



Corporate law firm Williams Williams Rattner & Plunkett responds to new FTC ruling banning noncompete agreements.

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Birmingham, Mich.---April 24, 2024 – Following review of the April 23 ruling by the Federal Trade Commission (FTC) banning noncompete agreements, attorneys from Birmingham-based full-service business law firm Williams Williams Rattner & Plunkett (WWRP), who have years of experience creating and litigating noncompetes, are weighing in on the matter.

In a press release from the FTC, the agency touted the nationwide ban as a move that will promote competition by protecting the basic freedom of workers to change jobs, increase innovation and lead to the formation of new businesses. WWRP partner, David Plunkett, has seen both the favorable and negative implications of noncompete agreements.

Plunkett said the FTC ruling, which is already facing pushback from pro-business groups and a lawsuit from the U.S. Chamber of Commerce, renders existing noncompetes unenforceable 120 days after its publication in the Federal Register, which likely will occur this week. There is an exception for senior executives, who represent less than 1% of workers covered by noncompetes, and existing agreements with senior executives may remain enforceable under the new rule. All other noncompete agreements have been characterized by the new rule as unenforceable and the new rule requires employers to notify employees that the employer will not seek enforcement. Additionally, no new noncompetes with workers at any level, including senior executives, can be entered into once the rule is effective. However, Plunkett also noted that other restrictive covenants, including non-solicitation agreements, are not explicitly prohibited by the new FTC rule.

WWRP partner, Robert Bick, advises employers to assess the interests the employer seeks to protect and consider whether the use of trade secret law and nondisclosure agreements, which are unaffected by the new rule, are available to their situation and can be utilized if not already in place. In addition, Bick notes that the FTC rule does not apply to noncompetition agreements entered into during a “bona fide sale of a business entity,” including a sale of all or substantially all of the stock or assets of a business.

WWRP will continue to apprise its clients of its choices in protecting their valuable interests after this new FTC rule and monitor the developing challenges to the FTC’s rule.

About Williams Williams Rattner & Plunkett

Williams Williams Rattner & Plunkett is a corporate law firm comprised of trusted attorneys, counselors and litigators committed to our clients’ success. Practice areas include business and commercial law, mergers and acquisitions, real estate including zoning, property tax appeals and eminent domain, commercial litigation, trusts and estates, divorce, and family law matters. A leader in local and state bar activities, community organizations, and charitable endeavors, Williams Williams Rattner & Plunkett understands the role attorneys play in a dynamic business

environment, and as members of a vibrant community. Learn more about the firm and its commitment to exceptional client service at www.WWRPLaw.com.

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