohio Express Co. v. Eagle Express Co., a Kentucky court decided not to apply comity or enforce Rule 13(a) on the theory that the parties had a right to sue in either state or federal court. 346 S.W.2d 30 (Ky. Ct. App. 1961). Eagle brought a **first filed** action against Dixie in federal court. Id. at 33. While that action was pending, Dixie subsequently brought a claim in Kentucky state court arising out of the same transaction as Eagle's claim. Id. Even though the court in Dixie Ohio Express Co. conceded that Kentucky's “Civil Rule 13.01 was identical with and expressed the same policy as the Federal Rule,” the court stated that “comity is not accorded generally between the federal and state courts with respect to primary claims in actions in personam, the accepted rule being that a person may bring actions in both a federal and a state court on the same claim.” Id. (citing Kline v. Burke Construction Company, 260 U.S. 226, 230 (1922)). Relying on this “accepted rule . . . that a person may bring actions in both a federal and a state court on the same claim,” the court in Dixie

Ohio Express Co. further stated that “why should a defendant be restricted on his claim to asserting it as a counterclaim in the action first brought against him?” Id.

Furthermore, in Ackert v. Ausman, 218 N.Y.S.2d 814, 819 (N.Y. Sup. 1961), Investors Diversified Services, Inc. (“IDS”) filed a **first-filed** action in the United States District Court for the Southern District of New York on July 28, 1960. On September 13, 1960, plaintiffs subsequently filed their state court action against IDS Id. at 818. The court in Ackert recognized that the two actions involved the same parties and the same claims. The court in Ackert held “[i]t cannot be disputed that the pendency of the federal court action is no bar to the prosecution of the present suit, even though the federal cause was first commenced and involves the same parties and the same causes of action.” 218 N.Y.S.2d at 819 (internal citations omitted). Critically, it underscored “[t]he small difference in time between the commencement of the two actions is not decisive.” Id. The period was around **six weeks.** Id.

The court in Ackert acknowledged that the state court had the power to stay the action. 218 N.Y.S.2d at 819 (internal citations omitted). The court in Ackert further stated “[t]he exercise of a state court's power to stay proceedings therein until determination of an action pending in the federal court sitting in the same State is not a matter of right, but a matter of comity and discretion.” Id. at 820 (internal citations omitted)³. Significantly, the court in Ackert stated that “[i]t has long been the

³ Verizon asserts that “Inverizon relies on cases from other jurisdictions that stand for the unremarkable proposition that state courts may ‘entertain suits despite the presence of a prior action pending in another jurisdiction concerning the same claim and the same parties.’[] Inverizon misses the

recognized rule that a litigant may litigate for the same relief in both State court and Federal court until judgment is obtained in one court, which may be set up as res judicata in the other.” 218 N.Y.S.2d at

point. Verizon does not maintain that Respondent must **dismiss** (i.e., abate) the State Action.

Instead, Verizon is asking Respondent merely to **stay** the State Action pending the final determination of the Federal Action.” (Relators’ brief at 50).

Verizon entirely misses the point of Inverizon’s argument that “[t]he exercise of a state court’s power to stay proceedings therein until determination of an action pending in the federal court sitting in the same State is not a matter of right, but a matter of comity and discretion.” Accordingly, this authority supports Inverizon’s argument that comity is a discretionary doctrine, and not mandatory. Furthermore, Verizon’s distinction between ‘abatement’ and ‘stay’ does not rebut Inverizon’s argument on this point that the decision to grant a stay based on comity is discretionary.

820 (citing Penn General Casualty Co. v. Comm. of Pennsylvania, 294 U.S. 189 (1935)).

The court in Ackert as well noted “that it will not exercise its discretion in staying state action in order **to assist one party in selecting forum which, for reasons of its own, it deems more advantageous.**” Id. (emphasis added). In part for these reasons, the court in Ackert denied the stay even though the federal action was filed first.

These cases, Kline, *supra*, Dixie Ohio Express Co., *supra*, and Ackert, *supra*, demonstrate that there is no mandatory rule in comity requiring a stay in a second-filed state action. In fact, under Kline, Dixie Ohio Express Co., and Ackert, as well as the other cases cited, the first filed federal action does not prevent a plaintiff from proceeding with a state court action in a separate jurisdiction.

Furthermore, as the Ackert case demonstrates that because an action is filed first is not the critical determination and a “small difference” like six weeks in time between the commencement of the two actions is not a decisive factor in a decision to stay a state court action. Instead, the focus should be on the progress in the parallel actions, which was part of the basis of Respondent’s order.

5. Federal and state courts are separate and distinct jurisdictional sovereignties and are thus analogous to courts of different states.

Verizon attempts to distinguish the authority that Respondent and plaintiffs’ rely by claiming: those involved cases between different state courts, while Johnson dealt with a first-filed federal action and a subsequently-filed state action. In particular, Verizon states that Respondent’s reliance on Esmar and Searles are inapposite, because neither case involved a federal suit. (Relators’ brief at 20-21).

This is a distinction without a difference. Rather what is of primary importance is that all cases cited involve decisions of courts of concurrent jurisdiction to exercise their discretion and deny motions to stay based on the exercise of comity.

The United States Supreme Court has allowed actions to proceed in both state and federal courts because the rationale supporting this rule is that **federal and state courts are separate and distinct jurisdictional sovereignties and are thus analogous to courts of different states.** Kline, 260 U.S. at 230. Accordingly, the discretionary doctrine of comity regarding parallel actions between two sovereign states, is no different than how that doctrine would be applied to **separate and distinct jurisdictional sovereignties** of a state and federal court.

C. The statement in Johnson should be regarded as dicta and should not be used to establish a bright line rule requiring Respondent to grant a stay under the doctrine of comity.

1. The statement in Johnson should be regarded as dicta.

The case of Johnson v. American Surety Co. of New York, 238 S.W. 500 (Mo. 1921) does not stand for the proposition Verizon claims, i.e., where an action is instituted in federal court, a subsequent action in state court involving the same subject matter **will be stayed** pending the final determination of the prior federal action. (Relators' brief at 18-19). (emphasis added).

In Johnson, in 1907, the plaintiff instituted a **first-filed** state action to recover under an insurance policy against Hartford Life Insurance Company. The plaintiff eventually prevailed, and the

award was affirmed on appeal. 238 S.W. at 500-01. Subsequently, Hartford Life Insurance Company filed a **second-filed suit** in the federal district court for the Western Division of Missouri against plaintiff's administrator (plaintiff had died) to prevent plaintiff's administrator from enforcing the Missouri circuit court's judgment. Id. When plaintiff's administrator tried to enforce the judgment in the Missouri Circuit Court, Hartford filed a motion to stay the state court's proceeding pending the final determination of their federal action. Id. This motion was denied and eventually appealed to the Missouri Supreme Court. Id.

The Missouri Supreme Court stated:

The only proposition upon which appellant relies for a reversal, and the only one which it briefs, it states as follows: "Where an action is instituted in the federal court, a subsequent action in the state court involving the same subject-matter will be stayed pending the final determination of the prior action in the federal court."

The soundness of this proposition, abstractly considered, cannot be questioned. It results from the principle of comity which obtains between courts of concurrent jurisdiction, a principle which requires that a subject-matter drawn and remaining within the cognizance of a court of general jurisdiction shall not be drawn into controversy or litigated in another court of concurrent jurisdiction.

Id.

In that case, the Missouri Supreme Court found that there were no grounds for comity as there

was no first filed action before the court and affirmed the circuit court's decision to deny the stay.

Accordingly, the statement by the court in Johnson is *dicta* because there was ***no such first-filed suit*** or question of a first filed action before the court. Id. See also Campbell v. Labor & Indus. Relations Comm'n, 907 S.W.2d 246, 251 (Mo. App. 1995) (“statements ... are obiter dicta [if] they [are] not essential to the court's decision of the issue before it.”)

Likewise, in Muench v. South Side Nat'l Bank, 251 S.W.2d 1, 2, 6 (Mo. 1952), Missouri Supreme Court disregarded another similar statement as in Johnson as dicta, and not controlling because that issue was not before that court but raised as a hypothetical. In Muench, a grand-niece brought suit against administrator of her grand-uncle's estate for the reasonable value of her services rendered to her grand-uncle. The issue before the Missouri Supreme Court was whether the value of her services was fixed by contract with person to whom services were rendered or was the reasonable value of the services rendered. Id. at 6. The administrator of the estate cited a case that supported the proposition that “if plaintiff had sued the administrator in quantum meruit ..., 'her recovery [would be] limited to the value of the property promised her in the contract.” Id. The Missouri Supreme Court held that “[t]his was clearly obiter dictum as no such suit or question was before the court” and declined to follow the rule cited by the administrator of the estate. Id. The Missouri Supreme Court further stated that “[a]n obiter dictum, in the language of the law, is a gratuitous opinion--an individual impertinence--which, whether it be wise or foolish, right or wrong, bindeth none, not even the lips that utter it.” Id. (internal citations omitted).

Similarly, the statement by the court in Johnson is *dicta* because there was *no such* first-filed

suit or question of a first filed action before the court. Accordingly, the statement in Johnson should be regarded as dicta and cannot be used to establish a bright line rule requiring Respondent to grant a stay under the doctrine of comity, when Missouri law, United States Supreme Court precedent, and the accepted meaning of comity regard it as a discretionary doctrine.

Furthermore, the statement by the court in Johnson as *dicta* does not make any sense because it refers to first-filed federal actions in courts of general jurisdiction. Federal courts are courts of limited jurisdiction. They possess only that power authorized by Constitution and statute. See Willy v. Coastal Corp., 503 U.S. 131, 135 (1992); Bender v. Williamsport Area School Dist., 475 U.S. 534, 540, (1986) (emphasis added) (“**Federal courts are not courts of general jurisdiction**; they have only the power that is authorized by Article III of the Constitution and the statutes enacted by Congress pursuant thereto.”). This is not surprising because obiter dictum is “that useless chatter of judges, indulged in for reasons known only to them, to be printed at public expense.” U.S. v. Certain Land in City of St. Louis, 29 F.Supp. 92, 95 (E.D. Mo. 1939) (quoting Judge Caskie Collet).

Finally, the *dicta* statement by the court in Johnson that “[t]he soundness of this proposition [regarding that second filed state actions should be stayed because of a first-filed federal actions], abstractly considered, cannot be questioned,” is wrong. In fact, United States Supreme Court holdings before and after the statement by the court in Johnson had not just questioned, this principle, but held to the contrary. See, e.g. Kline, 260 U.S. at 230 (*supra*). See also *supra* at 15-19. Consequently, Verizon’s claim that Respondents abused her discretion based on discredited dicta from a 1921 Missouri Supreme Court case is wholly without merit.

2. Defendant’s authority is distinguishable.

Relators also argue that the statements in Johnson is not dicta because “[a]n appellate court’s statement in an opinion is not dicta if the appellate court sets forth a legal standard in the statement and then applies that legal standard to the facts of the case to reach its decision”, relying on Richardson v. Quiktrip Corp., 81 S.W.3d 54, 59 (Mo. App. W.D. 2002) and Blair v. Steadley Co., 740 S.W.2d 329, 332-33 (Mo. App. S.D. 1987) (Relators’ brief at 46-47).

Both of relators’ cases, and the Supreme Court holdings they rely on⁴, are distinguishable. In the cases Verizon relies on, the courts formulated legal standards and applied them to the facts of the case, which resolved the factual issues in controversy. See Madden v. C&K Barbecue Carryout, Inc., 758 S.W.2d 59, 62 (Mo. banc. 1988); and Hansome v. Northwestern Cooperage Co., 679 S.W.2d 273 (Mo. banc. 1984). The statements, therefore, were not dicta.

Furthermore, the court in Johnson never formulated a legal standard. Defendant hazards that “[i]n Johnson, the issue that the appellant presented to the court was whether the state suit should have

⁴ Richardson v. Quiktrip Corp. relies on the legal standard formulated in Madden v. C&K Barbecue Carryout, Inc., 758 S.W.2d 59, 62 (Mo. banc. 1988) and Blair v. Steadley Co. relies on the legal standard formulated in Hansome v. Northwestern Cooperage Co., 679 S.W.2d 273 (Mo. banc. 1984).

been stayed in favor of the federal suit. To resolve that issue, this Court first stated the legal standard that “[w]here an action is instituted in the federal court, a subsequent action in the state court involving the same subject-matter will be stayed pending the final determination of the prior action in the federal court.” 238 S.W. at 502.” (Relators brief at 48).

Of course, this is misleading because the appellants never presented the general issue of whether the state suit should have been stayed in favor of a federal suit. Furthermore, to this general issue, this Court did not, *sua sponte*, first state the legal standard as if it was adopting a rule of law. Instead, as mentioned, this Court stated “[t]he only proposition upon which appellant relies for a reversal, and the only one which it briefs, it states as follows: ‘Where an action is instituted in the federal court, a subsequent action in the state court involving the same subject-matter will be stayed pending the final determination of the prior action in the federal court.’” Johnson, 238 S.W. at 501. In fact, the Missouri Supreme Court is repeating an argument that the Appellant made to the Court.

More importantly, the specific issue in Johnson raised by the Appellant was not before this Court, therefore any opinion regarding granting that issue would violate this Court’s prohibition against advisory opinions. See Matter of Van Cleave's Estate, 574 S.W.2d 375 (Mo. banc 1978) (the Missouri Supreme Court “cannot and do not render advisory opinions”); State ex rel. Missouri Public Service Co. v. Elliott, 434 S.W.2d 532 (Mo. banc 1968) (stating that in view of the concessions made by relator's counsel in argument we need not rule the point here because to do so would be gratuitous; **and the Court does not render advisory opinions**). Accordingly, the statements in Johnson are dicta because the issue of a first filed federal action was not before the court.

Also, of importance in deciding the issue raised in Verizon's petition for writ of prohibition is not only whether the statement in Johnson is dicta, but is it good law as a matter of policy. A bright line rule that Verizon claims Johnson mandates, i.e., that where an action is filed first in Federal Court, a subsequent action in State Court involving the same subject-matter must be stayed, is bad policy. What a rule of law such as the one Verizon proposes would do, is judicially sanction a race to the court house and reward the swiftest or stealthiest with their choice of forums. Neither Federal nor State law endorses such a rule and the trial court is provided discretion of when to exercise comity.

D. Missouri Rule of Civil Procedure 55.32(a) does not prevent Inverizon from bringing its state court action against Verizon.

Relying on Missouri cases, Rule 55.32(a), and the identity of Rule 55.32(a) with Federal Rule of Civil Procedure 13(a), Verizon contends that “[a] party (i.e., Inverizon) should not be allowed to commence an action (i.e., the State Action) to assert a claim that is a compulsory counterclaim in a previously-filed action (i.e., the Federal Action), regardless of whether the previously-filed action is pending in federal court or in Missouri state court.” (Relators’ brief at 37-38).

First, Respondent previously and correctly determined in her August 6, 2001 order that:

“Rule 55.32 only bars a party from filing a counterclaim that arose out of the same occurrence of another claim. It does not prevent a party from filing a claim in a court of another jurisdiction. As discussed above, the suits in this case are filed in courts of different jurisdictions, and the federal suit remains pending.”

(Order, August 6, 2001, attached as Tab 9).

In addition, the cases cited by Verizon of Evergreen National Corp. v. Killian Constr. Co., 876

S.W.2d 633, 635 (Mo. App. 1994); State ex rel. J.E. Dunn, Jr., & Assoc., Inc. v. Schoenlaub, 668 S.W.2d 72, 75-76 (Mo. banc 1984); and State ex rel. Buchanan v. Jensen, 379 S.W.2d 529, 531 (Mo. banc 1964) dealt with the application of Rule 55.32(a). In each case, there were two cases pending in separate Missouri circuit courts within the same state court jurisdiction and the application of Rule 55.32(a) prevented the second action. This authority, therefore, should be limited to two pending state court actions in Missouri, and provides no authority that the Rule 55.32(a) or the common-law holdings that derive from it apply to courts of other jurisdiction. Also, Inverizon had filed timely motions to dismiss and therefore, no counterclaims were due to be filed in Federal Court when the State law action was commenced by Inverizon.

Furthermore, Kline demonstrated that federal and state courts are separate and distinct jurisdictional sovereignties and are thus analogous to courts of different states. Kline, 260 U.S. at 230. In addition, this very argument of the identity of language between the state rule and Rule 13(a) was raised in Dixie Ohio Express Co., and soundly rejected as it was at odds with the holding in Kline. Dixie Ohio Express Co., 346 S.W.2d at 33.

II. Respondent’s decision to deny Verizon’s request for a stay was not so arbitrary and unreasonable as to shock the sense of justice, i.e., an abuse of discretion when decisions from the United States Supreme Court, Missouri, and the accepted notion of comity as a discretionary doctrine allows for this action to go forward despite there being a partially parallel case in Federal Court.

A. Standard of review

The standard for review for determining whether a court abuses its discretion is that the trial court's ruling will only be reversed when it is “so arbitrary and unreasonable as to shock the sense of justice and indicate a lack of careful consideration.” Fairbanks v. Weitzman, 13 S.W.3d 313, 327 (Mo. App. 2000). More importantly, this Court in State ex rel. Fire Ins. Co. v. Terte **recognized the difference in standards between reviewing a trial court’s decision to grant a stay on appeal and reviewing that same decision under the abuse of discretion standard for a writ.** In particular, this Court held that “[t]his is not an appeal from a declaratory judgment in which we would be entitled to review the Respondent's exercise of his discretionary powers; it is a proceeding in mandamus, an extraordinary remedy requiring proof that no other relief is available to relator, in which a peremptory writ can issue **only in a clear case of abuse of discretion.**” 176 S.W.2d at 31 (emphasis added).⁵

⁵ The writs granted in the cases of State ex rel. Painewebber, Inc. v. Voorhees, 891 S.W.2d 126, 130 (Mo. banc. 1995) and Parenthood of Kansas and Mid-Missouri v. Kinder, 79 S.W.3d 905,

906 (Mo. banc. 2002) are distinguishable because in those cases the courts were clearly charged with a unambiguous, categorical law to take certain action, and they acted in excess of their authority by not taking the action. Here, Respondent did not act in excess of her authority because comity is a discretionary doctrine, and she exercised her discretion to refuse the stay this action.

B. Respondent’s decision to deny Verizon’s motion to stay can hardly be characterized as so arbitrary and unreasonable as to shock the sense of justice.

As an initial matter, the extraordinary remedy of a writ is entirely inappropriate because

Respondent’s decision to deny Verizon’s request for a stay can hardly be characterized as so arbitrary and unreasonable as to shock the sense of justice when United States Supreme Court law – see, e.g., Kline, 260 U.S. at 230 -- allows for the state action to go forward and Missouri case law also allows it. Indeed, a trial court can not act “so arbitrary and unreasonable as to shock the sense of justice” when it is acting pursuant to precedent. See also supra at 19-28. Accordingly, as Respondent was acting within her discretion, and pursuant to precedent, Respondent did not abuse her discretion.

C. Verizon’s claim of an abuse of discretion is without merit.

Verizon argues that “Respondent abused her discretion in denying Verizon’s motion to stay because Respondent **should have exercised her discretion** to stay the later-filed State Action pending the final determination of the first-filed Federal Action.” (Relators’ brief at 35) (emphasis added).

In ruling on Verizon’s request of a stay based on comity, the Respondent held: “Here, suit has been pending in his court for almost two years. The parties have completed extensive discovery, including more than thirty-five depositions, and the case is set for trial in less than eight months. **The court finds no reason to stay this action.** Thus defendants’ motion to stay must be denied.” (Id.) (emphasis added).

Furthermore, Inverizon has filed an amended motion to stay the federal action consistent with the Eighth Circuit's opinion and a motion to dismiss the state causes of action brought by Verizon in its federal declaratory judgment action. (Tab 12). Both of these motions have not been ruled on yet.

For two years, Inverizon has proceeded uninterrupted in state court, and it has a trial setting on May 5, 2003 that Inverizon believes can fully resolve all state law issues, and possibly this entire matter. Critically, to date Verizon has spent \$367 million promoting the Verizon mark, and thereby diluting and infringing Inverizon's mark. Verizon adopted the Inverizon mark with full knowledge of the Inverizon mark's existence. Every day that goes by with Verizon's advertising campaign that deluges the English speaking world, Verizon dilutes and infringes Inverizon's mark, thereby damaging Inverizon's business. Inverizon, the natural plaintiff, has a set court date for May 5, 2003.

In addition, Verizon contends that "[i]n order to prevail in the race to judgment, the parties will spend enormous additional resources—to conduct discovery, draft dispositive motions, and prepare for trial in two lawsuits—above and beyond what they would spend if only the Federal Action proceeds." (Relators' brief at 64). Verizon ignores the fact that all discovery in the state court case can be used in the federal case and vice versa. Consequently, there will be very little, if any, duplication of efforts. In fact, the only duplication of effort so far has been as a result of Verizon refusing to produce documents in the State Court action it had agreed to produce before its writ was preliminarily granted and its refusal to engage in a discussion to resolve its obligations. (See Tabs 14- 17). In addition, there will not be "simultaneous trials" (Relators' brief at 64) because the pendency of the state court trial starting on May 5, 2003 will postpone the Federal trial on May 13, 2003.

Finally, Respondent did not abuse her discretion just because Verizon first filed this action in

federal court and Verizon prefers the Federal forum.

D. Respondent did not abuse her discretion just because Verizon prefers to litigate this action in federal court and not in state court.

The self-righteous hyperbole abounds in Relators' brief. For example, Verizon contends that "[t]his Court should not reward Inverizon for its 'strike suit' and should not permit Inverizon to use the State Action improperly as a 'sword.' The equities in this case favor Verizon, not Inverizon. The State Action should be stayed." (Relators' brief at 60). Despite the fact that Verizon "doth protest too much"⁶, the facts and parties motivations are simple: Verizon prefers to resolve this action in federal court, and Inverizon prefers to resolve this action in state court. Accordingly, Respondent did not abuse her discretion by refusing to grant Verizon preference to litigate this action in federal court, and not in the state court. Furthermore, Inverizon does not believe that the equities are with Verizon as their federal declaratory judgment action was merely their attempt to obtain a more favorable forum for Verizon.

1. Verizon's pre-emptive strike to obtain a favorable forum for Verizon in federal court.

Verizon has denied that their action was a preemptive strike, but rather that "Verizon filed the Federal Action to clear the cloud over its VERIZON name and mark and to establish that its and its affiliates' use of the VERIZON mark does not violate any rights that Inverizon may have in the INVERIZON mark." (Relators' brief at 18). Furthermore, Verizon states that it "waited more than

⁶ Shakespeare, William, Hamlet, ACT III, scene ii.

three weeks for Inverizon to provide additional information to support its allegations [infringement] ” before filing the declaratory judgment action. (Id.)

Verizon knew about the cloud on its mark well before it received a cease-and-desist letter from Alan Norman, Inverizon’s counsel. In July of 1999, the Inverizon® mark was the second trademark and trade name to come up on Verizon’s trademark search regarding trademarks or trade names similar to the proposed Verizon mark. (See Trademark search report of Thompson and Thompson attached as Tab 8). By merely following its own trademark policy, Verizon knew in spring 2000 when they launched the Verizon name and potential mark (which Inverizon intends to challenge before the PTO) that its proposed name was confusingly similar to Inverizon® mark. Indeed, since launching the Verizon name in spring of 2000, Verizon has systematically sent cease-and-desist letters to individuals and entities who used marks confusingly similar to Verizon, like Inverizon.com. (Tab 13, e.g. Cease-and-desist letter: The domain site: inverizon.com, VZ 00399-401)). Following its own policy, Verizon knew that there was a cloud on its mark when it launched its nationwide advertisement campaign for Verizon in spring of 2000.

Nevertheless, Verizon concealed its intention to file a declaratory judgment action against Inverizon. Indeed, when Verizon responded to Inverizon’s cease-and-desist letter, received on August 9, 2000, it never mentioned the possibility of formal legal action, nor the urgency to the answers of Verizon’s questions regarding potential areas of overlap. (See Tab 5). From August 9th to August 30th, Verizon made no effort to call back Alan Norman, Inverizon’s attorney, about Verizon’s questions, send a follow-up letter that mentioned the approaching legal action, or in any way attempted to contact Inverizon about the imminent legal action. Rather, Verizon intentionally concealed its plans to

file a declaratory judgment action and then filed a declaratory judgment action for one simple reason: to obtain favorable forum in Federal Court to resolve this dispute.

2. Like Verizon, Inverizon filed its action in the forum it regarded as the most favorable.

Inverizon filed its action in the forum it regarded as the most favorable. A plaintiff is normally “master to decide what law he will rely upon....” The Fair v. Kohler Die & Specialty Co., 228 U.S. 22, 25, 33 S.Ct. 410, 411, 57 L.Ed. 716 (1913) (Holmes, J.). Inverizon, the natural plaintiff and injured party, is free to rely on Missouri law and, by extension, the Missouri courts to litigate Verizon’s intentional wrongful acts in this case. Verizon focuses on Inverizon’s change of incorporation, but a nondiverse defendant, GTE Midwest Inc. d/b/a Verizon Midwest - a Missouri corporation - was as well infringing Inverizon® mark, and therefore, was a potential defendant in this case. (Tab 11). As a result, Inverizon’s change of incorporation was not a controlling factor that defeated removal, and Inverizon had other possibilities to properly bring suit in Missouri state court.

Accordingly, the equities do not favor Verizon, and this Court should not find that Respondent abused her discretion just because Verizon prefers to litigate this action in federal court, and not in the state court, which - as mentioned - under case law of Missouri and the United States Supreme Court as well as the accepted meaning of comity, Respondent had discretion not to stay Inverizon’s state court action.

III. Conclusion

Respondent was granted discretion to grant or deny Verizon’s motion to stay. Various considerations support Respondent’s use of that discretion, as well as the applicable case law. The

state action has been proceeding, uninterrupted, for two years, extensive progress and discovery has already taken place, and soon will be ready for trial. In addition, Inverizon was first to file as to four of the state court defendants.

For the foregoing reasons, Relators request for a Petition for a Writ of Prohibition or, in the alternative, for a Writ of Mandamus should be denied.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon defendants by hand delivery or overnight mail on this 30th day of December, 2002, to:

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CERTIFICATE OF COMPLIANCE

I certify that this brief complies with Rules 55.03 and 84.06, is proportionately spaced, using Times New Roman, 13 point type, and contains 10,069 words, excluding the cover, the certificate of service, the certificate of compliance required by Rule 84.06(c), signature block, and appendix.

I also certify that the computer diskettes that I am providing have been scanned for viruses and have been found to be virus-free.