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NY State Proposes Amendments to Labor Law Voiding All Noncompete and Restrictive Covenant Agreements

On June 20, 2023, the New York State Assembly passed new, potentially game-changing legislation under the New York Labor Law that would prohibit employers from entering into noncompete agreements with employees. The bill follows the Federal Trade Commission's announcement in January 2023 of a proposed rule banning noncompete agreements nationwide. The new state law, NYLL Section 191-d, would take effect 30 days after the governor signs it and apply prospectively to agreements entered into after the bill's effective date.

Key features include:

- Defining "noncompete agreements" as "any agreement, or clause contained in any agreement, between an employer and a covered individual that prohibits or restricts such covered individual from obtaining employment, after the conclusion of employment with the employer included as a party to the agreement."
- Defining "covered individual" as "any other person who, whether or not employed under a contract of employment, performs work or services for another person on such terms and conditions that they are, in a relation to that other person, in a position of economic dependence on, and under an obligation to perform duties for, that other person."
- Voids all noncompete agreements or modifications to existing agreements entered into after the bill's effective date and prohibits employers from making such agreements.
  Provides a cause of action for covered individuals against employers who violate this section.

The full text of the proposed legislation can be found here.

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Our Employment Litigation Practice is dedicated to litigating alleged employment claims, including under New York Labor Law, on behalf of New York employers. Our attorneys, who successfully defend these matters, also have experience working on the plaintiff's side, which provides our clients with invaluable insight into how plaintiffs approach cases. Our attorneys use that knowledge to successfully litigate cases using novel defenses and creative problem-solving that align with our clients' business goals.

Yankwitt LLP looks forward to assisting you with your New York employment matters. We can be reached at (914) 686-1500 or via email at info@yankwitt.com.