



## **Recent Changes and Federal Rulings on Noncompete Clauses – What You Need to Know**

We are writing to inform you of significant developments in the legal landscape concerning noncompete clauses in employment agreements. As discussions around noncompetes continue to intensify at both the state and federal levels, it is important for both employers and employees to stay up-to-date with these changes to ensure compliance and protect your business interests.

### **New York's Proposed Ban on Noncompete Clauses**

In June 2023, the New York State Legislature passed a bill that, if signed into law by Governor Kathy Hochul, would prohibit noncompete clauses for all employees in New York. This bill represents a major shift in employment law and could have profound implications for employers across the state.

Under the proposed legislation, noncompete agreements would be void and unenforceable for all employees, regardless of their position or salary. The bill would allow employees to file lawsuits against employers that attempt to enforce noncompete clauses, potentially recovering damages, lost wages, and legal fees.

What remains enforceable:

- Nondisclosure agreements (NDAs) and non-solicitation agreements aimed at protecting trade secrets or restricting solicitation of clients are still enforceable under the proposed law, as long as they are reasonable in scope and duration.

As of now, Governor Hochul has not signed the bill, but it is expected to be a priority in 2024. This means that New York businesses should start preparing for a potential future without noncompete clauses in employment agreements. Employers will need to reconsider how to protect their business interests through other means, such as strong confidentiality and non-solicitation provisions.

### **Recent Federal Court Ruling in Texas and Its Impact**

In addition to state-level actions, the Federal Trade Commission (FTC) has proposed a nationwide ban on noncompete agreements that would preempt state laws. While the FTC's proposal has not yet been enacted, a recent ruling from a federal court in Texas has drawn attention to the debate.

In this ruling, the court challenged the FTC's authority to implement a blanket ban on noncompete clauses, arguing that such regulations may exceed the FTC's rulemaking authority. This ruling could slow the FTC's efforts to impose a federal ban on noncompetes, leaving the decision-making power to individual states like New York.

### **What This Means for Employers and Employees in New York**

The current law in New York allows noncompete clauses if they are reasonable in terms of duration, geographic scope, and necessity for protecting legitimate business interests, such as trade secrets or proprietary information. However, with a possible ban on the horizon, employers should begin preparing for a

future where noncompetes are no longer a viable option to protect their business.

- **Employers:** Now is the time to review your employment agreements and strengthen your non-solicitation and confidentiality clauses to protect your business interests without relying on noncompete clauses. We can assist in reviewing and updating these contracts to ensure compliance with both current and potential future laws.
- **Employees:** If you are bound by a noncompete clause, you should be aware of the possible changes. If New York's ban is enacted or if the federal ban is upheld in the future, these clauses could be rendered unenforceable, giving you greater freedom in future job opportunities.

## What Happens Next?

Given the complexity of these legal developments, it is crucial to stay informed and proactive. Both employers and employees must be prepared for changes to the enforceability of noncompete clauses in the near future. Here's what we recommend:

- **For Employers:** We advise you to start evaluating your current employee agreements and consider transitioning to alternative protective measures, such as enhanced confidentiality agreements and non-solicitation clauses, to safeguard your business interests.
- **For Employees:** If you are facing restrictive noncompete clauses, this evolving legal landscape could soon offer you more flexibility. Our firm can help you understand your rights and navigate any disputes regarding your employment agreement.

## How We Can Help

At James G. Dibbini & Associates, P.C., we are closely monitoring these legal changes at both the state and federal levels. Whether you are an employer looking to protect your business or an employee concerned about your rights, we are here to provide guidance and representation.

If you need assistance reviewing employment contracts, understanding the enforceability of noncompete clauses, or navigating potential disputes, please contact our office at (914) 965-1011 or via email at [Jdibbini@dibbinilaw.com](mailto:Jdibbini@dibbinilaw.com).

The attorneys at James G. Dibbini & Associates, P.C. collectively have over 50 years of experience providing legal services in the areas of:

- [Landlord & Tenant Law](#)
- [DHCR Representation](#)
- [Business Formations](#)
- [Commercial & Residential Real Estate Closings](#)
- [General Business Law](#)
- [Civil Litigation](#)
- [Zoning Issues and Variances](#)
- [Housing and Building Code Violation Matters](#)
- [Wills, Trusts & Estates](#)

---

---

**James G. Dibbini & Associates, P.C.**

**570 Yonkers Avenue**

**Yonkers, NY 10704**

**(914) 240-8270**

undertake to update its publications after their publication date to reflect subsequent developments. Prior results do not guarantee a similar outcome. This publication may contain attorney advertising.

---

---

---



James G. Dibbini & Associates, P.C. | 570 Yonkers Avenue | Yonkers, NY 10704 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!