

# Is Non-Compete in Purchase/Sale of Family-Owned Business Enforceable?

Courts will generally enforce a non-compete agreement negotiated as part of a business sale as long as it is reasonable in geographic scope and duration, writes **Michael P. Connolly** in the Murtha Cullina **Family Business Perspectives** blog.

“What is reasonable will depend on factors such as the type of business being purchased, the pre-sale geographic reach of the business, and the consideration paid for the restriction on the seller’s future competition,” he explains. “Parties to a non-compete should therefore carefully consider these factors when drafting the agreement. The parties also should carefully define what type of ‘competitive’ conduct will be restricted.”

Connolly discusses the case of *E.T. Products, LLC v. D.E. Miller Holdings, Inc.*, in which the United States Court of Appeals for the Seventh Circuit recently addressed the enforceability of non-compete agreements that had been negotiated in connection with a sale of a business.

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