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NO. 908-03

SUPREME COURT - STATE OF NEW YORK
IAS TERM PART 23 NASSAU COUNTY

PRESENT:
HONORABLE LEONARD B. AUSTIN
Justice

Motion R/D: 6-17-03
Submission Date: 8-8-03
Motion Sequence No.: 001/MOT D

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T.M. BIER & ASSOCIATES, INC.,
Plaintiff,

COUNSEL FOR Plaintiff
Roger J. Bernstein, Esq.
331 Madison Avenue
New York, New York 10017

- against -

JOHN PIRAINO,
Defendant.

COUNSEL FOR Defendant
McLaughlin & Stein, LLP
260 Madison Avenue
New York, New York 10016

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ORDER

The following papers were read on Defendant's motion for summary judgment dismissing the complaint:

Notice of Motion dated May 23, 2003;
Affidavit of John Piraino sworn to on May 20, 2003;
Defendant's Memorandum of Law;
Affidavit of Theodore M. Bier sworn to on June 26, 2003;
Affirmation of Roger J. Bernstein, Esq. dated June 26, 2003;
Plaintiff's Memorandum of Law;
Affidavit of Fred Wolf sworn to on July 31, 2003;
Affirmation of Jon Paul Robbins, Esq. dated August 7, 2003.

Defendant moves for an order pursuant to CPLR 3212 granting the Defendant summary judgment dismissing the complaint.

BACKGROUND

Plaintiff T. M. Bier & Associates, Inc. ("Bier") commenced this action seeking to enjoin Defendant John Piraino ("Piraino") from violating the provisions of a restrictive covenant and seeking to recover damages sustained by Bier as a result of Piraino's violation of the restrictive covenant.

Bier is a heating, ventilation and air conditioning contractor. As part of its business it installs and services computerized controls for lighting, heating, ventilation and air conditioning systems in commercial buildings.

Piraino is an engineer who became employed by Bier as a project manager in 1986. In 1999, Piraino was promoted to general manager of Bier's control division. In 2000, he became Vice President of Bier's control division. He held that position until he terminated his employment with Bier in April 2001.

When Piraino terminated his employment with Bier, he went to work as President and part owner of Energy Control. Energy Control is also a heating, ventilation and air conditioning contractor and competes for business with Bier.

In 1996, Piraino signed an employment agreement which contained a restrictive covenant. The restrictive covenant provided that upon leaving the employ of Bier that Piraino would not on his own behalf, on behalf of a new employer or on behalf of any entity in which he had an ownership interest,..."do any design, installation, service or sales work involving any Heating, Ventilation and Air Conditioning ("HVAC") or Building Automation Systems ("BAS") for any of our 'termination year customers' for a period of

three (3) years after you leave for any reason."

The restrictive covenant also prohibited Piraino from soliciting business on his own behalf, on behalf of his new employer or on behalf of any entity in which he had an ownership interest with any of Bier's termination year customers for the same three year period.

The restrictive covenant has a hand written addendum which provides:

> "It is not a violation of this agreement to perform work for a mechanical contractor or general contractor as other than an employee example: subcontractor provided that this action does not in any other way violate this agreement."

A "termination year customer" is defined by the agreement as any entity to whom Bier had furnished products or services during the twelve months prior to the date upon which Piraino had terminated his employment or any entity to which Bier had submitted a written proposal within the four months prior to the date upon which Piraino had terminated his employment.

The restrictive covenant also provides that Piraino may not reveal any trade secrets of Bier which include proprietary modifications and improvements supplied to customers and any other proprietary methods and procedures, computer programs, customer lists or other proprietary information.

Piraino concedes that he has solicited business and performed HVAC and BAS work for termination year customers of Bier since he terminated his employment with Bier. Piraino argues that the language of the agreement permits him to work for a

subcontractor of a mechanical contractor even if the mechanical contractor was a termination year customer of Bier. Since all of the work he has solicited on behalf of his new employer is for work as a sub-contractor of mechanical contractors, this work is not in violation of the restrictive covenant.

He further alleges that the work performed for Columbia University is not in violation of the restrictive covenant since Columbia University had been a customer of Energy Control's predecessor prior to Piraino being employed with Energy Systems. He further asserts that Bier did not have an exclusive relationship with Columbia and that Energy Control does not have a direct contractual relationship with Columbia.

Mechanical contractors are firms which install duct work and other machinery and equipment in connection with HVAC systems. They are generally awarded contacts by general contractors, building owners, managers or tenants to install, replace or upgrade HVAC systems. Mechanical contractors and general contractors normally subcontract with other contractors such as Bier or Energy Management to provide, configure and install the computerized controls for the HVAC systems.

After these systems are installed, the building owners, managers or tenants generally retain the company that installed or configured the system to service and maintain the system.

DISCUSSION

Summary judgment is a drastic remedy which should be granted only if it is clear to the court that no triable issues of fact exist. Alvarez v. Prospect Hosp., 68 N.Y.2d

320 (1986); and Andre v. Pomeroy, 35 N.Y.2d 361 (1974). See also, Akseizer v. Kramer, 265 A.D.2d 356 (2nd Dept., 1999).

The party seeking summary judgment must make a *prima facie* showing of entitlement to judgment as a matter of law. Zuckerman v. City of New York, 49 N.Y.2d 557 (1980); and Molina v. Belasquez, -A.D.2d-, 767 N.Y.S.2d 277 (2nd Dept., 2003). Once the party seeking summary judgment has made a *prima facie* showing of entitlement to judgment as a matter of law, the party opposing same must come forward with proof in evidentiary form establishing that there are triable issues of fact or establish an acceptable excuse for its failure to do so. Zuckerman v. City of New York, *supra*; Davenport v. County of Nassau, 279 A.D.2d 497 (2nd Dept., 2001); and Bras v. Atlas Construction Corp., 166 A.D. 2d 401 (2nd Dept., 1991).

Summary judgment should be denied if there is any doubt that a triable issue of fact exists. Freeze v. Schwartz, 203 A.D.2d 513 (2nd Dept., 1994); and Miceli v. Purex Corp., 84 A.d.2d 562 (2nd Dept., 1984). In order to grant summary judgment, the court must be convinced that there are no triable issues of fact. Leo v. Gugliotta, 212 A.D.2d 761 (2nd Dept., 1995); and Daliendo v. Johnson, 147 A.D.2d 312 (2nd Dept., 1987).

When deciding a motion for summary judgment, the Court must view the evidence in a light most favorable to the party against whom the motion is made and must also give that party all reasonable inferences which can be drawn from the evidence. Negri v. Stop & Shop, 65 N.Y.2d 625 (1985); and Louniakov v. M.R.O.D. Realty Corp., 282 A.D.2d 657 (2nd Dept., 2001).

A restrictive covenant will be strictly scrutinized by the court. See, e.g., BDO Seidman v. Hirshberg, 93 N.Y. 2d 382 (1999); and Reed Roberts Assoc., Inc. v. Strauman, 40 N.Y. 2d 303 (1976). In determining whether a restrictive covenant or covenant not to compete is enforceable, the court should apply a three prong test, as outlined by the Court of Appeals in BDO Seidman v. Hirshberg:

> "A restraint is reasonable only if it : (1) is *no greater* than is required for the protection of the *legitimate interest* of the employer, (2) does not impose undue hardship on the employee, and (3) is not injurious to the public (Citations omitted). A violation of any prong renders the covenant invalid." *Supra* at 388-9.

A restrict covenant or covenant not to compete will be enforced if it is reasonably limited in time and scope, and then only to the extent necessary to protect the employer from unfair competition from a former employee through the former employee's use or disclosure of trade secrets or confidential customer lists. Gelder Med. Group v. Webber, 41 N.Y.2d 680 (1977); and Reed, Roberts Assoc, Inc., v. Strauman, *supra*. See also, IVI Environmental, Inc. v. McGovern, 269 A.D.2d 497 (2nd Dept., 2000).

Trade secret protection will not attach to customer list where the names and address of the customers are readily ascertainable. Leo Slifin, Inc. v. Cream, 29 N.Y.2d 387 (1972); and Atmospherics Ltd., v. Hansen, 269 A.D.2d 343 (2nd Dept., 2000). Conversely, where the names of the customers are not known in the trade or can be obtained only through extraordinary effort, customer lists are considered trade secrets. Stanley Tulchin Assoc., Inc. v. Vignola, 186 A.d.2d 183 (2nd Dept., 1992); and

Greenwich Mills Co. Inc. v. Barrie House Coffee Co., 91 A.D.2d 398 (2nd Dept., 1983).

By Bier's own admission, its customers are mechanical contractors, general contractors, building owners, building management companies and tenants that are large enough to have their own air conditioning systems. (Theodore M. Bier aff ¶ 8) Most of the work obtained by Bier is as a result of the successful bidder on a project.

The papers submitted in support and in opposition to the motion demonstrate that the predecessor of Piraino's present employer and Bier were both doing work for Columbia University at either the same time or had both done work for Columbia University in the past.

Clearly, the names of the parties who solicit the services of contractors such as Bier and Energy Management are well known in the industry. Bier, Energy Management and many other companies compete for the same business from the same generally known services. Mechanical contractors, general contractors, building owners and building managers put projects out for bid. Bier, Energy Management and these other companies submit bids for those jobs. Contracts are awarded based upon the bids submitted. All bidders have the same opportunity to obtain the work. In view of this, Bier's customer list cannot be viewed as confidential. IVI Environmental, Inc. v. McGovern, *supra*.

Bier further asserts that it has certain information, not known to its competitors regarding methods for configuring HVAC or BAS systems which was imparted to Piraino during his 15 year of employment with Bier. This information is necessary to permit the

proper and cost effective configuration and installation of a BAS system. Despite this assertion, there is nothing in the record which would indicate that any of the modifications used by Bier in configuring and installing HVAC or BAS systems are unique. In fact, Bier, Energy Management and other companies sell, install and service BAS as authorized agents of Andover Controls. While Bier has attached copies of proposals made by Piraino on behalf of Energy Management as exhibits in opposition to Pirainos' summary judgment motion, it does not indicate what material contained in any of those proposals is proprietary to Bier or what is not common knowledge in the industry. Significantly, no request to seal the record to protect this alleged proprietary information submitted by Plaintiff has been made.

Furthermore, the agreement contains language in which Bier acknowledges that Piraino's knowledge of Andover Controls may be used by Piraino in future employment and that the use of such knowledge will not constitute a breach of the restrictive covenant. Certainly, even without such acknowledgment, the law well recognizes that an employee does not leave his employment as a *tabula rasa*; a blank state. Reed Roberts Assocs. Inc. v. Strauman, *supra*.

Bier also asserts that it is entitled to injunctive relief and damages because of the unique nature of the services furnished by Piraino or the "learned professions" rule. See, BDO Seidman v. Hirshberg, *supra*; and American Broadcasting Cos. v. Wolf, 52 N.Y.2d 394 (1981). The argument that Piraino is a unique employee is dispelled by the

deposition testimony of Theodore M. Bier who testified that Piraino was not a unique employee.

Piraino hold a bachelors degree in Mechanical Engineering from City College of New York. The learned professions rule prevents a professional from; such as a doctor, dentist or accountant, from establishing or working for a business which competes with the business of a former employer provided that the covenant is reasonably limited in time and geography. Rifkinson-Mann v. Kasoff, 226 A.D. 2d 517 (2nd Dept. 1996); and Novendstern v. Mt. Kisco Medical Group, 177 A.D. 2d 623 (2nd Dept. 1991), *lv. to app. dism.*, 80 N.Y. 2d 826 (1992).

Restrictive covenants and agreements not to compete are enforced to prevent a former employee from unfairly competing with a former employer. BDO Seidman v. Hirshberg, *supra;* and Reed, Roberts Assocs. Inc. v. Strauman, *supra.* See also, Greenwich Mills Co., Inc., v. Barrie House Coffee Co, Inc., *supra.* In this case, there is no evidence that Piraino unfairly competed with Bier. While Piraino may have solicited business from and obtained business on behalf of Energy Management from "termination year customers" of Bier, there is no evidence of unfair competition. Bier did not place before the court any evidence that it bid on and was not awarded a contract on any of the projects awarded to Energy Management.

In view of this, the restrictive covenant is in violation of the first prong of the test established by the BDO Seidman Court in that it is greater than is required to provide protection for a legitimate interest of the former employer and will not be enforced.

Accordingly, it is,

ORDERED, that Defendant's motion for summary judgment dismissing the complaint is **granted** and the action is dismissed.

This constitutes the decision and order of this Court.

Dated: Mineola, NY
January 2, 2004

Hon. LEONARD B. AUSTIN, J.S.C.

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