

Updates Regarding Non-Compete Agreements in Connecticut

July 1, 2013

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A new Connecticut law places some restrictions on the use of non-compete agreements in the context of employer mergers and acquisitions. Under the new law, if an employer is acquired by or merges with another employer and presents an employee with a non-compete agreement as a condition of continued employment, the employer must provide the employee with a written copy of the non-compete agreement and a “reasonable period of time” of at least seven calendar days to consider the agreement.

A new Connecticut law places some restrictions on the use of non-compete agreements in the context of employer mergers and acquisitions. Under the new law, if an employer is acquired by or merges with another employer and presents an employee with a non-compete agreement as a condition of continued employment, the employer must provide the employee with a written copy of the non-compete agreement and a “reasonable period of time” of at least **seven calendar days** to consider the agreement. If the employer does not take these steps, the non-compete agreement will be void. The employee may waive this right by signing a waiver **before** entering the agreement if the waiver is a **separate document** from the agreement itself and explains the right that the employee is waiving. These requirements apply only to non-compete agreements entered into, renewed, or extended on or after October 1, 2013.

The applicability of this new law is limited to mergers and acquisitions, but it is significant as the first non-industry specific statute in Connecticut to regulate the use of non-compete agreements. The legislature considered much broader versions of the law during this session that would have included codification of stringent non-compete enforceability standards, but the law as enacted is significantly narrower in its reach.

There are still some questions left unanswered by the simple statutory language: most significantly, what limitations are placed on its applicability. The law does not specify the time period covered by the requirement, so if an employer merges with another employer and asks employees to sign a non-compete agreement after a substantial amount of time has passed, it is not clear whether these requirements would

apply. In addition, the law does not address the ever present question of whether continued employment is sufficient consideration for a non-compete agreement in a merger, acquisition, or otherwise, which Connecticut courts have debated for years.

What Does This Mean for Employers?

Prior to entering into any purchase or merger deal involving Connecticut employees, employers should consider the implications of this law. That includes documenting that written copies of non-compete agreements are given to affected employees and building the seven-day consideration period into the employee onboarding process.

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