

## CHANGE THE DYNAMIC: ENFORCING NONCOMPETE AGREEMENTS TO ACHIEVE FAVORABLE TRO/PI RULINGS

Presented by:

**Frank R. Emmerich Jr.**

*Member*

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**PRACTICE AREAS:**

[Litigation](#)

[Intellectual Property Litigation](#)

**STATE ADMISSIONS:**

Pennsylvania

New Jersey

**COURT ADMISSIONS:**

U. S. Court of Appeals for the  
Third Circuit

U.S. District Court for the Eastern  
District of Pennsylvania

U.S. District Court for the Middle  
District of Pennsylvania

U.S. District Court for the District  
of New Jersey

**EDUCATION:**

J.D., Widener University School  
of Law, 1995, Editor-in-Chief, Law  
Review

B.A., magna cum laude,  
Cabrini University, 1992



## Frank R. Emmerich

### MEMBER

Frank R. Emmerich Jr. focuses his practice in complex commercial litigation, specifically in matters involving trade secrets and unfair competition, restrictive covenants, and intellectual property. He has also developed an extensive injunctive practice, frequently appearing in federal and state courts. Frank's emphasis on early strategic development of a case and experience in implementing it in the courtroom is sought by large companies, nonprofits, entrepreneurs, and individuals facing complex commercial concerns.

Clients consistently choose Frank for his ability to quickly assess the merits of a case and the resources needed, giving the client an opportunity to realistically decide its objectives. While many litigators are limited from the lack of consistent actual courtroom experience, Frank's clients benefit from his extensive trial experience putting him multiple times a year in protracted trials.

Many of Frank's clients rely on his judgment and skills in their moment of immediate business survival. Whether it is protecting a constitutionally protected business practice, enjoining protesters, protecting architectural plans, managing restrictive covenants, halting an aggressive takeover of a privately held company, or protecting a \$1 billion trade secret of a Fortune 100 company, Frank's clients know he can rapidly present their interests, putting together a complex puzzle without extensive discovery.

In more traditional commercial litigation, Frank is sought for his intuitive vision in either finding an opportunity for early resolution, or crafting and implementing a theme for a protracted trial. Many litigators have the reputation of relying on a playbook, but Frank understands that clients shouldn't be thought of as an extension of their lawyer's last client—which is why he tailors a thoughtful, creative solution suited for each client's unique business priorities and legal interests.

## REPRESENTATIVE MATTERS

### TRADE SECRETS AND UNFAIR COMPETITION

- Protected a \$1 billion portfolio of trade secrets for a Fortune 100 company whose licensee was subject to a court order which would have disclosed the portfolio to competitors. Frank's client was surprised when its licensee provided notice that disclosure of his client's trade secrets was imminent

because of a court order. Within sixty days, Frank's strategy including court intervention and legal and business pressure on the licensee provided his client the protection to its valuable portfolio of industrial trade secrets.

- Retained on a Saturday by a national advertising firm who learned that former employees had electronically siphoned his client's confidential and proprietary information through an elaborate scheme which included the former employees' destruction of all electronic devices used in the scheme. That Monday, Frank successfully enjoined the former employees. From there, Frank was able to piece together the scheme having only pieces of forensic evidence from the former employees' cell phones. Frank convinced the court that the former employees had electronically taken information and had implemented a scheme where the one former employee left and started a competing business while the other remained with Frank's client feeding competitive information. Frank's strategy led to additional victories for his client including the court awarding over \$30,000 as a spoliation sanction and had defendants' conduct certified by the federal magistrate judge for a contempt proceeding for violations of the preliminary injunction order.
- In a \$3 million Lanham Act case where the client was accused of improperly marketing his product, Frank was retained on the eve of trial for his subject matter expertise and trial skills. Through a cross examination of the plaintiff challenging the proof that his client was mislabeling the product, Frank secured a complete defense verdict for his client. As a result, his client was not found to have participated in any intentional act, his client was able to secure insurance coverage reimbursing the client for all defense fees and costs.
- Retained to be litigation counsel protecting a \$950 million trade secreted recipe for a Fortune 100 company in the chemical field. The trade secrets were pirated from a former employee who traveled to foreign jurisdictions to assist a competitor to create a manufacturing process using trade secrets protected for decades.
- In a retaliatory lawsuit instituted against a former executive of a company who was seeking payments under his employment agreement, Frank's client faced claims that the executive stole government nuclear defense secrets. At the jury trial, the court allowed the company's expert to testify as to electronic files allegedly stolen by the executive but never disclosed in the expert report or discovery. Through cross examination of the expert, Frank was able to establish that the files were downloaded the day after the executive left the company, the expert never analyzed the contents of the files, and the electronic files were nothing more than personal pictures. The expert's testimony was stricken, the computer fraud and abuse claim dismissed from the case, and the jury returned a verdict in favor of the executive as to theft of trade secrets.
- Represented a sales executive accused of disclosing trade secrets to a competitor and who had limited financial means to defend the claim. Frank's creativity and reputation with the court led to the court directing the parties to do a very limited

inquiry as to whether any information was disclosed. With nothing more than a forensic examination of his client's computer and an affidavit, the case was dismissed in favor of his client.

## COMPLEX COMMERCIAL LITIGATION

- Throughout the country, when local laws started being enacted threatening a Fortune 500 company's media delivery business model, Frank was asked to analyze the issue and determine a strategy to thwart the growing trend. Raising First Amendment grounds, Frank obtained a temporary restraining order on behalf of the publisher. Frank then crafted a discovery plan revealing that the government entity lacked a reasonable basis for the ordinance. Rather than respond to the discovery, the government entity relented, repealing the law allowing his client to continue its business practices.
- Knowing that his privately held company client would not thrive if a dispute had to be resolved through litigation, Frank designed a strategic plan resulting in the release of the proceeds of a \$20 million asset sale which was being held hostage by the actions of a minority shareholder.
- To protect the interests of a nationally known hotel architect in the construction of a \$30 million hotel, Frank secured an injunction halting the construction of the hotel. Frank's client was awarded his contractual fees while the hotel developer lost the opportunity to develop the property.
- For a privately held company, through an injunction, Frank prevented the other shareholders from diminishing his client's sixty plus years stake in the company. After a multiple day trial, the other shareholders relented and a stipulated order was entered protecting Frank's client's interests in the company.
- When an educational institution was forced to shut down its operations because of a protestor trespassing on its property and claiming that the institution was unsafe for children, Frank utilized a rarely used Pennsylvania statute to secure a permanent injunction a mere five days after the initial temporary restraining order was entered.
- Successfully obtained an emergency injunction with the Third Circuit protecting his client from the application of a federal law which would have interfered with its business interests and caused significant financial harm.
- After a multiday jury trial, obtained a nonsuit for industry-leading chemical company in defense of tortious interference with contract claims.
- After a multiday jury trial encompassing the testimony of several experts, obtained a nonsuit for an equipment manufacturer in a warranty action.
- Following a multiday FINRA hearing, recovered for a financial advisory firm a significant judgment for contribution against its former financial advisor.
- Represented international gas distributor in a \$16 million breach of warranty action.

- Represented a chemical supplier in bid protests throughout the Northeast.

## RESTRICTIVE COVENANTS

- In the first known reported decision on the application of restrictive covenants with telecommuting employees, defeated a preliminary injunction motion seeking to enjoin a global financial advisory firm from hiring two employees. After a multiple day trial, Frank demonstrated that the employees had not taken any trade secrets and that their working remotely did not violate their non-compete and non-solicit agreements.
- On behalf of a medical device company, litigated throughout the East Coast, defense of the company's hiring of a competitor's employees. Through these efforts, this client grew from a home office company to a \$500 million business.
- On behalf of a company, permanently enjoined two former employees who were not subject to a written non-compete agreement.

## INTELLECTUAL PROPERTY LITIGATION

- When faced with a \$33 million Lanham Act and copyright claim, a Forbes Magazine Top Celebrity (#26) entertainer retained Frank. Plaintiffs pursued a novel theory that despite their assignment of copyrights to certain songs that they remained entitled to attribution as songwriters.
- Enjoined the construction of a \$30 million high rise hotel protecting the architectural plans of a nationally recognized architect.
- Negotiated a resolution for a father and son vineyard owners accused of violating the intellectual property of an international wine distributor allowing his clients to continue the sale of its wine.
- Enforced on an emergency basis a corporation's rights in its intellectual property and trade secrets related to the development of green technology.

## CLASS ACTION

- Defended a national public utility company in a class action for alleged \$100 million property loss from industrial fire. Frank achieved dismissal of his client from the case.

## PROFESSIONAL AFFILIATIONS

- Academy of Advocacy of Temple University Law School, Fellow
- Philadelphia Bar Association
- Lawyers Club of Philadelphia

## COMMUNITY INVOLVEMENT

- Cabrini University, Board of Trustees (2009 – Present)
  - Chairperson (2018 – Present)
  - Vice Chairperson (2013 – 2018)
  - Executive Committee (2010 – Present)
- St. Luke the Evangelist Church, Glenside, Pennsylvania

## AWARDS AND RECOGNITION

- Selected for inclusion in Pennsylvania Super Lawyers (2010–present)
- AV® Preeminent™ Peer Review Rated by Martindale-Hubbell
- Included among those named “Pennsylvania Lawyer on the Fast Track,” by The Legal Intelligencer and Pennsylvania Law Weekly (2008)
- Lean Six Sigma, Yellow Belt Certified

## NEWS AND INSIGHTS

### PUBLICATIONS

- “Injunctive Relief a Sensible Result in Defamation Cases,” The Legal Intelligencer, December 27, 2016.
- “Engineering the Litigation Process,” Engineering Times, March 2004.
- “Employee Terminated/Cause of Action Dismissed: The ADA Provides No Haven For Employees Hypersusceptible to Genetic Illness,” Journal of Individual Employment Rights 4, no. 3, January 1995.
- “The Supreme Court Strengthens the Discretionary Powers of the District Courts in Admitting Expert Scientific Testimony: *Daubert v. Merrell Dow Pharmaceuticals, Inc.*,” Widener Journal of Public Law 3, 1051, 1994.

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# Change the Dynamic: Enforcing Noncompete Agreements to Achieve Favorable TRO/PI Rulings

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Frank R. Emmerich Jr., Esq.

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August 8, 2019

## The Court's Perception of Employer



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# How the Employer Fuels the Perception of the Former Employee as a Victim



C. **Non-Compete.** For the **twelve (12) month** period following termination of Employee's employment, for any reason, from Vandelay Industries, Employee agrees that Employee **will not, directly, or indirectly, provide any services**, whether as an employee, consultant, independent contractor, member of a board of directors, or in any other capacity, to any, person, entity, or organization:

1. that is developing, producing, marketing, soliciting, or selling products or services **competitive with products or services** being developed, produced, marketed, solicited or sold by any Vandelay business unit, division, department or product line for which Employee performed any work and/or about which Employee obtained Proprietary Information during the two (2) year period prior to Employee's last day of active employment ("Competing Services") **in geographic locations** where Employee performed any work or such Vandelay business unit conducted or proposed to conduct business during the term of this Agreement;

2. or with which Vandelay has or had a contract, engaged in any business with, or for which Vandelay has performed any work, provided products, or service, including providing proposals or otherwise solicited business therefrom during the one (1) year period prior to Employee's last day of active employment.



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**"For ten years, we *allowed* him to work his way up. Everything he knows about exporting, we taught him. Look he has taken those ten years to my competitor."**



**Anthony Gioeli**  
Executive and author specializing in international business expansion  
San Francisco Bay Area | Information Technology and  
Current: KeyLemon S.A.  
Previous: CloudTC, Wireless Solutions, Atrua Technology  
Education: University of Southern California - Marshall School of Business

**Summary**  
Team-oriented leader with a successful track record and over 20 years experience spanning global corporate management, strategy, sales, marketing, business development and operations for wireless, semiconductor, IP telephony, hardware and software markets and technologies. Enjoy taking iterative products into established markets.  
Author of book on International Business Expansion and an associated online course.  
Specialties: Global leadership, leading companies from pre-revenue to market leadership, raising venture capital (B20M+), fundraising, building global sales and support teams, establishing overseas subsidiaries and joint ventures, M&A, strategic partnerships, and start-up business development.

**Publications**  
International Business Expansion: A Step-by-Step Guide to Launch Your Company Into Other Countries

**Recommendations**  
Received (10) | Given (18)

**President & CEO**  
CloudTC

**Harald Baums**  
Managing Director at TITAN Commerce Continental Services GmbH  
Anthony is an extremely reliable person and a very professional business person at the same time. I enjoyed working with him as he supported efforts in every possible way. Very responsive and easy to work with. Hope to have a chance to keep on working with Anthony!  
February 26, 2013, Harald was with another company when working with Anthony at CloudTC

**President & CEO**



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**“If he moves 150 miles away for two years, doesn’t contact any of our clients or prospective clients, we are okay with him taking the job.”**



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## Judge’s Reaction



- Interest in chosen profession
  - “Employee has an important interest in being able to earn a living in her chosen profession.”
  - “Employee will be severely limited geographically in his ability to find employment in his chosen profession.”
  - “Employee will be forced to pursue a different line of work rather than earn a living in the field to which she has devoted a significant portion of her life.”
- Has a right to take another job
  - “He is only trying to advance his career.”
  - “Nothing wrong with employee taking new job to be closer to family.”
- Lack of compassion
  - “How else can he earn a living?”
  - You don’t own him



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## “He has to earn a living selling igloos in Arizona”



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## The Law Invites Employer to Be Viewed as Aggrieved Party



- Law permits equitable enforcement of covenants not to compete only so far as reasonably necessary for **protection of employer**



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## Safe Presumption #1: Advanced Planning Prior to Resignation



- Today's mobile and electronic environment all but guarantees employee walked away with some of your information or competed prior to resignation
  - Best Situation:
    - trade secret information
    - Confidential/proprietary
  - Adequate:
    - Any work product of company



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## Evidence of Planning to Compete and Converting Business



2558 To: Joe, C * 6/5/2012 9:28:18 PM(UTC+0) Sent I got 2 of my clients to follow me over to the new gjg. About \$6k a month in fees.	
	2767 From: 484 Joe, C * 6/5/2012 9:39:36 PM(UTC+0) Read Good stuff!



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## Evidence of transferring files



	3235 From: Cory, L * 7/19/2012 7:30:04 PM(UTC+0) Read Dave told me he would go after me and the company I work for if he finds that I stole anything from the w
	3237 From: Cory, L * 7/19/2012 7:30:59 PM(UTC+0) Read Jason asked me if there was anything I wanted to tell them ethically.
	3238 From Cory, L * 7/19/2012 7:31:06 PM(UTC+0) Read I said "no"
	3239 From: Cory, L * 7/19/2012 7:31:27 PM(UTC+0) Read We might need to tread softly.
2888 To: Cory, L * 7/19/2012 7:32:20 PM(UTC+0) Sent Ethically? WTF does that mean?	
	3240 From Cory, 7/19/2012 7:32:52 PM(UTC+0) Read Stealing documents. Rates Etc.
2889 To: Cory, 7/19/2012 7:33:13 PM(UTC+0) Sent Can they check that?	
	3241 From: Cory 7/19/2012 7:33:26 PM(UTC+0) Read I don't know!!



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## The Optics of Using Safe Presumption #1: the Former Employee Has the Intent to Harm the Company



- Optics
  - Former employee is not just looking for another job in her chosen profession
    - She intends to compete using my information
  - Former employee not walking out with just the skills learned in her head
    - Her intent was to take more than just her on the job experience



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## Safe Presumption #2: They will try to hide their conduct



- Reaction to cease and desist
  - Access the device and files
    - Likely do so on new employer's system
  - Delete files
  - Destroy electronic devices



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## The Optics of Using Safe Presumption #2: Former Employee Did Harm the Company



- Optics
  - Former employee took the information with intent to harm company
    - Former employee accessed that information after she left
    - Company information was accessed while connected with competitor's server
    - Now destroyed information so cannot assess the harm to the company
  - Company is the one harmed
    - Information created by company taken
    - Former employee breached
      - Noncompete/nonsolicitation
      - Confidentiality
      - Return of company property
    - Competitor may now have my information



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## Empirical Evidence



- Philadelphia Commerce Court Program
  - Only one published decision enforcing, as written, noncompete without factual reference to some bad act by former employee
  - Where noncompete primarily upheld, factual background included:
    - Trade secrets
    - Confidential
    - Nonproprietary information
    - Competing before separation



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## Pro-employee States – Still a Winning Strategy



- Colorado
  - Granted TRO for emailing to personal account contact lists, pricing, and client information
- California
  - Enjoined upon showing of a planned resignation, uploading files to the Cloud, downloading files to portable devices, deleting files, and lying about identity of new employer



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## A Really Bad Day: Consequences Can Extend Beyond Losing the PI



- Limiting argument to noncompete clause
  - Allows former employee to look sympathetic
  - Risks former employee being prevailing party entitled to fees



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## Pennsylvania's Pending Freedom to Work Act



- Freedom to Work Act -- PA House Bill 1938
  - Pending in Labor & Industry Committee
- Outright ban on any new noncompete agreements in the employment setting
  - Allowed in the sale of a business or dissolution of business
- Pre-existing noncompete agreements are enforceable if "reasonable"
  - The noncompete cannot be renewed following passage of the Act
- Penalties in trying to enforce a noncompete
  - Attorneys' fees
  - Damages
  - Punitive damages



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## Be Prepared



- Take preventive measures:
  - **Don't**
    - reassign electronic devices to other employees
  - **Do**
    - turn off auto deletes of email accounts
    - make sure your IT team is knowledgeable about forensically preserving email
    - preserve logs of remote access
- Revisit employment agreements and handbooks



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## Questions?



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