

## **Covenants Not to Compete**

### **Whitmeyer Bros. V. Doyle**

**Facts:** Plaintiff company erects highway guardrails, signs and fences. Defendant, a past general manager, signed an employment agreement that prevented competition for five years in any state east of the Mississippi that was in competition with plaintiff as determined by plaintiff's Board of Directors.

**Rule:** An employee covenant will be given effect if it is reasonable under all the circumstances of his particular case, and it will generally be held reasonable if it:

- simply protects the legitimate interests of the employer,
- imposes no undue hardship on the employee, and
- is not injurious to the public.

**Note:** A restraint on the employee is illegal when its purpose is the prevention of competition, except when the methods of competition are improper or unfair.

**Holding:** While an employer has legitimate interests in protecting trade secrets, plaintiff has failed to show that such a restraint was necessary to protect its legitimate interests because the court is skeptical that the bidding process and client list of a government contracting guard rail company involves trade secrets or confidential business information.