

## Memorandum

To: Members, Observers, and Liaisons to the Covenants Not to Compete Act Drafting Committee (Tentative new name: Uniform Restrictive Employment Agreement Act)  
cc: Stewart Schwab, Kai Mindick, Tim Schnabel  
From: Rich Cassidy, Committee Chair  
Re: **Additional Committee Meeting – June 2, 2021 at 12:30 CDT**  
Date: May 26, 2021

Stewart and I had an extraordinarily productive meeting with the Style Committee on May 20<sup>th</sup>. The committee graciously devoted more than 8 hours to our draft.

Style had many excellent suggestions. I think you will agree that, taken together, the changes make a substantial and positive contribution to the Act.

One might like to think that the style of an act and its substance are independent. Of course, that is not quite true. Therefore, I think that it is important that each of you have a chance to read and weigh in on the changes to the draft that Style's suggestions dictate.

Stewart and Kai are hard at work incorporating the changes.

As a result, I am calling a meeting of our Committee for Wednesday, June 2, 2021 at 12:30 CDT, so that we can review these changes together. I understand that this will not be convenient for everyone, but as it follows our usual meeting day and time, I hope that most of you will be able to participate. We will have to finish by 2:00 PM CDT. If you can't attend, but have comments, please email them to us.

One substantive issue has independently arisen relating to the phenomenon known as intellectual property holdover clauses. (They are also known as "IP claw back clauses.") These agreements typically obligate departing employees to assign postemployment intellectual property to the employer's business.

Stewart has consulted Steve Chow and Russell Beck. It appears that this is a very complex subject that arises too late to be properly resolved by our Drafting Committee. But our definition of a "less restrictive agreement" could easily be read to include them. We therefore recommend that the Committee add a sentence to the definition of a "less restrictive agreement" that carves out agreements about transferring intellectual property rights from the Act.

We will get a new version of the draft to each of you before the meeting.