

For the conclusion of agreements and contracts, it is essential that the pros and cons of the business are evaluated, as well as their respective consequences.

Therefore, this article will present the **pros and cons** of signing the so-called non-compete agreements.

Before presenting the pros and cons, it is worth mentioning that **non-compete agreements** can be conceptualized as agreements entered into between employer and employee.

Its objective is to protect companies during the process of leaving employees, with regard to the protection of trade secrets in relation to their competitors.

Therefore, these agreements are intended to prevent former employees from sharing information, methods, and details of the company's product, in order to protect it.

In addition, they should include information such as:

- Which business is configured as competition
- Which employees will be subject to the agreement
- In which geographical area this agreement takes effect
- The length of time these terms will apply

However, these types of agreements have several pros and cons, so it is necessary to identify when they should or should not be entered into.

But before presenting the points, it is worth mentioning that it is extremely important to consult a qualified legal team to **help identify the applicability** (or not) of non-competition agreements in your company.

WHAT ARE THE POINTS IN FAVOR OF A NON-COMPETE AGREEMENT?



Using the agreement is bound to some good points, and these include:

- Protection against competition for employers and business owners
- Prevention of unfair competition

1. **PROTECTION AGAINST COMPETITION FOR EMPLOYERS AND BUSINESS OWNERS**

As an employer or entrepreneur, one way to protect yourself from competition from former employees is through a contractual clause providing for limits on performance and competition.

This is critical, especially if these former employees have access to confidential information or trade secrets that could be used to compete against your company.

2. PREVENT UNFAIR COMPETITION

In the case of the conclusion of the agreement between entrepreneurs, the company will be protected against those individuals who wish to retain their customers before the sale of the company.

In this sense, by carrying out the agreement, your company is protected from the performance of such deceptive practices, ensuring that the business owner signs a non-competition agreement after the sale of his company.

Generally speaking, this agreement prohibits the seller from starting a rival company within a certain amount of time or distance after the sale.

Therefore, former entrepreneurs cannot act in bad faith, which ensures that their business suffers from unfair competition.

WHAT ARE THE POINTS AGAINST A NON-COMPETE AGREEMENT?

There are also commercial disadvantages to this type of arrangement. Are they:

- The high cost of concluding the contract
- Are limited in geographic time and space

1. THE HIGH COST OF ENTERED INTO THE AGREEMENT

In addition to being energetic and time-consuming, limiting the employee's performance considering the competition will require investment.

After all, to ensure that the employee will accept the agreement, the remuneration must be attractive, as it will include some restrictions in case the employee leaves.

In this sense, it is recommended that the clauses appear in strategic contracts, where there is really a risk of information leakage.

2. **THEY ARE LIMITED IN TIME AND GEOGRAPHICAL SPACE**

According to Brazilian legislation, the period allowed for the obligation of non-competition may be 5 (five) years, in the moments in which art. 1.147, CC or the period of 2 (two) years, in accordance with art. 445, head provision of the CLT.

In order to determine the deadlines, the legal nature of the relationship established between the contracting parties must be analyzed in order to choose the appropriate norm.

In addition, the geographic limitation refers to the spatial dimension where there is influence of the economic activity of the employer.

It is not possible to apply a generic and global clause, it must delimit a specific space according to the legislation.

Finally, it's important to consider both the pros and cons of these types of contracts to decide what's best for your business.

In this sense, consulting an experienced lawyer can help in the decision to carry out these agreements.

These are the main points regarding protection of competition, as well as their respective **pros and cons**. Keep following our blog and follow our Instagram for more content.