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## Connecticut's Governor Vetoes Restrictive Non-Compete Bill Due to Lack of Clarity

By Patricia Reilly, Matthew Curtin, Stephen Rosenberg

On Friday, July 12, 2013, Connecticut's Governor Dannel P. Malloy vetoed a bill that would have restricted the use of non-compete agreements in the context of mergers and acquisitions. The proposed bill, "An Act Concerning Employer Use of Noncompete Agreements," Public Act No. 13-309 (the Act), would have voided non-compete agreements entered into, renewed, or extended when the agreement followed an acquisition or merger unless the employer provided the employee with a "reasonable period of time" (at least seven calendar days) to consider the non-compete agreement.

In our prior ASAP, we discussed in detail several possible unintended consequences of the bill due to its ambiguous requirements. In vetoing the Act, Governor Malloy also recognized that the proposal's lack of clarity could lead to a multitude of problems for employers and employees alike. In his Veto Message, Governor Malloy explained that "the bill leaves certain key terms undefined or unclear . . ." and that "this bill has the potential to produce legal uncertainty and ambiguity in the event of merger or acquisition. If signed into law, costly and time-consuming litigation would likely be required to provide necessary clarity."

Even though Governor Malloy recognized the infirmities inherent in this specific proposal, he did state that "additional protections for employees may be warranted to guarantee a reasonable period of time to review a written noncompete agreement before entering into such an agreement." He went so far as to invite the General Assembly to revisit this issue in its next session, stating "It would be better for both employers and employees to receive greater clarity from the General Assembly on this issue next session."

So while there are no new statutory requirements concerning Connecticut non-compete law as a result of the most recent General Assembly session, in light of Governor Malloy's qualified veto, employers should be aware that this is an issue the Connecticut General Assembly is likely to revisit in the near future.

[Patricia Reilly](#) is a Shareholder, and [Matthew Curtin](#) and [Stephen Rosenberg](#) are Associates, in Littler Mendelson's New Haven office. If you would like further information, please contact your Littler attorney at 1.888.Littler or [info@littler.com](mailto:info@littler.com), Ms. Reilly at [preilly@littler.com](mailto:preilly@littler.com), Mr. Curtin at [mcurtin@littler.com](mailto:mcurtin@littler.com), or Mr. Rosenberg at [srosenberg@littler.com](mailto:srosenberg@littler.com).