

SUPREME COURT OF ALABAMA

Spinks v. Automation Personnel Services, Inc.

49 So. 3d 186 (Ala. 2010) · No. 1081379 · Decided April 9, 2010

SUMMARY

The Supreme Court of Alabama reviewed a preliminary injunction against a former employee who had moved to a competing staffing company despite an arbitration agreement and restrictive employment covenants. The court held that the trial court retained jurisdiction to issue interim injunctive relief to preserve the status quo pending arbitration. However, because the trial court issued the injunction without requiring security under Alabama Rule of Civil Procedure 65(c) and made no applicable exception finding, the injunction was reversed and the matter remanded.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Smith, Justice; Cobb, Chief Justice; Woodall, Justice; Parker, Justice; Shaw, Justice
JURISDICTION	Alabama
DECIDED	April 9, 2010
DOCKET	1081379
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from an order of the Shelby Circuit Court granting a preliminary injunction while compelling arbitration and staying the proceedings.
STANDARD OF REVIEW	A preliminary injunction is reviewed for abuse of discretion. The trial court's discretion is subject to review for violation of an established rule of law, principle of equity, or clear misapprehension of controlling law.
PRECEDENTIAL VALUE	Published opinion; precedential Alabama Supreme Court decision.
PARTIES	Torie Spinks v. Automation Personnel Services, Inc.

TOPICS

- injunction bonds
- injunctions
- arbitration
- civil procedure
- appellate procedure

PRACTICE AREAS

civil procedure

appellate procedure

contracts

employment law

remedies

QUESTIONS PRESENTED

1. Whether the trial court retained jurisdiction to issue a preliminary injunction after compelling arbitration and staying the proceedings.
2. Whether the trial court could issue a preliminary injunction without requiring APS to post a bond or making a specific finding supported by competent evidence that an exception to the bond requirement applied.

HOLDINGS

1. A trial court retains jurisdiction to issue a preliminary injunction to preserve the status quo pending completion of arbitration when an arbitral award could not substantially restore the parties to that status quo.
2. Under Rule 65(c), Ala. R. Civ. P., security is mandatory before a preliminary injunction may issue unless the trial court makes a specific finding, based on competent evidence and identifying the applicable exception, that security is unnecessary or may be dispensed with.

KEY QUOTATIONS

"Alabama law, however, clearly provides that "[i]t is mandatory that security be given under Rule 65(c), unless the trial court makes a specific finding based upon competent evidence that one or more of the exceptions, stating them, do exist."" (191)

"As noted, "there can be no injunction . . . until the bond has been given."" (191)

FACTUAL BACKGROUND

Spinks was employed by APS and entered into a written employment agreement containing noncompetition and nonsolicitation provisions effective upon termination. After resigning in March 2009, she began working for PeopleLink, and APS alleged that she violated both restrictive covenants and caused irreparable harm. APS sought injunctive relief, while Spinks asserted that the employment dispute was subject to an arbitration agreement.

PROCEDURAL HISTORY

Automation Personnel Services, Inc. sued Spinks and PeopleLink HR in the Shelby Circuit Court for declaratory relief, breach of contract, and tortious interference, and sought a temporary restraining order and preliminary injunction based on noncompetition and nonsolicitation provisions. Spinks moved to compel arbitration and to dismiss or stay the action. The trial court compelled arbitration, stayed the proceedings, and granted a preliminary injunction prohibiting Spinks from working for PeopleLink, contacting APS employees or customers, and otherwise violating the employment agreement. Spinks appealed the injunction. The Supreme Court of Alabama reversed and remanded because the injunction was issued without the bond required by Rule 65(c), pretermittting the remaining issues.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The trial court was directed to enter an order consistent with the opinion. The preliminary injunction was reversed because APS had not been required to post security as mandated by Rule 65(c).

CASES CITED

- Appalachian Transp. Group, Inc. v. Parks, 738 So. 2d 878 (Ala. 1999)
- Teleprompter of Mobile, Inc. v. Bayou Cable TV, 428 So. 2d 17 (Ala. 1983)
- Butler v. Roome, 907 So. 2d 432 (Ala. 2005)
- Holiday Isle, LLC v. Adkins, 12 So. 3d 1173 (Ala. 2008)
- Drago v. Holiday Isle, L.L.C., 537 F. Supp. 2d 1219 (S.D. Ala. 2007)
- Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Bradley, 756 F.2d 1048 (4th Cir. 1985)
- Yeargin Constr. Co. v. Parsons & Whittemore Alabama Mach. & Servs. Corp., 609 F.2d 829 (5th Cir. 1980)
- Washington Capitols Basketball Club, Inc. v. Barry, 419 F.2d 472 (9th Cir. 1969)
- Anders v. Fowler, 423 So. 2d 838 (Ala. 1982)
- Lightsey v. Kensington Mortgage & Finance Corp., 294 Ala. 281, 315 So. 2d 431 (1975)
- Chunchula Energy Corp. v. Ciba-Geigy Corp., 503 So. 2d 1211 (Ala. 1987)
- Ex parte Miller, 129 Ala. 130, 30 So. 611 (1901)
- International Controls Corp. v. Vesco, 490 F.2d 1334 (2d Cir. 1974)
- Doctor's Assocs., Inc. v. Distajo, 107 F.3d 126 (2d Cir. 1997)
- Popular Bank of Florida v. Banco Popular de Puerto Rico, 180 F.R.D. 461 (S.D. Fla. 1998)
- Clarkson Co. v. Shaheen, 544 F.2d 624 (2d Cir. 1976)
- First Baptist Church of Citronelle v. Citronelle-Mobile Gathering, Inc., 409 So. 2d 727 (Ala. 1981)