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Employers No Longer Need to Take Action on Non-Competes Before September 4

On August 20, 2024, a federal judge issued a nationwide injunction, which will at least in the near term prevent the Federal Trade Commission (FTC) from enforcing its rule banning non-competes. [The FTC adopted this new rule back in April](#). The rule was challenged in multiple venues, including the Northern District of Texas in *Ryan v. Federal Trade Commission*. At the preliminary injunction phase of this litigation, the judge ruled that the FTC's rule was likely to be found unlawful, but declined to issue a nationwide injunction and instead issued an injunction only as to plaintiffs in the litigation. Her latest ruling, at the summary judgment stage, brings more certainty in the short term to employers around the country.

As we previously reported, [the rule was set to go into effect September 4, 2024](#). Employers who use non-compete agreements would have been required to send notices to their employees invalidating most existing non-compete agreements, and also to change their practices on a going-forward basis. With the new injunction in place, however, employers no longer need to send notices or take further action at this time.

The FTC will likely appeal this ruling to the Fifth Circuit. The timing and result of an appeal are not currently known. For the foreseeable future, though, employers can continue to enter into and enforce their non-compete agreements, in accordance with applicable state law. Please feel free to reach out with any questions, and we will continue to provide updates on any significant developments with the FTC rule that require further action.

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Alison F. Reif

Employment Market Leader