

THE TOP 100 VERDICTS OF 2005

COVENANT NOT TO COMPETE

CASE TYPE: Former manager recruited plaintiff's employees

CASE: *Chicago Title Insurance Corp. v. Magnuson*. S.D. Ohio, No. 2:03-cv-00368 1/25/2005

PLAINTIFFS' ATTORNEYS: Steven A. Goldfarb and Andrew S. Pollis, Hahn Loeser + Parks, Cleveland

DEFENSE ATTORNEYS: Russell A. Kelm, Law Offices of Russell A. Kelm, Columbus, Ohio

A former title company owner alleged to have broken his non-competition agreement lost a breach of contract claim filed against him by the title company in federal court at Columbus. The company for which he subsequently went to work was named as a co-defendant. A jury awarded plaintiff title company \$43,200,000 in damages, including punitive damages of \$32,400,000.

Defendant James Magnuson sold his title insurance business to Plaintiff Chicago Title Insurance and worked for that company for 12 years afterward. He signed a non-competition clause, which was to be in effect for five years after leaving his employment at Chicago Title Insurance. The co-defendant in this case is First American

Title Insurance Company, the company for which Magnuson went to work after leaving Chicago Title.

Plaintiff Chicago Title Insurance alleged that Defendant Magnuson violated his non-competition clause when he left the company in November 2003 to work for First American Title Insurance Company, a competitor outside of Columbus. Plaintiff also accused defendants of leading 32 employees away from Chicago Title, which led to lost profits for the company. Plaintiff claimed it was entitled to punitive damages as a result of defendants' actions.

Defendants contended that Defendant Magnuson did not cause any of the employees or customers to leave Chicago Title for First American Title Insurance.

INJURY: Breach of non-competition agreement resulting in lost profits.

VERDICT INFORMATION: \$43,200,000. Breakdown: \$10,800,000 compensatory and \$32,400,000 punitive.

SETTLEMENT NEGOTIATIONS: Last Demand; \$50,000,000 Last Offer: \$3,000,000

SOURCE: The Ohio Trial Reporter

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