

Covenants Not to Compete and Nonsignatories: Enjoining Unfair Conspiracies

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By: Jason Murray and Michael R. Gray Excerpt: *"Most franchise agreements today contain some form of noncompetition clause, covenant not to compete, restrictive covenant, or other agreement by the franchisee "not to compete with the franchise system it is entering, either during the term of the franchise agreement or for a period following termination of the agreement, or both." These noncompete agreements are one of the best means available to a franchisor to protect its interest in its trademarks, service marks, trade secrets, processes, and other confidential business information. By preventing the franchisee from wrongfully using these assets, a franchisor can serve its long-term interests; preserve its goodwill, name recognition, market share, and the integrity of its trademarks and service marks; and protect its other franchisees while stopping competition from the franchisee made possible by the franchisor's own training and business methods."*

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