

FTC NON-COMPETE BAN ENJOINED NATIONWIDE

On Tuesday, August 20, 2024, a Texas federal judge issued a nationwide injunction prohibiting the Federal Trade Commission from enforcing its rule banning non-compete clauses. The ruling states that the agency “lacks statutory authority” to enact the rule and that the rule is “unreasonably overbroad without a reasonable explanation.” The FTC has the option of appealing the decision to the Fifth Circuit Court of Appeals. We will continue to monitor developments on this matter.

So, at least for now, employers can continue to enter into and enforce non-competes that comply with state law. Moreover, employers do not need to send out any notices about the enforceability of their current non-competes. As always, O’Neil Cannon is here for you. We encourage you to reach out with any questions, concerns, or legal issues you may have regarding your labor and employment policies and practices, including discussion and review of your existing or future restrictive covenants.