

Wynn Starr Flavors, Inc. v Buononato

2013 NY Slip Op 34161(U)

May 20, 2013

Supreme Court, Rockland County

Docket Number: 032449/2012

Judge: Margaret Garvey

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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ROCKLAND
-----X

WYNN STARR FLAVORS, INC.,

-against-

Plaintiff,

DECISION AND ORDER
(Motion #'s 2, 3, 4, and 5)

Index No.: 032449/2012

MICHAEL BUONONATO, CREATIVE PRODUCT DESIGNS, LLC,

Defendants.
-----X

Margaret Garvey, J.S.C.

The following papers, numbered 1 to 6, were considered in connection with four motions pending before this Court, each of which is described in detail below:

<u>PAPERS</u>	<u>NUMBERED</u>
NOTICE OF MOTION (#2)/ATTORNEY AFFIRMATION OF DARIUS CHAFIZADEH DATED FEBRUARY 11, 2013/EXHIBITS (A-I)/MEMORANDUM OF LAW DATED FEBRUARY 11, 2013	1
NOTICE OF MOTION (#3)/AFFIDAVIT OF DARIUS CHAFIZADEH DATED FEBRUARY 13, 2013/EXHIBIT A	2
NOTICE OF CROSS-MOTION (#4)/MEMORANDUM OF LAW DATED FEBRUARY 19, 2013/AFFIDAVIT OF MICHAEL BUONONATO DATED AUGUST 31, 2012/SUPPLEMENTAL AFFIDAVIT OF MICHAEL BUONONATO DATED SEPTEMBER 25, 2012/AFFIDAVIT OF MICHAEL BUONONATO DATED FEBRUARY 19, 2013/AFFIRMATION OF WENDY LARIO DATED FEBRUARY 19, 2013/EXHIBITS (A-R) [OPPOSITION TO #2 AND #3]	3
NOTICE OF MOTION (#5)/AFFIRMATION OF WENDY LARIO DATED FEBRUARY 27, 2013/EXHIBITS (A-C)/MEMORANDUM OF LAW/AFFIDAVIT OF MICHAEL BUONONATO DATED FEBRUARY 19, 2013	4
AFFIRMATION IN OPPOSITION TO NOTICE OF CROSS-MOTION OF DARIUS CHAFIZADEH DATED FEBRUARY 28, 2013/EXHIBITS (1-4)/MEMORANDUM OF LAW	5
ATTORNEY AFFIRMATION IN OPPOSITION TO MOTION TO QUASH OF DARIUS CHAFIZADEH DATED MARCH 6, 2013/EXHIBITS (A-F)/MEMORANDUM OF LAW	6

Upon a careful and detailed review of foregoing papers, the Court now rules as

follows:

The following is a summary of the pending motions:

Motion # 2 - filed by Plaintiff seeking an Order compelling Defendants to comply with previously served discovery demands regarding Defendants' current work with Givaudan and The Food Group and Defendant BUONONATO's efforts to market himself and procure income

Motion # 3 - filed by Plaintiff seeking an Order issuing a Commission to Issue a Subpoena Duces Tecum on non-party Givaudan arguing that Givaudan possessed documents and things necessary in the prosecution and defense of this action that are not reasonably available by other parties

Motion # 4 - cross-motion filed by Defendants seeking an Order lifting the preliminary injunction and dismissing the complaint pursuant to Civil Practice Law and Rules §§ 3211(a)(1) and (7)

Motion # 5 - motion filed by Defendants seeking an Order quashing the subpoena served on non-party The Food Group

By way of history, Defendant MICHAEL BUONONATO previously worked for Plaintiff WYNN STARR FLAVORS, INC. as the Senior Vice President of Savory Research and Development up until his termination on May 17, 2011.¹ Plaintiff WYNN STARR FLAVORS, INC. filed the Summons and Complaint in this matter on May 8, 2012, alleging that Defendant

¹ There is conflicting statements as to whether he was terminated for cause (Wynn Starr's version) or without cause (Buononato's version), however this particular fact is not relevant to the issues before the Court on the instant motions.

MICHAEL BUONONATO (and his company - CREATIVE PRODUCT DESIGNS, LLC) had misappropriated trade secrets belonging to Plaintiff, had interfered with contractual relations between Plaintiff and its existing customers, and further that Defendants should be precluded from working in the savory food flavor industry pursuant to the inevitable disclosure doctrine.

At the outset of this litigation, in which Plaintiff seeks a *permanent* injunction, Defendants consented to the Court issuing a *preliminary* injunction enjoining Defendants from doing any of the following: (1) secreting, destroying, altering, removing or otherwise dealing with Wynn Starr proprietary information; (2) obtaining, employing, using, disclosing or divulging the confidential, sensitive, proprietary or non-public information of Wynn Starr, including but not limited to any customer lists or other customer information or pricing information, acquired by Defendant during his employment with Wynn Starr; and (3) aiding, abetting, encouraging or inducing any other persons to do any of the aforementioned acts (essentially Defendants consented to the continuation of the temporary restraining order contained within the underlying Order to Show Cause (Motion # 1)). Defendants position at that point was that they did not have, nor would they use, any Wynn Starr trade secrets in their current endeavors. The Court will note that Defendants still contend that they never had, do not have, never used, and will never use, any of Wynn Starr's trade secrets or proprietary information. Within Defendants instant cross-motion seeking dismissal of the complaint, Defendants also seek an Order dismissing the preliminary injunction issued on consent (effectively withdrawing their consent).

During the early part of the ongoing discovery phase of this litigation, this Court directed a forensic examination of all computers owned by Defendant BUONONATO in an effort to determine what, if anything, happened to an April 8, 2011 email which Defendant

BUONONATO sent from his Wynn Starr email address to his personal home email address.² The April 8, 2011 email, which Plaintiff argues is evidence of misappropriation, included attachments which consisted of spreadsheets on various products and pricing information for Wynn Starr and its customers - information which Plaintiff claims is proprietary and confidential in nature. Defendant BUONONATO claims that he was permitted to, and regularly did, send such emails to do work from home on quarterly reports, and further that he deleted the subject email from his home computer once the quarterly report was completed. The forensic evaluation revealed no evidence on any of the computers of the April 8, 2011 email, however the Court is also cognizant of the fact that Defendant BUONONATO offered a last-minute concession that the laptop he was using at the time of the email had crashed and was destroyed. The Court will further note that during the forensic evaluation of the computers, there were 56 documents discovered on Defendant's computers containing Wynn Starr metadata.

At this point, discovery has been stalled, and in the Court's opinion, the delay has been a result of conduct of both sides. It is this Court's understanding that paper discovery between the parties has not yet been completed, no examinations before trial have been conducted, and further no non-party discovery has occurred.³ Additionally, there has been no further forensic review of the 56 documents referenced in the first forensic report.

With regards to the delay in discovery, Plaintiff argues that it has identified the trade secrets at issue with reasonably specificity and that Defendants are refusing to turn over any discovery relating to current work with Givaudan and The Food Group. Defendants argue

² The April 8, 2011 email and attachments were provided to the Court for an in camera review, but have not yet been provided to counsel for Defendants.

³ The Court is aware that Plaintiff had previously served a subpoena on non-party Givaudan and later withdrew same. Further, Plaintiff has served a subpoena on non-party The Food Group, which is the subject of Defendants' Notice of Motion to Quash (#5), and has requested the issuance of a commission to issue a subpoena on non-party Givaudan (out-of-state entity) (#3).

that Plaintiff has not specifically identified the trade secrets that it has placed in issue by commencing this litigation and therefore, Defendants cannot be required to turn over their confidential or proprietary information or their trade secrets.

On the issue of whether or not Plaintiff has specifically identified the trade secrets at issue, Plaintiff's complaint listed the following items as trade secrets: the Fire/Tender Grilled Chicken, the Chicken Tender Grill Marinade, the Chicken Tender Grill Glaze, the Natural Chicken Marinade, the Natural Crusty Fatty Chicken, the Sauteed Onion, the Liquid Onion Reduction and various other Chicken Flavorings. [Complaint, ¶ 12]. Additionally, Plaintiff provided various redacted recipes or formulas with the instant motion to compel: Grilled Chicken Marinade (Lower Salt), Grilled Chicken Marinade (Dry), Grilled Chicken Marinade (Higher Salt Control), Grilled Chicken Glaze (High Salt Control), Grilled Chicken Glaze (Lower Salt), Grilled Chicken Glaze (Lower Salt),⁴ Reduced Sodium McDonald's Chicken Nuggets, Wynnstarr Reduced Sodium McDonald's Chicken Nuggets, Reduced Sodium McDonald's Chicken Nuggets, Liquid Onion Reduction, McDonald's Chicken Nuggets (STP Removal), Reduced Sodium McDonald's Chicken Nuggets,⁵ Natural Crusty Fatty Chicken Type Flavor Formulation, Burger King Sauteed Onions, BK Tender Grill Marinade, BK Tender Grill Glaze. [Notice of Motion to Compel Discovery, Exhibit I].

A review of the recipes or formulas contained in Exhibit I of the motion to compel reveal that each is heavily redacted, blacking out descriptions under the item's name, the majority of the ingredients, all of the percentages of the ingredients, etc... Plaintiff argues that said redactions are necessary to preserve the trade secrets. Additionally, Plaintiff's counsel repeatedly states that he has invited Defendants' counsel to come view the actual formulas kept

⁴ The fifth and sixth recipe are both titled "Grilled Chicken Glaze (Lower Salt)" and appear to be identical, except the bottom line on both pages has different figures for the target totals of sodium.

⁵ The seventh, ninth and twelfth recipe are all titled "Reduced Sodium McDonald's Chicken Nugget" and the pages appear to be identical.

under security at Plaintiff's place of business, and she has not done so. However, the Court will note that such invitation came with the express and unequivocal condition that only Defendants' counsel could view the formulas and further that no notes or photographs could be taken.

On the other hand Defendants' counsel has taken the position that Defendants will not turn over any documents relating to their own trade secrets or proprietary information, nor any documents relating to their work with Givaudan and The Food Group, until Plaintiff specifically identifies the trade secrets and shows some proof of misappropriation by her clients. Plaintiff's counsel counters, arguing that the only way for Plaintiff to show actual or circumstantial proof of misappropriation is to allow Plaintiff to conduct discovery on relevant and material issues, and on any issues that may lead to admissible evidence. Herein lies the circular arguments of both sides that have caused the inexcusable delay in discovery.

As an aside, the Court will briefly address Defendants motion to dismiss the complaint at this point. Defendants provide various affidavits of MICHAEL BUONONATO, who states that he does not have any of Plaintiff's formulas and has not used any of Plaintiff's formulas, and therefore the case should be dismissed. Counsel for Defendants accurately states that Plaintiff's have not proved any actual misappropriation at this point, which is true. However, counsel for Defendants goes on to say that in light of that, the case should be dismissed. The Court will note that to this point, no hearing has been had for the issuance of a preliminary injunction (issued on consent of Defendants), discovery is not yet complete, and obviously no trial has occurred. Regardless, Defendants move for dismissal pursuant to Civil Practice Law and Rules § 3211(a)(1) (documentary evidence) and § 3211(a)(7) (failure to state a cause of action).

The standard for review on a motion to dismiss pursuant to Civil Practice Law and Rules § 3211(a)(7) is whether the pleading states a cause of action, and the Court must accept the facts as alleged in the complaint as true, accord the plaintiff the benefit of every possible favorable inference, and determine only whether the facts as alleged fit within any cognizable

legal theory. [*Elmhurst Dairy, Inc., v. Bartlett Dairy, Inc.*, 97 A.D.3d 781, 783 (2d Dept. 2012)]. Similarly, a motion to dismiss pursuant to Civil Practice Law and Rules § 3211(a)(1) will be granted only if the documentary evidence resolves all factual issues as a matter of law, and conclusively disposes of the plaintiff's claim. [*Fontanetta v. Doe*, 73 A.D.3d 78, 84 (2d Dept. 2010)]. Documentary evidence for the purposes of § 3211(a)(1) consists of documents which are essentially undeniable, like mortgages, deeds, contracts, and judicial records. [*Fontanetta v. Doe*, 73 A.D.3d 78, 84-85 (2d Dept. 2010)]. Affidavits of individual parties are not considered documentary evidence for purposes of § 3211(a)(1). [*Fontanetta v. Doe*, 73 A.D.3d 78, 85 (2d Dept. 2010)].

The Court finds that neither prong of § 3211 has been met here. The underlying complaint clearly states a cause of action under the liberal standard when all favorable inferences are taken in Plaintiff's favor and all facts alleged are assumed true. Likewise, there are no "documents" attached to the cross-motion which conclusively dispose of Plaintiff's claim and resolve all factual issues as a matter of law. Accordingly, Defendants Notice of Cross-Motion (#4) is denied in its entirety but said denial does not preclude Defendants from moving for summary judgment dismissal after the completion of discovery.

Turning to the remaining motions, which all stem from the ongoing discovery disputes between the parties, the Court will note that the parties voluntarily entered into a Stipulation and Protective Order Regarding Confidentiality and Inadvertent Disclosure (hereinafter "Protective Order") on October 1, 2012, which was so-Ordered by this Court on October 25, 2012. The second and third paragraphs of said Protective Order state: "WHEREAS, the parties may produce documents which they contend contain: (1) trade secrets, financial information, or other confidential or proprietary information that may be protected under applicable law; and/or (2) privileged documents and/or work-product; NOW THEREFORE, in an effort to expedite the production of documents, the parties, acting through their undersigned counsel, hereby stipulate and agree as follows:..." (Emphasis added).

The terms of the Protective Order allows the attorneys to designate various documents as “confidential,”⁶ for “attorneys eyes only,”⁷ or “privileged information.”⁸ Further, the Protective Order states: “All Documents produced in this litigation shall be used solely for the purpose of this litigation and for no other purpose, and shall be returned or destroyed at the conclusion of the litigation...”

In New York, the scope of disclosure provided by Civil Practice Law and Rules § 3101 is generous, broad, and is to be construed liberally. [*Mann ex rel. Akst. v. Cooper Tire Co.*, 33 A.D.3d 24 (1st Dept. 2006)]. However, the Court also recognizes that where discovery of trade secrets is sought, the information demanded must be indispensable to the ascertainment of truth and cannot be acquired in any other way. [*Deas v. Carson Products Co.*, 172 A.D.2d 795, 796 (2d Dept. 1991)]. Where necessary for the preparation of either side’s case, documents containing trade secrets will be discoverable, but the Court can fashion some sort of protection against any unwarranted disclosure beyond use in litigation, i.e., a confidentiality Order executed by both sides. [*Deas v. Carson Products Co.*, 172 A.D.2d 795, 796 (2d Dept. 1991); *Wilensky v. JRB Marketing & Opinion Research, Inc.*, 137 A.D.2d 520, 523 (2d Dept. 1988); *Citibank, N.A. v. Recycling Carroll Gardens, Inc.*, 116 A.D.2d 494, 495 (1st Dept. 1986)].

In this matter, it is not disputed that the information sought by Defendants from

⁶ Confidential material is defined in the Stipulation as containing sensitive business or proprietary information, including but not limited to flavor formulations, raw material pricing information, product pricing information, sales or other business information, market data, expense data, profit and loss information, business plans, marketing plans, methods of doing business, customer identification, agreements with specifically identifiable customers and vendors, financial information of any kind, and licensing agreements.

⁷ Attorneys Eyes Only is defined as a subset of confidential material and refers to particularly sensitive documents or information that a party reasonably believes could be used by another party to the detriment of the first party.

⁸ Privileged information is defined as documents and information protected from disclosure by the attorney-client privilege, joint defense privilege, work product doctrine, or any other applicable privilege.

Plaintiff constitutes trade secrets or proprietary information, and further that some of the information sought by Plaintiff from Defendants constitutes trade secrets or proprietary information. However, trade secrets or not, some of the formulas and products of both parties are directly relevant to one of the major issues in this case: Did Defendants misappropriate the trade secrets of Plaintiff?

Additionally, counsel for the parties obviously recognized the sensitive nature of the probable discovery materials in this matter and pro-actively drafted and agreed upon the Protective Order, designed to protect any trade secrets and proprietary information from unwarranted disclosure beyond the instant litigation - AND EXPEDITE DISCOVERY. Based on the Protective Order put in place by counsel for the parties, and so-Ordered by this Court, the Court is directing that any and all disclosures be full and unfettered disclosures, and not heavily redacted documents with little or no information in them. The concerns of counsel for both sides should be alleviated by the detailed Protective Order drafted and put in place by them. In the unlikely event that there is some unwarranted disclosure, that will give rise to an entirely different set of remedies pursuant to that Protective Order.

Therefore, Plaintiff's counsel is directed to provide Defendants counsel with a full and unredacted copy of the April 8, 2011 email along with the attachments. Plaintiff's counsel is further directed to provide Defendants' counsel with a full and unredacted copy of Exhibit I of the motion to compel. Pursuant to the Protective Order, Plaintiff's counsel is free to designate said documents as "attorneys eyes only," or "confidential," bearing in mind that whatever designation he assigns to Plaintiff's documents will likely be assigned to Defendants' documents by their counsel. Plaintiff's counsel shall not upload said unredacted documents to the NYSCEF system at this time, unless the parties agree otherwise.⁹

The Court is proceeding on the assumption that those two sets of documents

⁹ The Court has previously advised counsel for the parties that the NYSCEF system allows a document to be uploaded and "sealed," making it available to only the attorneys on the case and the Court.

contain all of the "trade secrets" that Plaintiff alleges have been misappropriated by Defendants. In the event that there are other "trade secrets" which Plaintiff's seek to litigate, Plaintiff is directed to immediately disclose same (documents or formulas) to counsel for Defendants. If any of the trade secrets at issue in this case are contained in the secure room referenced by both sides, Defendants' counsel shall be granted access to said room along with permission to either photocopy or photograph documents in order to obtain a work product copy of same, and any copies made by Defendants' counsel will obviously be designated by Plaintiff's counsel as described above (i.e. confidential, attorneys eyes only, or privileged).

The above described disclosures shall be made by Plaintiff's counsel to counsel for Defendants no later than June 3, 2013.

Likewise, Defendants counsel will have to respond substantively to Plaintiff's discovery demands, however the Court is limiting said production to work on products similar to those produced by Defendant BUONONATO during his time at WYNN STARR FLAVORS, INC (specifically savory food products like the chicken recipes, sauteed onion recipes, and liquid onion reduction recipes detailed above). For instance, if Defendant BUONONATO is working on a yogurt product with any company, he is not required to disclose any information to Plaintiff on that product. A review of the Notice to Produce served by Plaintiff in July of 2012 reveals that it is over broad on that issue, in that it seeks disclosure on any work done by Defendant BUONONATO in the food or flavor industry - where the trade secrets alleged by Plaintiff are limited to the savory food flavors detailed above. To that end, Plaintiff is directed to serve an Amended Notice to Produce, consistent with the terms of this Decision and Order, no later than June 3, 2013. Defendants shall comply fully with said amended Notice to Produce in accordance with the provisions of the *Civil Practice Law and Rules*.

This Court will not allow Plaintiff unfettered access to any and all work done by Defendant BUONONATO since his departure from WYNN STAR FLAVORS, INC., particularly in light of the fact that Plaintiff did not negotiate a non-compete agreement in any of the relevant

contracts. This case centers around a specific list of flavors or formulas identified by Plaintiff as their trade secrets, and discovery must be relevant on those specific issues. On the flip side, the Court will likewise not allow Defendants unfettered access to all of Plaintiff's trade secrets and documents, their discovery will be limited to the trade secret items identified by Plaintiff.

Turning now to the issues presented on the non-party subpoenas, the Court is quashing the subpoena served on The Food Group and denying Plaintiff's motion for a commission to serve a subpoena on Givaudan. The Court will note that this ruling is made without prejudice and with the understanding that once discovery between the parties is complete, and perhaps further forensic evaluations are complete, some limited non-party disclosure may be necessary. However, Plaintiff should be advised that the subpoenas presented to The Food Group and the proposed subpoena for Givaudan are also over broad, in that they request any and all documents and evidence relating to any work done by Defendants on any product. While Plaintiff may be entitled to subpoena information on specific savory food flavors or products based on its identification of the trade secrets at issue, this Court will not allow Plaintiff unfettered access to the business relationship between Defendants and non-parties, particularly without a non-compete agreement in place. Plaintiff's counsel is directed to immediately notify non-party The Food Group that the subpoena has been quashed.¹⁰

At this point, in light of the fact that Defendants have withdrawn their consent to the preliminary injunction - which was an extension of the temporary restraining order contained in the Order to Show Cause, the Court is lifting same, and this matter will be scheduled for a hearing on that issue as soon as possible pursuant to Article 63 of the Civil Practice Law and Rules.

As a final note, it is clear at this point that further forensic evaluation is needed

¹⁰ There has been allegations made by Defendants' counsel that Plaintiff failed to notify Givaudan of the withdrawal of an earlier subpoena. Without making a finding on this issue, both counsel should be advised that any recipient of a subpoena should be immediately notified of its withdrawal or its quashing, to avoid an inadvertent disclosure.

regarding the 56 documents identified in the first forensic report. This issue, and the preliminary injunction issue, will both be addressed at the next conference, which is scheduled for **TUESDAY, MAY 21, 2013 at 9:15 a.m.**

Accordingly, it is hereby

ORDERED that the preliminary injunction (extension of the temporary restraining Order contained in the Order to Show Cause dated August 30, 2012) entered on the consent of Defendants on September 11, 2012 is hereby vacated; and it is further

ORDERED that Plaintiff WYNN STARR FLAVORS, INC.'s Notice of Motion to Compel Discovery (#2) is granted in part and denied in part consistent with the terms of this Decision and Order; and it is further

ORDERED that Plaintiff WYNN STARR FLAVORS, INC.'s Notice of Motion to Issue a Commission to Issue a Subpoena on Givaudan (#3) is denied; and it is further

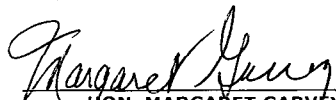
ORDERED that Defendants MICHAEL BUONONATO and CREATIVE PRODUCT DESIGNS LLC's Notice of Cross-Motion to Dismiss the complaint (#4) is denied; and it is further

ORDERED that Defendants MICHAEL BUONONATO and CREATIVE PRODUCT DESIGNS LLC's Notice of Motion to Quash the Subpoena served on The Food Group is granted and said subpoena is quashed; and it is further

ORDERED that counsel for the parties shall appear at a previously scheduled conference on **TUESDAY, MAY 21, 2013 at 9:15 a.m.**

The foregoing constitutes the Decision and Order of this Court.

Dated: New City, New York
May 20, 2013



HON. MARGARET GARVEY
Justice of the Supreme Court

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