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Two Recent Massachusetts Cases Support an Employer's Ability to Enforce Noncompete Agreements

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Two recent cases applying Massachusetts law signal a willingness by state and federal courts to enforce noncompetition agreements. In each case, a judge held a former employee to the terms of fairly broad noncompetition agreements. Notably, each decision also cited to an often-criticized legal theory known as the "inevitable disclosure doctrine" in holding that the company was likely to experience irreparable harm, which justified an injunction against the company's former employee.

In *Empirix Inc. v. Alexy Ivanov*,[1] the plaintiff employer (Empirix) sued to prevent a former sales and engineering employee from going to work for a competitor. Mr. Ivanov had signed an agreement with Empirix that prohibited competition and solicitation for one year following employment in a broad geographic area. Mr. Ivanov was a specialized and trained engineer working on a new and technically advanced line of business for Empirix. After his return from months of training on Empirix's new product, Mr. Ivanov accepted a position with a direct competitor of Empirix in the business in which Mr. Ivanov received such special training. Empirix sued to stop Mr. Ivanov's new employment, and the Massachusetts (Suffolk) Superior Court granted Empirix's motion for a preliminary injunction. In support of its decision, the court specifically noted that Mr. Ivanov would inevitably disclose company secrets under the circumstances, and further stated that the timing of Mr. Ivanov's move to a competitive employer and the information he knew about Empirix's new product merited injunctive relief.

Notably, although the court described the geographic territory restricted by the agreement as "enormous," it nevertheless held that the provision was enforceable because it was reasonably tailored to protect the similarly broad scope of the company's size. Moreover, Mr. Ivanov argued that his agreement was unenforceable because his position with Empirix had changed—an argument that Massachusetts courts have previously utilized in holding covenants unenforceable. Indeed, Empirix had asked Mr. Ivanov to sign a new agreement, which he did not sign—Mr. Ivanov objected to language in the new agreement. The court rejected this argument, reasoning that Mr. Ivanov should not benefit from his silence regarding his willingness to sign a new agreement.

In *Aspect Software, Inc. v. Gary Barnett*,[2] a case in the U.S. District Court for the District of Massachusetts, the plaintiff employer (Aspect) moved to prevent a former senior executive from working for a competitor, arguing that such employment would violate an agreement that prohibited competition and solicitation for 12 months after employment. The agreement prevented Mr. Barnett from participating (including as an employee) in any business in which "he would be reasonably likely to employ, reveal, or otherwise utilize" Aspect's trade secrets, and applied to any geographic area in which Aspect or its affiliates conduct business. Mr. Barnett was one of four executive vice presidents and the chief technology officer, primarily responsible for the company's customer contact center

business, and accepted a position with a company in direct competition with Aspect's customer contact line of business. The court granted its motion to prevent Barnett's employment with the competitor, relying upon the likely disclosure provision contractually agreed to by Mr. Barnett. The court opined that given Mr. Barnett's access to Aspect's competitive information and the similarity of his positions with Aspect and the new employer, it was hard to conceive how he could set aside the information in his memory as he worked for his new employer, because such information was bound to influence his work and disadvantage Aspect.

Both cases involved a liberal application of broad noncompetition and nonsolicitation agreements. In *Empirix*, the agreement at issue applied to a broad geographic territory, and the court found this geographic reach enforceable and reasonably tailored under the circumstances because the company's reach was also broad. In *Aspect*, the agreement at issue applied to the amorphous world of businesses in which the employee "would be reasonably likely to employ, reveal, or otherwise utilize" the employer's trade secrets. The court found that this provision was enforceable as applied to Mr. Barnett's employment with a direct competitor of Aspect because it believed he would inevitably be influenced by knowledge he gained in his prior job.

Further, in both cases, the court's use of the inevitable disclosure doctrine represents an expansive view of Massachusetts law, and is perhaps out of line with a nationwide trend in the opposite direction. Indeed, in *Aspect*, Mr. Barnett argued that the doctrine had fallen out of favor, and cited 16 supporting cases from other jurisdictions. The *Aspect* court, however, cited three Massachusetts cases employing the inevitable disclosure doctrine as persuasive authority in determining that use of the doctrine reflects current Massachusetts law.

Empirix and *Aspect* indicate that even broad noncompetition and nonsolicitation agreements will be enforced against employees in Massachusetts, especially where the employer can establish a genuine risk that the employee will use or disclose confidential information or trade secrets in the course of his new employment. Nevertheless, these agreements require careful drafting and close scrutiny of the underlying factual circumstances. Employers should contact counsel to draft or review their noncompetition and nonsolicitation agreements to protect their confidential information and vital trade secrets.

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Endnotes

1 SUCV2011-01239 (Mass. Super. Ct. (Suffolk) May 17, 2011) (McIntyre, J.).

2 No. 11-10754 (D. Mass. May 27, 2011) (Casper, J.).

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