

## **When It Comes to Protecting Your Business, In a Sea of Change There Remain Steadfast Legal Mechanisms Which May Yet Work**

By Andrew P. Botti - McLane Middleton

The recent activity in the Massachusetts House indicates that changes to the long-standing law of non-competes may be imminent. Despite what may occur on Beacon Hill, there remain a variety of ways that businesses may protect their proprietary information. Even before non-competes became fashionable, intellectual property rights were recognized and secured in the United States Constitution. Article I, Section 8, Clause 8 expressly provides: “The Congress shall have the Power ... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive right to their respective Writings and Discoveries.” Thus, both copyrights and rights to inventions are recognized as fundamental Constitutional concepts.

These Constitutional concerns are echoed in a variety of permissible contractual mechanism which may be employed for protection of intellectual property. There are several means by which businesses may protect their “property rights” outside of the confines of the non-compete context.

### **Confidentiality and Non-disclosure Agreements**

These agreements prohibit present and former employees from disclosing confidential and proprietary business information which belongs to the company. There are no time limits required, and the proscribed activity and protected information may be broadly defined.

### **Non-solicitation/Non-interference Agreements**

These covenants prohibit former employees from attempting to take business from their prior employer. They may cover present and prospective customers, as well as vendors and suppliers. The idea is to protect and preserve for the business its on-going business relationships, and customer good will. Non-solicitation agreements can also apply to employees to prohibit hiring away of key individuals, or entire departments, which sometimes happens.

### **Forfeiture Agreements**

These agreements require that the employee forfeit certain future emoluments if the subject employee engages in proscribed activity. These future benefits may include deferred compensation, stock options and other like benefits. These agreements are often tied to noncompetition covenants which call for forfeiture for engaging in competition with the employer.

### **Clawback Provisions**

These call for the paying back of certain benefits already bestowed on the employee should the employee engage in the proscribed behavior. The prohibited behavior is often defined as competing with the former employer, but may involve other activities such as solicitation of customers.

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**Inventions Assignment Agreements**

These stipulate that anything the employee may invent on company time automatically becomes the property of the company, and not the employee.

**Return of Materials Agreement**

These specify that the employee must return all company property upon cessation of employment.

What makes these agreements so efficacious is that they may be combined into a single document. And, each provision may be enforced in court via the equitable principle of specific performance. If a breach or threatened breach appears imminent, the employer may seek to enforce any one or all of the above-referenced agreements in order to protect its confidential business information and intellectual property.

**About Andrew P. Botti**

Andrew represents corporations, smaller businesses, and family owned and operated enterprises in complex business and employment-related disputes. He advises management and business owners/operators on shareholder disputes, employee discrimination and commercial litigation matters. He has tried numerous cases to verdict in both state and federal court, and has appeared before various administrative and legislative agencies such as the Massachusetts Commission Against Discrimination. Andrew has also testified before the Joint Committee on Labor and Workforce Development of the Massachusetts legislature regarding the efficacy of "An Act Relative to Non-competition Agreements," and has been actively involved in the debate over recent efforts to eliminate non-competes in their entirety.



Andrew has been appointed to the Massachusetts Economic Development Planning Council by Governor Charlie Baker. The Council's mission is to develop a written comprehensive economic development policy for Massachusetts, and construct a strategic plan for its implementation.

In December 2014, Andrew was appointed by Governor-Elect Charlie Baker to the Baker-Polito Transition Team Subcommittee on Jobs and the Economy. In this capacity, Andrew helped prepare findings and recommendations for the new administration.

Andrew is currently a member of the Board of Directors of AIM, the Associated Industries of Massachusetts. Founded in 1915, AIM is the oldest and largest statewide association working to serve and foster the business interests of Massachusetts employers. He formerly served as Chairman of the Board of SBANE, the Smaller Business Association of New England, from 2009 - 2011. SBANE was founded in 1938 to promote and foster the interests of smaller businesses throughout the 6 state region.

Andrew received his J.D. from Northeastern University (1991) and B.A. from Columbia University (1983). Previously he was a Partner at Colucci Norman, LLP in Beverly, MA as well as a Partner, Donovan Hatem LLP in Boston, MA.

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**About McLane Middleton**

Founded in 1919, McLane Middleton is one of New England's premier full-service law firms with offices in Manchester, Concord, and Portsmouth, New Hampshire, as well as Woburn and Boston, Massachusetts.

Driven by the firm's depth of sophisticated legal expertise and an unwavering commitment to client service, McLane Middleton has built collaborative and lasting relationships with a broad spectrum of domestic and international clients.

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