

# REVISITING NON-COMPETE PROTECTIONS IN TEXAS

The Use of Non-Competition Covenants to Protect  
Confidential Information in the Digital Age

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## Non-Competes: Shields to Protect Your Company in the Digital Age

- **Protect sensitive information and trade secrets**
  - Increased prevalence of jobs requiring access to sensitive company information
  - Modern technology enables fast, discreet misappropriation
- **Protect goodwill**
  - Technology enables sales and other employees to have much broader reach to wider set of customers
  - Easier than ever to make contact with former customers (email, text messages, social media, etc.)

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# BACKGROUND

## Non-Competes in Texas

## A Brief History

- **1987: *Hill v. Mobile Auto Trim, Inc.***
  - Texas Supreme Court holds that most non-competes are unenforceable
  - Overturns nearly 100 years of precedent enforcing reasonable non-competes
  
- **1989: Covenants Not to Compete Act**
  - Goal: reverse *Hill* and ensure consistency in enforcement
  - Restored prior common law requirements:
    - ▶ Ancillary to an otherwise enforceable agreement
    - ▶ Reasonable as to duration, geography, and substantive scope
  - Requires courts to reform overbroad non-competes

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## Title search: Revisiting Non-Compete Protections in Texas

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### **New Litigation Landmines**

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