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Supreme Court No. 95517-4

Court of Appeals No. 74544-1-I

DIVISION I  
OF THE STATE OF WASHINGTON

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KING AND MOCKOVAK EYE CENTER, INC., P.S., a  
Washington professional service corporation; and  
CLEARLY LASIK, INC., a Nevada corporation,

*Respondents,*

v.

MICHAEL MOCKOVAK, M.D., an individual,

*Appellant*

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**PETITION FOR REVIEW**

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ON APPEAL FROM THE KING COUNTY SUPERIOR COURT  
Honorable John H. Chun

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**TABLE OF CONTENTS**

	<u>Page</u>
APPENDICES .....	iv
TABLE OF AUTHORITIES .....	v
A. IDENTITY OF PETITIONER AND DECISION BELOW .....	1
B. ISSUES PRESENTED .....	1
C. STATEMENT OF THE CASE .....	2
1. Joint Ownership of the medical corporations and loss of license due to criminal conviction. .....	2
2. Civil suits between the corporations and the doctors regarding the existence of any enforceable partnership agreement, alleged breaches of fiduciary duties to the corporations, and alleged breaches of contract. ....	2
3. Refusal to instruct the jury that Mockovak’s conviction did not work any forfeiture of estate. ....	3
4. The jury’s verdicts. ....	4
5. The Court of Appeals’ decision. ....	4
D. REASONS WHY REVIEW SHOULD BE GRANTED.....	6
1. RCW 25.05.005(8) defines a “partnership at will.” Whether the statute requires <i>both</i> the absence of any agreement to remain partners (1) for a definite term <i>and</i> (2) the absence of any agreement to remain partners until the completion of any definite undertaking, is an issue that this Court should decide. (RAP 13.4(b)(4)).....	6

(a) The Court of Appeals erroneously construed the “or” as a disjunctive “or.” When preceded by a negative – like the word “not” – the word “or” usually means that *both* conditions linked by the word “or” must be satisfied. Under these circumstances, the word is an “inclusive” conjunction. ....6

(b) The decision below conflicts with another decision of the Court of Appeals regarding statutory construction. (RAP 13.4(b)(2)). ....9

(c) RCW 25.05.005(8) is part of the Uniform Partnership Act. Courts in other jurisdictions construe the identical statutory language as requiring that both conditions linked by the word “or” be satisfied before the agreement can qualify as a partnership at will. ....10

(d) An agreement to remain partners until all debts are paid off is an agreement to remain partners “until completion of a particular undertaking” and thus it can never be a “partnership at will.” .....12

(e) In this case, the undisputed evidence shows an agreement that the partnership would pay rent under multi-year leases. Here, as in *Owen*, there was an agreement to remain partners until completion of a particular undertaking. ....13

2. Whether it violates Wash. Const., art IV, §16 to fail to instruct a jury that the state

constitution prohibits any conviction from working a forfeiture of estate is a significant question of state constitutional law and a question of first impression which should be determined by this Court. (RAP 13.4(b)(3) & (4)). .....15

(a) Art. I, §15 prohibits depriving a person of his property on the ground that he has been convicted of a crime. ....15

(b) Unless the trial judge specifically tells jurors that it is constitutionally forbidden for them to deprive a person convicted of a heinous criminal offense of his full share of his property, they will not know that they are forbidden to do that.....16

(c) Every litigant has a constitutional right to have the trial judge declare the law to the jury. A trial judge has no “discretion” to refuse to do this. ....16

(d) The decision below conflicts with decisions of this Court and of the Court of Appeals that hold that an opportunity to tell the jury in closing argument what the law is does not satisfy the constitutional requirement that the court instruct the jury on all applicable provisions of constitutional law. (RAP 13.4(b)(1) & (2)). .....17

E. CONCLUSION.....19

**APPENDICES**

	<b><u>Page(s)</u></b>
<b>Appendix A:</b> Unpublished decision issued on October 30, 2017 .....	A-1 to A-26
<b>Appendix B:</b> December 12, 2017 order calling for a response to Petitioner’s motion for reconsideration.....	B-1
<b>Appendix C:</b> January 18, 2018 order denying motion for reconsideration.....	C-1

## TABLE OF AUTHORITIES

	<u>Page(s)</u>
<b>Washington Cases</b>	
<i>Black v. National Merit Ins. Co.</i> , 254 Wn. App. 674, 226 P.3d 175 (2010).....	7, 10
<i>Cellular Engineering, Ltd. v. O'Neill</i> , 118 Wn.2d 16, 820 P.2d 941 (1991).....	11
<i>Guijosa v. Wal-Mart Stores</i> , 101 Wn. App. 777, 6 P.3d 583 (2000).....	7
<i>In re Restraint of Tortorelli</i> , 149 Wn.2d 82, 66 P.3d 606 (2003).....	17
<i>Leonard v. Seattle</i> , 81 Wn.2d 479, 503 P.2d 741 (1972).....	15, 16
<i>Malnar v. Carlson</i> , 128 Wn.2d 521, 910 P.2d 455 (1996).....	6
<i>Sattler v. Northwest Tissue Center</i> , 110 Wn. App. 689, 42 P.3d 440 (2002) .....	10
<i>Sedgwick v. Gwinn</i> , 73 Wn. App. 879, 873 P.2d 528 (1994).....	11
<i>State v. Acosta</i> , 101 Wn.2d 612, 683 P.2d 1069 (1984).....	2, 17-19
<i>State v. Barnes</i> , 54 Wn. App. 536, 774 P.2d 547 (1989).....	19
<i>State v. Irons</i> , 101 Wn. App. 544, 4 P.3d 174 (2003).....	18, 19
<i>State v. Keller</i> , 98 Wn.2d 725, 657 P.2d 1384 (1983).....	6, 7
<i>State v. McMaster</i> , 113 Wn.2d 226, 778 P.2d 1037 (1989).....	18, 19

**Page(s)**

*State v. Olmedo*,  
112 Wn. App. 525, 49 P.3d 960 (2002).....17

**Other State Cases**

*Bates v. Tammany*,  
10 Cal.2d 697, 76 P.2d 513 (1938).....11, 12

*Gelman v. Buehler*,  
20 N.Y.3d 534, 986 N.E.2d 914 (2013) .....12

*Miller v. Gilbert*,  
5 Del. J. Corp. L. 502 (Del. Ct. Chancery 1979).....11

*Owen v. Cohen*,  
19 Cal.2d 147, 119 P.2d 173 (1941).....12, 13, 14

**Federal Cases**

*Carter v. Kentucky*,  
450 U.S. 288 (1981) .....2, 18

*Taylor v. Kentucky*,  
436 U.S. 478 (1978) .....18

**Constitutional Provisions, Statutes and Court Rules**

RAP 13.4(b).....6, 9, 15, 17

GR 14.1(a) .....19

RCW 25.05.005(8).....1, 5, 6, 10

Wash. Const., art. I, § 15 .....1, 3, 15, 16, 19

Wash. Const., art. IV, § 16 .....1, 16, 19, 20

**A. IDENTITY OF PETITIONER AND DECISION BELOW**

Michael E. Mockovak, Petitioner, seeks review of an unpublished decision of the Court of Appeals issued on October 30, 2017. (Appendix A). Mockovak filed a timely motion for reconsideration and on December 12, 2017, the Court of Appeals directed the Respondent to file a response to that motion. (Appendix B). After that response was filed, on January 18, 2017, the Court of Appeals denied reconsideration. (Appendix C).

**B. ISSUES PRESENTED**

1. RCW 25.05.005(8), a statute identical to Section 101 of the Uniform Partnership Act, defines a “partnership at will” as follows:

“Partnership at will” means a partnership in which the partners have **not** agreed to remain partners until the expiration of a definite term **or** the completion of a particular undertaking.

(Emphasis added). Did the Court of Appeals err by construing the word “or” as a disjunctive “or” (equivalent to the word “either”), when in fact rules of statutory interpretation, decisions from other jurisdictions under the Uniform Partnership Act, and ordinary usage confirm that it is an inclusive “or” (equivalent to the word “neither”) that requires that both conditions be fulfilled?

2. Wash. Const., art. I, §15 provides that “No conviction shall work any . . . forfeiture of estate.” Did the trial judge violate Wash. Const., art. IV, §16 by failing to “declare the law” when it refused to instruct the jury that Mockovak’s conviction for attempted murder of his business partner did not cause Mockovak to forfeit his property interest in the



business that Mockovak co-owned with his business partner?

3. Did the Court of Appeals err when it held, contrary to cases such as *State v. Acosta*, 101 Wn.2d 612, 683 P.2d 1069 (1984) and *Carter v. Kentucky*, 450 U.S. 288 (1981), that the failure to “declare the law” was harmless error because Petitioner’s trial counsel was free to tell the jury about the law during his closing argument?

**C. STATEMENT OF THE CASE**

**1. Joint Ownership of the medical corporations and loss of license due to criminal conviction.**

Drs. Mockovak and King jointly owned and operated several eye surgery clinics in Washington State through KMEC, a Washington professional service corporation which in turn was owned equally by King and Mockovak. *Opinion*, at 2.<sup>1</sup>

Mockovak was charged, tried and convicted of attempting to murder King, and was sentenced to prison. *Id.* at 3. Mockovak lost his license to practice medicine, and King maintained that this made Mockovak ineligible to own his shares of KMEC. *Id.* at 5.

**2. Civil suits between the corporations and the doctors regarding the existence of any enforceable partnership agreement, alleged breaches of fiduciary duties to the corporations, and alleged breaches of contract.**

At King’s direction, both KMEC and Clearly Lasik sued Mockovak. *Id.* at 4. In response, Mockovak brought third party claims for fraud, breach

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<sup>1</sup> The doctors also operated an eye surgery clinic in Canada through Clearly Lasik, a Nevada corporation. *Id.* Clearly Lasik also owned eye surgery practices in four other States. *Id.* at 3. The doctors owned equal interests in Clearly Lasik. *Id.* at 2.

of fiduciary duty and conversion against King. *Id.* at 4. King counterclaimed for breach of fiduciary duty and for breach of their oral partnership agreement. *Id.* at 5.

Mockovak also sought to recover the value of his half ownership interest in KMEC by using the statutory appraisal mechanism for valuing dissenting shareholders' shares. *Id.* at 6. At trial both parties presented experts who testified about the value of Mockovak's cancelled KMEC shares, the value of other practices, and damages. *Id.* at 7. When King rested, Mockovak moved to dismiss King's counterclaim for breach of the oral partnership agreement on the ground that it violated the Statute of Frauds.

All parties agreed that the Statute of Frauds does not apply to a "partnership at will." King argued that his agreement with Mockovak was a "partnership at will"; Mockovak argued that it was not. The trial judge agreed with Mockovak that it was not a partnership at will and that it violated the Statute of Frauds and was therefore void. *Id.* at 19. The trial judge dismissed King's breach of contract claim and prohibited him from seeking any damages for its breach. *Id.*

**3. Refusal to instruct the jury that Mockovak's conviction did not work any forfeiture of estate.**

Art. 1, §15 provides: "No conviction shall work corruption of blood, nor forfeiture of estate." Mockovak asked the trial judge to instruct the jury that it could not conclude that because he had been convicted of attempting to kill King, that he had forfeited the property that he co-owned with King.

The proposed instruction read in pertinent part, “you may not, under the Washington Constitution’s Declaration of Rights, conclude that he has ‘forfeited’ his estate by virtue of his conviction.” Opinion, at 16. The trial judge refused to give this instruction because it was “an odd instruction,” an “irregular” instruction and that it “could cause confusion.” *Id.* The Court of Appeals rejected Mockovak’s contention that this was error, holding that the trial judge was not required to give a “confusing” instruction, and in any event Mockovak was not harmed because “the absence of the instruction did not stop [him] from referring to the constitutional provision during both voir dire and closing argument.” *Id.*

#### **4. The jury’s verdicts.**

The trial judge allowed the jury to decide whether a partnership existed, and if it did whether it had been terminated. *Id.* at 7. The jury found that a partnership did exist; that Mockovak’s conduct made it reasonably impracticable to continue the partnership; that his conduct damaged the value of the partnership; and that as a result of that damage the value of his shares was negative \$233,584. *Id.* at 7. The jury rejected all of Mockovak’s claims against King. The jury found in favor of KMEC and Clearly Lasik on their claims that Mockovak breached his fiduciary duties to those two corporations, but the jury did not award the corporations any damages for those breaches. *Id.*

#### **5. The Court of Appeals’ decision.**

Both sides appealed. Mockovak challenged the trial judge’s decision to allow the jury to determine the value of his cancelled shares in

KMEC. King cross-appealed the ruling that his partnership agreement with Mockovak was void because it violated the Statute of Frauds.

The Court of Appeals agreed with Mockovak that “[t]he trial court erred in allowing the jury to determine the valuation of Mockovak’s cancelled shares in KMEC,” vacated the jury’s valuation decision and remanded for a judicial determination of the value of those shares. *Id.* at 10.

The Court of Appeals also reversed the trial judge’s decision that the partnership agreement was void, holding that because the agreement was a “partnership at will” and therefore exempt from the Statute of Frauds. Looking to the statutory definition of the term, the Court of Appeals noted that “[a] ‘partnership at will’ is a partnership ‘in which the partners have not agreed [1] to remain partners until the expiration of a definite term or [2] the completion of a particular undertaking.’” *Id.* at 20, quoting RCW 25.05.005(8). The Court examined the evidence supporting the first of these two statutory conditions – the absence of any agreement to remain partners “until the expiration of a definite term”:

The evidence at trial showed that beginning in 2002 and continuing until Mockovak’s arrest, King and Mockovak participated in a partnership. The jury agreed. There was no evidence that King and Mockovak’s partnership was for a defined period of time or had an expiration date. *Thus*, it was a partnership at will.

*Opinion*, at 21 (emphasis added). But the Court of Appeals did *not* discuss the second of the two statutory conditions – the absence of an agreement to remain partners until “the completion of a particular undertaking.”

The Court viewed the second statutory condition as irrelevant because the first and second conditions were linked by the word “or.” Treating this “or” as a disjunctive “or” instead of as an “inclusive “or,” the Court reasoned that only one of the two conditions must be satisfied for the agreement to constitute a partnership at will. The Court erroneously assumed that since the evidence showed that the first condition was met, it was simply unnecessary to determine whether the second statutory condition was also met.

The Statute of Frauds does not apply to a partnership at will. *Malnar v. Carlson*, 128 Wn.2d 521, 533-34, 910 P.2d 455 (1996). Therefore, the Court of Appeals concluded that “the jury should have been allowed to decide if King was entitled to damages.” *Opinion*, at 22. The appellate court remanded the case for a new trial limited to the issue of damages on King’s breach of contract claim. *Id.* at 26.

**D. REASONS WHY REVIEW SHOULD BE GRANTED**

1. **RCW 25.05.005(8) defines a “partnership at will.” Whether the statute requires *both* the absence of any agreement to remain partners (1) for a definite term *and* (2) the absence of any agreement to remain partners until the completion of any definite undertaking, is an issue that this Court should decide. (RAP 13.4(b)(4)).**
  - (a) **The Court of Appeals erroneously construed the “or” as a disjunctive “or.” When preceded by a negative – like the word “not” – the word “or” usually means that *both* conditions linked by the word “or” must be satisfied. Under these circumstances, the word is an “inclusive” conjunction.**

In *State v. Keller*, 98 Wn.2d 725, 729, 657 P.2d 1384 (1983), this

Court held that when a statute links two conditions with the word “and” both of those conditions have to be fulfilled; but sometimes the word “and” has a disjunctive (an “either/or”) meaning, in which case only one of the two conditions must be satisfied. Conversely, *Keller* recognized that while ordinarily the word “or” has a disjunctive meaning, sometimes it has a conjunctive meaning. “Conventions of statutory interpretation dictate that courts need not interpret every ‘or’ as disjunctive.” *Black v. National Merit Ins. Co.*, 154 Wn. App. 674, 226 P.3d 175 (2010). See, e.g., *Guijosa v. Wal-Mart Stores*, 101 Wn. App. 777, 790, 6 P.3d 583 (2000) (interpreting the word “or” in the statute codifying the merchant’s privilege to detain shoplifters as the conjunctive “or” because construing it as the disjunctive “or” would lead to absurd results).

As the *Black* Court recognized, when the word “not” precedes the two conditions linked with the word “or,” this changes everything. Misconstruing an “or” as the disjunctive “or” is an easy mistake to make. When there is no negation word at the beginning of a phrase, the word “or” has a disjunctive meaning. As the following examples show, the disjunctive “or” conveys that there is a choice to make between two alternatives and that only one need be chosen or need apply: (1) “We can go to your office now or later.” (2) “Is it a boy or a girl?” (3) “You can go to the circus if you clean your room or rake the leaves.”

Sometimes, however, the word “or” is used in the conjunctive sense. In these situations it conveys the idea that the subjects of *both* linked phrases must apply. Consider, for example, different ways of telling someone that

two activities – eating and drinking for example – are *both* forbidden. If the command is phrased in the passive voice, with a focus on the activities which are forbidden, then regardless of who is being addressed, the conjunctive sense of the two commands can easily and unambiguously be conveyed by using a “neither/nor” formulation: “*Neither* eating *nor* drinking is permitted on the bus.”

But if, instead, the command is phrased with a focus on the person being addressed, then the word “not” is used to signify what the addressee may *not* do, in the following manner: “You may *not* eat *or* drink on the bus.” Phrasing the command in this fashion does not mean that the speaker is telling the listener to choose *either* to *not* eat, *or* to *not* drink. It does not convey the message that although doing both activities simultaneously is forbidden, doing only one of the activities is permitted. Instead, it instructs the listener that *both* activities are forbidden while riding the bus. In this situation, the word “or” is a conjunctive or “inclusive” “or.”

The conjunctive “or” is often used instead of the word “and” because “and” would probably convey the wrong message. Consider this sign:



The clear message this sign expresses – with the use of the word “or” – is that *both* texting *and* talking on cell phones are prohibited.

If the sign said “No texting *and* talking on cell phones,” some people might be confused. They might think that the message being conveyed was that people should not *simultaneously* talk and text on their cell phones, but that they were free to do one “*or*” the other. After all, the familiar traffic sign “Please don’t drink and drive” very clearly means don’t do both at the same time. It clearly does not mean, “Please do not ever drink and please do not ever drive.”

- (b) **The decision below conflicts with another decision of the Court of Appeals regarding statutory construction. (RAP 13.4(b)(2)).**

The lesson here is that especially when preceded by a negation word, the word “or” is used to convey the idea that *both* subject phrases are being



forbidden or excluded. In *Black* the court held that when the word “or” is preceded by a negation word like “not” it functions as the conjunctive “or.” *Black*, 154 Wn. App. at 688.<sup>2</sup> The same is true in the present case. To paraphrase *Black*, “When we apply this principle to the” partnership at will “definition” in RCW 25.05.005(8), “the most reasonable interpretation is that it states a conjunctive rather than a disjunctive list of requirements.” Thus, to constitute a partnership-at-will, an agreement must *not* be an “agree[ment] to remain partners until the expiration of a definite term *and not* an “agree[ment] to remain partners until the completion of a particular undertaking.” Thus, the decision below conflicts with the Court of Appeals’ decision in *Black*.

- (c) **RCW 25.05.005(8) is part of the Uniform Partnership Act. Courts in other jurisdictions construe the identical statutory language as requiring that both conditions linked by the word “or” be satisfied before the agreement can qualify as a partnership at will.**

Because the uniform construction of Uniform Acts is to be greatly desired, “Washington courts have looked for guidance to case law from other jurisdictions that have modeled their laws on the same Uniform Act.” *Sattler v. Northwest Tissue Center*, 110 Wn. App. 689, 694, 42 P.3d 440

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<sup>2</sup> Brian Garner, editor of Black’s Law Dictionary, points out in his work *A Dictionary of American Usage*, that a word of negation changes a disjunctive “or” to a conjunctive “or.” “For example, while ‘A or B’ is disjunctive, ‘not A or B’ is conjunctive and means the same thing as ‘not A nor B.’ Thus, ‘[n]ot A nor B’ means the same thing as ‘not A *and not* B.’ By way of illustration, ‘I would *not* do it for love *or* money’ means the same thing as ‘I would *not* do it for love *and* I would *not* do it for money.’

(2002), citing *Cellular Engineering, Ltd. v. O'Neill*, 118 Wn.2d 16, 23-24, 820 P.2d 941 (1991); *Sedgwick v. Gwinn*, 73 Wn. App. 879, 887 fn. 8 873 P.2d 528 (1994). Accordingly, cases from other jurisdictions construing the same provision in the Uniform Partnership Act, are particularly instructive.

The decisions of appellate courts in other States, where the term “partnership at will” is defined in identical language, confirm that the “or” is the conjunctive “or” and that both conditions must be met. In *Miller v. Gilbert*, 5 Del. J. Corp. L. 502 (Del. Ct. Chancery 1979), Gilbert unilaterally decided to dissolve his partnership with Miller over Miller’s objection that he had no legal right to do so. The Court held Gilbert did have the right to unilaterally dissolve the partnership because it was a partnership at will. The Court explained that in order to constitute a partnership at will the agreement between the two men had to meet both the “no definite term” and the “no particular undertaking” requirements, and that it did meet them both.

[T]he evidence reveals that the informal understanding embodied no definite term during which the business relationship was to exist; *nor* was the purpose of the partnership limited to a particular undertaking. Where there is no definite term for the partnership *and* where no particular undertaking is specified, the dissolution of the partnership can be caused by the express will of any partner, and such action will not be in violation of the agreement between the parties. 6 Del. C. s. 1531(1)(b).

*Miller*, 5 Del. J. Corp. L. at 509-10 (emphasis added).

In *Bates v. Tammany*, 10 Cal.2d 697, 76 P.2d 513 (1938), the California Supreme Court applied the same statutory interpretation. however, the partnership agreement was held *not* to qualify as a partnership at will because it only satisfied one of the two requirements.

The [trial] court further found that the “partnership was formed for the purpose of building, constructing, operating and maintaining radio station KTRB so long as the license therefore could be obtained from the federal government,” and that the station was operating on a license that must be renewed every six months.

*Id.* at 700.

Like Washington, California had enacted the Uniform Partnership Act and thus its statutory definition of a partnership at will used the word “or.” Although the partnership agreement did not have any definite term, it *did* contain an agreement for a particular undertaking because there was an agreement to continue for so long as a license from the federal government could be maintained. Therefore the Court rejected the contention that it was a partnership at will:

The finding that the partnership was formed for a definite undertaking, namely for the construction, operation and maintenance of the radio broadcasting station, KTRB, and so long as the federal license therefor could be procured, is fully supported by the record, and *negatives any conclusion which otherwise might be drawn that the partnership was one at will. A finding now as a matter of law that the partnership was of that nature would not be justified.*

*Bates*, 10 Cal.2d at 700 (emphasis added).<sup>3</sup>

**(d) An agreement to remain partners until all debts are paid off is an agreement to remain partners “until completion of a particular undertaking” and thus it can never be a “partnership at will.”**

Three years after deciding the *Bates* case, in *Owen v. Cohen*, 19

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<sup>3</sup> Similarly, in *Gelman v. Buehler*, 20 N.Y.3d 534, 986 N.E.2d 914 (2013), the Court explained that under the Uniform Partnership Act, which New York had adopted, to constitute a partnership at will the evidence must show that *both* requirements of the statute were satisfied even though the two requirements were linked by the word “or.”

Cal.2d 147, 119 P.2d 173 (1941), the California Supreme Court again held that a partnership agreement did *not* qualify as a partnership at will. In *Owen* the partners agreed to operate a bowling alley and they agreed that they would remain partners until all their partnership debts had been paid out of partnership profits. The trial court ruled that this was a partnership at will. But the California Supreme Court reversed, holding that an agreement to remain partners until repayment of all debts was *not* a partnership at will because it was an agreement to remain partners until completion of a particular undertaking.

Defendant's objection to the finding that the partnership was one at will is fully justified by the contradicted evidence that the partners at the inception of their undertaking agreed that all obligations incurred by the partnership, including the money advanced by the plaintiff, were to be paid out of the profits of the business. While the term of the partnership was not expressly fixed, it must be presumed from this agreement that the parties intended the relation should continue until the obligations were liquidated in the manner mutually contemplated. *These circumstances negative the existence of a partnership at will*, dissoluble at the election of a member thereof.

*Owen*, 19 Cal.2d at 150 (emphasis added).

- (e) **In this case, the undisputed evidence shows an agreement that the partnership would pay rent under multi-year leases. Here, as in *Owen*, there was an agreement to remain partners until completion of a particular undertaking.**

In both his pleadings and his trial testimony, King conceded that his agreement with Mockovak included an agreement to remain partners until they had paid all the rent due under multi-year leases and to honor lifetime

guarantees given to patients that they would perform any necessary surgical retreatment that they might ever need. *Opinion*, at 20; RP 146:19-25. King conceded that these things could not be done in less than a year.<sup>4</sup> Here, as in *Owen*, there was an agreement to remain partners until their lease obligations were paid in full. Thus, here, as in *Owen*, the partnership was *not* a partnership at will. The decision below conflicts with the *Owen* decision of the California Supreme Court.

Both the appellate court here and the California Supreme Court analyzed identical statutory language taken directly from the Uniform Partnership Act, and yet they reached diametrically opposite conclusions. This Court should grant review to decide this question: When the undisputed evidence shows that the partners “agreed to remain partners” until all their partnership debts were paid off, is that an agreement to remain partners “until . . . completion on a particular undertaking” which, as a matter of law, necessarily prevents the agreement from meeting the second statutory requirement for a partnership at will?

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<sup>4</sup> King argued that “Mockovak’s emails and letters demonstrate that he understood their partnership to include the repayment of debts and lease obligations. [Citation]. Dr. King and Mockovak were not mere sureties for the debts of others, but incurred and promised to repay debts that would directly benefit them as partners.” CP 6284.

2. **Whether it violates Wash. Const., art IV, §16 to fail to instruct a jury that the state constitution prohibits any conviction from working a forfeiture of estate is a significant question of state constitutional law and a question of first impression which should be determined by this Court. (RAP 13.4(b)(3) & (4)).**

(a) **Art. I, §15 prohibits depriving a person of his property on the ground that he has been convicted of a crime.**

Art. 1, §15 provides: “No conviction shall work corruption of blood, nor forfeiture of estate.” Mockovak asked the trial judge to instruct the jury that it could not treat Mockovak’s conviction for attempting to kill King as a basis for depriving Mockovak of the property that he co-owned with King. The proposed instruction stated, “You may not, under the Washington Constitution’s Declaration of Rights, conclude that he has ‘forfeited’ his estate by virtue of his conviction.” The trial judge refused to give this instruction on the ground that he thought “it is an odd instruction,” an “irregular instruction” and it “could cause confusion.” The Court of Appeals rejected Mockovak’s contention that this was error, holding that the trial judge was not required to give a “confusing” instruction, and that in any event Mockovak was not harmed because “the absence of the instruction did not stop Mockovak from referring to the constitutional provision during both voir dire and closing argument.” *Opinion*, at 16.

But there was nothing incorrect or confusing about the instruction. It clearly was a correct statement of the law. As the Court said in *Leonard v. Seattle*, 81 Wn.2d 479, 488, 503 P.2d 741 (1972), “One cannot deprive the true owner of his property through criminal acts . . . .” A person *can* be

deprived of the fruits of criminal activity. *Id.* But the police officer in *Leonard* did not acquire his pension benefits by means of his criminal offense, and similarly Mockovak did not acquire his property interests in the partnership by means of his criminal activity. Therefore, just as it was held unconstitutional in *Leonard* to take away any portion of the police officer's pension because he committed a felony, it would be similarly unconstitutional for a jury to take away any portion of Mockovak's share of the partnership property because he committed felony offenses.

**(b) Unless the trial judge specifically tells jurors that it is constitutionally forbidden for them to deprive a person convicted of a heinous criminal offense of his full share of his property, they will not know that they are forbidden to do that.**

If no one tells them about it, jurors can hardly be expected to simply know that the constitutional right secured by art. I, §15 exists. Indeed, this particular right might seem extremely counter-intuitive to most jurors. Unless they are told they cannot do so, many jurors, perhaps all of them, might easily think that since Mockovak was convicted of attempting to kill his partner King, it stands to reason that some or all of Mockovak's share of the partnership property he owns can be taken away from him as punishment for his criminal offense.

**(c) Every litigant has a constitutional right to have the trial judge declare the law to the jury. A trial judge has no "discretion" to refuse to do this.**

Wash. Const., art. IV, §16 provides, "Judges shall not charge juries with respect to matters of fact, nor comment thereon, but shall declare the

law.” This constitutional provision guarantees every litigant in every case, civil or criminal, the right to have the trial court judge declare the law to the jury. The word “shall” creates a mandatory obligation. There is no “discretion” to leave the jury in the dark as to what the law provides. “The trial court has a duty to declare the law.” *In re Restraint of Tortorelli*, 149 Wn.2d 82, 94, 66 P.3d 606 (2003). When a court fails to discharge this duty, constitutional error occurs, and on direct appeal constitutional error is presumed prejudicial unless harmlessness is proved beyond a reasonable doubt. *Compare State v. Olmedo*, 112 Wn. App. 525, 49 P.3d 960 (2002) (direct appeal) with *Tortorelli* (collateral attack where petitioner is required to prove actual prejudice).

- (d) **The decision below conflicts with decisions of this Court and of the Court of Appeals that hold that an opportunity to tell the jury in closing argument what the law is does not satisfy the constitutional requirement that the court instruct the jury on all applicable provisions of constitutional law. (RAP 13.4(b)(1) & (2)).**

The Court of Appeals asserted that a failure to declare the law is harmless if a party’s attorney is allowed to argue what the law is. *Opinion* at 16. This court has flatly rejected that proposition. In *State v. Acosta*, 101 Wn.2d 612, 683 P.2d 1069 (1984) when discussing the correct legal definition of the phrase “unlawful use of force,” this Court plainly held:

*The defendant is entitled to a correct statement of the law, and should not be forced “to argue to the jury that the State [bears] the burden of proving absence of self-defense.” (Italics ours.) Rather, the defense attorney is only required to argue to the jury that the facts fit the law; the attorney should not have to convince the jury*



*what the law is.*

(Emphasis added) (citation omitted). *Accord State v. Irons*, 101 Wn. App. 544, 559, 4 P.3d 174 (2003); *State v. McMaster*, 113 Wn.2d 226, 778 P.2d 1037 (1989). Here, as in *Acosta*, *Irons* and *McMaster*, simply allowing Mockovak's trial attorney to argue that the Constitution prohibits the jurors from effecting any forfeiture of estate is constitutionally inadequate.

Similarly, the United States Supreme Court also has held that allowing attorney argument without instructing the jury on the existence of a constitutional right is constitutionally inadequate. In *Carter v. Kentucky*, 450 U.S. 288 (1981), the defendant requested that the jury be instructed that it could not draw any inference of guilt from the fact that the defendant did not testify. The trial judge refused to so instruct the jury, but the defendant's attorney was allowed to argue that the Constitution prohibited the jury from drawing any such inference. The Supreme Court *rejected* the contention that this was constitutionally adequate:

[M]ost certainly, defense counsel's own argument that the petitioner "doesn't have to take the stand . . . [and] doesn't have to do anything" cannot have had the purging effect that an instruction from the judge would have had. ***Arguments of counsel cannot substitute for instructions by the court.***

*Carter*, 450 U.S. at 304, quoting *Taylor v. Kentucky*, 436 U.S. 478, 489 (1978) (emphasis added).

The right to a fair trial does not rest on the "hope that defense counsel will be a more effective advocate" for the existence of a

constitutional right than opposing counsel. *Id.*<sup>5</sup> Such an instruction is constitutionally required because otherwise the jury is not informed about the protection afforded by the Fifth Amendment constitutional right to remain silent. Precisely because it is counter-intuitive to think that such an inference is constitutionally forbidden, the jury must be told that it is prohibited. The same principle applies to the state constitutional right that a convicted defendant's estate cannot be forfeited because he has been convicted of a crime.<sup>6</sup>

The holding of the Court of Appeals that the failure to instruct the jury on the constitutional prohibition of art. I, §15 conflicts with this Court's decisions in *Acosta* and *McMaster*; with the Court of Appeals' prior decisions in *Irons* and *Barnes*; with the U.S. Supreme Court's decisions in *Carter* and *Taylor*; and eviscerates both art. 1, §15 and art. IV, §16.

#### **E. CONCLUSION**

Pursuant to GR 14.1(a), the Court of Appeals' unpublished decision is a "persuasive" authority which can now be cited by anyone. It incorrectly construes the statutory definition of a "partnership at will," departs from interpretations by other states of the same language in the Uniform Partnership Act, and will tend to cause Washington trial courts to commit

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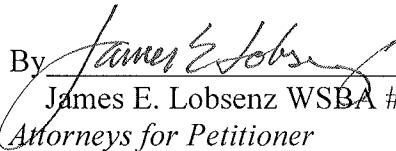
<sup>5</sup> *Accord State v. Barnes*, 54 Wn. App. 536, 542, 774 P.2d 547 (1989) (When requested, "a court *must* instruct a jury not to draw an adverse inference from the defendant's failure to testify.").

<sup>6</sup> As the *Carter* decision notes, "Even without adverse comment, the members of a jury, unless instructed otherwise, may well draw adverse inferences from a defendant's silence." *Carter*, 450 U.S. at 301. The same is true of forfeitures of estate. "Unless instructed otherwise," jurors "may well draw" the conclusion that a man convicted of trying to murder his business partner has forfeited his ownership share of property that he owns jointly with his partner.

error when applying the statutory definition. The appellate court's decision also ignores the constitutional problem caused by failing to instruct a jury that when deciding how to value and divide property that a convicted felon owns with another person, it is unconstitutional to deprive the convicted person of even \$1 dollar of his property simply because he has been convicted of a serious crime. Even if he co-owns property with a person that he attempted to murder, he cannot be deprived of any part of his ownership interest in that property on that basis. The decision below also ignores the constitutional imperative of art. IV, §16 that trial court judges must "declare the law" and cannot simply leave jurors in the dark as to what the state constitution forbids. For all these reasons, Petitioner asks this Court to grant review of the decision below.

Respectfully submitted this 16th day of February, 2018.

**CARNEY BADLEY SPELLMAN, P.S.**

By   
James E. Lobsenz WSBA #8787  
*Attorneys for Petitioner*

## CERTIFICATE OF SERVICE

The undersigned certifies under penalty of perjury under the laws of the State of Washington that I am an employee at Carney Badley Spellman, P.S., over the age of 18 years, not a party to nor interested in the above-entitled action, and competent to be a witness herein. On the date stated below, I caused to be served a true and correct copy of the foregoing document on the below-listed attorney(s) of record by the method(s) noted:

ESERVICE to the following:

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SIGNED at Seattle, Washington this 16th day of February, 2017.



Deborah A. Groth, Legal Assistant

# APPENDIX A

FILED  
COURT OF APPEALS DIV I  
STATE OF WASHINGTON

2017 OCT 30 1:11:55

IN THE COURT OF APPEALS OF THE STATE OF WASHINGTON

KING AND MOCKOVAK EYE  
CENTER, INC., P.S., a Washington  
professional service corporation; and  
CLEARLY LASIK, INC., a Nevada  
corporation,

Respondents,

v.

MICHAEL MOCKOVAK, M.D., an  
individual,

Appellant.

No. 74544-1-I

DIVISION ONE

UNPUBLISHED OPINION—

FILED: October 30, 2017

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MANN, J. — This matter arises from a business dispute between former business partners Dr. Michael King and Dr. Michael Mockovak. King and Mockovak, acting through their jointly owned corporations King and Mockovak Eye Center, Inc. (KMEC) and Clearly Lasik, Inc., successfully owned and operated multiple Lasik eye surgery clinics in the United States and Canada. After the 2008-09 recession, King, Mockovak, and their companies were deeply in debt. In 2009, Mockovak was charged and later convicted of attempting to arrange the murder of King in order to collect on an insurance policy. After years of litigation between King, Mockovak, and their former companies, in

No. 74544-1-1/2

December 2015, a jury returned a verdict in favor of King on some of his claims and rejected all of Mockovak's claims.

Mockovak appeals arguing the trial court erred by (1) allowing the jury to decide the value of his shares in KMEC, (2) failing to strike potential jurors for actual bias, (3) failing to give two curative jury instructions, (4) failing to grant a new trial for misconduct during closing argument, and (5) allowing the jury to decide if there was a partnership agreement. King cross appeals and argues that the trial court erred by (1) failing to allow the jury to determine damages for breach of the partnership agreement and (2) allowing a pretrial amendment adding a claim for breach of fiduciary duty.

We affirm in part, reverse in part, and remand.

### FACTS

#### *Background.*

In November 2009, King and Mockovak were partners who, through various corporations, jointly owned and operated five Lasik<sup>1</sup> eye surgery practices. Three practices were in Washington (Renton, Vancouver, and Kennewick) and two practices were in Canada (Burnaby, British Columbia and Edmonton, Alberta). The Washington practices were owned by KMEC, a Washington professional service corporation, owned equally by King and Mockovak. Clearly Lasik, a Nevada corporation, owned a Canadian corporation that owned the Edmonton practice. Clearly Lasik was owned equally by King and Mockovak as was a separate Canadian corporation that owned the Burnaby practice.

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<sup>1</sup> Lasik stands for laser in-situ keratomileusis; it is a surgery used to correct vision in people who are near-sighted, far-sighted, or have astigmatism.

Before 2009, Clearly Lasik also owned and operated eye surgery practices in Wisconsin, Idaho, Oregon, and Nevada. During the 2008-09 recession, however, demand for elective eye surgeries declined and these practices were closed. Despite selling the out of state practices, by the end of 2009, KMEC and Clearly Lasik were more than \$2.8 million in debt. Mockovak and King were both licensed to practice in Washington, only King was licensed in Canada. This meant that King performed all of the surgeries in Canada and was constantly traveling. Despite this work load, King performed more surgeries than Mockovak. By October 2009, the practices owed Mockovak \$487,873 and King \$907,489 in back pay.

In late 2009, King and Mockovak decided to part ways. They scheduled arbitration to divide the business assets for late December. Prior to the scheduled arbitration, however, the FBI arrested Mockovak for trying to arrange King's murder. The plan was to kill King and collect on a \$4 million key-man life insurance policy on King's life.<sup>2</sup> During his release on bail, Mockovak withdrew \$100,000 from the KMEC bank account. This withdrawal overdrew the account and left the businesses unable to pay its staff and bills.

Mockovak never practiced again. His medical license was suspended in January 2010 and permanently revoked in March 2012. A jury found Mockovak guilty of attempted murder and attempted theft. He was sentenced to 20 years in prison.

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<sup>2</sup> See King v. Mockovak, No. 66924-9-1, slip op. (unpublished) (Wash. Ct. App. May 20, 2013), <http://www.courts.wa.gov/opinions/pdf/669249.pdf>.



No. 74544-1-I/4

After Mockovak's arrest, King formed King Lasik. King owns 100 percent of King Lasik. King used income from King Lasik to service the debts of KMEC and Clearly Lasik. By the time trial in this matter began, King had paid \$1.4 million of the debts.

*Pretrial Procedure*

Two separate civil actions were subsequently filed against Mockovak. First, KMEC and Clearly Lasik sued Mockovak seeking damages and an injunction enjoining Mockovak from withdrawing funds, selling assets, and interfering with the business. Shortly thereafter, the King family separately sued Mockovak for negligent infliction of emotional distress and solicitation for first degree murder (King family action). Both civil actions were stayed pending Mockovak's criminal trial and appeals.

After Mockovak's conviction, KMEC and Clearly Lasik moved for partial summary judgment and Mockovak moved for dismissal of all claims. The trial court denied both motions. In doing so, the court ruled that Mockovak's "criminal convictions are facts established for purposes of proving whether there was a breach of duty by [Mockovak]."

Mockovak then successfully moved to dismiss the King family action. After the case was dismissed, the King family moved to amend the complaint to add claims for unjust enrichment and intentional injury to others under the Restatement (Second) of Torts § 870 (Am. Law Inst. 1977). The motion for leave to amend was denied.<sup>3</sup>

Mockovak then filed third-party claims adding King, King Lasik, and Christian Monea (the chief executive officer for KMEC and Clearly Lasik) as third-party defendants. Mockovak asserted third-party claims for (1) fraud by King and Monea (by

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<sup>3</sup> The Kings appealed that ruling, but this court held that the appeal was untimely. King v. Mockovak, No. 67479-0-1, 2013 WL 619545, at \*2 (Wash. Ct. App. Feb. 19, 2013).

No. 74544-1-1/5

Mockovak individually), (2) breach of fiduciary duty by King and Monea (on behalf of Mockovak, KMEC, and Clearly Lasik), (3) conversion by the third-party defendants (on behalf of Mockovak, KMEC, and Clearly Lasik), (4) unjust enrichment by the third-party defendants (on behalf of Mockovak, KMEC, and Clearly Lasik), and (5) conspiracy by the third-party defendants (on behalf of Mockovak, KMEC, and Clearly Lasik).

King, now a third-party defendant, filed counterclaims against Mockovak for (1) intentional injury to others under Restatement (Second) of Torts § 870, (2) unjust enrichment, and (3) breach of the partnership contract. King sought business related damages and personal damages for emotional distress.<sup>4</sup>

Both parties filed cross motions for summary judgment. Mockovak moved to dismiss King's counterclaims, arguing that they were barred by res judicata. The third-party defendants moved to dismiss all of Mockovak's third-party claims except for those against or on behalf of Clearly Lasik. The trial court denied Mockovak's motion to dismiss King's counterclaims. The court dismissed Mockovak's derivative claims filed on behalf of KMEC, concluding that "[i]t was the suspension of Mockovak's medical license that led to his ineligibility to be an owner of the business." The court denied the third-party defendant's motion to dismiss Mockovak's individual claims for fraud, breach of fiduciary duty, conversion, and unjust enrichment. The court also left for trial Mockovak's claims for an ownership interest and recovery against KMEC.

In September 2015, all parties again moved for summary judgment. KMEC argued that because the trial court previously ruled that the suspension of Mockovak's medical license made him ineligible to own shares in KMEC, Mockovak's only remedy

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<sup>4</sup> King Lasik subsequently joined King's counterclaim for unjust enrichment.

No. 74544-1-I/6

for recovering from KMEC was through the statutory appraisal mechanism for valuing dissenting shareholders' shares under RCW 23B.13.250-.300. The trial court granted the motion "regarding the ownership of KMEC." The trial court also dismissed: (1) King's counterclaim for intentional injury to others under Restatement (Second) of Torts § 870, (2) King and King Lasik's unjust enrichment claim, and (3) KMEC and Clearly Lasik's claim for tortious interference with prospective advantage or business expectancy.

After the court dismissed King's counterclaim for intentional injury to others under Restatement (Second) of Torts § 870, King moved to amend his answer to add a counterclaim for breach of fiduciary duty based on Mockovak's alleged breach of the partnership agreement between King and Mockovak. The court denied King's motion to amend and his motion for reconsideration.

Prior to trial, Mockovak and King stipulated to the facts underlying Mockovak's convictions for solicitation to commit murder, attempted murder, conspiracy to commit theft, and attempted theft. Mockovak then filed a motion in limine to exclude prejudicial evidence or argument regarding Mockovak's criminal conduct, including FBI audio and video surveillance tapes, victim impact statements, and other inflammatory evidence. The court granted Mockovak's motion.

#### *Trial*

Mockovak's individual claims (fraud, conversion, unjust enrichment, and conspiracy) and his derivative claims on behalf of Clearly Lasik (breach of fiduciary duty, conversion, unjust enrichment, and conspiracy) were tried before the jury. KMEC and Clearly Lasik's claim for breach of fiduciary duty, and King's counterclaim for

breach of the partnership agreement, were also tried before the jury. Both parties called experts who opined on the value of Mockovak's cancelled KMEC shares, the value of the other practices, and damages.

Near the close of King's case, Mockovak moved to dismiss King's counterclaim for breach of contract because it violated the statute of frauds. The court granted this motion in part; the court allowed the jury to decide whether a partnership existed and if it had been terminated, but it did not allow King to seek damages.

At the conclusion of the trial, the jury returned its verdict. It concluded that: (1) Mockovak breached one or more fiduciary duties to KMEC and Clearly Lasik but awarded no damages for the breach, (2) a partnership existed and that Mockovak made it not reasonably practicable to carry on or engaged in wrongful conduct that adversely and materially affected the partnership, and (3) the value of Mockovak's shares in KMEC as of January 27, 2011, was negative \$233,584. The jury rejected all of Mockovak's individual claims and his derivative claims on behalf of Clearly Lasik.

After the trial court entered its final judgment, Mockovak moved under CR 59 for a new trial. Before the court denied this motion, Mockovak filed a notice of appeal. The court denied Mockovak's motion and entered a final judgment incorporating the denial. Mockovak then filed an amended notice of appeal. King cross appealed.

#### ANALYSIS

##### *Valuation of Cancelled Shares of KMEC*

Mockovak argues that the trial court erred in failing to bifurcate the trial and by allowing the jury to determine the value of Mockovak's cancelled shares of KMEC. Mockovak requests that we reverse and remand for a new trial. While we agree that the

trial court should have determined the valuation of the cancelled shares, the trial court did not abuse its discretion in refusing to bifurcate the trial.

Individuals may hold shares of professional corporations. RCW 18.100.050. If a shareholder becomes ineligible to own shares in a professional corporation, and if a redemption of the ineligible shareholder's shares does not happen within a year from when the shareholder became ineligible, then the ineligible shareholder is deemed to have exercised the right to dissent under chapter 23B.13 RCW. RCW 18.100.116(2). A dissenting ineligible shareholder has a right to payment for the shares in the professional corporation under RCW 23B.13.250. See RCW 18.100.116(2). The shareholder is deemed to have made a written demand on the corporation for payment one year and a day after the corporation's shares were transferred to a shareholder who is ineligible to hold them. See RCW 18.100.116(2). If the dissenter is not paid by the corporation, then the court ultimately determines the fair value of the shares. RCW 23B.13.280.300.

The trial court made two relevant pretrial rulings concerning Mockovak's interest in KMEC. First, in granting summary judgment on Mockovak's derivative claim on behalf of KMEC against King, the trial court concluded: "It was the suspension of [Mockovak's] medical license that led to his ineligibility to be an owner of the business." Second, the trial court granted summary judgment for King on "the ownership of KMEC," ruling that King and Mockovak owned KMEC. The combined effect of the court's pretrial rulings was that (1) Mockovak and King jointly owned KMEC, (2) Mockovak became ineligible to own shares under RCW 18.100.116(2) after his medical

license was suspended on January 26, 2010,<sup>5</sup> and (3) Mockovak was to be paid the fair value of his cancelled shares as of January 27, 2011—one year and one day after he became ineligible to own shares.

One week before trial, Mockovak moved to bifurcate the trial so that the valuation of the cancelled shares would be determined by the court in a separate proceeding. The trial court denied Mockovak's motion. The court explained that the shares' value was "intertwined" with other questions in the case such that the valuation issue "doesn't seem like an appropriate issue to somehow pull out."

The jury valued Mockovak's cancelled shares in KMEC as of January 27, 2011. It found the shares to be worth negative \$233,584. This value is one-half of what King's business-valuation expert opined the KMEC was worth on January 27, 2011, under a net-asset valuation approach.<sup>6</sup>

Mockovak is correct that plain language of RCW 23B.13.300 requires the court to make the ultimate valuation decision in a dissenter's rights action under RCW 23B.13.300. The statute states that "the corporation shall . . . petition the court to determine the fair value of the shares and accrued interest." RCW 23B.13.300(1). The statute further provides that the "jurisdiction of the court . . . is plenary and exclusive." RCW 23B.13.300(4). In Eagleview Tech, Inc. v. Pikover, this court confirmed that "[t]he court makes the ultimate valuation decision in a dissenter's rights action." 192 Wn. App. 299, 308, 365 P.3d 1264 (2015). The statute and case law are clear that courts make

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<sup>5</sup> It is undisputed that Mockovak's license to practice medicine was suspended on January 26, 2010.

<sup>6</sup> King's witness valued the full value of the KMEC shares on January 27, 2011, at negative \$467,188. Half of this would be negative \$233,594—which is \$10 less than what the jury awarded to Mockovak—negative \$233,584.)

the ultimate valuation decision in a dissenter's rights action. The trial court erred in allowing the jury to determine the valuation of Mockovak's cancelled shares in KMEC.

The trial court did not, however, abuse its discretion in denying Mockovak's motion to bifurcate the proceedings. CR 42(b) allows a court to separate claims into different trials. "The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claim." CR 42(b). "The denial of a motion to bifurcate will not be disturbed absent a showing of abuse of the trial court's discretion." Jensen v. Beaird, 40 Wn. App. 1, 20, 696 P.2d 612 (1985).

The trial court here determined that valuation of the shares was "intertwined" with other questions in the case. After the close of evidence, the court confirmed its determination that it "[had] no idea how that could be a separate bifurcated phase now when I have seen all of the evidence." The court's decision to hear all intertwined issues during a single trial is not an abuse of discretion. The civil rules "shall be construed and administered to secure the just, speedy, and inexpensive determination of every action." CR 1. The court did not err in hearing all evidence at the same time. Consistent with RCW 23B.13.300, however, after the close of evidence the trial court should have determined the valuation of the shares.

On remand, a new trial on the value of the cancelled shares in KMEC is not necessary. The trial court should issue its valuation based on the evidence already presented at trial.

*Potential Jury Bias*

Mockovak asserts the trial court erred by failing to strike potential jurors who demonstrated actual bias regarding Mockovak's conviction. We disagree.

We review a trial court's ruling on a challenge for cause for manifest abuse of discretion. State v. Davis, 175 Wn.2d 287, 312, 290 P.3d 43 (2012). "The reason for this deference is that the trial judge is able to observe the juror's demeanor and, in light of that observation, to interpret and evaluate the juror's answers to determine whether the juror would be fair and impartial." Davis, 175 Wn.2d at 312. When a challenge for cause is based on alleged bias, the trial court must determine "whether a juror with preconceived ideas can set them aside' and decide the case on an impartial basis." State v. Grenning, 142 Wn. App. 518, 540, 174 P.3d 706 (2008) (quoting State v. Noltie, 116 Wn.2d 831, 839, 809 P.2d 190 (1991)).

After it was disclosed during voir dire that Mockovak was convicted of attempted murder, Mockovak's counsel asked the jury pool

If the crime in this case is attempted murder of the other business person in this business dispute, would you have difficulty being fair in resolving the business dispute in favor of the person who sits in prison?

Thirty-two potential jurors agreed that they would have difficulty being fair.

Mockovak challenged all for cause. The court declined to rule based on the minimal inquiry.

Juror 27 stated that he would have "a very hard time" awarding the criminal money when the criminal "definitely harmed the business." Thirty jurors agreed with juror 27's statement. When asked if any other jurors agreed with juror 27's feeling that



No. 74544-1-I/12

Mockovak needed to overcome a presumption that the business was harmed by his criminal conduct, 24 jurors agreed.

King's counsel conducted the following inquiry:

[COUNSEL:] Now, if Judge Chun instructs you that in this case there is evidence of serious intentional criminal misconduct against Dr. King, but he also instructs you that as officers of the court, it is your duty to follow the law in a fair and impartial way, doesn't mean that you don't hold someone accountable. It means you follow the law. Would you be able to follow the instructions of the court? Raise your cards if you agree?

COURT: For the record, it looks like virtually everyone is holding up their cards, but I am not sure.

[COUNSEL:] I will ask the reverse question for that reason, Your Honor. Is there anyone who says "I don't think that I could follow the judge's instructions under circumstances where one of the parties to a civil dispute was suing for money has committed a crime as serious as attempted murder in the first degree. I cannot follow the judge's instruction."? Any one who says that they can't follow the instructions of the court? Now, is there a –

COURT: For the record, I don't think that anyone raised their card.

Later, King's counsel specifically inquired of juror 3:

I mean, it is a fact of the case that Mr. Mockovak is convicted of attempted murder in the first degree, and some other crimes. Do you believe that you can hear all of the evidence in the case, which will come through exhibits and witnesses and consider the instructions given by Judge Chun and follow the law including the fact of the conviction?

When juror 3 responded, "I can follow the law, but I have a bias," he was excused for cause without objection.

The trial court then asked the jury pool two follow-up questions:

Would you please raise your cards for me, if based on everything that you have heard thus far, you simply feel that you cannot be fair and impartial in this case? Now I will ask it another way—nobody has raised their card. I [will] ask it another way. You are required to be fair and impartial. Based on what you have heard, including about the conviction, do you feel that

you simply cannot be fair and impartial in this case? If so, please raise your card. All right. Next question. No one raised their cards.

Mockovak's counsel followed up by asking the remaining jury pool if anyone agreed with juror 3. No other potential juror agreed.

Mockovak argues that the court abused its discretion in denying his motion to strike all jurors that exhibited bias. We disagree. Here, the court was in the best position to observe jury bias and it saw none. Although the record shows the possibility of prejudice against Mockovak, the record also shows that the jurors could try the cause impartially. Mockovak argues that the court's group inquiry, as opposed to individual inquiry, was inadequate. Again, we disagree. While individual voir dire may better ferret out biases and allow counsel to rehabilitate a juror who appears biased, failing to conduct individual voir dire is not improper. Here, the court explained that at first it could not tell whether the jurors' responses indicated bias. But as the questioning continued, it became clear that the jurors could be impartial. Given the court's explanation, denying Mockovak's challenge was not an abuse of discretion.

*Proposed Jury Instructions*

Mockovak argues that the trial court erred in failing to give two curative instructions concerning Mockovak's constitutional rights and evidence of his conviction. We disagree.

"Whether to give a particular instruction to the jury is a matter within the discretion of the trial court." Stiley v. Block, 130 Wn.2d 486, 498, 925 P.2d 194 (1996). Thus, a trial court's refusal to give a requested instruction is reviewed "only for abuse of discretion." Stiley, 130 Wn.2d at 498. "Refusal to give a particular instruction is an

No. 74544-1-I/14

abuse of discretion only if the decision was 'manifestly unreasonable, or [the court's] discretion was exercised on untenable grounds, or for untenable reasons.'" Anfinson v. FedEx Ground Package Sys, Inc., 159 Wn. App. 35, 44, 244 P.3d 32 (2010) (quoting Boeing v. Harker-Lott, 93 Wn. App. 181, 186, 968 P.2d 14 (1998)). "Jury instructions are sufficient if they are supported by the evidence, allow each party to argue its theory of the case, and when read as a whole, properly inform the jury of the applicable law." Fergen v. Sestero, 182 Wn.2d 794, 803 346 P.3d 708 (2015). "No more is required." Anfinson, 159 Wn. App. at 44. Thus, "[i]f a party's theory of the case can be argued under the instructions given as a whole, then a trial court's refusal to give a requested instruction is not reversible error." Anfinson, 159 Wn. App. at 45.

At issue are two of Mockovak's proposed jury instructions. First, during cross-examination of Mockovak, King's counsel asked several questions related to the attempted murder. After the court sustained one objection, Mockovak asked for a curative instruction, claiming that some of the questions put Mockovak in an "embarrassing position" because the stipulation prohibited him from commenting on the convictions. The trial court refused to give an instruction. At the conclusion of the evidence, Mockovak renewed the request and asked that the following curative instruction be given:

The Court has ruled and the parties have stipulated that Dr. Mockovak's crimes are facts for purposes of this civil trial. Because Dr. Mockovak may not challenge those facts for purposes of this civil trial, you should disregard any argument or testimony regarding the criminal events to which he has not been permitted to respond that are not contained in the parties' stipulation, which is Trial Exhibit 19.

The trial court again refused to give the requested instruction.

Although evidence of Mockovak's crimes leaked into the proceedings, it was reasonable to deny the requested instruction for at least two reasons. First, the instruction favored Mockovak because it told jurors that they "should disregard any argument or testimony regarding the criminal events" because Mockovak "may not challenge those facts for purposes of this civil trial." Instructing the jury that it "should disregard any argument or testimony" was a step too far because it suggested that "any argument or testimony" about the crimes that was not contained in the stipulation automatically ran afoul of the court's ruling to exclude unfairly prejudicial evidence related to Mockovak's crimes. The jury could still consider the effect of Mockovak's crimes on the businesses.

The instruction was also disingenuous because Mockovak himself suggested that he disputed the convictions. For example, when asked if he agreed that trying to steal life insurance proceeds was a breach of his fiduciary duty, Mockovak disputed the crime: "Again, you're referring to what I believe is a conclusion of the criminal court, and for the purposes of the proceedings within these four walls I have—I will certainly follow Judge Chun's order and not dispute that. Beyond that I have no comment." When asked what he meant, Mockovak said: "Well, I'm disputing the conviction outside of these four walls." The trial court explained:

One of the bases for my concern is that when the witness was essentially asked whether certain conduct, that is, to use [Mockovak's counsel's] words, part of the res judicata order constitutes a breach of fiduciary duty, the witness went off to use the orders in limine as an excuse. I didn't think that question was inappropriate, and there certainly wasn't an objection to that question. And so part of my concern in connection with your request is that it seemed as if the witness [was] using the order as an excuse not to answer the question.

The trial court did not abuse its discretion in refusing to give the curative instruction.

The second instruction that Mockovak proposed, and the trial court refused, concerned Mockovak's constitutional rights. Mockovak requested the following instruction:

Mockovak has been convicted of crimes which will be accepted as fact for purposes of this trial. The Washington Constitution's Declaration of Rights provides that "[n]o conviction shall work a corruption of the blood nor forfeiture of the estate." Mockovak seeks to recover damages and the value of his share of the Clearly Lasik® business, which are part of his "estate." You may consider whether Mockovak's conviction had any effect on the value of his "estate," but you may not, under the Washington Constitution's Declaration of Rights, conclude that he has "forfeited" his estate by virtue of his conviction.

The court denied this request, explaining:

I think that it is an odd instruction. I think that it is irregular. I think that it could cause confusion for the jury. I also think that it is the realm of argument, both sides have made emotional appeals. I am not going to include this instruction.

Again, the court did not abuse its discretion. The court was under no obligation to give confusing, misleading, or argumentative instructions.<sup>7</sup> See, e.g., State v. Rehak, 67 Wn. App. 157, 165, 834 P.2d 651 (1992); Watson v. Hockett, 107 Wn.2d 158, 163, 727 P.2d 669 (1986). Moreover, the absence of the instruction did not stop Mockovak from referring to the constitutional provision during both voir dire and closing argument.

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<sup>7</sup> 6 WASHINGTON PRACTICE: WASHINGTON PATTERN JURY INSTRUCTIONS: CIVIL, PREFACE (2d ed. 1980).

*Misconduct During Closing Argument*

After trial, Mockovak filed a motion for a new trial pursuant to CR 59(a)(2) arguing that King's counsel committed misconduct during closing argument. Mockovak argues that the trial court erred in denying the motion. We disagree.

We review a trial court's order denying a new trial for abuse of discretion. Aluminum Co. of Am. v. Aetna Cas. & Sur. Co., 140 Wn.2d 517, 537, 998 P.2d 856 (2000) [hereinafter Alcoa]. When the motion for a new trial is based on the alleged misconduct of counsel, the trial court must determine whether "such a feeling of prejudice [has] been engendered or located in the minds of the jury as to prevent a litigant from having a fair trial." Alcoa, 140 Wn.2d at 537 (internal quotations omitted).

Before closing arguments, the trial court advised counsel that he wanted to "minimize the risk of there being objections during closing arguments." The court warned both parties about "going into the realm of Marie Claire [Mockovak's daughter] or something like that, or going to the realm [of] attempted murder, attempted murder, attempted murder, you know what I am talking about." The court continued: "When you go to the emotional distress and that kind of stuff[,] . . . I want to give you the heads up to both of you my antennae [are] going to be up really high on that stuff."

Several times during argument, however, King alluded not only to Mockovak's crimes but also to the emotional distress that they caused King's family. King told the jury that Mockovak had not accepted responsibility for the debts, the warranties, or his crimes.

The truth, the sad truth, is that Mr. Mockovak is the anti-responsibility man. He has not paid a dime towards the debts. He has not honored a single warranty. He never even thought about making arrangements for

his patients. He never accepted responsibility for his crimes and worst of all he continues, really, to show no remorse.

Later, he suggested Mockovak pay the corporation's debts: "What would be fair is for Mr. Mockovak to take some responsibility for the debts of the practice that were paid off solely by Dr. King." King concluded by appealing to the juror's humanity and castigating Mockovak's:

[T]he legal system . . . can't deal with matters of the heart very well, or matters of forgiveness or repentance or those deeper issues of life. It can't do that. It doesn't work well. It can do justice and that is about all that it can do well. . . . But it doesn't have the capacity to address the really deep issues that have surfaced throughout this case—you saw them and felt them. They are profoundly issues of character and need for repentance and change of heart. You can't do that. But you can render a verdict that is just.

Mockovak did not object during King's closing.

A trial court may grant a new trial if the prevailing party or the jury's misconduct materially affects the other party's substantial right. CR 59(a)(2); Alcoa, 140 Wn.2d at 537-38. The party seeking a new trial based on counsel's misconduct must establish that (1) the conduct was misconduct, (2) the misconduct was prejudicial, (3) the misconduct was objected to at trial, and (4) the misconduct was not cured by the court's instructions. Alcoa, 140 Wn.2d at 539; see Teter v. Deck, 174 Wn.2d 207, 226, 274 P.3d 336 (2012) (reaffirming Alcoa). Without an objection to counsel's remarks during closing, misconduct cannot be raised for the first time in a motion for a new trial unless it is so flagrant that no instruction could have cured the prejudice. Sommer v. Dep't of Soc. & Health Servs., 104 Wn. App. 160, 171, 15 P.3d 664 (2001).

Because Mockovak failed to object to King's closing argument, King's conduct must have been flagrant. Here, while King's argument may have strayed beyond

zealous advocacy into topics that the trial court warned against, it was not so flagrant that an objection and instruction could have cured any prejudice. Sommer, 104 Wn. App. at 171. The trial court was well aware of its rulings and the limits on argument. The court warned counsel that its antennae were up for inappropriate argument. Despite this, the court did not interrupt King's argument. "The trial court is in the best position to most effectively determine if counsel's misconduct prejudiced a party's right to a fair trial." Miller v. Kenny, 180 Wn. App. 772, 815, 325 P.3d 278 (2014). The court did not abuse its discretion in denying Mockovak a new trial under CR 59(a)(2).

#### *Partnership*

In his cross appeal, King argues that the trial court erred in granting Mockovak's CR 50 motion for a directed verdict that the oral partnership between King and Mockovak was void under the statute of frauds and prohibiting King from seeking damages for breach of the contract. In his appeal, Mockovak challenges the trial court's decision to allow the jury to determine if the partnership existed and whether it had been breached due to Mockovak's conduct. We agree with King that the trial court erred in not allowing King to seek damages for breach of contract.

Orders on motions for a directed verdict under CR 50(a) are reviewed de novo. Gomez v. Sauerwein, 180 Wn.2d 610, 616, 331 P.3d 19 (2014). This court also reviews de novo whether a contract satisfies the statute of frauds. Dickson v. Kates, 132 Wn. App. 724, 733, 133 P.3d 498 (2006).

In 2002, King and Mockovak entered into an oral partnership agreement to build an ophthalmological practice together. They agreed to perform surgeries, contribute capital, share in administrative functions, and share debts and profits equally. Together



No. 74544-1-1/20

they opened surgical centers in Washington and Canada and later agreed to expand their practice by opening clinics in Wisconsin, Idaho, Oregon, and Nevada. To make this possible, Clearly Lasik and KMEC leased space, bought equipment, paid clinic operating costs, sometimes using funds provided by bank loans and lines of credit personally guaranteed by the partners. The partners also had contractual obligations to perform warranty surgeries. A patient who had eye surgery at a KMEC or Clearly Lasik clinic could buy a warranty which obligated the practice to perform follow up eye surgery if needed. Under the partnership agreement, the surgeon who performed the original surgery would perform any follow-up treatments.

King testified at trial that after Mockovak's arrest, Mockovak was no longer able to perform his obligations under the partnership including performing surgeries and warranty surgeries, carrying out administrative functions, and failing to pay his share of the partnership's debts. King offered evidence that due to the breach of the partnership agreement, his damages were \$153,324 for his payment of Mockovak's share of the partnership debt and \$288,146 for the cost of performing warranty surgeries on Mockovak's patients after his arrest. Under the trial court's CR 50(a) ruling, the jury was not allowed to consider these damage claims.

A partnership in Washington is an association of two or more persons to carry on as co-owners a business for profit. RCW 25.05.005(6). A partnership agreement may be written, oral, or implied. RCW 25.05.005(7). A "partnership at will" is a partnership "in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking." RCW 25.05.005(8). The evidence at trial showed that beginning in 2002 and continuing until Mockovak's arrest,

No. 74544-1-I/21

King and Mockovak participated in a partnership. The jury agreed. There was no evidence that King and Mockovak's partnership was for a defined period of time, or had an expiration date. Thus, it was a partnership at will.

Mockovak argued in his CR 50(a) motion that Washington's statute of frauds applied and thus the partnership was invalid because it was not in writing. RCW 19.36.010 provides in relevant part:

In the following cases, specified in this section, any agreement, contract, and promise shall be void, unless such agreement, contract, or promise, or some note or memorandum thereof, be in writing, and signed by the party to be charged therewith, or by some person thereunto by him or her lawfully authorized, that is to say: (1) Every agreement that by its terms is not to be performed in one year from the making thereof.<sup>[8]</sup>

Because the oral partnership involved contractual agreements that could not be performed in one year, Mockovak contends that the agreement was void for a lack of writing. This is incorrect.

Our Supreme Court has long held that the provision of the statute of frauds invalidating an oral agreement that by its terms is not to be performed within one year, is not applicable to oral partnership agreements that are for an indefinite length of time and terminable at will. Malnar v. Carlson, 128 Wn.2d 521, 533-34, 910 P.2d 455 (1996); Davis v. Alexander, 25 Wn.2d 458, 466, 171 P.2d 167 (1946). "If, by its terms, performance is possible within one year, however unlikely that may be, the agreement is not within the statute of frauds; and it is also legally immaterial that the actual period of performance exceeded one year." Malnar, 128 Wn.2d at 534 (citing JOHN D. CALAMARI & JOSEPH M. PERILLO, CONTRACTS § 19-18 (3d ed. 1987)).

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<sup>8</sup> (Emphasis added.)

No. 74544-1-I/22

The partnership agreement between King and Mockovak was for an indefinite length of time and terminable at will. King and Mockovak formed a partnership to build an ophthalmological practice for profit and the partnership was to continue indefinitely. Because performance of the partnership agreement was possible (though practically unlikely) within one year, the statute of frauds did not apply. Malnar, 128 Wn.2d at 534.

A party damaged by a breach of contract “may recover all damages that accrue naturally from the breach and be returned to ‘as good a pecuniary position as he would have had if the contract had been performed.’” Parker v. Tumwater Family Practice Clinic, 118 Wn. App. 425, 431, 76 P.3d 764 (2003) (quoting Eastlake Constr. Co. v. Hess, 102 Wn.2d 30, 39, 686 P.2d 465 (1984) (breach of a partnership agreement created a cause of action for damages)).

Here, the court erred by not allowing King to recover on the contract. Because the contract was enforceable and King suffered damages as a result of the breach, King had a cause of action to recover damages. These damages should have returned him to the position he would have been in had the contract not been breached. See Parker, 118 Wn. App. at 431. The jury found that a partnership existed and that Mockovak engaged in “wrongful conduct that adversely and materially affected the partnership business.” The jury should have been allowed to decide if King was entitled to damages.

*Motion to Amend*

King argues that the trial court abused its discretion in denying his motion for leave to file a second amended answer adding a personal claim against Mockovak for breach of fiduciary duty based on the partnership agreement. We disagree.

Because his right to amend as a matter of course had long expired, King could only amend his pleadings “by leave of [the] court.” CR 15(a). Under CR 15(a), leave to amend “shall be freely given when justice so requires.” The decision to grant leave lies within the discretion of the trial court. We review a trial court’s decision to grant or deny a motion to amend for manifest abuse of discretion. Wilson v. Horsley, 137 Wn.2d 500, 505, 974 P.2d 316 (1999); Caruso v. Local Union No. 690, 100 Wn.2d 343, 351, 670 P.2d 240 (1983). “The trial court’s decision ‘will not be disturbed on review except on a clear showing of abuse of discretion, that is, discretion manifestly unreasonable, or exercised on untenable grounds, or for untenable reasons.’” Wilson, 137 Wn.2d at 505 (quoting State ex rel. Carrol v. Junker, 79 Wn.2d 12, 26, 482 P.2d 775 (1971)).

In August 2011, after the King family’s lawsuit was dismissed, King added a counterclaim in this matter against Mockovak for intentional injury to others under the Restatement (Second) of Torts § 870. After extensive discovery and briefing, on October 14, 2015—just over one month before trial—the trial court granted Mockovak’s motion for summary judgment dismissing King’s counterclaim under the Restatement (Second) of Torts § 870. The next day, King moved to amend his counterclaim to add a personal claim against Mockovak for breach of fiduciary duty. King’s new counterclaim, based on the partnership agreement between King and Mockovak, requested the same damages, including emotional distress damages, that King sought in his dismissed claim for intentional injury to others under Restatement (Second) of Torts § 870. Mockovak opposed the amendment due to King’s undue delay, and due to prejudice because the deadline for seeking additional discovery and summary judgment had passed. The trial court denied King’s motion to amend on November 9, 2015. On

November 18, 2015, the first day of trial, the trial court denied King's motion for reconsideration, explaining that the requested amendment would be prejudicial to Mockovak.

There is no question here that King unduly delayed in attempting to add a personal claim for breach of fiduciary duty. King filed his answer and counterclaim, including a claim for breach of partnership, in August 2011—over four years prior to seeking to amend his counterclaim to add a breach of fiduciary duty claim based on the breach of partnership. King clearly caused undue delay. See Wallace v. Lewis County, 134 Wn. App. 1, 26, 137 P.3d 101 (2006) (waiting 18 months to attempt to amend a month before a scheduled summary judgment hearing was undue delay). But undue delay alone does not justify refusal to allow an amendment. Caruso, 100 Wn.2d at 349-50. Instead, “[t]he touchstone for denial of an amendment is the prejudice such amendment would cause the nonmoving party.” Caruso, 100 Wn.2d at 350.

Mockovak argued below that it was unduly prejudicial to allow King's amendment just one month before trial, long after discovery cutoff, and long after the deadline for bringing motions for summary judgment. The trial court agreed. King asserts that Mockovak understood the emotional damages he was seeking, and that there was no basis for summary judgment. But King offers no explanation for attempting to insert a new cause of action into the proceedings after all pretrial deadlines had expired other than trying to resurrect a claim for emotional distress damages that the trial court had already rejected.<sup>9</sup>

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<sup>9</sup> Contrary to King's assertions, there were likely grounds for Mockovak to seek dismissal on summary judgment. For example, the parties dispute as a matter of law, whether damages for emotional distress are recoverable in an action for breach of fiduciary duty due to breach of partnership agreement.

King's delay, and the attendant prejudice, far exceeds other situations where Washington courts have affirmed a trial court denying a late filed amendment. See, e.g., Wallace, 134 Wn. App. at 26 (no abuse of discretion for denying leave to amend where moving party was aware of the factual basis for the claim from the outset of the case and did not seek amendment until "a month before the scheduled summary judgment hearing and more than a year and a half after filing their initial complaint."); Del Guzzi Const. Co. Inc. v. Global Nw., Ltd, Inc., 105 Wn.2d 878, 888-98, 719 P.2d 120 (1986) (no abuse of discretion for denying leave to amend filed one week before summary judgment); Donald B. Murphy Contractors, Inc., v. King County, 112 Wn. App. 192, 199-200, 49 P.3d 912 (2002) (no abuse of discretion for denying motion to amend filed 10 days before summary judgment). Because the trial court based its decision upon prejudice, the "touchstone" for denial of an amendment, the trial court's decision was not a manifest abuse of discretion and the decision should not be disturbed on appeal. Del Guzzi, 105 Wn.2d at 888-89.

*Noncompete Agreement*

Mockovak argues that he was entitled to a \$200,000 share of a \$400,000 payment made to King for waiver of a noncompete agreement. We disagree.

In May 2008, Mockovak and King sold part of their business. The sale agreement included a noncompete provision that prohibited the buyers, LASIC MD, from competing with Mockovak and King's business in Victoria. In June 2011, while

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Similarly, the parties dispute whether King's claims were barred by res judicata after the King family litigation was dismissed.

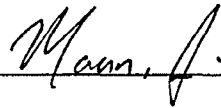
No. 74544-1-I/26

Mockovak was in prison, King agreed to waive the noncomplete provision for \$400,000. King kept the full payment of \$400,000.

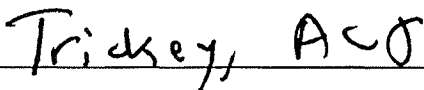
Mockovak sought recovery of a share of the \$400,000 under theories of conversion, unjust enrichment, and conspiracy. The jury rejected Mockovak's theories. Mockovak moved to vacate the jury's verdict on his unjust enrichment claim under CR 59(a)(7), but the court denied this motion. Mockovak does not challenge the trial court's denial of his motion to vacate. Mockovak instead argues that he is contractually entitled to a share of the waiver payment. But Mockovak did not seek recovery on a contract theory below. We decline to review a claim not raised below. CR 2.5(a).

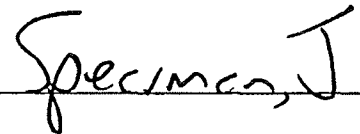
CONCLUSION

We reverse in part and remand for (1) the trial court to enter findings determining the value of Mockovak's cancelled shares under RCW 23B.13.300 and (2) a new trial to determine the limited question of whether King is entitled to damages for the breach of partnership agreement. We otherwise affirm.

  
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WE CONCUR:

  
\_\_\_\_\_

  
\_\_\_\_\_

# APPENDIX B



FILED  
Dec 12, 2017  
Court of Appeals  
Division I  
State of Washington

IN THE COURT OF APPEALS OF THE STATE OF WASHINGTON

KING AND MOCKOVAK EYE	)	No. 74544-1-I
CENTER, INC., P.S., a Washington	)	
professional service corporation; and	)	
CLEARLY LASIK, INC., a Nevada	)	
corporation,	)	DIVISION ONE
Respondents,	)	
v.	)	ORDER CALLING FOR ANSWER
MICHAEL MOCKOVAK, M.D., an	)	
individual,	)	
Appellant.	)	

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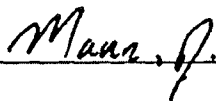
Appellant Michael Mockovak filed a motion for reconsideration of the court's opinion filed on October 30, 2017. Pursuant to RAP 12.4(d), the panel requests an answer.

Therefore, it is

ORDERED that any answer to the motion for reconsideration shall be filed on or before December 22, 2017.

DATED this 12<sup>th</sup> day of December 2017.

FOR THE COURT:

  
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# APPENDIX C

FILED  
Jan 18, 2018  
Court of Appeals  
Division I  
State of Washington

**IN THE COURT OF APPEALS OF THE STATE OF WASHINGTON**

KING AND MOCKOVAK EYE	)	No. 74544-1-I
CENTER, INC., P.S., a Washington	)	
professional service corporation; and	)	
CLEARLY LASIK, INC., a Nevada	)	
corporation,	)	DIVISION ONE
Respondents,	)	
v.	)	ORDER DENYING MOTION
	)	FOR RECONSIDERATION
MICHAEL MOCKOVAK, M.D., an	)	
individual,	)	
Appellant.	)	

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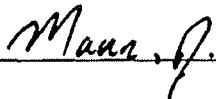
Appellant Michael Mockovak filed a motion for reconsideration of the court's opinion filed on October 30, 2017. Respondents King and Mockovak Eye Center, Inc. and Clearly Lasik, Inc. have filed a response. The panel has determined that the motion for reconsideration should be denied.

Therefore, it is

ORDERED that the motion for reconsideration be denied.

DATED this 18th day of January 2018.

FOR THE COURT:

  
\_\_\_\_\_

**CARNEY BADLEY SPELLMAN**

**February 16, 2018 - 11:54 AM**

**Filing Petition for Review**

**Transmittal Information**

**Filed with Court:** Supreme Court  
**Appellate Court Case Number:** Case Initiation  
**Appellate Court Case Title:** Michael Mockovak, M.D., App v. King and Mockovak Eye Center, Resps (745441)

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