

Make sure your noncompete agreements comply with all Texas requirements

The Supreme Court of Texas has ruled that an employer can't seek damages under a covenant-not-to-compete if the underlying agreement doesn't satisfy standards set out in Texas state law.

That means all your efforts to protect the company from a former employee are wasted unless the agreement is rock solid. *The lesson:* Have your attorney draft or review all employment contracts that include a noncompete clause.

Recent case: Jeffrey Feingold left his job at Alliantgroup and went to work for a competitor. He had signed a very broad covenant-not-to-compete that essentially barred him from working in his field for a considerable period of time.

Alliantgroup sued Feingold, alleging that he had breached the agreement.

But a lower court ruled that the agreement was too broad. And the Supreme Court of Texas concluded that Alliantgroup therefore couldn't seek damages for Feingold's alleged breach.

However, the Supreme Court ruled the company was entitled to reimbursement for a large retention bonus it had paid Feingold before he jumped ship because his employment contract specified it had to be paid back if he left. (*Alliantgroup v. Feingold*, No. H-09-0479, SD TX, 2011)

Final note: If your organization operates in several states, it can be dangerous to rely on a single, unified covenant-not-to-compete (or any related contracts, such as confidentiality agreements). Consult an attorney in each state to assess specific state requirements.

Your regular law firm may have offices in other states. Otherwise, it can probably refer you to an experienced lawyer in other jurisdictions.