



Ohio Lawmakers Push to Ban Non-Compete Agreements: 4 Key Provisions Impacting Employers

Insights

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Employers in Ohio may soon need to reexamine employment agreements and internal policies if a proposed non-compete ban becomes law. A state Senate bill was recently introduced aiming to prohibit agreements that restrict a worker's ability to engage in a lawful profession or business after their employment ends. What do employers in Ohio need to know as state lawmakers consider this significant shift? Here are the four key aspects that impact the workplace.

1. Expansive Definitions

The bill sets forth broad definitions designed to capture nearly all employment relationships:

- **Employer:** Any person or entity hiring or contracting with a worker.
- **Worker:** This term would broadly include employees, independent contractors, interns, volunteers, apprentices, sole proprietors, and individuals providing services through a business or nonprofit organization.

If passed, this bill would require a review of all types of work relationships to ensure that agreements — whether with full-time employees or contracted service providers — are assessed for compliance with the new definitions.

2. Ban on Restrictive Post-Employment Agreements

SB 11 would void any agreement (or part of an agreement) entered into, modified, or extended on or after the effective date that:

- prohibits a worker from accepting employment or starting a business after leaving the company;
- imposes penalties (such as fees for lost profits, goodwill, or any reimbursement for training and orientation expenses); or
- restricts employee mobility or the capacity in which the worker can serve a competitor.

This means any existing employment agreements that contain non-compete or similar restrictive clauses would be unenforceable after the effective date. Future contracts must be updated to remove any language that could be construed as limiting post-employment opportunities. It is

unclear as to whether a traditional customer non-solicitation covenant would be viewed by the courts as restricting employee mobility or the capacity in which an employee can work.

3. Venue and Choice of Law Considerations

Employers are prohibited from requiring that any dispute arising out of employment agreements be resolved outside of Ohio or under a legal framework that would diminish the rights afforded to workers under Ohio law. Any such provision would be null and void. However, if an employee is represented by the employee's own legal counsel and negotiates a venue, forum, or choice of law outside of Ohio, then the negotiated choice will be allowed. This would require ensuring that all dispute resolution clauses in employment agreements align with Ohio law. Contracts might need revision to designate appropriate forums and governing law.

4. Enforcement and Remedies

The bill provides robust enforcement mechanisms:

- **Civil Actions:** Workers or prospective workers can initiate legal action against employers for violations, potentially leading to awards for actual damages, plus up to \$5,000 in punitive damages, injunctive relief, and the recovery of attorney's fees and costs.
- **Government Oversight:** Complaints can also be lodged with the Attorney General or Director of Commerce, who are empowered to investigate and, if necessary, take legal action on behalf of aggrieved workers.

Conclusion

SB 11 would mark a significant shift in Ohio's employment landscape. Although it's in the early stages of the legislative process, the bill appears to be gaining momentum based on current trends. Therefore, you may want to plan ahead in case it ultimately becomes law either as originally proposed or in an amended form.

We will continue to monitor this bill and other developments that impact your workplace and provide updates when warranted. Make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information. For further information, contact the authors of this Insight, your Fisher Phillips attorney, or any attorney in [our Ohio offices](#) or [Employee Defection and Trade Secrets Practice Group](#).

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