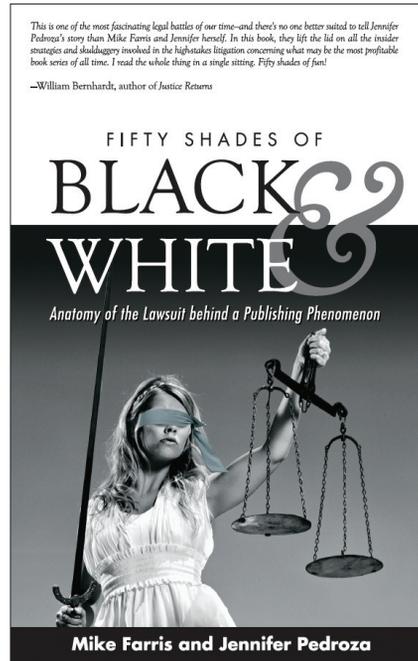


Shades of Greed

BY JOHN G. BROWNING

In the hands of a less gifted writer, the book *Fifty Shades of Black & White: Anatomy of the Lawsuit behind a Publishing Phenomenon* (Stairway Press, 2018) could have come off as yet another dry, pedantic chronicle of a lawsuit. And in the hands of someone without an insider's grasp of the legal system, the work might have veered into sensationalist territory, lacking in critical analysis and the nuances of litigation. Fortunately for readers, the book's author is Mike Farris, longtime Dallas trial lawyer and immediate past chair of the State Bar's Entertainment and Sports Law Section, who for years has enjoyed a side career as a literary agent and author in his own right. Not only does Farris bring a lawyer's insight and a writer's knack for storytelling to *Fifty Shades of Black & White*, but he also offers a unique perspective: Farris tried the lawsuit that forms the heart of the book, which is co-authored with Jennifer Pedroza, his client and the litigation's plaintiff.

As the book relates, Pedroza was a Mansfield elementary school teacher who met Australian Amanda Hayward online through a fan fiction website in 2009, and the unlikely pair went on to launch a modest website/online publishing house, The Writer's Coffee Shop. In May 2011, the duo struck gold when their venture obtained the rights to a work by Erika Leonard, a former writer of "Twilight" fan fiction now writing (under the pseudonym E.L. James) about the BDSM-tinged romance between mysterious billionaire Christian Grey and young Anastasia Steele—better known as *Fifty Shades of Grey*. The Writer's Coffee Shop published James' first novel as an e-book and as a print-on-demand work and went on to publish its two sequels, *Fifty Shades Darker* and *Fifty Shades Freed*. *Fifty*



FRONT COVER IMAGE COURTESY OF STAIRWAY PRESS

Shades became an online phenomenon; after various major publishing houses sparked a feeding frenzy for the rights, Random House emerged victorious, paying E.L. James and The Writer's Coffee Shop a lucrative advance plus future royalties.

Yet even as the trilogy soared in popularity, there was trouble. According to Pedroza, she, Hayward, and two other individuals had a partnership agreement providing each of the four a 25 percent stake, but at Hayward's insistence the entity was restructured into a new entity, from which Pedroza's employment could be terminated without cause. In November 2013, a day after Pedroza maintains the new entity received a significant royalty payment from Random House, Hayward terminated Pedroza.

Pedroza responded by retaining Farris, and in May 2014, they filed suit against Hayward and TWCS Operations Pty. Ltd. in Tarrant County—a suit that Farris characterizes as “a story about

misplaced trust and betrayal” in which Hayward's actions could have been titled “Fifty Shades of Greed.” As the book illustrates, the case relied on the Texas doctrine of partnership by conduct, in which even in the absence of a signed agreement, individuals' actions can express an intent to be partners in a business. Farris and Pedroza detail not only all the various actions Pedroza took as a putative partner (filing a partnership tax return, paying business debt with her own money), but also the many emails and other statements by Hayward referring to Pedroza as a partner or co-founder of the business. Over the course of a multi-day trial in February 2015 (just before the first *Fifty Shades* movie was released), Farris and Pedroza made their case to a Fort Worth jury. Farris notes, “Our job presenting it to the jury was not to let them get bogged down in the complicated details. . . . basically this is a partnership and one of the partners ran off with all of the money.”

Farris proved to be as accomplished a storyteller in the courtroom as he is in print. Finding that Pedroza had been defrauded out of a 25 percent partnership interest in approximately \$40 million in royalties, the jury returned a verdict that resulted in a \$13.2 million judgment (the case subsequently settled for an undisclosed amount on appeal). And just like Farris and Pedroza, the book itself is a winner—an insider's take on a high-stakes case that is rich in legal details while not overlooking the human element—deftly told with cinematic flair. **TBJ**



JOHN G. BROWNING

is a partner in Passman & Jones in Dallas, where he handles commercial litigation, employment, health care, and personal injury defense matters in state and federal courts. He is an award-winning legal journalist for his syndicated column, “Legally Speaking,” and is the author of the *Social Media and Litigation Practice Guide* and a forthcoming casebook on social media and the law. Browning is an adjunct professor at SMU Dedman School of Law.