Lionella Prods., Ltd. v Mironchik
2012 NY Slip Op 31902(U)
July 13, 2012
Supr Ct, NY County
Docket Number: 108693/08
Judge: Barbara R. Kapnick
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SCANNED ON 7/19/2012

[* 1]

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

PRESENT: **BARBARA R. KAPNICK** PART 39

Index Number : 108693/2008

LIONELLA PRODUCTIONS, LTD.

vs

MIRONCHIK, JAMES

Sequence Number : 005

SUMMARY JUDGMENT

INDEX NO. _____

MOTION DATE _____

MOTION SEQ. NO. _____

MOTION CAL. NO. _____

The following papers, numbered 1 to _____ were read on this motion to/for _____

	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

MOTION IS DECIDED IN ACCORDANCE WITH ACCOMPANYING MEMORANDUM DECISION

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

FILED

JUL 19 2012

NEW YORK COUNTY CLERK'S OFFICE

Dated: 7/13/12

BARBARA R. KAPNICK 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.

[* 2]

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: IA PART 39

----------x

LIONELLA PRODUCTIONS, LTD and
ANDREW BARRETT,

Plaintiffs,

-against-

JAMES MIRONCHIK,

Defendant.

----------x

DECISION/ORDER
Index No. 108693/08
Motion Seq. No. 005

FILED
JUL 2007
NEW YORK
COUNTY CLERK'S OFFICE

BARBARA R. KAPNICK, J.:

This action arises out of a Non-Disclosure Agreement (the "Agreement"), signed on July 6, 2006, by plaintiff Andrew Barrett ("Barrett"), a music synthesizer programmer, composer, arranger, orchestrator and producer, on behalf of plaintiff Lionella Productions, Ltd. (the "Company"), and defendant James Mironchik ("Mironchik"), an independent contractor. The Agreement generally concerned the use of plaintiffs' musical theater synthesizer procedures and methodologies as used in Broadway shows.

Background

The Agreement provides as follows:

> FOR GOOD CONSIDERATION, and in consideration of being engaged as an Independent Contractor (Contractor) from time to time by Lionella Productions Ltd. (Company), the undersigned hereby agrees and acknowledges:
>
> 1. That during the course of my engagement(s) there may be disclosed to me certain trade secrets of the Company; said trade secrets consisting but not

necessarily limited to:

(a) Technical information: Methods, processes, formulae, compositions, systems, techniques, inventions, machines, computer programs and research projects. Programming techniques (specifically regarding the use of PC-based, "Host/Plugin" programming), sample data and programming data.

(b) Business information: Customer lists, pricing data, sources of supply, financial data and marketing, production, or merchandising systems or plans.

2. I agree that I shall not during, or at any time after the termination of my engagement(s) with the Company, use for myself or others, or disclose or divulge to others including future employees, any trade secrets, confidential information, or any other proprietary data of the Company in violation of this agreement.

3. Contractor shall not bid or compete for jobs or contracts with clients or persons introduced to Contractor by Company.

4. PC-based, "Host/Plugin" programming shall not be used by Contractor for live theater programming jobs without prior written consent from Company.

5. Upon termination of my employment from the Company:

(a) I shall return to the Company all documents and property of the Company, including but not necessarily limited to: sample data, programming methods, drawings, blueprints, reports, manuals, correspondence, customer lists, computer programs, and all other materials and all copies thereof

> relating in any way to the Company's business, or in any way provided to me by Company. I further agree that I shall not retain copies, notes or abstracts of the foregoing.
>
> (b) The Company may notify any future or prospective employer or third party of the existence of this agreement, and shall be entitled to full injunctive relief for any breach.
>
> (c) This Agreement shall be binding upon me and my personal representatives and successors in interest, and shall inure to the benefit of the Company, its successors and assigns.
>
> (d) This Agreement shall be governed in accordance with the laws of the State of New York.

Mironchik worked as Barrett's assistant from July 2006 to February 2007 on two Broadway shows: *Sister Act* (California Company) and *Wicked* (Los Angeles Company).

On June 29, 2007, almost one year after signing the Agreement, Mironchik wrote the following e-mail to Barrett:

> Andy:
>
> I trust that all is well and that things are moving forward well for you with "Mermaid[.]"
>
> I've been asked to work on a project that would include using the Open Labs Neko keyboard. I trust that this would not violate our non-disclosure agreement. Could you please confirm this ASAP.
>
> Thank you.

[* 5]

On June 30, 2007, Barrett responded with the following e-mail:

> Hi Jim,
>
> Paragraph 4 of the non-disclosure agreement you signed (7/6/06) says specifically that you agree not to use PC-based host/plugin for live theater programming jobs. The Open Labs Neko is basically a keyboard with a PC and monitor built in. If there's any use of plugins it would fall under this paragraph. However, if you give me some details about the software you intend to use and the details about the production I can tell you if this is something that would raise an issue for me.
>
> Best Regards,
> Andy

On July 3, 2007, Mironchik, in response to a call from Barrett, wrote the following e-mail, which states, in relevant part:

> Honestly, it seems that we need to discuss a change to the agreement in that I certainly do not want to have to ask your permission every time I'm considering or being considered for a project where the Neko (or some other similar current or future hardware-software combination) has been requested or is being considered; either by designers, orchestrators, Music Supervisors, or anyone in or of the music department of any given production, or frankly if I feel that a Neko or Receptor device is worth considering for any given project.
>
> As we are talking about commercially available hardware and software, there is therefore nothing of a proprietary nature or otherwise unique to your system. Likewise, nothing in violation of any copyright you might own or the use of "trade secrets[.]" I have no intent nor desire to mimic your setup with laptops, a Firebox, and software, despite the individual

> elements' commercial availability.
>
> I also long ago realized that it was an error not to include a clause in the agreement governing commercially available hardware and software (e[.]g[.] Neko, Receptor, etc). In retrospect, it seems that that should have been an obvious exception. I also hope that the spirit of paragraph 4 was to keep a proper control over your research and development, and that it was not to bring into question any future use of an independently developed hardware-software system, however similar to the one that you've pioneered.

By e-mail dated July 5, 2007, Barrett responded to Mironchik, in relevant part, as follows:

> What you are proposing goes to the essence of the contract. You agreed that you would not use the information or techniques covered by the agreement for yourself or for others. The contract is specific about this and I urge you not to put yourself in a position where you are in breach. Please be advised that I intend to enforce my rights to the full extent of the law. In addition, I will not hesitate to contact your employer and advise them of the existence of our agreement and their potential liability in hiring you.
>
> However, as stated in paragraph 4, I will consider sanctioning jobs where you want to use this technology on a case by case basis. Under no circumstances will I consider renegotiating our contract.

The Verified Complaint, dated May 29, 2008, (the "Complaint") alleges that Mironchik violated the Agreement by allegedly disclosing confidential proprietary information to Randy Cohen ("Cohen"), one of the Company's chief competitors, and by unfairly

competing for jobs that the Company should have rightfully obtained. Accordingly, the Complaint sets forth causes of action for:

(1) breach of the Agreement (first cause of action);

(2) an accounting (second cause of action);

(3) a permanent injunction enjoining defendant from (a) using plaintiffs' trade secrets, (b) divulging plaintiffs' trade secrets to third parties; (c) competing with plaintiffs for contracts with plaintiffs' clients, and (d) using PC-based "Host-Plugin" programming for live theater programming jobs without prior written consent (third cause of action);

(4) compensatory and punitive damages for unfair competition in violation of the Lanham Act (28 USC § 1338) (fourth cause of action); and

(5) intentional interference with plaintiffs' prospective business opportunities with clients in music, theater and entertainment industries, including music synthesizer programming for Broadway musicals (fifth cause of action).

By Decision/Order dated June 7, 2010 (motion seq. no. 004), this Court granted defendant's motion for partial summary judgment to the extent of dismissing the third cause of action for a

permanent injunction. That portion of the motion which sought to dismiss the first cause of action for breach of the Agreement was denied as premature with leave to renew, if deemed appropriate, after the completion of discovery.

Depositions of both Barrett and Mironchik have now been conducted and the parties have exchanged additional documents.[1]

Mironchik now moves for an order, pursuant to CPLR 3212, granting him summary judgment dismissing plaintiffs' Complaint in its entirety on the grounds that the Agreement is defective and incapable of being corrected.

Discussion

A movant seeking summary judgment "must make a prima facie showing of entitlement to judgment as a matter of law, tendering sufficient evidence to eliminate any material issues of fact from the case." *Winegrad v. New York Univ. Med. Ctr.*, 64 NY2d 851, 853 (1985) (internal citation omitted). Once this showing is made, the burden shifts to the opposing party to produce evidentiary proof in

[1] The Court notes that the Note of Issue has not yet been filed and that counsel for plaintiff argued on the record that he did not believe discovery was complete because there are still outstanding document demands and because he wants to depose non-party Mr. Cohen, although it does not appear that Randy Cohen was ever subpoenaed.

admissible form sufficient to establish the existence of triable issues of fact. Mere conclusions, expressions of hope and unsubstantiated allegations are insufficient to defeat a summary judgment motion. *Zuckerman v. City of New York*, 49 NY2d 557, 562 (1980).

First Cause of Action - Breach of Contract

Defendant argues in the first instance that the Agreement is *per se* unreasonable because it contains absolutely no time or geographic limitations, and is, therefore, unenforceable.[2] *See, e.g., Good Energy, L.P. v. Kosachuk*, 49 AD3d 331, 332 (1st Dep't 2008); *Garfinkle v. Pfizer, Inc.*, 162 AD2d 197 (1st Dep't 1990).

Plaintiffs, on the other hand, urge that the Agreement is reasonable and enforceable and only needs this Court to "blue-pencil" the Agreement to include a time restriction. Plaintiffs suggest that a three (3) year period be imposed and that the lack of a geographic limit is reasonable because live theater spans the globe.

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[2] There can be no dispute that the Agreement is silent as to the time and geographic limitations of the restrictive covenant; this was confirmed by Barrett, who testified during his deposition that he did not specify time or place restrictions in the Agreement. (Barrett Dep. 108:2-9, Aug. 12, 2010.) Barrett also testified that he prepared the Agreement without the assistance of counsel. (Barrett Dep. 58:7-59:16.)

In reply, defendant argues that there is no basis for the Court to use its "judicial blue pencil" to insert an arbitrary three (3) year time restriction, or to uphold the purported global reach of the Agreement.

"Generally negative covenants restricting competition are enforceable only to the extent that they satisfy the overriding requirement of reasonableness." *Reed, Roberts Assoc. v. Strauman*, 40 NY2d 303, 307 (1976).

> The modern, prevailing common-law standard of reasonableness for employee agreements not to compete applies a three-pronged test. A restraint is reasonable only if it: (1) is *no greater* than is required for the protection of the *legitimate interest* of the employer, (2) does not impose undue hardship on the employee, and (3) is not injurious to the public. **A violation of any prong renders the covenant invalid.**

BDO Seidman v. Hirshberg, 93 NY2d 382, 388 (1999) (emphasis supplied) (internal citations omitted).

> New York has adopted this prevailing standard of reasonableness in determining the validity of employee agreements not to compete. "In this context a restrictive covenant will only be subject to specific enforcement to the extent that it is reasonable in time and area, necessary to protect the employer's legitimate interests, not harmful to the general public and not unreasonably burdensome to the employee."

Id. (quoting *Reed, Roberts Assoc.*, 40 NY2d at 307).

Here, the Court finds that the lack of any time restriction in the Agreement is unreasonable. *See, e.g., EarthWeb, Inc. v. Schlack,* 71 FSupp2d 299, 313 (SDNY 1999) (holding that a one-year duration of a restrictive covenant is too long given the fast paced nature of the Internet technology industry and its lack of geographical borders), *aff'd,* 2000 WL 1093320 (2d Cir. 2000). This is especially true in light of paragraph 4 of the Agreement, which purports to permanently burden Mironchik with the task of seeking and obtaining prior written consent from Barrett before ever using any PC-based, host/plugin programming in live theater programming.

Nevertheless, the Court must still consider whether it has the power to partially enforce the overly-broad restrictive covenant. *BDO Seidman*, 93 NY2d at 394-95; *Karpinski v. Ingrasci,* 28 NY2d 45, 51-52 (1971). The Court of Appeals has described this judicial power as follows:

> The issue of whether a court should cure the unreasonable aspect of an overbroad employee restrictive covenant through the means of partial enforcement or severance has been the subject of some debate among courts and commentators. A legitimate consideration against the exercise of this power is the fear that employers will use their superior bargaining position to impose unreasonable anti-competitive restrictions, uninhibited by the risk that a court will void the entire agreement, leaving the employee free of any restraint. The prevailing, modern view rejects a per se rule that invalidates entirely any overbroad employee agreement not to compete. Instead, when, as [in *BDO*

> *Seidman*], the unenforceable portion is not an essential part of the agreed exchange, a court should conduct a case specific analysis, focusing on the conduct of the employer in imposing the terms of the agreement. Under this approach, if the employer demonstrates an absence of overreaching, coercive use of dominant bargaining power, or other anti-competitive misconduct, but has in good faith sought to protect a legitimate business interest, consistent with reasonable standards of fair dealing, partial enforcement may be justified.

BDO Seidman, 93 NY2d at 394 (internal citations omitted).

Whether the unenforceable portion "is an essential part of the agreed exchange depends on its relative importance in the light of the entire agreement between the parties." *Ashland Mgt. Inc. v. Altair Invs. NA, LLC,* 59 AD3d 97, 106 (1st Dep't 2008) (internal citation omitted), *aff'd as modified,* 14 NY3d 774 (2010).

In *Ashland Management*, the Court found that "the essential part of the agreements is not their duration but the prohibition against using, copying or removing confidential information." *Id.* at 106. Here too, the essential part of the Agreement is not its duration or lack thereof, but the prohibition against using any PC-based, host/plugin programming while working in live theater. Therefore, since the unenforceable portion of the Agreement (the unlimited time duration) is not essential, the Court can go on to determine whether partial enforcement is justified here.

In *BDO Seidman*, the Court of Appeals described the factors that weigh in favor of partial enforcement:

> Here, the undisputed facts and circumstances militate in favor of partial enforcement. The covenant was not imposed as a condition of defendant's initial employment, or even his continued employment, but in connection with promotion to a position of responsibility and trust just one step below admittance to the partnership. There is no evidence of coercion or that the Manager's Agreement was part of some general plan to forestall competition. Moreover, no proof was submitted that BDO imposed the covenant in bad faith, knowing full well that it was overbroad.

BDO Seidman, 93 NY2d at 395.

On the other hand,

> [f]actors weighing against partial enforcement are the imposition of the covenant in connection with hiring or continued employment - as opposed to, for example, imposition in connection with a promotion to a position of responsibility and trust - the existence of coercion or a general plan of the employer to forestall competition, and the employer's knowledge that the covenant was overly broad.

Scott, Stackrow & Co., C.P.A.'s P.C. v. Skavina, 9 AD3d 805, 807 (3d Dep't 2004), *lv. den.*, 3 NY3d 612 (2004); *see also Gilman & Ciocia, Inc. v. Randello*, 55 AD3d 871, 872 (2d Dep't 2008) (affirming lower court's refusal to partially enforce restrictive covenant where employer failed to demonstrate "the absence of overreaching, the coercive use of dominant bargaining power, or other anticompetitive misconduct"); *Fullman v. R&G Brenner Income*

Tax Consultants, 24 Misc. 3d 1214(A), at *6 (Sup Ct, NY Co 2009) (finding a restrictive covenant to be the product of superior bargaining power when it was a condition of initial employment); *Kanan, Corbin, Schupak & Aronow, Inc. v. FD International, Ltd.,* 8 Misc. 3d 412, 418-19 (Sup Ct, NY Co 2005).

Here, it is undisputed that the Agreement was signed as a condition of employment. In fact, when asked about the signing of the Agreement at his deposition, Barrett testified to the following:

> Q: You wouldn't have given somebody a nondisclosure agreement unless you hired them, right?
>
> A: I would not.
>
> Q: Okay. So if he signed the nondisclosure agreement --
>
> A: I was contemplating hiring him.
>
> Q: You were contemplating?
>
> A: Right. We had a separate agreement for the employment.
>
> Q: You had a separate contract for his employment than the nondisclosure?
>
> A: That's correct.
>
> Q: Is it your testimony that Mr. Mironchik signed the nondisclosure contract before you actually hired him to do a job?
>
> A: I believe that's correct.
>
> Q: If Mr. Mironchik hadn't signed the nondisclosure agreement, you wouldn't

have hired him; is that correct?

A: That is absolutely correct.

Q: At the meeting -- well, how did you --

A: I want to clarify. I would not have told him any information about what I do if he had not signed the nondisclosure agreement.

Q: Thank you. I understand. The question, though, was, you would not have hired him? Which clearly, you would not have, if --

A: I would not have spoken to him professionally.

Q: You wouldn't have told him anything about --

A: If I --

Q: Let me finish. I'm sorry. You wouldn't have talked with him about synthesizer programming unless he signed a nondisclosure agreement?

A: That's correct.

(Barrett Dep. 71:16-73:10, Aug 12, 2010.)

Mironchik also testified during his deposition that he had to sign the Agreement as a condition of his employment:

Q: So you understood that if you hadn't signed it - -

Mr. Mars: He's not done.

Q: - - if you hadn't signed this, then this information would not have been disclosed to you?

A: I would not have worked with your client, and I needed work at the time.

Q: Right. So?

* * (colloquy) * *

Q: So the question is, when you needed the work; is that correct?

A: Uh-huh.

Q: At the time?

A: Yes.

Q: And you signed this agreement knowing that my client would not have given you the work if you didn't sign the agreement?

A: It was a condition of employment.

Q: Okay. And you agreed to the conditions of employment in exchange for getting the employment?

A: Yes.

(Mironchik Dep. 148:24-150:13, Aug 13, 2010.)

It is also clear that the Agreement was part of plaintiffs' "general plan . . . to forestall competition:"

Q: Would it be fair to say that you don't talk to anybody about synthesizer programming unless they sign a nondisclosure agreement?

Mr. Ben-Zvi: Well, can we have a time frame on this?

Mr. Mars: At the point in time that he hired Mr. Mironchik.

A: At that point in time, I was really interested in protecting the methods that I came up with, because I knew that, eventually, they were going to come out. People would learn just by performing on them and looking at the software. They'd be able to eventually figure out or maybe figure out for themselves sooner or later. But at that point in time, nobody had -- I had no competition. Nobody had figured out how to compete with me on that level.

Q: That's 2006?

A: So I -- yeah. So I was very interested in protecting what I knew. Now it's a different story.

(Barrett Dep. 73:11-74:11.)

Here, unlike the case in *BDO Seidman*, the facts and circumstances weigh against partial enforcement, since the covenant was imposed as a condition of defendant's initial employment, not in connection with a promotion to a position of responsibility or trust, and there is evidence that the Agreement was part of a general plan to forestall competition. Moreover, there is also evidence that plaintiffs imposed the covenant in bad faith, when Barrett chose not to place a time limitation on the covenant (Barrett Dep. 108:2-9), despite knowing that the information he sought to protect would eventually become known in the industry.

(Barrett Dep. 73:11-74:11.)[3]

Accordingly, defendant's motion for summary judgment dismissing the first cause of action is granted.

Second Cause of Action - Accounting[4]

"The existence of a fiduciary relationship is essential for a cause of action in equity for an accounting arising out of the contract between the parties." *Waldman v. Englishtown Sportswear*, 92 AD2d 833, 835 (1st Dep't 1983).

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[3] The Court notes that defendant also argued that even if the Agreement could be partially enforced, the information and techniques that plaintiffs seek to protect from disclosure are not actually subject to protection because they were not actually secret. *See Leo Silfen, Inc. v. Cream*, 29 NY2d 387, 392-93 (1972) (holding that in order for material or information imparted to an employee during the course of his or her employment to be entitled to trade secret protection, it must not be readily available through public sources).

Defendant also argues that even assuming this information was entitled to trade secret protection, there is no evidence that he shared or used that information when he was employed by Cohen to work on the Seattle and Broadway productions of *Young Frankenstein*. Furthermore, defendant argues that there is no evidence that he shared or used any of this information while working on any independent projects.

The Court, however, need not reach these issues since it has already found that the Agreement is overly broad and cannot be partially enforced.

[4] The Court notes that neither party specifically addressed this cause of action in their briefing.

Here, the Complaint fails to even allege the nature of the requisite fiduciary relationship, and the cause of action for an accounting must also fail because the Court has already held that the Agreement between the parties is not enforceable.

Fourth Cause of Action - Violation of the Lanham Act

Plaintiffs allege in paragraph 77 of the Complaint that "[d]efendant has violated [p]laintiffs' rights under the Lanham Act, 28 U.S.C. Section 1338 by unfairly competing with [p]laintiffs."

First of all, both the Complaint and the motion papers cite to "28 USC 1338" when referring to the Lanham Act. However, Title 28 of the United States Code deals with "Judiciary and Judicial Procedure" (*i.e.* jurisdiction) in cases concerning "patents, plant variety protection, copyrights, mask works, designs, trademarks, and unfair competition." The Lanham Trade-Mark Act or the Trademark Act of 1946, popularly referred to as the Lanham Act, is codified by 15 U.S.C. 1051 to 1072, 1091 to 1096, 1111 to 1127, 1141, and 1141a to 1141n.

Not only do plaintiffs fail to cite to a single section of the Lanham Act, they also fail to even argue that "unfair competition" is actionable under the Lanham Act. As pointed out by the Court in

Glenn v. Advertising Publications, Inc., 251 FSupp 889, 901 (SDNY 1966):

> **The Lanham Act relates to trade marks.** In its concluding sentence it refers to unfair competition. 15 U.S.C. § 1127 states: 'The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trade-marks, trade names, and unfair competition entered into between the United States and foreign nations.' The phrase 'to protect persons engaged in such commerce against unfair competition' inserted in the middle of this sentence does not, in and of itself, create a general federal law of unfair competition in interstate commerce. **This general language must be attributed to a particular section of the Act.**

(emphasis added) (internal citations omitted).

Here, plaintiffs not only fail to delineate which section of the Lanham Act they may be relying on, but they also fail to even identify either a registered or unregistered trademark that plaintiffs may wish to protect from defendant's alleged unfair competition. Accordingly, the fourth cause of action for violation of the Lanham Act must be dismissed.

Fifth Cause of Action - Tortious Interference with Prospective Business Relations

The required elements of a cause of action for tortious interference with prospective business relations are as follows: (1) that plaintiff had a business relation with a third party; (2) that defendant knew of the relationship and intentionally interfered with it; (3) that the defendant acted solely out of malice or used improper means to harm the plaintiff; and (4) that defendant's interference caused injury to the business relationship. *See Amaranth LLC v. J.P. Morgan Chase & Co.*, 71 AD3d 40, 47 (1st Dep't 2009).

Defendant argues that this cause of action must be dismissed because when asked in his deposition about the basis of this claim, Barrett responded as follows:

> Q: Okay. Take a look at Page 17 of your Verified Complaint.
>
> A: Okay. Fifth cause of action?
>
> Q: That's correct. Paragraph 83. It says, "Defendant has been and continues to directly and knowingly encourage Plaintiff's clients to no longer do business with Plaintiff or use Plaintiff's services."
>
> Other than what you've testified here today, what evidence do you have that supports that claim?

A: I don't have knowledge of anything.

Q: Paragraph 84. "Defendant is intentionally interfering with Plaintiff's business opportunities with said clients."
Other than what you've testified to here today, what additional evidence do you have that supports that contention?

A: I would say it has to be characterized as conjecture.

(Barrett Dep. 212:9-213:4.)

When questioned on the same topic by his own attorney, Barrett offered this testimony:

Q: Mr. Barrett, do you recall the series of questions that were asked of you regarding the allegations of interference on the part of the Defendant in your contractual relations?

A: Yes.

Q: Do you recall your answer at the time to the Defendant's attorney?

A: Yes.

Q: Now, is there any clarification that you want to make regarding your answer?

A: Yes.

Mr. Mars: I'm objecting to this line of testimony, being that he already answered it, and I think having a clarification to get your client to change his testimony is improper.

Mr. Ben-Zvi: Not to change his

> testimony. You were so effective that you battered him into an incorrect answer.
>
> Mr. Mars: Oh, okay. Again, I'm asserting my objection for the record.
>
> Q: You can answer.
>
> A: There were several other instances that your client interfered with my business, where he violated the contract. And these involved use of an instrument called a muse receptor.
>
> For instance, on a show called "In the Heights," I spoke to an orchestrator who worked on that show, and he confirmed that this muse receptor was used on the show. And a muse receptor is a computer as well, just as we've been discussing Windows-based computers, Apple, Macintosh-based computers. . . .

(Barrett Dep. 216:9-217:22.)

It is clear that plaintiffs cannot sustain a claim for tortious interference with prospective business relations. Aside from admitting that the allegations in the Complaint were based on conjecture, plaintiffs offer no other evidence to support their claim. In any event, plaintiffs failed to even allege that defendant acted out of malice or improper means, which is a required element of a claim for tortious interference with

prospective business relations.

Accordingly, the fifth cause of action must be dismissed.

Counsel for both parties shall appear for a conference in IA Part 39, 60 Centre St - Room 208 on August 8, 2012 at 10:30am to discuss how they want to proceed with defendant's defamation counterclaims.

This constitutes the decision and order of this Court.

FILED
JUL 2012
NEW YORK
COUNTY CLERK'S OFFICE

Dated: July 13, 2012

BARBARA R. KAPNICK
J.S.C.

BARBARA R. KAPNICK
J.S.C.