

## LEGAL UPDATES AND NEWS

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### Federal Court Strikes Down FTC's Ban on Non-Compete Agreements

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On August 20, 2024, the U.S. District Court for the Northern District of Texas set aside the Federal Trade Commission's final rule (the "Final Rule") that would have banned certain non-compete agreements between an employer and an employee. Importantly, the court's decision is not limited to just the named plaintiffs but applies to employers nationwide. Prior to the court's ruling, the Final Rule was scheduled to become effective on September 4, 2024, and contained a requirement that certain notices be provided to employees subject to non-compete agreements by that effective date. That notice requirement is no longer applicable.

We continue to recommend that employers review their compensation and benefit arrangements containing non-compete provisions to determine if they should be modified to comply with applicable state law. Many states have recently enacted statutes aimed at limiting non-competes, and we expect legislatures to continue to address the enforceability of non-competes at the state level.

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