REPRESENTING THE DEPARTING EMPLOYEE AND RECENT DECISIONS OF INTEREST

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These are not typical situations and they must be approached differently. If you think that it is sufficient to spend some time with your client and get the relevant facts then you may well be doing a disservice to everyone. Departing employees do not simply have a story to tell and you cannot give advice that is based on their tale. Rather, departing employees are usually in the process of crossing a minefield and they need micro-managing and to be controlled.

Employees know about going from one job to the next, working for a new employer with new co-workers, negotiating for higher compensation and of their need to pick up the ball and run with it. What they don't know is that they are subject to the common law, to contract law and to moral scrutiny. For example, the employee may not get into trouble for his character defects in the workplace but left to himself likely will as a departing employee. Other employees, including attorney employees, may have every intention of doing things properly but since they have not been schooled to know what is permitted and what is forbidden they will inadvertently do the wrong things.

Your first job as counselor is to thoroughly learn: (i) what the employee did at his prior job; (ii) what he has done in preparation for finding another job; (iii) what he plans to do before starting a new job; (iv) and what the new job will entail. The only way to understand where the problems may lie is by carefully learning as much as you reasonably can about what the employee did for the employer, what information he was exposed to, what strategic planning he may be aware of, what secrets he has, what information learned at his employer will necessarily be used at his new employer, and what, if you were his former employer you would care about happening if the client goes to the projected new employer.

It is critical to assume that if you do not pay attention to every detail your client may hurt himself. As you are hearing the story, and asking piercing questions in connection with it, remember that employees owe a duty of loyalty to the former employer, that work done for the employer belongs to the employer, that employers are entitled to have their trade secrets and proprietary information kept confidential, that it is improper to copy documents or computerized information from the former employer, and that if the employee has information at home, or personal information on company computers, that issues may arise in connection with it.

Only by being sensitive to all of the nuances and you properly advise. Likewise, it is important for you to explain the reasons for each piece of advice you give because there will be times when the employee will need to make his own decisions and if he knows why you were saying what you were then he should be in a position to apply your advice to whatever he is facing

and come out the right way.

Whenever I go to the doctor I listen very carefully and promptly forget almost everything I was told. In this area of the law we must be careful to make sure that the client does not forget what he is being told. In giving advice I recommend that all points be broken down so that they will be understood. By this I mean that we should avoid any tendency to believe that the person we are speaking to will appreciate the meaning of the words you are using in the manner that is intended. For example, instead of telling someone "do not to take any of the employer's documents on leaving" you should say, "do not take any originals, or copies, or electronic versions, or any part, of the employer's documents." This comprehensive direction will help keep the employee from being "cute" and finding an "innocent" way around the direction.

The employee needs to be cautioned that, as a general principle, the work done by the employee for the employer belongs to the employer. The employer paid the employee to render the work and now owns it. What this means is that notes, correspondence, think pieces, memoranda, sample forms, and the like are not the employee's to take. Rather, in the normal course of events they belong to the employer. Thus detailed inquiry should be had with the employee so that specific questions as to particular items of property can be individually addressed.

When it comes to computers it is common for employees to believe that they have a right to copy whatever information they worked on. After all, they have been doing so for the duration of their job tenure. They think themselves entitled to take what they want because they created it and it will help demonstrate their abilities to a new employer. Also they reasonably think that having the samples will facilitate their doing what they characterize as a "repetitive" task (such as drawing boiler plate language, or preparing contracts or advertising literature) at the new position. In preparation for leaving, employees often don't think twice about deleting things from the computers they were working on, again because they were doing so all along.

The reality is that the employees were given access to the computers for the purpose of doing work on behalf of their employers. Thus, while a personal shopping list, or copies of letters the employee may have sent regarding his car or a stereo that was not working can probably be deleted, notes related to work, drafts of things the employee was working on, old marketing plans and the like should be left as they had been before the employee decided, or was told, to leave. One never knows what the employer may decide to be valuable and deletions are done at the employee's peril. The goal should be to take no tangible thing, such as a documents or computer records, unless it is strictly personal – and then the employee still has to be cautious if it is on the company's computer. The farther afield the employee moves from this goal, the greater the danger.

Business opportunities that appear before the employee leaves are often tempting for the employee to want to take to the new venture. Likewise, the employee may want to plan to bid at the new employer's on work that he bid on while with the former employer. As well, the employee may want to let his clients or customers know where he is going so that plans can be

made for the clients and customers to do business with him at the new location. All of this has to be inquired into because it is forbidden for the employee to do it and yet a natural instinct.

Employees owe a duty of loyalty to their current employers. What this means is that business opportunities that appear during the individual's employment belong to the employer and cannot be diverted. So too, if the employee made a bid for work on behalf of his prior employer then serious issues are raised if, at the new employer, he bids for it, because doing so will necessarily result in the employee using his prior knowledge to the detriment of the former employer. For the same reasons, the employer has a right not to have his employees encouraging his clients and customers to leave to do business with someone else.

Don't forget to ask the employee if he intends to try and have someone else leave with him. It is common for employees to want to have others leave at the same time because doing so may create a better bargaining position for the employee with the new employer. Depending on the circumstances such plans may be fine, or they may be problematic. Careful inquiry needs to be had as to: the employee's motivations for wanting to take someone else along; in what ways taking someone else along will work to the advantage of the new employer and the disadvantage of the old employer; whether trade secrets are involved; and how the idea of inviting others along arose - was it your client's idea or did it originate with the new employer, for example. The employee needs to be carefully counseled about pre-departure contacts with colleagues. Clearly, any such contacts about the new venture should not be made at work - during working time or on the premises - if at all.

The departing employee should not be trying to harm the former employer; the solicitation of others should not be the result of the new company wanting to obtain a competitive advantage to the detriment of the former employer; and the preservation of trade secrets should be insured. All too frequently people are only thinking of themselves and they forget that seemingly simple actions can have serious consequences.

In circumstances where the employee has inside information regarding the prior employer, he should be counseled not to divulge that information because he may become responsible for any resulting harm. Likewise he should not use that information to the detriment of the prior employer. The question of whether an employee can use customer lists that he remembers but does not take an actual copy of, may vary by jurisdiction and should be carefully analyzed. In the first instance the employee should be told that before he uses or exploits information gained while with another employer that you should be consulted. By using the attorney before taking any questionable steps the employee will be safeguarded in the matter being inquired upon and will gradually learn how to himself apply your reasoning to his work situation.

All employees have information that their prior employer's will not want to have given to their competitors. Such information may encompass trade secrets, customer information financial information of the prior employer etc. It is therefore important to have the employee detail for you the nature of the work he will be doing for the new employer, the kind of tasks he will be called on to perform and the data he will be analyzing. If it appears that the employee may

be placed in a position by the new employer where he could violate obligations to his prior employer then steps need to be taken to avoid that. Such steps might include speaking with the new employer and getting a specific agreement that the employee will not be put in a conflicting position. In addition, you should counsel the employee regarding what constitutes a trade secret or confidential information, give concrete examples to the employee and explain why it needs to be kept confidential.

Care also needs to be taken during the interview process to insure that the new employer is not inadvertently given proprietary information belonging to the former employer. In an effort to ingratiate himself with, or to seem important to, the new employer it is natural to want to talk about the volume of business he did, the developments he made, or the successful tactics he employed. However, the employee has to be cautioned that he must not discuss the details of his former work where doing so will provide a competitive edge for the new employer. There is often a delicate balance between what is permissible and what is not. In such situations counsel would be well advised to insist on participating in the negotiations, and perhaps speaking to the new employer's counsel, all for the purpose of avoiding any potential problems.

If the employee has signed a non-solicitation agreement make sure to read it carefully. Sometimes the mere giving of a reference to someone can constitute a violation. The first position in guiding a departing employee is conflict avoidance as opposed to what is strictly allowed. After the employee is told how to avoid problems you can then start to discuss incremental deviations from the safest course and in this way the employee can best understand the nature of where problems are likely to arise. Whether to take a risk should be a knowing decision by the client and that cannot occur in the absence of your careful analysis and discussion.

Let's not forget that there are times when the departing employee has an ownership interest in the prior employer or where the departing employee was the seller of the business where he worked that was bought by his prior employee. Such an interest may give rise to additional loyalty and even noncompete obligations to the prior employer. Therefore inquiry should be had regarding the nature of any ownership interest, what it means financially, and whether it caused the employee to have any special role with the prior employer, such as being on the board of directors or being an officer of the company. In certain circumstances an employee selling his interest in a prior company may have a common law obligation not to compete and there also may be papers created as part of the sale that need to be evaluated.

This is a fun area of the law and requires the careful application of your skill and acumen. Enjoy!

Some Recent Decisions - New York:

Non-Solicitation Case Not Proven

Frank Crystal & Co., Inc. v. Dillmann, 84 A.D.3d 704, --- N.Y.S.2d ----, 2011 WL 2119575 (1st Dept., 2011).

Defendants met their burden of demonstrating prima facie that they did not

breach Dillmann's non-compete and non-solicitation agreements with plaintiff after Dillmann left plaintiff for a job with defendant Aon *(see generally BDO Seidman v. Hirshberg*, 93 N.Y.2d 382, 690 N.Y.S.2d 854, 712 N.E.2d 1220 [1999]. Only one administrative employee joined Dillmann at defendant Aon, and plaintiff hired a replacement for her. Defendants submitted evidence that a client, Frank Russell Investments, moved its business to Aon for reasons unrelated to Dillmann's move. Russell chose Aon after soliciting a request for proposals (RFP) because of concerns about plaintiff and a connection between executives at the two firms. Dillmann provided no assistance to Aon, which responded to the RFP before Dillmann was retained and had prepared its proposal before Dillmann joined the firm. In opposition, plaintiff presented unsubstantiated assertions and speculations, which are insufficient to raise a triable issue of fact. As for one client that Dillmann actively solicited after leaving plaintiff, defendants demonstrated that plaintiff had no legitimate protectable interest in that client. The client was developed by Dillmann independently and without assistance from plaintiff (*see BDO Seidman*, 93 N.Y.2d at 392, 690 N.Y.S.2d 854, 712 N.E.2d 1220; *Weiser LLP v. Coopersmith*, 74 A.D.3d 465, 902 N.Y.S.2d 74 [2010]).

Scope of Enforceability

Stork H & E Turbo Blading, Inc. v. Berry, Slip Copy, 2011 WL 2611642 (Table), (Sup. Ct. NY.Cty., 2011).

Covenants not to compete will be enforced if they are reasonably limited in time and scope, are necessary to protect the employer's interests, are not harmful to the public, and are not unduly burdensome (*see Battenkill Veterinary Equine v. Cangelosi*, 1 AD3d 856 [2003]; *Albany Med. Coll. v. Lobel*, 296 A.D.2d 701 [2002]). Here, the restrictive covenants are reasonably limited in time-nine months for Berry and eighteen months for Hall—and also in scope, inasmuch as they are limited to circumstances in which the employee terminates the employment relationship and, in that event, only bar the employee from affiliating with a direct competitor of plaintiff in the business of manufacturing rotating and stationary blades for axial compressors, steam and gas turbines and hot air expanders. The covenants are not unduly burdensome, inasmuch as they provide for continued payment of the employee's salary during the restricted period. Having concluded that the present conduct of Berry and Hall does not violate the restrictive covenant, the court has not considered whether it may be enforceable under other circumstances as necessary to protect plaintiff's legitimate interests. It bears noting that, inasmuch as payment of a former employee's salary during the restricted period is but an additional factor which may be considered in determining whether a covenant is reasonable *(see Maltby v. Harlow Meyer Savage*, 166 Misc.2d 481, 486 [1995], affd 223 A.D.2d 516 [1996], lv dismissed 88 N.Y.2d 874 [1996]; *Estee Lauder Cos., Inc. v. Batra*, 430 F Supp 2d 158, 180–181 [SDNY 2006]), the fact that the covenant at issue provides for continued salary payments to Berry and Hall does not require that it be enforced (*see Quandt's Wholesale Distribs. v. Giardano*, 87 A.D.2d 684 [1982], lv dismissed 56 N.Y.2d 805 [1982] [a covenant that is

reasonable in scope and not unduly burdensome may be enforced only upon a showing that it is necessary to protect the employer's legitimate interests]).

Employee Duty of Loyalty - Post-Employment Solicitation

Island Sports Physical Therapy v. Kane 84 A.D.3d 879, 923 N.Y.S.2d 158, 159 (2nd Dept., 2011).

" '[A]n employee owes a duty of good faith and loyalty to an employer in the performance of the employee's duties' " (*30 FPS Prods., Inc. v. Livolsi*, 68 A.D.3d 1101, 1102, 891 N.Y.S.2d 162, *quoting Wallack Frgt. Lines v. Next Day Express*, 273 A.D.2d 462, 463, 711 N.Y.S.2d 891; *see Lamdin v. Broadway Surface Adv. Corp.*, 272 N.Y. 133, 5 N.E.2d 66; *CBS Corp. v. Dumsday*, 268 A.D.2d 350, 353, 702 N.Y.S.2d 248). "An employee may create a competing business prior to leaving [her or] his employer without breaching any fiduciary duty unless [she or] he makes improper use of the employer's time, facilities or proprietary secrets in doing so" (*Schneider Leasing Plus v. Stallone*, 172 A.D.2d 739, 741, 569 N.Y.S.2d 126; see *30 FPS Prods., Inc. v. Livolsi*, 68 A.D.3d at 1102, 891 N.Y.S.2d 162; *Beverage Mktg. USA, Inc. v. South Beach Beverage Co., Inc.*, 58 A.D.3d 657, 658, 873 N.Y.S.2d 84; *Wallack Frgt. Lines v. Next Day Express*, 273 A.D.2d at 463, 711 N.Y.S.2d 891; *CBS Corp. v. Dumsday*, 268 A.D.2d at 353, 702 N.Y.S.2d 248). In general, an employee may solicit an employer's customers only when the employment relationship has been terminated (*see A & L Scientific Corp. v. Latmore*, 265 A.D.2d 355, 356, 696 N.Y.S.2d 495; *Catalogue Serv. of Westchester v. Wise*, 63 A.D.2d 895, 405 N.Y.S.2d 723).

"Further, [s]olicitation of an entity's customers by a former employee or independent contractor is not actionable unless the customer list could be considered a trade secret, or there was wrongful conduct by the employee or independent contractor, such as physically taking or copying files or using confidential information" (*Starlight Limousine Serv. v. Cucinella*, 275 A.D.2d 704, 705, 713 N.Y.S.2d 195; *see Walter Karl, Inc. v. Wood*, 137 A.D.2d 22, 27, 528 N.Y.S.2d 94; *see also Leo Silfen, Inc. v. Cream*, 29 N.Y.2d 387, 391–392, 328 N.Y.S.2d 423, 278 N.E.2d 636). "The use of information about an employer's customers which is based on casual memory is not actionable" *(Levine v. Bochner*, 132 A.D.2d 532, 533, 517 N.Y.S.2d 270; *see Anchor Alloys v. Non–Ferrous Processing Corp.*, 39 A.D.2d 504, 507, 336 N.Y.S.2d 944; *see also Leo Silfen, Inc. v. Cream*, 29 N.Y.2d 387, 328 N.Y.S.2d 423, 278 N.E.2d 636).

Customer List Enforcement

Shaw Creations Inc. v. Galleria Enterprises, Inc. 29 Misc.3d 1213(A), 918 N.Y.S.2d 400 (Table) (Sup. Ct. NY, Cty., 2010).

A customer list will be not be treated as a trade secret where the information contained in the list is readily ascertainable from nonconfidential sources. *Ronald W. Freeman P.C. v. Zhu*, 209 A.D.2d 213 (1st Dept., 1994). A contact list based on knowledge of the industry and on information publically available does not qualify as a trade secret. *Buhler v. Maloney Consulting*, 299 A.D.2d 190, 191 (1st Dept.,

2002). But where the names and addresses of the customers are not known in the trade or can only be obtained through effort, the customer list will be treated as a trade secret. *See Stanley Tulchin Assoc., v. Vignola,* 186 A.D.2d 183, 185 (2d Dept., 1992). This is especially so where the customers' patronage had been secured by years of effort and advertising effected by the expenditure of substantial time and money. *Leo Silfen Inc. v. Cream,* 29 NY2 387, 393 (1972). The proponent of trade secret status for a customer list must show that it "employed precautionary measure[s] to preserve" the list as a secret. *Precision Concepts Inc. v. Bonsanti*, 172 A.D.2d 737, 737 (2d Dept., 1991).

Tortious Interference

Smith v. Meridian Technologies, Inc. 86 A.D.3d 557, 927 N.Y.S.2d 141, 144 (2nd Dept., 2011).

To establish a defendant's liability for damages for tortious interference with prospective contractual relations, the plaintiff must show that the defendant engaged in wrongful conduct which interfered with a prospective contractual relationship between the plaintiff and a third party. As a general rule, such wrongful conduct must amount to a crime or an independent tort, and may consist of "physical violence, fraud or misrepresentation, civil suits and criminal prosecutions" (*Guard–Life Corp. v. Parker Hardware Mfg. Corp.*, 50 N.Y.2d 183, 191, 428 N.Y.S.2d 628, 406 N.E.2d 445).Such wrongful conduct may include "some degrees of economic pressure;" however, "persuasion alone" is not sufficient (*id.*at 191, 428 N.Y.S.2d 628, 406 N.E.2d 445; *see Lyons v. Menoudakos & Menoudakos, P.C.*, 63 A.D.3d 801, 802, 880 N.Y.S.2d 509). Here, in light of, inter alia, the covenants not to compete set forth in the employment agreement between Meridian and the plaintiff, and the evidence showing that Meridian and Multidyne were both engaged in the sale of fiberoptic video equipment, the defendants showed, prima facie, that they did not engage in wrongful conduct for purposes of this cause of action, and the plaintiff failed to raise a triable issue of fact (*see Adler v. 20/20 Cos.*, 82 A.D.3d 915, 918, 918 N.Y.S.2d 585; *BGW Dev. Corp. v. Mount Kisco Lodge No. 1552 of Benevolent & Protective Order of Elks, of U.S. of Am.*, 247 A.D.2d 565, 567–568, 669 N.Y.S.2d 56).

Injunctions, Customer Lists and Breach of Trust

Marcone APW, LLC v. Servall Co. 85 A.D.3d 1693, 925 N.Y.S.2d 752 (4th Dept., 2011).

Here, we conclude that the court did not abuse its discretion in granting in part plaintiff's motion for an expanded preliminary injunction (*see generally Deloitte & Touche v. Chiampou*, 222 A.D.2d 1026, 636 N.Y.S.2d 679). As the court properly determined, plaintiff established a likelihood of success on the merits of its misappropriation and unfair competition causes of action (*see generally Eastern Bus. Sys. v. Specialty Bus. Solutions*, 292 A.D.2d 336, 338, 739 N.Y.S.2d 177; *Laro Maintenance Corp. v. Culkin*, 255 A.D.2d 560, 681 N.Y.S.2d 79). Although defendants are correct that "customer lists" are not entitled to trade secret protection if such lists are "readily ascertainable from sources

outside [plaintiff's] business" (*Columbia Ribbon & Carbon Mfg. Co. v. A–1–A Corp.*, 42 N.Y.2d 496, 499, 398 N.Y.S.2d 1004, 369 N.E.2d 4; *see* *Riedman Corp. v. Gallager*, 48 A.D.3d 1188, 1189, 852 N.Y.S.2d 510), here the documents allegedly misappropriated by the individual defendants are not simply compilations of customer names and addresses or phone numbers. Rather, the documents contain detailed information about each customer, including the names of individual contact persons, customer-specific pricing information, credit terms and limits, and the customers' "class" rankings based upon their margin performance. Plaintiff established that such "information was compiled through considerable effort by [plaintiff] and its employees over several years and was not available to the public. The information also created a competitive advantage for [plaintiff] in servicing its current clients and creating new business" (*Eastern Bus. Sys.*, 292 A.D.2d at 337, 739 N.Y.S.2d 177; *see* *Stanley Tulchin Assoc. v. Vignola*, 186 A.D.2d 183, 185, 587 N.Y.S.2d 761; *Giffords Oil Co. v. Wild*, 106 A.D.2d 610, 611, 483 N.Y.S.2d 104).

In any event, even assuming, arguendo, that the misappropriated information is not entitled to trade secret protection, we conclude that the court properly determined that injunctive relief is warranted on the alternative ground of breach of trust by the individual defendants in misappropriating plaintiff's proprietary information. As the Court of Appeals stated in *Leo Silfen, Inc. v. Cream*, 29 N.Y.2d 387, 391–392, 328 N.Y.S.2d 423, 278 N.E.2d 636, "[i]f there has been a physical taking or studied copying, the court may in a proper case enjoin solicitation, not necessarily as a violation of a trade secret, but as an egregious breach of trust and confidence while in plaintiffs' service" (*see generally* *Eastern Bus. Sys.*, 292 A.D.2d at 338, 739 N.Y.S.2d 177; *Amana Express Intl. v. Pier–Air Intl.*, 211 A.D.2d 606, 606–607, 621 N.Y.S.2d 108). Here, the record is replete with evidence that the individual defendants stole and/or improperly retained thousands of documents belonging to plaintiff and thereafter used that information to compete against their former employer.

NY Disavors Noncompetes - What is a Trade Secret?

Eastman Kodak Co. v. Carmosino 77 A.D.3d 1434, 909 N.Y.S.2d 247, 249 (4th Dept., 2010).

It is well established that agreements by an employee not to compete with his or her employer upon the termination of employment are judicially disfavored because " 'powerful considerations of public policy ... militate against sanctioning the loss of a [person's] livelihood' " (*Reed, Roberts Assoc. v. Strauman*, 40 N.Y.2d 303, 307, 386 N.Y.S.2d 677, 353 N.E.2d 590, rearg. denied 40 N.Y.2d 918, 389 N.Y.S.2d 1027, 357 N.E.2d 1033; *see Columbia Ribbon & Carbon Mfg. Co. v. A-1-A Corp*., 42 N.Y.2d 496, 499, 398 N.Y.S.2d 1004, 369 N.E.2d 4). Thus, "[a] restrictive covenant against a former employee 'will be enforced only if reasonably limited temporally and geographically ..., and then only to the extent necessary to protect the employer from unfair competition [that] stems from the employee's use or disclosure of trade secrets or confidential customer lists' " *(IVI Envtl. v. McGovern*,

269 A.D.2d 497, 498, 707 N.Y.S.2d 107, *quoting Columbia Ribbon & Carbon Mfg. Co.*, 42 N.Y.2d at 499, 398 N.Y.S.2d 1004, 369 N.E.2d 4; *see Riedman Corp. v. Gallager*, 48 A.D.3d 1188, 1189, 852 N.Y.S.2d 510).

Here, plaintiff failed to establish that the information to which defendant was exposed during his tenure as plaintiff's "Vice President, Sales, Global and Strategic Accounts" qualifies as a trade secret or that specific enforcement of the employment agreement is necessary to protect plaintiff's legitimate interests (*see Natural Organics, Inc. v. Kirkendall*, 52 A.D.3d 488, 489-490, 860 N.Y.S.2d 142, lv. denied 11 N.Y.3d 707, 868 N.Y.S.2d 598, 897 N.E.2d 1083). Although plaintiff alleged that defendant downloaded confidential company documents after his termination, plaintiff failed to set forth evidence establishing that defendant misappropriated confidential information. Plaintiff also failed to establish that its customer lists, pricing information, and "product roadmaps" constitute trade secrets (*see Buhler v. Michael P. Maloney Consulting*, 299 A.D.2d 190, 191, 749 N.Y.S.2d 867; *Briskin v. All Seasons Servs.*, 206 A.D.2d 906, 615 N.Y.S.2d 166; *Walter Karl, Inc. v. Wood*, 137 A.D.2d 22, 27, 528 N.Y.S.2d 94). Moreover, "mere knowledge of the intricacies of a business" does not qualify as a trade secret (*Marietta Corp. v. Fairhurst*, 301 A.D.2d 734, 739, 754 N.Y.S.2d 62).

Physicians and Non-Competes

Peconic Surgical Group, P.C. v. Cervone, 31 Misc.3d 1240(A), Slip Copy, 2011 WL 2347613 (Table)(N.Y.Sup., 2011).

The prohibition on the defendants from practicing surgery for three years in the 15–mile area within Suffolk County described in the restrictive covenant is reasonably limited in time, geographic area, and scope. The three-year period is reasonable, as is the 15–mile restriction (*see, Battenkill Veterinary Equine P.C. v. Cangelosi, supra* at 858 [and cases cited therein]; *see also,* Novendstern v. Mt. Kisco Medical Group, 177 A.D.2d 623, 625). The covenant does not restrict the defendants from practicing general medicine anywhere or surgery outside of the proscribed area or at other nearby hospitals. Thus, it is reasonable in scope and not unduly burdensome (*see, Battenkill Veterinary Equine P.C. v. Cangelosi, supra* at 858–859; Rivkinson–Mann v. Kasoff, 226 A.D.2d 517, 517–518; *Awwad v. Capital Region Otolaryngology Head & Neck Group, LLP*, 18 Misc.3d 1111[A], at *5). Moreover, PSG's interest in protection from the competition of those who have been associated with its practice is legitimate (*see, Novendstern v. Mt. Kisco Medical Group, supra* at 625) and includes Dr. Keckeisen's employment at Southampton Hospital and Peconic Bay Medical Center (*see,* Olean Medical Group v. Leckband, 32 AD3d 1214).

Sale of Business and Scope of Non-Solicitation

Bessemer Trust Co., N.A. v. Branin 16 N.Y.3d 549, 551, 949 N.E.2d 462, 464 (2011).

The United States Court of Appeals for the Second Circuit has certified the following question for our consideration: "What degree of participation in a new employer's solicitation of a former employer's client by a voluntary seller of that client's good will constitutes improper solicitation?" (*Bessemer Trust Co., N.A. v. Branin*, 618 F.3d 76, 94 [2d Cir.2010].)

Specifically, the Second Circuit seeks our guidance on whether the following two sets of actions, taken together, make out "improper solicitation" under New York law:

"(1) the active development and participation by the seller, in response to inquiries from a former client whose good will the seller has voluntarily sold to a third party, in a plan whereby others at the seller's new company solicit a client, and (2) participation by the seller in solicitation meetings where the seller's role is largely passive." (*Id.*)

* * *

In answering the certified question, we continue to apply our precedents in *Von Bremen* and *Mohawk* and hold that the "implied covenant" [not to solicit] bars a seller of "good will" from improperly soliciting his former clients. We conclude that, while a seller may not contact his former clients directly, he may, "in response to inquiries" made on a former client's own initiative, answer factual questions. Furthermore, under the circumstances where a client exercising due diligence requests further information, a seller may assist his new employer in the "active development ... [of] a plan" to respond to that client's inquiries. Should that plan result in a meeting with a client, a seller's "largely passive" role at such meeting does not constitute improper solicitation in violation of the "implied covenant." As such, a seller or his new employer may then accept the trade of a former client.

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