

Breaking News: Federal Judge Strikes Down FTC Noncompete Rule

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As was widely reported, earlier this year the Federal Trade Commission (FTC) issued a rule banning nearly all noncompete agreements with limited exceptions. The rule was to take effect on September 4, 2024, as we recently reported. There have been many legal challenges to the rule with business groups and states successfully obtaining orders halting the rule from taking effect on September 4. However, those decisions were not nationwide bans and applied only to the parties in each case. Also, the decisions did not overturn the rule altogether – until now.

On August 20, 2024, a federal court in Texas overturned the rule and ordered that it cannot be enforced or otherwise take effect on September 4, 2024. This is a significant victory for employers and a significant blow to the federal government's attempt to prevent nearly all noncompetes. The decision is expected to be appealed. For now, employers are not required to comply with the FTC rule. Many states, however, have increasingly passed laws curbing noncompete and nonsolicitation agreements. Even though the FTC rule was overturned, employers still must comply with state laws governing noncompete and nonsolicitation agreements.

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Practice Areas

Non-Compete, Executive
Employment and Other
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