

# FTC Ban on Noncompetes Now Slated To Take Effect on September 4

Skadden

May 8, 2024

If you have any questions regarding the matters discussed in this memorandum, please contact the attorneys listed on the next page or call your regular Skadden contact.

The Federal Trade Commission's final rule broadly banning noncompete clauses between employers and workers, released on April 23, 2024, was published in the Federal Register on May 7, so the ban will take effect on September 4, unless it is enjoined or otherwise delayed by legal challenges.

Shortly after the FTC issued the final rule, two separate legal challenges, by Ryan LLC and the Chamber of Commerce, were filed in different Texas federal district courts, and another case was subsequently filed by a small business in the District Court for Eastern District of Pennsylvania, all seeking to block the rule.

Since those challenges were filed, the lawsuit by the Chamber of Commerce has been stayed by the District Court for the Eastern District of Texas pursuant to the "first to file rule" because the Ryan LLC case was filed a day prior in the District Court for the Northern District of Texas. On May 7, 2024, Judge Ada Brown of the Northern District of Texas issued an order setting a schedule to decide by July 3, 2024, Ryan LLC's motion for a stay of the effective date of the rule and a preliminary injunction.

See our April 24, 2024, client alert "[FTC's Final Rule Banning Worker Noncompete Clauses: What It Means for Employers](#)" for details of the rule, its implications for employers and a description of the court challenges.

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