Client Alert

Update: U.S. Federal Judge Blocks FTC Non-Compete Ban

WHAT'S NEW: On August 20, 2024, Texas-based U.S. District Court Judge Ada Brown, blocked the Federal Trade Commission's non-compete ban from taking effect nationwide.

WHAT IT MEANS: Judge Brown's ruling, issued in *Ryan, LLC v. FTC,* prevents the non-compete ban from taking effect on September 4, 2024. Based on this ruling, the non-compete ban cannot be enforced or take effect nationwide. The FTC will likely appeal this ruling, but that process may take years. Non-compete agreements can still be challenged on a case-by-case basis. This ruling has no impact on any state non-compete bans.

WHAT EMPLOYERS SHOULD DO: For now, existing non-compete agreements remain enforceable, and employers may enter into new non-competes. Employers should still review existing non-compete agreements and consider using other restrictive covenants to protect confidential or proprietary business information. Employers should also continue to watch for Engage Client Alerts to stay informed as these cases make their way through the courts.

Please reach out to your Engage Human Resources Partner if you have any questions concerning this alert or other H.R.-related matters.