

ALERTS

Texas Court Strikes Down FTC Non-Compete Rule

August 20, 2024

This afternoon, Judge Ada Brown of the US District Court for the Northern District of Texas issued a ruling that strikes down the Federal Trade Commission's ("FTC") final rule (the "FTC Rule") prohibiting the use of noncompetition restrictions in the workplace. Judge Brown held that the FTC exceeded its authority in issuing a non-compete ban and that the FTC Rule was "arbitrary and capricious." The Court held that the FTC Rule is "unlawful" and set the FTC Rule aside on a nationwide basis.

Consequently, the FTC Rule will not take effect anywhere in the United States, and employers have no obligation to issue the notice to current and former employees regarding nonenforcement of noncompetes on or before Sept. 4, 2024 that would have been required had the FTC Rule taken effect.

Please reach out to your Schulte contacts to discuss the decision and any related restrictive covenant issues.

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Attachments

⌵ District Court Decision