

# PEO POINTERS: 2-STEP PLAN TO COMPLY WITH SURPRISING NEW CALIFORNIA NON-COMPETE LAW

Insights  
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Welcome to “PEO Pointers,” a regular series of quick-read alerts to keep PEOs and their client companies up to speed on the latest issues affecting the industry and what they can do to ensure compliance. Today’s topic: new California laws will require employers to act quickly when it comes to noncompete laws or risk significant legal exposure.

It might have flown under the radar due to the slew of new laws passed in California this year (employers need to know about at least 10 of them), or because you just assume that you know all there is to know about noncompete laws in California (they are generally unenforceable). But this past legislative session saw two new laws passed that will require many California employers to take action by February 14 or risk tremendous legal exposure.

- One new law requires employers to notify current and certain former employees that any non-compete restrictions they signed are actually void.
- Another new law creates private rights of action against employers arising from unlawful provisions in confidentiality and non-compete agreements.

You can read all about these new laws [in this Insight](#).

The new notice requirement mandates that covered employers provide written notice in an individualized communication to current and former employees. And this notice must be sent *by Valentine’s Day*—February 14, 2024.

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## Employers' 2-Step Plan

PEOs should work with their clients to carry out a simple but crucial two-step plan:

1. Work with them to determine whether they have any employment agreements with noncompete clauses or other restrictive covenants that are void under California law.
2. Once any offending noncompete agreements or clauses have been identified, the employer needs to send out individualized written notices to the applicable employees by February 14.

While this might sound far off in the future, there are critical reasons why you should start your work now.

First, the work to assess which employees need to receive one of these notices may take some time given some of the nuances of the law and open questions about which workers should receive the notices. Second, you may need to work with clients to send large volumes of notices to current and former employees depending on their specific workforce history. Third, it may be advantageous to provide this notice in conjunction with other documents (like handbook updates, other employment-related notices, or updated confidentiality agreements that comply with California law) and thus a coordinated effort could be worthwhile.

You should work with trusted counsel to understand the ins and outs of these new laws and to help develop a specific compliance plan. The deadline will soon be here and the time to act is now.

## Conclusion

For more information, reach out to your Fisher Phillips attorney, the authors of this Insight, or any member of our [PEO and Staffing Team](#). make sure to [subscribe to our FP Insights](#) to make sure you don't miss our next edition and any other developing news that breaks in the interim.

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