

California Governor Newsom Signs New Legislation to Further Restrict Restrictive Covenants

Healthcare Law Update

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In the past three months, California Governor Gavin Newsom has signed into law two new pieces of legislation which further restrict non-compete clauses in California. Currently, a restrictive covenant is unlawful in California if it restrains a person from engaging in lawful profession, trade or business of any kind (subject to certain exceptions). [SB699](#) was passed on September 1, 2023, and broadens the existing laws regarding non-compete clauses and further provides employees with legal remedies when employers attempt to enforce unlawful restrictive covenants. Employees will be permitted to seek injunctive relief, damages, or both when employers seek to enforce unlawful restrictive covenants. [AB 1076](#) was passed on October 13, 2023 and makes it unlawful for an employer to include a non-compete clause in an employment agreement or to require an employee to enter into a non-compete agreement. Additionally, employers are required to provide notice to employees who have entered into an employment agreement with a non-compete clause or a non-compete agreement that was issued after January 1, 2022 that such clause or agreement is now void and no longer enforceable. Both new laws take effect on January 1, 2024.

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