

Sheppard Mullin Team Secures Preliminary Injunction Against Former Hedge Fund Vice President

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A Chicago Sheppard Mullin team obtained a sweeping preliminary injunction for client, NAV Consulting, Inc., in Illinois federal court. NAV sought to enjoin a former high-level vice president from violating his contractual non-compete obligations and going to work for direct competitor, Formidium. Following a short period of expedited discovery, the Court held a full evidentiary hearing with live testimony and documentary evidence. At hearing, the team elicited key testimony establishing the real and immediate threat the former employee posed to NAV. Cross-examination of the former employee and Formidium's CEO was so effective that the Court deemed their testimony simply "not credible." Based on a robust hearing record, and after considering the parties' post-hearing briefs, the Court granted NAV a preliminary injunction enjoining the former vice president from working at Formidium in a position similar to his position at NAV.

In an expansive ruling as to the employee's ability to work, the Court pigeonholed the former employee into working in only four narrowly defined, low-level categories of job duties until the expiration of his non-compete in July 2024. Invoking the rarely accepted trade secrets doctrine of "inevitable disclosure," the Court's Opinion and Order recognized and highlighted the former employee's employment with a competitor would necessarily lead to the disclosure of NAV's trade secrets if the employee were permitted to work in a position outside of the four narrow categories outlined by the Court. The Court also enjoined the former employee *and* competitor Formidium from contacting and/or soliciting a wide swath of NAV's clients or prospective clients throughout the remainder of the former employee's restricted period defined in his employment agreement. The Court also ordered the former employee and Formidium to provide NAV with specific information regarding his job duties and produce records of his work every 21 days for the remainder of his non-compete term.

The Sheppard Mullin team included partners Kevin Cloutier, Mikela Sutrina and Matt Tobias and associate Victoria Hubona.

Attorneys

Kevin M. Cloutier

Victoria W. Hubona

Mikela T. Sutrina

Matthew A. Tobias

Practice Areas

Labor and Employment