

**IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
CIVIL TRIAL DIVISION**

HUBBARD,	:	JANUARY TERM, 2016
	:	
Plaintiff,	:	NO. 3135
	:	
vs.	:	COMMERCE PROGRAM
	:	
GEE, ET AL.,	:	Superior Court Docket
	:	
Defendants.	:	No. 2443 EDA 2017

OPINION

BY: Patricia A. McInerney, J.

November 03, 2017

Defendants-Appellants Shawn Gee, Ahmir Thompson, Tarik Trotter, Sports And Entertainment Financial Group, Inc., Grand Negaz, Inc. (“GNI”), Okay Tours, LLC, Grand Wizards, LLC, and The Roots On Tour, Inc. (collectively, “Appellants”) appeal from a June 21, 2017 discovery order, which adopted the recommendations of a special discovery master, Sandra Jeskie, Esquire, and in relevant part ordered Mr. Thompson and Mr. Trotter to produce their personal federal and state income tax returns from 2010 to the present. Because the discovery order is a non-final, interlocutory order that is not entitled to review under the collateral order doctrine, this appeal should be quashed.

However, in the event the appeal is not quashed, it should be denied as this Court did not abuse its discretion in entering the order. Contrary to Appellants’ assertions, the tax returns are relevant because they relate to, *inter alia*, proving, and proving damages for, the claim that Messrs. Thompson and Trotter routinely used the trademark “The Roots” with complete disregard to the ownership of the mark by GNI, a close corporation in which Plaintiff-Appellee

Leonard Hubbard Vs Gee Etal-OPFLD



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Leonard Hubbard (“Appellee”) is a minority shareholder and Messrs. Thompson and Trotter own a majority interest.

I. BACKGROUND

Appellee is a former member/bassist of the band, The Roots. “In or about 1991, [Appellee] was contacted by a friend of [twelve] years, Richard Nichols ... to help with a hip hop band of former CAPA students that he ... was considering [managing] called ‘The Square Roots’[.]” according to Appellee. (Pl.’s (Sec.) Am. Compl. ¶ 22). “It was then, in 1993, that the four core band members (Ahmir Thom[p]son, Tarik Trotter, [Appellee], and Malik Smart) got their big break – forming [GNI] and signing with Geffen Records as ‘The Roots’[.]” according to Appellee. (Id. at ¶ 28).

In April 1996, GNI caused the mark “The Roots” to be registered with the United States Patent and Trademark office. GNI, a Pennsylvania corporation, is the owner of the mark. Appellee is a minor shareholder of GNI owning 13%, while Messrs. Thompson and Trotter own a majority interest.¹

Mr. Gee has been the business manager of The Roots since approximately 1999. Mr. Nichols was the band manager of The Roots from approximately 1992 until his death on July 17, 2014. Since Mr. Nichols’ death, Mr. Gee has also taken on the duties of band manager.

In 2007, Appellee stopped performing with The Roots. On January 27, 2016, Appellee filed a complaint against Appellants. The causes of action asserted against Appellants include a shareholder derivative action against GNI and Messrs. Thompson, Trotter, and Gee for, among other things, “[d]iversion of the property and business opportunities of [GNI]” and “[u]surping

¹ According to Appellee’s Second Amended Complaint, Messrs. Thompson and Trotter each own 37% of GNI, or a total of 74%, and Mr. Smart owns the remaining 13% of GNI.

corporate opportunity by permitting the use of the registered mark The Roots without appropriate compensation.” (Id. at ¶ 164).

On January 20, 2017, Appellee served Appellants with a second request for production of documents. Within this request, Appellee sought Mr. Thompson’s and Mr. Trotter’s personal federal and state income tax returns for 1993 through the present. On February 20, 2017, Appellants served written responses and objections to Appellee’s second request for production of documents. Therein, Appellants objected to, among other things, producing the personal tax returns of Messrs. Thompson and Trotter as irrelevant to Appellee’s claims in this litigation.

On February 28, 2017, argument was held on several motions filed by Appellee to overrule objections lodged by Appellants. At the argument, this Court denied Appellee’s motion to overrule the objection as to personal information such as the personal tax returns of Messrs. Thompson and Trotter. Specifically, this Court stated: “Well, I’ll tell you what, initially, you’re not getting personal information. If you get the information [(e.g., other discovery)], [and] you think there is some basis to come back and ask further, you can.” (Tr., Feb. 28, 2017, pp. 46-47).

On April 7, 2017, Mr. Gee was deposed as the designee of the business entity Defendants. Mr. Gee’s clients include Messrs. Thompson and Trotter and all their business endeavors, including Defendants GNI, Okay Tours, LLC, Grand Wizards, LLC, and The Roots On Tour, LLC. Mr. Gee purports to represent these clients through his business entity, Defendant Sports And Entertainment Financial Group, Inc.

At his deposition, Mr. Gee was asked “whether or not there are any written agreements between GNI and any other entity which permit the use of the mark The Roots[.]” (Dep. of Shawn Gee, Apr. 7, 2017, p. 67). He could not recall. When asked “what efforts GNI makes ... to determine who is using the registered mark The Roots[.]” Mr. Gee testified:

The people that use the mark The Roots are Tarik Trotter and Ahmir Thompson. They formed The Roots in high school. They are the original members of the band. They have had 15, 20 different musicians that have rotated in the The Roots and over the period of 20 years. however, the core members, the founders, the creative drivers of The Roots are those two individuals [Ahmir Thompson and Tarik Trotter].”

(Id. at pp. 68-69).

Mr. Gee was then asked whether or not Messrs. Thompson and Trotter “use the name The Roots for work that is done outside of GNI[.]” (Id. at p. 69). Mr. Gee answered:

Again, Tarik [Trotter] and Ahmir [Thompson] are The Roots from the public perspective and from a formation perspective. The writing, the music, the public perception, the public reality, you know, they are The Roots. We’ve had five different guitar players, four different base players, we’ve had vocalists, DJs, percussionists, however, they are the center of who The Roots are and have always been.

(Id.).

Following that answer, counsel for Appellee asked that the question be read back. However, before that was done, Mr. Gee and Appellants’ counsel intervened and asked that the answer be read back as well. The attorneys then engaged in a lengthy but unproductive dialog regarding the responsiveness of Mr. Gee’s answer, with counsel for Appellee ultimately moving on to other subjects, including the late-night talk shows affiliated with Jimmy Fallon for which The Roots have served as the house band. Regarding *Late Night* and *The Tonight Show*, it was learned from Mr. Gee that Messrs. Thompson and Trotter formed another entity, Truer Notes, Inc., to enter into those contracts.

Following Mr. Gee’s deposition, Appellee served a number of additional discovery requests and ultimately filed a number of different discovery motions, including a Motion to Overrule Objections to Second Request for Production that sought the personal tax returns of Messrs. Thompson and Trotter, among other things. On June 6, 2017, the Court appointed

Sandra Jeskie, Esquire as the discovery master for this case. On June 21, 2017, following argument before Ms. Jeskie, Ms. Jeskie submitted a ten-page Report and Recommendation of Special Discovery Master. Regarding the Motion to Overrule Objections to Second Request for Production, Ms. Jeskie in most relevant part stated the following in her report:

[Appellee] is a minority shareholder/member of [GNI], the entity that owns the trademark "The Roots". [Appellee's] Second Request for the Production of Documents Requests 1 [and] 2 ... seek[] ... tax returns ... from [Messrs. Thompson and Trotter]

A Confidentiality Stipulation is in place that [Appellee] alleges would sufficiently protect tax returns²

[Appellee] argues that the requested information is necessary to identify revenue streams associated with use of the trademark and to quantify the value of the trademark. [Appellee] also argues that GNI failed to take steps to protect the value of the trademark and that it is being used in other business endeavors without compensation to the owner of the mark, GNI. [Appellants] served objections and [Appellee] filed a motion to overrule the objections.

During the February 28, 2017 argument before the Court, the Court placed limits on the scope of discovery including a time limit precluding documents beyond 2010 and precluding the production of personal information from the individual defendants. At that time, the Court advised [Appellee] that he could renew his request for personal information if discovery yielded information to support the request.

[Appellee] alleges that such new information was identified at the April 7, 2017 deposition of [Mr.] Gee. [Mr.] Gee is the manager of [Messrs.] Thompson and Trotter, as well as [GNI], Okay Tours, LLC, and The Roots on Tour, Inc. He testified as the designee for [Defendants] Sports and Entertainment Group, Inc., [GNI], Okay Tours, LLC, Grand Wizards, LLC and The Roots on Tour, Inc.

[Appellee] asserts that at the deposition, [Mr.] Gee testified that [Messrs.] Thompson and Trotter routinely use the mark in their personal and other business endeavors and they formed another entity, Truer Notes, Inc. to contract with the Tonight Show as its house band using the mark "The Roots".

² On April 21, 2017, the Trial Court entered an order approving a stipulation regarding confidentiality that the parties had previously entered into.

[Appellants] argue that [Appellee] is not entitled to broad financial records of the individual [Defendants] and that [Appellants] have already produced voluminous financial documents, including financial ledgers.

(Report and Recommendation pp. 2-3 (citations to the record omitted)(footnote added)).

Following this overview of the positions of the parties, Ms. Jeskie suggested to the Court in most relevant part that “[Appellee] ha[d] set forth a sufficient basis to request the personal federal and state tax returns of [Messrs. Thompson and Trotter] from 2010 to the present to determine if the[re] are any other revenue streams associated with their use of the trademark, The Roots.” (Id. at p. 3). As such, Ms. Jeskie recommended that “[Appellants’] objections to [Appellee’s] Requests 1(b) and 2(b) of [Appellee’s] Second Request for the Production of Documents be overruled.” (Id.). On June 21, 2017, the Trial Court entered an order adopting Ms. Jeskie’s recommendations, which in part required that “[Messrs.] Thompson and Trotter must produce personal federal and state tax returns from 2010 to the present within 10 days.” (Order, June 21, 2017, at Attach. 1 p. 8).

On June 30, 2017, Appellants filed a Motion for Protective Order and Reconsideration of the June 21, 2017 Order. Therein, Appellants challenged the aspects of the June 21, 2017 Order that required the production of personal tax returns from Messrs. Thompson and Trotter, arguing “Mr. Thompson’s and Mr. Trotter’s personal tax returns will not show whether any revenue they receive[d] is associated with the trademark or not.” (Defs.’ Mot. for Recons., June 30, 2017, ¶ 12 (emphasis original)). Accordingly, Appellants “request[ed] that this Court vacate its June 21, 2017 [Order] insofar as it relates to the production or tax returns from Mr. Thompson and Mr. Trotter.” (Id. at ¶ 12). On July 10, 2017, this Court entered an order denying the motion for reconsideration.

On July 19, 2017, Appellants filed the instant appeal as well as an application to amend the Court's June 21, 2017 Order to certify it for immediate appeal. In their application for certification, Appellants stated, "[a]lthough Ms. Jeskie opines that '[Appellee] has set forth a sufficient basis to request the personal federal and state tax returns,' Ms. Jeskie fail[ed] to identify or set forth the purported 'sufficient basis.'" (Defs.' Application to Amend, July 19, 2017, ¶ 8). Appellants then proceeded to argue they were entitled to immediate appellate review because "Pennsylvania law treats tax returns as confidential communications between a taxpayer and the government" and Appellee had not "shown that Mr. Thompson's and Mr. Trotter's personal tax returns are relevant" or "demonstrated that the information he seeks is not available elsewhere." (Id. at ¶¶ 15, 16).

Regarding relevancy, Appellants asserted "Mr. Thompson's and Mr. Trotter's personal tax returns will not show whether any revenue they receive[d] is associated with the trademark or not or the value of the trademark." (Id. at ¶ 16). Regarding whether this information is available elsewhere, Appellants asserted "this information would be available in contracts for performance using the name or involving 'The Roots,' the only contract of which [, i.e., *The Tonight Show* contract,] has already been produced in this litigation." (Id.). Moreover, Appellants continued "[t]his information would also be discoverable in depositions of Mr. Thompson and Mr. Trotter, although [Appellee] has not yet deposed either." (Id.).

On August 7, 2017, Appellee filed an answer in opposition to Appellants' application to amend. In contravention of Appellants' assertion, Appellee stated Ms. Jeskie "identifie[d] the argument of [Appellee] on the deposition testimony of [Mr.] Gee regarding the use of the mark The Roots, in the personal and business endeavors of [Messrs.] Thompson and Trotter, and the formation of True[r] Notes, Inc., to contract with *The Tonight Show* using the mark, as the basis

for her recommendation.” (Pl.’s Answer to Defs.’ Application to Amend, Aug. 7, 2017, ¶ 8 (some emphasis added, some emphasis removed)).

Then, in terms of the propriety of certification for immediate appeal, Appellee argued the information is relevant “where, as here, the individual defendants have treated as their *personal* property, the registered mark The Roots, disregarding entirely the fact that the mark is owned by a corporation with other shareholders, [Appellee] is entitled to their tax returns to discover sources of revenue from that use, and other diversions of income to them from the corporation.” (Id. (Mem.) at p. 9 (emphasis removed)). Moreover, Appellee continued: “This need becomes readily apparent from the contract for *The Tonight Show*. That contract is for the services of The Roots, and is signed by GNI. Yet GNI has not received a dime from the revenue that contract produces.” (Id. (emphasis removed)).

Regarding whether this information is available elsewhere, Appellee argued the party resisting discovery, not the part seeking discovery, “has the burden of proving that there is no compelling need for the tax returns because an alternative source for the information exists.” (Id.). As such, Appellee argued “[t]his Court appropriately exercised its discretion in deciding that [Appellants] ha[d] not made a sufficient showing of lack of need or alternative source.” (Id.). Appellee then continued “[t]he personal tax returns are the only source of information on revenue streams that can be relied upon as complete and honest.” (Id. at 10).

In terms of the alternative sources proposed by Appellants, Appellee contended “[t]he suggestion of depositions supposes that these two artists, who are busy being creative, will provide complete information.” (Id.). And “[t]he suggestion of contracts supposes that all the personal uses of the mark are through written agreement.” (Id.).

On August 10, 2017, this Court signed an order denying the application to amend to certify for immediate appeal. On August 18, 2017, Appellants filed a petition for review of the denial of their application to amend, which was subsequently denied *per curiam* by the Superior Court.

On August 22, 2017, Appellee filed an application to quash the instant appeal. On September 29, 2017, Appellee's application to quash was denied *per curiam* by the Superior Court, but without prejudice to raising the issue with the panel to which the appeal is assigned.

Now, the Trial Court files the instant opinion to also suggest the instant appeal should be quashed for lack of jurisdiction or, alternatively, denied as Appellants' complaints of error as follow are without merit. That is, that the Court erred:

1. ... when it ordered Mr. Thompson and Mr. Trotter to produce their personal federal and state tax returns ... because [Appellee] did not demonstrate that the tax returns are relevant[;]

2. ... when it ordered Mr. Thompson and Mr. Trotter to produce their personal federal and state tax returns ... because [Appellee] did not make a compelling showing for the disclosure of personal tax returns[, i.e., that the information sought is not available elsewhere][;]

3. ... when it ordered Mr. Thompson and Mr. Trotter to produce their personal federal and state tax returns ... because [it] ... was contrary to the trial court's previous ruling during the February 28, 2017 oral argument, where it held that [Appellee] was precluded from seeking ... personal information from Mr. Thompson and Mr. Trotter unless [Appellee] could identify a stronger, separate basis for needing the information apart from revenue streams associated with the mark[;]

4. ... when it appointed a discovery master on a matter it had already considered and ruled upon when the trial court accepted the discovery master's recommendation in its June 21 Order[;]

5. ... when it denied [Appellants'] Motion for Reconsideration of the June 21, 2017 Order without a hearing, thereby prohibiting [Appellants] from creating a record, as argument relating to the June 21, 2017 Order was held before a discovery master

(Defs.' 1925(b) Statement, Aug. 7, 2017, ¶¶ 1-5).

II. DISCUSSION

A. **The Instant Appeal Should Be Quashed as an Appeal of a Non-Final, Interlocutory Discovery Order Not Entitled to Collateral Order Review.**

“Pennsylvania law makes clear: [A]n appeal may be taken from: (1) a final order or an order certified as a final order (Pa.R.A.P. 341); (2) an interlocutory order as of right (Pa.R.A.P. 311); (3) an interlocutory order by permission (Pa.R.A.P. 312, 1311, 42 Pa.C.S.A. § 702(b)); or (4) a collateral order (Pa.R.A.P. 313).” *Stahl v. Redcay*, 897 A.2d 478, 485 (Pa. Super. Ct. 2006) (quotations omitted). “A final order is one that disposes of all the parties and all the claims, is expressly defined as a final order by statute, or is entered as a final order pursuant to the trial court’s determination.” *Id.* at 485. “Generally, discovery orders are deemed interlocutory and not immediately appealable, because they do not dispose of the litigation.” *Meyer-Chatfield Corp. v. Bank Fin. Servs. Grp.*, 143 A.3d 930, 936 (Pa. Super. Ct. 2016).

In this case, the June 21, 2017 Order being appealed from is a discovery order. This Court does not believe Appellants would contest that such orders are generally deemed interlocutory and not immediately appealable, which is why they filed their application to amend the Court’s June 21, 2017 Order to certify it for immediate appeal pursuant to 42 Pa. C.S. § 702(b) which provides:

When a court or other government unit, in making an interlocutory order in a matter in which its final order would be within the jurisdiction of an appellate court, shall be of the opinion that such order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination

of the matter, it shall so state in such order. The appellate court may thereupon, in its discretion, permit an appeal to be taken from such interlocutory order.

42 Pa. C.S. § 702(b).

This Court considered Appellants' application to amend to certify for immediate appeal. Appellants' application without doubt fully articulated their positions at issue in this appeal. This Court, however, also considered Appellee's response in opposition thereto, which showed Appellants' issues are without merit, and therefore denied Appellants' application.

As is their right, and as is proper, Appellants filed a petition for review of the denial of their application to amend to certify for immediate appeal. *See generally Dougherty v. Heller*, 138 A.3d 611, 629 n.10 (Pa. 2016) (quoting *Commonwealth v. Williams*, 86 A.3d 771 (Pa. 2014), for the proposition that "the collateral order doctrine is to be narrowly construed in order to buttress the final order doctrine and in recognition that a party may seek an interlocutory appeal by permission pursuant to Appellate Rule 312."). The Superior Court, however, denied that petition. That is where this matter should have ended. Nevertheless, Appellants continue with this appeal seeking to have the Superior Court find jurisdiction pursuant to the collateral order doctrine.

In this Court's opinion, collateral order review is inappropriate in this case. Moreover, should the Superior Court as a general matter allow the appeal of any discovery order requiring the production of personal income tax returns in a business dispute, it will erode the final order rule and hamper a trial court's ability to control discovery. As such, this Court gives the following opinion as to why collateral order review is inappropriate.

In regard to collateral order review, the Superior Court has stated:

"A collateral order is an order separable from and collateral to the main cause of action where the right involved is too important to be denied review and the question presented is such that if review is postponed until final judgment in the

case, the claim will be irreparably lost.” Pa.R.A.P. 313(b). “[T]he collateral order doctrine is a specialized, practical application of the general rule that only final orders are appealable as of right.” *Melvin v. Doe*, 575 Pa. 264, 836 A.2d 42, 46–47 (2003). “Thus, Rule 313 must be interpreted narrowly, and the requirements for an appealable collateral order remain stringent in order to prevent undue corrosion of the final order rule.” *Id.* at 47. “To that end, each prong of the collateral order doctrine must be clearly present before an order may be considered collateral.” *Id.*

Meyer-Chatfield, 143 A.3d at 936. *See also Ben v. Schwartz*, 729 A.2d 547, 550 (Pa. 1999) (stating the elements defining a collateral order are “separability, importance, and irreparable loss if review is postponed”) and *Dougherty*, 138 A.3d at 628 (stating “the collateral order doctrine is to be administered narrowly, in a manner which does not unduly undermine the general policy against piecemeal appeals.”).

Therefore, “[f]or an order to be collateral, and thus appealable, it must include the three [elements] defined in Rule 313(b): (1) the order is separable from the main cause of action; (2) the right involved is too important to be denied review; and (3) the claim would be irreparably lost if review is postponed.” *J.S. v. Whetzel*, 860 A.2d 1112, 1116 (Pa. Super. Ct. 2004). In this case, the June 21, 2017 discovery order fails to satisfy the separability element of collateral order review, and the importance element also mitigates against collateral order review.

Regarding the separability element, “[a]n order is separable from the main cause of action if it is entirely distinct from the underlying issue in the case and if it can be resolved without an analysis of the merits of the underlying dispute.” *K.C. v. L.A.*, 128 A.3d 774, 778 (Pa. 2015) (quotations omitted). As to separability, our Supreme Court “has adopted a practical analysis recognizing that some potential interrelationship between merits issues and the question sought to be raised in the interlocutory appeal is tolerable[.]” *Pridgen v. Parker Hannifin Corp.*, 905 A.2d 422, 433 (Pa. 2006), while the Superior Court has held “[a]n order is not separable if the matter being reviewed has the potential to resolve an issue in the case.” *Jacksonian v. Temple*

Univ. Health Sys. Found., 862 A.2d 1275, 1279 (Pa. Super. Ct. 2004). Thus, “a claim is sufficiently separate from the underlying issues for purposes of collateral order review if it is conceptually distinct from the merits of plaintiff’s claim, that is, where, even if practically intertwined with the merits, [it] nonetheless raises a question that is significantly different from the questions underlying plaintiff’s claim on the merits[.]” *Pridgen*, 905 A.2d at 433 (quotations omitted).

Here, the June 21, 2017 discovery order requiring Mr. Thompson and Mr. Trotter to produce their personal federal and state income tax returns from 2010 to the present is not distinct from underlying issues in the case and has the potential to resolve those issues. Appellee has asserted causes of action against Appellants for, among other things, “[d]iversion of the property and business opportunities of [GNI]” and “[u]surping corporate opportunity by permitting the use of the registered mark The Roots without appropriate compensation.” (Pl.’s (Sec.) Am. Compl. ¶ 164). Appellee has asserted Mr. Thompson’s and Mr. Trotter’s personal tax returns are necessary to identify revenue streams associated with use of the trademark and to quantify the value of the trademark. Appellee has also argued GNI failed to take steps to protect the value of the trademark and that it is being used in other business endeavors without compensation to the owner of the mark, GNI.

In their 1925(b) statement, Appellants complain the discovery at issue is not relevant because “Mr. Thompson’s and Mr. Trotter’s personal tax returns will not show whether any revenue they receive is associated with the trademark nor will they show the value of [the] trademark.” (Defs.’ 1925(b) Statement ¶ 1). While this Court agrees with Appellants to the extent that they assert the tax returns will not on their face show whether the revenue Mr. Thompson and Mr. Trotter received is associated with the trademark or the value of the

trademark itself, that does mean the tax returns are not relevant to Appellee's claims in terms of liability and damages.

For example, regarding *The Tonight Show* contract, Appellee asserts "[t]hat contract is for the services of The Roots, and is signed by GNI[,] but GNI has not received a dime from the revenue that contract produces." (Pl.'s Answer to Defs.' Application to Amend (Mem.) p. 9 (emphasis removed)). If Mr. Thompson's and Mr. Trotter's personal tax returns show they received income from that contract, that coupled with *The Tonight Show* contract and GNI's tax returns is arguably relevant evidence against them in terms of liability for diversion and usurping the trademark, among other things. And while perhaps not on a dollar for dollar basis, it would also seem beyond cavil that that income would be relevant to an expert in quantifying the value of the trademark.

Nevertheless, arguing relevance as Appellants have done here shows the discovery issues in the June 21, 2017 Order are not conceptually distinct from, and cannot be addressed without an analysis of, the underlying claims. This is not like a case where a discovery order required the disclosure of a defendant's medical expert witness's personal income tax returns for purposes of impeachment in a personal injury case, and the issue was found to be "wholly separable from the underlying negligence and loss of consortium actions." *Cf. Feldman v. Ide*, 915 A.2d 1208, 1211 (Pa. Super. Ct. 2007) (over one dissent, finding an order overruling objections to a request for production of the defendant's medical expert witness's personal income tax returns to determine potential bias in a personal injury action to be a collateral order). Rather, this is a case where the discovery issues go to the heart of Appellee's claims. As such, the June 21, 2017 discovery order fails to satisfy the separability prong for collateral order review and the instant appeal should be quashed.

Additionally, in terms of whether the right involved is too important to be denied review, courts of the Commonwealth are to “weigh the interests implicated in the case against the costs of piecemeal litigation.” *Ben.* 729 A.2d at 552. “For purposes of defining an order as a collateral order under Rule 313, it is not sufficient that the issue be important to the particular parties. Rather it must involve rights deeply rooted in public policy going beyond the particular litigation at hand.” *Id.*, quoting *Geniviva v. Frisk*, 725 A.2d 1209, 1213-12 (Pa. 1999). Thus, “[t]he overarching principle governing ‘importance’ is that ... an issue is important if the interests that would potentially go unprotected without immediate appellate review of that issue are significant relative to the efficiency interests sought to be advanced by adherence to the final judgment rule.” *Ben.* 729 A.2d at 552 (some quotations omitted).

Here, Messrs. Thompson and Trotter have a statutory privacy interest in the information contained in their tax returns. *See, e.g., Dougherty*, 138 A.3d at 628-29 (noting the statutory privacy interest in federal tax returns). Thus, while not a privacy interest of a constitutional magnitude, Messrs. Thompson and Trotter have a significant privacy interest in terms of the information contained in their tax returns. This interest, however, must be weighed against the efficiency interests sought to be advanced by adherence to the final judgment rule and the fact that the parties in this case have a confidentiality agreement. As stated above, the overarching principle for finding “importance” is that a significant interest would potentially go unprotected without immediate appellate review. Here, the privacy interest is less than constitutional and is significantly protected by the parties’ confidentiality agreement. Thus, when weighed against the costs of piecemeal litigation, the importance element also mitigates against collateral order review.

B. Alternatively, the Instant Appeal Should Be Denied as Appellants' Complaints of Error Are Meritless.

In their 1925(b) statement, Appellants assert five complaints of error with the first being that this Court erred “when it ordered Mr. Thompson and Mr. Trotter to produce their personal federal and state tax returns ... because [Appellee] did not demonstrate that the tax returns are relevant.” (Defs.’ 1925(b) Statement ¶ 1). Specifically, Appellants argue Mr. Thompson’s and Mr. Trotter’s personal income tax returns are irrelevant because they “will not show whether any revenue they receive[d] is associated with the trademark nor will they show the value of [the] trademark.” (Defs.’ 1925(b) Statement ¶ 1).

In this Court’s opinion, this issue has been adequately addressed above in the context of the non-separability of this issue from the underlying merits of Appellee’s claims for purposes of the collateral order review, and it has no merit. Information pertaining to liability and information pertaining to damages are both discoverable. *See, e.g., Hyman Cos., Inc. v. Brozost*, 1997 WL 535180 * (E.D.Pa., Aug. 8, 1997) (stating “[i]nformation regarding damages is as discoverable as information pertaining to liability.”). As discussed above, Mr. Thompson’s and Mr. Trotter’s personal income tax returns are relevant in terms of both liability and damages and thus discoverable by Appellee. *See generally* Pa. R. Civ. P. 4003.1 (stating, subject to certain limits, “a party may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action, whether it relates to the claim or defense of the party seeking discovery....”).

Next, Appellants complain this Court erred “when it ordered Mr. Thompson and Mr. Trotter to produce their personal federal and state tax returns ... because [Appellee] did not make a compelling showing for the disclosure of personal tax returns.” (Defs.’ 1925(b) Statement ¶ 2). Specifically, Appellants argue an error occurred here because Appellee “did not demonstrate that

the information he sought (i.e., revenue streams associated with the mark) was not available elsewhere.” (Id.). Appellee, on the other hand, argues the party resisting discovery, not the party seeking discovery, “has the burden of proving that there is no compelling need for the tax returns because an alternative source for the information exists.” (Pl.’s Answer to Defs.’ Application to Amend (Mem.) p. 9). As any burden regarding availability elsewhere of information contained in tax returns falls on the party resisting discovery, not the party seeking discovery, there was no error on the part of this Court as Appellants allege.

Appellants have cited *Railroad Recovery Inc. v. Mast*, 2016 WL 3553152 *9 (Phila. C.C.P., May 13, 2016), for the proposition that Pennsylvania courts have found a party seeking discovery of tax returns must demonstrate both relevance and “a compelling need for such documentation because the information is not available elsewhere.” While there does not appear to be any Pennsylvania state court appellate case law on the issue, it appears the *Mast* court indeed reversed the burden as to compelling need/availability elsewhere as the underlying cases upon which it relied stated the burden regarding this element of discoverability of tax returns falls on the party resisting discovery, not the party seeking discovery.

For example, in *Hyman Companies*, the United States District Court for the Eastern District of Pennsylvania was faced with a plaintiff’s request for the defendants’ tax returns. 1997 WL 535180 at *2. In addressing this request, the court stated “[t]he general policy favoring liberal discovery ... must be balanced with the public policy favoring non-disclosure of tax returns as confidential communications between the taxpayer and the government.” *Id.* at *3.

Thereafter, the court continued:

In balancing these policies, courts have applied a two-part test. First, the party seeking discovery must demonstrate relevance. Second, if relevant, the returns will be discoverable unless the party resisting discovery meets its burden of

proving that there is no compelling need for the returns because an alternative source for the information exists.

Id.

As quoted above, the *Hyman Companies* court clearly placed the burden of proving that there is no compelling need for income tax returns because an alternative source for the information exists on the party resisting the discovery, not the party seeking the discovery. Moreover, it appears to this Court that the aforementioned two-part test is derived from federal case law, and that case law as a whole gives a party resisting disclosure of income tax returns a means to do so by showing an alternative source for the information exists. *See, e.g., Fort Washington Resources, Inc. v. Tannen*, 153 F.R.D. 78, 80 (E.D.Pa. 1994) (outlining the aforementioned two-part test and stating that “[i]f relevant, the tax returns will be discoverable unless the party resisting discovery meets its burden of proving there is no compelling need for the tax returns because the information available in the tax returns can be obtained from other sources.”).

Placing the burden to show an alternative source on the party resisting discovery of income tax returns makes an enormous amount of sense as that would be the party in the best position to know such an alternative source exists. Nevertheless, there clearly is no error as Appellants suggest, and to the extent there was any burden to demonstrate an alternative source for the information Appellee sought from Mr. Thompson’s and Trotter’s tax returns, it fell on Appellants and they failed to meet their burden.

Appellants cited contracts for performance using the name or involving “The Roots” and Mr. Thompson’s and Mr. Trotter’s depositions as alternative sources for the information Appellee seeks. As Appellee has argued, “[t]he suggestion of depositions supposes that these two artists, who are busy being creative, will provide complete information” and “[t]he suggestion of

contracts supposes that all the personal uses of the mark are through written agreement.” (Pl.’s Answer to Defs.’ Application to Amend (Mem.) p. 10).

At this juncture, and given Mr. Gee’s testimony and Appellee’s difficulty in obtaining *The Tonight Show* contract and revelations related thereto, “[t]he personal tax returns are the only source of information on revenue streams that can be relied upon as complete and honest[.]” (Id.). While this Court would not dispute assertions such as that Mr. Thompson and Mr. Trotter are famed in their own right, and therefore receive income from sources as a result of work on individual projects unrelated to their membership in The Roots, this Court also believes it is equally beyond dispute that there is some value to the trademark, The Roots. Through Mr. Gee’s testimony, Appellee had shown “a sufficient basis to request the personal federal and state tax returns of [Messrs.] Thompson and Trotter from 2010 to present to determine if the[re] are any other revenue streams associated with their use of the trademark, The Roots.” (Report and Recommendation p. 3). Appellants, on the other hand, failed to meet any burden of proving there is no compelling need for the returns because an alternative source for the information exists.

Next, Appellants complain this Court erred “when it ordered Mr. Thompson and Mr. Trotter to produce their personal federal and state tax returns ... because [it] ... was contrary to the trial court’s previous ruling during the February 28, 2017 oral argument, where it held that [Appellee] was precluded from seeking ... personal information from Mr. Thompson and Mr. Trotter unless [Appellee] could identify a stronger, separate basis for needing the information apart from revenue streams associated with the mark[.]” (Defs.’ 1925(b) Statement ¶ 3). As recognized by the discovery master and Appellee, there was no ruling that Appellee was precluded from seeking personal tax returns from Mr. Thompson and Mr. Trotter unless he identified a stronger, separate basis for needing the information apart from revenue streams

associated with the mark, but rather that if other discovery yielded information to support the request, Appellee could come back and ask again. Therefore, again, there is no error as Appellants assert.

At the February 28, 2017 discovery hearing, this Court was concerned about protecting the individual Defendants privacy interests in such things as their personal tax returns. This Court was also aware that Appellee was seeking and had yet to receive a lot of additional discovery. That is why when it stated that while Appellee was not going to initially get discovery of a personal nature, this Court meant that he could renew his request for personal information if further discovery yielded information to support the request when it stated, “[i]f you get the information, you think there is some basis to come back and ask further, you can.” (Tr., Feb. 28, 2017, pp. 46-47).

Next, Appellants complain this Court erred “when it appointed a discovery master on a matter it had already considered and ruled upon when the trial court accepted the discovery master’s recommendation in its June 21 Order.” (Defs.’ 1925(b) Statement ¶ 4). Specially, Appellants complain “the June 21 Order was contrary to the trial court’s previous finding during the February 28, 2017 oral argument, and contained no support for its recommendation.” (Id.).

Similar to an argument in their application to amend, what Appellants appear to be arguing here is that this Court erred in adopting the discovery master’s recommendation because “[a]lthough Ms. Jeskie opines that ‘[Appellee] has set forth a sufficient basis to request the personal federal and state tax returns,’ Ms. Jeskie fail[ed] to identify or set forth the purported ‘sufficient basis.’” (Defs.’ Application to Amend ¶ 8). However, as Appellee has stated and this Court has discussed above, Ms. Jeskie “identifie[d] the argument of [Appellee] on the deposition testimony of [Mr.] Gee regarding the use of the mark The Roots, in the personal and business

endeavors of [Messrs.] Thompson and Trotter, and the formation of True[r] Notes, Inc., to contract with *The Tonight Show* using the mark, as the basis for her recommendation.” (Pl.’s Answer to Defs.’ Application to Amend ¶ 8 (some emphasis added, some emphasis removed)). The support for Ms. Jeskie’s recommendation was clear and there is no error as Appellants allege.

Finally, Appellants complain that this Court erred “when it denied [Appellants’] Motion for Reconsideration of the June 21, 2017 Order without a hearing, thereby prohibiting [Appellants] from creating a record, as argument relating to the June 21, 2017 Order was held before a discovery master” ((Defs.’ 1925(b) Statement ¶ 5).

As stated above, the basis for Ms. Jeskie’s recommendation regarding Mr. Thompson’s and Mr. Trotter’s tax returns was clear. So was the basis of Appellants’ Motion for Reconsideration, i.e. that “Mr. Thompson’s and Mr. Trotter’s personal tax returns will not show whether any revenue they receive[d] is associated with the trademark or not.” (Defs.’ Mot. for Recons. ¶ 12 (emphasis original)).

Denying Appellants’ motion without a hearing did not prohibit them from creating a record in this regard. In this case, the Court had previously entertained discovery motions and had a hearing related to the issue. The Court had also reviewed Ms. Jeskie’s Report and Recommendation, which included positions of the parties. Then, ultimately, the Court had Appellants’ Motion for Reconsideration before it. If Appellants’ record was not made by that point, it must have been made with Appellants’ subsequent application to amend and 1925(b) statement. Either way, there is no reversible error as Appellants suggest.

THEREFORE, for the reasons stated above, this appeal should be quashed. And in the event it is not quashed, it should be denied.

BY THE COURT:


McINERNEY, J