

Here Come the Feds! Examining the FTC's Proposed Ban on Noncompetes From a Practical Perspective

Webinar
02.09.2023

Thursday, February 9, 2023

9:00 a.m. - 10:15 a.m. PST
11:00 a.m. - 12:15 p.m. CST
12:00 p.m. - 1:15 p.m. EST

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Approximately one in five American workers are bound to some form of a noncompete, which has long been accepted – when appropriately targeted in scope and duration - as an effective, and generally lawful, mechanism for employers to protect their trade secrets, confidential information, and investment in employees. On January 5, 2023, the Federal Trade Commission (“FTC”) proposed a wide-sweeping and broad new rule that would dramatically change the existing state of affairs. The FTC’s Proposed Rule seeks to ban most employers from using noncompete covenants with employees or independent contractors in any form, except in very limited circumstances. If the Proposed Rule is implemented, employers in every industry will be required to rely on non-solicitation clauses, confidentiality provisions, and trade secrets laws to protect themselves from unfair competition, regardless of the level, skillset, or role of the worker at issue. The Proposed Rule will even apply when the employee was an owner of a business sold to the employer (unless the employee owned 25% or more of the company being sold). This proposed change will impact many equity arrangements pursuant to which employees become owners.

The FTC’s Proposed Rule would set aside years of settled law and prohibit employers from entering into, attempting to enter into, or maintaining a noncompete with a worker. Notably, the Proposed Rule would also require employers to rescind all existing noncompete provisions and inform both former and current workers that their noncompete clauses are no longer in effect. If the Proposed Rule is finalized as written, it will have a significant impact on how – and whether – U.S. employers can protect their tangible and intangible assets.

Please join Sheppard Mullin for a timely webinar discussing the background of the proposed rule, the changing environment for noncompetes (including the recently reintroduced Workforce Mobility Act), next steps for the Proposed Rule moving forward, our predictions on the legal challenges ahead, and detailed practical advice on what employers can do to prepare.

Presented by

- **Jennifer Redmond**, *Partner*, Sheppard Mullin
- **John Carroll**, *Partner*, Sheppard Mullin
- **Jon Stoler**, *Partner*, Sheppard Mullin
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Texas

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****You must attend the full webinar to receive credit.***

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Practice Areas

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