

Singson-Whittamore Dispute

Three years ago, Dr. Richardson, director of the Fairview Medical Clinic, one of the few medical service providers in a small rural town, was seeking two physicians to fill open positions on his staff. After several months of extensive and difficult recruiting, he hired two doctors, Andrew and Janelle Whittamore, to fill the positions of pediatrician and gynecologist, respectively. The fact that the doctors were married did not seem to be a problem at the time they were hired.

Fairview liked to keep its doctors and generally paid them well for their work with patients. The clinic was also concerned about maintaining its patient load and income and required every doctor who joined the practice to sign a five-year contract detailing when he or she was to be paid and what conditions would apply should the contract be broken by either party. One of those conditions was a covenant not to compete, or a no-competition clause, stating that should a doctor choose to leave the clinic prior to the expiration of the agreement, he or she would not be allowed to practice medicine in that town or county during the time remaining on the contract; violation of this clause carried an undefined financial penalty. The clause was designed to prevent a staff doctor from building up a practice at the clinic and then leaving with his or her patients to start a private competitive practice in the community before the term of the contract had expired.

When Janelle and Andrew joined the Fairview staff, they each signed a contract and initialed all the clauses. Both doctors performed well in their jobs and were respected by their colleagues and patients. Unfortunately, their personal life did not fare so well. The Whittamore' marriage went into a steady decline almost as soon as they began working at Fairview. Their arguments increased and the tension between them mounted to the point where they decided to get a divorce. Because they both wanted to be near their two young children, they agreed to continue in the same town.

Every physician at the clinic had a specialty, and all relied on consultations with colleagues, so some interaction between the estranged couple was inevitable. Over time, their mutual hostility grew to such an extent that they decided one of them should leave the clinic—for their own good and that of other clinic staff. Because they believed that Andrew, as a pediatrician, would have an easier time finding patients outside the clinic, they agreed that he was the one who should go.

Andrew explained his situation to benefit of the clinic, he expected that no penalty would be assessed for breaking the contract to years early and that the no-competition clause would not be invoked.

Singson was surprised and upset that his finely tuned staff was going to lose one of its most respected members. Furthermore, he was shocked by Whittamore's announcement that he planned to stay in town and open a medical practice. Singson visualized the long-range impact of Whittamore's decision: the pediatrician would leave and setup a competing practice, taking many of his patients with him. The clinic would lose revenues from the doctor's fees, incur the cost of recruiting a new doctor, and(if the no-competition clause was not enforced) establish a bad precedent for managing its doctors. Singson responded that the no-competition clause would be enforced if Whittamore wanted to practice within the county, and that the clinic would impose a penalty for breaching the contract. He estimated that the penalty could be as much as 100 percent of the revenues that Whittamore might earn in the next two years remaining on his contract.

Whittamore was irate at Singson's response, considering it unreasonable and irresponsible. If that was the way the game was to be played, she threatened, he would leave and set up a practice, and Singson could take him to court to try to get his money. Singson responded that we would get an injunction against the practice if necessary and would demand the full amount if pushed into a corner. Whittamore stormed out of Singson's office mumbling that he was going to "get that son of a gun."

This case has multiple components, many of which will not be addressed until the Advanced Course. Group role play in the Basic Course will examine only one aspect, the conflict between Singson and Whittamore and the various means of resolution available to them.