

SUPREME COURT OF ARKANSAS

Tilley v. Malvern National Bank

532 S.W.3d 570 (Ark. 2017) · Decided December 7, 2017

SUMMARY

The Arkansas Supreme Court held that a foreclosure proceeding is equitable, but related legal counterclaims and third-party claims seeking money damages must be submitted to a jury based on the historical nature of the claims. The court further held that predispute contractual jury waivers are unenforceable under the Arkansas Constitution and clarified that the clean-up doctrine was abolished after Amendment 80. The court also overruled a per se new-business rule barring lost-profit damages, holding that the applicable standard is whether the claimant presents a reasonably complete evidentiary basis for the damages.

CASE DETAILS

COURT	Supreme Court of Arkansas
WRITING FOR THE COURT	Karen R. Baker; Baker; Goodson; Kemp; Warren; Womack; Wood
JURISDICTION	Arkansas
DECIDED	December 7, 2017
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Tilley appealed a foreclosure judgment and the adverse disposition of his counterclaims and third-party claims. The Arkansas Supreme Court granted review of the Arkansas Court of Appeals' affirmance and treated the matter as originally filed in the Supreme Court.
STANDARD OF REVIEW	De novo review applies to claims involving the right to a jury trial. The court reviews a circuit court's interpretation of law independently. A ruling on a motion in limine is reviewed for abuse of discretion.
PRECEDENTIAL VALUE	Published Arkansas Supreme Court opinion; binding precedent in Arkansas.
PARTIES	Kenneth W. Tilley, individually and as trustee of the Kenneth Tilley Family Trust v. Malvern National Bank, Stephen Moore

TOPICS

- civil procedure
- appellate procedure
- contracts
- damages
- remedies

PRACTICE AREAS

civil procedure

appellate procedure

constitutional law

contracts

damages

real estate

commercial litigation

QUESTIONS PRESENTED

1. Whether Tilley's legal counterclaims and third-party claims arising in a foreclosure action were triable to a jury under Amendment 80 to the Arkansas Constitution and the historical nature of the claims.
2. Whether a predispute contractual waiver of the right to a jury trial is enforceable under the Arkansas Constitution.
3. Whether Tilley's constitutional challenge to the predispute jury-waiver clause was preserved for appellate review.
4. Whether Arkansas applies a per se new-business rule barring recovery of lost profits by a new business venture.

HOLDINGS

1. After Amendment 80, Arkansas abolished the clean-up doctrine. A circuit court must determine whether a claim is legal or equitable by examining the claim's historical nature and the remedies sought. Tilley's claims were historically legal claims seeking money damages and therefore should have been submitted to a jury.
2. Predispute contractual waivers of the right to a jury trial are unenforceable under the Arkansas Constitution.
3. Tilley preserved his argument that predispute contractual jury waivers are unenforceable under the Arkansas Constitution.
4. The reasonably complete figures standard for proving anticipated profits applies even when the alleged lost profits arise from a new business venture. Arkansas therefore has no per se new-business rule barring such damages solely because the business is new.

KEY QUOTATIONS

“We take this opportunity to clarify that after the enactment of amendment 80, the clean-up doctrine was abolished.”

“Accordingly, we hold that predispute contractual jury waivers are unenforceable under the Arkansas Constitution.”

“Thus, we overrule Marvell to the extent that it holds that there is a per se new-business rule preventing lost profits unless the business is an old business.”

FACTUAL BACKGROUND

Tilley entered into a \$221,000 loan agreement with Malvern National Bank secured by a mortgage on Garland County real property. The agreement contained a predispute jury-waiver clause. After the bank filed a

foreclosure action following Tilley's default, Tilley asserted claims against the bank and its former commercial-lending vice president based on an alleged promise of a larger development loan, seeking damages for contract, estoppel, statutory, tort, negligence, and fraud theories.

PROCEDURAL HISTORY

Malvern National Bank filed a foreclosure and replevin action after Tilley defaulted on a \$221,000 loan. Tilley asserted counterclaims and a third-party complaint and demanded a jury trial. The circuit court struck the jury demand, conducted a bench trial, entered judgment for the bank and against Tilley, and denied Tilley's motion for new trial. The Arkansas Court of Appeals affirmed, but the Supreme Court reversed and remanded in part, affirmed in part, and vacated the court of appeals' opinion.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The case was remanded for proceedings consistent with the holding that Tilley's legal claims must be tried to a jury and that the predispute jury-waiver clause is unenforceable. The lost-profit issue was addressed because it was likely to arise on retrial.

CASES CITED

- Tilley v. Malvern Nat'l Bank, 2017 Ark. App. 127, 515 S.W.3d 636
- Russell v. Russell, 2013 Ark. 372, 430 S.W.3d 15
- Liberty Life Ins. Co. v. McQueen, 364 Ark. 367, 219 S.W.3d 172 (2005)
- First Nat'l Bank of DeWitt v. Cruthis, 360 Ark. 528, 203 S.W.3d 88 (2005)
- Riggin v. Dierdorff, 302 Ark. 517, 790 S.W.2d 897 (1990)
- Douthitt v. Dowthitt, 326 Ark. 372, 930 S.W.2d 371 (1996)
- Colclasure v. Kansas City Life Ins. Co., 290 Ark. 586, 720 S.W.2d 916 (1986)
- Stokes v. Stokes, 2016 Ark. 182, 491 S.W.3d 113
- Nat'l Bank of Ark. v. River Crossing Partners, LLC, 2011 Ark. 475, 385 S.W.3d 754
- Plymate v. Martinelli, 2013 Ark. 194
- Mode v. Barnett, 235 Ark. 641, 361 S.W.2d 625 (1962)
- Venable v. Becker
- Francis v. Protective Life Ins. Co., 371 Ark. 285, 265 S.W.3d 117 (2007)
- Velek v. State (City of Little Rock), 364 Ark. 531, 222 S.W.3d 182 (2006)
- Walker v. First Commercial Bank, N.A., 317 Ark. 617, 880 S.W.2d 316 (1994)
- Marvell Light & Ice Co. v. General Electric Co., 162 Ark. 467, 259 S.W. 741 (1924)
- American Fidelity Fire Ins. v. Kennedy Bros. Constr., Inc., 282 Ark. 545, 670 S.W.2d 798 (1984)

OPINION

Tilley v. Malvern National Bank 532 S.W.3d 570

BAKER, J.

KAREN R. BAKER, Associate Justice 11 Appellant Kenneth W. Tilley, individually and as trustee of the Kenneth Tilley Family Trust (“Tilley”), appeals the Garland County Circuit Court’s judgment and decree of foreclosure finding in favor of appellee Malvern National Bank (“MNB”) and against Tilley on his counterclaims against MNB and his third-party complaint against Stephen Moore (“Moore”), the former vice president of commercial lending at MNB. On appeal, Tilley argues that (1) the circuit court erred in granting MNB and Moore’s motion to strike Tilley’s jury-trial demand and (2) the circuit court abused its discretion by granting, MNB and Moore’s motion in limine to exclude Tilley’s future lost-profit damages. This appeal involves the interpretation and construction of the Arkansas Constitution; therefore, our [¿jurisdiction is proper pursuant to Arkansas Supreme Court Rule 1-2(a)(1). We reverse and remand. Facts and Procedural History On July 7, 2010, Tilley and MNB entered into a loan agreement and executed a promissory note in the amount of \$221,000. To secure payment of the note, Tilley granted MNB a mortgage interest in real property located in Garland County, Arkansas. As relevant to the present appeal, the loan agreement included a jury-waiver clause. , . On November 8, 2011, MNB filed a complaint against Tilley alleging that . Tilley defaulted on the. loan agreement and therefore sought foreclosure of the mortgage and replevin of certain personal property.1 On February 27, 2012, Tilley filed an answer to MNB’s complaint and demanded a right to a trial by jury, On October 1, 2012, Tilley filed a counterclaim against MNB and a third-party complaint against Moore. Tilley alleged that in October 2009, Tilley was working on two land-development, projects, one in Garland County and one in Logan County. Once the Garland County property was finalized, Tilley intended to sell individual tracts of land. The Logan County property was to be used as a recreational-facility. In order to fund the developments, Tilley sought financing from multiple financial institutions, including MNB. Tilley met with Moore and explained that he,would need \$350,000 to fund both developments. Moore promised that MNB would deliver \$250,000 within thirty days, and la the remaining \$100,000 would be made available to Tilley as soon as he sold five"or six tracts in Garland County. Based on Moore’s promises, Tilley decided to finance his developments through MNB. Tilley never received the \$350,000 loan. In April 2010, Tilley was, informed by an officer of MNB that Moore was no longer employed by MNB. Tilley ultimately entered into the \$221,000 loan agreement instead of the \$350,000 agreement that Tñley and Moore had allegedly agreed upon.. Tilley contended that. MNB’s failure to fulfill the promise to loan him \$350,000 caused him.to default on the \$221,000 loan. In Tilley’s counterclaim and third-party complaint, Tilley raised six causes of action: , (1) breach of contract/breach of the duty of good faith and fair dealing; (2) promissory estoppel; (3) violation of the Arkansas Deceptive Trade Practices Act; (4) tortious interference with a business relationship or expectancy; (5) negligence; and (6) deceit/fraud in the inducement. Tilley requested “a full and final adjudication

of the causes of action raised herein by a jury.” The circuit court notified the parties that the case was set for a three-day jury trial scheduled for April 29 through May 1, 2015. On April 13, 2015, MNB and Moore filed a motion to strike Tilley’s jury-trial demand. MNB and Moore argued that it is well established under Arkansas law that a foreclosure claim must be tried in equity, without a jury.. Further, Tilley was not entitled to a jury trial on his claims because they arose from the same nexus of operative facts as MNB’s foreclosure claim and were essential to the foreclosure proceeding. Finally, MNB and Moore argued that in executing the loan Uagreement containing a jury-waiver clause, Tilley had agreed to waive his right to a jury trial. On April 15, 2015, Tilley filed his response and argued that the clean-up doctrine is no longer viable. Tilley contended that the claims at issue are legal matters and must be submitted to a jury. Finally, under his argument section entitled “Waiver,” Tilley asserted that “[t]he Arkansas Constitution, Article 2, Section 7, provides that the right to a jury trial ‘shall remain inviolate’, a principle which is applied with regard to waivers.” Tilley then argued that for a waiver to exist, the waiver must be knowingly, intelligently, and voluntarily made. In an April 22, 2015 letter from the circuit court to the parties, the circuit court announced that it agreed with MNB and Moore and therefore granted the motion to strike the jury-trial demand as to all claims. The circuit court entered its written order granting MNB and Moore’s motion to strike Tilley’s jury-trial demand on April 29, 2015. After a bench trial, the circuit court ruled in favor of MNB on its foreclosure claim and against Tilley on his counterclaims and third-party complaint. On July 29, 2015, the circuit court entered a judgment and decree of . foreclosure. On August 7, 2015, Tilley filed a motion for new trial, which was deemed denied. Tilley timely filed his notice of appeal. On March 1, 2017, the Arkansas Court of Appeals affirmed the circuit court’s decision, finding that although Tilley had a constitutional right to a jury trial on his legal claims, the jury-waiver clause in the loan agreement was enforceable and Tilley waived his right to a jury trial. *Tilley v. Malvern Nat’l Bank*, 2017 Ark. App. 127, 515 S.W.3d 636. On] March 20, 2017, Tilley filed a petition for review, which this court granted on May 25, 2017. When we grant a petition for review, we treat the appeal as if it had been originally filed in this court. *Russell v. Russell*, 2013 Ark. 372, 430 S.W.3d 15. I. Right to a Jury Trial On.appeal, Tilley argues that the circuit court erred in denying Tilley his constitutional .right to a jury trial on his legal claims pursuant to the clean-up- doctrine and the loan agreement’s predispute jury-waiver clause. Specifically, Tilley argues that (1) he had a constitutional right to a jury trial on all of his legal claims asserted against MNB and Moore; (2) predispute contractual waivers of the right to a jury trial are unenforceable under the Arkansas Constitution; (3) MNB and Moore waived any right to enforce the , jury-waiver clause; (4) Tilley did not. knowingly and voluntarily waive his right to a jury trial; and (5) the jury-waiver clause does not apply to his third-party claims against Moore. As an initial matter, MNB and Moore argue that Tilley’s appeal of the right-to-a-jury-trial argument is untimely because Tilley was required to appeal this issue when his jury-trial, demand- was struck. Specifically, MNB and Moore argue that Tilley was required to appeal the circuit court’s April 29, 2015 order within 30 days. Thus, they contend that because Tilley

waited until after the final order had been entered, his appeal is untimely and we lack jurisdiction to consider any portion of Tilley's appeal that addresses the jury-trial issue. We disagree. We have specifically held that a party may not bring an interlocutory appeal from the denial of a jury-trial demand. *Liberty Life Ins. Co. v. McQueen*, 364 Ark. 367, 219 S.W.3d 172 (2005). Thus, Tilley's appeal of the right-to-a-jury-trial argument is timely. We employ a de novo standard of review for claims to a right to a jury trial. See *First Nat'l Bank of DeWitt v. Cruthis*, 360 Ark. 528, 203 S.W.3d 88 (2005). We are not bound by the decision of the circuit court; however, in the absence of a showing that the circuit court erred in its interpretation of the law, that interpretation will be accepted as correct on appeal. *Id.* A. Right to a Jury Trial: Amendment 80 & Clean-Up Doctrine For his first point on appeal, Tilley argues that the circuit court erred in granting MNB and Moore's motion to strike Tilley's jury-trial demand on the basis that the clean-up doctrine allowed the court to hear Tilley's legal counterclaims and third-party claims. MNB and Moore respond that because this appeal arises out of a foreclosure action, the circuit court properly heard Tilley's claims because his claims were essential to the foreclosure proceeding. This implicates amendment 80 to the Arkansas Constitution and its effect on jurisdiction formerly residing in circuit and chancery courts. *Id.* In *Cruthis*, we explained: Amendment 80 to the Arkansas Constitution merged the chancery and circuit courts. Section 6(A) of Amendment 80 to the Arkansas Constitution provides "Circuit Courts are established as the trial courts of original jurisdiction of all justiciable matters not otherwise assigned pursuant to this Constitution." As a consequence of Amendment 80, courts that were formerly chancery and circuit courts are now referred to as circuit courts. Because Amendment 80 states that circuit courts assume the jurisdiction of chancery courts, circuit courts simply have [7]added to their already existing jurisdiction as a court of law the equitable jurisdiction which chancery courts held prior to adoption of the Amendment. In other words, no new or expanded jurisdiction beyond that formerly existing in the chancery and circuit courts was created through Amendment 80. Rather, circuit court jurisdiction now includes all matters previously cognizable by circuit, chancery, probate, and juvenile court. 360 Ark. at 533, 203 S.W.3d at 91-92 (internal citations omitted). Since the passage of amendment 80 to the Arkansas Constitution in 2000, there is no longer a need to elect in which court to file a lawsuit. *Id.* However, amendment 80 did not alter the jurisdiction of law and equity. *Id.* It only consolidated jurisdiction in the circuit courts. *Id.* We have stated that a foreclosure proceeding is an equitable proceeding. *Riggin v. Dierdorff*, 302 Ark. 517, 790 S.W.2d 897 (1990). The constitutional right to a jury trial does not extend to a foreclosure proceeding. *Id.* Thus, the circuit court properly considered the foreclosure claim without a jury and we therefore affirm. Pursuant to the clean-up doctrine, MNB and Moore argue that Tilley's counterclaims and third-party claims must also be submitted to a judge. However, we disagree. The clean-up doctrine was used to allow a chancery court to decide issues of law because, under that longstanding rule, once a chancery court acquired jurisdiction for one purpose, it could decide all other issues. *Id.* (citing *Douthitt v. Dowthitt*, 326 Ark. 372, 930 S.W.2d 371 (1996)). Thus, the clean-up doctrine provided

that,. once a court of equity acquired jurisdiction over a case, it may decide all other issues; legal or equitable. *Colclasure v. Kansas City Life Ins. Co.*, 290 Ark. 586, 720 S.W.2d 916 (1986). However, we recently explained in *Stokes v. Stokes*, that “since amendment 80 was enacted, the clean-up doctrine has | sdisappeared because any circuit court now has subject-matter jurisdiction to hear all justiciable matters not assigned elsewhere, and it has the power to grant all remedies to the parties before it.” 2016 Ark. 182, 5 n.3, 491. S.W.3d 113, 118 n.3 (emphasis, added). We take this opportunity to clarify that after the enactment of amendment 80, the clean-up doctrine was abolished in Arkansas. Instead, we emphasize that in deciding whether a claim should be submitted to a judge as an equitable matter or to a jury as a legal matter, a circuit court must review the historical nature of the claim. *Nat’l Bank of Ark. v. River Crossing Partners, LLC*, 2011 Ark. 475, at 8, 385 S.W.3d 754, 759 (citing *Cruthis*, *supra*). Our opinions since 2001 have affirmed this historical test by looking to the remedies sought in the complaint. *Stokes*, *supra*. Accordingly, we overrule all prior decisions to the extent that they conflict with this opinion. With the above standard in mind, we now turn to the six causes of action Tilley raised in his counterclaim and third-party complaint: (1) breach of contract/breach of the duty of good faith and fair dealing; (2) promissory estoppel; (3) violation of the Arkansas Deceptive Trade Practices Act; (4) tortious interference with a business relationship or expectancy;-(5) negligence; and (6) deceit/fraud in the inducement. We conclude that Tilley’s claims historically have been submitted to a jury as legal matters. Further, the sole remedy sought in these claims was money damages. In cases such as the one before us, a circuit court must review the historical nature of the claims to determine whether they should be submitted to a judge as equitable matters or to a jury as legal matters. Based on the historical nature of Tilley’s claims and the remedy sought, these legal claims should |9have been submitted to the jury. Therefore, we hold that the circuit court erred in granting MNB and Moore’s motion to strike Tilley’s jury-trial demand and thereby failing to submit Tilley’s legal claims to the jury. B. Right to a Jury Trial: Predispute Jury-Waiver Clause Having found that the circuit court erred in failing to submit Tilley’s legal counterclaims and third-party claims to the jury, we now consider whether the circuit court erred in granting MNB and Moore’s motion to strike Tilley’s jury-trial demand based on the jury-waiver clause contained in the loan agreement. On appeal, Tilley argues that predispute contractual waivers of the right to a jury trial are unenforceable under the Arkansas Constitution. In response, MNB and Moore argue that Tilley failed to preserve this argument for appeal. Specifically, MNB and Moore contend that Tilley did not raise his jury-waiver argument until his reply to MNB and Moore’s response to his motion for a new trial. For the reasons that follow, we disagree with MNB and Moore’s position that Tilley failed to preserve his argument regarding the unenforceability of predispute contractual waivers of the right to a jury trial under the Arkansas Constitution. On February 27, 2012, Tilley filed an answer to MNB’s complaint and demanded a right to a trial by jury.. On October 1, 2012, Tilley filed a counterclaim against MNB and Moore and requested “a full and final’ adjudication of the causes of action raised herein by a jury.” Thus, from 2012 to April 13, 2015, when-MNB and Moore filed a motion to

strike Tilley's jury-trial demand, the parties and the court proceeded on the premise that the matter would be tried before a jury. Further, the record contains MNB and Moore's acknowledgment of the circuit court's notice of a three-day jury trial scheduled for April 29 through May 1, 2015. Additionally, the record contains MNB and Moore's proposed jury instructions. Yet, for the first time, in their April 13, 2015 motion to strike Tilley's jury-trial demand, MNB and Moore took the position that Tilley was not entitled to a jury trial on his claims or on MNB's claims because the entire case must be tried in equity, without a jury. Further, MNB and Moore argued that the clean-up doctrine required this case to be tried to a court rather than a jury, and amendment 80 did not alter the jurisdiction of law and equity. Finally, MNB and Moore argued that in executing the loan agreement containing a jury-waiver clause, Tilley agreed to waive his right to a jury trial. Subsequent to this challenge to Tilley's request for a jury trial, on April 15, 2015, Tilley filed his response and argued that the clean-up doctrine is no longer viable. Further, Tilley asserted that after the passage of amendment 80, there is only one circuit court and the court must comply with the following standard: Nat'l Bank of Ark., 2011 Ark. 475, at 10, 385 S.W.3d at 761. Tilley contended that the claims at issue are legal matters and must be submitted to a jury. Finally, under his argument section entitled "Waiver," Tilley asserted, that "[t]he Arkansas Constitution, Article 2, Section 7, provides that the right to a jury trial 'shall remain inviolate', a principle which is applied with regard to waivers." Tilley then argued that for a waiver to exist, the waiver must be knowingly, intelligently, and voluntarily made. In sum, Tilley clearly resisted all of MNB and Moore's claims asserting that he was not entitled to a jury trial. In cases like the one before us, a circuit court must review the historical nature of the claims to determine whether they should be submitted to a judge as equitable matters or to a jury as legal matters. During the April 17, 2015 hearing on the motions in limine, Tilley again asserted that the constitution protects one's right to a jury trial. Although couched in response to MNB and Moore's clean-up-doctrine argument, Tilley argued that "to take away the right to a jury trial, which the Constitution, as we know, protects, just because of the ancient and antiquated notion of some kind of cleanup, . . . makes no sense now when we've got one .Court[.]" At the conclusion of the hearing, the circuit court took the motion to strike the jury-trial demand under advisement. In an April 22, 2015 letter from the circuit court to the parties, the circuit court announced that "[a]fter consideration of the pleadings and arguments presented" the court agreed with MNB and Moore and granted the motion to strike the jury-trial demand. The circuit court entered its written order granting MNB and Moore's motion to strike Tilley's jury-trial demand on April 29, 2016. We have said that an appellant, must present his or her theory to the circuit court at the earliest opportunity in order to preserve it for appeal. See *Plymate v. Martinelli*, 2013 Ark. 194, 2013 WL 1932918. Here, at his first opportunity to respond to the motion to strike his demand for a jury trial, Tilley did, in fact, present his constitutional right-to-a-jury-trial argument to the circuit court. Specifically, with regard to waivers, Tilley cited the precise article and section of the Arkansas Constitution mandating that the right to a jury trial "shall remain inviolate." Although Tilley expanded his

arguments in response to MNB and Moore's arguments involving the clean-up doctrine and amendment 80, Tilley consistently maintained his position that the Arkansas Constitution protects one's right to a jury trial. This position clearly encompassed his argument regarding the unenforceability of predispute contractual waivers of the right to a jury trial under the Arkansas Constitution. Based on the foregoing, we hold that Tilley properly preserved his argument for appellate review. Having determined that Tilley preserved his argument for our review, we now turn to the jury-waiver clause at issue, which states: JURY WAIVER CLAUSE: Each party to this Agreement hereby expressly waives any right to trial by jury of any claim, demand, action or cause of action (1) arising under this Agreement or any other instrument, document or agreement executed or delivered in connection herewith, or (2) in any way connected with or incidental to the dealings of the parties hereto or any of them with respect to this Agreement or any other instrument, document or agreement executed or delivered in connection herewith, or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether sounding in contract or tort or otherwise; and each party hereby agrees and consents that any such claim, demand, action or cause of action shall be decided by court trial without a jury[.]

On appeal, MNB and Moore contend that a predispute jury-waiver clause is enforceable under the Arkansas Constitution. To support their position, MNB and Moore assert that Arkansas allows parties to enter into contracts that control the manner in which their disputes are resolved, including the forum or the governing law. In fact, MNB and Moore argue that parties can choose to forgo the civil justice system altogether and submit to arbitration. The Arkansas Constitution states that "[t]he right of trial by jury shall remain inviolate, and shall extend to all cases at law, without regard to the amount in controversy; but a jury trial may be waived by the parties in all cases in the manner prescribed by law. Ark. Const., art. 2, § 7. Black's Law Dictionary defines "inviolate" as "free from violation; not broken, infringed, or impaired." Black's Law Dictionary 904 (9th ed. 2009). When tasked with interpreting the phrase "in the manner prescribed by law," this court has stated: Obviously, those who drafted the constitutional amendment had the purpose and intention to invest in the Legislature the authority to determine what actions on the part of a litigant constituted a waiver of the right of trial by jury; we say 'obviously' because there could have been no other purpose in the provision, 'but a jury trial may be waived by the parties in all cases in the manner prescribed by law'. This provision, of course, includes prospective laws. The General Assembly is the lawmaking power, and it proceeded, in passing Act 460 of 1949 [of which 27-1743.2 is a part]! to prescribe and enumerate various acts by which a defendant waives a trial by jury. *Mode v. Barnett*, 235 Ark. 641, 645, 361 S.W.2d 625, 527 (1962). Further, in *Venable v. Becker*, we found that a valid waiver of the right to a trial by jury occurred in the manner prescribed by Rule 38 of the Arkansas Rules of Civil Procedure and the former statute that Rule 38 superseded, Ark. Stat. Ann. § 27-1743. Thus, this court has consistently interpreted the phrase "in the manner prescribed by law," to be governed by Arkansas statutes and the Arkansas Rules of Civil Procedure. Based on the foregoing, we do not find MNB and Moore's comparison of a jury-

waiver clause and an arbitration clause persuasive. As Tilley correctly notes, arbitration agreements are governed by the Arkansas Arbitration Act as codified in Ark. Code Ann. §§ 11416—108—201 et seq. Because arbitration agreements are governed by the Arkansas Code, in executing a contract containing an arbitration clause, a party waives its right to a jury trial “in a manner prescribed by law.” Thus, arbitration agreements are clearly enforceable under the Arkansas Constitution. However, the same cannot be said for predispute jury-waiver clauses because no Arkansas statute or Arkansas rule of civil procedure expressly provides for predispute waivers of the right to a jury trial. Pursuant to Venable, supra, we now turn to the Arkansas Rules of Civil Procedure, which govern the manner in which one may validly waive one’s right to a jury trial. Rule 38(a) provides that a party may demand a jury trial at any time after the commencement of the action, but no later than 20 days prior to the trial date. The failure to demand a jury trial within this time period constitutes waiver. Rule 38(c) states that a demand for trial by jury may not be withdrawn without the consent of the parties. Further, Rule 39(a) provides “that the trial of all issues so demanded shall be by jury, unless (1) the parties or their attorneys of record, by written stipulation filed with the court or by an oral stipulation made in open court and entered in the record, consent to trial by the court sitting without a jury or (2) the court, upon motion or of its own initiative, finds that a right of trial by jury of some or all of those issues does not exist under the Constitution or statutes of this State.” Accordingly, as stated by the plain language of Rule 39, waivers of the right to a jury trial may take place only after a jury demand has been made. While Reporter’s Notes are not binding precedent, this court has held that they may offer guidance as to a rule’s meaning or intent. *Francis v. Protective Life Ins. Co.*, 371 Ark. 285, 292, 265 S.W.3d 117, 122 (2007) (citing *Velek v. State (City of Little Rock)*, 364 Ark. 531, 222 S.W.3d 182 (2006)). The Reporter’s Note to Rule 39 states that “[t]he purpose behind this rule is to insure that when a jury trial has been requested, it will be granted on all issues triable by jury unless the parties thereafter affirmatively waive this right.” Ark. R. Civ. P. 39 reporter’s note 1 (emphasis added). Thus, Rule 39(a)(1) applies only after a jury-trial demand has been made and does not contemplate predispute jury waivers. In other words, a jury trial cannot be waived before litigation begins. The right to a jury trial is a fundamental, constitutional right that is protected by the Constitution of Arkansas, and procedural rules will not be applied to diminish that right. *Walker v. First Commercial Bank, N.A.*, 317 Ark. 617, 622, 880 S.W.2d 316, 319 (1994). Accordingly, we hold that predispute contractual jury waivers are unenforceable under the Arkansas Constitution. Because we hold that the circuit court erred in denying Tilley his constitutional right to a jury trial on his legal claims pursuant to the clean-up doctrine and the loan agreement’s predispute jury-waiver clause, we reverse and remand.²

II. Netv-Business Rule

For his final point on appeal, Tilley argues that the circuit court abused its discretion by granting MNB and Moore’s motion in limine to exclude Tilley’s future lost-profit damages. Tilley contends that the circuit court based its erroneous finding that such damages are not recoverable in Arkansas under a per se new-business rule set forth in *Marvell Light & Lee Co. v. General Electric Co.* 162 Ark. 467, 259 S.W. 741 (1924).

Tilley asserts that Marvell has not been followed by an Arkansas court for almost a century and is inconsistent with the current law in Arkansas. Tilley asserts that this issue will likely arise in a subsequent trial and thus urges this court to consider whether a per se rule against recovery of lost profit damages for a new business applies in Arkansas. In response, MNB and Moore argue that Tilley's lost-profit evidence should have been excluded under the new-business rule. MNB and Moore argue that Marvell has not been overturned by this court. Alternatively, they assert that Tilley's appeal on this basis is moot. MNB and Moore contend that, despite granting their motion in limine, the circuit court allowed Tilley to introduce evidence at trial to show that the business ventures in question were not new business ventures. Because Tilley's argument regarding the per se new-business rule will likely arise on retrial, we agree that it should be addressed now. Marvell stands for the proposition that under the new-business rule, evidence of lost profits is inadmissible because the "anticipated profits of the new business are too remote, speculative, and uncertain to support a judgment for their loss." Marvell, 162 Ark. at 470, 259 S.W. at 741. However, in subsequent cases we have held that when a party seeks to recover anticipated profits, he or she must present a reasonably complete set of figures to the jury and should not leave the jury to speculate as to whether there could have been any profits. *American Fidelity Fire Ins. v. Kennedy Bros. Constr., Inc.*, 282 Ark. 545, 670 S.W.2d 798 (1984). We hold today that the standard set forth in *American Fidelity Fire Insurance* is applicable even when there is an allegation of lost profits from a new business venture. Thus, we overrule Marvell to the extent that it holds that there is a per se new-business rule preventing lost profits unless the business is an old business. Affirmed in part; reversed and remanded in part; court of appeals' opinion vacated. Special Justice Jonathan Q. Warren joins in this opinion. Goodson, Wood, and Womack, JJ., dissent. KEMP, C.J., not participating. . MNB's replevin claim was settled. . Because we hold that predispute contractual jury waivers are unenforceable, we do not address Tilley's remaining arguments regarding jury waivers.