Preinvention Assignment Agreement Breach: A Practical Alternative to Specific Performance or Unqualified Injunction

Jenny R. Turner
PREINVENTION ASSIGNMENT AGREEMENT BREACH: A PRACTICAL ALTERNATIVE TO SPECIFIC PERFORMANCE OR UNQUALIFIED INJUNCTION

I. INTRODUCTION

A layperson regards his or her thoughts as an absolutely private sanctuary where no other person can intrude. That could be why DSC Communications, Inc. v. Brown\(^1\) strikes such a chord with the public.

DSC has sued Brown, a former employee, under a preinvention assignment agreement\(^2\) in an attempt to force Brown to disclose an idea that he conceived during his tenure with the company. The unique feature of the case is that the idea at issue exists only in Brown's head—and DSC wants it.

The case raises several issues. First, at what point in its development from an intangible concept to a tangible embodiment reduced to practice does an idea become ownable?\(^3\) Second, to what extent should an employer be entitled to capitalize on an employee's inventions and innovations developed outside the scope of the employment? Third, assuming the employer does own and is entitled to an idea, what remedies are available to make the employer whole, and more specifically, can an employer force an employee to disclose the contents of his or her mind? This last issue is the focus of this Note.

At first, the notion of a court compelling Brown to share his thoughts conjures Orwellian visions of dark rooms with bright spotlights. As two scholars point out, however, society accepts

---

\(^1\) DSC Communications Corp. v. Brown, No. 199-596-97 (D. Tex. filed September 29, 1997).

\(^2\) A "preinvention assignment agreement" is an agreement where one party assigns ownership of inventions before those inventions are conceived. Steven Cherensky, *A Penny for Their Thoughts: Employee-Inventors, Preinvention Assignment Agreements, and Personhood*, 81 CAL. L. REV. 597, 599 (1993).

\(^3\) One scholar suggests that a concept becomes ownable only when reduced to practice. Ronald B. Cooley, *Definitions, Duties, Covenants Not to Compete, Assignment After Termination and Severability*, 14 AIPLA Q.J. 20, 22 (1986), available in Westlaw, AIPLAQJ database. Controversy surrounds the issue.
compelled disclosure in various situations. They note that business people have fiduciary duties to disclose information, that courts may sometimes order reporters to disclose sources, and that some laws require citizens to come forth with details of crimes committed by other people.

Still, compelled performance under a contract is not the norm. When one realizes that this contract involves an employer trying to convince a court to invade the inner recesses of an inventor's cranium, more than a little skepticism at the practicality and likelihood of success is warranted. The appropriateness of forced disclosure poses policy as well as practical problems, and the issue makes for an interesting inquiry.

This Note presumes the existence of an enforceable contract with reasonably certain terms, the absence of formational defects, and a breach by defendant Brown. The remainder of Part I presents the factual background of the dispute, identifies numerous policy concerns, and sketches the framework of the applicable law. Part II examines the adequacy of damages at law and concludes that a monetary remedy is inadequate because Brown's performance is irreplaceable and because of the speculative nature of any estimate. Part III scrutinizes specific performance as a possible alternative for the court and concludes that practical considerations and the personal nature of Brown's services prohibit such an order. Part IV addresses the viability of injunction as relief for DSC and concludes that although the remedy would not unreasonably interfere with Brown's ability to work, the contract's indefinite duration militates against this solution. Part V acknowledges the inherent imperfection of all available remedies and suggests a practical solution.

---

5 Id.
6 Hereinafter, "injunction" describes a court order forbidding a breaching party from rendering the contracted-for performance to anyone besides the other party to the contract. A court could consider this form of relief as one alternative based on the notion that Brown has an implied duty to refrain from performing his obligations to DSC for a third party.
A. FACTUAL FRAMEWORK

One evening in 1975, defendant Brown and several friends sat around his kitchen table discussing a lingering technological problem involving translating antiquated binary code computer programs into newer, more usable languages. Then, as now, program modifications could be made only after an individual worker translated the antiquated codes line by line into more modern languages. The labor and time-intensive translation process presented an incredible obstacle for businesses because of the expense involved.

Brown ruminated over the problem for the next twelve years. He worked toward developing an algorithm to operate within a computer program that would "reverse engineer" the program from the older relic language into a more modern language. During the twelve year period preceding his relationship with DSC, Brown maintains that he engineered 80% of the solution entirely in his head without making any notes or models.

On April 21, 1987, DSC Communications, a telephone switching developer and marketer located in Plano, Texas, hired Brown to provide technical support to its engineers. Six days following Brown's employment, DSC presented him with an "Employee Patent, Copyright and Proprietary Information Agreement" containing the following provisions:

In consideration of my employment (or continued employment in the event I am already in the employ of the Company at the time of execution hereof) with DSC Communications Corporation or any subsidiary or affiliate thereof (the "Company") and of the salary or wages paid for my services in such employment, the Company and I agree as follows:

---

8 DSC Sues Ex-Worker over Software Idea He Has in His Head, WALL ST. J., May 5, 1997, at B12.
9 Defendant's Brief at 2, DSC Communications Corp., (No. 199-596-97).
10 Id.
11 Id.
(A) I will communicate to an officer of the Company promptly and fully all inventions (including but not limited to all matters subject to patent, i.e., processes, machines, computer programs, etc.) made or conceived by me (whether made solely by me or jointly with others) from the time of entering the Company's employ until I leave (1) which are along the lines of the business, work or investigations of the Company or of companies which it owns or controls at the time of such inventions, or (2) which result from or are suggested by any work which I may do for or on behalf of the Company.

(B) I will assist the Company and its nominees during an [sic] subsequent to such employment in every proper way (entirely at its or their expense) to obtain for its or their own benefit patents for such inventions in any and all countries (including the assignment of any inventions to the Company), said inventions to be and remain the sole and exclusive property of the Company or its nominees whether patented or not . . . .

(E) I will notify the Company in writing before I make any disclosure or perform or cause to be performed any work for or on behalf of the Company, which might conflict with (1) the rights I claim in any invention or idea (a) conceived by me or others prior to my employment or (b) otherwise outside the scope of this Agreement . . . . In the event of my failure to give notice under the circumstances specified in (1) of the foregoing, the Company may assume that no such conflicting invention or idea exists, and I agree that I will make no claim against the Company with respect to the use of any such invention or idea in any work or the product of any work which I perform or cause to be performed for or on behalf of the Company . . . .

\[12\] Id. at Exhibit 1.
The agreement also contained a section allowing Brown an opportunity to exempt preexisting inventions that he “owned or controlled” from the provisions of the agreement. Not thinking of the 80% complete innovation he developed over the past twelve years, Brown signed the agreement and indicated that he did not wish to exclude any discoveries or innovations.

While driving home after a long weekend in March of 1996, Brown conceptualized the missing pieces of the solution. He took his untested, undocumented concept to DSC officials seeking their acknowledgment that the idea was his personal property so that he could begin refining and developing the idea. Ultimately, DSC refused to concede that the idea fell outside of the scope of the agreement and fired Brown for refusing to disclose the concept to the company.

DSC then filed suit against Brown for breaching the preinvention assignment agreement. The company sought a declaratory judgement recognizing that DSC owned the idea. The company also requested the following relief: First, DSC asked the court to forbid Brown from disclosing the solution to anyone other than the company. Second, DSC asked the court to enjoin Brown from further developing his process. Third, the company demanded that the court deny Brown the ability to negotiate with third parties about any subject relating to the idea. Fourth, DSC asked the court to restrain Brown from selling or transferring the solution. Finally, the company requested that the court require Brown to disclose his idea.

The Texas District Court granted DSC's requests to restrain Brown on a temporary basis. The court further ordered Brown

---

13 Id. at 2.
14 Id.
15 Id. at 3.
16 Id.
17 Id.
18 Plaintiff's First Amended Original Petition and Application for Injunctive Relief at 7, DSC Communications Corp. v. Brown (No. 199-596-97).
19 Id.
20 Id. at 8.
21 Id.
22 Id.
to disclose the idea to the company. Brown, however, refuses to discuss his innovation.

Brown maintains that his idea falls outside of the scope of the agreement. He draws a distinction between inventions and ideas and maintains that he is only required to assign inventions under the agreement. He asserts that at present his idea is merely an abstract conception and will require significant research, testing, and development before it can be reduced to functional form. Brown speculates that writing the idea down would require a month of labor. Because of these factors, Brown argues that the idea is presently not concrete enough to be termed an invention.

B. THRESHOLD CONSIDERATIONS

Given the pervasiveness of preinvention assignment agreements used to circumvent common law rules governing ownership of inventions, disputes like the one between DSC and Brown are likely to recur. The present controversy provides an opportunity to examine the practical, equitable, and policy-related problems that arise in a typical conflict of this type.

1. What is Wrong with this Picture? DSC seeks equitable relief, and Brown wants the agreement nullified. Essentially, both parties seek the court's equitable intervention. Critical reflection on the facts surrounding the conflict, however, leaves an observer troubled by the parties' requests. Comparing DSC v. Brown with Weeks v. Pratt, a 1930 case from the Fifth Circuit Court of Appeals, clarifies the reasons for this discomfort.

In Weeks the plaintiff businessmen filed suit against an inventor. Plaintiffs sought specific performance of a contract to form a

---

24 Id.
27 Id. at 3.
28 Id.
29 43 F.2d 53 (5th Cir. 1930).
corporation for developing, patenting, and exploiting two of the defendant’s inventions.\textsuperscript{30} The inventor, a sixty-five year old retired train engineer, designed a device that increased gas mileage of internal combustion gasoline engines to approximately 400 miles per gallon.\textsuperscript{31} The inventor also created a gasoline substitute costing approximately a penny per gallon to manufacture, much less than the costs associated with producing gasoline at the time.\textsuperscript{32}

Prior to entering the contract with the plaintiffs, the inventor received offers from two automobile manufacturers for $1 million and $1.35 million in exchange for the rights to his creations.\textsuperscript{33} Fearing that the manufacturers planned to suppress or block development of his innovations to the detriment of the public, the inventor refused these offers.\textsuperscript{34} Instead he entered negotiations with the plaintiffs, asserting that he would not disclose any information until the parties reached a written agreement.\textsuperscript{35} The inventor strenuously emphasized in his negotiations that because he wanted the public to reap the benefits of his discoveries, he would not do business with any party who intended to suppress his inventions.\textsuperscript{36} Ultimately, the parties entered into an agreement that required the inventor’s personal services in developing the invention, granted the inventor power to name a majority of the board of directors, and compensated both the plaintiffs and the inventor for their personal services.\textsuperscript{37}

Despite the plaintiffs’ assurances to the inventor that he would retain control of the corporation, the contract that the parties signed proved misleading. Although the inventor retained the power to appoint a majority of the members of the board of directors, the agreement contained a clause requiring a two-thirds majority vote to pass major corporate decisions.\textsuperscript{38} This provision

\textsuperscript{30} Id. at 54.
\textsuperscript{31} Id.
\textsuperscript{32} Id.
\textsuperscript{33} Id.
\textsuperscript{34} Id.
\textsuperscript{35} Id.
\textsuperscript{36} Id. at 56.
\textsuperscript{37} Id. at 56-57.
\textsuperscript{38} Id.
nullified the inventor's ability to manage the business or command decision-making processes.\textsuperscript{39}

In denying the plaintiffs' request for specific performance, the court relied heavily on their awareness of the inventor's intent to ensure that the public benefitted from his discoveries.\textsuperscript{40} Noting testimony indicating that the inventions were worth between $40 million and $1 billion, the court deemed the $10,000 one-time payment and $1000 monthly salary given to the inventor grossly inadequate.\textsuperscript{41} Relying on the personal nature of the services called for by the agreement, the inadequacy of consideration, the plaintiffs' failure to deliver promised control of the corporation, and implicitly on the air of less than honest dealing by the plaintiffs the court refused to order specific performance of the agreement.\textsuperscript{42}

Although the factual similarities between \textit{Weeks} and the DSC/Brown controversy are striking, \textit{Weeks} has a feature that separates it from the present conflict. The \textit{Weeks} court viewed the inventor as an altruistic actor with humanitarian motives and noted a stark contrast between his behavior and that of the predatory businessmen. Contrastingly, the present dispute is purely a commercial dispute between two parties motivated by money.

\textbf{2. What Makes DSC Unsympathetic?} DSC officials want to reap the windfall benefits of Brown's labors despite the company's complete lack of contribution to the idea's development. Even though the company concedes that the discovery falls outside of the scope of its normal business activities, it claims to own the idea and justifies the vigor of its attack under the guise of fiduciary obligations to stockholders.\textsuperscript{43} Incredibly, DSC insists on entitlement to an idea that Brown developed completely independently of his professional role at DSC using no company time or resources. The company offers a labored, manipulated reading of the agreement to justify actions that smell suspiciously like misappropriation of Brown's idea.

\textsuperscript{39} Id. 56.
\textsuperscript{40} Id.
\textsuperscript{41} Id. at 56-57.
\textsuperscript{42} Id. at 57.
In all likelihood part of DSC's motivation relates to its desire to make an example out of Brown. No doubt, the company employs other technologically skilled people besides Brown, and this action certainly is not the company's first experience as a trade secrets plaintiff. As a corporate entity, DSC knows that making an example of Brown decreases the likelihood of similar challenges from other employees. This dispute is important to DSC because a win will result in judicial sanctioning of the company's hiring tactics.

To understand the significance of such an endorsement, imagine the circumstances leading to the present controversy. Brown negotiated with DSC to come to work as a technical support engineer. Before coming to work, he negotiated his salary and the terms of his employment. Once secure in his understanding of the terms of DSC's offer, he gave notice to his previous employer and waited to start his new job. Brown reasonably believed that the negotiation process was finished.

Six days after Brown arrived at DSC, the company decided to renegotiate its agreement with him. DSC made him an offer that, unless unemployment was not a problem, Brown could not refuse. In exchange for DSC's commitment to let him keep his job, the company required Brown to sign an agreement granting rights to his creative processes.

Certainly, Brown could have declined to sign. Bear in mind, however, that Brown may have given up a job in reliance on his earlier deal with DSC. He was likely aware that he needed DSC much more than DSC needed him. With no opportunity to bargain about the terms of the agreement, Brown's inferior bargaining power is clear.

The timing of DSC's presentation of the agreement to Brown operates to the company's disadvantage. If the preinvention assignment agreement was important to company interests, why did DSC fail to address the issue during the parties' initial negotiations? DSC's misuse of its superior bargaining position makes the company an unsympathetic plaintiff.

44 Evan Ramstad, *DSC Won't Pay a Penny for His Thoughts*, WALL ST. J., July 14, 1997, at B4C.
3. Why is Brown Unsympathetic? Brown looks no more sympathetic than DSC. Clearly, in securing Brown’s signature on the agreement, DSC officials did not lie to Brown, misrepresent the terms or the scope of the agreement, or offer any explicit threats. Furthermore, Brown is a sophisticated computer engineer. He is a poor candidate for an unconscionability claim.

Moreover, Brown’s failure to exempt his binary translation mechanism amplifies an observer’s lack of sympathy. He abdicated responsibility for his own interests but now expects the court to rescue him from the consequences. In light of his freely given consent, his only complaint lies in his displeasure with the bargain he made.

If Brown’s lack of attention to his rights poses a problem, questions about his credibility further complicate matters. Brown worked on the problem for about twenty years, but, incredibly, he maintains that he never made the first note. Now, in deliberate defiance to the lawful orders of a court, he willfully refuses to relinquish information that by his own consent belongs to the company.

Finally, unlike the Weeks inventor, Brown has no altruistic “benefit-of-the-public” justification for his breach. He has breached his agreement in bad faith with no unforeseen circumstances making performance practically or economically infeasible. In fact, he offers no justification at all for his breach. Financial motives provide the only plausible explanation for his actions.

4. Independent Considerations. Accounting for the parties’ respective interests produces a controversy of sufficient complexity. Finding a solution becomes more difficult, however, when one considers the numerous external considerations that warrant a role in the balance.

First, the court must resolve this dispute in a way that preserves judicial credibility and integrity. Fashioning a remedy that the court cannot enforce ultimately undermines the public’s faith in the judicial system. Furthermore, remedies that call on a court to evaluate performances that are not objectively quantifiable arouse public suspicions that a court’s decision-making processes are grounded in sympathy rather than rational examination according to legal principles.
Second, the court must consider the potential effects of its solution on judicial economy. Whatever solutions the court fashions must terminate the dispute without the need for constant judicial intervention to resolve ongoing conflicts. The court must find a way to grant Brown and DSC a divorce to prevent the necessity of judicial intervention in perpetuity.

Third, the court must fashion an economically efficient remedy that maximizes value, minimizes transaction costs, and fairly allocates the risk of the idea's failure. The uncertainty surrounding the invention's ultimate success increases the risks of either over or under compensating DSC; likewise, a bad remedy might punish or reward Brown for his breach. Bearing in mind that contract remedies find their basis in economic efficiency and not as punitive measures, the court must strive to reach a fair result that allocates risks appropriately.

Fourth, the court must address the tension between protecting an inventor's incentive to create and honoring private agreements. Enforcing broad agreements like this one may dilute incentive to create by excluding the conceivers from the ranks of benefit receivers. Courts, however, must also balance society's interests in fostering creative endeavors with the reasonable expectations that contracting parties have of receiving the benefits of bargains made. The courts must also account for policies favoring honoring individual autonomy by allowing freedom to contract. Furthermore, judicial disfavor of overly broad agreements between employers and employees because of inequities of bargaining power also come into play.

Finally, this idea has a shelf life. Every day that the parties delay, a third party could be edging closer to a comparable solution. Furthermore, every hour of delay results in another hour that a business pays someone to translate the old programs. Once companies expend and pay for those personnel hours, both money and time are lost forever. The process loses value over time because the volume of work left to be done decreases. Further, market efficiencies favor getting new, useful, innovative products to the marketplace. For all of these reasons, fashioning a remedy for DSC in the face of Brown's breach presents unique problems.
C. LEGAL FRAMEWORK

1. Governing Law. State law governs the controversy at hand because a patent is not yet at issue. Although the Patent Act of 1988 governs patent ownership and assignability of patent rights, the Act has no provision addressing assignment of the rights to an idea or invention before the invention is made. Consequently, in a controversy concerning ownership rights to inventions and ideas, state law supplies the rules of decision. Because Brown's idea is not yet reduced to practice and hence unpatentable, the outcome of the dispute will be controlled by the common law.

2. Traditional Remedies and Preferences. Traditionally, Anglo-American courts prefer substitutes for performance to specific performance upon contractual breach. Specific performance is an extraordinary remedy that is available only in limited situations. This preference for money damages has been explained in various ways, including the view of contract formation as a means of risk allocation and the notion of efficient breach. Very specialized rules have developed for evaluating the appropriateness of specific performance as a remedy. Courts have ordered specific

---

48 See University Patents, Inc. v. Kligman, 762 F. Supp. 1212, 1219 n.8, 20 U.S.P.Q.2d (BNA) 1401 (E.D. Pa. 1991) (asserting that "state law, rather than federal patent law, generally governs ownership rights in patentable inventions . . . ."); Aronson v. Quick Point Pencil Co., 440 U.S. 257, 262, 201 U.S.P.Q. (BNA) 1 (1979) (concluding that because commercial agreements traditionally fall within the control of state law, "state law is not displaced merely because the contract relates to intellectual property which may or may not be patentable; the states are free to regulate the use of such intellectual property in any manner not inconsistent with federal law.").
50 See Edward Yorio, Contract Enforcement Specific Performance and Injunctions § 1.4.2, at 18 (1989) (explaining the theory that contract law finds its basis in allocation of risks of nonperformance rather enforcement of moral obligations).
CONTRACT REMEDIES

performance under a variety of fact-specific conditions.\textsuperscript{51} In deciding whether to order specific performance or enjoin a breach of contract, courts examine a range of issues. The threshold inquiry involves deciding whether or not the remedy at law adequately protects the damaged party's interests.\textsuperscript{52} If a party requests specific performance, courts frequently require more definite terms than required at law.\textsuperscript{53} Courts rarely specifically enforce contracts requiring personal services;\textsuperscript{54} however, they sometimes issue injunctions against breach of expressed or implied negative covenants found in agreements to render personal services.\textsuperscript{55} Additionally, courts are reluctant to order specific performance of contracts that might require extensive supervision by the court.\textsuperscript{56} When no means of ensuring compliance exists, courts are loath to use the remedy.\textsuperscript{57} Finally, courts account for the public effects of enforcement\textsuperscript{58} and sometimes express a willingness to inquire into the adequacy of exchange.\textsuperscript{59}

D. THE PLAN

The remainder of this Note evaluates the factors that a court considers in deciding what remedy suits the controversy between DSC and Brown. An initial assessment of the adequacy of damages at law reveals the company can probably meet the threshold requirement for equitable relief. Next, a detailed survey of the rules governing the availability of specific performance demonstrates that practical and policy-related problems prevent such a remedy. Then, an appraisal of the availability of an injunction


\textsuperscript{52} RESTATEMENT (SECOND) OF CONTRACTS § 359(1) (1991).

\textsuperscript{53} CALAMARI & PERILLO, supra note 48 § 16-8, at 671.

\textsuperscript{54} RESTATEMENT (SECOND) OF CONTRACTS § 367 (1991); E. ALLAN FARNSWORTH, CONTRACTS, § 12.7 at 868 (2d ed. 1990).

\textsuperscript{55} Id.


\textsuperscript{57} FARNSWORTH, supra note 54, § 12.4, at 853.

\textsuperscript{58} RESTATEMENT (SECOND) OF CONTRACTS § 357 cmt. c (1991).

\textsuperscript{59} CALAMARI & PERILLO, supra note 48, § 16.14, at 678.
reveals a viable option for the court, but other concerns result in the conclusion that this avenue should not be pursued without qualification. Finally, this Note proposes one practical solution.

II. CAN MONEY MAKE DSC WHOLE?

The threshold issue that the court must resolve involves asking whether or not money can make DSC whole. As a general rule, courts will not order specific performance if damages would adequately compensate the injured plaintiff. Examination of two factors reveals that a money damages award offers insufficient protection for DSC's interests. First, DSC's inability to obtain a substitute performance using a money award suggests that the remedy offers the company insufficient protection. Second, the lack of a reasonably certain basis upon which to calculate the damages weighs in favor of concluding that the remedy at law is inadequate.

A. DSC CANNOT BUY WHAT BROWN HAS

DSC's inability to buy a comparable substitute performance offers a partial justification for the conclusion that the company's remedy at law is inadequate. *Sedmak v. Charlie's Chevrolet, Inc.* highlights the kinds of facts that a court examines in determining whether the remedy at law fails for inadequacy. There, the plaintiff buyers sued the defendant automobile dealer for specific performance of a contract to sell a special limited production Corvette pace car. Upon receiving a car with the options specified by the buyers, the dealer informed the plaintiffs that he would not honor the agreement. The dealer advised the plaintiffs that if they still wished to make the purchase they would have to bid on the car. Finding the buyers' remedy at law inadequate, the court ordered the dealership to sell the car to the buyers for the agreed amount.

---

62 Id. at 695.
63 Id.
64 Id.
65 Id. at 700.
In reaching its decision, the appeals court noted that although the car was not unique in the traditional sense, several facts made specific performance appropriate. The court remarked that obtaining a car with comparable mileage and options, in an equivalent condition, and with a similar appearance would be an expensive, long-term, and inconvenient process. The court commented on the limited production run and the even smaller number of cars made with the options that the plaintiffs requested. Finally, the court remarked that offers by other parties ranging from nine to thirteen thousand dollars over the agreed price and made by parties in Hawaii and Florida illustrated the demand for the cars and the unlikelihood that a comparable replacement existed.

Under even stronger facts than in Sedmak, DSC can show that Brown's idea is a unique commodity not subject to substitution. In Sedmak the court concluded that obtaining a comparable car on the open market, while conceivable, would necessitate a great deal of time and hassle for the plaintiffs. Here, because Brown's idea solves a lingering technological problem for which the open market has yet to devise a solution, the outcome becomes clearer. Any substitute DSC obtained would necessarily be the product of a research and development campaign, an effort far exceeding the complexity that the Sedmak plaintiffs would have experienced in obtaining a substitute. Consequently, the uniqueness of Brown's idea and its unavailability on the open market weigh heavily in favor of concluding that a legal remedy is inadequate.

B. ESTIMATES OF DSC'S DAMAGES ARE SPECULATIVE

The speculativeness of DSC's damages also weighs in favor of rejecting money damages as adequate. Triple-A Baseball Club Associates v. Northeastern Baseball, Inc. offers an illustration of the facts necessary to demonstrate the inadequacy of a remedy at law.

66 Id.
67 Id.
68 Id.
69 832 F.2d 214 (1st Cir. 1987).
In that case, the First Circuit Court of Appeals ordered specific performance of a contract to convey a Triple-A minor league baseball franchise because the buyer had no adequate remedy at law. The buyer, on a quest to bring Triple-A baseball to a newly constructed stadium in Scranton, Pennsylvania, contracted with the seller, owner of a franchise based in Old Orchard Beach, Maine. The buyer also owned a Double-A franchise playing out of Waterbury, Connecticut, and he planned to sell his Double-A team and move his operation to Scranton in 1987. In 1987, however, the seller refused to transfer the Triple-A team as promised.

In concluding that damages at law offered inadequate compensation for the buyer's interests, the court criticized several of the seller's arguments. Responding to the seller's suggestion that the court should not require transfer of the Triple-A team because the buyer already owned a baseball team, the court observed that Triple-A teams played better quality baseball than Double-A teams. The court deemed the buyer's ownership of a Double-A team irrelevant in determining the adequacy of damages at law.

The court greeted the seller's proposed computation of damages with equal skepticism. By subtracting the profits made by the Triple-A team in 1987 from the profits made by the buyer's Double-A team during the same year, the seller argued that the court could reach a reasonably certain measure of damages. The court criticized the approach by pointing out that the computations assumed comparability between profits of a Triple-A team playing in an older stadium in Old Orchard Beach to profits that the same team would generate in a new stadium in Scranton. The court further disparaged the seller's omission of a formula to measure future lost profits and additional expenses incurred in the buyer's quest for another Triple-A team. Concluding that the Triple-A

---

70 Id. at 228.
71 Id. at 216.
72 Id.
73 Id. at 218.
74 Id. at 224.
75 Id. at 224-225.
76 Id. at 225.
77 Id.
78 Id.
franchise had no “readily ascertainable market value” the court found specific performance the most appropriate remedy.  

Like the buyer in Triple-A, any attempts to estimate DSC’s damages fail as inherently speculative. Brown’s idea is undeveloped and untested. Experts do not agree that a solution to the technological problem Brown claims to have solved is possible. The costs of further developing the idea are unknown and unknowable, and whether or not development will be fruitful is wholly imponderable.

Similarly, in the event that the algorithm performs as claimed, valuation problems still exist. The current costs of line-by-line translations run into the millions of dollars. Without knowing the costs of development, the time needed to develop the solution, and correspondingly, the amount of translation work left to be done after development, any estimate of future profits remains a mere guess. The inherent speculativeness of any attempt to calculate development, marketing, and other implementation costs coupled with the difficulty of calculating future gross revenues renders DSC’s remedy at law inadequate.

C. MONEY CANNOT COMPENSATE DSC

Because Brown’s idea is a unique commodity and DSC cannot obtain a substitute without considerable inconvenience, uncertainty, and delay, and because neither party can estimate DSC’s damages with reasonable certainty, the court must conclude that damages at law are inadequate. Passing this threshold issue enables the court to examine the possibilities of equitable remedies. Examination of specific performance and injunction follows.

III. CAN A COURT FORCE BROWN’S DISCLOSURE AND PARTICIPATION IN THE PATENT PROCESS?

Once the court determines that money damages are inadequate, it must decide whether or not it can order Brown to specifically perform the contract. Because of practical difficulties inherent in

79 Id. at 224.
80 Ramstad, supra note 44, at B4C.
attempting to force compliance with the contract and the personal nature of the services required, the court is unlikely to order Brown to perform.

A. PRACTICAL FACTORS

1. A Court has no Practical Method to Ensure that Brown Cooperates with DSC. The court has no tool to ensure that Brown cooperates with the company as required by the agreement. Montgomery County Canning Co. v. Bates\(^{61}\) sheds light on the limits of a court's coercive powers.

There, in February of 1946, seventy-one stockholders transferred their interests in a cannery to the defendant.\(^{82}\) The stockholders received no money or property in the exchange. Instead, they completed the transaction to ensure a local market for area produce growers.\(^{83}\) As part of the consideration, the defendant buyer agreed to operate the cannery in the existing location for the benefit of local farmers.\(^{84}\) In October of 1946, however, the defendant began dismantling the cannery to move it to another county in violation of the agreement.\(^{85}\)

Despite its determination that the stockholders' remedy at law was inadequate,\(^{86}\) the court declined to order specific performance.\(^{87}\) Recognizing the futility of directing compliance, the court reasoned that it should not order specific performance when "the contract is of such a nature that obedience of the decree can not [sic] be compelled by the ordinary processes of the court."\(^{88}\) The court instead offered to enjoin the defendant's breach of the agreement.\(^{89}\)

The Montgomery County plaintiffs offered a far more sympathetic justification for specific performance than the commercial and

\(^{61}\) 203 S.W.2d 195 (Ark. 1947).
\(^{82}\) Id. at 196.
\(^{83}\) Id.
\(^{84}\) Id.
\(^{85}\) Id.
\(^{86}\) Id. at 198.
\(^{87}\) Id.
\(^{88}\) Id. at 197 (quoting Leonard v. Board of Dirs. of Plum Bayou Levee Dist., 94 S.W. 922 (Ark. 1906).
\(^{89}\) Id. at 198-99.
labor-oriented motives driving DSC, yet the court refused to order specific performance. The Montgomery County stockholders, motivated by a desire to provide a valuable resource for farmers in the community, made their intent clear in bargaining with the defendant. Their willingness to transfer their interests absent monetary or property consideration further accentuated their community-mindedness. After only eight months, the defendant, for unspecified reasons, conveniently "forgot" how he came by the cannery and proceeded to dismantle it in blatant disregard of his obligations. Montgomery County presents the prototype case for the proposition that fundamental fairness demands specific performance. The court, however, refused the plaintiffs' request because it recognized its practical limitations.

The DSC/Brown controversy is much less compelling. When DSC entered the agreement, its sole motivation was its bottom line. The company presented the agreement to Brown as either an afterthought or a strategic move six days after he started work. As interpreted by DSC, the agreement disregards the possibility that an employee with an innovative idea might, in all fairness, be entitled to share in the benefits. Unlike the stockholders in Montgomery County who accepted no money or property consideration, DSC offered Brown no monetary or property consideration. Instead, the company presented Brown with an agreement, gave him no opportunity to bargain about its terms, and capitalized on his weaker position.90

The most important feature shared by Montgomery County and the present conflict involves practical considerations. Inherent in both cases is the practical impossibility of forcing compliance with a decree of specific performance. In precisely the same way that the court in Montgomery County could not force the defendant to provide a local market to handle area farmers' produce, no court can force Brown to speak his mind. The reality is that if Brown refuses to talk and is willing to sit in jail long enough, the court cannot make him act against his will.

90 Several courts have deemed continued employment sufficient consideration to support an agreement to assign. See Goodyear Tire & Rubber Co. v. Miller, 22 F.2d 353 (9th Cir. 1927) (holding that no reason exists for concluding that continued employment as consideration for an agreement to assign is unconscionable or unfair).
2. A Court Could Find Supervising an Ongoing Relationship between the Parties Unduly Burdensome. Because specific performance would require Brown and DSC to maintain an ongoing relationship, the potential burden of supervising interaction between the parties might justify rejecting the remedy. Ambassador Foods Corp. v. Montgomery Ward & Co. clarifies the reasoning underlying rejections of specific performance orders when supervision may prove costly or burdensome.

There the plaintiff owned a concession stand licensed to operate within defendant's store. When the defendant terminated the agreement, the plaintiff requested specific performance. In rejecting the plaintiff's request, the court noted that decrees necessitating persistent supervision or multiple proceedings were unacceptable drains on judicial resources. Contracts calling for "varied and continuous acts" increased the likelihood of future disputes between the parties. Noting that two years remained on the licensing agreement, that the contract allocated control over advertising and personnel to the defendant store, and that the agreement required operation of the concession stand in an "orderly, businesslike manner," the court observed that potential for multifarious proceedings abounded. The court further recognized that provisions requiring "competitive prices," relinquishing plaintiff's daily receipts to defendants, and weekly accountings by defendants held equal potential for discord resulting in consumption of the court's time. The court declined to order specific performance.

The DSC/Brown controversy and Ambassador Foods share features that suggest that the court should deny specific performance. Like the contract in Ambassador Foods, Brown's contract with DSC calls for continuous, varied services. According to the terms of the agreement, Brown must not only disclose his idea, but

---

92 Id. at 574.
93 Id. at 575.
94 Id. at 576.
95 Id.
96 Id.
97 Id.
98 Id.
he must also assist the company in navigating the patent process at the company’s request. 99

Brown asserts that written disclosure alone could take a month. Explaining such a complex idea will necessarily involve judgment, skill, and diligence. Given the probable animosity between the parties, communication is likely to be fraught with discord and disagreement. Passive aggressive behavior by Brown could easily halt the disclosure process.

The disclosure process alone holds incredible potential for repeated requests for court intervention. As in Ambassador Foods, Brown’s performance is sufficiently intricate to hold great potential for disputes requiring the court to interpret the contract’s terms and evaluate Brown’s compliance.

In addition disclosure will not end Brown’s performance. The agreement also requires Brown to help DSC obtain a patent. If the Ambassador court found specific enforcement of a licensing agreement unpalatable in Ambassador, surely the possibility of having to supervise the parties through the patenting process is more undesirable. 100

3. A Court May Have Trouble Assessing Brown’s Compliance with an Order of Specific Performance. A court could also conclude that the lack of an objectively quantifiable standard for evaluating Brown’s compliance with the contract’s terms precludes an order of specific performance. The California Court of Appeals explained the rationale behind this rule in Motown Record Corp. v. Brockert, 101 a case involving a state statute governing the remedies available for breach of personal service contracts.

In Motown Records the defendant artist sought relief from a trial court injunction forbidding her from rendering services to a third party for the duration of her contract with the plaintiff record

---

99 Defendant Brown’s Motion for Summary Judgement and Brief in Support at Exhibit 1, DSC Communications Corp. v. Brown (No. 199-596-97).

100 One authority describes the patent application process as involving unusually heavy burdens of “diligence and candor” and fraught with opportunities to eliminate the applicant’s rights. ARTHUR R. MILLER & MICHAEL H. DAVIS, INTELLECTUAL PROPERTY: PATENTS, TRADEMARKS, AND COPYRIGHT § 7.1, at 99-100 (2d ed. 1990). The interplay between DSC’s need for accurate, complete disclosure during the application process and the already adverse relationship between DSC and Brown suggests a potential for extensive conflict calling for judicial resolution.

company. In examining the governing statute, the court recognized a long standing common law rule disfavoring specific enforcement of personal service contracts. The court emphasized the difficulty inherent in passing judgement upon the performance given by the breaching party. Observing that "an artist does not work well under compulsion," the court speculated that stress caused by coerced performance could easily result in a performance deemed substandard by the compelling party. This strain and the resulting possibility of a second-rate performance carried great potential for further litigation. Furthermore, the court decided that assessing the quality of a coerced party's artistic performance exceeded the judiciary's competence because of a lack of objective criteria.

The Brown/DSC conflict parallels Motown Records and compels the conclusion that specific performance is not a suitable remedy. The Motown Records court emphasized the inherent subjectivity in evaluating an artistic performance and noted a desire not to generate further litigation. Although Brown's performance requires exercise of intellectual and communicative capacities rather than artistic talents, evaluating his compliance necessarily requires making the same species of subjective judgement feared by the Motown Records court.

Assume, for example, that a court ordered Brown's compliance with the agreement. In addition, suppose that during disclosure DSC officials believed that Brown communicated his idea in an intentionally cryptic, convoluted manner. Presume also that DSC officials suspected Brown of withholding information despite his claims of complete disclosure.

Parallel to the court's concerns in Motown Records, the likelihood of subsequent disputes between the parties is high. If DSC asked the court to resolve the disagreements, how could the court judge...
Brown’s good faith? Like the situation described in *Motown Records*, the court has no standard against which to measure Brown’s ability to communicate his thoughts. The court has no means of examining the contents of Brown’s brain to see if any undisclosed portions of the innovation remain. Not only would the parties be more likely to call on the court to adjudicate future disputes because of the forced continuation of a relationship gone sour, but the court’s tools for discerning Brown’s conscientiousness are blunt at best.

B. IS DSC ASKING FOR ENFORCEMENT OF A PERSONAL SERVICE CONTRACT?110

The court may not enforce Brown’s agreement because the contract calls for personal services. Courts generally refuse to enforce personal service contracts.111 Although limited authority supports an order of specific performance in the employment context,112 the court is unlikely to adopt similar reasoning in deciding the DSC/Brown dispute.

1. Has Brown Agreed to Render Personal Services? Brown’s agreement with DSC is probably a personal service contract. Several policy factors explain the common law bar against specific performance of this type of agreement. First, courts fear the necessity of repeated evaluation of the quality of a coerced party’s performance.113 Second, courts prefer not to mandate compliance with contracts calling for a continuing personal association following heated disputes.114 Third, courts express an unwilling-

---

110 According to Comment b of Restatement (Second) of Contracts § 367, “[a] performance is not a personal service . . . unless it is . . . non-delegable. However, not every non-delegable performance is properly described as a service . . . . In determining what is a personal service, the policies reflected in the more general rules on the effect of public policy (§ 365) and of the difficulty of enforcement (§ 366) are relevant. The importance of trust and confidence in the relation between the parties, the difficulty of judging the quality of the performance rendered and the length of time required for performance are significant factors.” *ReSTATEMENT (SECOND) OF CONTRACTS* § 367 cmt. b (1991).

111 Id. at § 367(1).


113 *FARNSWORTH, supra* note 54, § 12.7, at 868.

114 Id.
ness to issue orders that the performing party can render worthless by simply refusing to comply. Finally, sometimes courts are reluctant to compel performance of personal services because of the flavor of involuntary servitude accompanying such an order.

Identifying the type of personal service contract that a court will refuse to enforce offers a challenge. As one scholar noted, "A service is not personal... unless it is nondelegable, but not every nondelegable performance is personal. For example, even though the signing of one's name is nondelegable, it may be compelled by specific performance." Wilson v. Sandstrom, a 1975 case decided by the Supreme Court of Florida, and Thompson v. Virginia, decided in 1955 by the Supreme Court of Appeals of Virginia, explain the distinction between personal service contracts and other types of agreements.

The Supreme Court of Florida distinguished non-specifically enforceable personal service contracts from specifically enforceable contracts in Wilson. That case involved a contract dispute between the owners of a greyhound racing track and several kennel owners who contracted to supply the track with trained dogs. Finding the contract specifically enforceable because it was not a personal service contract, the court emphasized the nature of the performance required and the status of the defendants.

The court began by noting that the contract required the kennel owners to supply dogs to the track. Although the owners had to ensure that the dogs were trained, according to the court, these obligations did not arise pursuant to the terms of the agreement. Instead, the court said, the requirements originated with the rules governing greyhound racing. Consequently, the court concluded, in meeting the obligation to train the dogs, the

117 Id. at 868 n.19.
118 Id. at 868 n.19.
119 317 So.2d 732 (Fla. 1975).
120 89 S.E.2d 64 (Va. 1955).
121 Wilson, 317 So.2d at 732.
122 Id.
123 Id. at 738.
124 Id. at 739.
125 Id. at 738.
owners fulfilled obligations to the state and not to the track owner. 126

Emphasizing the nature of the contract as one involving providing a commodity rather than a service, the court found the owners' contractual obligations limited to tendering the dogs one hour before racing time. 127 The court held that the kennel owners' duty ceased upon delivery of the dogs, that the contract did not call for personal services, and that specific performance was the appropriate remedy. 128

Similarly, in *Thompson v. Virginia*, 129 the court required two defendants to comply with the provisions of a settlement agreement. Crafted to resolve a dispute between the defendants and the state regarding ownership of various tools and patents, the contract required the defendants to construct and deliver patented components of an automated voting system used in the state legislature.

The court declined to label the agreement a personal service contract. Noting that the state could not obtain the parts on the open market, the court relied on the defendant's admissions that any "first class machine shop" could manufacture the parts. 130 The court reasoned that either the defendants or the state could seek a third party to manufacture the components. 131 The court concluded that fairness required the defendants to bear the responsibility and risks associated with finding an alternative manufacturer. Relying on the defendants' evidence, the court concluded that mandating specific performance would not require them to render personal services "involving skill, labor and judgement." 132

Unlike the contracts in *Wilson* or *Thompson*, the DSC/Brown agreement explicitly calls for personal services and thereby falls within the black letter bar that forbids an order of specific performance. Any attempt to characterize Brown's idea as a commodity, as the *Wilson* court did, must fail simply by virtue of its intangible

126 Id.
127 Id.
128 Id. at 737-738, 741.
129 89 S.E.2d 64 (Va. 1955).
130 Id. at 68.
131 Id.
132 Id. at 69.
Similarly, successfully characterizing disclosure as a ministerial act, another tactic used in Wilson, holds little promise because long term personal interaction exceeding the extent of the acts required by the Wilson defendants must take place for effective transfer of Brown’s thoughts.

Furthermore, unlike the Thompson defendants, Brown cannot contract with a third party to perform his obligation. Brown has exclusive access to the needed information, and no third party can perform his disclosure obligations. The contract calls for personal services.

2. Can the Court Order Brown’s Compliance with the Contract Anyway? Although a narrow exception exists to the black letter rule forbidding orders of specific performance of personal service contracts in the employment context, this case does not fit the exception. The exception is well described in American Association of University Professors v. Bloomfield College. In that case the defendant college, claiming extraordinary financial difficulties, dismissed thirteen tenured faculty members in violation of the members’ employment contracts. The college also placed the remainder of its faculty members on one year terminal contracts. During the same period, the institution hired twelve additional non-tenured faculty members in an attempt to implement a modified curriculum.

In deciding to reinstate the dismissed faculty members, effectively a specific performance order, the court examined the institution’s hostility toward its contractual obligations to tenured employees. The court first observed that placing the remaining faculty members, both tenured and non-tenured, on single year terminable contracts offered no immediate financial benefits to the college. Calling the action “a calculated repudiation of a contractual duty without any semblance of legal justification,” the court deemed the

---

132 Black's Law Dictionary defines a commodity as “[t]hose things which are useful or serviceable, particularly articles of merchandise movable in trade . . . [g]oods, wares, and merchandise of any kind; movables.” BLACK'S LAW DICTIONARY 342 (4th ed. 1951).
135 Id. at 848.
136 Id. at 856.
137 Id. at 849.
138 Id. at 856.
action "a gratuitous challenge to the principle of academic tenure . . . lack[ing] . . . sensitivity to the question of moral correctness." The court observed that the college's complete lack of concern about its contractual duties cast doubt on the necessity and validity of its discharge of the thirteen tenured faculty members. Noting the vaguely drawn parameters of the revised curriculum offered as a justification for the hires, the court also questioned the college's failure to explain why the dismissed members could not effectively implement its terms. In addition, the court noted that the college instituted the new program after the dismissed faculty members filed suit.

Further, the court examined the institution's long-term financial difficulties. According to a university official, financing at the college was always difficult. Relying on this testimony, the court expressed doubt that the circumstances leading to dismissal of the tenured members were any more urgent than normal. The court concluded that the circumstances offered to justify repudiation could not be pronounced grave unless it deemed the college's financial status chronically exigent.

The court ordered specific performance of the employment agreement by directing reinstatement of the thirteen severed faculty members. The court relied on cases generally supporting the flexibility of equitable jurisdiction and on Professor Williston's observation that "appealing factual situations may occasionally induce a court to enforce a personal service contract specifically, particularly in the absence of any personal relationship between the parties."

The contract at issue in Bloomfield called for personal services of the dismissed professors, the parties seeking to enforce the agreement. The agreement required only ministerial acts by

139 Id.
140 Id.
141 Id.
142 Id.
143 Id. at 857.
144 Id.
145 Id.
146 Id. at 860.
147 Id. (quoting SAMUEL WILLISTON, CONTRACTS § 1424, at 786-87).
college officials. Here, DSC, the party with only ministerial duties, seeks enforcement. Where the specific performance order in Bloomfield implicated no involuntary servitude concerns, such an order in the DSC/Brown controversy involves DSC using the court as a tool for conscripting Brown's labors. Specific performance in employment contracts appears available only to employees seeking to enforce agreements and not to employers. Consequently, the court is unlikely to adopt a Bloomfield rationale and order Brown to specifically perform.

C. THE COURT IS UNLIKELY TO ORDER SPECIFIC PERFORMANCE

The court is unlikely to specifically enforce the contract against Brown. Practical obstacles including the difficulty of achieving compliance, hardship on the court, and problems with evaluating Brown's compliance prevent an order for specific performance. Likewise, the contract is a personal service contract subject to a black letter ban on enforcement. Furthermore, the limited authority supporting specific performance of agreements in the employment context does not support a specific performance order in the Brown/DSC context because of the flavor of involuntary servitude.

IV. CAN THE COURT ENJOIN BROWN FROM PERFORMING HIS OBLIGATIONS FOR A THIRD PARTY?

The court could enjoin Brown from performing his obligations for a third party by finding that Brown impliedly contracted to perform only for DSC. Because injunctive relief for DSC would not negate Brown's ability to support himself, the court could find an injunction appropriate. The indefinite duration of the parties' contract, however, reduces the likelihood of an unconditional injunction that prevents Brown's performance for a third party.

---

149 Id.
A. WOULD AN INJUNCTION UNDULY INTERFERE WITH BROWN'S ABILITY TO WORK?

The court is unlikely to find that injunctive relief for DSC would unreasonably interfere with Brown's ability to work; however, the potential for such an order to coerce actual performance is questionable. In ABC v. Wolf,\(^{150}\) the Court of Appeals of New York detailed the circumstances under which the court would consider issuing an injunction against an employee performing for a third party.

In a dispute arising after a sportscaster breached a contractual obligation to negotiate in good faith, the court denied an injunction barring him from working for a competitor.\(^{151}\) At the time of the suit, the employment contract had expired. Although the court ultimately denied equitable relief, it discussed circumstances under which it would be willing to find a negative covenant not to perform for a third party.

The court first noted that despite the general rule barring specific enforcement of personal service contracts, "negative specific performance"\(^{152}\) might be appropriate when special or extraordinary services were at issue.\(^{153}\) If, the court said, an employer would be "irreparably" injured by the employee serving a competitor, then such an alternative could be considered.\(^{154}\) When, either expressly or by implication, an employee agreed not to render services for a certain period, injunctive relief was permissible to prevent the employee from working for a third party.\(^{155}\)

The court reasoned that an employee who contracted to provide but refused to perform unique services could properly be enjoined from rendering those services to a third party, but that this injunction was limited to the term of the agreement.\(^{156}\) The court noted that the broadcaster did not claim any special tortious injury from the sportscaster's breach. Unwilling to "unduly interfere with

\(^{151}\) Id. at 364.
\(^{152}\) Id. at 367.
\(^{153}\) Id.
\(^{154}\) Id.
\(^{155}\) Id.
\(^{156}\) Id. at 368.
an individual's livelihood and to inhibit free competition [absent] ... corresponding injury to the employer other than the loss of a competitive edge," the court declined to order injunctive relief.\footnote{Id.}

Relying on the reasoning in \textit{ABC}, the \textit{DSC} court might be willing to order "negative specific performance" and enjoin disclosure of Brown's idea to third parties. Unlike the injunction requested in \textit{ABC}, enjoining disclosure in Brown's case would not impair Brown's ability to work. Forbidding third party disclosure permanently restricts Brown's ability to render only one particular performance, whereas enjoining the sportscaster would have involved an indefinite moratorium on the defendant's ability to work in his trade. Because an injunction would prevent Brown only from discussing this single idea, an injunction would not harm Brown's ability to support himself in his trade. An injunction against Brown would not, therefore, have the overreaching effects of the injunction requested by the broadcasting company.

The efficacy of implying a duty on Brown's behalf to disclose his idea only to \textit{DSC} is questionable. Preventing Brown from disclosing his idea to a third party will not necessarily force Brown to disclose his idea to \textit{DSC}. Such an injunction could result in valuable information being withheld from consumers. In the present context, the remedy lacks the coercive force that makes injunctive relief desirable.

One can easily conceive that Brown might, in perfect compliance with an injunction, choose to carry his innovation to his grave rather than disclose the information to \textit{DSC}. Should Brown choose compliance by silence, the benefits of a potentially valuable innovation could be lost.

Because an injunction would not impair Brown's ability to support himself, the court might consider using this form of relief. Unfortunately, the feature that makes an injunction most attractive—its coercive force—is absent precisely because Brown can still earn a living without performing his agreement. The possibility that the remedy would not get the information to businesses who need it calls the wisdom of employing the remedy into question.
B. WOULD THE INDEFINITE TERM OF THE PARTIES’ AGREEMENT POSE A PROBLEM?

The indefinite term of Brown’s contract could pose a barrier to injunctive relief; however, the reasons for the barrier relate to public policy rather than the potential effects on Brown. Although Brown’s obligations under the contract extend indefinitely so that an injunction would have no expiration date, this fact alone probably does not bar using this form of relief. *Lemat Corp. v. Barry* explains judicial concerns about the duration of an obligation.

In *Lemat*, a professional basketball player breached his agreement with the San Francisco Warriors by entering into a contract to play for the Oaks. Although the contract gave the Warriors the right to renew the player’s contract for only two years, the team claimed entitlement to a seven year injunction under a California statute. The court of appeals rejected the team’s argument, concluding that the California statute did not enlarge the team’s right to injunctive relief beyond the term of the contract.

Assuming that the player’s talents were sufficiently unique to pass the threshold inquiry, the appellate court noted that grants of injunctive relief in cases involving performers and athletes were based on the notion that the employers contracted for “the exclusive right to display” the extraordinary talents of the “‘star’ for a given period.” Policies favoring strict construction of agreements restricting a person’s ability to work in his or her trade, the court reasoned, weighed against extending the term of the injunction beyond the finite period called for in the contract. The court implicitly concluded that while a two year restraint on the player’s ability to work was not unreasonable, a seven year restraint extended beyond permissible limits.

---

159 *Id.* at 673-674.
160 *Id.* at 675-676.
161 *Id.* at 676.
162 *Id.* at 679.
163 *Id.* at 678.
164 *Id.* at 678.
165 *Id.* at 679.
166 *Id.*
Under the reasoning in *Lemat*, Brown's defenses against an injunction are weak. Like the player in *Lemat*, Brown's performance meets the threshold uniqueness requirement. In Brown's case, however, enforcing an indefinite obligation to refrain from disclosure to a third party does not nullify his earning capacity. All of the arguments stemming from the effects of an injunction on Brown fail to rise to the level of unreasonableness.

The present conflict implicates other concerns besides the ones articulated in *Lemat*. The practical effect of an injunction could easily be an indefinite impediment that prevents the exchange of potentially valuable information until the value of the idea dissipates entirely. Because Brown, unlike the *Lemat* defendant, can make a handsome living outside of his role as an engineer of binary code translation algorithms, his motivation to disclose the idea to DSC is diminished.

Public policy disfavors waste. If the court enjoined Brown unconditionally from disclosing his idea to third parties, the injunction would effectively enable Brown to dissipate the value of the idea and deprive businesses of an efficient tool without causing any substantial hardship on Brown. This result, from an economic efficiency standpoint, is undesirable.

C. A COURT IS NOT LIKELY TO ORDER UNCONDITIONAL INJUNCTIVE RELIEF

Unconditional injunctive relief, while certainly supportable under the law, impairs the public interest to a sufficient degree to justify rejecting the remedy. Although this solution does not interfere with the parties' interests, the remedy hurts the public because of its potential to waste a valuable resource. Consequently, the court should reject this alternative.

V. SPLITTING THE BABY

Although no perfect remedy exists, the court must fashion a fair and workable solution that accounts for most of the competing

\[167\] While working for DSC, the company paid Brown $96,000 per year to maintain a computer system used by engineers designing switches for cellular telephones. Ramstad, *supra* note 44, at B4C.
concerns within the controversy. First, the court should grant the parties a final divorce that will sever the relationship and minimize the potential for future disputes. Second, Brown's compliance with the order must be obtainable and objectively verifiable. Third, the remedy must remove restrictions on commerce and free the idea for development so that society can enjoy the benefits of a money-saving process while that process retains its value. Fourth, the resolution must foster incentive to create without destroying future contractors' expectations of receiving the benefits of freely made bargains. Fifth, the court should not permit DSC as an employer to reap the full benefits of an overly broad agreement that takes unfair advantage of Brown's weaker position as an employee. Finally, the court must fairly allocate the risks of the idea's failure.

All of these objectives may be accomplished by granting the equivalent of a common law "shop right" to DSC, requiring Brown to purchase the idea from the company and enjoining his disclosure to third parties until after the price is paid.

At common law, a shop right arises in the following manner: when an employer hires an employee for some purpose besides inventing, scholars term the relationship "general," as opposed to a "specific" relationship that arises when a company hires someone for the particular purpose of inventing. When a general employee invents and patents a new product or process that the employer can use in its business, at common law courts presume some contribution of resources by the employer during the process and grant the employer an equitable, nonexclusive right to use the invention. Preinvention assignment agreements like the one used by DSC exist as an attempt to contract around this common law rule and secure outright ownership for an employer rather than simple use rights.

Because DSC hired Brown to provide technical support for its engineers' computer system and not to reverse engineer a binary translation mechanism, Brown is appropriately classified as a general employee. Although DSC does not claim to be in the business of binary code conversion, the company claims a use for

169 Id.
170 Id. at 521.
Brown's inventions. Granting DSC a shop right gives the company the benefit of considerable in-house savings while still enabling Brown to reap some financial benefits from his creation. Under this scenario, after Brown develops his idea, interaction between the parties would be minimal and probably involve little more than a one-time transfer of information. Such an order would not necessitate extensive court supervision. Brown's compliance would be objectively verifiable. If Brown could convey the idea successfully to the patent office and consumers, then he should certainly be able to communicate adequately with DSC for the same limited purpose.

Because granting a shop right to DSC may provide an insufficient monetary remedy, the court could also require Brown to make a payment before permitting him to develop his innovation. Because Brown freely entered the agreement and then breached at a time when his only complaint related to the adequacy of the exchange, requiring him to purchase his idea from DSC seems fair. Furthermore, requiring Brown to buy the idea appropriately places the risks of failure on him while still honoring the existence of his contractual duty.

Moreover, by enjoining disclosure until Brown pays, the court ensures that DSC receives a substantial sum regardless of the idea's success. If the idea succeeds, then Brown reaps most of the benefits of his creativity. If the idea fails, then Brown loses his gamble.

A money payment plus shop right solution accomplishes the court's objectives. Except for the very limited interaction necessary to transfer know-how once Brown reduces the idea to practice, the solution effectively severs the relationship upon payment of damages. The likelihood of future disputes between the parties is no greater than in any other dispute involving a money settlement. This solution removes legal obstacles that currently impede the idea's development and offers appropriate protection for Brown as an inventor by allowing him to reap financial benefits of his creativity. Similarly, the remedy honors DSC's reasonable expectations by giving the company the limited benefits of its bargain. Furthermore, the resolution compensates DSC while removing the risks of failure.
VI. CONCLUSION

The most appropriate remedy involves granting DSC the right to use Brown's invention in the course of its business and requiring Brown to purchase the idea from DSC before disclosure to third parties. Presuming a valid, enforceable contract free from formational defects, neither specific performance nor unqualified injunction are appropriate.

Practical and policy problems counsel against injunction or specific performance. Because of the unique nature of the performance Brown promised to render, the company's inability to obtain a substitute performance, and the lack of information upon which to compute damages with reasonable certainty, the court could reasonably conclude that damages at law are inadequate. The court is unlikely to order specific performance, however, because of the practical difficulties with enforcement including the difficulty of coercing performance by Brown, the hardship that supervising performance could produce for the court, and the difficulty of evaluating compliance with an order of specific performance. Additionally, because the contract is a personal service contract and insufficient authority exists for enforcing such an agreement, the likelihood that the court will refuse specific performance increases.

The company can probably obtain an injunction forbidding Brown from performing for a third party because such an order, although of indefinite duration, is unlikely to interfere with Brown's ability to work in the future. This remedy, however, could result in halting development of the idea until time dissipates its value entirely.

Ultimately, the court must return to the common law and to money for a solution. Right to use for DSC and a compelled purchase price offer the most appropriate means for balancing private, public, and judicial interests. The equivalent of a common law shop right and a forced sale offer a viable solution.

JENNY R. TURNER