SUPREME COURT OF THE STATE OF NEW YORK, APPELLATE DIVISION, FIRST DEPARTMENT

SilverLining Interiors, Inc. v. Arencibia

2026 N.Y. Slip Op. 00108 (N.Y. Ct. App. 2026) · No. Index No. 654207/25; Appeal No. 5555; Case No. 2025-04988 · Decided January 13, 2026

SUMMARY

The Appellate Division, First Department, reversed orders granting SilverLining Interiors, Inc. a preliminary injunction enforcing a noncompetition provision against Joel Arencibia. The court held that, in light of its prior determination that the covenant was overly broad and unenforceable, SilverLining could not establish entitlement to injunctive relief.

CASE DETAILS

COURT	Supreme Court of the State of New York, Appellate Division, First Department
WRITING FOR THE COURT	Kern, J.P.; Kennedy, J.; Higgitt, J.; O'Neill Levy, J.; Chan, J.
JURISDICTION	New York Supreme Court, Appellate Division, First Department
DECIDED	January 13, 2026
DOCKET	Index No. 654207/25; Appeal No. 5555; Case No. 2025-04988
DISPOSITION	reversed
PROCEDURAL POSTURE	Defendants appealed orders granting SilverLining's motion for a preliminary injunction enforcing a noncompetition provision in Joel Arencibia's employment agreement.
STANDARD OF REVIEW	Review of the propriety of the preliminary injunction orders was on the law.
PRECEDENTIAL VALUE	Published appellate decision
PARTIES	Joel Arencibia, et al. v. SilverLining Interiors, Inc.

TOPICS

noncompete agreements · restrictive covenants · employment contracts · equitable relief · appellate procedure

PRACTICE AREAS

employment law · contracts · remedies · appellate procedure

QUESTIONS PRESENTED

1. Whether SilverLining could obtain a preliminary injunction enforcing a noncompetition covenant that had previously been held unenforceable as overly broad.
2. Whether the Supreme Court's orders granting and entering the preliminary injunction should be reversed and the injunction vacated.

HOLDINGS

1. SilverLining could not obtain a preliminary injunction enforcing the covenant because the Appellate Division had already determined that the covenant was overly broad and unenforceable, leaving SilverLining unable to make the showing required for preliminary injunctive relief.
2. The orders granting and entering the preliminary injunction were reversed, the motion was denied, and the injunction was vacated.

KEY QUOTATIONS

> *"Given this Court's recent ruling that the noncompete covenant at issue here is overly broad and unenforceable, SilverLining cannot make the showing required for the imposition of a preliminary injunction enforcing the noncompete covenant."* ([*1])

> *"Thus, the injunction granted by Supreme Court must be vacated"* ([*1])

FACTUAL BACKGROUND

Joel Arencibia was terminated without cause from his employment with SilverLining Interiors, Inc. His employment agreement contained a three-year covenant prohibiting him from transacting business with any construction firm in the New York metropolitan area. The covenant provided for six months of severance, but Arencibia was not compensated for approximately two and one-half years of the period during which SilverLining sought to enforce the restriction.

PROCEDURAL HISTORY

Supreme Court, New York County, granted SilverLining's motion for a preliminary injunction on or about August 8, 2025, and entered the injunction on or about August 12, 2025. The Appellate Division had previously affirmed an order declaring the same noncompetition covenant unenforceable as overly broad. In this appeal, the Appellate Division reversed the preliminary-injunction orders, denied the motion, and vacated the injunction.

DISPOSITION

reversed

CASES CITED

- Arencibia v. SilverLining, Inc., 2025 WL 294685, *2-*4 (Sup. Ct., N.Y. County 2025)
- Arencibia v. SilverLining, Inc., 242 AD3d 566, 567 (1st Dep't 2025)
- U.S. Re Cos. Inc. v. Scheerer, 41 AD3d 152, 155-156 (1st Dep't 2007)

- Modern Telecommunications v. Zimmerman, 140 AD2d 217, 221 (1st Dep't 1988)

OPINION

PER CURIAM.

SilverLining Interiors, Inc. v Arencibia (2026 NY Slip Op 00108) SilverLining Interiors, Inc. v Arencibia 2026 NY Slip Op 00108 Decided on January 13, 2026 Appellate Division, First Department Published by New York State Law Reporting Bureau pursuant to Judiciary Law § 431. This opinion is uncorrected and subject to revision before publication in the Official Reports.

Decided and Entered: January 13, 2026 Before: Kern, J.P. SEQ CHAPTER \h \r 1, Kennedy, Higgitt, O'Neill Levy, Chan, JJ. Index No. 654207/25|Appeal No. 5555|Case No. 2025-04988| [*1]SilverLining Interiors, Inc., Respondent, v Joel Arencibia et al., Appellants. Harris St. Laurent & Wechsler LLP, New York (Adam B. Oppenheim of counsel), for appellants. Duane Morris LLP, New York (Leslie D. Corwin of counsel), for respondent.

Order, Supreme Court, New York County (Andrew Borrok, J.), entered on or about August 8, 2025, which granted plaintiff SilverLining Interiors, Inc.'s motion for a preliminary injunction enjoining defendants from competing with plaintiff under a noncompetition provision in defendant Joel Arencibia's employment agreement, unanimously reversed, on the law, with costs, and the motion denied.

Order, same court and Justice, entered on or about August 12, 2025, which, to the extent appealed from, entered the preliminary injunction, unanimously reversed, on the law, with costs, and the injunction vacated. In a prior action between the parties, Arencibia, who was terminated without cause from his employment with SilverLining, sought a declaration that SilverLining could not enforce a covenant not to compete contained in the parties' employment agreement.

By order entered January 22, 2025, Supreme Court found that Arencibia was entitled to a declaration that the noncompetition provision as drafted was unenforceable against him. In arriving at this conclusion, the court found that "[a]s drafted," the provision prohibiting Arencibia from transacting business with any construction firm in the New York metropolitan area for a period of three years after his termination was "overbroad" and "was not saved by the virtue of paying him six months of severance" as provided for in the employment agreement (see Arencibia v SilverLining, Inc., 2025 WL 294685, *2-3 [Sup Ct, NY County 2025, index No. 659588/24]).

Moreover, the court noted, although Arencibia could be compensated to forbear from competing, he was not being compensated for his forbearance for two and half years of the period in which SilverLining sought to enforce the covenant, and that this omission also made the covenant overbroad (id. at *4). This Court affirmed the January 22, 2025 order, finding that "Supreme Court properly held that the covenant not to compete [was] unenforceable" because the restriction on competition was "overly broad" (Arencibia v SilverLining, Inc., 242 AD3d 566, 567 [1st Dept 2025]).

This Court further found that "there [was] no basis for [SilverLining] to enforce an otherwise unenforceable noncompete covenant" (id.). Given this Court's recent ruling that the noncompete covenant at issue here is overly broad and unenforceable, SilverLining cannot make the showing required for the imposition of a preliminary injunction enforcing the noncompete covenant.

Thus, the injunction granted by Supreme Court must be vacated (see U.S. Re Cos. Inc. v Scheerer, 41 AD3d 152, 155-156 [1st Dept 2007]; Modern Telecommunications v Zimmerman, 140 AD2d 217, 221 [1st Dept 1988]). THIS CONSTITUTES THE DECISION AND ORDER OF THE SUPREME COURT, APPELLATE DIVISION, FIRST DEPARTMENT. ENTERED: January 13, 2026

PER CURIAM.

SilverLining Interiors, Inc. v Arencibia (2026 NY Slip Op 00108) SilverLining Interiors, Inc. v Arencibia 2026 NY Slip Op 00108 Decided on January 13, 2026 Appellate Division, First Department Published by New York State Law Reporting Bureau pursuant to Judiciary Law § 431. This opinion is uncorrected and subject to revision before publication in the Official Reports.

Decided and Entered: January 13, 2026 Before: Kern, J.P. SEQ CHAPTER \h \r 1, Kennedy, Higgitt, O'Neill Levy, Chan, JJ. Index No. 654207/25|Appeal No. 5555|Case No. 2025-04988|[*1]SilverLining Interiors, Inc., Respondent, v Joel Arencibia et al., Appellants. Harris St. Laurent & Wechsler LLP, New York (Adam B. Oppenheim of counsel), for appellants. Duane Morris LLP, New York (Leslie D. Corwin of counsel), for respondent.

Order, Supreme Court, New York County (Andrew Borrok, J.), entered on or about August 8, 2025, which granted plaintiff SilverLining Interiors, Inc.'s motion for a preliminary injunction enjoining defendants from competing with plaintiff under a noncompetition provision in defendant Joel Arencibia's employment agreement, unanimously reversed, on the law, with costs, and the motion denied.

Order, same court and Justice, entered on or about August 12, 2025, which, to the extent appealed from, entered the preliminary injunction, unanimously reversed, on the law, with costs, and the injunction vacated. In a prior action between the parties, Arencibia, who was terminated without cause from his employment with SilverLining, sought a declaration that SilverLining could not enforce a covenant not to compete contained in the parties' employment agreement.

By order entered January 22, 2025, Supreme Court found that Arencibia was entitled to a declaration that the noncompetition provision as drafted was unenforceable against him. In arriving at this conclusion, the court found that "[a]s drafted," the provision prohibiting Arencibia from transacting business with any construction firm in the New York metropolitan area for a period of three years after his termination was "overbroad" and "was not saved by the virtue of paying him six months of severance" as provided for in the employment agreement (see Arencibia v SilverLining, Inc., 2025 WL 294685, *2-3 [Sup Ct, NY County 2025, index No. 659588/24]).

Moreover, the court noted, although Arencibia could be compensated to forbear from competing, he was not being compensated for his forbearance for two and half years of the period in which SilverLining sought to enforce the covenant, and that this omission also made the covenant overbroad (id. at *4). This Court affirmed the January 22, 2025 order, finding that "Supreme Court properly held that the covenant not to compete [was] unenforceable" because the restriction on competition was "overly broad" (Arencibia v SilverLining, Inc., 242 AD3d 566, 567 [1st Dept 2025]).

This Court further found that "there [was] no basis for [SilverLining] to enforce an otherwise unenforceable noncompete covenant" (id.). Given this Court's recent ruling that the noncompete covenant at issue here is overly broad and unenforceable, SilverLining cannot make the showing required for the imposition of a preliminary injunction enforcing the noncompete covenant.

Thus, the injunction granted by Supreme Court must be vacated (see U.S. Re Cos. Inc. v Scheerer, 41 AD3d 152, 155-156 [1st Dept 2007]; Modern Telecommunications v Zimmerman, 140 AD2d 217, 221 [1st Dept 1988]). THIS CONSTITUTES THE DECISION AND ORDER OF THE SUPREME COURT, APPELLATE DIVISION, FIRST DEPARTMENT. ENTERED: January 13, 2026