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## *First Federal Court Issues Order on Preliminary Injunction As To FTC's Non-compete Ban*

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Earlier today, the Northern District of Texas issued a ruling regarding the Federal Trade Commission's (FTC) [Non-Compete Clause Rule](#) ("Rule"), which was set to prohibit most employee non-compete agreements.

In *Ryan, LLC. v. FTC*, Ryan, LLC ("Ryan"), the case before the Texas federal district court, a tax services and software provider challenged the Rule under several theories. The U.S. Chamber of Commerce and several other trade groups joined as plaintiff-intervenors soon after. The court agreed with the plaintiffs, and Judge Ada Brown wrote as follows:

"The Rule's effective date is September 4, 2024. However, the text, structure, and history of the FTC Act reveal that the FTC lacks substantive rulemaking authority with respect to unfair methods of competition under Section 6(g). The Court GRANTS the motion for preliminary injunction and postpones the effective date of the Rule as applied to the Plaintiffs. While this order is preliminary, the Court intends to rule on the ultimate merits of this action on or before August 30, 2024."

Paul Hastings attorneys have particular expertise in employment mobility and trade secrets, and are available to assist employers with questions arising from this decision.



*If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:*

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