

# Federal Judge Blocks FTC Non-Compete Rule, Nationwide

A photograph of a modern building's curved glass facade, showing multiple floors and windows reflecting the sky.

2 MIN READ

August 20, 2024, 7:58 PM

By: Michael L. Keeley

Today, a Federal Court in Texas issued a nationwide injunction blocking the FTC's proposed rule banning employment-related non-compete agreements. The FTC is considering its options, including an appeal to the Fifth Circuit Court of Appeals. But, for now, the FTC cannot enforce the non-compete rule against anyone in the U.S.

The FTC's proposal has been considered by three different courts on motions for limited preliminary relief (with two blocking the rule and one upholding it, in each case limited to the specific plaintiffs), but the Texas court was the first to rule on the merits. The Texas court held that the FTC lacked the authority to issue substantive rules and, critically, ruled that the FTC's rule was arbitrary and capricious. And the Texas court's injunction applies nationally, not just to the plaintiffs in the case before it.

This is an important development, but surely not the last word on the issue. Companies should carefully monitor developments and should be prepared to respond to the possibility that the FTC's rule may, in the end, go into effect. But, for now, the chances that the FTC rule goes into effect shortly after Labor Day, as intended by the FTC, are much lower than before today's ruling. This is a welcome development in providing clarity about how and when to address the FTC's proposed rule, at least for the time being.

Judge Ada Brown of U.S. District Court for the Northern District of Texas ruled that the antitrust agency lacked authority to issue substantive rules related to unfair methods of competition, including the noncompete rule, which would have prohibited companies from restricting their employees' ability to work for rivals.

The push to adopt the rule is part of the Biden administration's effort to crack down on practices that regulators argue are anticompetitive, unfairly constraining workers.

Judge Brown had temporarily blocked the ban in July. Her decision on Tuesday renders that injunction permanent, and nationwide in scope.

🌐 [www.nytimes.com/...](https://www.nytimes.com/...)



## Related People

---



Michael L. Keeley

## Related Services

---

Antitrust

To subscribe to our publications, [click here](#).

## News & Insights

- National Bar Association 100th Annual Convention and Exhibits  
**SPONSORSHIP     ANTITRUST**
- Keeping Pace: Updates in Cartel Enforcement  
**WEBINAR     ANTITRUST**
- GCR Live: Law Leaders Europe 2025  
**SPEAKING ENGAGEMENT     ANTITRUST**
- Navigating Compliance: How the 2025 Hart-Scott-Rodino Updates Are Impacting Businesses  
**WEBINAR     ANTITRUST**
- AHLA Annual Meeting 2025  
**SPEAKING ENGAGEMENT     ANTITRUST**
- SABA North America Annual Conference 2025  
**SPEAKING ENGAGEMENT     ANTITRUST**
- Axinn Recognized by Legal 500 2025 U.S. Guide for Excellence in Antitrust and Litigation  
**AWARDS & RECOGNITIONS**

- Axinn Earns Band 1 Recognition in Multiple Categories in 2025 Chambers USA Guide  
**AWARDS & RECOGNITIONS      ANTITRUST**
- United States: Class Actions  
**BYLINE ARTICLES      LITIGATION & TRIALS**
- Antitrust 101: Criminal Antitrust Enforcement in U.S. v. US Gypsum Co., 438 US 422 (1978)  
**PODCAST**

© 2025 Axinn, Veltrop & Harkrider LLP. All Rights Reserved