State Covenants Not to Compete[i]

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Alabama	Prohibited w/ exceptions	Ala. Code § 8-1-1 (2011)	Contracts in restraint of trade are void, 3 exceptions to general rule apply, including: restrictions in the dissolution of a partnership, restrictions following the sale of the goodwill of a business, and, as here, a restrictive noncompetition clause in an employment contract.
Alaska	Subject to rule of reason	No statute. *See Metcalfe Investments v. Garrison* 11 I.E.R. Cas. (BNA) 1521 (Alaska 1996).	Narrowly drawn activity restraints, such as a restraints on expropriating customer information, are reasonable; more stringent test of reasonableness for geographic restraints.
Arizona	Subject to rule of reason	No statute. *See AmEx Distrib. Co. v. Mascari,* 150 Ariz. 510 (Ariz. 1986).	A non-compete agreement is unreasonable if it protects information that is not proprietary and not used unlawfully, as when the customer is known to the competition. An agreement lasting 36 months is unreasonable.
Arkansas	Subject to rule of reason	No statute. *See Federated Mutual Insurance Co. V. Bennett*, 36 Ark. App. 99, 818, S.W.2d 596 (1991).	In order for covenant not to compete to be enforceable, three requirements must be met: (1) the covenantee must have a valid interest to protect; (2) the geographical restriction must not be overly broad; and (3) a reasonable time limit must be imposed.
California	Prohibited w/exceptions	Cal. Bus. & Prof. Code §§ 16600-16602 (2012)	Prohibited except in partnership agreement, (a) Any partner may, upon or in anticipation of any of the circumstances described in subdivision (b), agree that he or she will not carry on a similar business within a specified geographic area where the partnership business has been transacted, so long as any other member of the partnership, or any person deriving title to the business or its goodwill from any such other member of the partnership, carries on a like business therein. (b) Subdivision (a) applies to either of the following circumstances: (1) A dissolution of the partnership. (2) Dissociation of the partner from the partnership.
Colorado	Prohibited w/ exceptions	Colo. Rev. Stat. § 8-2-113 (1990).	(1) It shall be unlawful to use force, threats, or other means of intimidation to prevent any person from engaging in any lawful occupation at any place he sees fit. (2) Any covenant not to compete which

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			restricts the right of any person to receive compensation for performance of skilled or unskilled labor for any employer shall be void, but this subsection (2) shall not apply to: (a) Any contract for the purchase and sale of a business or the assets of a business; (b) Any contract for the protection of trade secrets; (c) Any contractual provision providing for recovery of the expense of educating and training an employee who has served an employer for a period of less than two years; (d) Executive and management personnel and officers and employees who constitute professional staff to executive and management personnel. (3) Any covenant not to compete provision of an employment, partnership, or corporate agreement between physicians which restricts the right of a physician to practice medicine, as defined in section 12-36-106, C.R.S., upon termination of such agreement, shall be void; except that all other provisions of such an agreement enforceable at law, including provisions which require the payment of damages in an amount that is reasonably related to the injury suffered by reason of termination of the agreement, shall be enforceable. Provisions which require the payment of damages upon termination of the agreement may include, but not be limited to, damages related to competition.
Connecticut	Subject to rule of reason	No statute. *See Robert S. Weiss & Associates v. Wiederlight*, 208 Conn. 525, 546 A.2d 216 (1988).	The five factors to be considered in evaluating the reasonableness of a restrictive covenant ancillary to an employment agreement are: (1) the length of time the restriction operates; (2) the geographical area covered; (3) the fairness of the protection accorded to the employer; (4) the extent of the restraint on the employee's opportunity to pursue his occupation; and (5) the extent of interference with the public's interests.
Delaware	Generally enforceable	No statute. *See Faw, Casson & Co. V. Cranston,*	An agreement by an employee not to follow his trade or business for a limited time and in

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		375 A.2d 463 (Del. 1977).	a limited geographical area is not void as against public policy when the purpose of such agreement and its reasonable effect is to protect an employer from sustaining damages which an employee's subsequent competition may cause. However, such covenants are subject to somewhat greater scrutiny when contained in an employment contract as opposed to contracts for the sale of a business.
District of Columbia	Subject to rule of reason	No statute. *See Ellis v. James V. Hurson & Assocs., Inc.*, 565 A.2d 615 (D.C. 1989).	Such promises are "unreasonably in restraint of trade" if: (a) the restraint is greater than is needed to protect the promisee's legitimate interest, or (b) the promisee's need is outweighed by the hardship to the promisor and the likely injury to the public.
Florida	Prohibited w/ exceptions	Fla. Stat. § 542.33 (2012).	(1) Notwithstanding other provisions of this chapter to the contrary, each contract by which any person is restrained from exercising a lawful profession, trade, or business of any kind, as provided by subsections (2) and (3) hereof, is to that extent valid, and all other contracts in restraint of trade are void. (2) (a) One who sells the goodwill of a business, or any shareholder of a corporation selling or otherwise disposing of all of her or his shares in said corporation, may agree with the buyer, and one who is employed as an agent, independent contractor, or employee may agree with her or his employer, to refrain from carrying on or engaging in a similar business and from soliciting old customers of such employer within a reasonably limited time and area, so long as the buyer or any person deriving title to the goodwill from her or him, and so long as such employer, continues to carry on a like business therein. Said agreements may, in the discretion of a court of competent jurisdiction, be enforced by injunction. However, the court shall not enter an injunction contrary to the public health, safety, or welfare or in any case where the injunction enforces an unreasonable covenant not to compete or where there is

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			no showing of irreparable injury. However, use of specific trade secrets, customer lists, or direct solicitation of existing customers shall be presumed to be an irreparable injury and may be specifically enjoined. In the event the seller of the goodwill of a business, or a shareholder selling or otherwise disposing of all her or his shares in a corporation breaches an agreement to refrain from carrying on or engaging in a similar business, irreparable injury shall be presumed. (b) The licensee, or any person deriving title from the licensee, of the use of a trademark or service mark, and the business format or system identified by that trademark or service mark, may agree with the licensor to refrain from carrying on or engaging in a similar business and from soliciting old customers of such licensor within a reasonably limited time and area, so long as the licensor, or any person deriving title from the licensor, continues to carry on a like business therein. Said agreements may, in the discretion of a court of competent jurisdiction, be enforced by injunction. (3) Partners may, upon or in anticipation of a dissolution of the partnership, agree that all or some of them will not carry on a similar business within a reasonably limited time and area. (4) This section does not apply to any litigation which may be pending, or to any cause of action which may have accrued, prior to May 27, 1953.
Georgia	Subject to rule of reason	No statute. *See AGA L.L.C., v. Rubin,* 243 Ga.App. 772 (2000).	Non-competition clause is unenforceable when a territorial limitation is overbroad and cannot be defined until employment ends.
Hawaii	Prohibited w/ exceptions	Haw. Rev. Stat. § 480-4(c)(4).	(c) Notwithstanding the foregoing subsection (b) and without limiting the application of the foregoing subsection (a) it shall be lawful for a person to enter into any of the following restrictive covenants or agreements ancillary to a legitimate purpose not violative of this chapter, unless the effect thereof may be substantially to lessen

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			competition or to tend to create a monopoly in any line of commerce in any section of the State: (1) A covenant or agreement by the transferor of a business not to compete within a reasonable area and within a reasonable period of time in connection with the sale of the business; (2) A covenant or agreement between partners not to compete with the partnership within a reasonable area and for a reasonable period of time upon the withdrawal of a partner from the partnership; (3) A covenant or agreement of the lessee to be restricted in the use of the leased premises to certain business or agricultural uses, or covenant or agreement of the lessee to be restricted in the use of the leased premises to certain business uses and of the lessor to be restricted in the use of premises reasonably proximate to any such leased premises to certain business uses; (4) A covenant or agreement by an employee or agent not to use the trade secrets of the employer or principal in competition with the employee's or agent's employer or principal, during the term of the agency or thereafter, or after the termination of employment, within such time as may be reasonably necessary for the protection of the employer or principal, without imposing undue hardship on the employee or agent.
Idaho	Subject to rule of reason	No statute. *See Stipp v. Wallace Plating, Inc.*, 96 Idaho 5 (1974).	Restrictive covenants are valid when they are reasonable as applied to the covenantor, the covenantee and the general public. Different standards of construction of the "reasonableness" of the covenant are applied to different types of covenants. Thus, restrictive covenants in contracts limiting an employee's natural right to pursue an occupation and thus support himself and his family will be strictly scrutinized. Courts use a "blue pencil" approach wherein the courts may "modify" a restrictive covenant to make it reasonable, so long as the covenant in question is not

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			lacking in essential terms which would protect the employee.
Illinois	Subject to rule of reason	No statute. *See Reliable Fire Equip. Co. v. Arrendondo*, 965 N.E. 2d. 393 (2011).	The modern, prevailing common-law standard of reasonableness for employee agreements not to compete applies a three-pronged test. A restrictive covenant, assuming it is ancillary to a valid employment relationship, is reasonable only if the covenant: (1) is no greater than is required for the protection of a legitimate business interest of the employer-promisee; (2) does not impose undue hardship on the employee-promisor, and (3) is not injurious to the public. Further, the extent of the employer's legitimate business interest may be limited by type of activity, geographical area, and time.
Indiana	Subject to rule of reason	No statute. *See Coffman v. Olson & Co. P.C.*, 906 N.E. 2d 201 (2009).	In considering what is reasonable, regard must be paid to: (a) the question whether the promise is wider than is necessary for the protection of the covenantee in some legitimate interest; (b) the effect of the promise upon the covenantor; and (c) the effect upon the public.
Iowa	Subject to rule of reason	No statute. *See Lamp v. American Prosthetics, Inc.*, 270 N.W.2d 909 (Iowa 1986) and *Phone Connection, Inc. V. Harbst*, 494 N.W.2d 445 (Iowa 1992).	In deciding whether to enforce a restrictive covenant, the court applies a three-pronged test: (1) Is the restriction reasonably necessary for the protection of the employer's business; (2) is it unreasonably restrictive of the employee's rights; and (3) is it prejudicial to the public interest? Covenants not to compete are unreasonably restrictive unless they are tightly limited as both time and area, and the court may modify a restrictive covenant that is too broad to be enforced as written.
Kansas	Subject to rule of reason	No statute. *See Weber v. Tillman*, 259 Kan. 457 (1996).	The analysis of whether the noncompetition clause is reasonable evaluates these factors: (1) Does the covenant protect a legitimate business interest of the employer? (2) Does the covenant create an undue burden on the employee? (3) Is the covenant injurious to the public welfare? (4) Are the time and territorial limitations contained in the covenant reasonable? The determination of reasonableness is made on the particular facts and circumstances of each case.
Kentucky	Subject to rule of reason	No statute. *See Crowell*	Ancillary covenants are valid and

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		v. Woodruff, 245 S.W. 2d 447 (Ky. Ct. App. 1951) *See also Gardner Denver Drum LLC v. Goodier* (2006) U.S. Dist. Lexis 20703 (D. Ky. 2006).	enforceable if the terms are reasonable in the light of the surrounding circumstances. Reasonableness is to be determined generally by the nature of the business or profession and employment, and the scope of the restrictions with respect to their character, duration and territorial extent. In gauging reasonableness, there is a distinction between a covenant ancillary to the sale of a business and to a contract of employment. The character of service to be performed and relationship of the employee are of importance. Another test of reasonableness may be whether or not the restraint imposed upon the employee as covenantor is more comprehensive than is necessary to afford fair protection to the legitimate interests of the employer as covenantee.
Louisiana	Generally enforceable	La. Rev. Stat. Ann. § 23.921(A)-(E) (2012).	Employees can agree to covenants that restrict competition for up to two years from termination.
Maine	Subject to rule of reason	No statute. *See Chapman & Drake v. Harrington*, 545 A.2d 645 (Me. 1988). *See also Sisters of Charity Health System Inc., v. Farrago,* 21 A.3d 110 (2011).	The reasonableness of a specific covenant must ultimately be determined by the facts developed in each case as to its duration, geographic area and the interests sought to be protected. To be enforceable, a liquidated damages clause must meet a two-part test. First, it must be "very difficult to estimate [the damages caused by the breach] accurately," and second, the amount fixed in the agreement must be a reasonable approximation of the loss caused by the breach.
Maryland	Subject to rule of reason	No statute. *See Becker v. Bailey*, 268 Md. 93 (1973).	The general rule in Maryland is that if a restrictive covenant in an employment contract is supported by adequate consideration and is ancillary to the employment contract, an employee's agreement not to compete with his employer upon leaving the employment will be upheld if the restraint is confined within limits which are no wider as to area and duration than are reasonably necessary for the protection of the business of the employer and do not impose undue hardship on the employee or disregard the interests of the public. While such restrictions may be

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			enforced under some circumstances, there is no sure measuring device designed to calculate when they are. Rather, a determination must be made based on the scope of each particular covenant itself; and, if that is not too broad on its face, the facts and circumstances of each case must be examined. Maryland follows the general rule that restrictive covenants may be applied and enforced only against those employees who provide unique services, or to prevent the future misuse of trade secrets, routes or lists of clients, or solicitation of customers.
Massachusetts	Restriction on ability to practice within particular geographic area is unenforceable against physicians	Mass. Gen. L. Ch 112, § 12x (2012).	Any contract or agreement which creates or establishes the terms of a partnership, employment, or any other form of professional relationship with a physician registered to practice medicine pursuant to section two, which includes any restriction of the right of such physician to practice medicine in any geographic area for any period of time after the termination of such partnership, employment or professional relationship shall be void and unenforceable with respect to said restriction; provided, however, that nothing herein shall render void or unenforceable the remaining provisions of any such contract or agreement.
Michigan	Subject to rule of reason	Mich. Comp. Laws Ann. §§ 445.772, 445.774a(1) (2012).	A contract, combination, or conspiracy between 2 or more persons in restraint of, or to monopolize, trade or commerce in a relevant market is unlawful. Sec. 4a. (1) An employer may obtain from an employee an agreement or covenant which protects an employer's reasonable competitive business interests and expressly prohibits an employee from engaging in employment or a line of business after termination of employment if the agreement or covenant is reasonable as to its duration, geographical area, and the type of employment or line of business. To the extent any such agreement or covenant is found to be unreasonable in any respect, a court may limit the agreement to render it reasonable in light of the circumstances in which it was made and specifically enforce the agreement as limited.

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Minnesota	Unenforceable unless supported by adequate consideration	No statute. *See Freeman v. Duluth Clinic, Ltd.*, 334 N.W.2d 626 (Minn. 1983). *See also Kari Family Clinic of Chiropractic, P.A. v Bohnen,* 349 N.W.2d 868 (Minn. App. 1984).	If the covenant is not made ancillary to the initial employment contract, it can be sustained only if it is supported by independent consideration. The adequacy of consideration for restrictive covenants signed during an ongoing employment relationship will depend upon the facts of each case. The mere continuation of employment can be used to uphold coercive agreements, but the covenant must be bargained for and provide the employee with real advantages.
Mississippi	Subject to rule of reason	No statute. *See Hensley v. E. R. Carpenter Co.*, 633 F.2d 1106 (5th Cir. 1980).	Under Mississippi law, when the territorial scope of a covenant not to compete is unreasonable, the covenant may nevertheless be enforced within an area that is reasonable. The reasonableness of a contractual restraint on competition is a question of law to be decided by the court.
Missouri	Generally enforceable	Mo. Rev. Stat. 431.202 (2012).	A reasonable covenant in writing promising not to solicit, recruit, hire or otherwise interfere with the employment of one or more employees shall be enforceable and not a restraint of trade pursuant to subsection 1 of section 416.031 if: (1) Between two or more corporations or other business entities seeking to preserve workforce stability (which shall be deemed to be among the protectable interests of each corporation or business entity) during, and for a reasonable period following, negotiations between such corporations or entities for the acquisition of all or a part of one or more of such corporations or entities; (2) Between two or more corporations or business entities engaged in a joint venture or other legally permissible business arrangement where such covenant seeks to protect against possible misuse of confidential or trade secret business information shared or to be shared between or among such corporations or entities; (3) Between an employer and one or more employees seeking on the part of the employer to protect: (a) Confidential or trade secret business information; or (b) Customer or supplier relationships, goodwill or loyalty, which shall be deemed to

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			be among the protectable interests of the employer; or (4) Between an employer and one or more employees, notwithstanding the absence of the protectable interests described in subdivision (3) of this subsection, so long as such covenant does not continue for more than one year following the employee's employment; provided, however, that this subdivision shall not apply to covenants signed by employees who provide only secretarial or clerical services.
Montana	Subject to rule of reason	Mont. Code Ann. § 28-2-703-705 (2011).	Any contract by which anyone is restrained from exercising a lawful profession, trade, or business of any kind, otherwise than is provided for by 28-2-704 or 28-2-705, is to that extent void. In Montana, a court will scrutinize a covenant not to compete using a three-part test. Key factors that a Montana court will consider include whether the covenant is limited either as to the length of time or to a geographical place, what the signer of the agreement obtained in return for agreeing to it, and how reasonable the restriction is for all parties involved.
Nebraska	Subject to rule of reason	No statute. See Mertz v. Pharmacists Mut. Ins. Co., 261 Neb. 704 (2001).	Under Nebraska law, in order to determine whether a covenant not to compete is valid, we consider whether the restriction is (1) reasonable in the sense that it is not injurious to the public, (2) not greater than is reasonably necessary to protect the employer in some legitimate interest, and (3) not unduly harsh and oppressive on the employee.
Nevada	Subject to rule of reason	Nev. Rev. Stat. § 613.200 (2012). *See also Hansen v. Edwards,* 83 Nev. 189 (1967).	Prohibited, except if the agreement prohibits the employee from: (a) Pursuing a similar vocation in competition with or becoming employed by a competitor of the person, association, company or corporation; or (b) Disclosing any trade secrets, business methods, lists of customers, secret formulas or processes or confidential information learned or obtained during the course of his or her employment with the person, association, company or corporation,

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			if the agreement is supported by valuable consideration and is otherwise reasonable in its scope and duration. The medical profession is not exempt from a restrictive covenant provided the covenant meets the tests of reasonableness.
New Hampshire	Subject to rule of reason	No statute. *See Smith, Batchelder & Rugg v. Foster*, 119 N.H. 679 (1979). *See also Merrimack Valley Wood Prods. V. Near*, 152 N.H. 571 (2005).	In scrutinizing restrictive covenants, this court employs the following three-pronged test: "[a] restraint on employment is reasonable only if it is no greater than necessary for the protection of the employer's legitimate interest, does not impose undue hardship on the employee and is not injurious to the public interest."
New Jersey	Subject to rule of reason	No statute. *See Solari Industries Inc., v. Malady,* 55 N.J. 571 (1970) and *Whitmyer Bros. Inc., v. Doyle*, 58 N.J. 25 (1971).	It will generally be found to be reasonable where it simply protects the legitimate interests of the employer, imposes no undue hardship on the employee, and is not injurious to the public. A restraint on the employee is illegal when its purpose is the prevention of competition, except when the methods of competition to be prevented are methods commonly regarded as improper and unfair."
New Mexico	Subject to rule of reason	No statute. *See Bowen v. Carlsbad Ins. & Real Estate*, 104 N.M. 514 (1986), *See also Insure N.M. LLC v. McGonigle*, 128 N.M. 611 (2000).	In determining reasonableness, courts consider such factors as the nature of the business, its location, the parties involved, the purchase price, and the main object of the restriction.
New York	Subject to rule of reason	No statute. *See Reed Roberts Assocs., Inc. V. Strauman*, 40 N.Y.2d 303 (1976).	A restrictive covenant will only be subject to specific enforcement to the extent that it is reasonable in time and area, necessary to protect the employer's legitimate interests, not harmful to the general public and not unreasonably burdensome to the employee. The courts must recognize the legitimate interest an employer has in safeguarding that which has made his business successful and to protect himself against deliberate surreptitious commercial piracy. Thus restrictive covenants will be enforceable to the extent necessary to prevent the disclosure or use of trade secrets or confidential customer information. In addition injunctive relief may be available where an employee's services are unique or

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			extraordinary and the covenant is reasonable.
North Carolina	Subject to rule of reason	No statute. *See Nalle Clinic Co. v. Parker*, 101 N.C. App. 341 (1991).	A covenant not to compete is valid and enforceable upon a showing that it is: (1) in writing, (2) made part of a contract of employment, (3) based upon reasonable consideration, (4) reasonable both as to time and territory, and (5) not against public policy.
North Dakota	Prohibited w/exceptions	N.D. Cent. Code § 9-08-06 (2012).	Every contract by which anyone is restrained from exercising a lawful profession, trade, or business of any kind is to that extent void, except: 1. One who sells the goodwill of a business may agree with the buyer to refrain from carrying on a similar business within a specified county, city, or a part of either, so long as the buyer or any person deriving title to the goodwill from the buyer carries on a like business therein. 2. Partners, upon or in anticipation of a dissolution of the partnership, may agree that all or any number of them will not carry on a similar business within the same city where the partnership business has been transacted, or within a specified part thereof.
Ohio	Subject to rule of reason	No statute. *See Raimondi v. Van Vlerah*, 325 N.E.2d 544 (Ohio 1975). *See also* Ohio Rev. Code Ann. § 1338.81 (1990) re: non-disclosure of confidential information of former employer. *See also Lakeland Employment Group of Akron LLC v. Columber*, 804 N.E. 2d 27 (2004).	Among the factors properly to be considered under the rule of reasonableness are: the absence or presence of limitations as to time and space, whether the employee represents the sole contact with the customer; whether the employee is possessed with confidential information or trade secrets; whether the covenant seeks to eliminate competition which would be unfair to the employer or merely seeks to eliminate ordinary competition; whether the covenant seeks to stifle the inherent skill and experience of the employee; whether the benefit to the employer is disproportional to the detriment to the employee; whether the covenant operates as a bar to the employee's sole means of support; whether the employee's talent which the employer seeks to suppress was actually developed during the period of employment; and whether the forbidden employment is

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			merely incidental to the main employment. A covenant restraining an employee from competing with his former employer upon termination of employment is reasonable if it is no greater than is required for the protection of the employer, does not impose undue hardship on the employee, and is not injurious to the public. Courts are empowered to modify or amend employment agreements to achieve such results.
Oklahoma	Prohibited w/ exceptions	Okla. Stat. tit. 15, § 217-219 (2012).	Void, except: 218 (Sale of goodwill): One who sells the goodwill of a business may agree with the buyer to refrain from carrying on a similar business within a specified county and any county or counties contiguous thereto, or a specified city or town or any part thereof, so long as the buyer, or any person deriving title to the goodwill from him carries on a like business therein. Provided, that any such agreement which is otherwise lawful but which exceeds the territorial limitations specified by this section may be deemed valid, but only within the county comprising the primary place of the conduct of the subject business and within any counties contiguous thereto. 219 (Partners): Partners may, upon or in anticipation of a dissolution of the partnership, agree that none of them will carry on a similar business within a specified county and any county or counties contiguous thereto, or a specified city or town or any part thereof. Provided, that any such agreement which is otherwise lawful but which exceeds the territorial limitations specified by this section may be deemed valid, but only within the county comprising the primary place of the conduct of the business of the subject partnership and within any counties contiguous thereto.
Oregon	Prohibited w/exceptions	Or. Rev. Stat. § 653.295 (2011).	(1) A noncompetition agreement entered into between an employer and employee is voidable and may not be enforced by a court of this state unless: (a)(A) The employer informs the employee in a written employment offer received by the employee at least two weeks before the first

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			day of the employee's employment that a noncompetition agreement is required as a condition of employment; or (B) The noncompetition agreement is entered into upon a subsequent bona fide advancement of the employee by the employer; (b) The employee is a person described in ORS 653.020 (3); (c) The employer has a protectable interest. As used in this paragraph, an employer has a protectable interest when the employee: (A) Has access to trade secrets, as that term is defined in ORS 646.461; (B) Has access to competitively sensitive confidential business or professional information that otherwise would not qualify as a trade secret, including product development plans, product launch plans, marketing strategy or sales plans; or (C) Is employed as an on-air talent by an employer in the business of broadcasting and the employer: (i) In the year preceding the termination of the employee's employment, expended resources equal to or exceeding 10 percent of the employee's annual salary to develop, improve, train or publicly promote the employee, provided that the resources expended by the employer were expended on media that the employer does not own or control; and (ii) Provides the employee, for the time the employee is restricted from working, the greater of compensation equal to at least 50 percent of the employee's annual gross base salary and commissions at the time of the employee's termination or 50 percent of the median family income for a four-person family, as determined by the United States Census Bureau for the most recent year available at the time of the employee's termination; and (d) The total amount of the employee's annual gross salary and commissions, calculated on an annual basis, at the time of the employee's termination exceeds the median family income for a four-person family, as determined by the United States

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			Census Bureau for the most recent year available at the time of the employee's termination. This paragraph does not apply to an employee described in paragraph (c)(C) of this subsection. (2) The term of a noncompetition agreement may not exceed two years from the date of the employee's termination. The remainder of a term of a noncompetition agreement in excess of two years is voidable and may not be enforced by a court of this state.
Pennsylvania	Subject to rule of reason	No statute. *See Modern Laundry & Dry Cleaning Co. V. Farrer*, 370 Pa. Super. 288 (1988).	For a covenant in restraint of trade to be enforceable, it must meet the following requirements: 1) the covenant must relate to (be ancillary to) a contract for the sale of the good will of a business or to a contract of employment; 2) the covenant must be supported by adequate consideration; 3) the covenant must be limited in both time and territory.
Rhode Island	Prohibited	R.I. Gen. Laws § 6-36-4 (2012).	Every contract, combination, or conspiracy in restraint of, or to monopolize, trade or commerce is unlawful.
South Carolina	Subject to rule of reason	No statute. *See Riedman Corp. V. Jarosh*, 290 S.C. 252 (1986).	Covenants not to compete contained in employment contracts are generally disfavored and will be strictly construed against the employer. A restriction against competition must be narrowly drawn to protect the legitimate business interests of the employer. A covenant not to compete will be upheld only if it is: (1). necessary for the protection of the legitimate interest of the employer; (2). reasonably limited in its operation with respect to time and place; (3). not unduly harsh and oppressive in curtailing the legitimate efforts of the employee to earn a livelihood; (4). reasonable from the standpoint of sound public policy; and (5). supported by a valuable consideration. If a covenant not to compete is defective in one of the above referenced areas it is totally defective and cannot be saved.

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South Dakota	Generally enforceable	S. D. Codified Laws § 53-9-11 (2012).	An employee may agree with an employer at the time of employment or at any time during his employment not to engage directly or indirectly in the same business or profession as that of his employer for any period not exceeding two years from the date of termination of the agreement and not to solicit existing customers of the employer within a specified county, first or second class municipality or other specified area for any period not exceeding two years from the date of termination of the agreement, if the employer continues to carry on a like business therein.
Tennessee	Subject to rule of reason	No statute. *See AmeriGas Propane, Inc. v. Crook*, 844 F. Supp. 379 (M.D. Tenn. 1993). *See also Central Adjustment Bureau Inc., v. Ingram,* 678 S.W.2d 28 (1984).	Covenants not to compete between an employer and employee are valid and enforceable under Tennessee law. Non-compete agreements in employment contracts will be enforced if they are reasonable under the circumstances. Reasonableness is determined by a case-by-case analysis of the particular facts. For the restrictive covenant to be enforceable, the covenant must be reasonable with respect to consideration and the geographic and time limitations. The rule of reasonableness provides that unless the circumstances indicate bad faith on the part of the employer, a court will enforce covenants not to compete to the extent that they are reasonably necessary to protect the employer's interest, without imposing undue hardship on the employee when the public interest is not adversely affected.
Texas	Subject to rule of reason	Tex. Bus. & Com. Code Ann. §§ 15.50-.51 (2012).	(a) Notwithstanding Section 15.05 of this code, and subject to any applicable provision of Subsection (b), a covenant not to compete is enforceable if it is ancillary to or part of an otherwise enforceable agreement at the time the agreement is made to the extent that it contains limitations as to time, geographical area, and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other business interest of the promisee. (b) A covenant not to compete relating to the practice of medicine is enforceable against a person licensed as a physician by

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			the Texas Medical Board if such covenant complies with the following requirements: (1) the covenant must: (A) not deny the physician access to a list of his patients whom he had seen or treated within one year of termination of the contract or employment; (B) provide access to medical records of the physician's patients upon authorization of the patient and any copies of medical records for a reasonable fee as established by the Texas Medical Board under Section 159.008, Occupations Code; and (C) provide that any access to a list of patients or to patients' medical records after termination of the contract or employment shall not require such list or records to be provided in a format different than that by which such records are maintained except by mutual consent of the parties to the contract; (2) the covenant must provide for a buy out of the covenant by the physician at a reasonable price or, at the option of either party, as determined by a mutually agreed upon arbitrator or, in the case of an inability to agree, an arbitrator of the court whose decision shall be binding on the parties; and (3) the covenant must provide that the physician will not be prohibited from providing continuing care and treatment to a specific patient or patients during the course of an acute illness even after the contract or employment has been terminated.
Utah	Subject to rule of reason	No statute. *See System Concepts, Inc. v. Dixon*, 669 P.2d 421 (Utah 1983). *See also Tru Green Cos LLC v. Mower Brothers*, 199 P.3d 929 (2008).	To be valid and enforceable, a restrictive employment covenant must meet the following requirements: (1) the covenant be supported by consideration; (2) no bad faith be shown in the negotiation of the contract; (3) the covenant be necessary to protect the goodwill of the business; and (4) it be reasonable in its restrictions as to time and area. When such a contract is breached, the injured party will often seek an injunction to prevent irreparable harm. Such a remedy is appropriate. In addition to an injunction, employers may also seek to recover actual

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			damages.
Vermont	Subject to rule of reason	No statute. *See A.N. Deringer, Inc. v. Strough*, 103 F.3d 243 (2d Cir. 1996).	Unless the circumstances indicate bad faith on the part of the employer, a court will enforce covenants not to compete to the extent that they are reasonably necessary to protect the employer's interest without imposing undue hardship on the employee when the public interest is not adversely affected.
Virginia	Subject to rule of reason	No statute. *See Foti v. Cook*, 220 Va. 800 (1980).	The three-part test for determining the reasonableness of restrictive covenants is: (1) is the restraint, from the standpoint of the employer, reasonable in the sense that it is no greater than is necessary to protect the employer in some legitimate business interest; (2) from the standpoint of the employee, is the restraint reasonable in the sense that it is not unduly harsh and oppressive in curtailing his legitimate efforts to earn a livelihood; (3) is the restraint reasonable from the standpoint of a sound public policy.
Washington	Generally enforceable, Subject to rule of reason	No statute. *See Organon, Inc. v. Hepler*, 23 Wash. App. 432 (1979).	A narrowly drawn clause which specifically prohibits an employee from engaging in outside employment because that extra employment impairs his ability to give his best services to his employer will be given effect.
West Virginia	Subject to rule of reason	No statute. *See Appalachian Lab., Inc. v. Bostic*, 359 S.E.2d 614 (W. Va. 1987). *See also Voorhees v. Guyan Mach. Co.*, 191 w. Va. 450 (1994).	"A contractual covenant between employer and employee, restricting the employee from engaging in business similar to that of the employer within a designated time and territory after the employment should cease, will be enforced if the restriction is reasonably necessary for the protection of the employer and does not impose undue hardship on the employee." "When the skills and information acquired by a former employee are of a general managerial nature, such as supervisory, merchandising, purchasing and advertising skills and information, a restrictive covenant in an employment contract will not be enforced because such skills and information are not protectible employer interests." A contractual covenant between employer and employee, restricting the employee from engaging in business similar to that of the

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			employer within a designated time and territory after the employment should cease, will be enforced if the restriction is reasonably necessary for the protection of the employer and does not impose undue hardship on the employee. To obtain enforcement of a noncompetition agreement in an employment agreement, the employer must demonstrate that he has an interest that must be protected from unfair appropriation by former employees. The most commonly asserted protectible employee interests are the employer's direct investment in skills the employee acquired in the course of employment, and confidential or unique information, such as trade secrets or customer lists.
Wisconsin	Subject to rule of reason	Wis. Stat. § 103.465 (2012).	A covenant by an assistant, servant or agent not to compete with his or her employer or principal during the term of the employment or agency, or after the termination of that employment or agency, within a specified territory and during a specified time is lawful and enforceable only if the restrictions imposed are reasonably necessary for the protection of the employer or principal. Any covenant, described in this subsection, imposing an unreasonable restraint is illegal, void and unenforceable even as to any part of the covenant or performance that would be a reasonable restraint.
Wyoming	Subject to rule of reason	No statute. *See CBM Geosolutions, Inc., v. Gas Sensing Tech Corp.*, 215 P.3d. 1054 (2009).	A valid and enforceable covenant not to compete requires a showing that the covenant is: (1) in writing; (2) part of a contract of employment; (3) based on reasonable consideration; (4) reasonable in durational and geographical limitations; and (5) not against public policy. Further, the Wyoming Supreme Court has recognized the rule that a covenant not to compete entered into contemporaneously with the employment itself is enforceable and is supported by sufficient consideration. In evaluating reasonableness, a court may consider the degree of inequality in bargaining power; the risk of the covenantee losing customers; the extent of respective participation by the parties in securing and

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			retaining customers; the good faith of the covenantee; the existence of sources or general knowledge pertaining to the identity of customers; the nature and extent of the business position held by the covenantor; the covenantor's training, health, education, and needs of his family; the current conditions of employment; the necessity of the covenantor changing his calling or residence; and the correspondence of the restraint with the need for protecting the legitimate interests of the covenantee.

[i] ***This chart is intended for informational purposes only. It does not constitute legal advice. For a specific and accurate understanding of specific laws which govern competition in a particular jurisdiction, please contact an attorney.***