

ALI-ABA Audio Seminar

**Non-Compete Agreements  
and Trade Secrets: Update**

November 18, 2008  
Telephone Seminar/Audio Webcast

**TABLE OF CONTENTS**

	<u>Page</u>
PROGRAM SCHEDULE	ix
FACULTY PARTICIPANTS	xi
FACULTY BIOGRAPHIES	xiii
STUDY MATERIALS	
<b>1. Selected Trade Secret &amp; Non Competition Issues: Employee Solicitation of Other Employees To Leave The Employer, the Computer Fraud and Abuse Act and the Economic Espionage Act of 1996</b> By Peter Altieri and Frank C. Morris, Jr.	<b>1</b>
<b>2. The Basics: Covenants Not-To-Compete and Trade Secrets</b> By Gary B. Eidelman and Arnold H. Pedowitz	<b>11</b>
<b>3. Restrictive Covenants: Restraints on Competition</b> By Robert B. Fitzpatrick	<b>31</b>
<b>4. Form: Employment Agreement</b> By Robert B. Fitzpatrick	<b>61</b>
<b>5. Form: Proprietary Information, Inventions and Nonsolicit Agreement for Employees</b> By Robert B. Fitzpatrick	<b>71</b>
<b>6. Form: Disclosure Agreement (New)</b> By Robert B. Fitzpatrick	<b>81</b>
<b>7. Form: Non-Competition and Non-Solicitation Agreement</b> By Robert B. Fitzpatrick	<b>83</b>
<b>8. Current Developments in Non-Compete Agreements and Restrictive Covenants: The Edwards Case</b> By Maureen S. Binetti	<b>87</b>
<b>9. UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK MARSH U.S.A. INC, and MARSH &amp; MCCLENNAN COMPANIES, INC., MARSH U.S.A. INC, and MARSH &amp; MCCLENNAN COMPANIES, INC., Plaintiffs, - against - CHAD W. KARASAKI, Defendant. 08 Civ. 4195 (JGK) OPINION AND ORDER</b>	<b>91</b>
<b>10. Injunction Issued to Restrain Solicitation of Clients and Employees: Marsh v. Karasaki</b> By Gary B. Eidelman	<b>147</b>



**PROGRAM SCHEDULE**  
for November 18, 2008

<b>Program Schedule</b>	<b>Eastern</b>	<b>Central</b>	<b>Mountain</b>	<b>Pacific</b>	<b>Alaska</b>	<b>Hawaii</b>
<b>Program Begins</b>	12:00 noon	11:00 a.m.	10:00 a.m.	9:00 a.m.	8:00 a.m.	7:00 a.m.
<b>Adjournment</b>	2:00 p.m.	1:00 p.m.	12:00 p.m.	11:00 a.m.	10:00 a.m.	9:00 a.m.

**Program** (*All Times Eastern Standard*)

12:00 p.m. Program Begins.

- Update on non-compete and trade secret legislation/case law
- Use of the Computer Fraud and Abuse Act to prosecute theft of proprietary information
- Conversion and misappropriation of trade secrets claims
- Perspectives of parties in typical non-compete enforcement case: Employers (former and new), Employee
- Drafting tips for enforceable non-compete clauses
- Impact of downturn in economy on enforcement of non-compete clauses

2:00 p.m. Program Ends.

**Scope and Purpose:**

Employers frequently seek to protect their trade secrets by requiring new hires to sign “non-compete” agreements, just in case the new relationship sours and the employee leaves to work for a competitor. The practice that has long been applied to technical and professional employees has grown to encompass less-specialized employees as well. The issues are complex, and in some states, non-compete clauses are unenforceable. However, on a case by case basis, non-competes and their enforcement protect companies’ valuable intellectual property and their ability to stay afloat in ever-more-competitive global waters.

What is the trend in the U.S. toward enforcing “non-compete” agreements today? In the current economy, will “non-competes” be enforced when the employee seeking work with a competitor has been laid off? Are there other, less restrictive agreements that still protect the employer’s proprietary information without restraining the employee from pursuing her livelihood with another employer?

An expert faculty with decades of experience representing employers and employees will provide the latest developments in the law of protecting trade secrets through non-compete clauses. They will also discuss other potential solutions, such as non-solicitation and confidentiality clauses, and their relative effectiveness. The panel will use discussion and role play to illustrate their points and explore the roles of counsel for the employee, for the employer seeking to enforce the non-compete clause, and for the future employer hoping to waive the non-compete provisions.

**Suggested Prerequisite:** Limited experience in practice area

**Educational Objectives:** Information designed to keep practitioners current in their field of practice; Instruction for the purpose of helping lawyers avoid malpractice and maintain competence.

**Level of Instruction:** Intermediate

**Total 60-minute hours of instruction:** 2.0. **Total 50-minute hours:** 2.4.

## **DISCLAIMER OF ALL LIABILITY AND RESPONSIBILITY<sup>1</sup>**

**THE INFORMATION CONTAINED HEREIN IS BASED UPON SOURCES BELIEVED TO BE ACCURATE AND RELIABLE—INCLUDING SECONDARY SOURCES. DILIGENT EFFORT WAS MADE TO INSURE THE ACCURACY OF THESE MATERIALS, BUT THE AUTHORS ASSUME NO RESPONSIBILITY FOR ANY READER'S RELIANCE ON THEM AND ENCOURAGE READERS TO VERIFY ALL ITEMS BY REVIEWING PRIMARY SOURCES WHEN APPROPRIATE AND USING TRADITIONAL LEGAL RESEARCH TECHNIQUES TO MAKE SURE THAT THE INFORMATION HAS NOT BEEN AFFECTED OR CHANGED BY RECENT DEVELOPMENTS.**

**THIS COURSEBOOK IS PRESENTED AS AN INFORMATIONAL SOURCE ONLY. IT IS INTENDED TO ASSIST READERS AS A LEARNING AID BUT DOES NOT CONSTITUTE LEGAL, ACCOUNTING, OR OTHER PROFESSIONAL ADVICE. IT IS NOT WRITTEN (NOR IS IT INTENDED TO BE USED) FOR PURPOSES OF ASSISTING CLIENTS, NOR TO PROMOTE, MARKET, OR RECOMMEND ANY TRANSACTION OR MATTER ADDRESSED AND, GIVEN THE PURPOSE OF THE BOOK, MAY OMIT DISCUSSION OF EXCEPTIONS, QUALIFICATIONS, OR OTHER RELEVANT INFORMATION THAT MAY AFFECT ITS USE OR UTILITY IN ANY LEGAL SITUATION. THIS COURSEBOOK DOES NOT CREATE AN ATTORNEYCLIENT RELATIONSHIP BETWEEN ANY AUTHOR AND ANY READER. BECAUSE OF THE RAPIDLY CHANGING NATURE OF THE LAW, INFORMATION CONTAINED IN THIS BOOK MAY BECOME OUTDATED. IN NO EVENT WILL THE AUTHOR BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER DAMAGES RESULTING FROM OR RELATED TO THE USE OF THIS MATERIAL.**

-----  
<sup>1</sup> All contributions by the planning chairs and faculty members of this program and all other content in this publication is subject to this disclaimer.

**ALI-ABA Telephone Seminar/Audio Webcast  
Non-Compete Agreements and Trade Secrets: Update  
November 18, 2008**

**PLANNERS /MODERATORS**

**Robert B. Fitzpatrick, Esquire**  
Robert B. Fitzpatrick, L.L.C.  
1825 Connecticut Avenue, N.W.  
Universal Building South, Suite 640  
Washington, D.C. 20009-5728

**Frank C. Morris, Jr., Esquire**  
Epstein Becker Green P.C.  
1227 25th Street, NW  
Suite 700  
Washington, DC 20037-1156

**FACULTY**

**Maureen S. Binetti, Esquire**  
Wilentz, Goldman & Spitzer P.A.  
90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, NJ 07095-0958

**Gary B. Eidelman, Esquire**  
Lockwood Place  
500 East Pratt Street, Suite 900  
Baltimore, MD 21202-3171

**Michael D. Wexler, Esquire**  
Seyfarth Shaw LLP  
131 South Dearborn Street  
Suite 2400  
Chicago, IL 60603-5577



## FACULTY BIOGRAPHIES

### PLANNERS AND MODERATORS

**ROBERT BRIAN FITZPATRICK** is the principal in the law firm of Robert B. Fitzpatrick, PLLC in Washington, D.C. where he represents clients in employment law and employee benefits matters. Mr. Fitzpatrick has concentrated his practice in employment law disputes for over thirty-five years and has been described by the National Law Journal as being among the top employment lawyers in the country and by Washingtonian Magazine as "tops in employment law" in the Washington, D.C. area. He was also included in the 2006 edition of *The Best Lawyers in America*.

Mr. Fitzpatrick is an active member of the American Bar Association (ABA) and the District of Columbia Bar, being a frequent speaker at Bar meetings and a participant in the activities of several sections of the ABA and the D.C. Bar. He has been Co-Chairman of the ABA's Committee on Individual Employee Rights and Responsibilities of the Labor and Employment Law Section; Co-Chairman of the Steering Committee of the Labor Relations Section of the D.C. Bar; Chairman and founder of the D.C. Bar's Committee on Individual Employee Rights and Responsibilities; Chairman of the Federal Bar Association's Labor Law and Labor Relations Section; Chairman of the FBA's Committee on Equal Employment Opportunity; and Chair of the Employer-Employee Relations Committee of the Torts and Insurance Practice Section of the ABA. He has been a member of the Class Action Task Force of the Torts & Insurance Practice Section of the ABA and served as a member of the Long Range Planning Committee of ABA's Torts and Insurance Practice Section from 1993 to 1996. He is an active member of the Section of Dispute Resolution of the ABA and of the International Employment Law Committee of the International Law & Practice Section of the ABA. He has been the Chair of the Alternative Dispute Resolution Committee of the ABA's Section of Individual Rights and Responsibilities.

**FRANK C. MORRIS, JR.** is a Member of Epstein Becker & Green, P.C. in the Litigation practice and heads the Labor and Employment Practice in the Washington, D.C. office, and is the co-chair of the firm's Disability Law Group.

Mr. Morris' experience includes:

- Advising clients on and litigating employment, labor, disabilities, non-compete, confidentiality, benefits, information access and privacy law, wage and hour and general litigation matters in the state and federal courts and administrative agencies
- Representing and advising clients, including Audit Committees, in Sarbanes-Oxley and other whistleblower litigation and conducting investigations
- Representing clients in negotiations, arbitrations and mediations
- Mediations - serving as a mediator in various disputes
- Successfully trying various jury and bench trials, including particular knowledge of handling expert witnesses and class and collective action litigation
- Electronic platform, Internet, Wireless and E-mail policy and litigation

- Representing builders, owners, managers, architects and lenders in fair housing, fair credit, and ADA matters
- Litigating Supreme Court and Court of Appeals cases raising issues under Title VII, the ADEA, ERISA, Executive Order 11246, the National Labor Relations Act, the Freedom of Information Act, the Privacy Act, the ADA and the Rehabilitation Act.

After law school, Mr. Morris joined the National Labor Relations Board in Washington, D.C., in the appellate branch of the Division of Enforcement Litigation, and handled cases in all of the United States Courts of Appeals as well as NLRB Supreme Court matters. He later entered private practice in Washington, representing private and public employers in EEO, disability, labor and general litigation matters. He also served as counsel for an employer's group, the Equal Employment Advisory Council. Mr. Morris received his law degree from the University of Virginia School of Law and was awarded the Earle M. Shawe Award for distinguished work in labor law.

## FACULTY

**MAUREEN S. BINETTI** is a shareholder with the 149-attorney Woodbridge, NJ law firm of Wilentz, Goldman & Spitzer P.A., the eighth largest firm in New Jersey, and the only large firm in New Jersey that regularly handles employment matters on behalf of both employees and employers. Ms. Binetti chairs the firm's Employment Law Team. Certified by the New Jersey Supreme Court as a Civil Trial Attorney, she has extensive experience in all aspects of employment law, particularly the litigation of sexual harassment, sex, age, race, and disability discrimination, wrongful discharge, whistleblower, and restrictive covenant claims, in both the state and federal courts, as well as wage and hour and other class actions.

In addition to her extensive litigation practice, Ms. Binetti often serves as an independent investigator of internal employee complaints, and as a state-approved mediator of employment claims, roles which are well-served by her experience on both sides of employment disputes.

Ms. Binetti recently was recognized as one of the leaders among women and minorities in the legal profession by the *New Jersey Law Journal*, as well as one of the top ten leaders in New Jersey employment law. She is a recurring speaker for the American Bar Association (ABA), Association of Trial Lawyers of America, National Employment Lawyers Association (NELA), the Council on Education in Management, and the Institute for Continuing Legal Education, among others, and is co-author of numerous articles and other publications on employment law developments which impact the workplace. She also serves as a Bencher and team leader for the Sidney Reitman Employment Law Inn of Court and on the District VIII Ethics Committee.

Ms. Binetti is perhaps best known for her successful representation of the plaintiff before the New Jersey Supreme Court in Fuchilla v. Layman and the University of Medicine and Dentistry of N.J., a sexual harassment and civil rights action, and her \$900,000 jury verdict in a sexual harassment/retaliation case.

Ms. Binetti is a 1982 graduate of Rutgers School of Law - Newark, and graduated with high honors from Douglass College of Rutgers University in 1977. She was admitted to the Bar of the

State of New Jersey in 1982, and is a long-time member of numerous bar associations, including the ABA and the New Jersey State Bar Association (NJBA). She is active in numerous labor and employment sections of the Bar and is immediate past co-chair of the Employment Rights and Responsibilities Committee of the American Bar Association's Labor and Employment Section. She is a member of National Employment Lawyers Association NELA and NELA-NJ.

**GARY B. EIDELMAN** is a Partner in Saul Ewing's Business Department in Baltimore, where he practices management labor and employment law. His practice includes the representation and counseling of employers in a broad range of labor and employment law, litigation, and business matters. His clients range from small to medium size owner-managed businesses to Fortune 500 companies. He also has experience in defending housing discrimination and benefit claims under ERISA. Mr. Eidelman's practice is national in scope and he has represented clients before federal and state courts and administrative agencies throughout the country.

Mr. Eidelman represents management in labor and employment law and litigation matters, including employment discrimination, sexual harassment, disability and leave, wrongful discharge, breach of contract, non-competition agreements, wage and hour, occupational safety and health, affirmative action compliance and audits, and fair housing. He regularly counsels clients on labor relations, employment and business issues, drafts human resources policies and procedures, employment contracts, severance agreements and affirmative action plans, and conducts general employment and business counseling.

As lead counsel, Mr. Eidelman has represented clients in actions brought by the Equal Employment Opportunity Commission, obtained injunctive relief to prevent the violation of restrictive covenants, and has guided numerous clients through affirmative action audits conducted by the Office of Federal Contract Compliance Programs.

Mr. Eidelman is a frequent lecturer on employment law matters and has spoken at conventions, seminars and meetings sponsored by the American Bar Association, Maryland State Bar Association, Maryland Institute for the Continuing Education of Lawyers, the American Rental Association, Council on Education in Management, Lorman Education Services, National Business Institute and numerous other organizations and industry groups, including chambers of commerce.

Mr. Eidelman was designated a "Maryland Super Lawyer" by *Law & Politics* magazine and *Baltimore* magazine, 2007 to present, and named one of "America's Leading Lawyers in Employment Law" by *Chambers USA*, 2005 to present. He received his law degree from Widener University School of Law, *magna cum laude*.

**MICHAEL D. WEXLER** is a partner in the Seyfarth Shaw's Chicago office and National Chair of the Firm's Corporate Espionage, Trade Secrets and Unfair Competition Group. His practice focuses on trial work and counseling in the areas of trade secrets and restrictive covenants, corporate espionage, unfair competition, complex commercial disputes, intellectual property infringement and white collar criminal defense in both federal and state courts. A former state

prosecutor, Mr. Wexler's extensive investigatory experience and considerable jury trial practice enables him to advise clients with regard to potential disputes and represent clients through and including a determination of their rights at trial. Mr. Wexler has successfully obtained and defended temporary restraining orders and preliminary and permanent injunctions in several jurisdictions. He has represented clients in the insurance, securities, finance, banking, transportation, manufacturing, technology, pharmaceuticals, advertising, real estate, employment, medical equipment and computer industries throughout the United States.

Mr. Wexler is also a member of the Firm's Administrative Committee and Lawyer Development Committee. He received his law degree with High Honors from IIT Chicago-Kent College of Law.