California Governor Newsom Signs New Legislation to Further Restrict Restrictive Covenants



11/30/2023

In the past three months, California Governor Gavin Newsom has signed into law two new pieces of legislation which further restrict non-compete clauses in California. Currently, a restrictive covenant is unlawful in California if it restrains a person from engaging in lawful profession, trade or business of any kind (subject to certain exceptions). SB699 was passed on September 1, 2023, and broadens the existing laws regarding non-compete clauses and further provides employees with legal remedies when employers attempt to enforce unlawful restrictive covenants. Employees will be permitted to seek injunctive relief, damages, or both when employers seek to enforce unlawful restrictive covenants. AB 1076 was passed on October 13, 2023 and makes it unlawful for an employer to include a non-compete clause in an employment agreement or to require an employee to enter into a non-compete agreement. Additionally, employers are required to provide notice to employees who have entered into an employment agreement with a non-compete clause or a non-compete agreement that was issued after January 1, 2022 that such clause or agreement is now void and no longer enforceable. Both new laws take effect on January 1, 2024.

Click Here to read the entire November 2023 Healthcare Law Update now!

For more information, contact:
John D. Fanburg, Chair | 973.403.3107 | jfanburg@bracheichler.com
Edward Hilzenrath | 973.403.3114 | ehilzenrath@bracheichler.com
Erika R. Marshall | 973.364.5236 | emarshall@bracheichler.com

Attorney Advertising: This publication is designed to provide Brach Eichler LLC clients and contacts with information they can use to more effectively manage their businesses. The contents of this publication are for informational purposes only. Neither this publication nor the lawyers who authored it are rendering legal or other professional advice or opinions on specific facts or matters. Brach Eichler LLC assumes no liability in connection with the use of this publication.