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## ***Courts Begin to Weigh in on Federal Noncompete Ban***

Courts around the country have begun to weigh in on the enforceability of the federal ban on non-competition agreements, which goes into effect on September 4, 2024. Thus far, their decisions have not been uniform. Below are two notable recent decisions:

- *Ryan LLC v. Chamber of Commerce*: On July 3, 2024, a federal judge in Texas partially enjoined the non-compete ban, finding that the plaintiff was likely to succeed on the merits of its claim that the FTC had exceeded its statutory authority in enacting it and that the rule is arbitrary and capricious. The court, however, denied the plaintiff's request for a nationwide injunction, though it did postpone the effective date of the ban as to that particular plaintiff.
- *ATS Tree Services, LLC v. Federal Trade Commission*: On July 23, 2024, a federal judge in Pennsylvania denied a tree company's request for a preliminary injunction that would have enjoined the non-compete ban from taking effect. The court found that the plaintiff in that case had failed to establish irreparable harm and also concluded that the plaintiff was unlikely to succeed on the merits of its claim that the FTC lacked authority to issue the rule.

These two conflicting decisions will almost certainly not be the final word on the enforceability of the non-compete ban, and it will be interesting to see how the law in this area develops over the coming months.

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