CONTRACTS--ISSUE OF COMMON LAW REMEDY--DIRECT DAMAGES--
EMPLOYER'S MEASURE OF RECOVERY FOR EMPLOYEE'S WRONGFUL
TERMINATION OF AN EMPLOYMENT CONTRACT.

Direct damages are the economic losses that usually or
customarily result\(^1\) from a breach of contract. In this case,
direct damages consist of the difference between the fair market
value of the defendant's services and the rate of compensation
for those services fixed by the contract over the unexpired term
of the contract.\(^2\) You will determine this difference as follows:
First, you will determine the fair market value of the (describe
services) that the defendant was to have performed during the
unexpired term of his contract with the plaintiff. The "fair
market value" of (describe services) must be determined as of
[the date that (name employee) terminated his employment]
[(specify date)]. Fair market value is the amount that a
willing employer would pay and a willing employee would accept,

\(^1\) In awarding damages, compensation is given for only those injuries
that the defendant had reason to foresee as a probable result of his breach
when the contract was made. If the injury is one that follows the breach in
the usual course of events, there is sufficient reason for the defendant to
foresee it; otherwise, it must be shown specifically that the defendant had
reason to know the facts and to foresee the injury.” Stanback v. Stanback,
297 N.C. 181, 187, 254 S.E.2d 611, 616 (1979) (quoting the RESTATEMENT OF
THE LAW OF CONTRACT, § 330, p. 509). The foreseeability limitation on recovery
was first enunciated in Hadley v. Baxendale, 156 Eng. Rep. 145 (1854).

\(^2\) Generally, for a breach of contract, the injured party is entitled as
compensation to be placed, insofar as this can be done by money, in the same
position he would have occupied if the contract had been performed. Pleasant
(1995); First Union Nat. Bank v. Naylor, 102 N.C. App. 719, 725, 404 S.E.2d
259 N.C. 400, 415, 131 S.E.2d 9, 21 (1963)).
CONTRACTS--ISSUE OF COMMON LAW REMEDY--DIRECT DAMAGES--EMPLOYER'S MEASURE OF RECOVERY FOR EMPLOYEE'S WRONGFUL TERMINATION OF AN EMPLOYMENT CONTRACT. (Continued).

neither being under any compulsion to deal with the other.\(^3\)

Second, if the fair market value of the defendant's services for the unexpired term of his contract exceeds the amount of compensation fixed in the contract for those same services, this difference is the amount of direct damages that the plaintiff has suffered.

\(^3\)An alternative definition of "fair market value" is as follows: "Fair market value is the amount that a willing employer would pay, but is not obliged to do so, and a willing employee would accept, but is not compelled to so." See Huff v. Thornton, 287 N.C. 1, 12, 213 S.E.2d 198, 206 (1975).