

CALIFORNIA NON-COMPETE ALTERNATIVE: CONFIDENTIALITY & NON-SOLICITATION AGREEMENT

IMPORTANT: California Business and Professions Code §16600 voids non-compete agreements against ordinary employees. The 2024 amendments (SB 699, AB 1076) extend this prohibition to out-of-state non-competes against California employees. This template provides the ENFORCEABLE alternatives: a confidentiality (NDA), narrowly tailored customer non-solicitation tied to trade secrets, and an employee non-solicitation tied to trade secrets.

This Agreement is entered into on _____ [Date], between:

COMPANY: _____ [Full Legal Name], located at _____ [Address].

EMPLOYEE: _____ [Full Legal Name], residing at _____ [Address].

1. CONFIDENTIAL INFORMATION (NDA)

Employee acknowledges that during employment, Employee will have access to Confidential Information, including without limitation: trade secrets as defined by the California Uniform Trade Secrets Act (Civil Code §§3426 et seq.); customer lists and pricing that constitute trade secrets; proprietary methods, formulas, and processes; financial data not publicly disclosed; product designs and source code; and business strategies marked or treated as confidential.

Employee agrees: (a) to hold all Confidential Information in strict confidence during and after employment; (b) to use Confidential Information solely in furtherance of Company's business; (c) not to disclose Confidential Information to any third party without Company's written consent; (d) to return all Confidential Information on termination.

2. CUSTOMER NON-SOLICITATION (TRADE-SECRET TAILORED)

For a period of twelve (12) months after termination of employment, Employee shall not USE Company's Confidential customer list (which is a trade secret protected under the California UTSA) to solicit, divert, or attempt to divert any customer of Company. This provision restricts the misuse of trade-secret information; it does not restrict Employee from competing generally, which Employee is free to do consistent with California Business and Professions Code §16600.

3. EMPLOYEE NON-SOLICITATION (TRADE-SECRET TAILORED)

For a period of twelve (12) months after termination of employment, Employee shall not use Company's confidential employee compensation, performance, or recruiting data (to the extent such data constitutes a trade secret) to solicit Company's active employees. This provision is narrowly tailored to protect trade-secret information consistent with AMN Healthcare Services, Inc. v. Aya Healthcare Services, Inc. (2018) 28 Cal.App.5th 923.

4. INVENTIONS ASSIGNMENT

Employee assigns to Company all inventions and discoveries developed during employment that relate to Company's business, except as limited by California Labor Code §2870 (which protects inventions developed entirely on Employee's own time without using Company resources).

5. NO NON-COMPETE

Nothing in this Agreement restrains Employee from engaging in any lawful profession, trade, or business after termination. Consistent with California Business and Professions Code §16600, Employee is free to work for any employer, including competitors, after leaving Company.

6. REMEDIES

Employee acknowledges that breach of the confidentiality obligations may cause irreparable harm. Company may seek injunctive relief and any other remedies available at law or in equity, including those provided by the California UTSA.

7. GOVERNING LAW

This Agreement shall be governed by California law. Venue shall be in _____ County, California.

8. SEVERABILITY

If any provision is held unenforceable, the remainder of the Agreement shall remain in effect.

COMPANY:

Signature: _____ Date: _____

Printed Name: _____ Title: _____

EMPLOYEE:

Signature: _____ Date: _____

Printed Name: _____

DISCLAIMER: This is informational and not legal advice. Consult a California employment attorney for any enforcement question.