

PUBLICATION

Baker Donelson Attorneys Secure Major Defense Win for Memphis City Schools

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(Memphis, TN / November 10, 2010) Attorneys Bruce A. McMullen, Robert F. Tom and Steven W. King of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, successfully defended the Board of Education of the Memphis City Schools (MCS) in a breach of contract lawsuit filed by SchoolTrans, LLC.

SchoolTrans, a bus company that provided transportation for special education children on behalf of the school system, filed suit against MCS in December 2008, after MCS terminated its contract with the company. SchoolTrans had sought lost profits of \$4.5 million. On November 4, after a seven-day trial in Part 1 of the Chancery Court of Shelby County, Tennessee, the jury deliberated for less than two hours before returning a verdict denying SchoolTrans' claims that MCS had improperly terminated its contract with the company.

"The facts were that the school system was entirely within its rights in terminating the SchoolTrans contract and the termination was done properly," said Mr. McMullen, a shareholder in the Memphis office of Baker Donelson and lead counsel for MCS in the litigation. "We're pleased that the jury understood that the Board was acting in the best interests of the school system and its students, and we're gratified that Memphis City Schools is spared the burden of paying unjustified costs to SchoolTrans at a time when the school system is under significant budget pressures."

Jury trials on contract cases in Chancery Court are unusual, as are jury trials where a municipality is among the parties involved. Most municipal litigation falls under the Governmental Tort Liability Act, and by statute those cases are tried before judges only. In breach of contract matters such as this, parties are allowed a jury trial but this is generally not requested because of the complex defenses and claims involved. In this case SchoolTrans had demanded a jury trial but later tried to withdraw the jury demand.