von Briesen
von Briesen & Roper, s.c. | Attorneys at Law

# Federal Court Strikes Down FTC's Ban On Non-Competes

Aug 22 2024

Posted By: Erica A. Storm

Practice Area: Labor and Employment

On August 20, 2024 the federal district court for the Northern District of Texas struck down the Federal Trade Commission's ban on non-compete agreements, which was set to take effect on September 4, 2024. The court had previously granted relief from the FTC rule only for the plaintiffs in *Ryan LLC v. Federal Trade Commission*. However, this week's ruling provides that the FTC **cannot enforce the rule against any employer in the country**, and the rule will not go into effect as scheduled.

The district court held that the FTC exceeded its statutory authority in implementing the rule, and that the rule is arbitrary and capricious. The FTC is expected to appeal the ruling, and the resulting litigation could delay a final answer on the rule's validity for months or years. For now, employers have a reprieve from having to comply with the rule.

The court's decision means that, for the time being, the existing rules regarding non-competition agreements continue to apply, and no additional action is needed, unless and until the FTC is successful in future appeals. We will continue to monitor further developments and keep our clients informed as to any changes in legal compliance obligations.

Please keep in mind that non-competition agreements are still subject to existing state laws, which are not affected by the court's ruling. The current focus on regulation of these restrictive agreements makes this a critical time to ensure that any agreements comply with applicable requirements. Your von Briesen attorney can assist you in reviewing your current agreements for enforceability and help in planning for alternative compliance strategies.

von Briesen & Roper Legal Update is a periodic publication of von Briesen & Roper, s.c. It is intended for general information purposes for the community and highlights recent changes and developments in the legal area. This publication does not constitute legal advice, and the reader should consult legal counsel to determine how this information applies to any specific situation.