

SUPREME COURT OF TENNESSEE

Trau-Med of America, Inc. d/b/a Bellevue Clinic v. Allstate Insurance Company, et al.

No. W1999-01524-SC-R11-CV · No. W1999-01524-SC-R11-CV · Decided November 13, 2001

SUMMARY

The Supreme Court of Tennessee held that the complaint sufficiently alleged a claim for intentional interference with business relationships, including improper motive and improper means. The court also held that an insurer may be vicariously liable for acts of defense counsel that the insurer directed, commanded, or knowingly authorized. It dismissed the civil conspiracy claim for failure to satisfy the plurality requirement and affirmed in part, reversed in part, and remanded.

CASE DETAILS

COURT	Supreme Court of Tennessee
WRITING FOR THE COURT	William M. Barker, J.; Frank F. Drowota, III, C.J.; E. Riley Anderson, J.; Adolpho A. Birch, Jr., J.; Janice M. Holder, J.
JURISDICTION	Tennessee
DECIDED	November 13, 2001
DOCKET	W1999-01524-SC-R11-CV
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal by permission under Tennessee Rule of Appellate Procedure 11 from the Court of Appeals' reversal of dismissal of claims for tortious interference with business relationships and civil conspiracy.
STANDARD OF REVIEW	Review of a Rule 12.02(6) dismissal is de novo. The court determines only the legal sufficiency of the complaint, construes the complaint liberally, presumes factual allegations to be true, gives the plaintiff the benefit of reasonable inferences, and will not dismiss unless the plaintiff can prove no set of facts warranting relief.
PRECEDENTIAL VALUE	precedential
PARTIES	Allstate Insurance Company, Vickie Harris, Charles E. Ferrell, Leslie Johnson, Ron Iden v. Trau-Med of America, Inc. d/b/a Bellevue Clinic

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QUESTIONS PRESENTED

1. Whether an insurer may be held vicariously liable for acts of attorneys hired to defend the insurer's policyholders when the insurer allegedly directed, commanded, or knowingly authorized those acts.
2. Whether the complaint sufficiently alleged the elements of intentional interference with business relationships.
3. Whether judicial privilege applicable to defamation claims bars an intentional-interference claim based on statements made during or in contemplation of litigation.
4. Whether a corporation and its employees, agents, or attorneys can constitute the requisite plurality of legal actors for an actionable civil conspiracy when the alleged conduct was undertaken on behalf of the corporation and within the actors' representative capacities.

HOLDINGS

1. An insurer may be held vicariously liable for acts or omissions of an attorney hired to represent an insured when those acts or omissions were at least partly directed, commanded, or knowingly authorized by the insurer.
2. Tennessee recognizes a tort of intentional interference with business relationships. A plaintiff must show: an existing business relationship with specific third parties or a prospective relationship with an identifiable class of third persons; the defendant's knowledge of the relationship; intent to cause its breach or termination; an improper motive or improper means; and resulting damages.
3. Judicial privilege applicable to defamation claims does not bar a claim for intentional interference with business relationships when the plaintiff seeks recovery for pecuniary loss from interference rather than damages for defamation.
4. There is no actionable civil conspiracy where the alleged conspiracy is essentially a single corporation acting through its officers, directors, employees, and agents within the scope of their employment. To plead an actionable intracorporate conspiracy, the complaint must allege that the corporate actors acted outside the scope of employment to further personal purposes rather than the corporation's interests.

KEY QUOTATIONS

"We expressly adopt the tort of intentional interference with business relationships, thereby overruling that portion of our decision in Nelson." (at -7 to -8)

"We also hold that liability should be imposed on the interfering party provided that the plaintiff can demonstrate the following: (1) an existing business relationship with specific third parties or a prospective relationship with an identifiable class of third persons; (2) the defendant's knowledge of that relationship and not a mere awareness of the plaintiff's business dealings with others in general; (3) the defendant's intent to

cause the breach or termination of the business relationship; (4) the defendant's improper motive or improper means, and finally, (5) damages resulting from the tortious interference.” (at -8)

“We recognize the rule expressed by this doctrine as a sound one, and consequently, we hold that there can be no actionable claim of conspiracy where the conspiratorial conduct alleged is essentially a single act by a single corporation acting through its officers, directors, employees, and other agents, each acting within the scope of his or her employment.” (at -10)

FACTUAL BACKGROUND

Trau-Med, a medical clinic, alleged that Allstate and persons acting for Allstate sought to limit referrals to the clinic and control Allstate's claims expenses. The complaint alleged that Allstate made or caused defamatory statements and litigation filings accusing Trau-Med of unlawful medical and physical-therapy practices, circulated a list of targeted clinics, and threatened or intimidated attorneys and claimants. Trau-Med alleged that these actions damaged its business relationships, reputation, and prospective economic advantage.

PROCEDURAL HISTORY

Trau-Med filed suit asserting, among other claims, tortious interference with business relationships and civil conspiracy. The Shelby County Circuit Court dismissed all claims under Tennessee Rule of Civil Procedure 12.02(6), with some claims dismissed voluntarily. The Court of Appeals affirmed dismissal of the abuse-of-process claim but reversed dismissal of the tortious-interference and conspiracy claims. The Tennessee Supreme Court affirmed the reversal as to tortious interference, reversed as to conspiracy, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand to the Shelby County Circuit Court for further proceedings consistent with the opinion. The tortious-interference claim may proceed; the civil-conspiracy claim is dismissed for failure to state a claim.

CASES CITED

- Bell ex rel. Snyder v. Icard, Merrill, Cullis, Timm, Furen & Ginsburg, P.A., 986 S.W.2d 550 (Tenn. 1999)
- Pursell v. First American National Bank, 937 S.W.2d 838 (Tenn. 1996)
- Doe v. Sundquist, 2 S.W.3d 919 (Tenn. 1999)
- Fuerst v. Methodist Hospital South, 566 S.W.2d 847 (Tenn. 1978)
- White v. Revco Discount Drug Centers, Inc., 33 S.W.3d 713 (Tenn. 2000)
- In re Youngblood, 895 S.W.2d 322 (Tenn. 1995)
- Givens v. Mullikin, ____ S.W.3d ____ (Tenn. 2002)
- Hutton v. Watters, 132 Tenn. 526, 179 S.W. 134 (1915)
- Nelson v. Martin, 958 S.W.2d 643 (Tenn. 1997)

- Quality Auto Parts Co. v. Bluff City Buick Co., 876 S.W.2d 818 (Tenn. 1994)
- Top Service Body Shop, Inc. v. Allstate Insurance Co., 582 P.2d 1365 (Or. 1978)
- Lann v. Third National Bank, 198 Tenn. 70, 277 S.W.2d 439 (1955)
- Zdeb v. Baxter International, Inc., 697 N.E.2d 425 (Ill. App. Ct. 1998)
- Brown v. Birman Managed Care, Inc., 42 S.W.3d 62 (Tenn. 2001)
- Haverty Furniture Co. v. Foust, 174 Tenn. 203, 124 S.W.2d 694 (1939)
- Forrester v. Stockstill, 869 S.W.2d 328 (Tenn. 1994)
- Standard Oil Co. v. State, 117 Tenn. 618, 100 S.W. 705 (1907)
- Donaldson v. Donaldson, 557 S.W.2d 60 (Tenn. 1977)
- Clark v. National Travelers Life Insurance Co., 518 F.2d 1167 (6th Cir. 1975)
- Johnson v. Hills & Dales General Hospital, 40 F.3d 837 (6th Cir. 1994)

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