

NONCOMPETE AGREEMENT

Example 1: Noncompete agreement.

Nondisclosure and Noncompetition. (a) At all times while this agreement is in force and after its expiration or termination, [employee name] agrees to refrain from disclosing _____'s [company name] customer lists, trade secrets, or other confidential material. _____ [Employee name] agrees to take reasonable security measures to prevent accidental disclosure and industrial espionage.

(b) While this agreement is in force, the employee agrees to use [his/her] best efforts to _____ [describe job] and to abide by the nondisclosure and noncompetition terms of this agreement; the employer agrees to compensate the employee as follows: _____ [describe compensation]. After expiration or termination of this agreement, _____ [employee name] agrees not to compete with _____ [company name] for a period of _____ [number] years within a _____ [number] mile radius of _____ [company name and location].

This prohibition will not apply if this agreement is terminated because _____ [company] violated the terms of this agreement.

Competition means owning or working for a business of the following type: _____ [specify type of business employee may not engage in]

(c) _____ [Employee name] agrees to pay liquidated damages in the amount of \$_____ [dollar amount] for any violation of the covenant not to compete contained in subparagraph (b) of this paragraph.

IN WITNESS WHEREOF, _____ [company name] and _____ [employee name] have signed this agreement.

[employee's signature]

Date

[company signature]

Example 2: Noncompete agreement that is part of an employee handbook.

Nondisclosure and Noncompetition. (a) After expiration or termination of this agreement, _____ [employee name] agrees to respect the confidentiality of _____ [company name] patents, trademarks, and trade secrets, and not to disclose them to anyone.

(b) _____ [Employee name] agrees not to make use of research done in the course of work done for [company name] while employed by a competitor of _____ [company name].

(c) _____ [Employee name] agrees not to set up in business as a direct competitor of _____ [company name] within a radius of _____ [number] miles of _____ [company name and location] for a period of _____ [number and measure of time (e.g., "four months" or "10 years")] following the expiration or termination of this agreement.

(d) _____ [Employee name] agrees to pay liquidated damages of \$_____ [dollar amount] if any violation of this paragraph is proved or admitted.

IN WITNESS WHEREOF, _____ [company name] and _____ [employee name] have signed this agreement.

[company signature]

[employee signature]

Date

