

# Recent Developments in Noncompete Cases

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## Key Dates in History of CNTC Law

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- **1414: Dyer's Case:** refusing to enforce noncompete
- **1711: Mitchel v. Reynolds:** enforcing noncompete in sale of bakery
- **1891: Welsh v. Morris:** Texas case enforcing noncompete in sale of funeral home
- **1963: Wall v. Trinity Sand & Gravel:** Texas case enforcing non-compete agreement against employee

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## Key Dates in History of CNTC Law

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- **1987: Hill v. Mobile Auto Trim:** Texas Supreme Court Adopts “Common Calling” restriction:
- “Today, we are presented with an individual who is skilled in auto trim repair and are asked to prohibit him from engaging in a common calling. We refuse to do so. The longevity of the reasonableness approach has been its flexibility.”
- *Hill v. Mobile Auto Trim, Inc.*, 725 S.W.2d 168, 172 (Tex. 1987)

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## 1989: Legislature First Enacts Statute on Noncompetes (§15.50)

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Notwithstanding Section 15.05 of this code, a covenant not to compete is enforceable to the extent that it:

- (1) Is **ancillary to an otherwise enforceable agreement** but, if the covenant not to compete is executed on a date other than the date on which the underlying agreement is executed, such covenant must be supported by independent valuable consideration; and
- (2) Contains reasonable limitations as to **time, geographical area, and scope of activity** to be restrained **that** do not impose a greater restraint than is necessary to protect the goodwill or other business interest of the promise.

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## Key Dates in History of CNTC Law: 21<sup>st</sup> Century

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## Legislative Update: 2019

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House passed HB 2730: To add the following language to **TCPA** (Chap. 27 of CPRC):

This chapter does not apply to:

- (7) a legal action to enforce:
- (A) a noncompete agreement;
- (B) a nondisclosure agreement; or
- (C) a non-disparagement agreement.

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