

## Northrop Settles With Trax In Army Subcontract Row

By **Greg Ryan**

*Law360, New York (March 06, 2012, 7:01 PM ET)* -- A Northrop Grumman Corp. unit on Tuesday settled its suit against Trax International Corp. in Nevada that claimed the company violated a subcontracting agreement for work at the U.S. Army's Yuma Proving Ground by trying to poach Northrop's employees.

U.S. District Judge Roger L. Hunt dismissed the dispute with prejudice at the request of Northrop Grumman Technical Services Inc. and Trax. Both companies are to bear their own attorneys' fees and costs.

Other details about the settlement were not immediately available. An attorney for Northrop declined to comment on the case Tuesday, while an attorney for Trax would only confirm that a settlement had been reached.

The two defense contractors entered an agreement in 2006 and submitted a joint proposal to a government request for proposals in the hopes of winning a contract for services at Yuma Proving Ground, according to the suit, filed in February 2011. In 2008, the proposal was accepted and the Army awarded Trax the primary test support services at the weapons testing range, the complaint said.

The primary contract was valued at \$447 million, according to a statement released by Trax in 2008.

The government opted to extend its contract with Trax through 2013, but Trax notified Northrop that it was not planning to renew the subcontract, citing institutional conflicts of interest, the suit said.

Northrop claimed that Trax is obligated to renew the deal under the agreement between the two contractors unless the government explicitly denies the subcontract.

The plaintiff also claimed Trax has been trying to seduce its employees away to complete the work under the contract, even though their arrangement forbids Trax from trying to engage any Northrop employee until six months after the subcontract's termination.

The complaint contended that Trax's chief operations officer told a high-level Northrop employee that the company would offer all of Northrop's employees the chance to continue their work as Trax employees for the remainder of the extended contract, and cited other instances in which Trax's employees allegedly assured Northrop's workers that they would be getting job offers from Trax.

Northrop asserted claims for breach of contract, breach of the implied covenant of good faith and fair dealing, and unfair competition.

It sought a temporary restraining order barring Trax from trying to hire away its employees, but Judge Hunt rejected that bid days after the suit was filed, saying Northrop did not show a likelihood of irreparable harm or public interest benefits.

The parties pushed back discovery deadlines in the case several times in the intervening year in order to attempt to resolve the suit.

Northrop is represented by Patricia Lee Refo and Chad R. Fears of Snell & Wilmer LLP.

Trax is represented by Amy O'Sullivan, Thomas P. Gies and Andrew W. Bagley of Crowell & Moring LLP and Robert L. Rosenthal of Howard & Howard Attorneys PLLC.

The case is Northrop Grumman Technical Services Inc. v. Trax International Corp., case number 2:11-cv-00244, in the U.S. District Court for the District of Nevada.

--Additional reporting by Martin Bricketto and Abigail Rubenstein. Editing by Lindsay Naylor.

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