

SYNOPSIS OF THE CASE

2011 MT 290, DA 11-0147: DAWN WRIGG, CPA, Plaintiff and Appellant, v. JUNKERMIER, CLARK, CAMPANELLA, STEVENS, P.C., Defendant and Appellee.¹

Dawn Wrigg worked as a shareholder accountant for Junkermier, Clark, Campanella, Stevens, P.C (JCCS). Wrigg's employment contract contained a covenant not to compete. JCCS ended its employment relationship with Wrigg. JCCS's competitor, Rudd and Company (Rudd), hired Wrigg. Wrigg provided accounting services for a few of JCCS's former clients during her Rudd employment. This work violated the JCCS covenant. JCCS sought compensation from Wrigg due to her breach of the covenant. Wrigg sought a declaration from the District Court that the covenant was unenforceable. The District Court determined that the covenant was reasonable and enforceable. Wrigg appealed.

The Montana Supreme Court reversed. Montana law strongly disfavors restrictive covenants. As a result, it requires that an employer establish a legitimate business interest in a covenant before a court reviews the covenant for reasonableness. The Court stated that a legitimate business interest in a covenant requires that the restriction on post-employment activities be necessary to protect an employer's good will, customer relationships, or trade information. The Court further determined that an employer lacks a legitimate business interest in a covenant when, under ordinary circumstances, it ends the employment relationship with the employee. It held accordingly that JCCS's covenant was unenforceable.

¹ This synopsis has been prepared for the convenience of the reader. It constitutes no part of the Opinion of the Court and may not be cited as precedent.