New Ruling Helps You Protect Your Company Secrets from Walking Out the Door

Publication
10.12.11

Texas companies spend countless hours, as well as enormous amounts of money, hiring, training and developing promising employees, only to have them snatched up by a competitor, potentially taking with them confidential information, trade secrets, and client lists. To combat this problem, attorneys spend just as much time drafting what they hope are ironclad post-employment restrictive covenants that will hold up in court.

In order to minimize the occurrences of proprietary information falling into the hands of a competitor courtesy of a former employee, there are several contractual agreements employers and employees can enter into, in the hopes of protecting the employer to a higher degree. Of these options, attorneys commonly recommend that employers utilize non-competition and non-solicitation agreements, even though they have been highly scrutinized by the courts because of their restrictive nature.

In today's environment, where we are seeing companies cautiously hiring, and in many cases cherry-picking the best employees from their competitors, non-compete agreements are commanding greater attention – a trend that is likely to last for some time. The result is that we are likely to see more of these cases headed into the courts. Now is the time for employers to review their existing agreements and avoid legalistic technicalities to ensure an enforceable non-compete agreement is in place to protect their goodwill and investment in employees. And, if your clients don't currently use restrictive covenants, it's definitely time to reconsider – before their company's secrets walk out the door with their employees.

This article appeared in the October 2011 *DallasHR Newsletter.*