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Locke Lord Partner Jennifer Kenedy Quoted by Chicago Lawyer on Potential Effects of FTC's Proposed Rule Change to Noncompete Agreements

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Jennifer Kenedy, Chicago Partner and a Vice Chair of Locke Lord's Executive Committee, was quoted by Chicago Lawyer on the Federal Trade Commission's (FTC) proposed changes to its rule for noncompete agreements, which would prevent employers from entering into noncompete clauses with workers and requiring employers to rescind existing noncompete clauses. Kenedy notes that if the courts enact and affirm the rule, attorneys and companies will lose a tool for protecting trade secrets and could start a run of job migration that will have to be addressed by employers.

"Without noncompetes, competition will increase, which is sort of the policy behind the FTC ban," she said. "More employees will leave companies for competitors and probably will feel emboldened to take or use trade secrets when they do. Even without the noncompete to enforce, we're telling companies they still have other tools to use to protect their trade secrets."

To counteract this, Kenedy explains that companies should reinvest and place tougher scrutiny on the protection of their trade secrets. "Updated employee confidentiality and technology-use policies that protect trade secrets are a starting point," she said. "There also has to be a focus on higher-level employees that companies can demonstrate have repeated access to those identified trade secrets."

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