State Noncompete Statutes, Your Company, And The Economy: One Perspective

February 29, 2016 | | Non-competes And Trade Secrets,Labor And Employment

William A. Nolan
Partner
Columbus
Managing Partner

We write a lot on Currents about noncompetes. Even if your company does not use them, you may find yourself hiring somebody who has signed one with a former employer, and as a Currents reader, you know that the rules about noncompetes vary widely from state to state and you need to have some awareness of how they vary before making decisions. For example, even if an Ohio noncompete specifies the application of Ohio law, if litigation is commenced in another state, the other state's courts may apply their own state's law. It has become a regular conversation in state legislatures to debate whether to restrict noncompetes. While virtually all states (California being the most notable exception) allow noncompetes to some extent and thus far most efforts to change that have been unsuccessful, attempts to restrict them are ongoing right now in Massachusetts, Washington, and Utah. Maybe more. The opponents of noncompetes often take the position that noncompetes are bad for the economy, in part because talented and innovative employees will be more likely to move to California where they can move freely from job to job. I read a thoughtful piece on why noncompetes are *good* for the economy by a Utah businessman and gubernatorial candidate, Jonathan Johnson. Our job as legal counselors (and not economists) is not to determine which position is correct – as I have noted before, it does not seem that the economists have answered that question yet – but rather to keep you apprised of developments and how they affect your businesses. Those who follow these issues may be interested in Mr. Johnson's piece.

RELATED PRACTICE AREAS

Labor and Employment
Non-Compete and Trade Secrets

RELATED TOPICS

Economy
Non-Compete Agreement