

# LITIGATION AND LABOR AND EMPLOYMENT INFORMATION MEMO

JULY 9, 2024

## District Court Enjoins FTC Non-Compete Ban, But With a Catch

On July 3, 2024, the United States District Court for the Northern District of Texas (Hon. Ada Brown, U.S.D.J.) issued a Memorandum Opinion and Order (the “Order”) enjoining the enforcement of the FTC’s Non-Compete rule. In so doing, the Court held that the Plaintiff, Ryan LLC, was likely to succeed on the merits of its claim that the FTC exceeded its rulemaking authority by issuing a substantive rule banning most non-competes and otherwise acted in an arbitrary and capricious manner. The Court further found that Plaintiff would suffer imminent irreparable harm in the absence of an injunction, the equities decidedly tipped in Plaintiff’s favor, and the granting of the requested injunction serves the public interest. However, the Court made clear that the injunction was limited to the specific Plaintiff and does not extend beyond the parties to that specific litigation. In other words, while the Order is indisputably a victory for those who seek to challenge the legality of the non-competes ban, it does not have any impact on the millions of other individuals and businesses impacted by the FTC non-competes ban. The Court did make clear in its Order that it will issue a decision on the merits of the litigation (i.e., the legality of the FTC’s non-competes ban) no later than August 30, 2024.

The current effective date of the FTC non-competes ban is September 4, 2024. As such, given the close proximity in time between the Northern District of Texas’s anticipated decision date and the effective date of the FTC non-competes ban, businesses need to take appropriate steps to prepare for the possibility that the FTC non-competes ban goes into effect. Such steps should include identifying any “workers,” both current and former, who may be subject to non-competes and preparing, but not sending, the notices required by the FTC non-competes ban. We will continue to closely monitor the situation and provide updates as they become available.

For any questions about this issue, please contact [Bradley A. Hoppe](#) or any attorney in Bond’s [litigation](#) or [labor and employment](#) practices or the attorney at the firm with whom you are regularly in contact.