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SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT: HON JOAN A. MADDEN Justice PART 12

JS B Partners, LLC

- v -

Colabella

INDEX NO. 600529/10

MOTION DATE 8-14-1

MOTION SEQ. NO. 006

MOTION CAL. NO. ____

The following papers, numbered 1 to ____ were read on this motion ~~to~~for reargument.

	PAPERS NUMBERED
Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...	
Answering Affidavits — Exhibits	
Replying Affidavits	

Cross-Motion: ☐ Yes ☒ No

Upon the foregoing papers, it is ordered that this motion is decided in accordance with the annexed Memorandum Decision + Order.

FILED

SEP 14 2012

NEW YORK
COUNTY CLERK'S OFFICE

Dated: September 11, 2012

HON. JOAN A. MADDEN J.S.C.

J.S.C.

Check one: ☐ FINAL DISPOSITION ☒ NON-FINAL DISPOSITION

Check if appropriate: ☐ DO NOT POST ☐ REFERENCE

☐ SUBMIT ORDER/ JUDG. ☐ SETTLE ORDER/ JUDG.

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S):

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: PART 50R

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JSB PARTNERS LLC,

Plaintiff,

Index No.: 600524/10

-against-

ANDREA COLABELLA, STEVEN SHAPIRO and CARDEA GROUP, INC.,

DECISION and ORDER

Defendants.

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JOAN A. MADDEN, J.:

Defendants move: (1) pursuant to CPLR 2221 for leave to renew and reargue the court's order, dated April 27, 2012, only to the extent that the order allegedly left certain issues ambiguous and unresolved; (2) pursuant to CPLR 3102 (d), to vacate the compliance conference order of the Special Referee, dated May 16, 2012, to the extent that defendants were directed to provide answers to plaintiff's first and second set of interrogatories in a manner that is inconsistent with the limitations placed upon the discovery order; and (3), in the alternative, to stay discovery pending a determination of an appeal of this order.

BACKGROUND

The facts of this case have been detailed in the court's prior decisions and will not be reiterated herein.

In sum and substance, defendants assert that all further

discovery should be limited to the 31 clients of plaintiff's that plaintiff has previously identified as being contacted or placed by defendants in violation of the employment agreements between the parties. At a conference with the court on this motion, defendants asserted that it would be unduly burdensome for them to attempt to construct a list of all of the persons whom they contacted or who contacted them during the period of the employment restriction, and that plaintiff's motivation in seeking such information was to obtain defendant's valuable proprietary information in order to compete with defendants.

In the court's earlier decisions, this list was made subject to the confidentiality agreement previously executed by the parties, which, defendants maintain, is insufficient to guarantee them protection from plaintiff misappropriating their proprietary information.

In addition, based on a decision of another justice of this court (*MSCI Inc. v Financial Eng. Assoc. Inc.*, 2012 WL 1382438, 2012 NY Slip Op 22110 [Sup Ct, NY County, Apr 20, 2012), defendants contend that it is plaintiff's obligation to identify the specific material that it claims was misappropriated before it can be given access to defendants' confidential information.

It is defendants' position that the court's initial determination granted plaintiff overly broad access to its proprietary files, and that the above-referenced decision

constitutes new law that the court should follow. It is noted that the court's original order, based on a so-ordered stipulation of the parties, required defendants to turn over the list that is now being questioned for plaintiff's review so that plaintiff could identify the persons that it claims were contacted in derogation of the employment agreement entered into between the parties.

In opposition to the instant motion, plaintiff contends that, in order to prosecute this action, it needs information regarding all of the persons whom defendants contacted or placed during the period of the restrictive covenant. Plaintiff further states that this information is readily available by computer, and that the court should not continue to revisit the items appearing in the so-ordered stipulation of March 3, 2011.

In reply, defendants state that plaintiff has failed to address the underlying merits of the motion, and merely chastises defendants' attorney, reiterating plaintiff's former position regarding the disclosure of all of the persons contacted or placed by defendants during the period of the restrictive covenant.

DISCUSSION

CPLR 2221 (d) (2) permits a party to move for leave to reargue a decision of a court upon a showing that the court misapprehended the law in rendering its initial decision.

> "A motion for leave to reargue pursuant to CPLR 2221 is addressed to the sound discretion of the court and may be granted only upon a showing that the court overlooked or misapprehended the facts or law or for some reason mistakenly arrived at its earlier decision. Reargument is not designed to afford the unsuccessful party successive opportunities to reargue issues previously decided or to present arguments different from those originally asserted [internal citations and quotation marks omitted]"

(*William P. Pahl Equipment Corp. v Kassis*, 182 AD2d 22, 27 [1st Dept 1992]).

CPLR 2221 (e) states:

> "A motion for leave to renew:
> 1. shall be identified specifically as such;
> 2. shall be based upon new facts not offered on the prior motion that would change the prior determination or shall demonstrate that there has been a change in the law that would change the prior determination; and
> 3. shall contain reasonable justification for the failure to present such facts on the prior motion."

After conference with the parties on this motion, the court concludes that its earlier order, and the Special Referee's prior order, should be modified so as to provide adequate protection against unnecessary disclosure of defendants' proprietary information, while still allowing plaintiff access to the discovery that it needs in order to prosecute this action.

CPLR 3101 (a) directs that there shall be "full disclosure of all matter material and necessary in the prosecution or defense of an action." In determining when disclosure is appropriate, "the test is one of usefulness and reason" (*Allen v Crowell-Collier Publishing Company*, 21 NY2d 403, 406 [1968]; *Ural v Encompass Insurance Company of America*, ___ AD3d __, 2012 NY

Slip Op 5407, 2012 NY App LEXIS 5350 [2d Dept 2012]), and the trial court is invested with broad discretion to supervise discovery. *Friel v Papa*, 87 AD3d 1108 (2d Dept 2011); *see 148 Magnolia, LLC v Merrimack Mutual Fire Insurance Company*, 62 AD3d 486 (1st Dept 2009). If the court determines that the documents sought are material and necessary to the prosecution or defense of an action, the court may order disclosure of such documents, subject to a protective order, pursuant to CPLR 3103.

Defendants argue that their client information is proprietary and in the nature of a trade secret.

To qualify as a trade secret, the document must be "'any formula, pattern, device or compilation of information which is used in one's business, and which gives him [or her] an opportunity to obtain an advantage over competitors who do not know or use it' [internal citation omitted]." *Ashland Management v Janien*, 82 NY2d 395, 407 (1993). A trade secret must, first of all, be secret, and whether or not it is a secret is generally a question of fact. *See Golden Eagle/Satellite Archery, Inc. v Epling*, 291 AD2d 838 (4th Dept 2002).

In order for a document to be considered proprietary, the creator of the document must take sufficient precautionary measures to insure that the information remained secret, and the burden in on the creator of the document to establish that such measures were taken. *See Edelman v Starwood Capital Group, LLC,*

70 AD3d 246 (1st Dept 2009).

Defendants have made a sufficient showing that their contact list qualifies as secret proprietary information, and plaintiff has not challenged this aspect of the motion. Therefore, the court must now consider how best to protect defendants' proprietary materials while still allowing plaintiff access to information that is material and necessary to the prosecution of its case.

The court finds defendants' argument that compiling such a list would be unduly burdensome to be unpersuasive, and that the requested list can be created without undue hardship.

It is noted that, previously, defendants requested that this information be turned over to plaintiff for "attorney's eyes only," but such suggestion was rejected by the court, the court believing that the confidentiality agreement already in place between the parties would provide defendants with sufficient protection against unauthorized use of the information. After the conference with the parties on this motion, the court is now convinced that greater protection against unauthorized use of the information is required.

Therefore, in order to satisfy the needs of both parties, defendants must compile a list, in alphabetical order, of all of the persons contacted and/or placed by defendants during the period of the restrictive covenant. Simultaneously, plaintiff

must compile a list, in alphabetical order, of all of the persons whom it contacted and/or placed during the period of the individual defendants' employment with plaintiff. Defendants are to give their list to their attorney, who will then give this list to plaintiff's counsel. Plaintiff's counsel will then compare both lists, so as to identify the individuals whose names appear on both compilations. Plaintiff's attorney will then advise defendants' counsel of those names, and defendants will thereafter provide all of the information requested in plaintiff's discovery demands for those persons, as qualified by this court's prior orders. Plaintiff may not see the list prepared by defendants, and defendants may not see the list prepared by plaintiff. In fashioning disclosure in this manner, both sides' interests can be protected.

The court declines to grant any other relief requested by defendants in the instant motion.

CONCLUSION

Based on the foregoing, it is hereby

ORDERED that defendants' motion is granted to the extent that it is

ORDERED that defendants compile a list, for attorney's eyes only, in alphabetical order, of all of the persons who they contacted and/or placed by defendants during the period of the restrictive covenant; and it is further

ORDERED that plaintiff compile a list, for attorney's eyes only, in alphabetical order, of all of the persons who it contacted or placed during the period of the individual defendants' employment with plaintiff; and it is further

ORDERED that these lists be completed within 21 days of the date of this order and that the parties are to give their lists to their respective attorneys; and it is further

ORDERED that defendants' counsel give defendants' list to plaintiff's counsel immediately upon receipt of the list from defendants; and it is further

ORDERED that plaintiff's counsel compare both lists, so as to identify the individuals whose names appear on both compilations, and that, within 21 days of receipt of defendants' list, plaintiff's attorney give defendants' counsel a list of those persons; and it is further

ORDERED that defendants will thereafter provide all of the information requested in plaintiff's discovery demands, as qualified by this court's prior orders, for the persons so identified, within 15 days of receipt of the list of such persons from plaintiffs' counsel; and it is further

ORDERED that the remainder of defendants' motion is denied; and it is further

ORDERED that counsel are directed to appear for a Status conference conference in Room 562, 60 Centre Street, on October 10, 2012, at 9:00 A.M.

Dated: September 10, 2012

ENTER:

Joan A. Madden, J.S.C.