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August 21, 2024

### FTC Non-Compete Ban Blocked - For Now

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In a widely anticipated ruling, Judge Ada E. Brown of the United States District Court for the Northern District of Texas sided with the U.S. Chamber of Commerce and a Texas-based tax firm to block the FTC's Final Rule banning most non-compete agreements – writing that the FTC's rule is “unreasonably overbroad without a reasonable explanation[]” and that “the FTC exceeded its statutory authority in implementing the [Final] Rule ....” [Ryan LLC et al., v. Federal Trade Commission, 3:24-CV-00986-E, \(N.D. Tex. Aug. 20, 2024\).](#)

The FTC's Final Rule was scheduled to go into effect on **September 4, 2024**, and would have invalidated millions of existing non-compete agreements and precluded the adoption of new restrictive covenants. Now, the effective date is postponed, indefinitely.

Following Judge Brown's nationwide injunction, and in a victory for business, employers may continue to implement non-compete agreements and protect against unfair competition and misappropriation of confidential and proprietary information.

This saga is not yet over. We anticipate that the FTC will appeal Judge Brown's ruling to the United States Court of Appeals for the Fifth Circuit (and beyond).

#### **What does this mean?**

1. Understand who in your company is currently subject to a non-compete agreement. The FTC Final Rule is stayed, for now, but it may boomerang towards us once again.
2. Stay informed – we have not heard the last of the FTC Final Rule, and in any event, states remain free to broadly govern restrictive covenants and non-competes.
3. Expect that the FTC (and other government regulators) will continue to chip away at non-compete agreements – including but not limited to case-by-case enforcement actions.

4. Review restrictive covenant template agreements with employment counsel. Non-compete agreements will continue to survive provided they comply with applicable state and local law.
5. Practice patience but keep up to date on the latest developments.

Please contact the authors or any member of Bodman's [Workplace Law Group](#) if you have questions regarding any of the information above. Bodman cannot respond to your questions or receive information from you without establishing an attorney-client relationship and clearing potential conflicts with other clients. Thank you for your patience and understanding.

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