

## **Federal Court Strikes Down FTC Ban on Noncompete Agreements**

A federal district court in Texas has issued a nationwide ruling to strike down the Federal Trade Commission's (FTC) proposal to ban noncompete agreements in employment contracts. In the ruling, Judge Ada Brown of the U.S. District Court for the Northern District of Texas stated that the FTC lacked substantive rulemaking authority with respect to unfair methods of competition. The FTC's noncompete ban was scheduled to go into effect on Sept. 4, 2024.

In April, the FTC issued a final rule to prohibit employers from entering into new noncompete agreements with workers and also prohibit employers from enforcing existing noncompetes with workers other than senior executives.

- The FTC's rule to ban noncompete agreements will no longer go into effect on Sept. 4, 2024.
- NDA opposed the ban on noncompete agreements in [public comments](#) to the Federal Trade Commission last year. NDA had the following concerns about the FTC's ban:
  - Puts proprietary business information at risk such as intellectual property, customer lists, trade secrets, techniques, and other assets;
  - Increases compliance costs for employers; and
  - Executive overreach in private employment contracts and the lack of legal authority by the FTC to ban noncompetes.
- The district court's ruling is a significant, but temporary win for NDA. The FTC has threatened to appeal the ruling to a higher court. Pending further appeals, the ultimate fate of the FTC's noncompete ban could be decided by the U.S. Supreme Court.

NDA will continue to track the FTC's actions on this issue and will keep members updated on any further legal developments.

## **SBA to Host Small Business Cyber Summit**

The U.S. Small Business Administration (SBA) announced that it will host its leading Small Business Cyber Summit on October 16 and 23. In collaboration with multiple federal agencies, the SBA's Small Business Cyber Summit will offer hands-on advice, interactive forensic assessments, and cyber-expert panelists discussing local and federal resources that are readily available to small businesses across America. Registration for the event is open to all and is free. Sign up at <https://bit.ly/SBACyberSummit2024>.