

COLUMNS

# Does Gov. Hochul support luxury brands?

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By **Rania V. Sedhom**

It seems like every few months there is a threat of government shutdown or pending legislation. Time will tell which new laws will pass and whether the federal government shuts down.

New York politicians were working to make, or stop, changes in 2024. Specifically, Gov. Hochul vetoed and edited several laws in December 2023.

Her actions will make business easier for luxury brands. Let's examine them.

## **Noncompete agreements and provisions**

Many held their breath waiting for the Governor's veto or line item edits to a bill propounded by labor that would prohibit noncompetes in New York.

Many thought that Gov. Hochul would edit the bill so that it was more in line with other states' noncompete laws that permit enforcement against high-earners and when companies are purchased. However, ultimately, the Governor sided with companies, likely recognizing that the elimination of noncompetes altogether can have a deleterious effect on fashion brands.

The law is already stacked against luxury brands because they are unable to protect styles. No one owns the sheath dress or the pencil skirt.

If non-competes were enforced, luxury brands wouldn't own their aesthetic either. Creative directors can come and go as they please and duplicate their works across several brands.

## **LLC Transparency**

Gov. Hochul dialed back The LLC Act which would have required limited liability company ownership to be made available to the public. Because of her power of the pen, that information will only be provided to law enforcement, as necessary.

LLCs have long been used as an asset protection mechanism.

Many luxury brand designers and business owners utilize LLCs to hold their intellectual property and for consulting work. If you believe we are in a litigious society, then you may appreciate the anonymity that Gov. Hochul continues to allow.

## **Suing companies**

New York legislatures wanted to make it easy for companies registered in the state to be sued by forcing registrants to consent

to be sued in New York courts for incidents that may have occurred in other states or countries.

With the popularity of remote working, many New York residents work for companies in California and Texas where several luxury brands have their headquarters.

New York requires that if a company hires an employee in New York, for example, it must register to do business in New York although no office exists in the state. There also may be no commerce resulting from the individual's job (the remote employee may be in accounting).

If the Governor did not veto the proposal, this company could be sued for something that occurred in Texas in New York courts simply because they have a remote New York employee. Many fashion brands are protected from being sued in New York courts for matters arising elsewhere.

Luxury brands in New York can breathe easily for now.

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