



**FTC’S BAN ON NONCOMPETE AGREEMENTS BLOCKED BY A FEDERAL COURT**  
**August 21, 2024**

On August 20, 2024, a federal judge blocked the Federal Trade Commission’s (FTC) ban on noncompete agreements which was scheduled to come into effect on September 4, 2024. In April 2024, a Dallas-based tax firm, the US Chamber of Commerce and other employers and business groups sued the FTC to prevent the ban on noncompete agreements from going into effect. Plaintiffs alleged that the FTC was overreaching its statutory authority in issuing and implementing this regulation.

U.S. District Judge Hon. Ada Brown from the Northern District of Texas ruled yesterday in *Ryan LLC et al. v. Federal Trade Commission* that the FTC had exceeded its authority and determined that the FTC rule that would have banned these agreements was “arbitrary and capricious.” Judge Brown also ruled that the FTC rule was in violation of the Administrative Procedure Act because it is “unreasonably overbroad without a reasonable explanation.”

As a result of this Opinion and Order, the FTC rule will not go into effect on September 4, 2024, unless the FTC appeals this order to the Fifth Circuit Court of Appeals and that court overrules the same. For now, the FTC’s rule will **not** go into effect on September 4, 2024, and employers will not be required to annul existing noncompete agreements or send their employees notifications regarding the status of their noncompete agreements.

We will continue to monitor the legal developments and stand ready to assist with the ever-changing noncompete agreement legal landscape.

If you have questions or need assistance, please contact us.

Diego Murgia Díaz  
[dmurgia@pmalaw.com](mailto:dmurgia@pmalaw.com)  
(787) 773-6038

José F. Benítez-Mier  
[jbenitez@pmalaw.com](mailto:jbenitez@pmalaw.com)  
(787) 274-4938

Juan C. Pérez Otero  
[jcperez@pmalaw.com](mailto:jcperez@pmalaw.com)  
(787) 274-5252

Héctor Santaella Santé  
[hsantaella@pmalaw.com](mailto:hsantaella@pmalaw.com)  
(787) 274-5254

María Isabel Rey Cancio  
[mrey@pmalaw.com](mailto:mrey@pmalaw.com)  
(787) 274-5243

Rosangela Sanfilippo Resumil  
[rsanfilippo@pmalaw.com](mailto:rsanfilippo@pmalaw.com)  
(787) 274-4929

Giovanna P. Moreno López  
[gmoreno@pmalaw.com](mailto:gmoreno@pmalaw.com)  
(787) 274-5251

Lorena Y. Gely Rojas  
[lgely@pmalaw.com](mailto:lgely@pmalaw.com)  
(787) 274-5247