

## Dust Off Your Non-Compete Agreement

Texas courts now lean toward enforcing non-compete and non-solicit agreements. But they may push back on how far your agreement can go.

Your restrictions must be reasonable. If you've demanded too much of your ex-employees, a court will ding you. The court will shave down or "reform" your restrictions to make them reasonable. You'll get only an injunction to stop the ex -employee from breaking the rewritten agreement.

Even worse, the court won't show you the money. No money damages can be awarded on an unreasonable non-compete or non-solicit until *after* the court has "reformed" your restrictions. And that won't happen until sometime after you've filed a lawsuit. You would walk away empty-handed on lost profits for your customers the ex-employee stole before you could launch your lawsuit and the court rewrites your restrictions.

Your only option for money damages would be to prove the ex-employee has used your business secrets against you. Otherwise, your already stolen customers would be water under the bridge.

That's exactly what happened to one Houston company in a <u>recent case</u>. The court ruled the non-compete was valid, but unreasonably broad. No money damages awarded there. On top of that, the court tossed the company's business secrets claims. No money there too.

Keep your non-compete and non-solicit agreements deadly by making sure they're reasonable. Over the past few years, Texas courts have refined how they decide if a restriction is reasonable. Are your agreements in step? Have you looked at them to know?



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Texas non-compete and nonsolicit agreements

**Business secrets** 

**Confidential information** 

Non-compete agreement

Non-disclosure agreement

Non-solicit agreement

Trade secrets

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