

Non-Complete Clauses - Can you rely on your contract?

A non-compete clause is intended to protect the business interests of employers or franchisors by preventing the other contracting party from taking and using their trade secrets, customer information, business relationships, or any other information that may be integral to their business operations and success.

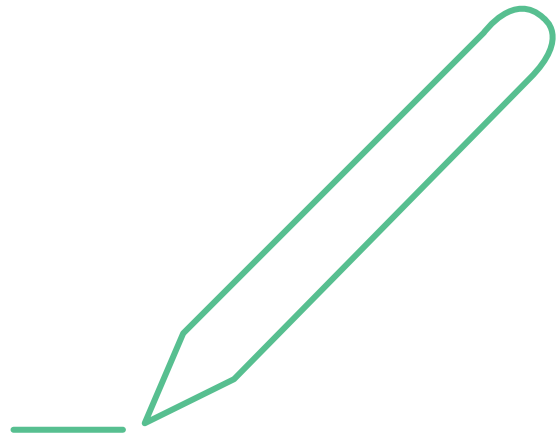
Non-compete or non-competition clauses are now fairly standard in employment and franchise contracts. However, simply having a non-compete clause doesn't always mean it will be easily enforceable in the event of a breach.

As with any legal document, the clauses must be drafted by an experienced lawyer, using the right wording to allow for maximum enforceability, particularly as courts are wary of any agreements which may limit an individual's ability to seek re-employment or run a business.

To stand the best chance of enforcing a non-compete clauses in your contract, the wording must be specific and directly linked to your business interests. This will help you prove the legality of your claim and will justify the inclusion of the clause in the contract.

Similarly, the clauses should be tailored to the employment position or franchise business in question, avoiding generic language or broad references.

The scope of the clause must be reasonable, particularly with respect to restrictions on timeframe, geographical reach, and business activities. It is highly unlikely that the clause will be enforced if restrictions are excessive or unreasonable.



For example, it is doubtful that any judge will prevent a former franchisee from operating a similar business in your area of operation 20 years after the end of the franchise agreement.

If there have been any changes to the initial agreement in which the non-compete clause is contained, this may affect the enforceability of the clause, particularly in cases where an employee may have changed positions or been shifted to a different department within the company.

Any adjustment to the nature of the business relationship between the contracting parties could remove the legitimacy of the clause, and as such, non-compete clauses should always be updated along with any revisions to employment or franchise agreements.

In the event that you need to enforce a non-compete clause, you must be able to provide adequate evidence to support your claim.

To ensure that your non-compete clauses can be easily enforceable if required, it is highly recommended that you engage the services of an experienced and qualified lawyer to draft your employment or franchise agreement.

For more information, or for expert advice on business or personal legal issues, call us on 020 3475 6751 or via email at info@carterbond.co.uk

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