

## Corporate & Financial Weekly Digest

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### Appropriation of Business Plan Supports Unfairness Claims

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An energy firm may be liable for adopting the business plan of a prospective partner even though the appropriated plan was not unique enough to support a claim under New York's "submission of an idea" doctrine.

The principals of Sokol Holdings, Inc. sought the rights to develop oil fields in western Kazakhstan and devised a plan to obtain a controlling interest in Emir Oil, LLP, a Kazakh firm licensed to conduct such exploration. Sokol presented this plan, which contained a confidentiality provision, to BMB Munai, Inc., which would provide initial financing under the plan. When BMB later withheld the initial financing and acquired Emir Oil on its own, Sokol sued for breach of contract under New York's "submission of an idea" doctrine, as well as for unfair competition and unjust enrichment.

BMB sought dismissal, arguing that Sokol's business plan was not novel enough to support a claim for breach of the confidentiality clause, and that the other claims were predicated on this purported breach. The U.S. District Court for the Southern District of New York agreed that Sokol's plan lacked the uniqueness required for the breach of contract claim. But the court also ruled that BMB's appropriation of Sokol's work supported its claims for unfair competition and unjust enrichment and denied dismissal of those claims. (*Sokol Holdings, Inc. v. BMB Munai, Inc.*, 2010 WL 2605842 (S.D.N.Y. June 29, 2010))

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