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Title: Assignment

# Facts of the Case

The former classmates of Facebook's founder Mark Zuckerberg at Harvard, Tyler, and Cameron Winklevoss along with Divya Narendra, made the accusation that Facebook had stolen their idea of a social networking site while they were studying together as undergraduates. The claim was brought in a Massachusetts district court by the Winklevoss brothers to sue Mark Zuckerberg for stealing their intellectual property and misappropriating their ideas, to exploit those ideas for his own advantage. In that case, Facebook also sued the two brothers by claiming that the owners of ConnectU, the Winklevoss brothers hacked into Facebook to steal their users by spamming them.

The District Court decided that the Winklevoss brothers had no personal jurisdiction for the said action and subsequently ordered that the dispute be settled through mediation. The parties agreed to mediate after signing a confidentiality agreement in which all statements during the mediation process would be inadmissible in judicial proceedings and be non-discoverable. As a result of the mediation, ConnectU was moved towards the Facebook side.

However, during the final stages of the settlement, the negotiations fell apart, and Facebook filed a motion to have the settlement legally enforced through the district court. It was claimed by ConnectU that the settlement cannot be enforced because it was procured by fraud and it lacked any material terms. Deciding the case, the district court ordered the settlement agreement to be enforced after seeing it to be enforceable, thereby letting ConnectU transfer all its shares to Facebook. Winklevoss brothers also claimed that during the negotiations, Facebook claimed its shared to be at a higher value of $35.90 while in reality, they were at $8.80, which, if they had known earlier, would lead them to not sign the settlement. However, the District had the settlement agreement enforced against which the Winklevoss brothers appealed to the Circuit court.

# Legal Issues

Can the settlement agreement be enforced? Were the Winklevoss brothers misled by Facebook regarding the value of their shares?

# Court Ruling

The U.S Court of Appeals affirmed the decision of the District Court. Judge Kozinski held that it was time for the litigation to end and scolded the Winklevoss brothers to back out of their own settlement. The Court held that both of them had prior knowledge of what the settlement entailed in 2008 at the time of mediation, and any mediation agreement between two parties that is signed and settled cannot be reasonably interpreted to have a door open to further litigation about the terms of the negotiation. The Court also held that the Winklevoss brothers could not show that they were misled by Facebook regarding the values of the shares and without any reasonable evidence, this claim fails to prove itself.

Furthermore, the appeals court held that the Winklevoss brothers sought to gain profits through the litigation process which they could not do so competition in the marketplace; however, they had already released all their prior claims against Facebook during the mediation, which was quite favorable to them.

# Opinion on Ruling

In my opinion, the court ruling was appropriate according to the facts of the case. When an agreement between two corporate organizations is reached in order to settle their dispute, it cannot be later claimed that the negotiation process is still opened for litigation, especially in the presence of the confidentiality agreement as well. Furthermore, the settlement gave the Winklevoss brothers a significant benefit that was highly favorable to them, and their further litigation claims on Facebook indicate that they were struck by the success Facebook had enjoyed over the years and saw an opportunity there. It is reasonable to claim that the Winklevoss brothers engaged in an unethical activity by trying to rescind their own mediation agreement, nevertheless, the case also shows that Mark Zuckerberg had also engaged in an unethical activity by copying some of ConnectU’s ideas. Yet, the settlement agreement was reached and the appeals court correctly upheld the earlier district court’s decision.