Non-compete agreement could be enforced

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By Eric T. Berkman

A communications company could block an engineer whom it had just trained on mobile broadband technology from taking a job with another company that provided similar products, a Superior Court judge has decided.

The employee, who had signed a non-compete agreement a year before leaving for the new job, argued that the agreement was unenforceable because the company could not show that it would suffer harm as a result of him working for the new employer.

But Judge Frances A. McIntyre disagreed.

"[The employee's] knowledge of [his employer's] competing product will inevitably or inadvertently surface during [his] employment with [the new company] because of the timing of [his employer's] recent arrival on the mobile broadband stage," wrote McIntyre, granting a preliminary injunction to prevent the employee from starting his new job.

"He will make decisions for his competing product based on information he holds about [his first employer's product], and even without formal disclosure, thereby benefit [the new employer]," the judge added.

The seven-page decision is *Empirix Inc. v. Ivanov*, Lawyers Weekly No. 12-098-11. The full text of the ruling can be ordered [by clicking here.](#)

In a separate federal case involving a similar fact pattern, a judge granted employer Aspect Software, Inc.'s request for a preliminary injunction to prevent its former executive vice president and chief technology officer, Gary Barnett, from accepting a position with a rival.

"Whether or not Barnett actually has 'employ[ed], reveal[ed] or otherwise utilize[d]' Aspect's trade secrets in the course of his work with [the competitor] (or whether he will do so in the future), Aspect has established that at the time of his departure from Aspect it was at the very least 'reasonably likely' that he would do so," Judge Denise J. Casper found.

"[G]iven the extent of Barnett's experience at Aspect and the similarity between his positions at Aspect and at [the competitor], 'it is difficult to conceive how all of the information stored in [Barnett]'s memory can be set aside as he applies himself to a competitor's business and its products,'" she said.

The 19-page decision in that case is *Aspect Software, Inc. v. Barnett,* Lawyers Weekly No. 02-139-11. The full text of the ruling can be found [by clicking here.](#)

Elements lined up

Scott A. Roberts and Andrea C. Kramer, of Hirsch, Roberts, Weinstein in Boston, represented the employer in the *Empirix* case. Roberts said the ruling shows that even in a tight job market, courts are still willing to enforce non-compete agreements when all the legal elements line up.

"The court recognized that enforcement could cause the employee some level of difficulty," he said. "But it also recognized that my client was trying to protect genuine confidential information, trade secrets, product roadmaps, strengths and gaps of the product and customer information."

Roberts said he is also pleased with the judge's recognition that even if the employee made good-faith efforts to avoid disclosing confidential information to his new employer, he inevitably would be influenced by the knowledge he gained at his prior job.

"The argument I made in court was that a farmer doesn't have to wait until the fox starts eating the chickens before chasing him out of the henhouse," Roberts said.

However, Robert S. Mantell of Boston, who represents employees in non-compete cases but was not involved in *Empirix*, said he found that aspect of the ruling troubling, particularly when used to prevent someone from earning a living. He also suggested the judge's reasoning could have unintended consequences, since it is so expansive.

"For example, if an employee is to create a recipe in his or her new job, he or she would know of the secret recipe from the old job and would consciously depart from that recipe in the new position," said Mantell, who practices with Rodgers, Powers & Schwartz. "Usually, one would regard such practice as principled and honorable."

But when the court expands the doctrine of inevitable disclosure to include all decisions one would make in light of his knowledge of confidential information, "it denigrates [this] principled practice [and] endangers normal and beneficial competition," Mantell said.

John R. Bauer of Robinson & Cole in Boston, who represents both employers and employees in non-compete litigation, said he found it interesting that, after the employee received his training in Italy, the employer presented him with a new non-compete, which he did not sign. Yet the judge did not dissolve or invalidate the original agreement.

"There are ample precedents in Massachusetts that when the employer determines there's been some significant change in the job such that a new non-compete is necessary, then the old non-compete is no longer enforceable," Bauer said. "So the judge must have clearly made a decision here that the defendant was a bad guy and had done something improper."

Russell Beck, another Boston attorney who represents both employers and employees in non-compete litigation, agreed that such matters often come down to the "black hat-white hat" issue.

"Courts are faced with these decisions in a very short timeframe," said Beck, who practices at Beck, Reed, Riden. "They get a bunch of briefs and affidavits, and if they have a few hours to look at everything, they're lucky. They really have to make their decision on a gut level, and the perceived conduct of the parties sometimes has a tremendous influence on the outcome of the case, especially where there's a bad actor in the mind of the court."

Kevin M. Duddlesten of Littler Mendelson in Boston represented the employee in *Empirix*. He declined to comment.

Leveraging skill sets

Defendant Alexy Ivanov joined plaintiff Empirix as a sales engineer in 2001. Ivanov worked with systems that involved the voice monitoring of land-line telephone networks and Voice over Internet Protocol, otherwise known as VOIP networks.

On Feb. 23, 2010, the defendant entered a non-compete agreement with Empirix that barred him from indirectly or directly working for any company that "develops, designs, produces, markets, sells or renders" products or services that compete with those provided by the plaintiff. The agreement also contained a non-solicitation provision that prohibited him from trying to divert or take away any of Emprix's current or prospective clients.

In June 2010, Empirix acquired an Italian company, Mutina Technologies, which provided a data network monitoring system known as "IPXPlorer." That summer, Empirix sent Ivanov to Italy so that he could become an expert on IPXPlorer, train others on the product and assist in selling it.

When Ivanov returned from Italy in the fall, he had developed enough data network monitoring expertise to provide advice on marketing IPXPlorer in North America and was engaged in demonstrating the latest version of the product. But apparently within days, he sought employment with NetScout, a company specializing in data network monitoring products — the same field Empirix had entered by acquiring Mutina.

In March 2011, Ivanov announced that he intended to go to work for NetScout. Upon hiring him, NetScout agreed to pay him three months' severance should his non-compete with Empirix be enforced.

Empirix subsequently filed for a preliminary injunction in Superior Court to prevent Ivanov from going to work for NetScout.

Enforceable agreement

At the hearing, Ivanov argued that it was not inevitable that he would disclose confidential information to his new employer and thus a nondisclosure order would be a more appropriate remedy than an injunction to enforce the non-compete.

McIntyre disagreed.

Ivanov taking himself to a competitor "could cripple the new venture's prospects," said the judge, noting that the employee had Empirix's plan for developing the new product as well as information on its weaknesses, sales strategies, internal organization and customers.

Such knowledge of a competing product would "inevitably or inadvertently surface" during Ivanov's employment with NetScout, McIntyre said. "Under these circumstances, a court order not to disclose will not enforce Empirix's effort to protect itself from unfair competition."

While McIntyre acknowledged that Ivanov would "surely suffer" from enforcement of the non-compete, she said he knowingly signed it, understood its terms and took a professional risk to avoid it.

The judge also rejected any suggestion that the agreement was rendered void when Empirix presented Ivanov with a new one.

"[Ivanov] was contemplating the move [to NetScout] and avoided signing it before he jumped ship," McIntyre said. "He did not indicate an unwillingness to sign the agreement which would have signaled Empirix that it needed to press Mr. Ivanov with an ultimatum."

There is nothing unfair about requiring a long-term employee to act in good faith and either sign the agreement or declare an unwillingness to do so, the judge said. "To lull the employer into inaction by silence and then accuse the employer of a lack of diligence is just not cricket."

For more information about the judge mentioned in this story, visit the Judge Center at www.judgecenter.com.

Eric T. Berkman, an attorney and formerly a reporter for Massachusetts Lawyers Weekly, is a freelance writer.

CASE: *Empirix Inc. v. Ivanov*, Lawyers Weekly No. 12-098-11

COURT: Superior Court

ISSUE: Could a communications company that had just trained an engineer on mobile broadband technology to help support a new product block the employee from taking a job with another company that provided similar products?

DECISION: Yes

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