

BLOGS

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Minnesota Lawmakers Consider Outlawing Most Noncompete Agreements

This week saw the [introduction of a bill](#) in the Minnesota House of Representatives that would outlaw the enforcement of most noncompete agreements in Minnesota. Under the pending legislation, all noncompete agreements would become unenforceable, with just three exceptions. The exceptions provide for very limited enforcement of noncompetition agreements in particular circumstances: in connection with: the sale of a business, in connection with the dissolution of a partnership, and in connection with the withdrawal of membership in a limited liability company.

Although noncompetes are subject to constraints and may invite the scrutiny of the courts, their use remains one of the primary ways in which a business can protect itself from damaging competition when a key employee departs. Employers concerned about the elimination of their ability to enter into such agreements may wish to consider contacting their legislators about this pending legislation, or may choose to work with a lobbyist to resist its passage. Meanwhile, noncompetes remain valid in Minnesota for the time being, provided they are reasonably limited in scope and narrowly tailored to protect an employer's goodwill and confidential or trade secret information.

One alternative means of achieving protection is through the use of confidentiality and nondisclosure agreements, which can be effective in conjunction with nonsolicitation clauses that prohibit former employees from soliciting the business's customers and employees for a competitor.

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