

# EMPLOYEE NON-COMPETE AGREEMENT

This Employee Non-Compete Agreement (this "Agreement") is entered into and made effective as of (the "Effective Date"), by and between [COMPANY NAME], a Corporation, with an address of [COMPANY ADDRESS] (the "Employer"), and [RESTRICTED PARTY NAME], an individual with an address of [RESTRICTED PARTY ADDRESS] (the "Employee"). The Employer and the Employee are each a "Party" and together the "Parties."

## 1. Recitals and Consideration

WHEREAS, the Employer has offered, or continues to employ, the Employee in the position of , and in connection with such employment the Employee will have access to the Employer's trade secrets, confidential business information, customer relationships, and/or specialized training developed at the Employer's substantial expense;

WHEREAS, the Employer has a legitimate interest in protecting such trade secrets, confidential information, customer goodwill, and investment in the Employee from unfair competition following the termination of employment; and

NOW, THEREFORE, in consideration of the Employer's offer of new employment to the Employee (which is presented at or before the offer of employment), the initial compensation, benefits, and access to Confidential Information provided thereunder, and the mutual covenants set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## 2. Legitimate Business Interests

The Employer has invested substantial time, effort, and resources in developing, and the Employee acknowledges that the Employer has legitimate, protectable business interests in:

- Trade secrets, including formulas, processes, methods, source code, designs, algorithms, and other proprietary know-how;
- Confidential business information, including financial data, pricing, margins, business plans, product roadmaps, and strategic initiatives;
- Customer goodwill and near-permanent customer relationships developed and maintained at the Employer's expense;

The restrictions set forth in this Agreement are no greater than necessary to protect these interests.

## 3. Non-Compete Covenant

During the employment and for a period of **12th (12) months** following the cessation of the Employee's employment for any reason (the "Restricted Period"), the Employee shall not, directly or indirectly, within

the Restricted Territory (defined in Section 4), engage in the following competitive activity:

**[RESTRICTED BUSINESS]**

The foregoing restriction includes, without limitation:

1. Owning, operating, managing, or controlling, in whole or in part, any business that competes with the Employer within the scope and territory defined herein;
2. Serving as an employee, officer, director, partner, agent, consultant, or independent contractor of any such competing business in a capacity similar to the Employee's role with the Employer;
3. Holding a financial interest in any such competing business, except that passive ownership of less than one percent (1%) of a publicly-traded company shall not constitute a breach; and
4. Assisting, advising, or providing services to any person or entity engaged in such competitive activity.

**4. Geographic Restriction (Restricted Territory)**

The "Restricted Territory" is defined as: **[GEOGRAPHIC AREA]**.

The Employee acknowledges that this territory corresponds to the geographic area in which the Employer conducts its business and has developed customer goodwill, and that the territory is no broader than reasonably necessary to protect the Employer's legitimate business interests.

**5. Reasonableness Acknowledgment**

The Employee acknowledges that: (a) the restrictions in this Agreement are reasonable in time, geographic scope, and activity scope; (b) the restrictions will not unduly burden the Employee's ability to earn a livelihood, because ample employment opportunities exist outside the Restricted Territory and outside the defined scope of restricted activity; and (c) the restrictions are supported by adequate consideration as described in Section 1.

**6. Non-Solicitation of Customers**

During the Restricted Period, the Employee shall not, directly or indirectly, solicit, divert, or accept competing business from any customer of the Employer with whom the Employee had material contact during the last twelve (12) months of employment, or about whom the Employee obtained confidential information. Nothing in this Section prohibits the Employee from responding to unsolicited general advertising not targeted at the Employer's customers.

**7. Non-Solicitation of Employees**

For a period of 12 months following the cessation of employment, the Employee shall not, directly or indirectly, solicit, recruit, hire, or encourage to leave employment any employee, contractor, or consultant

of the Employer with whom the Employee worked or had material contact. General advertising not targeted at the Employer's personnel is not a breach of this Section.

## 8. Confidentiality Companion Obligation

The Employee shall hold in strict confidence and shall not use for any purpose other than in furtherance of the Employer's business all trade secrets and confidential information of the Employer. This confidentiality obligation survives the expiration of the Restricted Period and, with respect to trade secrets, continues for so long as the information retains its status as a trade secret under applicable law.

**Federal Defend Trade Secrets Act — Immunity Notice (18 U.S.C. §1833(b)).** Notwithstanding any provision of this Agreement, the Employee is hereby notified that, under the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade-secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, provided the individual files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

**Federal Speak Out Act (2022).** Nothing in this Agreement prohibits or restricts the Employee from disclosing, discussing, or communicating facts relating to an alleged act of sexual assault or sexual harassment — including in judicial or administrative proceedings, to law-enforcement or regulatory authorities, to an attorney, or publicly — as protected by the federal Speak Out Act (Pub. L. 117-224).

## 9. Survival and Termination

The restrictions in this Agreement survive the termination of employment regardless of the reason for separation, whether voluntary or involuntary, with or without cause — except as otherwise required by applicable state law.

**No buyout.** The restrictions in this Agreement cannot be terminated early by payment or otherwise except by written agreement signed by both Parties.

## 10. Remedies

**Injunctive relief.** The Employee acknowledges that any breach or threatened breach of this Agreement would cause irreparable harm to the Employer for which monetary damages would be inadequate. Accordingly, the Employer shall be entitled to seek immediate injunctive relief, specific performance, and other equitable remedies — without the necessity of posting a bond or proving actual damages — to

restrain any actual or threatened breach. This remedy is in addition to any other remedies available at law or in equity.

**Attorney's fees.** In any action arising out of or relating to this Agreement, the prevailing Party shall be entitled to recover its reasonable attorney's fees and costs from the non-prevailing Party, to the extent permitted by applicable law.

## 11. Blue-Pencil / Reformation

## 12. State-Specific Provisions

**FTC Non-Compete Rule — Status Notice.** The Parties acknowledge that the Federal Trade Commission's Non-Compete Clause Rule (16 CFR Part 910, finalized April 2024) was set aside on the merits by the U.S. District Court for the Northern District of Texas in *Ryan LLC v. FTC* on August 20, 2024, and the FTC did not appeal. As of the Effective Date, the FTC Rule is not in effect, and the enforceability of this Agreement is governed by applicable state law.

## 13. General Provisions

**Governing Law.** This Agreement is governed by and construed in accordance with the laws of the State of [STATE], without regard to its conflict-of-laws rules.

**Venue.** Any action or proceeding arising out of or relating to this Agreement shall be brought in the state or federal courts located in [VENUE CITY], [STATE], and the Parties irrevocably submit to such jurisdiction.

**Entire Agreement.** This Agreement constitutes the entire agreement between the Parties concerning its subject matter and supersedes all prior or contemporaneous agreements, whether oral or written.

**Amendment.** This Agreement may be amended only by a written instrument signed by both Parties.

**Severability.** If any provision of this Agreement is held invalid or unenforceable, the remainder shall continue in full force and effect (subject to Section 11, which authorizes reformation where permitted).

**Assignment.** The Employer may assign this Agreement to a successor in interest in connection with a merger, reorganization, or sale of all or substantially all of its assets. The Employee may not assign this Agreement.

**At-Will Employment.** Nothing in this Agreement alters the at-will nature of the Employee's employment, which may be terminated by either Party at any time, with or without cause or notice, except as otherwise agreed in a separate written agreement.

