Restrictions proposed by employer

Doctor can not directly or indirectly engage in the practice of medicine or become employed by or serve as an officer, director, shareholder, partner, health care provider or managed care organization that provides patient care within the city limits of Newtown for the next 3 years.

Employer’s legitimate interests

The employer does not want the Doctor to take the skills that he learned and to use them to work for or manage a competing business within the city. They also want to make sure that they don’t lose clients if the Doctor leaves. The area of practice is new and is a fast-growing business and the employer should have a well-established business within 3 years.

Additionally, the employer may claim that the combinations/formulas of homeopathy medications they used in their daily practice is a trade secret and they want to use this noncompete to protect it.

Legal Limitations and Employee Concerns

The prohibited conduct seems to be a little extreme. The way in which the non-compete is written, the Doctor could not even work as an office assistance at a doctor’s office or even as an ER doctor. However, the geographic range seems to be reasonable if it is a small city. Also, three years seems a little long for a non-compete but not so unreasonable.

Client’s Proposed Revision

Doctor can not directly engage in the practice of homeopathy medicine or become employed by or serve as an officer, director, shareholder, partner, health care provider or managed care organization that provides patient care focused in the area of homeopathy medicine within the city limits of Newtown for the next 1 year.

Also, I would try change the language of termination to allow only for the noncompete to be effective if the Doctor voluntarily quits, the contract expiries, or is fired for cause. I don’t like the idea of someone having to obey a noncompete if they are “laid off” or fired for no cause.

Revised non-compete

Dr. Williams acknowledges that Newtown Family Homeopathy (the “Practice”) will expose Dr. Williams to all of the Practice’s business and professional relationships, as well as provide access to its hospital contacts, training, and on-the-job experiences. Dr. Williams also acknowledges that practicing medicine in the geographic area served by the Practice following termination of this Agreement for any reason would harm the Practice’s legitimate business interests.

Dr. Williams therefore agrees that during the term of this Agreement and for a period of one (1) year immediately following its expiration or earlier upon for cause termination, Dr. Williams shall not directly, within the city limits of Newtown:

1. Engage in the practice focused in homeopathy medicine or
2. Become employed by or serve as an officer, director, shareholder, partner, health care provider or managed care organization that provides patient care focused in the area homeopathy medicine.