IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

United States Court of Appeals
Fifth Circuit
FILED
June 15, 2015
Lyle W. Cayce
Clerk

No. 13-11297
c/w No. 14-10365

MARSHALL HUNN, Agent of Hunn Designs,

Plaintiff – Appellant,

v.

DAN WILSON HOMES, INCORPORATED; DAN WILSON; BEN J. LACK,

Defendants – Appellees.

Appeals from the United States District Court
for the Northern District of Texas

Before DAVIS and ELROD, Circuit Judges.*

JENNIFER WALKER ELROD, Circuit Judge:

Appellee Ben Lack, who was employed as a draftsman at Appellant Marshall Hunn's architectural design firm, resigned from his position while in the middle of a project for Hunn's client, Appellee Dan Wilson Homes. After Lack resigned from Hunn's employ, Dan Wilson hired Lack to complete the project. Hunn, alleging that Lack and Wilson secretly agreed to this arrangement in advance—*i.e.*, that Lack and Wilson secretly agreed to cut Hunn out of the business relationship—brought numerous claims against Lack

* This opinion is being entered by a quorum of this court pursuant to 28 U.S.C. Section 46(d).

and Wilson. The district court granted summary judgment to Lack and Wilson on many of the claims and, after a bench trial, ruled in favor of Lack and Wilson on the remaining claims. Because the district court did not clearly err in finding that Lack and Wilson never made the alleged secret agreement, and because Hunn's legal theories lack merit, we AFFIRM.

I.

Dan Wilson is the owner and president of Dan Wilson Homes, Inc., which is a custom home construction company.[1] As relevant here, Wilson contracted with Hunn Designs, an architectural design firm owned by Marshall Hunn, to produce plans for four custom homes.[2] Wilson hired Hunn's firm because he wanted the plans to be drafted by Ben Lack, who was employed on an at-will basis by Hunn.[3]

Wilson and Hunn agreed to a fee amount of $1.25 per square foot of air-conditioned living space for plans drafted by Lack. Wilson made clear to Hunn that Wilson would be directing the design work as requested by his clients/homeowners and would not need any pre-designed plans from Hunn. Hunn's responsibilities were to provide quality plans in a timely manner for Dan Wilson Homes to use to build the custom homes. Lack was to draft the plans as directed by Wilson and the homeowners. Wilson's responsibility under the parties' agreement was to pay for the plans.

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[1] The facts recounted here are the facts as found by the district court, some of which are disputed by Hunn.

[2] We refer to these four plans as the Jeffers plan, the Winder/McGee plan, the Brown plan (after the last names of the clients), and the Showcase plan (which was a plan designed for an annual local builders' showcase event).

[3] The parties' arguments do not distinguish between the individuals and their businesses; accordingly, we use "Wilson" and "Dan Wilson Homes" interchangeably, and we do the same with "Hunn" and "Hunn Designs."

Lack was the only Hunn employee who worked on the four custom plans for Dan Wilson Homes, and Lack served as a representative for Hunn Designs at weekly meetings with Wilson and the homeowners. At these weekly meetings, Lack delivered paper copies of the plans to Wilson and the homeowners. After Lack commenced work on all four of the plans—but before he completed any of the plans—Lack decided to resign from his position at Hunn Designs. On October 5, 2011, Lack informed Hunn of his desire to resign. Hunn and his wife initially feared that Lack had agreed to work in-house for Dan Wilson Homes, but the next day, Lack told Wilson that he had no job offer from Dan Wilson Homes. Hunn, upon hearing that Lack did not have an offer from Wilson, asked Lack to take the weekend to consider his options, and Lack continued to work for Hunn on that day and also the next day (Friday) from the office and home.

During this period, Lack believed that even if he gave official notice of his intent to resign from his employment with Hunn, he would be expected and permitted to continue working for two more weeks before his employment ended. Thus, Lack believed and intended that he would be able to complete the Wilson projects during his remaining two weeks of employment with Hunn. Indeed, Lack notified Wilson that he was considering resigning, but assured Wilson that he (*i.e.*, Lack) intended to complete the drafting of Wilson's plans (as an employee of Hunn's).

Over the weekend, and still under the impression that he would be allowed to continue working at Hunn Designs on the projects he had been assigned, Lack requested by email that a friend of his convert some of the Wilson project (virtual) files from the 2008 version of AutoCAD to the 2006 version. This conversion was required because Lack maintained his own copy of AutoCAD software on his home computer in the 2006 version and the version at Hunn's offices was the 2008 version. Hunn permitted draftsmen to take

files home because draftsmen often worked on projects on their own home computers as well as on the work computers contained in Hunn's office. Hunn does not dispute that Lack had permission to work on the files at home and was expected to do so in order to ensure timely completion of projects.

After an exchange between Lack and the Hunns on the morning of Monday, October 10, 2011, relating to Lack's decision about whether he would remain employed at Hunn Designs, Lack was asked to discontinue employment immediately. The Hunns asked Lack to return the Dan Wilson Home project (physical) files, which were at Lack's house. The Hunns did not ask Lack to return the AutoCAD (virtual) files. Lack retrieved the physical files and then cleaned out his office and left Hunn Designs.

When Lack's employment with Hunn ended, the home plans at issue were not yet completed. At that time, the Winder/McGee and Brown plans were approximately 90–95 percent complete, the Jeffers plan was approximately 30–40 percent complete, and the Showcase plan was only at the hand-sketch stage. At the time Lack's employment ended, Wilson had physical drafts of all four plans in the same stage of completion as those Lack maintained on his computer. Nothing new had been added to the plans between the time when Lack delivered the latest version of the plans to Wilson and the day when Lack resigned.

Upon learning that Lack was no longer employed with Hunn, Wilson asked Hunn who would be completing the custom home plans and when the completion could be expected. Hunn, who was angry with Wilson for what he perceived as a secret plan between Wilson and Lack for Lack to become employed by Dan Wilson Homes, informed Wilson that he (*i.e.*, Hunn) did not know when he could complete the plans because he was busy on other projects. The Hunns also suggested that the draft plans were their property and that Wilson would violate copyright laws if he used the copies of the plans he had

in his possession to complete the homes for his clients. Wilson proposed several ideas to Hunn about how the plans could timely be completed, including: (1) bringing the drafts in their then-current states of completion to Hunn to complete; (2) Hunn employing Lack a short time more so that Lack could finish the plans; (3) offering to pay for the percentage of completion in which the drafts stood in relation to the fully completed contract amount; and (4) offering to have the plans finished and then brought back to Hunn so that Hunn could copyright them to alleviate Hunn's contentions about asserted copyright claims. Hunn, however, rejected all of the ideas. Mrs. Hunn informed Wilson that he should hire an attorney, and the Hunns' attorney sent a letter to Wilson that included a statement that "the ability of Hunn to complete the existing designs" had been impaired. Hunn later applied for copyright protection on the plans, even though he had never before registered or applied for copyrights on any other set of home plans.

Wilson, after failing to convince Hunn to accept one of his proposals and receiving the letter from the Hunns' attorney, asked Lack to complete the plans. At the time Wilson asked Lack to complete the plans, Wilson was unaware of any non-compete clause Lack may have entered into with Hunn. Both Wilson and Lack believed that the plans were the property of the homeowners because the designs were based on the homeowners' ideas and concepts. Lack completed the four plans for Wilson, using the (virtual) files his friend had converted to the 2006 version of AutoCAD.

Wilson tendered payment to Hunn on a pro-rated basis for the work that Lack had performed while still employed by Hunn. After Hunn refused to accept the payment, Wilson tendered payment in the full contract amount, which included work that had not ever been performed by Hunn. Hunn again refused to accept payment. Instead, on May 24, 2012, Hunn filed suit in the Northern District of Texas against Wilson, Dan Wilson Homes, and Lack,

alleging, *inter alia*, that Wilson and Lack secretly agreed that Lack would leave Hunn's employ, misappropriate Hunn's property, and steal Hunn's business. Hunn's second amended complaint contains eight causes of action: (i) copyright infringement under 17 U.S.C. § 101 *et seq.*, against all Appellees; (ii) false designation of origin under 15 U.S.C. § 1125 (Lanham Act), against all Appellees; (iii) breach of contract, against Dan Wilson and Dan Wilson Homes; (iv) breach of fiduciary duty, against all Appellees; (v) breach of covenant not to solicit customers, against Ben Lack; (vi) tortious interference, against Dan Wilson and Dan Wilson Homes; (vii) computer fraud and abuse under 18 U.S.C. § 1030(g), against all Appellees; and (viii) conspiracy, against all Appellees.

The district court granted summary judgment for Dan Wilson and Dan Wilson Homes on Hunn's Lanham Act claim, breach of fiduciary duty claim, tortious interference claim, computer fraud and abuse claim, and conspiracy claim. The district court granted summary judgment for Lack on Hunn's Lanham Act claim, computer fraud and abuse claim, breach of covenant not to compete claim, and conspiracy claim. Hunn appealed from the summary judgment order on his breach of fiduciary duty claim against Dan Wilson and Dan Wilson Homes, his computer fraud and abuse claim against Lack, his breach of covenant not to compete claim against Lack, and his Lanham Act claims against all Appellees. While the appeal was pending, the district court held a bench trial on the remaining claims. After the bench trial, the district court entered a judgment in favor of Appellees on all counts[4] and also awarded attorney's fees to Appellees. Hunn appealed from the judgment on his breach of fiduciary duty claim against Lack, his copyright infringement claim against

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[4] Dan Wilson and Dan Wilson Homes asserted counterclaims against Hunn for copyright misuse and copyright infringement, on which the district court ruled in Hunn's favor. Wilson did not appeal from this portion of the judgment.

all Appellees, his breach of contract claim against Dan Wilson and Dan Wilson Homes, and on the attorney's fees award. We consolidated the two appeals.

II.

A.

We begin with Hunn's claims for breach of contract against Dan Wilson and Dan Wilson Homes. "The elements of a claim for breach of contract are: (1) the existence of a valid contract; (2) performance or tendered performance by the plaintiff; (3) breach of the contract by the defendant; and (4) damages to the plaintiff resulting from that breach." *Foley v. Daniel*, 346 S.W.3d 687, 690 (Tex. App.—El Paso 2009, no pet.). After trial, the district court ruled in favor of Appellees on this claim, for several reasons. First, Wilson did not breach the contract because his only duty under the contract was to pay the agreed-upon sum, and Wilson tendered that sum to Hunn. Second, Wilson's obligation to pay arose only after Hunn performed his contractual obligation of delivering a completed plan, which Hunn not only failed to do, but refused to do. Third, Wilson was excused from performance by Hunn's anticipatory breach of the contract, which was evident from "Hunn's statement to Wilson that he did not know when he could get to the plans to finish them, the lecture from Mrs. Hunn directed at Wilson, and the letter received by Wilson from Hunn's attorney."

On appeal, Hunn disputes the district court's finding that Wilson and Lack did not enter into a "secret agreement" whereby Lack would resign from Hunn Designs and begin to work directly for Wilson. Hunn claims that Lack and Wilson reached an "agreement **during** Lack's employment with Hunn" and that the evidence "permit[s] no other plausible explanation." According to Hunn, this secret agreement "precluded Hunn from performing the [Hunn-Wilson] agreement, from meeting with Wilson's clients, and from completing the [Hunn-Wilson] agreement." We review the district court's factual findings

for clear error. *Arete Partners, L.P. v. Gunnerman*, 594 F.3d 390, 394 (5th Cir. 2010).

The district court's finding that no "secret agreement" existed was not clearly erroneous. Wilson testified that he did not want Lack to resign from Hunn's employ, that he did not offer Lack a job at Dan Wilson Homes, and that he never promised to hire Lack to finish the four plans at issue in this case while Lack was still an employee of Hunn's. Likewise, Lack testified that he and Wilson never agreed to work together after Lack resigned and that, at the time Lack resigned, he did not have a job offer from Wilson. The district court found Lack's testimony to be credible on this specific point. *See, e.g.*, *Orduna S.A. v. Zen–Noh Grain Corp.*, 913 F.2d 1149, 1154 (5th Cir. 1990) ("The credibility determination of witnesses . . . is peculiarly within the province of the district court."). In light of this credible testimony, the district court's finding was not clearly erroneous.

Hunn points to two pieces of evidence that he claims undermine the district court's finding. First, he cites two trial exhibits showing that Lack invoiced Wilson on October 18, 2011 for work Lack did on the Showcase plan. Hunn argues that Lack's completion of the Showcase plan just seven days after resigning from Hunn's employ establishes that Lack and Wilson had a prior agreement and, therefore, that their testimony was not credible. We disagree that the timing of the project's completing compels this conclusion. While the fast turn-around on the project is evidence from which a factfinder *could have* drawn an inference that a prior agreement existed, the district court did not clearly err by drawing a different inference based on the testimony and other evidence.

Second, Hunn claims that Lack admitted in his deposition that he and Wilson reached a prior agreement. The deposition testimony in question is as follows:

> **Q:** [When you sent the AutoCAD files to have them converted to the 2006 version], you at that time had an agreement or understanding with Dan Wilson that you would continue to work and finish the drawings?
> **A:** Yes. I would, yes.
> **Q:** And he agreed to that?
> **A:** I believe so, yes.
> . . .
> **Q:** So you felt you were free to take those CAD drawings and finish them?
> **A:** They were due monies for work completed, yes. So, as it was agreed that between me and Mr. Wilson that they would be paid for the work that they . . . had done on those plans . . . .
> **Q:** So you had an understanding before you even left Hunn Designs that they would be paid at the rate of $1.25 or whatever the rate was?
> **A:** Yeah, whatever their invoiced rate was.

Neither of these exchanges compel the conclusion that a prior agreement existed. The first exchange is consistent with the conclusion, reached by the district court, that Lack agreed to finish the drawings *as an employee of Hunn's*. Indeed, when Hunn's attorney questioned Lack during trial about this exchange, Lack explained that he believed he would be permitted to work for Hunn for two weeks after tendering his resignation (*i.e.*, after giving his "two-week notice"). Accordingly, when Wilson expressed concern about whether Lack would be able to finish the plans, Lack assured Wilson that he intended to finish the plans in his final two weeks of employment. The district court credited this version of events, explicitly finding that "Lack's statement referring to an agreement to complete the plans for Wilson related directly to Lack's belief that he would be able to do so while still employed by Hunn and after giving his two weeks' notice." The second exchange also is consistent with the district court's finding that Lack agreed to finish the drawings as an employee of Hunn's. During the exchange, Lack, using the pronoun "they,"

agrees that *Hunn Designs* was entitled to payment for the plans. Thus, this exchange actually cuts against Hunn's theory of the case, which is that Lack had agreed to finish the plans for his own personal financial gain. In any event, it does not appear that this deposition exchange was introduced at trial. *See generally* Fed. R. Civ. P. 32 (setting forth requirements for using deposition testimony at trial).

Hunn has not shown that the district court clearly erred in rejecting Hunn's claim that Lack and Wilson "entered into a secret plan to steal Lack away from Hunn for employment by Dan Wilson Homes." Accordingly, we will not disturb the district court's ruling in favor of Appellees on Hunn's breach of contract claim.

B.

We now turn to Hunn's claim that Lack breached his fiduciary duties by disclosing confidential information (*i.e.*, the unfinished plans) to Wilson and that Wilson knowingly participated in Lack's breach. "The elements of a breach of fiduciary duty claim are: (1) a fiduciary relationship must exist between the plaintiff and defendant; (2) the defendant must have breached his fiduciary duty to the plaintiff; and (3) the defendant's breach must result in injury to the plaintiff or benefit to the defendant." *Graham Mortg. Corp. v. Hall*, 307 S.W.3d 472, 479 (Tex. App.—Dallas 2010, no pet.). Fiduciary duties generally terminate at the end of an employment relationship, but an "agent has a duty after the termination of the agency not to use or to disclose to third persons . . . trade secrets . . . or other similar confidential matters . . . ." *NCH Corp. v. Broyles*, 749 F.2d 247, 254 (5th Cir. 1985) (second and third alterations in original) (internal quotation marks omitted). "[W]here a third party knowingly participates in the breach of duty of a fiduciary, such third party becomes a joint tortfeasor with the fiduciary and is liable as such." *Kinzbach Tool Co. v. Corbett-Wallace Corp.*, 160 S.W.2d 509, 514 (Tex. 1942).