

Sample Noncompete Agreements

Example 1:

This example is a complete agreement that you can fill in and use for an employee who does not have a separate written employment contract.

Nondisclosure and Noncompetition. (a) At all times while this agreement is in force and after its expiration or termination, [employee name] agrees to refrain from disclosing [company name]'s customer lists, trade secrets, or other confidential material. [Employee name] agrees to take reasonable security measures to prevent accidental disclosure and industrial espionage.

(b) While this agreement is in force, the employee agrees to use [his/her] best efforts to [describe job] and to abide by the nondisclosure and noncompetition terms of this agreement; the employer agrees to compensate the employee as follows: [describe compensation]. After expiration or termination of this agreement, [employee name] agrees not to compete with [company name] for a period of [number] years within a [number] mile radius of [company name and location]. This prohibition will not apply if this agreement is terminated because [company] violated the terms of this agreement.

Competition means owning or working for a business of the following type: [specify type of business employee may not engage in]

(c) [Employee name] agrees to pay liquidated damages in the amount of \$[dollar amount] for any violation of the covenant not to compete contained in subparagraph (b) of this paragraph.

IN WITNESS WHEREOF, [company name] and [employee name] have signed this agreement.

[company name]

[employee's name]

Date: _____

Example 2:

This example is part of a larger agreement, such as an employment contract or an employee handbook. You can use it as a separate agreement or incorporate it into another, larger document.

Nondisclosure and Noncompetition. (a) After expiration or termination of this agreement, [employee name] agrees to respect the confidentiality of [company name] patents, trademarks, and trade secrets, and not to disclose them to anyone.

(b) [Employee name] agrees not to make use of research done in the course of work done for [company name] while employed by a competitor of [company name]

(c) [Employee name] agrees not to set up in business as a direct competitor of [company name] within a radius of [number] miles of [company name and location] for a period of [number and measure of time (e.g., "four months" or "10 years")] following the expiration or termination of this agreement.

(d) [Employee name] agrees to pay liquidated damages of \$[dollar amount] if any violation of this paragraph is proved or admitted.

IN WITNESS WHEREOF, [company name] and [employee name] have signed this agreement.

[company name]

[employee name]

Date:

Example 3:

This example is a clause and should be used as part of a larger agreement, such as an employment contract, and not as a stand alone item.

Covenant Not To Compete. (a) [employee name] agrees not to compete with [company name] in the practice of [type of business or service] while working for [company name] and for a period of [number and measure of time (e.g., "six months" or "10 years")] after termination of employment within a radius of [number] miles of [company name and location].

(b) For purposes of this covenant not to compete, competition is defined as soliciting or accepting employment by, or rendering professional services to, any person or organization that is or was a client of [company name] during the term of [employee name]'s work with [company name].