

Non-Compete Ban Proposed in Michigan



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Since 1985, Michigan has permitted businesses to protect their hard-won confidential information, trade secrets, and customer relationships through employee non-competition agreements. A bill recently introduced in the Michigan House of Representatives would change that.

If enacted into law, H.B. 4198 would provide that "any term in an agreement an employer obtains from an employee, contract laborer, or other individual that prohibits or limits the individual from engaging in employment is void." The bill includes a narrow exception for non-competes entered into by an owner, principal, or officer in connection with the sale of business goodwill or a business interest.

It remains to be seen whether the proposal has legs, but, if passed, Michigan would join a small handful of states – most notably [California](#) – that ban most non-competes agreements. We will of course monitor and provide updates on any developments on this important issue. You can read H.B. 4198 [here](#).