

Seaport Mgt. Dev. Co., LLC v Shop Architects, P.C.
2020 NY Slip Op 30774(U)
March 10, 2020
Supreme Court, New York County
Docket Number: 657263/2019
Judge: Andrea Masley
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SUPREME COURT OF THE STATE OF NEW YORK NEW YORK COUNTY

PRESENT: HON. ANDREA MASLEY Justice

PART IAS MOTION 48EFM

-----X SEAPORT MANAGEMENT DEVELOPMENT COMPANY, LLC,

INDEX NO. 657263/2019

Plaintiff,

MOTION DATE

- v -

MOTION SEQ. NO. 001

SHOP ARCHITECTS, P.C., COLONIAL ELECTRICAL SUPPLY COMPANY, INC., HUNTER ROBERTS CONSTRUCTION GROUP, LLC, SCHNEIDER ELECTRIC SYSTEMS USA, INC.,

DECISION + ORDER ON MOTION

Defendants.

-----X

SHOP ARCHITECTS, P.C.

Third-Party Index No. 595060/2020

Plaintiff,

-against-

SCHNACKEL ENGINEERS, INC.

Defendant.

-----X

HUNTER ROBERTS CONSTRUCTION GROUP, LLC

Second Third-Party Index No. 595178/2020

Plaintiff,

-against-

B&G ELECTRICAL CONTRACTORS OF NEW YORK

Defendant.

-----X

MASLEY, J.:

The following e-filed documents, listed by NYSCEF document number (Motion 001) 10, 14, 29, 64 were read on this motion to/for SEAL

In motion sequence number 001, plaintiff Seaport Management Development Company, LLC (Seaport) moves pursuant to Section 216.1(a) of the Uniform Rules for Trial Courts to seal and redact specific pricing terms from three agreements that it entered into with defendants SHoP Architects P.C. (SHoP); Hunter Roberts Construction Group, LLC (Hunter); and Colonial Electric Supply Company, Inc. (Colonial) (NYSCEF Doc. No. [NYSCEF] 14 at 2; NYSCEF 2, Architectural Services Agreement; NYSCEF 3, Construction Management Agreement; NYSCEF 4, Purchase Order; NYSCEF 1, Complaint ¶ 3.).

Background

In 2011, Seaport "embarked on an ambitious development project at the iconic South Street Seaport's Pier 17." (NYSCEF 1, Complaint ¶ 3.) To complete this project, Seaport entered into an Architectural Services Agreement with SHoP, the defendant responsible, at least in part, for designing the projects "electrical switchgear system." (*Id.* ¶¶ 4, 73.) Seaport entered into a Purchase Order with Colonial to purchase the electronic switchgear system. (*Id.* ¶ 96.) Seaport also entered into a Construction Management Agreement with Hunter pursuant to which Hunter would install the electric switchgear system. (*Id.* ¶ 85.) After the electric switchgear system was installed, Seaport allegedly attempted to power it on to no avail. (*Id.* ¶ 9.) Seaport subsequently commenced this action alleging various breaches of contract against SHoP, Colonial, and Hunter. Seaport claims that these defendants failed to design, manufacture, deliver, procure, and install a functioning and safe electrical switchgear system. (NYSCEF 1, Complaint ¶ 2.) Seaport now moves to seal and redact the financial terms in the contracts at issue here. Specifically, Seaport argues that the compensation and reimbursement rates, pricing terms, and other terms concerning

liquidated damages, credits, rental rates and costs of delay are competitively sensitive. (NYSCEF 29, Chart of Proposed Redactions ¶¶ 1-3.) The defendants do not oppose.

Discussion

Section 216.1(a) of the Uniform Rules for Trial Courts empowers courts to seal documents upon a written finding of good cause. It provides:

“(a) Except where otherwise provided by statute or rule, a court shall not enter an order in any action or proceeding sealing the court records, whether in whole or in part, except upon a written finding of good cause, which shall specify the grounds thereof. In determining whether good cause has been shown, the court shall consider the interests of the public as well as the parties. Where it appears necessary or desirable, the court may prescribe appropriate notice and an opportunity to be heard.

(b) For purposes of this rule, ‘court records’ shall include all documents and records of any nature filed with the clerk in connection with the action. Documents obtained through disclosure and not filed with the clerk shall remain subject to protective orders as set forth in CPLR 3103 (a).”

Judiciary Law § 4 provides that judicial proceedings shall be public. “The public needs to know that all who seek the court’s protection will be treated evenhandedly,” and “[t]here is an important societal interest in conducting any court proceeding in an open forum” (*Baidzar Arkun v Farman-Farma*, 2006 NY Slip Op 30724[U],*2 [Sup Ct, NY County 2006] [citation omitted]). The public right of access, however, is not absolute (*see Danco Lab, Ltd. v Chemical Works of Gedeon Richter, Ltd.*, 274 AD2d 1, 8 [1st Dept.2000]).

The “party seeking to seal court records bears the burden of demonstrating compelling circumstances to justify restricting public access” to the documents (*Mosallem v Berenson*, 76 AD3d 345, 348-349 [1st Dept 2010] [citations omitted]). The movant must demonstrate good cause to seal records under Rule § 216.1 by submitting “an affidavit from a person with knowledge explaining why the file or certain documents should be sealed” (*Grande Prairie Energy LLC v Alstom*

Power, Inc., 2004 NY Slip Op 51156 [U], *2 [Sup Ct, NY County 2004]). Good cause must "rest on a sound basis or legitimate need to take judicial action" (Danco Labs., 274 AD2d at 9). Agreements to seal are insufficient as such agreements do not establish "good cause" (MBIA Ins. Corp. v Countrywide Home Loans, Inc., 2012 NY Slip Op 33147[U], * 9 [Sup Ct, NY County 2012]).

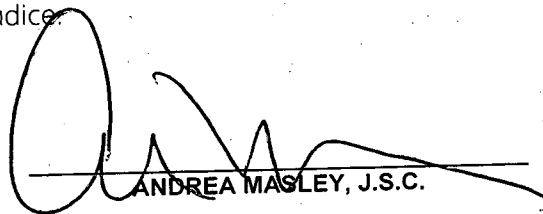
In the business context, courts have sealed records where trade secrets are involved or where the disclosure of documents "could threaten a business's competitive advantage." (Mosallem, 76 AD3d at 350-351 [citations omitted]). Additionally, the First Department has affirmed the sealing of records concerning financial information where there has not been a showing of relevant public interest in disclosure of the financing. (see Dawson v White & Case, 184 AD2d 246, 247 [1st Dept 1992].)

Here, good cause may exist to redact these financial terms, but the court cannot make that determination at this time because Seaport fails to provide an unredacted version of the proposed redactions. Without unredacted copies, the court cannot actually view or cross-reference what Seaport is proposing to redact.

Accordingly, it is

ORDERED that the motion is denied without prejudice.

3/10/2020
DATE


ANDREA MASLEY, J.S.C.

CHECK ONE:

CASE DISPOSED
GRANTED DENIED
SETTLE ORDER
INCLUDES TRANSFER/REASSIGN

NON-FINAL DISPOSITION
GRANTED IN PART
SUBMIT ORDER
FIDUCIARY APPOINTMENT

OTHER
REFERENCE

APPLICATION:

CHECK IF APPROPRIATE: