

CLIENT ALERTS

Proposed Michigan Legislation Would Ban Non-Compete Agreements

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Michigan House Bill 4198, recently introduced by State Representative Lucido (R-Washington Township), doesn't just severely restrict non-compete clauses in employment agreements, it seeks to ban them outright. If passed, it would overturn in just a few short paragraphs nearly 3 decades of Michigan law that businesses in Michigan have relied on in order to protect their legitimate business interests in protecting their trade secrets and customer relationships. The bill has been referred to the House Commerce and Trade Committee, and we hear that Representative Lucido is interested in moving the bill through committee as soon as possible. If you own a business in Michigan and have relied on restrictive covenant agreements for protection of your most valuable assets, this bill should have your attention. The bill provides that "[e]xcept as provided in subsections (1) and (2) (which only allow written restrictive covenant agreements in connection with the sale of a business) any term in an agreement an employer obtains from an employee, contract laborer, or other individual that prohibits or limits the individual from engaging in employment is void." That language is so broad that it would ban virtually every type of restrictive covenant agreement, including non-solicit agreements. Butzel Long's Trade Secret and Non-Compete Specialty Team attorneys have been at the forefront of this issue for some time and have both written and spoken on this very type of legislative threat. That specialty team looks to be involved in this legislative discussion and would like to hear your concerns on the proposed bill. Feel free to contact a Butzel Long Trade Secret and Non-Compete Specialty Team member listed below or your other Butzel Long attorney to get involved.

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