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Suit isn't sweet for Sugarland

Trial begins Monday over partnership argument stemming from band's split with founding member

By R. Robin McDonald, Staff Reporter



(Kevin Dietsch/UPI/Newscom)
Kristian Bush and Jennifer Nettles, who won at the Country Music Awards this week, claim that when Kristen Hall said she would quit touring, she severed their business relationship.

Fresh off their win for Vocal Duo of the Year at the Country Music Awards in Nashville, Sugarland will face a far different contest in a federal courtroom in Atlanta next week in a fight stemming from a 2005 split with the band's founder and former member, Kristen Hall.

U.S. District Judge Timothy C. Batten Sr. will preside over a trial set to begin Monday.

Hall's suit claims that she still holds a one-third interest in the Sugarland brand and a business partnership she entered into with Sugarland duo Jennifer Nettles and Kristian Bush when they first began performing as Sugarland in 2002. In court documents, Hall's attorneys have estimated that Hall is entitled to \$14 million or more.

Nettles and Bush have countered that when Hall announced she was quitting the band, just days before it was nominated for a Grammy Award in December 2005, she severed her business relationship with Nettles and Bush, leaving them with nearly \$100,000 in debts that they paid without Hall's help.

The trial, following more than two years of litigation, could easily be billed as the anatomy of a band breakup. At the heart of the case is Hall's decision to stop touring with Sugarland just as the trio was breaking out nationally—a fateful decision that ultimately stalled her musical career as Nettles and Bush, who retained the band name, rocketed to stardom.

"Kristen Hall is a one-third owner of the Sugarland trademark and service mark," Hall's Atlanta lawyer, Scott D. Sanders, told the Daily Report. "She was never bought out, and the partnership was never dissolved."

Hall, he said, originated the band that became Sugarland, helped to build the band's brand and, as a co-owner, is entitled to her share of the band's earnings "just like any other owner of a business, whether you stay with the business or not."

Sanders is co-counsel with Minneapolis attorney Barry O'Neil.

Alston & Bird attorney James C. Grant, who along with Alston co-counsel Judson Graves is defending Nettles and Bush, declined to comment on the case.

According to court pleadings filed on Hall's behalf, the band originated in her Stone Mountain basement in 2000 or 2001. A singer-songwriter who had toured with the Indigo Girls, Hall had written songs with Bush, an Emory University graduate who had been part of a folk rock duo known as Billy Pilgrim, and she broached with him the idea of forming a country band.



(George Shepherd/AdMedia/Newscom)
Kristen Hall's suit claims she still holds a one-third interest in the Sugarland brand.

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In addition to Bush, Hall recruited a drummer, as well as a singer named Vanessa Olivarez, and the foursome began playing in Hall's basement. The new group soon adopted the name Sugarland, after Olivarez's hometown in Texas, even though Hall soon eased Olivarez out, according to court pleadings.

In search of a lead vocalist, Hall reached out to Nettles, an Agnes Scott College graduate and a member of a local band called Soul Miner's Daughter. Nettles' husband owned Eddie's Attic, a Decatur live music bar that has played host to singers who went on to national fame, among them the Indigo Girls and John Mayer. Hall and Bush were already calling the band Sugarland when Nettles joined, according to Hall's pleadings.

Although a drummer and a guitarist were then playing with the new band, Hall, Bush and Nettles soon became Sugarland's principals. They wrote music and performed together, jointly sharing the band's expenses. "The general understanding was that Hall, Bush and Nettles would equally split the money from performances, merchandise and CD sales," according to one of Hall's pleadings, adding that the trio would split any income generated by their songwriting based on the percentage each contributed individually to their published songs.

The trio subsequently secured service and trademarks in all their names for "Sugarland," while they earned money primarily through live performances and merchandise sales, according to court pleadings. According to the defendants' pleadings, members of Sugarland did not have a standing agreement on how they would share revenues, instead splitting the profits on a show-by-show basis.

On Sept. 16, 2003, Sugarland signed its first recording contract with MCA Nashville—a contract that included only Hall, Nettles and Bush. The other two musicians, drummer Simone Simonton and guitarist Robert Bret Hartley, were not signed by MCA and left Sugarland that fall.

Simonton and Hartley subsequently sued Hall, Nettles and Bush. They claimed that they had contributed to composing 10 songs that became the core of the band's debut album, "Twice the Speed of Life," including the band's debut smash single, "Baby Girl," but had been excluded from any ownership in the published songs. The suit ended in a confidential settlement in November 2004—a month after "Twice the Speed of Life" was released. By then, Sugarland—now a trio—had begun touring nationally.

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According to Nettles and Bush's pleadings, Hall "became increasingly miserable" with life on perpetual tour "and repeatedly threatened to quit ... taking a toll upon the parties' business relationship." The trio even hired an occupational therapist "to help them work through their issues," according to one pleading.

Sanders, the lawyer for Hall, said: "I think the intention was to work out any potential differences in the band. Understand that band partnerships are like marriages in a way. They are very close relationships. They tour together, play together, work together and, in some instances, live together. As with all human relationships, that can cause stress at times. ... I think it's a laudable way to go about it rather than let any problems fester."

Despite therapy, during the fall of 2005 the relationship among the trio "reached a breaking point," according to the defendants. According to the defendants, "It became increasingly clear ... it would be best for all involved if [Hall] chose to leave the act."

Details of what caused the dissension are absent from the public pleadings. A number of pleadings, exhibits and depositions—including those of Hall, Nettles, Bush and their therapist—have been filed under seal.

At a meeting in late November 2005 with the band and their therapist, Hall announced she was quitting Sugarland after their Dec. 19 performance in Las Vegas, according to defendants' pleadings. Hall said she would be available for single performances and promotional events, "although she did not anticipate any."

Hall has claimed that she wanted only to stop touring with Sugarland and "did not voluntarily withdraw" from the partnership and should have been included in any subsequent business decisions.

On Dec. 8, the Grammy Awards announced that Sugarland had been nominated as "Best New Vocal Group." Within days, Hall, according to her pleadings, sent a text message to her bandmates, stating, "It seems like the second I've asked to not be on tour next year (which I believed was in the best interest of all of us) I have been completely pushed out of the organization."

Following another meeting on Dec. 19 in Las Vegas, just before Sugarland's last appearance as a trio, Sugarland's lawyer notified the group's record label that Hall was a "leaving member" of the recording contract. In January 2006, Sugarland issued a news release stating, "Kristen has decided that she wants to stay home and write songs, and we support her in that decision."

When Hall left Sugarland, according to the defendants, the partnership was insolvent with only \$15,344 in assets and \$99,042 in liabilities. Nettles and Bush "divided the responsibility" for satisfying those liabilities "between themselves without seeking any contribution from [Hall] and paid them off in 2007," according to their pleadings in the case.

That month, after Hall learned from Sugarland's record label that it had been notified she had left the band, Hall's attorney began seeking information about the band's business matters "as we proceed to negotiate the details to resolve her future involvement with the band," including a buyout of Hall's interest, according to pleadings filed by Hall's attorneys.

Meanwhile, according to Hall's pleadings, Nettles had set up new corporate entities to handle Sugarland's business enterprises and negotiated an agreement with Bush to reflect "an arrangement where she would receive 70 percent of the net profits and he would receive 30 percent."

No buyout agreement with Hall was ever reached. And, according to Hall's pleadings, she has never been provided with an accounting of Sugarland's profits or received any funds as a distribution of her interest in the partnership.

"Although Hall was the person that brought defendants the opportunity to be involved in her country band project in 2001 and 2000 and she contributed to building the band and its brand, neither defendant nor their managements recalls discussing whether they needed to buy out Hall's interest in the partnership or its assets," one Hall pleading stated.

Nettles, according to that pleading, downplayed Hall's contributions to the group in a deposition in which she said Hall "was a pretty decent songwriter" who "had the wherewithal and smarts to call me."

Last February, Batten noted in a court order denying the defendants' summary judgment motion that both sides dispute the impact of Hall's decision to stop touring with Sugarland. Hall, he said, contended that the defendants used her decision "to wrongfully exclude her from their partnership."

The defendants, he noted, claim that the partnership dissolved after Hall's last performance and ended when they gave Hall an accounting that showed the partnership was deeply in debt. But Batten refused to adopt the defendants' argument that Sugarland's trade and service marks had no value when Hall announced that she would no longer tour.

Since 2006, Sugarland—minus Hall—has racked up 14 country music awards including multiple awards for vocal duo of the year and single of the year. Sugarland has toured with country stars Brooks & Dunn, Kenny Chesney and Keith Urban. As a result, Hall's decision to leave just as Sugarland reached the cusp of fame was baffling to many.

But in June 2005, after Sugarland's debut album went platinum, Hall gave an interview to *The Advocate*, a national gay and lesbian newsmagazine, which identified her as an "out artist," about her role in forming Sugarland. In August of that year, Hall gave another interview to *AfterEllen.com*, a website which focuses on the portrayal of lesbian and bisexual women in the media, again to talk about Sugarland.

"Time will tell if Hall's lesbianism will become a talking point as the band continues to grow in popularity," *AfterEllen* writer Karman Kregloe wrote, noting that in her interview with *The Advocate*, Hall "made no mention of her unique position as an openly gay performer in the often conservative world of country music."

Jim Malec, who writes for the country music website *The 9513*, noted after Hall sued in 2008, that if Hall had the business agreement she claims to have with Nettles and Bush in which the trio shared equally in profits and losses, her departure could "only mean one thing: someone at Mercury [Sugarland's record label], someone in the band's management, or someone in the band itself, wanted Hall gone."

But Sanders, Hall's attorney, insists, "That was not an issue in the case at all."

The case is *Hall v. Jennifer Nettles and Kristian Bush*, No. 1:08-cv-02437.

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