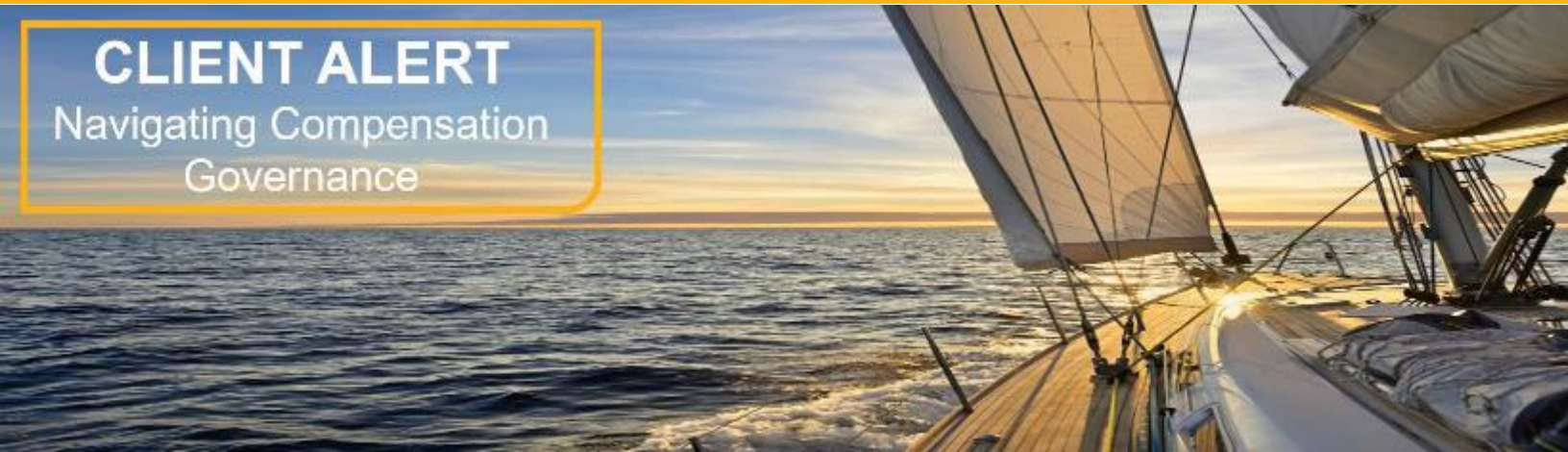


CLIENT ALERT
Navigating Compensation
Governance



Federal Trade Commission Drops Appeal of Court Decision Striking Down FTC’s Ban on Noncompete Arrangements

The Federal Trade Commission has voluntarily dropped the government’s appeal of a district court ruling which struck down the Federal Trade Commission’s ban on noncompete arrangements.

Therefore, employers may continue to enter into and enforce noncompete arrangements subject to applicable state law.

Background

On April 23, 2024, the FTC adopted final rules which broadly banned noncompete arrangements (Noncompete Ban).¹ That Noncompete Ban was scheduled to go into effect on September 4, 2024. However, in two separate lawsuits, federal district courts stayed the enforcement of the Noncompete Ban solely against the named parties (see *Ryan LLC v Federal Trade Commission*, and *Properties of the Villages, Inc. v. Federal Trade Commission*).²

On August 20, 2024, the *Ryan* court ruled on the merits of the case and struck down the Noncompete Ban finding that the FTC exceeded its authority in adopting the Noncompete Ban. The *Ryan* court bars the FTC from implementing and enforcing the Noncompete Ban against any party anywhere in the U.S.

The FTC appealed the *Ryan* court ruling.

Trump Administration Drops Appeal

On September 5, 2025, the government dropped its appeal of the *Ryan* decision. Therefore, the Federal Trade Commission has decided to let stand the Texas district court ruling striking down the Noncompete Ban. Since the status quo remains unchanged, employers may continue to enter into and enforce noncompete arrangements, subject to applicable state law.

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The **Client Alert** is prepared by Meridian Compensation Partners’ Governance and Regulatory Team led by Donald Kalfen. Questions regarding this Client Update or executive compensation technical issues may be directed to Donald Kalfen at 847-347-2524 or dkalfen@meridiancp.com.

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¹ For details on the FTC ban on noncompete arrangements, see [Meridian’s Client Alert dated April 25, 2024](#).

² In a third lawsuit, a federal district court denied plaintiff’s request for a stay order (see *ATS Tree Services v Federal Trade Commission*).